UNIFIED SCHOOL DISTRICT NO. 365

Garnett, Kansas

Financial Statements

For the Year Ended June 30, 2022

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UNIFIED SCHOOL DISTRICT NO. 365
Financial Statements
For the Year Ended June 30, 2022

Table of Contents

	Page Number
INTRODUCTORY SECTION	
Table of Contents	i - ii
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to the Financial Statements	5 - 11
SUPPLEMENTARY INFORMATION	
SCHEDULE 1	
Summary of Expenditures - Actual and Budget	12
SCHEDULE 2	
Schedule of Receipts and Expenditures - Actual and Budget and Actual Only	
General Fund	13
Supplemental General Fund	14
At Risk (4 Year Old) Fund	15
At Risk (K-12) Fund	16
Capital Outlay Fund	17
Driver Training Fund	18
Food Service Fund	19
Professional Development Fund	20
Virtual Education Fund	21
Special Education Fund	22
Vocational Education Fund	23
Bilingual Education Fund	24
KPERS Special Retirement Contribution Fund	25
Gifts and Grants Fund	26
Textbook Rental and Student Materials Revolving Fund	27
Federal Funds	28
Contingency Reserve Fund	29
Reading Recovery Fund	30
Community College Fund	31
Bond Construction Fund	32
Bond and Interest Fund	33
SCHEDULE 3	
Summary of Receipts and Disbursements	
Student Organization Funds	34
SCHEDULE 4	
Schedule of Receipts, Expenditures and Unencumbered Cash	
District Activity Funds	35

UNIFIED SCHOOL DISTRICT NO. 365
Financial Statements
For the Year Ended June 30, 2022

Table of Contents
(Continued)

	Page Number
GOVERNMENTAL AUDIT SECTION	
Schedule of Expenditures of Federal Awards	36
Notes to the Schedule of Expenditures of Federal Awards	37
Schedule of Findings and Questioned Costs	38 - 40
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	41 - 42
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by The Uniform Guidance	43 - 44

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 365
Garnett, Kansas

Report on the Audit of the Financial Statements

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. 365, Garnett, Kansas (the District), 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 District 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 District 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 standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District, 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 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.

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

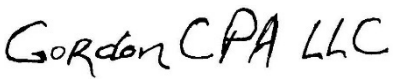
In accordance with *Government Auditing Standards,* we have also issued our report dated November 23, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and 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 the 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.

Other Matters

Other Matter

The 2021 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended June 30, 2022 (Schedule 2 as listed in the table of contents), is presented for purposes of additional analysis and is not a required part of the basic financial statement.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated October 27, 2021, which contained an unmodified opinion on the basic financial statement. The 2021 basic 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 https://admin.ks.gov/offices/oar/municipalservices. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 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 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2021, on the basis of accounting described in Note 1.



Certified Public Accountant
Lawrence, Kansas

November 23, 2022

UNIFIED SCHOOL DISTRICT NO. 365
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Types:							
General Funds:							
General	$ -	$ -	$ 7,994,561	$ 7,994,561	$ -	$ 127,616	$ 127,616
Supplemental General	223,753	-	2,640,496	2,632,615	231,634	49,931	281,565
Special Purpose Funds:							
At Risk (4 Year Old)	38,974	-	50,000	18,888	70,086	208	70,294
At Risk (K-12)	115,241	-	1,094,703	1,073,192	136,752	14,218	150,970
Capital Outlay	1,564,915	-	1,131,770	800,711	1,895,974	174,362	2,070,336
Driver Training	63,983	-	13,962	10,882	67,063	-	67,063
Food Service	145,597	-	786,270	657,954	273,913	-	273,913
Professional Development	53,838	-	-	5,638	48,200	1,041	49,241
Virtual Education	-	-	8,500	6,125	2,375	-	2,375
Special Education	997,666	-	1,938,030	1,904,146	1,031,550	16	1,031,566
Vocational Education	76,423	-	275,000	263,364	88,059	15,255	103,314
Bilingual Education	525	-	-	-	525	-	525
KPERS Special Retirement Contribution	-	-	986,497	986,497	-	-	-
Gifts and Grants	98,140	-	54,102	69,833	82,409	2,648	85,057
Textbook Rental and Student Materials Revolving	152,483	-	72,083	19,140	205,426	2,152	207,578
Federal Funds	[147,987]	-	762,639	607,165	7,487	34,541	42,028
Contingency Reserve	726,384	-	10,000	-	736,384	-	736,384
Reading Recovery	94,607	-	-	-	94,607	-	94,607
Community College	80,332	-	682	-	81,014	-	81,014
District Activity	21,157	-	140,493	133,271	28,379	-	28,379
Capital Projects Fund:							
Bond Construction	968	-	6	-	974	-	974
Bond and Interest Fund:							
Bond and Interest Fund	2,460,916	-	1,696,466	1,603,312	2,554,070	-	2,554,070
Total	$ 6,767,915	$ -	$ 19,656,260	$ 18,787,294	$ 7,636,881	$ 421,988	$ 8,058,869

