SSC CPAs, P.A.

UNIFIED SCHOOL DISTRICT NO. 327

FINANCIAL STATEMENT WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2021

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SSC CPAs, P.A.

Independent Auditor's Report

To the Board of Education
Unified School District No. 327
Ellsworth, Kansas

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 327, Ellsworth, Kansas, as of and for the year ended June 30, 2021 and the related notes to the financial statement.

Management's Responsibility 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 2; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statement, the financial statement is prepared by Unified School District No. 327 to meet the requirements of the State of 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 327, as of June 30, 2021 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Unified School District No. 327, as of June 30, 2021, 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 2.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, summary of receipts and disbursements – agency funds, and schedule of receipts, expenditures, and unencumbered cash – District activity funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for the 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 the 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 2.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Unified School District No. 327, Ellsworth, Kansas as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated January 8, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 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 http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services. The 2020 actual column (2020 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 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2020, on the basis of accounting described in Note 2.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2022 on our consideration of the Unified School District No. 327's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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. 327'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. 327's internal control over financial reporting and compliance.

SSC CPAs, P.A.

SSC CPAs, P.A.
Salina, Kansas

March 3, 2022, except as to Note 13, which is as of April 3, 2023

UNIFIED SCHOOL DISTRICT NO. 327
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

STATEMENT 1

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	$ -	$ 5,138,714	$ 5,138,714	$ -	$ 27,361	$ 27,361
Supplemental General	122,780	1,603,111	1,581,827	144,064	29,782	173,846
Special Purpose Funds:						
Bilingual Education	161	4,200	4,150	211	-	211
Capital Outlay	965,670	627,598	474,318	1,118,950	108,504	1,227,454
Driver Training	10,153	3,192	2,528	10,817	-	10,817
At Risk (K-12)	2,733	253,000	248,293	7,440	6,953	14,393
Food Service	75,208	400,405	409,799	65,814	-	65,814
Professional Development	4,254	7,317	10,400	1,171	950	2,121
Special Education	360,997	1,068,015	1,155,804	273,208	-	273,208
Career and Postsecondary Education	2,432	135,000	134,950	2,482	2,082	4,564
Title I	-	87,859	87,859	-	-	-
Title II-A	-	17,431	17,431	-	-	-
Title IV-A	-	13,182	13,182	-	-	-
Contingency Reserve	525,000	-	6,409	518,591	6,409	525,000
KPERS Special Retirement Contribution	-	557,233	557,233	-	-	-
Textbook and Materials	-	18,391	18,391	-	8,019	8,019

UNIFIED SCHOOL DISTRICT NO. 327
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

STATEMENT 1

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Strengthening People and Revitalizing Kansas	$ -	$ 332,399	$ 332,399	$ -	$ -	$ -
Elementary & Secondary School Emergency Relief I	(4,669)	53,388	48,719	-	-	-
Elementary & Secondary School Emergency Relief II	-	-	20,355	(20,355)	-	(20,355)
Gifts and Grants	100,709	109,652	96,929	113,432	75,775	189,207
District Activity Funds	19,665	87,565	82,005	25,225	-	25,225
Capital Projects Fund:						
Construction Fund	5,122	-	5,122	-	-	-
Bond and Interest Fund:						
Bond and Interest	585,849	412,590	315,315	683,124	-	683,124
Trust Fund:						
Scholarship	39,460	890	900	39,450	-	39,450
TOTAL REPORTING ENTITY (EXCLUDING AGENCY FUNDS)	$ 2,815,524	$ 10,931,132	$ 10,763,032	$ 2,983,624	$ 265,835	$ 3,249,459

COMPOSITION OF CASH:	
Checking and Savings Accounts	$ 2,672,398
Certificates of Deposit	650,000
Total Cash	3,322,398
Agency Funds per Schedule 3	(72,939)
TOTAL REPORTING ENTITY (EXCLUDING AGENCY FUNDS)	$ 3,249,459

1. REPORTING ENTITY

Unified School District No. 327 (the District) is a municipal corporation governed by a citizen elected seven-member Board of Education.

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

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.

Fund Descriptions. The following types of funds comprise the financial activities of the District for the year ended June 30, 2021:

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.

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

Capital Project Fund – Used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

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.).

Agency Fund – Used to report assets held by the municipality in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

3. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no 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 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 revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds:

Title I Fund	Title II-A Fund
Title IV-A Fund	Contingency Reserve Fund
Textbook and Materials Fund	Strengthening People and Revitalizing Kansas Fund
Elementary & Seconday School Emergency I Fund	Gifts and Grants Fund
Elementary & Secondary School Emergency II Fund	Activity Funds

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

4. DEPOSITS AND INVESTMENTS

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

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

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

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas District, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has not designated a "peak period." All deposits were legally secured at June 30, 2021.

