Unified School District No. 463



Independent Auditor's Report and Financial Statement and Regulatory Required Supplementary Information

June 30, 2022

Unified School District No. 463

June 30, 2022

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Independent Auditor's Report

Board of Education
Unified School District No. 463
Udall, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 463, Udall, Kansas, as of and for the year ended June 30, 2022, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 463, Udall, Kansas as of June 30, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District No. 463, Udall, Kansas as of June 30, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in *Note 1*.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Unified School District No. 463, Udall, Kansas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in *Note 1* of the financial statement, the financial statement is prepared by the Unified School District No. 463, Udall, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in *Note 1* and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unified School District No. 463, Udall, Kansas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and *Kansas Municipal Audit and Accounting Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District No. 463, Udall, Kansas' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unified School District No. 463, Udall, Kansas' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2023, on our consideration of Unified School District No. 463, Udall, Kansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Unified School District No. 463, Udall, Kansas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District No. 463, Udall, Kansas's internal control over financial reporting and compliance.

FORVIS, LLP

Wichita, Kansas
June 23, 2023

Unified School District No. 463

Summary Statement of Receipts, Expenditures and Unencumbered Cash

Regulatory Basis

For the Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balance	Receipts
General	$ -	$ 3,145,565
Supplemental General	23,354	1,054,914
Special Purpose		
At Risk (4 yr. old)	12,109	-
At Risk (K-12)	41,846	322,359
Capital Outlay	968,763	441,124
Driver Training	13,994	4,827
Food Service	50,627	298,341
KPERS Special Retirement Contribution	-	363,087
Professional Development	-	15,000
Special Education	108,125	646,878
Career and Postsecondary Education	43,063	234,013
Recreation Commission	2,915	76,808
Contingency Reserve	410,223	-
Textbook Rental	91,792	15,882
Federal Projects		
Title I - Low Income*	(12,252)	57,054
Title IIA - Improving Teacher Quality*	(1,452)	7,121
Carl Perkins	-	2,315
Rural Ed*	-	1,805
CARES*	(56,707)	-
FEMA	(248,584)	437,681
RUS*	-	6,352
ESSER II	-	199,382
UDSA	-	10,710
KDHE*	-	76,700
Bond and Interest	529,097	479,448
Trust		
Expendable Trust	17,797	31,494
District Activity		
Gate Receipts	8,626	44,907
School Projects	70	2,882
Total Reporting Entity (Excluding Agency Funds)	$ 2,003,406	$ 7,976,649

* The funds are received on a reimbursement basis, as such, this is not considered a cash basis violation.

The Notes to the Financial Statement are an Integral Part of This Statement

Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
$ 3,145,565	$ -	$ 13,018	$ 13,018
994,576	83,692	26,717	110,409
2,039	10,070	-	10,070
315,598	48,607	-	48,607
639,940	769,947	2,874	772,821
3,687	15,134	12	15,146
271,171	77,797	-	77,797
363,087	-	-	-
15,000	-	-	-
620,145	134,858	-	134,858
236,165	40,911	255	41,166
73,968	5,755	-	5,755
(3,656)	413,879	-	413,879
754	106,920	-	106,920
65,827	(21,025)	92	(20,933)
8,031	(2,362)		(2,362)
2,095	220	-	220
2,940	(1,135)	-	(1,135)
204,828	(261,535)	-	(261,535)
189,097	-	-	-
7,496	(1,144)	-	(1,144)
103,663	95,719	-	95,719
3,443	7,267	-	7,267
122,130	(45,430)	-	(45,430)
409,625	598,920	-	598,920
7,324	41,967	2,883	44,850
45,677	7,856	-	7,856
2,799	153	-	153
$ 7,853,014	$ 2,127,041	$ 45,851	$ 2,172,892

Composition of Cash:	
Checking Accounts - Union State Bank	$ 1,604,084
Municipal Investment Pool	636,459
Total Cash	2,240,543
Agency Funds per Schedule 3	(67,651)
Total Reporting Entity (Excluding Agency Funds)	$ 2,172,892

Unified School District No. 463
Notes to Financial Statement
For the Year Ended June 30, 2022

Note 1: Summary of Significant Accounting Policies

This summary of significant accounting policies of Unified School District No. 463 (the District) is presented to assist in understanding the District's financial statement. The financial statement and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statement.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board which has financial accountability and control over all activities related to the public-school education in its district. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Basis of Presentation

The financial activities of the District are recorded and presented on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts established 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 for the fiscal year ending June 30, 2022:

Government 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.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Agency Fund – 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.).