Composition of Cash:

Goppert State Service Bank	
Checking Accounts	$ 6,246,600
Certificate of Deposit	545,942
Bank of Greeley	
Checking Accounts	479
Certificate of Deposit	600,000
Farmer's State Bank	
Certificate of Deposit	300,000
Patriot's Bank	
Checking Accounts	1,080
Certificate of Deposit	510,854
Security Bank	974
Cash Balance	8,205,929
Less: Agency Funds per Schedule 3	[147,060]
Total Reporting Entity (Excluding Agency Funds)	$ 8,058,869

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

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 365 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District had no related municipal entities.

Reimbursed Expenses

Expenditures in the amount of $6,950 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

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

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

Regulatory Basis Fund Types

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

The following types of funds comprise the financial activities of the District for the year ended June 30, 2022:

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

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

Capital Projects 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.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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, student organization funds, etc.).

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), principal and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

If the District is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The District was not required to hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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. The budget was not amended for the year ended June 30, 2022.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances.

Encumbrances are commitments by the 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 capital project funds, agency funds, and the following special purpose funds: Contingency Reserve, Community College, Reading Recovery, and Textbook Rental and Student Materials Revolving 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 2 - 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.

NOTE 2 - Deposits and Investments (Continued)

Investments. 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. As of June 30, 2022, the District held no such investments.

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

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

At June 30, 2022, the District's carrying amount of deposits was $8,205,929 and the bank balance was $8,818,348. The bank balance was held by five banks resulting in a concentration of credit risk. Of the bank balance, $1,000,974 was covered by federal depository insurance and the balance of $7,817,374 was collateralized with securities held by the pledging financial institution's agents in the District's name.

NOTE 3 - In-Substance Receipt in Transit

The District received $304,716 in General State Aid and $61,806 in Supplemental General State Aid subsequent to June 30, 2022, and as required by K.S.A. 72-6466, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

NOTE 4 - Long-Term Debt

Following is a detailed listing of the District's long-term debt outstanding at June 30, 2022:

Debt Issue	Date Issued	Interest Rate	Maturity Date	Original Amount	Outstanding Amount
Certificates of Participation					
Series 2010-A QSCB	12/22/2010	6.21%	9/1/2029	$ 14,485,000	$ 14,485,000

Debt Issue	Date Issued	Interest Rate	Maturity Date	Original Amount	Outstanding Amount
Finance Leases					
2014 Buses	1/31/2013	3.00%	9/30/2022	$ 1,100,000	$ 123,981
2019 Chevrolet Traverse	9/5/2019	3.85%	9/5/2022	26,818	1,573
2020 Chevrolet Traverse	8/7/2021	2.58%	9/5/2022	26,718	9,947
Total				$ 1,153,536	$ 135,501

NOTE 4 - Long-Term Debt (Continued)

Following is a summary of changes in long-term debt for the year ended June 30, 2022:

Type of Issue	Beginning Principal Outstanding	Additions to Principal	Reductions of Principal	Ending Principal Outstanding	Interest Paid Year Ended 6/30/2022
Certificates of Participation					
Series 2010-A QSCB	$ 14,485,000	$ -	$ -	$ 14,485,000	$ 900,098
Finance Leases	289,580	-	154,079	135,501	8,548
Total	$ 14,774,580	$ -	$ 154,079	$ 14,620,501	$ 908,646

The Series 2010-A QSCB Certificates of Participation (COPS) are payable in full on September 1, 2029, in the amount of $14,485,000 with interest payable annually to that date of $900,098. The District is required to make sinking fund deposits annually through September 1, 2029, of amounts necessary to satisfy the minimum required accumulated balance under the Lease and Declaration of Trust. The District's annual deposits will consist of (1) the District's expected annual cash deposit in the base amount of $258,320 (the "Base Cash Deposit") plus (2) the estimated investment earnings on the accumulated balance (the "Investment Earnings"). In the event the District's Base Cash Deposit plus Investment Earnings is insufficient to meet the required accumulated balance on a given September 1st, the District is required to make up the difference with an additional cash deposit to the sinking fund. In the event the accumulated balance exceeds the required accumulated balance on a given September 1st the excess will be withdrawn from the sinking fund.