At June 30, 2021, the District's carrying amount of deposits was $3,322,398 and the bank balance was $3,657,535. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $361,449 was covered by federal depository insurance and the remaining $3,296,086 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

5. LILA JEAN YOUNG MEMORIAL SCHOLARSHIP

On June 8, 2015, the District donated $33,381 to the Smoky Hills Charitable Foundation (Foundation) to establish a scholarship fund entitled Lila Jean (Warta) Young Memorial Scholarship Fund. An advisory committee consisting of the Ellsworth High School Counselor and three teachers from Ellsworth High School shall make recommendations for the distribution of scholarships based on criteria set forth in the memorandum dated June 8, 2015. Ultimately, the Foundation has final authority and is under no obligation to accept the recommendations of the advisory committee.

6. IN – SUBSTANCE RECEIPT IN TRANSIT

The District received $334,084 subsequent to June 30, 2021, and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021. Of this receipt, $285,136 was for General Fund State Aid and $48,948 for Supplemental General Fund State Aid.

7. INTERFUND TRANSFERS

Operating transfers were as follows:

From:	To:	Statutory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-5167	$ 803,892
Supplemental General Fund	Bilingual Education Fund	K.S.A. 72-5143	4,200
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	253,734
Supplemental General Fund	Professional Development Fund	K.S.A. 72-5143	6,000
Supplemental General Fund	Career and Postsecondary Education Fund	K.S.A. 72-5143	135,000
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-5143	253,000

8. 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 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 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 16.15% and 14.41%, respectively, for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rate and the statutory contribution rate was 15.59% and 14.23% for the fiscal year ended June 30, 2021.

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

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

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $557,233 for the year ended June 30, 2021.

Net Pension Liability.
At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was $5,835,878. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2020. 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.

9. 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.

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 a 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, 2021.

Termination Benefits. The District provides an early retirement program for certain eligible employees. Employees who are currently full-time licensed teacher employees, are at least 55 years of age prior to commencement of the following school year, and have 20 or more years as a licensed teacher employee with at least 10 of those years in Unified School District No. 327, are eligible. Those qualifying under the program are paid per a schedule which includes age increments and are eligible for up to a maximum of six annual payments prior to reaching age 65. Payment is made to the employee's 403(b) plan of the eligible retiring teacher.

Compensated Absences. The District provides compensation for absences. Classified employees on a 12-month contract are granted vacation and personal leave according to the following schedule:

Years Employed	Vacation Leave per Year	Personal Leave per Year
0-5	10 days	2 days
6	11 days	2 days
7	12 days	2 days
8	13 days	2 days
9	14 days	2 days
10+	15 days	2 days

Classified employees may accumulate up to 3 days personal leave and unlimited vacation leave. The District will compensate employees for unused leave time at the rate of their pay when they cease employment.

Classified employees that are KPERS eligible earn sick leave based upon their contract length. An employee on a 12-month contract earns 12 days per year, an 11-month contract earns 11 days per year, and a 9-month contract earns 10 days per year. Employees can accumulate up to a maximum of 90 sick leave days. Any unused sick leave is forfeited once an employee ceases employment with the District. Licensed teacher employees earn time classified as released leave and personal leave according to the following schedule:

Years Employed	Released Leave per Year	Personal Leave per Year
0-3	8 days	2 days
4-7	7 days	3 days
8-15	6 days	4 days
16+	5 days	5 days

Teachers may carry one day of unused leave forward each year. Also, anyone with 45 days or more of accrued leave before the start of the school year will be granted the use of an additional personal day. Any personal leave credits not used or not eligible to be carried forward may be carried forward to the approved release leave credit balance. No teacher shall be able to accumulate more than 90 days credit for approved leave.

Teachers who have accumulated personal leave time in excess of the amount they are able to carry forward can request payment of $50 for each full day of unused leave; provided however, they have accumulated, as of that time, at least 45 days of unused non-personal accumulated release time. If no request for payment of the excess personal leave time is made, then the excess personal leave time will be reclassified as non-personal release time.

Teachers are paid for up to their first three days of unused released time (excluding released time recognized as personal leave) their pro-rata share of $3,000. The total number of days which qualify for payment, will be divided into $3,000, and the qualifying teachers will then be paid the determined amount for each day which qualifies.

Teachers are also eligible to be paid for unused leave if they retire under KPERS guidelines and receive KPERS benefits. Teachers that have completed 10 to 19 years of employment and have at least 45 days of accumulated unused leave will receive 25% of their unused accumulated leave at a rate of $35 per day, not to exceed $750. Teachers that have completed 20 or more years of employment and have at least 45 days of unused accumulated leave will receive 50% of their unused accumulated leave at a rate of $50 per day, not to exceed $2,250.