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

Unified School District No. 463
Notes to Financial Statement
For the Year Ended June 30, 2022

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows of resources, 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.

Note 2: Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), 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 calendar year on or before August 1.
2. Publication in local newspaper on or before August 5, of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15, but at least ten days after publication of 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 regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for agency funds, district activity funds and the following special purpose funds:

Contingency Reserve Fund
Textbook Rental Fund
Expendable Trust Fund
Federal Projects Funds

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

Note 3: Interfund Transfers

Operating transfers per K.S.A. 72-6428 were as follows:

From	To	Statutory Authority	Amount
General Fund	At Risk K-12	K.S.A 72-6428	$ 246,124
General Fund	Professional Development	K.S.A 72-6428	15,000
General Fund	Special Education	K.S.A 72-6428	519,063
General Fund	Career and Postsecondary	K.S.A 72-6428	136,021
General Fund	Capital Outlay	K.S.A 72-6428	50,000
Supplemental General	At Risk K-12	K.S.A 72-6428	76,085
Supplemental General	Career and Postsecondary	K.S.A 72-6428	94,096
Supplemental General	Special Education	K.S.A 72-6428	100,000
			$ 1,236,389

Note 4: Defined Benefit Pension Plan

General Information About the Pension Plan

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1.888.275.5737.

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

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

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

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

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $363,087 for the year ended June 30, 2022.

Net Pension Liability

At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was $2,804,159. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 5: Compensated Absences

Vacation

Twelve-month, non-teacher personnel are provided vacation ranging from 1 to 3 weeks based on years of service. All vacation time is earned from July 1 to June 30, of each fiscal year and cannot be accumulated or carried forward. All prior fiscal year vacation time must be used each year by August 1.

Sick/Personal Leave

Full-time certified and classified staff contracted for 12-month positions start each school year with 12 days of sick/personal discretion leave with full pay. Employees may accumulate unused sick leave to a total of 80 days. Classified employees are compensated for unused sick/personal leave upon retirement based on their rate of pay. Certified staff is eligible to receive $93 per day for unused sick/personal leave upon retirement.

Note 6: Deposits and Investments

Deposits

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

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

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-140.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods." All deposits were legally secured at June 30, 2022.

At June 30, 2022, the carrying amount of the District's deposits, including certificates of deposit was $2,172,892. The bank statement balance was $2,628,766. The difference between the carrying amount and the bank balances is outstanding checks and deposits in transit. Of the bank balances, $250,000 was covered by FDIC insurance and the remaining amount was collateralized by pledged securities held under joint custody receipts issued by third-party banks in the District's name. The third-party banks holding the pledged securities are independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the District, the pledging bank and the independent third-party bank holding the pledged securities.

Unified School District No. 463
Notes to Financial Statement
For the Year Ended June 30, 2022

Note 7: Risk Management

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

Note 8: In-Substance Receipt in Transit

The District received $174,942 subsequent to June 30, 2022, and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

Note 9: Other Post-Employment Benefits

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

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

Note 10: Capital Projects

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures to Date
FEMA Shelter	$ 755,655	$ 450,000

Unified School District No. 463
Notes to Financial Statement
For the Year Ended June 30, 2022

Note 11: Long-term Debt

Changes in long-term debt and future maturities are as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
Series 2015	3.00%	6/24/2015	$ 5,960,000	12/1/2035
Capital Lease				
Cat 232D	5.00%	1/31/2017	$ 27,971	1/30/2022
Total				

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	2023	2024	2025	2026
Principal				
General obligation bonds	$ 260,000	$ 270,000	$ 280,000	$ 285,000
Interest				
General obligation bonds	146,900	138,950	130,700	122,225
Total principal and interest	$ 406,900	$ 408,950	$ 410,700	$ 407,225

Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
$ 4,890,000	$ -	$ 255,000	$ 4,635,000	$ 154,625
17,259	-	17,259	-	-
$ 4,907,259	$ -	$ 272,259	$ 4,635,000	$ 154,625

