

UNIFIED SCHOOL DISTRICT NO. 298
Lincoln, Kansas

FINANCIAL STATEMENT
WITH
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

UNIFIED SCHOOL DISTRICT NO. 298

**FINANCIAL STATEMENT
WITH
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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Independent Auditor's Report

To the Board of Education
Unified School District No. 298
Lincoln, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 298, Lincoln, Kansas, as of and for the year ended June 30, 2020 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, 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. 298 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. 298, as of June 30, 2020 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. 298, as of June 30, 2020, 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 purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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. 298 as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated September 26, 2019, which contained an unmodified opinion on the basic financial statement. The 2019 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 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2020 (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 2019 comparative information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 basic financial statement or to the 2019 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 2019 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, 2019, on the basis of accounting described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2020 on our consideration of Unified School District No. 298'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. 298'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. 298's internal control over financial reporting and compliance.



Summers, Spencer & Company, P.A.
Salina, Kansas

October 27, 2020

UNIFIED SCHOOL DISTRICT NO. 298

Statement 1

**Summary Statement of Receipts, Expenditures, and Unencumbered Cash (Regulatory Basis)
For the Year Ended June 30, 2020**

Funds	Beginning	Receipts	Expenditures	Ending	Add	Current Year
	Unencumbered			Unencumbered	Encumbrances	
	Cash Balance			Cash Balance	and Accounts Payable	Cash Balance
General Funds:						
General	\$ -	\$ 3,247,302	\$ 3,247,302	\$ -	\$ 3,518	\$ 3,518
Supplemental General	177,373	974,517	973,179	178,711	3,646	182,357
Special Purpose Funds:						
At Risk (4 Year Old)	-	22,180	22,180	-	-	-
At Risk (K-12)	-	270,233	270,000	233	-	233
Bilingual Education	-	250	250	-	-	-
Capital Outlay	221,420	358,919	457,716	122,623	-	122,623
Driver Training	5,102	3,904	1,194	7,812	-	7,812
Food Service	13,008	229,334	242,342	-	-	-
Professional Development	339	14,839	14,684	494	-	494
Parent Education	-	13,662	13,662	-	-	-
Special Education	38,130	766,193	783,387	20,936	-	20,936
Career and Postsecondary Education	735	48,114	48,700	149	-	149
KPERS Special Retirement Contribution	-	345,972	345,972	-	-	-
Contingency Reserve	252,074	-	-	252,074	-	252,074
Title I	-	70,435	70,435	-	-	-
Title II-A	-	13,256	13,256	-	-	-
21st Century Community Learning	-	12,634	12,634	-	-	-
REAP Grant	-	28,423	28,423	-	-	-
Elementary & Secondary School						
Emergency Relief Funding	-	-	7,312	(7,312)	-	(7,312)

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

UNIFIED SCHOOL DISTRICT NO. 298

Statement 1

Summary Statement of Receipts, Expenditures, and Unencumbered Cash (Regulatory Basis)
For the Year Ended June 30, 2020

Funds	Beginning		Expenditures	Ending		Add Encumbrances and Accounts Payable	Current Year Ending Cash Balance
	Unencumbered Cash Balance	Receipts		Unencumbered Cash Balance	Cash Balance		
District Activity Funds	\$ 17,576	\$ 59,164	\$ 62,451	\$ 14,289	\$ -	\$ 14,289	
Trust Funds:							
Scholarship	37,282	928	944	37,266	-	37,266	
Gifts and Grants	944,436	726,888	1,533,113	138,211	-	138,211	
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,707,475</u>	<u>\$ 7,207,147</u>	<u>\$ 8,149,136</u>	<u>\$ 765,486</u>	<u>\$ 7,164</u>	<u>\$ 772,650</u>	
Composition of Cash:							
			Checking Accounts			\$ 301,353	
			Savings Accounts			301,783	
			Certificates of Deposit			<u>216,517</u>	
			Total Cash			819,653	
			Agency Funds per Schedule 3			<u>(47,003)</u>	
			Total Reporting Entity (Excluding Agency Funds)			<u>\$ 772,650</u>	

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

UNIFIED SCHOOL DISTRICT NO. 298

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended June 30, 2020

Note 1 – Reporting Entity

Unified School District No. 298 (the District) is a municipal corporation governed by an elected seven - member Board of Education.