10. RISKS AND UNCERTAINTIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has been unable to obtain commercial property, inland marine, general liability, commercial auto, crime, school leaders errors and omissions, and umbrella insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other school districts in the State to participate in the Kansas Educational Risk Management Pool, LLC (KERMP), a public risk pool currently operating as a common risk management and insurance program for participating members.

The District pays an annual premium to KERMP for its commercial property liability coverage, general liability coverage, inland marine, comercial auto, crime, school leaders errors and omissions, and umbrella coverage. The agreement to participate provides that the KERMP will be self-sustaining through member premiums. Additional premiums may be due if total claims for the pool are different than what was been anticipated by KERMP management.

The District continues to carry commercial insurance for all other risks of loss, including workers compensation, athletics and activities liability, and cyber liability.

As a result of significant disruption in the U.S. economy due to the outbreak of the COVID-19 Coronavirus in 2020, uncertainties have arisen which are likely to negatively impact future operating results. The duration and extent to which COVID-19 may impact financial performance is unknown at this time.

11. COMPLIANCE WITH STATUTES

The unencumbered cash balance in the Elementary & Secondary School Emergency Relief II (ESSER II) fund was negative $20,355 at June 30, 2021. The ESSER II funding is on a reimbursement basis. The District incurred expenditures of $20,355 during the year ended June 30, 2021 and the reimbursement was not awarded until the subsequent year. The negative balance was caused by the timing of the reimbursement. Management is aware of no statutory violations for the period covered by the audit.

12. SUBSEQUENT EVENTS

The District's management has evaluated events and transactions occurring after June 30, 2021 through March 3, 2022. The aforementioned date represents the date the financial statement was available to be issued.

13. LONG-TERM DEBT

Changes in long-term liabilities of the District for the fiscal year ended June 30, 2021, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Less: Proceeds Held in Escrow	Balance End of Year	Interest Paid
General Obligation Bonds											
Series 2015	2.00 - 3.15%	2/9/2015	$ 4,600,000	9/1/2035	$ 4,000,000	$ -	$ 205,000	$ 3,795,000	$ 3,150,000	$ 645,000	$ 110,315
Refunding Series 2021	0.35 - 1.75%	4/5/2021	3,370,000	9/1/2030	-	3,370,000	-	3,370,000	-	3,370,000	-
Finance/Capital Leases											
Elementary Improvements	4.19%	9/13/2018	1,050,000	9/1/2028	990,000	-	75,000	915,000	-	915,000	39,910
TOTAL CONTRACTUAL INDEBTEDNESS					$ 4,990,000	$ 3,370,000	$ 280,000	$ 8,080,000	$ 3,150,000	$ 4,930,000	$ 150,225

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

Years ended	2022	2023	2024	2025	2026	2027-2031	Total
Principal							
Series 2015	$ 210,000	$ 215,000	$ 220,000	$ -	$ -	$ -	$ 645,000
Refunding Series 2021	80,000	180,000	180,000	405,000	410,000	2,115,000	3,370,000
Elementary Improvements	100,000	105,000	110,000	110,000	115,000	375,000	915,000
Total Principal	390,000	500,000	510,000	515,000	525,000	2,490,000	4,930,000
Interest							
Series 2015	106,165	54,508	2,475	-	-	-	163,148
Refunding Series 2021	35,917	39,177	38,368	36,500	33,033	85,153	268,148
Less: Interest paid with refunding bond proceeds held in escrow	(94,815)	(47,408)	-	-	-	-	(142,223)
Elementary Improvements	36,244	31,949	27,445	22,836	18,122	23,988	160,584
Total Interest	83,511	78,226	68,288	59,336	51,155	109,141	449,657
TOTAL PRINCIPAL AND INTEREST	$ 473,511	$ 578,226	$ 578,288	$ 574,336	$ 576,155	$ 2,599,141	$ 5,379,657

Subsequent to the date that the financial statement was available to be issued, it was discovered that the proceeds held in escrow were not properly disclosed. As a result, total contractual indebtedness and future principal and interest payments were improperly calculated at June 30, 2021 in the amount of $8,080,000 and $9,449,274, respectively. The above schedule reflects the proper disclosures as of June 30, 2021.

REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION

UNIFIED SCHOOL DISTRICT NO. 327
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 1

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Funds						
General	$ 5,395,989	$ (257,275)	$ -	$ 5,138,714	$ 5,138,714	$ -
Supplemental General	1,627,879	(46,052)	-	1,581,827	1,581,827	-
Special Purpose Funds						
Bilingual Education	6,000	-	-	6,000	4,150	(1,850)
Capital Outlay	1,589,200	-	-	1,589,200	474,318	(1,114,882)
Driver Training	11,700	-	-	11,700	2,528	(9,172)
At Risk (K-12)	311,300	-	-	311,300	248,293	(63,007)
Food Service	409,850	-	-	409,850	409,799	(51)
Professional Development	51,754	-	-	51,754	10,400	(41,354)
Special Education	1,265,046	-	-	1,265,046	1,155,804	(109,242)
Career and Postsecondary Education	144,700	-	-	144,700	134,950	(9,750)
KPERS Special Retirement Contribution	658,890	-	-	658,890	557,233	(101,657)
Bond and Interest Fund						
Bond and Interest	315,316	-	-	315,316	315,315	(1)

UNIFIED SCHOOL DISTRICT NO. 327
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and shared Revenue:				
Mineral and Excise Tax	$ 505	$ 116	$ 750	$ (634)
State Aid:				
General State Aid	4,502,956	4,461,861	4,624,439	(162,578)
Special Education Services Aid	635,073	676,737	770,800	(94,063)
Total Receipts	5,138,534	5,138,714	$ 5,395,989	$ (257,275)
Expenditures				
Instruction	2,757,030	2,804,609	$ 2,863,036	$ (58,427)
Student Support Services	96,734	93,955	99,430	(5,475)
Instructional Support Services	138,009	128,036	136,825	(8,789)
General Administration	141,423	145,042	149,060	(4,018)
School Administration	480,492	474,803	491,125	(16,322)
Operations and Maintenance	360,300	348,301	390,800	(42,499)
Transportation	108,510	105,155	153,980	(48,825)
Other Supplemental Service	194,575	234,921	251,400	(16,479)
Operating Transfers	861,461	803,892	860,333	(56,441)
Adjustment to Comply with Legal Max	-	-	(257,275)	257,275
Total Expenditures	5,138,534	5,138,714	$ 5,138,714	$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT NO. 327
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	$ 893,210	$ 869,332	$ 773,211	$ 96,121
Delinquent Tax	12,840	8,288	4,704	3,584
Motor Vehicle Tax	77,224	84,710	75,631	9,079
Commercial Vehicle Tax	4,386	4,525	4,561	(36)
16/20 M Tax	5,926	6,510	-	6,510
RV Tax	1,771	2,552	1,538	1,014
State Aid:				
Supplemental General State Aid	613,864	627,194	645,454	(18,260)
Total Receipts	1,609,221	1,603,111	$ 1,505,099	$ 98,012
Expenditures				
Instruction	149,653	213,720	$ 246,600	$ (32,880)
Instructional Support Staff	18,685	24,988	25,340	(352)
General Administration	169,084	183,086	176,400	6,686
School Administration	3,575	4,811	5,500	(689)
Operations and Maintenance	403,479	368,138	429,000	(60,862)
Transportation	118,455	135,150	179,000	(43,850)
Operating Transfers	729,039	651,934	566,039	85,895
Adjustment to Comply with Legal Max	-	-	(46,052)	46,052
Total Expenditures	1,591,970	1,581,827	$ 1,581,827	$ -
Receipts Over (Under) Expenditures	17,251	21,284		
Unencumbered Cash, Beginning	105,529	122,780		
Unencumbered Cash, Ending	$ 122,780	$ 144,064		

UNIFIED SCHOOL DISTRICT NO. 327
BILINGUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Operating Transfers	$ 4,700	$ 4,200	$ 6,000	$ (1,800)
Expenditures				
Instruction	4,900	4,150	$ 6,000	$ (1,850)
Receipts Over (Under) Expenditures	(200)	50		
Unencumbered Cash, Beginning	361	161		
Unencumbered Cash, Ending	$ 161	$ 211		

UNIFIED SCHOOL DISTRICT NO. 327
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and shared Revenue:				
Ad Valorem Property Tax	$ 427,229	$ 432,494	$ 391,706	$ 40,788
Delinquent	4,454	3,549	2,230	1,319
Motor Vehicle Tax	30,145	37,380	33,878	3,502
Commercial Vehicle Tax	1,843	2,586	2,043	543
16/20M Tax	2,225	2,818	-	2,818
RV Tax	690	1,146	689	457
Government Lease	104,899	35,081	70,000	(34,919)
Interest on Idle Funds	20,201	12,095	18,000	(5,905)
State Aid	101,789	100,449	104,984	(4,535)
Total Receipts	693,475	627,598	$ 623,530	$ 4,068
Expenditures				
Instruction	40,843	99,731	$ 350,000	$ (250,269)
General Administration	-	2,572	-	2,572
School Administration	-	39,883	-	39,883
Operations and Maintenance	246,712	107,401	500,000	(392,599)
Transportation	54,924	59,956	150,000	(90,044)
Architectural and Engineering Services	-	-	50,000	(50,000)
Site Improvement	305,672	12,169	200,000	(187,831)
Building Improvements	-	37,696	224,200	(186,504)
Interest - Lease Purchase	42,738	39,910	40,000	(90)
Principal - Lease Purchase	60,000	75,000	75,000	-
Total Expenditures	750,889	474,318	$ 1,589,200	$ (1,114,882)
Receipts Over (Under) Expenditures	(57,414)	153,280		
Unencumbered Cash, Beginning	1,023,084	965,670		
Unencumbered Cash, Ending	$ 965,670	$ 1,118,950		