2027	2028-2032	2033-2036	Total
$ 295,000	$ 1,660,000	$ 1,585,000	$ 4,635,000
113,525	423,306	119,869	1,195,475
$ 408,525	$ 2,083,306	$ 1,704,869	$ 5,830,475

Regulatory Required Supplementary Information

Unified School District No. 463

Summary of Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

Funds	Certified Budget	Adjustment to Comply With Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General	$ 3,281,964	$ (136,399)	$ -	$ 3,145,565	$ 3,145,565	$ -
Supplemental General	1,017,459	(22,883)	-	994,576	994,576	-
Special Purpose						
At Risk (4 yr. old)	30,200	-	-	30,200	2,039	(28,161)
At Risk (K-12)	401,966	-	-	401,966	315,598	(86,368)
Capital Outlay	945,200	-	-	945,200	639,940	(305,260)
Driver Training	5,910	-	-	5,910	3,687	(2,223)
Food Service	298,800	-	-	298,800	271,171	(27,629)
KPERS Special Retirement Contribution	413,323	-	-	413,323	363,087	(50,236)
Professional Development	15,000			15,000	15,000	-
Special Education	747,707	-	-	747,707	620,145	(127,562)
Career and Postsecondary Education	243,063	-	-	243,063	236,165	(6,898)
Recreation Commission	73,968	-	-	73,968	73,968	-
Bond and Interest	409,625	-	-	409,625	409,625	-

Unified School District No. 463

General Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes and shared revenue			
Mineral production tax	$ 310	$ -	$ 310
State aid			
Equalization aid	2,718,192	2,827,204	(109,012)
Special education aid	427,063	454,760	(27,697)
Total receipts	3,145,565	3,281,964	(136,399)
Expenditures			
Instruction	1,745,352	1,566,865	178,487
Student support services	51,577	53,100	(1,523)
Instructional support staff	14,217	86,100	(71,883)
General administration	152,124	189,163	(37,039)
School administration	157,175	179,525	(22,350)
Central Services	22,492	6,300	16,192
Operation and maintenance	26,308	35,500	(9,192)
Vehicle services and maintenance	10,112	7,153	2,959
Transfers to			
Career and Postsecondary Education Fund	136,021	200,000	(63,979)
Special Education Fund	519,063	630,000	(110,937)
Food Service Fund	-	20,000	(20,000)
At Risk (K-12) Fund	246,124	274,830	(28,706)
At Risk (4yr old) Fund	-	18,428	(18,428)
Professional Development Fund	15,000	15,000	-
Capital Outlay Fund	50,000	-	50,000
Adjustment to comply with legal max	-	(136,399)	136,399
Total expenditures	3,145,565	3,145,565	$ -
Receipts Over (Under) Expenditures	-	136,399	
Unencumbered Cash, Beginning	-	-	
Unencumbered Cash, Ending	$ -	$ 136,399	

Unified School District No. 463

Supplemental General Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes and shared revenue			
Ad valorem property	$ 573,716	$ 514,647	$ 59,069
Delinquent tax	10,151	7,430	2,721
Motor vehicle tax	57,018	50,794	6,224
Mineral production tax	982	-	982
State aid	413,047	422,551	(9,504)
Total receipts	1,054,914	995,422	59,492
Expenditures			
Instruction	166,492	115,430	51,062
Student support services	27,567	15,850	11,717
Instructional support services	18,677	18,500	177
General administration	39,330	66,000	(26,670)
School administration	34,433	15,000	19,433
Operation and maintenance	347,117	435,800	(88,683)
Supervision	-	55,489	(55,489)
Vehicle operating services	90,779	210,100	(119,321)
Transfers to			
Special Education Fund	100,000	-	100,000
At Risk k-12	76,085	85,290	(9,205)
Career and Postsecondary Education Fund	94,096	-	94,096
Adjustment to comply with legal max	-	(22,883)	22,883
Total expenditures	994,576	994,576	$ -
Receipts Over (Under) Expenditures	60,338	846	
Unencumbered Cash, Beginning	23,354	22,037	
Unencumbered Cash, Ending	$ 83,692	$ 22,883	