Note 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, 2020:

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 revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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 municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

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

Note 3 – Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special

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**NOTES TO THE FINANCIAL STATEMENT
For the Year Ended June 30, 2020**

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 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 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:

Contingency Reserve Fund	21 st Century Community Learning Fund
Title I Fund	REAP Grant Fund
Title II-A Fund	District Activity Funds
Elementary & Secondary School	
Emergency Relief Fund	

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

Note 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

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**NOTES TO THE FINANCIAL STATEMENT
For the Year Ended June 30, 2020**

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, 2020.

At June 30, 2020, the District's carrying amount of deposits was \$819,653 and the bank balance was \$976,332. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$453,257 was covered by federal depository insurance and the remaining \$523,075 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Note 5 – Inter Fund Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	At-Risk (K-12) Fund	K.S.A. 72-5167	\$ 112,721
General Fund	Parent Education Fund	K.S.A. 72-5167	3,662
General Fund	Special Education Fund	K.S.A. 72-5167	439,392
General Fund	Professional Development Fund	K.S.A. 72-5167	3,500
General Fund	Career and Postsecondary Education Fun	K.S.A. 72-5167	14,320
Supplemental General Fund	At-Risk (4 Yr-Old) Fund	K.S.A. 72-5143	22,180
Supplemental General Fund	At-Risk (K-12) Fund	K.S.A. 72-5143	148,221
Supplemental General Fund	Food Service Fund	K.S.A. 72-5143	43,670
Supplemental General Fund	Parent Education Fund	K.S.A. 72-5143	10,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	319,701
Supplemental General Fund	Professional Development Fund	K.S.A. 72-5143	9,000
Supplemental General Fund	Career and Postsecondary Education Fun	K.S.A. 72-5143	33,794
Supplemental General Fund	Bilingual Education Fund	K.S.A. 72-5143	250

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**NOTES TO THE FINANCIAL STATEMENT
For the Year Ended June 30, 2020**

Note 6 – In-Substance Receipt in Transit

The District received \$146,521 subsequent to June 30, 2020, 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, 2020. Of this receipt, \$138,784 was for General Fund State Aid and \$7,737 for Supplemental General Fund State Aid.

Note 7 – 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 14.59% and 13.21%, respectively, for the fiscal year ended June 30, 2019. The actuarially determined employer contribution rate and the statutory contribution rate was 16.15% and 14.41% for the fiscal year ended June 30, 2020.

Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64.13 million for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year. The first year payment of \$6.4 million was received in July 2017 and appropriations for fiscal year 2018 were made for the State/School group at the statutory contribution rate of 12.01% for that year.

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NOTES TO THE FINANCIAL STATEMENT For the Year Ended June 30, 2020

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194.0 million for the fiscal year ended June 30, 2019. Section 56(19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million per year.

2018 House substitute for Senate Bill 109 provided for additional funding for 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.

2019 Senate Bill 9 authorized a payment of \$115 million for the KPERS School group.

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 cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$345,972 for the year ended June 30, 2020.

Net Pension Liability

At June 30, 2020, the District's proportionate share of the net pension liability reported by KPERS was \$3,177,459. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2019. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 8 – 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 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

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**NOTES TO THE FINANCIAL STATEMENT
For the Year Ended June 30, 2020**

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, 2020.

Termination Benefits. The District provides an early retirement program for certain eligible employees. Certified professional employees must have at least ten school years of service in a full time position at the District and meet the requirements of full KPERs retirement. The eligible certified professional employees who notify the Board of Education of their intention to retire by February 15th of the year in which they retire will be compensated \$300; those who notify by March 15th and April 15th will be compensated \$200 and \$100 respectively.

Additionally, eligible retirees will be entitled to 10% of their final contracted salary up to \$3,000 per year until the age of 65. Payments must be paid out within five years. There were four individuals who participated in this plan for the fiscal year ended June 30, 2020 for a total cost of \$18,000.

Compensated Absences. The District provides compensation for absences. Certified employees receive 12 days temporary leave per year. A maximum of 58 days may be accumulated, and any days in excess of this maximum accumulation will be paid to the employee at a rate of \$35 per day. Classified employees earn sick leave at the following rates: a 12-month employee earns 12 days of sick leave per year and a 10-month employee earns 11 days. The maximum accumulation is 70 days, with an option of pay out for any days in excess at a rate of \$35 per day. Annual leave is available for classified employees whom are either a 12-month or 10-month employee. A 12-month employee earns 10 days of vacation per year and a 10-month employee earns 5 days per year. The 12-month employees who have worked 12 years or more will receive 15 days of vacation.

Note 9 – Capital Projects

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

	Project Authorization	Expenditures to Date
FEMA Storm Shelter	\$ 1,026,170	\$ 893,729
HVAC and Window Replacement Project	920,000	895,022

Note 10 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to protect themselves from these risks.