UNIFIED SCHOOL DISTRICT NO. 327
DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
State Aid:				
State Safety Aid	$ 3,380	$ 2,652	$ 2,250	$ 402
Fees	1,020	540	-	540
Total Receipts	4,400	3,192	$ 2,250	$ 942
Expenditures				
Instruction	4,409	2,488	$ 6,000	$ (3,512)
Operations and Maintenance	5,037	40	5,700	(5,660)
Total Expenditures	9,446	2,528	$ 11,700	$ (9,172)
Receipts Over (Under) Expenditures	(5,046)	664		
Unencumbered Cash, Beginning	15,199	10,153		
Unencumbered Cash, Ending	$ 10,153	$ 10,817		

UNIFIED SCHOOL DISTRICT NO. 327
AT RISK (K-12) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Operating Transfers	$ 360,000	$ 253,000	$ 337,751	$ (84,751)
Expenditures				
Instruction	357,377	248,293	$ 311,300	$ (63,007)
Receipts Over (Under) Expenditures	2,623	4,707		
Unencumbered Cash, Beginning	110	2,733		
Unencumbered Cash, Ending	$ 2,733	$ 7,440		

UNIFIED SCHOOL DISTRICT NO. 327
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Aid:				
Food Service Aid	$ 4,268	$ 4,071	$ 9,323	$ (5,252)
Federal Aid:				
Child Nutrition Programs	207,606	376,502	161,107	215,395
Local Receipts	142,487	19,832	165,204	(145,372)
Total Receipts	354,361	400,405	$ 335,634	$ 64,771
Expenditures				
Operations and Maintenance	655	574	$ 1,200	$ (626)
Food Service Operation	364,859	409,225	408,650	575
Total Expenditures	365,514	409,799	$ 409,850	$ (51)
Receipts Over (Under) Expenditures	(11,153)	(9,394)		
Unencumbered Cash, Beginning	86,361	75,208		
Unencumbered Cash, Ending	$ 75,208	$ 65,814		

UNIFIED SCHOOL DISTRICT NO. 327
PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Aid	$ 2,540	$ 1,317	$ 7,500	$ (6,183)
Operating Transfers	16,500	6,000	40,000	(34,000)
Total Receipts	19,040	7,317	$ 47,500	$ (40,183)
Expenditures				
Instructional Support Services	16,533	10,400	$ 51,754	$ (41,354)
Receipts Over (Under) Expenditures	2,507	(3,083)		
Unencumbered Cash, Beginning	1,747	4,254		
Unencumbered Cash, Ending	$ 4,254	$ 1,171		

UNIFIED SCHOOL DISTRICT NO. 327
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Federal Aid	$ -	$ 10,389	$ 10,389	$ -
Operating Transfers	1,054,702	1,057,626	899,621	158,005
Total Receipts	1,054,702	1,068,015	$ 910,010	$ 158,005
Expenditures				
Instruction	1,025,994	1,119,116	$ 1,199,946	$ (80,830)
Vehicle Operating Service	25,889	36,688	65,100	(28,412)
Total Expenditures	1,051,883	1,155,804	$ 1,265,046	$ (109,242)
Receipts Over (Under) Expenditures	2,819	(87,789)		
Unencumbered Cash, Beginning	358,178	360,997		
Unencumbered Cash, Ending	$ 360,997	$ 273,208		

UNIFIED SCHOOL DISTRICT NO. 327
CAREER AND POSTSECONDARY EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Aid	$ 2,946	$ -	$ -	$ -
Operating Transfers	121,000	135,000	143,000	(8,000)
Total Receipts	123,946	135,000	$ 143,000	$ (8,000)
Expenditures				
Instruction	118,883	134,950	$ 143,500	$ (8,550)
Transportation	2,946	-	1,200	(1,200)
Total Expenditures	121,829	134,950	$ 144,700	$ (9,750)
Receipts Over (Under) Expenditures	2,117	50		
Unencumbered Cash, Beginning	315	2,432		
Unencumbered Cash, Ending	$ 2,432	$ 2,482		