Unified School District No. 463

At Risk (4 yr. old) Fund

Schedule of Cash Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
Transfer from General Fund	$ -	$ 18,428	$ (18,428)
Expenditures			
Instruction	2,039	30,200	$ (28,161)
Receipts Over (Under) Expenditures	(2,039)	(11,772)	
Unencumbered Cash, Beginning	12,109	12,109	
Unencumbered Cash, Ending	$ 10,070	$ 337	

Unified School District No. 463

At Risk Fund (K-12)

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
Miscellaneous	$ 150	$ -	$ 150
Transfer from General Fund	246,124	274,830	(28,706)
Transfer from Supplemental General Fund	76,085	85,290	(9,205)
Total receipts	322,359	360,120	(37,761)
Expenditures			
Instruction	281,566	346,966	(65,400)
Student support services	489	25,000	(24,511)
General administration	10,350	-	10,350
School Administration	23,193	30,000	(6,807)
Total expenditures	315,598	401,966	$ (86,368)
Receipts Over (Under) Expenditures	6,761	(41,846)	
Unencumbered Cash, Beginning	41,846	41,846	
Unencumbered Cash, Ending	$ 48,607	$ -	

Unified School District No. 463

Capital Outlay Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes and shared revenue			
Ad valorem property	$ 276,285	$ 257,607	$ 18,678
Delinquent tax	3,075	2,475	600
Motor vehicle tax	18,751	16,736	2,015
Mineral production tax	476	-	476
State aid	87,452	87,673	(221)
Interest	1,360	-	1,360
Other	3,725	-	3,725
Transfer from General Fund	50,000	-	50,000
Total receipts	441,124	364,491	76,633
Expenditures			
Instruction	-	25,000	(25,000)
Operations and maintenance	158,543	320,200	(161,657)
Vehicle operating services	72,995	-	72,995
Facility acquisition and construction	408,402	600,000	(191,598)
Total expenditures	639,940	945,200	$ (305,260)
Receipts Over (Under) Expenditures	(198,816)	(580,709)	
Unencumbered Cash, Beginning	968,763	976,803	
Unencumbered Cash, Ending	$ 769,947	$ 396,094	

Unified School District No. 463

Driver Training Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
State aid	$ 1,952	$ 1,920	$ 32
Other	2,875	-	2,875
Total receipts	4,827	1,920	2,907
Expenditures			
Instruction	2,768	5,410	(2,642)
Vehicle operations	919	500	419
Total expenditures	3,687	5,910	$ (2,223)
Receipts Over (Under) Expenditures	1,140	(3,990)	
Unencumbered Cash, Beginning	13,994	13,994	
Unencumbered Cash, Ending	$ 15,134	$ 10,004	

Unified School District No. 463

Food Service Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
State aid	$ 16,353	$ 1,520	$ 14,833
Federal aid	269,174	235,800	33,374
Charges for services	12,200	13,800	(1,600)
Miscellaneous	614	-	614
Transfer from Supplemental General Fund	-	20,000	(20,000)
Total receipts	298,341	271,120	27,221
Expenditures			
Food service operation	271,171	298,800	$ (27,629)
Receipts Over (Under) Expenditures	27,170	(27,680)	
Unencumbered Cash, Beginning	50,627	52,627	
Unencumbered Cash, Ending	$ 77,797	$ 24,947	

Unified School District No. 463

KPERS Special Retirement Contribution Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
State aid	$ 363,087	$ 413,323	$ (50,236)
Expenditures			
Instruction	258,156	249,323	8,833
Student support	13,136	10,000	3,136
Instructional support	925	40,000	(39,075)
General administration	17,925	22,000	(4,075)
School administration	26,188	30,000	(3,812)
Central services	4,299	8,000	(3,701)
Operations and maintenance	22,094	25,000	(2,906)
Student transportation services	9,818	16,000	(6,182)
Food service	10,546	13,000	(2,454)
Total expenditures	363,087	413,323	$ (50,236)
Receipts Over (Under) Expenditures	-	-	
Unencumbered Cash, Beginning	-	-	
Unencumbered Cash, Ending	$ -	$ -	