Note 11 – Related Parties

There were two employees of the District that are directly related to members serving on the Board of Education during the fiscal year ended June 30, 2020.

UNIFIED SCHOOL DISTRICT NO. 298

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended June 30, 2020

Note 12 – Compliance with Statutes

The unencumbered cash balance in the Elementary & Secondary School Emergency Relief Funding (ESSER) fund was negative \$7,312 at June 30, 2020. The ESSER grant funding is on a reimbursement basis. The District incurred the expenditures of \$7,312 during the year ended June 30, 2020 and the reimbursement was not awarded until the subsequent year. The negative balance was caused by the timing of the reimbursement.

Note 13 – Subsequent Events

The District's management has evaluated events and transactions occurring after June 30, 2020 through October 27, 2020. The aforementioned date represents the date the financial statement was available to be issued.

In recent months, the Coronavirus "COVID-19" pandemic in the United States has resulted in school buildings being closed, activities canceled and the temporary closure of operating hours of offices. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the District as of this report, management believes that an impact on the District's financial position and results of future operations is reasonably possible.

UNIFIED SCHOOL DISTRICT NO. 298

**NOTES TO THE FINANCIAL STATEMENT
For the Year Ended June 30, 2020**

Note 14 – Long-Term Debt

Changes in long-term liabilities for the municipality for the fiscal year ended June 30, 2020, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
Capital Leases Payable									
Student Laptops	3.55%	7/16/2018	\$ 56,949	6/1/2022	\$ 43,263	\$ -	\$ 13,918	\$ 29,345	\$ 1,540
High School Roof	2.59%	11/9/2017	126,000	11/9/2022	<u>102,072</u>	-	<u>24,548</u>	<u>77,524</u>	<u>2,644</u>
Total Contractual Indebtedness					<u>\$ 145,335</u>	<u>\$ -</u>	<u>\$ 38,466</u>	<u>\$ 106,869</u>	<u>\$ 4,184</u>

Current maturities of long-term debt and interest for the next three years are as follows:

	<u>Year</u>			<u>Total</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	
Principal:				
Student Laptops	\$ 14,417	\$ 14,928	\$ -	\$ 29,345
High School Roof	<u>25,178</u>	<u>25,836</u>	<u>26,510</u>	<u>77,524</u>
Total Principal	<u>39,595</u>	<u>40,764</u>	<u>26,510</u>	<u>106,869</u>
Interest:				
Student Laptops	1,042	530	-	1,572
High School Roof	<u>2,013</u>	<u>1,356</u>	<u>687</u>	<u>4,056</u>
Total Interest	<u>3,055</u>	<u>1,886</u>	<u>687</u>	<u>5,628</u>
Total Principal and Interest	<u>\$ 42,650</u>	<u>\$ 42,650</u>	<u>\$ 27,197</u>	<u>\$ 112,497</u>

UNIFIED SCHOOL DISTRICT NO. 298

**REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020**

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 1

**Summary of Expenditures – Actual and Budget (Regulatory Basis)
For the Year Ended June 30, 2020**

Fund	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	\$ 3,258,686	\$ (89,608)	\$ 78,224	\$ 3,247,302	\$ 3,247,302	\$ -
Supplemental General	999,923	(26,744)	-	973,179	973,179	-
Special Purpose Funds:						
At Risk (4 Year Old)	22,180	-	-	22,180	22,180	-
At Risk (K-12)	270,000	-	-	270,000	270,000	-
Bilingual Education	250	-	-	250	250	-
Capital Outlay	493,150	-	-	493,150	457,716	(35,434)
Driver Training	10,202	-	-	10,202	1,194	(9,008)
Food Service	265,715	-	-	265,715	242,342	(23,373)
Professional Development	14,684	-	-	14,684	14,684	-
Parent Education	13,662	-	-	13,662	13,662	-
Special Education	929,707	-	-	929,707	783,387	(146,320)
Career and Postsecondary Education	50,735	-	114	50,849	48,700	(2,149)
KPERS Special Retirement Contribution	414,128	-	-	414,128	345,972	(68,156)

