UNIFIED SCHOOL DISTRICT NO. 500

Kansas City, Kansas

Financial Statements

For the Year Ended June 30, 2021

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UNIFIED SCHOOL DISTRICT NO. 500
Financial Statements
For the Year Ended June 30, 2021

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AGH CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 500
Kansas City, Kansas

Report on the Financial Statement

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Kansas City, Kansas Public Schools Unified School District No. 500 (District), 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 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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 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 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021, or changes in financial position and cash flows thereof for the 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 the District 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 1.

Other Matter - Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures-agency funds, schedule of regulatory basis receipts, expenditures and unencumbered cash-private purpose trust fund, and the schedule of regulatory basis receipts, expenditures and unencumbered cash-district activity fund (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 the District's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 2021
Overland Park, KS

UNIFIED SCHOOL DISTRICT NO. 500
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts
General Funds:			
General Fund	$ -	$ -	$ 169,436,175
Supplemental General	943,756	-	52,375,151
Special Purpose Funds:			
At Risk (K-12)	-	-	33,777,244
At Risk (4 Year Old)	-	-	1,384,407
Parent Education Program	166,852	-	1,120,652
Bilingual Education	1,444	-	7,597,891
Virtual Education	-	-	641,591
Capital Outlay	4,952,835	16,763,762	13,237,880
Food Service	4,987,792	-	3,937,982
Summer School	-	-	-
Special Education	14,012,587	-	22,471,932
Coop Special Education	7,527,018	-	18,935,410
Gifts and Grants	17,687,378	-	6,826,864
Vocational Education	903,809	-	2,225,607
Employees' Retirement	5,376	-	1,462
KPERS Special Retirement Contribution	-	-	25,431,848
Federal Funds	[1,827,411]	-	25,262,343
Contingency Reserve	14,442,021	-	6,746,000
Student Materials Revolving	190,770	-	63,990
Public Library Board	18,258,926	-	12,563,974
Public Library Board Employee Benefits	1,085,183	-	1,277,729
District Activity	95,708	-	28,671
Bond and Interest Fund:			
Bond and Interest	9,210,866	-	21,449,545
Capital Project Fund:			
Capital Projects	53,141,779	-	499,335
Business Fund:			
School Workers' Compensation Reserve	5,059,094	-	28,366
Fiduciary Fund:			
Private Purpose Trust Fund:			
Virginia Schinkle Scholarship	5,551	-	6
Total Reporting Entity (Excluding Agency Funds)	$ 150,851,334	$ 16,763,762	$ 427,322,055

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

Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
$ 169,436,175	$ -	2,777,140	$ 2,777,140
51,505,900	1,813,007	3,868,630	5,681,637
33,751,648	25,596	2,530,671	2,556,267
1,048,657	335,750	4,694	340,444
1,111,085	176,419	-	176,419
7,597,966	1,369	430,815	432,184
641,591	-	22,750	22,750
31,454,525	3,499,952	23,263,615	26,763,567
7,698,780	1,226,994	68	1,227,062
-	-	-	-
23,660,612	12,823,907	989,501	13,813,408
18,098,039	8,364,389	848,999	9,213,388
6,395,703	18,118,539	301,597	18,420,136
2,228,866	900,550	206,043	1,106,593
4	6,834	-	6,834
25,431,848	-	-	-
27,053,611	[3,618,679]	1,665,654	[1,953,025]
3,250,701	17,937,320	-	17,937,320
42,047	212,713	-	212,713
8,052,313	22,770,587	86,101	22,856,688
1,149,826	1,213,086	-	1,213,086
8,646	115,733	-	115,733
20,725,099	9,935,312	-	9,935,312
32,532,245	21,108,869	-	21,108,869
1,671,569	3,415,891	-	3,415,891
-	5,557	-	5,557
$ 474,547,456	$ 120,389,695	$ 36,996,278	$ 157,385,973

COMPOSITION OF CASH:	
UMB Bank	
Checking	$ 1,003,141
Commerce	
Checking	141,188,845
Security Bank	
U.S. Government and Agency Obligations	9,898,793
Money Market Funds	1,149,290
Other Obligations	10,060,786
Cash Balance	163,300,855
Less: Agency Funds per Statement 3	[5,914,882]
Total Reporting Entity (Excluding Agency Funds)	$ 157,385,973

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

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 500 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District has no related municipal entities.

Reimbursed Expenses

Expenditures in the amount of $616,095 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

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

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

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, and 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 municipality to use the regulatory basis for accounting.

Regulatory Basis Fund Types

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

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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 basis 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 general 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.

Business Fund – fund financed in whole or in part by fees charged to users of the goods or services.

Trust Fund - 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 a municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, student organization funds, etc.).

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory basis receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The District did not amend the budget.

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 statutory basis of accounting, in which, regulatory basis receipts are recognized when cash is received and expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

A legal operating budget is not required for the following special purpose funds: Contingency Reserve, Student Materials Revolving and the District Activity 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.

Actual exceeded budgeted expenditures in the Capital Outlay Fund, which is a violation of K.S.A. 79-2935. The Capital Outlay fund exceeded budgeted expenditures due to the cancellation of prior year encumbrances during the current fiscal year that were reassigned to different projects.

Deficit Cash

As of June 30, 2021, the Federal Fund had a negative unencumbered cash balance of $3,618,679. The deficit is due to timing differences between the expenditure of federal grant funds and the receipt of reimbursement in the 2020 - 2021 school year.