Unified School District No. 463

Professional Development Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
Transfer from General fund	$ 15,000	$ 15,000	$ -
Total receipts	15,000	15,000	-
Expenditures			
Instructional Support services	15,000	15,000	$ -
Receipts Over (Under) Expenditures	-	-	
Unencumbered Cash, Beginning	-	-	
Unencumbered Cash, Ending	$ -	$ -	

Unified School District No. 463

Special Education Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
ESSER II	$ -	$ 9,582	$ (9,582)
Miscellaneous	27,815	-	27,815
Transfer from General Fund	519,063	630,000	(110,937)
Transfer from Supplemental Fund	100,000	-	100,000
Total receipts	646,878	639,582	7,296
Expenditures			
Payment to Co-op	600,568	720,097	(119,529)
Central services	1,929	-	1,929
Student transportation services	17,648	27,610	(9,962)
Total expenditures	620,145	747,707	$ (127,562)
Receipts Over (Under) Expenditures	26,733	(108,125)	
Unencumbered Cash, Beginning	108,125	108,125	
Unencumbered Cash, Ending	$ 134,858	$ -	

Unified School District No. 463

Career and Postsecondary Education Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
Miscellaneous	$ 3,896	$ -	$ 3,896
Transfer from General Fund	136,021	200,000	(63,979)
Transfer from Supplemental General Fund	94,096	-	94,096
Total receipts	234,013	200,000	34,013
Expenditures			
Instruction	193,909	185,063	8,846
Student Support	22,981	40,000	(17,019)
School Administration	8,104	8,000	104
Central services	1,929	-	1,929
Student Transportation	9,242	10,000	(758)
Total expenditures	236,165	243,063	$ (6,898)
Receipts Over (Under) Expenditures	(2,152)	(43,063)	
Unencumbered Cash, Beginning	43,063	43,063	
Unencumbered Cash, Ending	$ 40,911	$ -	

Unified School District No. 463

Recreation Commission Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes and shared revenue			
Ad valorem property	$ 69,439	$ 64,657	$ 4,782
Delinquent tax	1,001	824	177
Motor vehicle tax	6,249	5,577	672
Mineral production tax	119	-	119
Total receipts	76,808	71,058	5,750
Expenditures			
Community service operations	73,968	73,968	$ -
Receipts Over (Under) Expenditures	2,840	(2,910)	
Unencumbered Cash, Beginning	2,915	2,915	
Unencumbered Cash, Ending	$ 5,755	$ 5	

Unified School District No. 463

Contingency Reserve Fund

Schedule of Receipts and Expenditures – Actual

Regulatory Basis

Year Ended June 30, 2022

	Actual
Expenditures	
Operations and maintenance	$ (3,656)
Receipts Over (Under) Expenditures	3,656
Unencumbered Cash, Beginning	410,223
Unencumbered Cash, Ending	$ 413,879

Unified School District No. 463

Textbook Rental Fund

Schedule of Receipts and Expenditures – Actual

Regulatory Basis

Year Ended June 30, 2022

	Actual
Receipts	
Textbook rental	$ 15,882
Expenditures	
Instruction	689
Instructional Support	65
Total expenditures	754
Receipts Over (Under) Expenditures	15,128
Unencumbered Cash, Beginning	91,792
Unencumbered Cash, Ending	$ 106,920

Unified School District No. 463

Federal Projects Funds

Schedule of Receipts and Expenditures – Actual

Regulatory Basis

Year Ended June 30, 2022

	Title I - Low Income*	Title II A - Improving Teacher Quality*	Carl Perkins	Rural Ed*	CARES*	FEMA	RUS*	ESSER II	USDA	KDHE*
Receipts										
Federal aid	$ 57,054	$ 7,121	$ 2,315	$ 1,805	$ -	$ 437,681	$ 6,352	$ 199,382	$ 10,710	$ 76,700
Expenditures										
Instruction and supplies	65,827	8,031	2,095	2,940	204,828	-	7,496	71,385	-	-
Student support	-	-	-	-	-	-	-	-	-	122,130
Food service	-	-	-	-	-	-	-	-	3,443	-
Operation and maintenance	-	-	-	-	-	-	-	32,278	-	-
Construction	-	-	-	-	-	189,097	-	-	-	-
Total expenditures	65,827	8,031	2,095	2,940	204,828	189,097	7,496	103,663	3,443	122,130
Receipts Over (Under) Expenditures	(8,773)	(910)	220	(1,135)	(204,828)	248,584	(1,144)	95,719	7,267	(45,430)
Unencumbered Cash, Beginning	(12,252)	(1,452)	-	-	(56,707)	(248,584)	-	-	-	-
Unencumbered Cash, Ending	$ (21,025)	$ (2,362)	$ 220	$ (1,135)	$ (261,535)	$ -	$ (1,144)	$ 95,719	$ 7,267	$ (45,430)

* The funds are received on a reimbursement basis, as such, this is not considered a cash basis violation.