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

General Fund
Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid:				
General	\$ 2,572,527	\$ 2,729,686	\$ 2,706,446	\$ 23,240
Special Education	418,776	439,392	552,240	(112,848)
Reimbursements	73,581	78,224	-	78,224
Total Receipts	<u>3,064,884</u>	<u>3,247,302</u>	<u>\$ 3,258,686</u>	<u>\$ (11,384)</u>
Expenditures				
Instruction	1,440,496	1,497,609	\$ 1,464,764	\$ 32,845
Student Support Services	109,231	119,307	110,385	8,922
General Administration	219,895	265,245	251,275	13,970
School Administration	215,349	215,430	215,823	(393)
Operations and Maintenance	88,196	92,200	85,704	6,496
Transportation Services	331,116	334,316	339,500	(5,184)
Other Supplemental Services	141,304	149,600	146,833	2,767
Operating Transfers	519,297	573,595	644,402	(70,807)
Adjust to Legal Max	-	-	(89,608)	89,608
Legal General Fund Budget	3,064,884	3,247,302	3,169,078	78,224
Adjustment for Qualifying Budget Credits	-	-	78,224	(78,224)
Total Expenditures	<u>3,064,884</u>	<u>3,247,302</u>	<u>\$ 3,247,302</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Supplemental General Fund
Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue:				
Ad Valorem	\$ 786,657	\$ 805,351	\$ 800,285	\$ 5,066
Delinquent	5,141	-	8,061	(8,061)
Motor Vehicle and 16/20M	49,772	50,111	47,468	2,643
Recreational Vehicle	786	886	1,648	(762)
Commercial Vehicle	2,797	2,734	3,104	(370)
Watercraft Tax	601	565	-	565
In Lieu of Taxes IRBS	493	424	766	(342)
Supplemental State Aid	133,500	114,446	117,591	(3,145)
Total Receipts	<u>979,747</u>	<u>974,517</u>	<u>\$ 978,923</u>	<u>\$ (4,406)</u>
Expenditures				
Instruction	85,293	117,045	\$ 71,931	\$ 45,114
Instructional Support Staff	14,871	10,001	10,400	(399)
General Administration	32,339	29,292	30,800	(1,508)
School Administration	41,577	35,989	40,300	(4,311)
Operations and Maintenance	187,398	169,037	190,725	(21,688)
Transportation Services	29,749	24,998	30,000	(5,002)
Operating Transfers	566,448	586,817	625,767	(38,950)
Adjust to Legal Max	-	-	(26,744)	26,744
Total Expenditures	<u>957,675</u>	<u>973,179</u>	<u>\$ 973,179</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	22,072	1,338		
Unencumbered Cash, Beginning	<u>155,301</u>	<u>177,373</u>		
Unencumbered Cash, Ending	<u>\$ 177,373</u>	<u>\$ 178,711</u>		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

At Risk (4 Year Old) Fund
 Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Operating Transfers	\$ 22,578	\$ 22,180	\$ 22,180	\$ -
Expenditures				
Instruction	22,578	22,180	\$ 22,180	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