NOTE 2 – Deposits and Investments

As of June 30, 2021, the District had the following investments and maturities:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less than 1	1 - 2	More than 2	Rating U.S.
U.S Government and Agency Obligations	$ 9,898,793	$ 5,077,687	$ 989,609	$ 3,831,497	N/A
Money Market Funds	1,149,290	1,149,290	-	-	N/A
Other Obligations	10,060,786	7,667,778	1,044,895	1,348,113	N/A
Total Fair Value	$ 21,108,869	$ 13,894,755	$ 2,034,504	$ 5,179,610	

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

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

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. The District's allocation of investments as of June 30, 2021, is as follows:

Investments	Percentage of Investments
U.S Government and Agency Obligations	47%
Money Market Funds	5%
Other Obligations	48%

NOTE 2 – Deposits and Investments (Continued)

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods". All deposits were legally secured at June 30, 2021.

At June 30, 2021, the District's carrying amount of deposits was $142,191,988 and the bank balance was $136,767,988. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $500,000 was covered by federal depository insurance and the remaining bank balance of $136,267,988 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Substance receipt in transit. The District received $12,118,339 subsequent to June 30, 2021 and as required by K.S.A. 72-6466, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

NOTE 3 – Operating Leases

The District has entered into an operating lease agreement for copy machines, beginning August 2018, and ending June 2025. The payments made on this operating lease for the year ended June 30, 2021 totaled $322,570. The following are the lease amounts for the remainder of the agreement:

Year Ending	
6/30/2022	322,733
6/30/2023	46,541
6/30/2024	30,520
6/30/2025	674
Total	$ 400,469

The District has entered into an operating lease agreement for vehicles, beginning July 2019, and ending June 2025. The payments made on this operating lease for the year ended June 30, 2021 totaled $62,854. The following are the lease amounts for the remainder of the agreement:

Year Ending	
6/30/2022	53,078
6/30/2023	45,100
6/30/2024	39,491
6/30/2025	14,678
Total	$ 152,346

NOTE 4 - Long-Term Debt

Following is a detailed listing of the District long-term debt:

Debt Issue	Date Issued	Maturity Date	Original Amount	Outstanding Amount	Interest Rate
General Obligation Bonds					
Series 2005	2/1/2005	9/1/2020	$ 18,120,000	$ -	5.20 to 5.25%
Series 2010	10/13/2010	9/1/2021	6,160,000	3,155,000	2.75 to 5.00%
Series 2012	3/1/2012	9/1/2021	53,455,000	-	0.37 to 2.67%
Series 2016-A	12/20/2016	9/1/2037	227,000,000	104,640,000	4.00 to 5.00%
Series 2020-A	2/3/2020	9/1/2046	8,000,000	8,000,000	1.63 to 3.17%
Series 2020-B	2/3/2020	9/1/2046	154,015,000	153,115,000	1.60 to 3.17%
			$ 466,750,000	$ 268,910,000	
Certificates of Participation					
Series 2005	12/22/2005	12/22/2020	$ 1,500,000	$ -	1.67%
Series 2009	10/15/2009	9/1/2025	15,125,000	15,125,000	2.15%
Series 2011	7/1/2011	7/1/2027	5,465,000	5,465,000	5.29%
			$ 22,090,000	$ 20,590,000	

The District is subject to statutes of the State of Kansas which limit the bonded debt outstanding to 14% of the assessed valuation. The District has received authorization from the State of Kansas to exceed this limit.

Following is a summary of changes in long-term debt for the year ended June 30, 2021:

Debt Issue	Beginning Principal Outstanding	Additions/ Restatement	Reduction	Ending Principal Outstanding	Interest Paid
General Obligation Bonds					
2005 Refunding	$ 6,375,000	$ -	$ 6,375,000	$ -	$ 167,344
2010 Refunding	6,160,000	-	3,005,000	3,155,000	169,363
2012 Refunding	825,000	-	825,000	-	9,974
2016-A Improvement	104,640,000	-	-	104,640,000	4,752,756
2020-A Improvement	8,000,000	-	-	8,000,000	209,128
2020-B Refunding	154,015,000	-	900,000	153,115,000	4,313,626
Certificates of Participation					
2005 Series	1,500,000	-	1,500,000	-	-
2009 Series	15,125,000	-	-	15,125,000	325,188
2011 Series	5,465,000	-	-	5,465,000	288,935
Total	$ 302,105,000	$ -	$ 12,605,000	$ 289,500,000	$ 10,236,313

NOTE 4 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	$ 6,285,000	$ 9,439,983	$ 15,724,983
2023	6,465,000	9,242,916	15,707,916
2024	6,700,000	9,000,999	15,700,999
2025	6,950,000	8,743,976	15,693,976
2026	7,210,000	8,470,805	15,680,805
2027 - 2031	40,675,000	37,598,501	78,273,501
2032 - 2036	49,775,000	28,386,069	78,161,069
2037 - 2041	59,805,000	18,302,676	78,107,676
2042 - 2046	69,820,000	8,077,160	77,897,160
2047	15,225,000	241,316	15,466,316
Total	$ 268,910,000	$ 137,504,402	$ 406,414,402

Annual debt service requirements to maturity for the Certificates of Participation are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	$ -	$ 614,122	$ 614,122
2023	-	614,122	614,122
2024	-	614,122	614,122
2025	-	614,122	614,122
2026	15,125,000	451,528	15,576,528
2027 - 2028	5,465,000	433,402	5,898,402
Total	$ 20,590,000	$ 3,341,418	$ 23,931,418

NOTE 5 - Compensated Absences

Under terms of the District's personnel policy, District employees working twelve months per year receive vacation pay in varying amounts. In the event of termination, an employee is paid for accumulated vacation days, depending on the employee's length of service and/or position with the District.