Unified School District No. 463

Bond and Interest Fund

Schedule of Receipts and Expenditures – Actual and Budget

Regulatory Basis

Year Ended June 30, 2022

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes and shared revenue			
Ad valorem property	$ 318,095	$ 296,135	$ 21,960
Delinquent tax	4,996	4,530	466
Motor vehicle tax	33,676	30,169	3,507
Mineral production tax	543	-	543
State aid	122,138	122,888	(750)
Total receipts	479,448	453,722	25,726
Expenditures			
Principal	255,000	255,000	-
Interest	154,625	154,625	-
Total expenditures	409,625	409,625	$ -
Receipts Over (Under) Expenditures	69,823	44,097	
Unencumbered Cash, Beginning	529,097	529,097	
Unencumbered Cash, Ending	$ 598,920	$ 573,194	

Unified School District No. 463

Expendable Trust Fund
Schedule of Receipts and Expenditures – Actual
Regulatory Basis
Year Ended June 30, 2022

	Actual
Receipts	
Interest earnings and contributions	$ 31,494
Expenditures	
Scholarships	7,324
Receipts Over (Under) Expenditures	24,170
Unencumbered Cash, Beginning	17,797
Unencumbered Cash, Ending	$ 41,967

Unified School District No. 463

Agency Funds – Student Activity Funds

Schedule of Receipts and Disbursements

Regulatory Basis

Year Ended June 30, 2022

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds				
Middle School and High School				
Applied Business	$ 404	$ 13,371	$ 8,804	$ 4,971
Band Club	6,482	420	511	6,391
Softball	641	598	335	904
Baseball	61	-	-	61
Football	454	-	188	266
Basketball	168	-	-	168
Track	115	-	-	115
Career Connecting	74	-	-	74
Concessions	2,028	16,024	11,166	6,886
Class of 2021	41	-	-	41
Class of 2022	3,327	1,543	-	4,870
Class of 2023	722	1,754	-	2,476
Cheerleaders	5,583	1,868	6,267	1,184
Dance Team	425	-	-	425
Drama	265	-	-	265
Faculty	830	-	55	775
FCCLA	2,820	3,802	4,582	2,040
Forensics	507	-	-	507
Art Club	-	167	-	167
D&D Club	-	50	-	50
Middle School Leadership	910	-	106	804
MS Musical	1,449	964	1,011	1,402
MS/HS Mathletes	338	-	-	338
National Honor Society	295	494	549	240
Pride Funds	1,189	-	-	1,189
Reading	595	-	-	595
SADD	700	1,505	1,240	965
Student Council	366	638	277	727
FFA	3,499	11,802	11,779	3,522
FBLA	5,429	7,918	8,089	5,258
Yearbook	4,378	820	1,673	3,525
Volleyball	308	-	-	308
Total	44,403	63,738	56,632	51,509
Elementary				
Pencil	1,250	442	346	1,346
Children's Theatre	6,648	9,568	9,969	6,247
Pop	5,166	45	-	5,211
Field Trip/Class Projects	(34)	1,430	1,059	337
Kids For Voting	667	-	-	667
Music PE	729	-	-	729
Istation	393	-	-	393
Donations	1,060	59	-	1,119
Special Education	93	-	-	93
Total	15,972	11,544	11,374	16,142
Total Student Organization Funds	$ 60,375	$ 75,282	$ 68,006	$ 67,651