During the year ended June 30, 2022, the District deposited $703,215 into the sinking fund. The fair market value of the sinking fund's assets as of June 30, 2022, was $5,987,651. The District does not have control over the sinking fund, and therefore, the District's financial statements do not include the sinking fund balance.

The District is subject to Kansas statutes and may issue general obligation bonds for capital improvements upon the approval of a majority of the voters. Remaining debt service requirements for general obligation bonds will be repaid from the Debt Service Fund with future tax assessments. Such general obligation indebtedness may not exceed the amount allowed for the District under K.S.A. 72-6761.

The District's statutory limit for such bonded indebtedness is approximately $12.5 million as of June 30, 2022. The District has received authorization from the State of Kansas to exceed this limit.

Annual payment service requirements to maturity for the above leases:

Year Ended June 30,	Principal Due	Interest Due	Total Due
2023	$ 134,720	$ 3,932	$ 138,652
2024	781	2	783
	$ 135,501	$ 3,934	$ 139,435

NOTE 5 - Interfund Transfers

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	At Risk (4 Year Old)	K.S.A. 72-6478	$ 50,000
General	Special Education	K.S.A. 72-6478	1,122,390
General	Food Service	K.S.A. 72-6478	50,000
General	Vocational Education	K.S.A. 72-6478	275,000
General	Contingency Reserve	K.S.A. 72-6478	10,000
General	At Risk (K-12)	K.S.A. 72-6478	826,578
General	Capital Outlay	K.S.A. 72-6478	40,000
General	Virtual Education	K.S.A. 72-6478	8,500
Supplemental General	Food Service	K.S.A. 72-6478	33,292
Supplemental General	Special Education	K.S.A. 72-6478	771,000
Supplemental General	At Risk (K-12)	K.S.A. 72-6478	268,125
Total			$ 3,454,885

NOTE 6 - Defined Benefit Pension Plan

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

NOTE 6 - Defined Benefit Pension Plan (Continued)

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 $986,497 for the year ended June 30, 2022.

Net Pension Liability. As of June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was $10,151,143. 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 these financial statements.

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

NOTE 7 - Compensated Absences

The District's leave policies are as follows:

Certified employees - Full-time certified employees are granted ten days of leave per school year. Unused leave to be carried over at the end of the year may not exceed 120 days.

Certified employees can be compensated each June at a rate of $20 per day of accumulated leave in excess of 110 days. Upon initial retirement under KPERS guidelines, certified employees are compensated at a rate of $20 per day of accumulated leave to a maximum of 120 days.

Classified employees - Full-time classified employees are granted ten days of vacation of one year of continuous employment. Classified employees with five or more years of employment are granted one additional vacation day, to a maximum of 15 days of vacation each year. Unused vacation days are not permitted to be carried over from year to year. Full-time classified employees are also granted 12 days of sick leave each year. Unused sick leave to be carried over at the end of the year may not exceed 120 days

Classified employees can be compensated each June at a rate of $10 per day of accumulated leave in excess of 110 days. Upon initial retirement under KPERS guidelines, classified employees are compensated at a rate of $20 per day of accumulated leave to a maximum of 120 days.

It is the District's policy to recognize the costs of compensated absences when actually paid.

NOTE 8 - Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District as of June 30, 2022.

NOTE 9 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - Other Long-Term Obligations from Operations