Sick leave benefits are extended to all employees for whom deductions are made for the District's retirement plans. Annual benefits are allowed at the rate of 10 to 14 days per year, depending upon the number of days per year the employee works. Payment of accumulated sick leave is made in the following circumstances:

1. Upon resignation provided that the employee has completed thirty (30) years of service in the District or twenty (20) years of service and attained the age of fifty-five (55). Any individual initially employed by the District after 7/31/96 is not eligible.

2. Upon retirement or death. Any individual initially employed by the District after 7/31/96 is not eligible.

Seventy-five percent of the accumulated sick leave shall be paid, not to exceed 144 days. The amount of leave is dependent on the length of the employee's service to the District.

The District records an expense for vacation days and sick leave when paid. Utilization of accumulated vacation and sick leave by employees in future years is not expected to have a material impact on District expenditures in any one year. The District has not quantified the compensated absences for purposes of this disclosure.

NOTE 6 - Defined Benefit Pension Plan

Plan description - The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A 74-4901 *et seq.* Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 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 $25,286,432 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 $246,700,937. 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 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 7 – Early Separation Liability

The District also has a plan which covers District employees who voluntarily take early retirement. An employee is eligible for early retirement if the teacher was under contract with the District on or before August 1, 1996, on the year that separation is to begin the employee must be at least 55 years old and not more than 65 years old, and the employee must have completed twenty-five years of contracted experience as a District employee and at least ten consecutive years with USD 500 having been the individual's final years before early separation and have retired from KPERS.

The benefits from this plan are computed using a formula based upon the employees' experience factor and the employees' final total annual salary. The employees approved for the early separation benefits will be paid not more than one hundred sixty-eight semi-monthly payments with payments beginning on July 15 of the year separation begins and ending in the month in which the employee dies or becomes sixty-two years old, whichever occurs first. The cost of this plan in the fiscal year ended June 30, 2021, was $1,011,732. Future payments are estimated as follows:

Year Ended		
2021-22	$	622,119
2022-23		412,766
2023-24		226,209
2024-25		136,356
2025-26		55,502
Total	$	1,452,952

The District also pays for the single monthly premium in the current health insurance plan for classified staff that meet early separation requirements. The cost of this plan for the year is estimated to be $297,264.

NOTE 8 - Risk Management

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

Workers' Compensation. The District has established a self insurance retention program in order to deal with workers compensation claims. Claims in excess of the self insured retention amount are covered through a third party limited coverage policy. The District is self insured with a $250,000 retention and statutory limit of coverage.

Liabilities below do not include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Actual payment of claims and judgments is reported in the School Workers' Compensation Reserve Fund. Changes in the balance of claims liabilities are as follows:

Incurred claims from inception	$	30,297,560
Claim payments and adjustments from inception		(29,41,561)
Unpaid claims, June 30, 2021	$	886,999

NOTE 9 – Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the District at June 30, 2021.

The District is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable. However, in the opinion of management, the resolution of these matters will not likely have a material adverse effect on the financial condition of the District.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022.

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of $400 million. The Municipality received CRF in the amount of $580,599 during 2021. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at https://covid.ks.gov/.

NOTE 10 – Post-Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. Employees who retire with twenty or more years of service are allowed to stay on the District's health insurance and the District pays for single full coverage until the retiree reaches Medicare eligibility age. While other retirees pay 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.

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by

KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2021.

NOTE 11 – Transfers

Transfers were as follows:

From	To	Amount	Regulatory Authority
General Fund	At Risk (4 Year Old) Fund	$ 1,384,407	K.S.A. 72-6478
General Fund	At Risk (K-12) Fund	23,141,276	K.S.A. 72-6478
General Fund	Bilingual Education Fund	5,578,860	K.S.A. 72-6478
General Fund	Virtual Education	641,591	K.S.A. 72-6478
General Fund	Parent Education Program	158,110	K.S.A. 72-6478
General Fund	Special Education	22,368,634	K.S.A. 72-6478
General Fund	Coop Special Education	466,292	K.S.A. 72-6478
General Fund	Vocational Education	2,223,607	K.S.A. 72-6478
General Fund	Contingency Reserve	6,746,000	K.S.A. 72-6478
Supplemental General Fund	At Risk (K-12) Fund	10,635,968	K.S.A. 72-6478
Supplemental General Fund	Bilingual Education Fund	2,019,031	K.S.A. 72-6478
Contingency Reserve	Supplemental General Fund	3,250,000	K.S.A. 72-6478
Special Education	Coop Special Education	4,782,479	K.S.A. 72-978(h)
		$ 83,396,255	