Unified School District No. 463

District Activity Funds

Schedule of Receipts, Expenditures and Unencumbered Cash

Regulatory Basis

Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
Gate Receipts						
Athletics	$ 8,626	$ 44,907	$ 45,677	$ 7,856	$ -	$ 7,856
Total Gate Receipts	8,626	44,907	45,677	7,856	-	7,856
School Projects						
Other	70	2,882	2,799	153	-	153
Total School Projects	70	2,882	2,799	153	-	153
Total District Activity Funds	$ 8,696	$ 47,789	$ 48,476	$ 8,009	$ -	$ 8,009

Supplementary Information

Unified School District No. 463
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through Kansas Department of Education				
National School Lunch Program	10.550	N/A	$ -	$ 157,392
School Breakfast Program	10.553	N/A	-	70,575
Summer Food Service Program for Children	10.559	N/A	-	42,618
Total Child Nutrition Program Cluster			-	270,585
P-EBT Local Level Administrative Cost Grant	10.649	N/A	-	585
Total Department of Agriculture			-	271,170
U.S. Department of Education				
Passed through Kansas Department of Education				
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	S425U210002	-	220,478
Title I Grants to Local Education Agencies	84.010	N/A	-	65,643
Title II Part A Training & Recruiting-Improve Teach Quality	84.367	N/A	-	8,174
Title IV Student Support and Academic Enrichment	84.424	N/A	-	92
Total Department of Education			-	294,387
U.S. Department of Health and Human Services				
Passed through Kansas Department of Health and Environment				
COVID-19 KDHE COVID-19 Testing	93.323	N/A	-	122,130
Total U.S. Department of Health and Human Services			-	122,130
Federal Communications Commission				
Passed through Kansas Department of Education				
Emergency Connectivity Fund Program	32.009	N/A	-	103,985
Total Federal Communications Commission			-	103,985
U.S. Department of Homeland Security				
Passed through Kansas Adjutant General's Department				
Building Resilient Infrastructure and Communities	97.047	EMK2020PC0001	-	189,097
Total U.S. Department of Homeland Security			-	189,097
Total Federal Assistance			$ -	$ 980,769

Unified School District No. 463

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Unified School District No. 463 under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Unified School District No. 463, it is not intended to and does not present the financial position, changes in net assets or cash flows of Unified School District No. 463.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3: Indirect Cost Rate

Unified School District No. 463 has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Education
Unified Scholl District No. 463
Udall, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statement of Unified School District No. 463, Udall, Kansas, which comprise Unified School District No. 463, Udall, Kansas' fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances as of June 30, 2022, and the related notes to the financial statement, and have issued our report thereon dated June 23, 2023. We issued an adverse opinion on U.S. Generally Accepted Accounting Principles and an unmodified opinion on regulatory basis of accounting.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District No. 463, Udall, Kansas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 463, Udall, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the Unified School District No. 463, Udall, Kansas' 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 statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unified School District No. 463, Udall, Kansas' financial statement are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

FORVIS, LLP

Wichita, Kansas
June 23, 2023

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Education
Unified Scholl District No. 463
Udall, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Unified School District No. 463, Udall, Kansas' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 463, Udall, Kansas' major federal programs for the year ended June 30, 2022. Unified School District No. 463, Udall, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Unified School District No. 463, Udall, Kansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Unified School District No. 463, Udall, Kansas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Unified School District No. 463, Udall, Kansas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Unified School District No. 463, Udall, Kansas' federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Unified School District No. 463, Udall, Kansas' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Unified School District No. 463, Udall, Kansas' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Unified School District No. 463, Udall, Kansas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Unified School District No. 463, Udall, Kansas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 463, Udall, Kansas' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

FORVIS, LLP

Wichita, Kansas
June 23, 2023

Unified School District No. 463
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
   (Check each description that applies)

   ☐ Unmodified ☐ Qualified ☒ Adverse ☐ Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Material weakness(es) identified?	☐ Yes	☒ No

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Material weakness(es) identified?	☐ Yes	☒ No

5. Type of auditor's report issued on compliance for major federal programs:
   ☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

Unified School District No. 463
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

7. Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
	Child Nutrition Program Cluster
10.550	National School Lunch Program
10.553	School Breakfast Program
10.559	Summer Food Service Program for Children
84.425D	Emergency Relief Fund (ESSER II)

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

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Reference Number	Finding
	Not matters reportable

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	Not matters reportable

Unified School District No. 463

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Reference Number	Summary of Finding	Status
	No matters are reportable	