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

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

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

Schedule 1

UNIFIED SCHOOL DISTRICT NO. 365
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year Budget	Variance Over [Under]
Governmental Fund Types:						
General Funds:						
General	$ 8,295,430	$ [307,819]	$ 6,950	$ 7,994,561	$ 7,994,561	$ -
Supplemental General	2,635,000	[2,385]	-	2,632,615	2,632,615	-
Special Purpose Funds:						
At Risk (4 Year Old)	72,600	-	-	72,600	18,888	[53,712]
At Risk (K-12)	1,266,440	-	-	1,266,440	1,073,192	[193,248]
Capital Outlay	2,099,000	-	-	2,099,000	800,711	[1,298,289]
Driver Training	38,850	-	-	38,850	10,882	[27,968]
Food Service	773,500	-	-	773,500	657,954	[115,546]
Professional Development	35,000	-	-	35,000	5,638	[29,362]
Virtual Education	28,400	-	-	28,400	6,125	[22,275]
Special Education	2,328,444	-	-	2,328,444	1,904,146	[424,298]
Vocational Education	350,250	-	-	350,250	263,364	[86,886]
Bilingual Education	1,065	-	-	1,065	-	[1,065]
KPERS Special Retirement Contribution	1,115,501	-	-	1,115,501	986,497	[129,004]
Gifts and Grants	125,500	-	-	125,500	69,833	[55,667]
Federal Funds	849,926	-	-	849,926	607,165	[242,761]
Bond and Interest Fund:						
Bond and Interest	1,608,314	-	-	1,608,314	1,603,312	[5,002]

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 365
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
State Aid:				
General state aid	$ 6,883,699	$ 6,865,221	$ 7,102,806	$ [237,585]
Special education aid	1,069,102	1,122,390	1,192,624	[70,234]
Reimbursements	5,924	6,950	-	6,950
Total Receipts	7,958,725	7,994,561	$ 8,295,430	$ [300,869]
Expenditures				
Instruction	2,363,330	2,293,130	$ 2,610,055	$ [316,925]
Student support services	228,220	231,319	234,250	[2,931]
Instructional support services	211,429	248,679	222,100	26,579
General administration	213,099	203,231	221,250	[18,019]
School administration	706,977	737,729	735,100	2,629
Central services	130,975	128,543	270,100	[141,557]
Operations and maintenance	1,116,858	1,230,465	1,019,600	210,865
Transportation	503,565	538,997	552,400	[13,403]
Transfers out	2,484,272	2,382,468	2,430,575	[48,107]
Adjustments for qualifying budget credit	-	-	6,950	[6,950]
Adjustments to comply with legal max	-	-	[307,819]	307,819
Total Expenditures	7,958,725	7,994,561	$ 7,994,561	$ -
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT NO. 365
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	$ 1,461,171	$ 1,537,090	$ 1,599,526	$ [62,436]
Delinquent taxes	26,085	26,108	22,659	3,449
Motor vehicle tax	160,678	148,030	71,109	76,921
Recreational vehicle tax	4,582	4,167	8,289	[4,122]
State aid	972,579	925,101	925,939	[838]
Total Receipts	2,625,095	2,640,496	$ 2,627,522	$ 12,974
Expenditures				
Instruction	1,629,358	1,495,984	$ 1,890,000	$ [394,016]
Student support services	66,962	63,872	71,600	[7,728]
Operations and maintenance	-	342	-	342
Transfers out	938,680	1,072,417	673,400	399,017
Adjustments to comply with legal max	-	-	[2,385]	2,385
Total Expenditures	2,635,000	2,632,615	$ 2,632,615	$ -
Receipts Over [Under] Expenditures	[9,905]	7,881		
Unencumbered Cash, Beginning	233,658	223,753		
Unencumbered Cash, Ending	$ 223,753	$ 231,634		

UNIFIED SCHOOL DISTRICT NO. 365
At Risk (4 Year Old) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Transfers in	$ 24,000	$ 50,000	$ 35,000	$ 15,000
Total Receipts	24,000	50,000	$ 35,000	$ 15,000
Expenditures				
Instruction	29,713	18,888	$ 72,600	$ [53,712]
Total Expenditures	29,713	18,888	$ 72,600	$ [53,712]
Receipts Over [Under] Expenditures	[5,713]	31,112		
Unencumbered Cash, Beginning	44,687	38,974		
Unencumbered Cash, Ending	$ 38,974	$ 70,086		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 365
At Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Transfers in	$ 1,138,404	$ 1,094,703	$ 1,151,551	$ [56,848]
Total Receipts	1,138,404	1,094,703	$ 1,151,551	$ [56,848]
Expenditures				
Instruction	1,081,658	1,073,192	1,266,440	[193,248]
Total Expenditures	1,081,658	1,073,192	$ 1,266,440	$ [193,248]
Receipts Over [Under] Expenditures	56,746	21,511		
Unencumbered Cash, Beginning	58,495	115,241		
Unencumbered Cash, Ending	$ 115,241	$ 136,752		