UNIFIED SCHOOL DISTRICT NO. 500
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Certified Budget	Adjustment to Comply with Legal Max Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over [Under]
Governmental Type Funds:						
General Funds:						
General Fund	$ 182,806,141	$ [13,986,061]	$ 616,095	$ 169,436,175	$ 169,436,175	$ -
Supplemental General	51,505,900	-	-	51,505,900	51,505,900	-
Special Purpose Funds:						
At Risk (K-12)	51,731,635	-	-	51,731,635	33,751,648	[17,979,987]
At Risk (4 Year Old)	2,513,048	-	-	2,513,048	1,048,657	[1,464,391]
Parent Education Program	1,316,959	-	-	1,316,959	1,111,085	[205,874]
Bilingual Education	7,767,558	-	-	7,767,558	7,597,966	[169,592]
Virtual Education	895,975	-	-	895,975	641,591	[254,384]
Capital Outlay	19,731,524	-	-	19,731,524	31,454,525	11,723,001
Food Service	18,698,450	-	-	18,698,450	7,698,780	[10,999,670]
Summer School	-	-	-	-	-	-
Special Education	34,414,562	-	-	34,414,562	23,660,612	[10,753,950]
Coop Special Education	25,549,196	-	-	25,549,196	18,098,039	[7,451,157]
Gifts and Grants	19,763,056	-	-	19,763,056	6,395,703	[13,367,353]
Vocational Education	2,228,866	-	-	2,228,866	2,228,866	-
Employees' Retirement	5,375	-	-	5,375	4	[5,371]
KPERS Special Retirement Contribution	29,751,324	-	-	29,751,324	25,431,848	[4,319,476]
Federal Funds	20,957,365	-	-	20,957,365	27,053,611	6,096,246
Public Library Board	14,590,762	-	-	14,590,762	8,052,313	[6,538,449]
Public Library Board Employee Benefits	1,940,343	-	-	1,940,343	1,149,826	[790,517]
Bond and Interest Fund:						
Bond and Interest	20,729,192	-	-	20,729,192	20,725,099	[4,093]