At Risk (K-12) Fund
Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Interest	\$ 10,594	\$ 9,290	\$ 5,000	\$ 4,290
Operating Transfers	278,146	260,943	265,000	(4,057)
Total Receipts	<u>288,740</u>	<u>270,233</u>	<u>\$ 270,000</u>	<u>\$ 233</u>
Expenditures				
Instruction	<u>288,740</u>	<u>270,000</u>	<u>\$ 270,000</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-	233		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 233</u>		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Bilingual Education Fund
 Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Operating Transfers	\$ 4,452	\$ 250	\$ 250	\$ -
Expenditures				
Instruction	4,452	250	\$ 250	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Capital Outlay Fund
 Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue:				
Ad Valorem	\$ 298,728	\$ 324,986	\$ 272,425	\$ 52,561
Delinquent	1,924	5,443	3,071	2,372
Motor Vehicle and 16/20M	18,805	17,376	16,653	723
Recreational Vehicle	301	303	579	(276)
Commercial Vehicle	968	1,025	1,090	(65)
Watercraft Tax	205	211	-	211
In Lieu of Taxes IRBS	166	161	268	(107)
Other Revenue	9,104	9,414	-	9,414
Total Receipts	<u>330,201</u>	<u>358,919</u>	<u>\$ 294,086</u>	<u>\$ 64,833</u>
Expenditures				
Instruction	10,154	15,519	\$ 13,500	\$ 2,019
General Administration	13,086	-	-	-
School Administration	10,884	298	15,000	(14,702)
Central Services	2,562	20,737	-	20,737
Operations and Maintenance	194,571	202,171	218,000	(15,829)
Transportation Services	530	-	104,000	(104,000)
Facility Acquisition and Construction	82,897	176,341	100,000	76,341
Lease Purchase	42,650	42,650	42,650	-
Total Expenditures	<u>357,334</u>	<u>457,716</u>	<u>\$ 493,150</u>	<u>\$ (35,434)</u>
Receipts Over (Under) Expenditures	(27,133)	(98,797)		
Unencumbered Cash, Beginning	<u>248,553</u>	<u>221,420</u>		
Unencumbered Cash, Ending	<u>\$ 221,420</u>	<u>\$ 122,623</u>		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Driver Training Fund
 Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid	\$ 3,087	\$ 2,600	\$ 2,600	\$ -
Other Sources	<u>2,667</u>	<u>1,304</u>	<u>2,500</u>	<u>(1,196)</u>
Total Receipts	<u>5,754</u>	<u>3,904</u>	<u>\$ 5,100</u>	<u>\$ (1,196)</u>
Expenditures				
Instruction	4,541	885	\$ 6,475	\$ (5,590)
Transportation Services	<u>149</u>	<u>309</u>	<u>3,727</u>	<u>(3,418)</u>
Total Expenditures	<u>4,690</u>	<u>1,194</u>	<u>\$ 10,202</u>	<u>\$ (9,008)</u>
Receipts Over (Under) Expenditures	1,064	2,710		
Unencumbered Cash, Beginning	<u>4,038</u>	<u>5,102</u>		
Unencumbered Cash, Ending	<u>\$ 5,102</u>	<u>\$ 7,812</u>		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Food Service Fund
Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Federal Aid	\$ 118,157	\$ 124,349	\$ 121,591	\$ 2,758
State Aid	1,765	2,256	1,739	517
Local Receipts	70,744	59,059	114,378	(55,319)
Operating Transfers	21,107	43,670	15,000	28,670
Total Receipts	<u>211,773</u>	<u>229,334</u>	<u>\$ 252,708</u>	<u>\$ (23,374)</u>
Expenditures				
Food Service Operation	<u>218,765</u>	<u>242,342</u>	<u>\$ 265,715</u>	<u>\$ (23,373)</u>
Receipts Over (Under) Expenditures	(6,992)	(13,008)		
Unencumbered Cash, Beginning	<u>20,000</u>	<u>13,008</u>		
Unencumbered Cash, Ending	<u>\$ 13,008</u>	<u>\$ -</u>		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Professional Development Fund
 Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid	\$ 2,263	\$ 2,339	\$ 1,845	\$ 494
Operating Transfers	13,500	12,500	12,500	-
Total Receipts	<u>15,763</u>	<u>14,839</u>	<u>\$ 14,345</u>	<u>\$ 494</u>
Expenditures				
Instructional Support Staff	<u>15,424</u>	<u>14,684</u>	<u>\$ 14,684</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	339	155		
Unencumbered Cash, Beginning	<u>-</u>	<u>339</u>		
Unencumbered Cash, Ending	<u>\$ 339</u>	<u>\$ 494</u>		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Parent Education Fund
 Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Operating Transfers	\$ 13,662	\$ 13,662	\$ 13,662	\$ -
Expenditures				
Student Support Services	13,662	13,662	\$ 13,662	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Special Education Fund
 Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Reimbursements	\$ 5,351	\$ 7,100	\$ -	\$ 7,100
Operating Transfers	684,481	759,093	891,577	(132,484)
Total Receipts	<u>689,832</u>	<u>766,193</u>	<u>\$ 891,577</u>	<u>\$ (125,384)</u>
Expenditures				
Instruction	751,176	776,047	\$ 915,082	\$ (139,035)
Transportation Services	11,788	7,340	14,625	(7,285)
Total Expenditures	<u>762,964</u>	<u>783,387</u>	<u>\$ 929,707</u>	<u>\$ (146,320)</u>
Receipts Over (Under) Expenditures	(73,132)	(17,194)		
Unencumbered Cash, Beginning	<u>111,262</u>	<u>38,130</u>		
Unencumbered Cash, Ending	<u>\$ 38,130</u>	<u>\$ 20,936</u>		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Career and Post-Secondary Education Fund
 Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Federal Aid:				
Carl Perkins	\$ 1,553	\$ -	\$ -	\$ -
State Aid:				
Special Project Aid	3,577	-	-	-
Operating Transfers	<u>47,819</u>	<u>48,114</u>	<u>50,000</u>	<u>(1,886)</u>
Total Receipts	<u>52,949</u>	<u>48,114</u>	<u>\$ 50,000</u>	<u>\$ (1,886)</u>
Expenditures				
Instruction	52,214	48,700	\$ 50,735	\$ (2,035)
Adjustment for Qualifying Budget Credits	-	-	-	-
Total Expenditures	<u>52,214</u>	<u>48,700</u>	<u>\$ 50,735</u>	<u>\$ (2,035)</u>
Receipts Over (Under) Expenditures	735	(586)		
Unencumbered Cash, Beginning	<u>-</u>	<u>735</u>		
Unencumbered Cash, Ending	<u>\$ 735</u>	<u>\$ 149</u>		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