UNIFIED SCHOOL DISTRICT NO. 365
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Revenues:				
Ad valorem taxes	$ 640,554	$ 663,255	$ 622,748	$ 40,507
Delinquent taxes	10,808	11,051	9,941	1,110
Motor vehicle tax	63,193	60,545	30,332	30,213
Recreational vehicle tax	4,843	4,469	3,535	934
Capital outlay state aid	125,167	114,020	114,271	[251]
Investment income	17,922	12,339	15,000	[2,661]
Miscellaneous	184,639	226,091	50,000	176,091
Transfers in	160,000	40,000	-	40,000
Total Receipts	1,207,126	1,131,770	$ 845,827	$ 285,943
Expenditures				
Instruction	-	137,285	$ 270,000	$ [132,715]
Operations and maintenance	77,095	177,891	380,000	[202,109]
Transportation	203,367	375,176	324,000	51,176
Facility acquisition and construction	321,341	104,856	1,125,000	[1,020,144]
Building improvements	821,475	5,503	-	5,503
Total Expenditures	1,423,278	800,711	$ 2,099,000	$ [1,298,289]
Receipts Over [Under] Expenditures	[216,152]	331,059		
Unencumbered Cash, Beginning	1,781,067	1,564,915		
Unencumbered Cash, Ending	$ 1,564,915	$ 1,895,974		

UNIFIED SCHOOL DISTRICT NO. 365
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
State aid	$ 5,202	$ 6,832	$ 9,600	$ [2,768]
Charges for services	7,470	7,130	-	7,130
Transfer in	24,000	-	5,000	[5,000]
Total Receipts	36,672	13,962	$ 14,600	$ [638]
Expenditures				
Instruction	11,464	10,321	36,350	$ [26,029]
Vehicle operations and maintenance	1,279	561	2,500	[1,939]
Total Expenditures	12,743	10,882	$ 38,850	$ [27,968]
Receipts Over [Under] Expenditures	23,929	3,080		
Unencumbered Cash, Beginning	40,054	63,983		
Unencumbered Cash, Ending	$ 63,983	$ 67,063		

UNIFIED SCHOOL DISTRICT NO. 365
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Federal aid	$ 525,635	$ 682,900	$ 601,915	$ 80,985
State aid	13,139	4,988	3,920	1,068
Charges for services	28,233	6,714	10,424	[3,710]
Miscellaneous revenue	9,897	8,376	-	8,376
Transfers in	9,883	83,292	15,000	68,292
Total Receipts	586,787	786,270	$ 631,259	$ 155,011
Expenditures				
Food service operation	551,819	639,628	$ 742,500	$ [102,872]
Operations and maintenance	13,542	16,977	31,000	[14,023]
Miscellaneous expenses	1,787	1,349	-	1,349
Total Expenditures	567,148	657,954	$ 773,500	$ [115,546]
Receipts Over [Under] Expenditures	19,639	128,316		
Unencumbered Cash, Beginning	125,958	145,597		
Unencumbered Cash, Ending	$ 145,597	$ 273,913		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 365
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
State aid	$ 542	$ -	$ -	$ -
Miscellaneous	9,289	-	-	-
Transfers in	10,000	-	-	-
Total Receipts	19,831	-	$ -	$ -
Expenditures				
Instructional support services	8,151	5,638	$ 35,000	$ [29,362]
Total Expenditures	8,151	5,638	$ 35,000	$ [29,362]
Receipts Over [Under] Expenditures	11,680	[5,638]		
Unencumbered Cash, Beginning	42,158	53,838		
Unencumbered Cash, Ending	$ 53,838	$ 48,200		

UNIFIED SCHOOL DISTRICT NO. 365
Virtual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Transfers in	$ -	$ 8,500	$ 28,400	$ [19,900]
Total Receipts	-	8,500	$ 28,400	$ [19,900]
Expenditures				
Instruction	-	6,125	$ 28,400	$ [22,275]
Total Expenditures	-	6,125	$ 28,400	$ [22,275]
Receipts Over [Under] Expenditures	-	2,375		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ 2,375		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 365
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Miscellaneous revenue	$ 26,718	$ -	$ -	$ -
Federal aid	14,715	44,640	22,320	22,320
Transfers in	1,773,884	1,893,390	1,593,484	299,906
Total Receipts	1,815,317	1,938,030	$ 1,615,804	$ 322,226
Expenditures				
Instruction	1,573,312	1,651,450	$ 2,068,444	$ [416,994]
Student transportation service	206,279	252,696	260,000	[7,304]
Total Expenditures	1,779,591	1,904,146	$ 2,328,444	$ [424,298]
Receipts Over [Under] Expenditures	35,726	33,884		
Unencumbered Cash, Beginning	961,940	997,666		
Unencumbered Cash, Ending	$ 997,666	$ 1,031,550		