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
General Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
State Aid:				
Equalization aid	$ 153,383,536	$ 156,860,136	$ 169,218,396	$ [12,358,260]
Special education aid	13,960,540	11,956,198	13,585,745	[1,629,547]
Miscellaneous	2,505	3,746	2,000	1,746
Reimbursed expenses	612,216	616,095	-	616,095
Total Receipts	167,958,797	169,436,175	$ 182,806,141	$ [13,369,966]
Expenditures				
Instruction	20,552,301	24,644,726	$ 23,194,521	$ 1,450,205
Student support services	2,440,522	3,437,719	2,882,378	555,341
Instructional support	11,902,431	12,174,231	12,231,190	[56,959]
General administration	1,166,689	673,422	920,559	[247,137]
School administration	12,299,377	12,893,728	12,861,548	32,180
Central services	15,881,785	14,463,983	12,584,591	1,879,392
Operations and maintenance	30,332,445	29,287,560	31,954,189	[2,666,629]
Transportation	8,408,072	9,146,571	13,107,106	[3,960,535]
Food service operations	707	5,458	-	5,458
Transfers out	65,105,147	62,708,777	73,070,059	[10,361,282]
Adjustment to comply with legal max budget	-	-	[13,986,061]	13,986,061
Adjustment for qualifying budget credits	-	-	616,095	[616,095]
Total Expenditures	168,089,476	169,436,175	$ 169,436,175	$ -
Receipts Over [Under] Expenditures	[130,679]	-		
Unencumbered Cash, Beginning	130,679	-		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Supplemental General Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Revenues:				
Ad valorem property taxes	$ 6,625,427	$ 9,157,130	$ 10,258,440	$ [1,101,310]
Delinquent tax	435,703	409,391	219,766	189,625
Motor vehicle tax	1,286,263	1,224,104	915,423	308,681
Revenue in lieu of taxes	87,009	106,847	-	106,847
Supplemental state aid	37,764,081	38,227,679	38,227,679	-
Transfer in	-	3,250,000	3,250,000	-
Total Receipts	46,198,483	52,375,151	$ 52,871,308	$ [496,157]
Expenditures				
Instruction	30,211,266	31,477,708	$ 29,125,615	$ 2,352,093
Student support services	7,252,656	6,760,674	7,109,842	[349,168]
Instructional support	379,175	147,506	310,038	[162,532]
School administration	15,416	2,702	-	2,702
Central services	514,050	-	405,000	[405,000]
Operations and maintenance	142,367	454,629	-	454,629
Transportation	-	7,682	108,000	[100,318]
Transfers out	12,990,909	12,654,999	14,447,405	[1,792,406]
Total Expenditures	51,505,839	51,505,900	$ 51,505,900	$ -
Receipts Over [Under] Expenditures	[5,307,356]	869,251		
Unencumbered Cash, Beginning	5,980,033	943,756		
Prior Year Cancelled Encumbrances	271,079	-		
Unencumbered Cash, Ending	$ 943,756	$ 1,813,007		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
At Risk (K-12) Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Transfers in	$ 31,912,690	$ 33,777,244	$ 52,181,635	$ [18,404,391]
Total Receipts	31,912,690	33,777,244	$ 52,181,635	$ [18,404,391]
Expenditures				
Instruction	34,185,097	32,452,844	$ 50,399,508	$ [17,946,664]
Student support services	356,213	354,909	573,298	[218,389]
Instruction support	-	449,498	196,764	252,734
School administration	271,785	427,185	136,027	291,158
Central services	83,567	67,212	60,401	6,811
Transportation	807,967	-	365,637	[365,637]
Total Expenditures	35,704,629	33,751,648	$ 51,731,635	$ [17,979,987]
Receipts Over [Under] Expenditures	[3,791,939]	25,596		
Unencumbered Cash, Beginning	3,791,939	-		
Unencumbered Cash, Ending	$ -	$ 25,596		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
At Risk (4 Year Old) Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Transfers in	$ 2,649,567	$ 1,384,407	$ 2,513,048	$ [1,128,641]
Total Receipts	2,649,567	1,384,407	$ 2,513,048	$ [1,128,641]
Expenditures				
Instruction	1,494,697	387,929	$ 1,165,050	$ [777,121]
Student support services	54,666	56,131	240,434	[184,303]
Instructional support	358,940	9,779	167,440	[157,661]
School administration	385,529	394,859	332,645	62,214
Central services	2,456	1,827	-	1,827
Operations and maintenance	3,258	18,626	-	18,626
Transportation	496,465	179,506	607,479	[427,973]
Total Expenditures	2,796,011	1,048,657	$ 2,513,048	$ [1,464,391]
Receipts Over [Under] Expenditures	[146,444]	335,750		
Unencumbered Cash, Beginning	146,444	-		
Unencumbered Cash, Ending	$ -	$ 335,750		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Parent Education Program Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
State aid	$ 865,947	$ 861,628	$ -	$ 861,628
Local source	76,090	83,655	546,481	[462,826]
Miscellaneous	91	-	475,334	[475,334]
Contributions and donations	-	17,259	-	17,259
Transfers in	225,392	158,110	158,110	-
Total Receipts	1,167,520	1,120,652	$ 1,179,925	$ [59,273]
Expenditures				
Student support services	1,070,881	1,111,085	$ 1,316,959	$ [205,874]
Total Expenditures	1,070,881	1,111,085	$ 1,316,959	$ [205,874]
Receipts Over [Under] Expenditures	96,639	9,567		
Unencumbered Cash, Beginning	56,015	166,852		
Prior Year Cancelled Encumbrances	14,198	-		
Unencumbered Cash, Ending	$ 166,852	$ 176,419		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Bilingual Education Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Federal aid	$ 177,172	$ -	$ 85,050	$ [85,050]
Transfers in	6,727,251	7,597,891	7,682,508	[84,617]
Total Receipts	6,904,423	7,597,891	$ 7,767,558	$ [169,667]
Expenditures				
Instruction	6,180,374	6,827,742	$ 6,910,815	$ [83,073]
Student support services	108,013	309,624	349,848	[40,224]
Instructional support	500,318	454,029	506,895	[52,866]
School administration	29,568	-	-	-
Transportation	84,706	-	-	-
Central Services	-	6,571	-	6,571
Total Expenditures	6,902,979	7,597,966	7,767,558	[169,592]
Receipts Over [Under] Expenditures	1,444	[75]		
Unencumbered Cash, Beginning	-	1,444		
Unencumbered Cash, Ending	$ 1,444	$ 1,369		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Virtual Education Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Transfers in	$ 725,574	$ 641,591	$ 895,975	$ [254,384]
Total Receipts	725,574	641,591	$ 895,975	$ [254,384]
Expenditures				
Instruction	725,669	641,591	$ 895,975	$ [254,384]
Total Expenditures	725,669	641,591	$ 895,975	$ [254,384]
Receipts Over [Under] Expenditures	[95]	-		
Unencumbered Cash, Beginning	95	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Capital Outlay Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Revenues:				
Ad valorem property taxes	$ 5,761,065	$ 6,461,257	$ 6,160,353	$ 300,904
Delinquent tax	231,549	284,878	193,148	91,730
Motor vehicle tax	759,355	822,030	590,971	231,059
Revenue in lieu of taxes	73,462	73,278	-	73,278
State aid	4,651,326	4,832,758	4,894,175	[61,417]
Interest on idle funds	2,056,362	652,427	2,000,000	[1,347,573]
Miscellaneous	90,633	111,252	-	111,252
Total Receipts	13,623,752	13,237,880	$ 13,838,647	$ [600,767]
Expenditures				
Instruction	4,076,250	1,982,754	$ 9,635,424	$ [7,652,670]
Instructional support services	-	262	-	262
Central services	-	650,689	417,600	233,089
Operations and maintenance	5,665,707	6,962,330	7,140,000	[177,670]
Transportation	394,041	-	900,000	[900,000]
Debt service	1,384,177	1,646,993	1,638,500	8,493
Facility acquisition and construction services	358,249	20,211,497	-	20,211,497
Total Expenditures	11,878,424	31,454,525	$ 19,731,524	$ 11,723,001
Receipts Over [Under] Expenditures	1,745,328	[18,216,645]		
Unencumbered Cash, Beginning	3,207,507	4,952,835		
Prior Year Cancelled Encumbrances	-	16,763,762		