KPERS Special Retirement Contribution Fund
 Schedule of Receipts and Expenditures – Actual and Budget (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid	\$ 246,285	\$ 345,972	\$ 414,128	\$ (68,156)
Expenditures				
Employee Benefits	246,285	345,972	\$ 414,128	\$ (68,156)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Contingency Reserve Fund
 Schedule of Receipts and Expenditures (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Receipts		
Operating Transfers	\$ -	\$ -
Expenditures		
Operating Transfers	<u> </u> -	<u> </u> -
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>252,074</u>	<u>252,074</u>
Unencumbered Cash, Ending	<u>\$ 252,074</u>	<u>\$ 252,074</u>

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Title I Fund
Schedule of Receipts and Expenditures (Regulatory Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Receipts		
Federal Aid	\$ 72,200	\$ 70,435
Expenditures		
Instruction	<u>72,200</u>	<u>70,435</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Title II-A Fund
Schedule of Receipts and Expenditures (Regulatory Basis)
For the Year Ended June 30, 2020
(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Receipts		
Federal Aid	\$ 13,904	\$ 13,256
	<u> </u>	<u> </u>
Expenditures		
Instruction	13,904	13,256
	<u> </u>	<u> </u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u> </u>	<u> </u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

21st Century Community Learning Fund
 Schedule of Receipts and Expenditures (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Receipts		
Federal Aid	\$ 12,981	\$ 12,634
Expenditures		
Instruction	<u>12,981</u>	<u>12,634</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u> </u>	<u> </u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

REAP Grant Fund
 Schedule of Receipts and Expenditures (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Receipts		
Federal Aid	\$ 28,172	\$ 28,423
	<u> </u>	<u> </u>
Expenditures		
Instruction	28,172	28,423
	<u> </u>	<u> </u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u> </u> -	<u> </u> -
Unencumbered Cash, Ending	<u><u> </u></u> -	<u><u> </u></u> -

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Elementary & Secondary School Emergency Relief Funding
 Schedule of Receipts and Expenditures (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	\$ -	\$ -
Expenditures		
Instruction	-	6,612
Operations and Maintenance	-	700
Total Expenditures	-	7,312
Receipts Over (Under) Expenditures	-	(7,312)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ (7,312)

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Scholarship Fund
 Schedule of Receipts and Expenditures (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Receipts		
Interest on Idle Funds	\$ 547	\$ 928
Expenditures		
Student Support Services	<u>497</u>	<u>944</u>
Receipts Over (Under) Expenditures	50	(16)
Unencumbered Cash, Beginning	<u>37,232</u>	<u>37,282</u>
Unencumbered Cash, Ending	<u>\$ 37,282</u>	<u>\$ 37,266</u>

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 2

Gifts and Grants Fund
 Schedule of Receipts and Expenditures (Regulatory Basis)
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Receipts		
Donations and Grants	\$ 1,217,338	\$ 726,888
Expenditures		
Instruction	311,372	1,533,113
Instructional Support Staff	5,000	-
General Administration	105	-
School Administration	17,785	-
Operations and Maintenance	759	-
Total Expenditures	<u>335,021</u>	<u>1,533,113</u>
Receipts Over (Under) Expenditures	882,317	(806,225)
Unencumbered Cash, Beginning	<u>62,119</u>	<u>944,436</u>
Unencumbered Cash, Ending	<u>\$ 944,436</u>	<u>\$ 138,211</u>

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 3

Agency Funds
Summary of Receipts and Disbursements (Regulatory Basis)
For the Year Ended June 30, 2020

Student Organization Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Art Club	\$ 307	\$ -	\$ -	\$ 307
Paw Print Club	8,167	18,105	19,811	6,461
Cheerleaders	757	905	781	881
Industrial Arts Club	184	202	107	279
Concessions	5,009	28,340	27,382	5,967
Forensics	10	-	-	10
Drama	363	1,261	765	859
Technology Club	25	216	20	221
High School Site Council	877	-	-	877
Kay Club	1,109	4,037	3,306	1,840
Leopard Mascot	153	-	-	153
National Honor Society	4,561	6,241	3,814	6,988
Scholars Bowl	1,996	950	590	2,356
Library Club	1,016	416	142	1,290
STEM	7	-	-	7
Student Council	4,342	6,668	6,917	4,093
Vocal	592	1,201	893	900
SAFE	838	515	980	373
Donations	366	808	994	180
Class of 2018	97	-	-	97
Class of 2019	466	-	194	272
Class of 2020	1,047	4,370	4,332	1,085
Class of 2021	10	4,070	49	4,031
Class of 2022	115	395	-	510
Class of 2023	-	110	-	110
Concession Stand - Elementary	1,841	4,045	3,667	2,219
LES Site Council - Elementary	5,819	3,184	4,366	4,637
Total Student Organization Funds	<u>40,074</u>	<u>86,039</u>	<u>79,110</u>	<u>47,003</u>
 Total Agency Funds	 <u>\$ 40,074</u>	 <u>\$ 86,039</u>	 <u>\$ 79,110</u>	 <u>\$ 47,003</u>