UNIFIED SCHOOL DISTRICT NO. 327
TITLE I FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid:		
Title I Grants to Local Education Agencies	$ 69,407	$ 87,859
Expenditures		
Instruction and Administration	69,407	87,859
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT NO. 327
TITLE II-A FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid:		
Improving Teacher Quality State Grants	$ 15,454	$ 17,431
Expenditures		
Instruction	15,454	17,431
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT NO. 327
TITLE IV-A FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid:		
Student Support and Academic Enrichment Grant	$ 12,639	$ 13,182
Expenditures		
Instruction	12,639	13,182
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT NO. 327
CONTINGENCY RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers	$ 33,599	$ -
Expenditures		
Instruction	35,237	-
Operations and Maintenance	-	6,409
Total Expenditures	35,237	6,409
Receipts Over (Under) Expenditures	(1,638)	(6,409)
Unencumbered Cash, Beginning	526,638	525,000
Unencumbered Cash, Ending	$ 525,000	$ 518,591

UNIFIED SCHOOL DISTRICT NO. 327
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
State Aid:				
KPERS Employer Contributions	$ 581,545	$ 557,233	$ 658,890	$ (101,657)
Expenditures				
Instruction	378,005	362,202	$ 428,278	$ (66,076)
Student Support	11,631	11,145	13,178	(2,033)
Instructional Support	17,446	16,717	19,767	(3,050)
General Administration	17,446	16,717	19,767	(3,050)
School Administration	58,155	55,723	65,889	(10,166)
Other Supplemental Services	23,262	22,289	26,356	(4,067)
Operations and Maintenance	49,431	47,365	56,006	(8,641)
Student Transportation Services	23,262	22,289	26,356	(4,067)
Food Service	2,907	2,786	3,293	(507)
Total Expenditures	581,545	557,233	$ 658,890	$ (101,657)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT NO. 327
TEXTBOOK AND MATERIALS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Fees	$ 25,064	$ 18,391
Expenditures		
Instruction	25,064	18,391
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT NO. 327
STRENGTHENING PEOPLE AND REVITALIZING KANSAS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	$ -	$ 332,399
Expenditures		
Instruction	-	250,638
Student Support Services	-	3,473
Instructional Support Services	-	241
General Administration	-	5,645
School Administration	-	10,452
Other Supplemental Services	-	95
Operations and Maintenance	-	55,285
Student Transportation Services	-	6,570
Total Expenditures	-	332,399
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT NO. 327
ELEMENTARY & SECONDARY SCHOOL EMERGENCY RELIEF I FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	$ 4,290	$ 53,388
Expenditures		
Instruction	1,495	46,724
Operations and Maintenance	7,464	1,995
Total Expenditures	8,959	48,719
Receipts Over (Under) Expenditures	(4,669)	4,669
Unencumbered Cash, Beginning	-	(4,669)
Unencumbered Cash, Ending	$ (4,669)	$ -

UNIFIED SCHOOL DISTRICT NO. 327
ELEMENTARY & SECONDARY SCHOOL EMERGENCY RELIEF II FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	$ -	$ -
Expenditures		
Instruction	-	20,355
Receipts Over (Under) Expenditures	-	(20,355)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ (20,355)

UNIFIED SCHOOL DISTRICT NO. 327
GIFTS AND GRANTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	$ -	$ 25,915
Contributions and Donations	136,114	83,737
Total Receipts	136,114	109,652
Expenditures		
Instruction	67,887	94,482
Instructional Support Services	5,847	94
Operations and Maintenance	10,628	2,353
Total Expenditures	84,362	96,929
Receipts Over (Under) Expenditures	51,752	12,723
Unencumbered Cash, Beginning	48,957	100,709
Unencumbered Cash, Ending	$ 100,709	$ 113,432

UNIFIED SCHOOL DISTRICT NO. 327
CONSTRUCTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Lease Purchase Proceeds	$ -	$ -
Expenditures		
Construction	20,000	-
Other	2,400	-
Cost of Issuance	-	5,122
Total Expenditures	22,400	5,122
Receipts Over (Under) Expenditures	(22,400)	(5,122)
Unencumbered Cash, Beginning	27,522	5,122
Unencumbered Cash, Ending	$ 5,122	$ -