Unencumbered Cash, Ending	$ 4,952,835	$ 3,499,952		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Food Service Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Federal aid	$ 12,186,684	$ 3,780,674	$ 12,959,389	$ [9,178,715]
State aid	143,957	-	106,680	[106,680]
Charges for services	176,565	147,191	625,126	[477,935]
Miscellaneous	111,069	3,024	-	3,024
Interest on idle funds	22,353	7,093	20,000	[12,907]
Total Receipts	12,640,628	3,937,982	$ 13,711,195	$ [9,773,213]
Expenditures				
Food service operation	13,448,166	7,698,780	$ 18,698,450	$ [10,999,670]
Total Expenditures	13,448,166	7,698,780	$ 18,698,450	$ [10,999,670]
Receipts Over [Under] Expenditures	[807,538]	[3,760,798]		
Unencumbered Cash, Beginning	5,795,330	4,987,792		
Unencumbered Cash, Ending	$ 4,987,792	$ 1,226,994		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Summer School Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Charges for services	$ -	$ -	$ -	$ -
Total Receipts	-	-	$ -	$ -
Expenditures				
Instruction	27,048	-	$ -	$ -
Total Expenditures	27,048	-	$ -	$ -
Receipts Over [Under] Expenditures	[27,048]	-		
Unencumbered Cash, Beginning	27,048	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Special Education Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Federal aid	$ -	$ 103,298	$ -	$ 103,298
Transfers in	32,253,913	22,368,634	19,511,132	2,857,502
Total Receipts	32,253,913	22,471,932	$ 19,511,132	$ 2,960,800
Expenditures				
Instruction	19,998,829	17,865,117	$ 31,309,508	$ [13,444,391]
Instruction support	815,263	63,945	105,054	[41,109]
School administration	142,478	144,023	-	144,023
Student transportation services	12,816	726,458	3,000,000	[2,273,542]
Operations and maintenance	-	78,590	-	78,590
Transfers out	3,133,179	4,782,479	-	4,782,479
Total Expenditures	24,102,565	23,660,612	$ 34,414,562	$ [10,753,950]
Receipts Over [Under] Expenditures	8,151,348	[1,188,680]		
Unencumbered Cash, Beginning	5,861,239	14,012,587		
Unencumbered Cash, Ending	$ 14,012,587	$ 12,823,907		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Coop Special Education Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Local - other district contributions	$ 3,512,706	$ 2,925,802	$ 8,631,788	$ [5,705,986]
Federal aid	5,965,877	6,996,022	5,586,573	1,409,449
State aid	2,734	1,009	-	1,009
Local sources	101,949	93,440	-	93,440
Medicaid	1,726,897	3,668,619	3,800,000	[131,381]
Miscellaneous	2,589	1,747	-	1,747
Transfers in	3,909,597	5,248,771	-	5,248,771
Total Receipts	15,222,349	18,935,410	$ 18,018,361	$ 917,049
Expenditures				
Instruction	6,897,893	8,585,763	$ 14,510,262	$ [5,924,499]
Student support services	8,861,688	7,390,495	8,102,599	[712,104]
Instructional support	2,196,388	1,988,122	2,829,093	[840,971]
School administration	112,068	114,909	107,242	7,667
Operations and maintenance	18,406	18,750	-	18,750
Total Expenditures	18,086,443	18,098,039	$ 25,549,196	$ [7,451,157]
Receipts Over [Under] Expenditures	[2,864,094]	837,371		
Unencumbered Cash, Beginning	10,391,112	7,527,018		
Unencumbered Cash, Ending	$ 7,527,018	$ 8,364,389		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Gifts and Grants Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Federal aid	$ 98,656	$ 1,150,901	$ -	$ 1,150,901
State aid	2,815,284	2,849,861	933,800	1,916,061
Contributions and donations	2,374,177	2,109,517	-	2,109,517
User charges and fees	255,476	36,855	-	36,855
Miscellaneous	1,006,995	679,730	-	679,730
Total Receipts	6,550,588	6,826,864	$ 933,800	$ 5,893,064
Expenditures				
Instruction	1,922,167	1,816,068	$ 8,568,056	$ [6,751,988]
Student support services	705,119	1,251,717	2,280,000	[1,028,283]
Instructional support	1,200,313	1,477,408	710,000	767,408
General administration	-	-	150,000	[150,000]
School administration	45,208	11,719	55,000	[43,281]
Central services	112,681	1,263,853	6,350,000	[5,086,147]
Operations and maintenance	286,512	574,938	1,300,000	[725,062]
Architectural and engineering services	-	-	-	-
Transportation	341,562	-	350,000	[350,000]
Total Expenditures	4,613,562	6,395,703	$ 19,763,056	$ [13,367,353]
Receipts Over [Under] Expenditures	1,937,026	431,161		
Unencumbered Cash, Beginning	15,750,352	17,687,378		
Unencumbered Cash, Ending	$ 17,687,378	$ 18,118,539		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Vocational Education Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Transfers in	$ 2,825,251	$ 2,223,607	$ 1,325,056	$ 898,551
State aid	56,799	2,000	-	2,000
Federal aid	8,680	-	-	-
Total Receipts	2,890,730	2,225,607	$ 1,325,056	$ 900,551
Expenditures				
Instruction	2,047,311	2,135,230	$ 2,203,866	$ [68,636]
Student support services	-	31,055	-	31,055
Instructional support	52,325	62,581	25,000	37,581
Total Expenditures	2,099,636	2,228,866	$ 2,228,866	$ -
Receipts Over [Under] Expenditures	791,094	[3,259]		
Unencumbered Cash, Beginning	112,715	903,809		
Unencumbered Cash, Ending	$ 903,809	$ 900,550		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Employees' Retirement Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
Taxes and Shared Revenues:				
Delinquent tax	-	1,462	-	1,462
Total Receipts	-	1,462	$ -	$ 1,462
Expenditures				
Miscellaneous	592	4	$ 5,375	$ [5,371]
Total Expenditures	592	4	$ 5,375	$ [5,371]
Receipts Over [Under] Expenditures	[592]	1,458		
Unencumbered Cash, Beginning	5,968	5,376		
Unencumbered Cash, Ending	$ 5,376	$ 6,834		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
KPERS Special Retirement Contribution Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over [Under]
Receipts				
State aid	$ 26,995,122	$ 25,431,848	$ 29,751,324	$ [4,319,476]
Total Receipts	26,995,122	25,431,848	$ 29,751,324	$ [4,319,476]
Expenditures				
Employee benefits	26,995,122	25,431,848	$ 29,751,324	$ [4,319,476]
Total Expenditures	26,995,122	25,431,848	$ 29,751,324	$ [4,319,476]
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Federal Funds
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Federal aid	$ 18,551,113	$ 25,090,518	$ 23,036,151	$ 2,054,367
Local source	-	171,825	-	171,825
Total Receipts	18,551,113	25,262,343	$ 23,036,151	$ 2,226,192
Expenditures				
Instruction	11,278,534	14,123,917	$ 13,865,712	$ 258,205
Student support services	3,028,521	2,437,584	721,278	1,716,306
Instructional support	4,227,132	2,808,557	1,306,936	1,501,621
General administration	736	234,440	-	234,440
School administration	622,271	476,824	70,604	406,220
Central services	671,182	1,091,632	393,498	698,134
Operations and maintenance	15,284	4,062,053	4,432,728	[370,675]
Transportation	422,193	359,164	166,609	192,555
Food service operations	83,571	1,459,440	-	1,459,440
Total Expenditures	20,349,424	27,053,611	$ 20,957,365	$ 6,096,246
Receipts Over [Under] Expenditures	[1,798,311]	[1,791,268]		
Unencumbered Cash, Beginning	[29,100]	[1,827,411]		
Unencumbered Cash, Ending	$ [1,827,411]	$ [3,618,679]		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures
Contingency Reserve Fund *
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers in	$ -	$ 6,746,000
Total Receipts	-	6,746,000
Expenditures		
Transfers out	-	3,250,000
Student support services	340,102	701
Total Expenditures	340,102	3,250,701
Receipts Over [Under] Expenditures	[340,102]	3,495,299
Unencumbered Cash, Beginning	14,782,123	14,442,021
Unencumbered Cash, Ending	$ 14,442,021	$ 17,937,320