UNIFIED SCHOOL DISTRICT NO. 298

Schedule 4

District Activity Funds
 Schedule of Receipts, Expenditures, and Unencumbered Cash (Regulatory Basis)
 For the Year Ended June 30, 2020

Fund	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Cash Balance
Gate Receipts				
Lincoln Jr/Sr High School	\$ 8,695	\$ 43,201	\$ 42,899	\$ 8,997
Lincoln Elementary School	549	1,517	957	1,109
Subtotal Gate Receipts	9,244	44,718	43,856	10,106
School Projects				
Lincoln Jr/Sr High School	4,701	10,163	14,512	352
Lincoln Elementary School	3,631	4,283	4,083	3,831
Subtotal School Projects	8,332	14,446	18,595	4,183
Total District Activity Funds	\$ 17,576	\$ 59,164	\$ 62,451	\$ 14,289

UNIFIED SCHOOL DISTRICT NO. 298
SINGLE AUDIT SECTION
For the Year Ended June 30, 2020

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

To the Board of Education
Unified School District No. 298
Lincoln, Kansas

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, and the *Kansas Municipal Audit and Accounting Guide*, the financial statement of Unified School District No. 298 (District), as of and for the year ended June 30, 2020, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated October 27, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District No. 298's internal control over financial reporting (internal control) to determine 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 our opinion on the effectiveness of Unified School District No. 298's internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 298's internal control.

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

Our consideration of internal control 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 2020-001 that we consider to be a significant deficiency.

Unified School District No. 298's Response to Findings

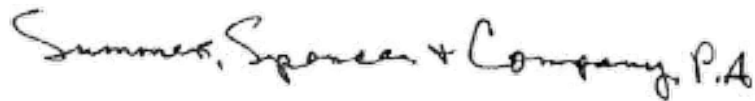
Unified School District No. 298's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Unified School District No. 298's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 298's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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.



Summers, Spencer & Company, P.A.

Salina, Kansas

October 27, 2020

Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Education
Unified School District No. 298
Lincoln, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 298'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. 298's major federal programs for the year ended June 30, 2020. Unified School District No. 298'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. 298'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. 298'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. 298's compliance.

Opinion on Each Major Federal Program

In our opinion, Unified School District No. 298 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, 2020.

Report on Internal Control over Compliance

Management of Unified School District No. 298 is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered Unified School District No. 298'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. 298'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.

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 may exist that have not been identified.

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

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

We have audited the financial statement of Unified School District No. 298 as of and for the year then ended June 30, 2020, and have issued our report thereon date October 27, 2020, which contained an unmodified opinion on the financial statement. 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 is presented for the purposes of additional analysis as required by the Uniform Guidance 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 basic 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statement as a whole.

Summers, Spencer & Company, P.A.

Summers, Spencer & Company, P.A.

Salina, Kansas

October 27, 2020

UNIFIED SCHOOL DISTRICT NO. 298
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures</i>
<i>Child Nutrition Cluster-Cluster</i>			
United States Department of Agriculture School Breakfast Program			
School Breakfast Program	10.553	Kansas State Department of Education, 3529- 3490	\$ 28,634
Total School Breakfast Program			<u>28,634</u>
National School Lunch Program			
National School Lunch Program	10.555	Kansas State Department of Education, 3530- 3500	94,200
Total National School Lunch Program			<u>94,200</u>
Special Milk Program for Children			
Special Milk Program for Children	10.556	Kansas State Department of Education, 3230- 3020	255
Total Special Milk Program for Children			<u>255</u>
Summer Food Service Program for Children			
Summer Food Service Program for Children	10.559	Kansas State Department of Education, 3230- 3020	1,259
Total Summer Food Service Program for Children			<u>1,259</u>
<i>Total United States Department of Agriculture</i>			<u>124,348</u>
<i>Total Child Nutrition Cluster-Cluster</i>			<u>124,348</u>
<i>Other Programs</i>			
Department of Homeland Security Hazard Mitigation Grant			
Hazard Mitigation Grant	97.039	Kansas Division of Emergency Management, FEMA-4304-DR-KS-005	584,374
Total Hazard Mitigation Grant			<u>584,374</u>
<i>Total Department of Homeland Security</i>			<u>584,374</u>