UNIFIED SCHOOL DISTRICT NO. 365
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Transfers in	$ 250,517	$ 275,000	$ 275,000	$ -
Total Receipts	250,517	275,000	$ 275,000	$ -
Expenditures				
Instruction	243,683	263,364	$ 350,250	$ [86,886]
Total Expenditures	243,683	263,364	$ 350,250	$ [86,886]
Receipts Over [Under] Expenditures	6,834	11,636		
Unencumbered Cash, Beginning	69,589	76,423		
Unencumbered Cash, Ending	$ 76,423	$ 88,059		

UNIFIED SCHOOL DISTRICT NO. 365
Bilingual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Transfers in	$ 264	$ -	$ 540	$ [540]
Total Receipts	264	-	$ 540	$ [540]
Expenditures				
Instruction	-	-	$ 1,065	$ [1,065]
Total Expenditures	-	-	$ 1,065	$ [1,065]
Receipts Over [Under] Expenditures	264	-		
Unencumbered Cash, Beginning	261	525		
Unencumbered Cash, Ending	$ 525	$ 525		

UNIFIED SCHOOL DISTRICT NO. 365
KPERS Special Retirement Contribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
State aid	$ 947,749	$ 986,497	$ 1,115,501	$ [129,004]
Total Receipts	947,749	986,497	$ 1,115,501	$ [129,004]
Expenditures				
Instruction	568,651	591,897	$ 670,000	$ [78,103]
Student support services	56,865	59,190	65,000	[5,810]
Instructional support services	66,342	69,055	75,000	[5,945]
General administration	56,865	59,190	65,000	[5,810]
School administration	66,342	69,055	80,000	[10,945]
Operations and maintenance	75,820	78,920	80,501	[1,581]
Student transportation services	9,477	9,865	15,000	[5,135]
Food service	47,387	49,325	65,000	[15,675]
Total Expenditures	947,749	986,497	$ 1,115,501	$ [129,004]
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT NO. 365
Gifts and Grants Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Contributions and donations	$ 51,782	$ 3,055	$ -	$ 3,055
Federal aid	47,311	28,847	22,000	6,847
State aid	44,400	22,200	49,909	[27,709]
Total Receipts	143,493	54,102	$ 71,909	$ [17,807]
Expenditures				
Instruction	93,427	69,833	$ 125,500	$ [55,667]
Operations and maintenance	50,914	-	-	-
Total Expenditures	144,341	69,833	$ 125,500	$ [55,667]
Receipts Over [Under] Expenditures	[848]	[15,731]		
Unencumbered Cash, Beginning	98,988	98,140		
Unencumbered Cash, Ending	$ 98,140	$ 82,409		

UNIFIED SCHOOL DISTRICT NO. 365
Textbook Rental and Student Materials Revolving Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2022 and 2021

	Prior Year Actual	Current Year Actual
Receipts		
Charges for services	$ 39,234	$ 56,603
Miscellaneous	10,125	15,480
Total Receipts	49,359	72,083
Expenditures		
Instruction	24,680	19,140
Total Expenditures	24,680	19,140
Receipts Over [Under] Expenditures	24,679	52,943
Unencumbered Cash, Beginning	127,804	152,483
Unencumbered Cash, Ending	$ 152,483	$ 205,426

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 365
Federal Funds
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022

	Title I	Title II-A Teacher Quality	Title IV-A	ESSERF/ CARES	ESSERF II	Actual	Budget	Variance Over [Under]
Receipts								
Federal aid	$ 211,347	$ 43,136	$ 20,156	$ -	$ 488,000	$ 762,639	$ 997,916	$ [235,277]
Total Receipts	211,347	43,136	20,156	-	488,000	762,639	$ 997,916	$ [235,277]
Expenditures								
Instruction	197,308	43,136	20,156	-	235,322	495,922	$ 356,013	$ 139,909
Student support services	7,139	-	-	-	56,215	63,354	113,913	[50,559]
Operations and maintenance	-	-	-	-	-	-	15,000	[15,000]
Transportation	-	-	-	-	12,700	12,700	-	12,700
Facility acquisition and construction	-	-	-	-	35,189	35,189	365,000	[329,811]
Total Expenditures	204,447	43,136	20,156	-	339,426	607,165	$ 849,926	$ [242,761]
Receipts Over [Under] Expenditures	6,900	-	-	-	148,574	155,474		
Unencumbered Cash, Beginning	-	-	-	-	[147,987]	[147,987]		
Unencumbered Cash, Ending	$ 6,900	$ -	$ -	$ -	$ 587	$ 7,487		