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures
Student Materials Revolving Fund *
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Charges for services	$ 60,902	$ 60,332
Miscellaneous revenues	12,479	3,658
Total Receipts	73,381	63,990
Expenditures		
Instruction	104,761	42,047
Total Expenditures	104,761	42,047
Receipts Over [Under] Expenditures	[31,380]	21,943
Unencumbered Cash, Beginning	222,150	190,770
Unencumbered Cash, Ending	$ 190,770	$ 212,713

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Public Library Board Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Revenue:				
Ad valorem property taxes	$ 7,063,990	$ 7,938,887	$ 7,551,818	$ 387,069
Delinquent tax	279,023	346,238	236,814	109,424
Motor vehicle tax	923,028	1,004,493	704,470	300,023
Revenue in lieu of taxes	89,995	89,963	-	89,963
State aid	-	44,777	-	44,777
Other revenue from a local source	2,888,250	3,098,518	-	3,098,518
Interest	67,055	21,275	-	21,275
Donations	7,540	15,463	-	15,463
Other	46,452	4,360	-	4,360
Total Receipts	11,365,333	12,563,974	$ 8,493,102	$ 4,070,872
Expenditures				
Community service operations	8,457,361	8,037,142	$ 14,590,762	$ [6,553,620]
Operations and maintenance	367,156	15,171	-	15,171
Total Expenditures	8,824,517	8,052,313	$ 14,590,762	$ [6,538,449]
Receipts Over [Under] Expenditures	2,540,816	4,511,661		
Unencumbered Cash, Beginning	15,718,110	18,258,926		
Unencumbered Cash, Ending	$ 18,258,926	$ 22,770,587		

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Public Library Board Employee Benefits Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Revenue:				
Ad valorem property taxes	$ 962,101	$ 1,081,249	$ 1,028,616	$ 52,633
Delinquent tax	38,423	47,347	32,255	15,092
Motor vehicle tax	125,847	136,879	98,478	38,401
Revenue in lieu of taxes	12,257	12,254	-	12,254
Total Receipts	1,138,628	1,277,729	$ 1,159,349	$ 118,380
Expenditures				
Community service operations	1,169,222	1,149,826	$ 1,940,343	$ [790,517]
Total Expenditures	1,169,222	1,149,826	$ 1,940,343	$ [790,517]
Receipts Over [Under] Expenditures	[30,594]	127,903		
Unencumbered Cash, Beginning	1,115,777	1,085,183		
Unencumbered Cash, Ending	$ 1,085,183	$ 1,213,086		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures - Actual and Budget
Bond and Interest Fund
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over [Under]
Receipts				
Taxes and Shared Revenue:				
Ad valorem property taxes	$ 8,926,914	$ 8,328,918	$ 7,938,020	$ 390,898
Delinquent tax	225,263	373,471	301,838	71,633
Motor vehicle tax	746,803	988,435	694,386	294,049
Revenue in lieu of taxes	111,236	91,307	-	91,307
Transfer in	5,000,000	-	-	-
State aid	12,378,587	11,667,414	11,667,414	-
Total Receipts	27,388,803	21,449,545	$ 20,601,658	$ 847,887
Expenditures				
Bond principal	9,705,000	11,105,000	$ 11,105,000	$ -
Interest	12,068,495	9,620,099	9,624,192	[4,093]
Total Expenditures	21,773,495	20,725,099	$ 20,729,192	$ [4,093]
Receipts Over [Under] Expenditures	5,615,308	724,446		
Unencumbered Cash, Beginning	3,595,558	9,210,866		
Unencumbered Cash, Ending	$ 9,210,866	$ 9,935,312		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures
Capital Projects Fund*
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Investment income	$ 2,515,082	$ 472,366
Reimbursements	3,995,429	26,969
Bond proceeds	162,015,000	-
Total Receipts	168,525,511	499,335
Expenditures		
Capital outlay	86,101,017	32,532,245
Debt service		
Principal	122,360,000	-
Interest	31,772,751	-
Transfer out	5,000,000	-
Total Expenditures	245,233,768	32,532,245
Receipts Over [Under] Expenditures	[76,708,257]	[32,032,910]
Unencumbered Cash, Beginning	129,850,036	53,141,779
Unencumbered Cash, Ending	$ 53,141,779	$ 21,108,869