*The accompanying notes are an integral part of this schedule
No amounts were passed through to subrecipients*

UNIFIED SCHOOL DISTRICT NO. 298
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures</i>
Department of Education			
Title I Grants to Local Educational Agencies			
		Kansas State Department of Education,3532-	
Title I Grants to Local Educational Agencies	84.010	3520	\$ 70,435
Total Title I Grants to Local Educational Agencies			<u>70,435</u>
Career and Technical Education -- Basic Grants to States			
		Kansas State Department of Education,3539-	
Career and Technical Education -- Basic Grants to States	84.048	3590	2,087
Total Career and Technical Education -- Basic Grants to States			<u>2,087</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			
		Kansas State Department of Education,3526-	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	3860	13,256
Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			<u>13,256</u>
Student Support and Academic Enrichment Program			
		Kansas State Department of Education,3113-	
Student Support and Academic Enrichment Program	84.424	3113	12,634
Total Student Support and Academic Enrichment Program			<u>12,634</u>
<i>Total Department of Education</i>			<u>98,412</u>
Total Other Programs			<u>682,786</u>
Total Expenditures of Federal Awards			<u>\$ 807,134</u>

*The accompanying notes are an integral part of this schedule
 No amounts were passed through to subrecipients*

UNIFIED SCHOOL DISTRICT NO. 298

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020

Note 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 298 and is presented on the regulatory basis of accounting. The information in this schedule is presented in accordance with the requirement to Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statement.

Regulatory Basis of Accounting and Departure from *Accounting Principles 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 of 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.

Note 2 – Indirect Costs

Unified School District No. 298 did not elect to use the 10% de minimis cost rate.

UNIFIED SCHOOL DISTRICT NO. 298

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion of the financial statement of Unified School District No. 298 which are 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. No instances of noncompliance material to the financial statement of Unified School District No. 298 were disclosed during the audit.
3. One significant deficiency disclosed during the audit of the financial statement is reported in the schedule of findings and questioned costs. The deficiency disclosed was not considered to be a material weakness.
4. The auditor's report on compliance for the major federal award programs for Unified School District No. 298 expresses an unmodified opinion on all major programs.
5. There were no audit findings relative to the major federal award programs that are required to be reported in accordance with the 2 CFR 200.516 (a).
6. The following programs were tested as major programs during the period under audit:

97.039 Hazard Mitigation Grant
7. The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.
8. Unified School District No. 298 did not qualify to be a low-risk auditee under the Uniform Guidance.

FINANCIAL STATEMENT FINDINGS

2020-001 Significant Deficiency

Condition: Our firm has been asked to prepare the financial statement, related notes, regulatory-required supplementary information, and the schedule of expenditures of federal awards for Unified School District No. 298; however, our firm cannot be considered part of the internal control structure of the District in regards to the preparation of the financial statement, related notes, regulatory-required supplementary information, and the schedule of expenditures of federal awards.

Criteria: Unified School District No. 298 prepares its financial statement in accordance with accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, in accordance with the Uniform Guidance.

UNIFIED SCHOOL DISTRICT NO. 298

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Effect: We consider this condition related to the preparation of the financial statement, related notes, regulatory-required supplementary information, and the schedule of expenditures of federal awards to be a significant deficiency under the standards established by the American Institute of Certified Public Accountants.

Cause: District personnel do have the skills, knowledge, and experience to process all financial transactions and the ability to issue the internal financial statements needed to provide appropriate budget and operating information to the District governing body on an as needed basis. However, the District relies on auditor assistance to prepare the necessary documents in the prescribed formats.

Recommendation: To strengthen internal control over financial statement preparation, we recommend obtaining a current copy of the *Kansas Municipal Audit and Accounting Guide*, and for District personnel to stay current on knowledge concerning the regulatory basis of accounting as prescribed by the *Kansas Municipal Audit and Accounting Guide*.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

UNIFIED SCHOOL DISTRICT NO. 298

**Views of Responsible Figures and Corrective Action Plan
For the Year Ended June 30, 2020**

Corrective Action Plan: The District will continue to stay informed of the reporting requirements in the current *Kansas Municipal Audit and Accounting Guide*. The District will also review the financial statement and continue to have input as to what gets reported in the related notes to the financial statement.