UNIFIED SCHOOL DISTRICT NO. 327
BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2020)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and shared Revenue:				
Ad Valorem Tax	$ 300,946	$ 303,936	$ 278,224	$ 25,712
Delinquent Tax	3,476	2,618	1,590	1,028
Motor Vehicle Tax	26,103	28,079	23,431	4,648
RV Tax	553	793	476	317
Commercial Vehicle Tax	1,326	1,488	1,413	75
State Aid	76,660	75,676	75,676	-
Total Receipts	409,064	412,590	$ 380,810	$ 31,780
Expenditures				
Bond Principal	205,000	205,000	$ 205,000	$ -
Bond Interest	114,415	110,315	110,316	(1)
Total Expenditures	319,415	315,315	$ 315,316	$ (1)
Receipts Over (Under) Expenditures	89,649	97,275		
Unencumbered Cash, Beginning	496,200	585,849		
Unencumbered Cash, Ending	$ 585,849	$ 683,124		

UNIFIED SCHOOL DISTRICT NO. 327
SCHOLARSHIP FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 2

Scholarship Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance
M.F. Beighley Scholarship	$ 7,574	$ 65	$ -	$ 7,639
Lovenstein Memorial Scholarship	951	8	-	959
Gilkinson Family Scholarship	3,928	38	150	3,816
Henry Comm. Cancer Scholarship	13,714	107	500	13,321
Scott Bunch Scholarship	10,562	145	-	10,707
Voice of Democracy Scholarship	982	501	-	1,483
Tina Deiser Scholarship	1,749	26	250	1,525
Total Scholarship Funds	$ 39,460	$ 890	$ 900	$ 39,450

UNIFIED SCHOOL DISTRICT NO. 327
AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 3

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Ellsworth High School				
Senior Class	$ 1,480	$ 1,849	$ 1,120	$ 2,209
Junior Class	3,133	6,203	7,744	1,592
Sophomore Class	851	6	387	470
Freshman Class	461	17	461	17
8th Grade Class	1,045	-	-	1,045
7th Grade Class	-	738	-	738
Class Reserve	1,036	1,374	333	2,077
Parent Network	523	-	-	523
Cheerleaders	261	870	1,075	56
JHS Cheerleader Camp & Clothing	269	-	-	269
FCA	676	-	-	676
FFA	12,361	31,580	29,328	14,613
FFA Greenhouse	1,389	3,368	4,094	663
National Honor Society	1,888	4,099	3,162	2,825
Student Council	5,289	8,863	8,732	5,420
Spanish Club	462	22	484	-
E Club	1,262	-	-	1,262
Musical	2,793	1,286	1,045	3,034
Music - Ellsworth Singers	2,218	602	268	2,552
Music Purchasing Account	1,092	-	-	1,092
Bearcat Closet	8,545	858	2,624	6,779
Drama	1,860	-	-	1,860
Art Club	671	36	21	686
Scholars Bowl	-	382	324	58
JHS Scholars Bowl	84	440	364	160
FFA Concessions	1,061	9,222	9,499	784
Indoor Concessions	13,186	7,759	8,549	12,396
Debate/Forensics	178	535	357	356
Investment - Savings Interest	148	15	2,062	(1,899)
Bearcat Ink	158	263	5	416
Emerging Technology	-	75	-	75
International Club - Special Fund	96	-	96	-
Total Student Organization Funds	64,476	80,462	82,134	62,804
High School Sales Tax	-	3,988	3,988	-
District Payroll Clearing	9,725	410	-	10,135
Total Agency Funds	$ 74,201	$ 84,860	$ 86,122	$ 72,939

UNIFIED SCHOOL DISTRICT NO. 327
DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

SCHEDULE 4

District Activity Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts						
High School	$ 10,140	$ 75,269	$ 76,633	$ 8,776	$ -	$ 8,776
School Projects						
High School Elkan Yearbook	-	3,937	59	3,878	-	3,878
High School Misc. Projects	316	-	-	316	-	316
High School Band Fundraising	9,209	5,083	2,037	12,255	-	12,255
Subtotal School Projects	9,525	9,020	2,096	16,449	-	16,449
Revolving Funds						
Ellsworth High School	-	1,890	1,890	-	-	-
Kanpolis Middle School	-	684	684	-	-	-
Ellsworth Elementary School	-	702	702	-	-	-
Subtotal Revolving Funds	-	3,276	3,276	-	-	-
Total District Activity Funds	$ 19,665	$ 87,565	$ 82,005	$ 25,225	$ -	$ 25,225

UNIFIED SCHOOL DISTRICT NO. 327

SINGLE AUDIT SECTION

JUNE 30, 2021

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

To the Board of Education of Unified School District No. 327:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 327 (District), as of and for the year ended June 30, 2021, and the related notes to the financial statement, and have issued our report thereon dated March 3, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District No. 327'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 327's internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 327's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 327's financial statement is 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*.

Unified School District No. 327's Response to Findings

Unified School District No. 327's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Unified School District No. 327's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

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 Unified School District No. 327'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SSC CPAs, P.A.