UNIFIED SCHOOL DISTRICT NO. 365
Contingency Reserve Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2022 and 2021

	Prior Year Actual	Current Year Actual
Receipts		
Transfers in	$ 32,000	$ 10,000
Total Receipts	32,000	10,000
Expenditures		
Instruction	-	-
Total Expenditures	-	-
Receipts Over [Under] Expenditures	32,000	10,000
Unencumbered Cash, Beginning	694,384	726,384
Unencumbered Cash, Ending	$ 726,384	$ 736,384

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 365
Reading Recovery Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2022 and 2021

	Prior Year Actual	Current Year Actual
Receipts		
Reimbursements	$ 4,125	$ -
Total Receipts	4,125	-
Expenditures		
Instruction	5,312	-
Total Expenditures	5,312	-
Receipts Over [Under] Expenditures	[1,187]	-
Unencumbered Cash, Beginning	95,794	94,607
Unencumbered Cash, Ending	$ 94,607	$ 94,607

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 365
Community College Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2022 and 2021

	Prior Year Actual	Current Year Actual
Receipts		
Miscellaneous revenue	$ 677	$ 682
Total Receipts	677	682
Expenditures		
Instruction	-	-
Total Expenditures	-	-
Receipts Over [Under] Expenditures	677	682
Unencumbered Cash, Beginning	79,655	80,332
Unencumbered Cash, Ending	$ 80,332	$ 81,014

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 365
Bond Construction Fund *
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Years Ended June 30, 2022 and 2021

	Prior Year Actual	Current Year Actual
Receipts		
Investment income	$ 3	$ 6
Total Receipts	3	6
Expenditures		
Facility acquisition and construction	-	-
Total Expenditures	-	-
Receipts Over [Under] Expenditures	3	6
Unencumbered Cash, Beginning	965	968
Unencumbered Cash, Ending	$ 968	$ 974

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 365
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

		Current Year		
Receipts	Prior Year Actual	Actual	Budget	Variance Over [Under]
Taxes and Shared Revenues:				
Ad valorem taxes	$ 691,898	$ 726,347	$ 681,466	$ 44,881
Delinquent taxes	11,609	12,142	10,733	1,409
Motor vehicle tax	63,837	64,739	32,304	32,435
Recreational vehicle tax	4,826	4,758	3,766	992
State aid	156,903	147,851	147,867	[16]
Miscellaneous revenue	739,252	740,629	733,507	7,122
Total Receipts	1,668,325	1,696,466	$ 1,609,643	$ 86,823
Expenditures				
Deposit to escrow account	657,707	703,214	$ 703,216	$ [2]
Interest and other charges	900,098	900,098	905,098	[5,000]
Total Expenditures	1,557,805	1,603,312	$ 1,608,314	$ [5,002]
Receipts Over [Under] Expenditures	110,520	93,154		
Unencumbered Cash, Beginning	2,350,396	2,460,916		
Unencumbered Cash, Ending	$ 2,460,916	$ 2,554,070		

See independent auditor's report on the financial statements.

Schedule 3

UNIFIED SCHOOL DISTRICT NO. 365
Student Organization Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2022

FUND	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Anderson County Jr/Sr High School Student Organization Funds	$ 116,660	$ 223,107	$ 194,719	$ 145,048
Garnett Elementary School Student Organization Funds	$ 796	$ 10,000	$ 9,943	$ 853
Greeley Elementary School Student Organization Funds	$ 480	$ 410	$ 411	$ 479
Westphalia Elementary School Student Organization Funds	$ 535	$ 3,834	$ 3,689	$ 680
Total Student Organization Funds	$ 118,471	$ 237,351	$ 208,762	$ 147,060

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 365
District Activity Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2022

FUND	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Anderson County Jr/Sr High School District Activity Funds	$ 20,766	$ -	$ 107,450	$ 100,261	$ 27,955	$ -	$ 27,955
Garnett Elementary School District Activity Funds	24	-	27,054	27,054	24	-	24
Greeley Elementary School District Activity Funds	-	-	1,552	1,552	-	-	-
Westphalia Elementary District Activity Funds	367	-	4,437	4,404	400	-	400
Total District Activity Funds	$ 21,157	$ -	$ 140,493	$ 133,271	$ 28,379	$ -	$ 28,379