SSC CPAs, P.A.
Salina, Kansas

March 3, 2022

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

To the Board of Education of Unified School District No. 327:

Report on Compliance for the Major Federal Program

We have audited Unified School District No. 327's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 327's major federal programs for the year ended June 30, 2021. Unified School District No. 327's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Unified School District No. 327's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Unified School District No. 327's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Unified School District No. 327's compliance.

Opinion on Each Major Federal Program

In our opinion, Unified School District No. 327 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

Unified School District No. 327's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Unified School District No. 327's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Unified School District No. 327 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Unified School District No. 327's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 327's internal control over compliance.

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

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

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

SSC CPAs, P.A.

SSC CPAs, P.A.
Salina, Kansas

March 3, 2022

UNIFIED SCHOOL DISTRICT NO. 327
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statement of Unified School District No. 327 was prepared on the regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

2. A significant deficiency was identified in the design or operation of internal control over financial reporting. No material weaknesses were identified.

3. No instances of noncompliance material to the financial statement of Unified School District No. 327, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

4. No material weaknesses nor significant deficiencies were identified during the audit of the major federal program.

5. The auditor's report on compliance for each major federal program for Unified School District No. 327 expresses an unmodified opinion on all major federal programs.

6. No audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.

7. The programs tested as major programs were: Child Nutrition Cluster, Assistance Listing Number 10.555 and 10.559.

8. The threshold for distinguishing Type A and Type B programs was $750,000 for major Federal programs.

9. Unified School District No. 327 was determined to not be a low-risk auditee.

UNIFIED SCHOOL DISTRICT NO. 327
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDINGS – FINANCIAL STATEMENT

2021-001 Internal Controls over Financial Statement Presentation (Significant Deficiency)

Criteria: An effective internal control system exists if controls are effective in preventing or detecting material misstatements in the preparation of the schedule of federal expenditures of federal awards (the schedule). It provides reasonable assurance for the reliability of financial information and compliance with laws and regulations.

Condition: We have determined that there was an inadequate design of internal control over the preparation of the schedule during the fiscal year ended June 30, 2021. The current financial reporting process does not ensure conformity with the regulatory basis of accounting

Cause: The District's policies and procedures were not designed to prepare the schedule in conformity with the regulatory basis of accounting.

Effect: The District did not prepare the schedule in conformity with the regulatory basis of accounting, which increases the likelihood of a material misstatement and noncompliance with laws and regulations.

Recommendation: We recommend the Board of Education and management review the financial reporting process. Once this review is complete, the District should then perform a risk assessment to determine the best way to implement appropriate internal controls over financial reporting to ensure conformity with the regulatory basis of accounting,

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and plans to develop proper written policies and procedures for the internal control over financial reporting to ensure conformity with the regulatory basis of accounting.

FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAM

None.

UNIFIED SCHOOL DISTRICT NO. 327
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FINDINGS – FINANCIAL STATEMENT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

None.

OTHER INFORMATION

UNIFIED SCHOOL DISTRICT NO. 327
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Grantor and Number	Federal Expenditures
Child Nutrition Cluster			
United States Department of Agriculture			
(COVID-19) National School Lunch Program	10.555	Kansas State Department of Education,3530-3500	$ 35,179
Summer Food Service Program for Children	10.559	Kansas State Department of Education,3230-3020	341,323
Total United States Department of Agriculture			376,502
Total Child Nutrition Cluster			376,502
Other Programs			
Department of Education			
Title I Grants to Local Educational Agencies	84.010	Kansas State Department of Education,3532-3520	87,859
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Kansas State Department of Education,3526-3860	17,431
Student Support and Academic Enrichment Program	84.424	Kansas State Department of Education,3113-3113	13,182
(COVID-19) Education Stabilization Fund Under The Coronavirus Aid Relief, And Economic Security Act	84.425	Kansas State Department of Education,3233-3040	65,088
Total Department of Education			183,560
Department of the Treasury			
(COVID-19) Coronavirus Relief Fund	21.019	Ellsworth County, Kansas	358,314
Total Department of the Treasury			358,314
Total Other Programs			541,874
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 918,376

No awards were passed through to subrecipients

UNIFIED SCHOOL DISTRICT NO. 327
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 327 (the District) and is presented on the regulatory basis of accounting. 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 the District, it is not intended to and does not present the aggregate cash and unencumbered cash balance and the aggregate receipts and expenditures of the District as described in Note 2 to the District's financial statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the regulatory basis of accounting, as described in Note 2 to the District's financial statement.

3. DE MINIMIS INDIRECT COST RATE

In accordance with Section 2 U.S. *Code of Federal Regulations* Part 200.412 the District is allowed to elect to use the ten percent de minimis indirect cost rate. The District did not elect to use the 10% de minimis indirect cost rate.