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 365
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
U.S. Department of Education					
Passed Through State Department of Education:					
Title I Grants to Local Educational Agencies	84.010	$ -	$ 211,347	$ 204,447	$ 6,900
Improving Teacher Quality State Grants	84.367	-	43,136	43,136	-
Student Support and Academic Enrichment Program	84.424	-	20,156	20,156	-
Elementary and Secondary School Emergency Relief Fund	84.425D	[147,987]	532,640	384,066	587
Total State Department of Education			807,279	651,805	
Passed Through eMINTS National Center:					
Supporting Effective Educator Development	84.423	[5,732]	6,647	3,390	[2,475]
Total eMINTS National Center			6,647	3,390	
Total U.S. Department of Education			813,926	655,195	
U.S. Department of Health and Human Services					
Passed Through State Department of Education:					
Temporary Assistance for Needy Families Cluster:					
Temporary Assistance for Needy Families	93.558	-	22,200	22,200	-
Total Temporary Assistance for Needy Families Cluster			22,200	22,200	
Total U.S. Department of Health and Human Services			22,200	22,200	
U.S. Department of Agriculture					
Passed Through State Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	-	151,786	151,786	-
National School Lunch Program	10.555	-	502,289	502,289	-
Summer Food Service Program for Children	10.559	-	28,211	28,211	-
Total Child Nutrition Cluster		-	682,286	682,286	-
State Pandemic Electronic Benefit Transfer Administrative Costs	10.649	-	614	614	-
Total U.S. Department of Agriculture			682,900	682,900	
Total Expenditures of Federal Awards			$ 1,519,026	$ 1,360,295	

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 365

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

1. Organization

Unified School District No. 365, Garnett, Kansas (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the Kansas regulatory basis of accounting, which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The District elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

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

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position as of June 30, 2022.

5. Outstanding Loans

The District did not have any outstanding loans under any federal grants as of June 30, 2022.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

UNIFIED SCHOOL DISTRICT NO. 365
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified (Regulatory Basis) Adverse (GAAP)			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	X	Yes		None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?		Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?		Yes	X	No

Section II - Financial Statement Findings

Prior Year Findings

Finding 2021-1

Condition - The District currently lacks adequate separation of physical control over cash and accounting control over cash in dealing with food service receipting. In this function, one person can collect cash, record the cash receipt in the system and prepare money for deposit.

Criteria - Internal controls are designed to safeguard assets and help prevent or detect losses from employee error or dishonesty. Separation of duties is a vital compenent to the District's internal control structure.

Cause - The District's internal controls structure is not properly implemented.

Effect - Controls are not in effect to safeguard assets and help prevent or detect losses from employee error or dishonesty.

Recommendations - We recommend that separate individuals be assigned to physical control and accounting control of cash receipt transactions.

Status - Repeat at 2022-1

Current Year Findings

Finding 2022-1

Condition - The District currently lacks adequate separation of physical control over cash and accounting control over cash in dealing with food service receipting. In this function, one person can collect cash, record the cash receipt in the system and prepare money for deposit.

Criteria - Internal controls are designed to safeguard assets and help prevent or detect losses from employee error or dishonesty. Separation of duties is a vital compenent to the District's internal control structure.

Cause - The District's internal controls structure is not properly implemented.

Effect - Controls are not in effect to safeguard assets and help prevent or detect losses from employee error or dishonesty.

Recommendations - We recommend that separate individuals be assigned to physical control and accounting control of cash receipt transactions.

Management's Corrective Action Plan - The District will work on getting an internal control structure in place to resolve this issue.

Section III - Federal Award Findings and Questioned Costs

Prior Year Findings

None Noted.

Current Year Findings

None Noted.

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

Board of Education
Unified School District No. 365
Garnett, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of Unified School District No. 365 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 charge 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 over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs (2022-1) that we consider to be a significant deficiency.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

November 23, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Unified School District No. 365
Garnett, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Unified School District No. 365, Garnett, Kansas (the District), with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. 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.

In our opinion, the District 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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement 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 grants agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion of the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user of the report on compliance about the District's 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 judgement and maintain professional skepticism throughout the audit.

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

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Report on Internal Control Over Compliance

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

Our consideration of the 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 the internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District as of and for the year ended June 30, 2022, and have issued our report thereon dated November 23, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

November 23, 2022