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts and Expenditures
School Workers' Compensation Reserve Fund *
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Investment income	$ 89,407	$ 28,366
Total Receipts	89,407	28,366
Expenditures		
General administration	1,200,397	1,671,569
Total Expenditures	1,200,397	1,671,569
Receipts Over [Under] Expenditures	[1,110,990]	[1,643,203]
Unencumbered Cash, Beginning	6,170,084	5,059,094
Unencumbered Cash, Ending	$ 5,059,094	$ 3,415,891

* This fund is not required to be budgeted.

SCHEDULE 3

UNIFIED SCHOOL DISTRICT NO. 500
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2021

FUNDS	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
High Schools				
Clubs and Societies	$ 587,925	$ 118,368	$ 210,208	$ 496,085
Total High Schools	587,925	118,368	210,208	496,085
District				
QZAB Escrow	668,857	832,807	1,501,664	-
Healthcare Reserve	4,920,209	-	-	4,920,209
Total District	5,589,066	832,807	1,501,664	4,920,209
Middle Schools				
Clubs and Societies	285,005	47,814	86,214	246,605
Total Middle Schools	285,005	47,814	86,214	246,605
Elementary Schools				
Clubs and Societies	268,038	-	16,055	251,983
Total Elementary Schools	268,038	-	16,055	251,983
Total Agency Funds	$ 6,730,034	$ 998,989	$ 1,814,141	$ 5,914,882

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts, Expenditures, and Unencumbered Cash
Private Purpose Trust Fund
Regulatory Basis
For the Year Ended June 30, 2021

FUNDS	Beginning Unencumbered Cash Balance	Receipts	Disbursements	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Virginia Schinkle Scholarship Fund	$ 5,551	$ 6	$ -	$ 5,557	$ -	$ 5,557

SCHEDULE 5

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Receipts, Expenditures, and Unencumbered Cash
District Activity Fund
Regulatory Basis
For the Year Ended June 30, 2021

FUNDS	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
District Activity Fund	$ 95,708	$ -	$ 28,671	$ 8,646	$ 115,733	$ -	$ 115,733

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Treasury			
Passed Through State Department of Education			
COVID-19 - Coronavirus Relief - KDHE	21.019		599
Passed Through Unified Government			
COVID-19 - Cares Act Aware WYCO	21.019		580,000
Total U.S. Department of Treasury			580,599
U.S. Department of Education			
Passed Through Kansas State Department of Education			
Special Education (IDEA) Cluster			
Special Education Grants to States	84.027	H027A200031 20E & H027A190031 19E	$ 4,625,862
Special Education Preschool Grants	84.173	H173A200034 20E	217,213
Total Special Education (IDEA) Cluster			4,843,075
Title I Grants to Local Educational Agencies	84.010	S010A190016 19E & S010A200016 20E	9,938,881
Migrant Education State Grant Program	84.011	S011A200016 20E	535,897
Vocational Education Basic Grants to States	84.048	V048A190016 19E	455,661
Education for Homeless Children and Youth	84.196	S196A190017 19E	108,968
Twenty First Century Community Learning Centers	84.287	S287C190016 19E	46,272
English Language Acquisition Grant	84.365	S365A200016 20E	634,741
Improving Teacher Quality State Grants	84.367	S367A200015 20E	1,307,586
Student Support Academic Enrichment	84.424	S424A200017 20E	454,273
COVID-19 - ESSER I COVID-19 Coronavirus	84.425	S425D200002 02E	7,347,520
Total Passed Through Kansas State Department of Education			25,672,874
Total U.S. Department of Education			25,672,874
U.S. Department of Health and Human Services			
Head Start	93.600		5,187,482
Passed Through Kansas State Department of Education			
TANF Pre K pilot	93.558		92,989
Youth Risk Behavior Survey	93.938		2,973
Cooperative Agreements to Promote Adolescent Health	93.079	NU87PS004319-03	100
Total U.S. Department of Health and Human Services			5,283,544
U.S. Department of Agriculture			
Passed Through Kansas State Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555		860,716
Summer Food Service Program for Children	10.559		2,887,788
Total Child Nutrition Cluster			3,748,504
Child and Adult Care Food Program	10.558		199
Total U.S. Department of Agriculture			3,748,703
Total			$ 35,285,720

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 500
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. Organization

Kansas City, Kansas Public Schools Unified School District No. 500 (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the schedule of Expenditures of Federal Awards.

2. Basis of Presentation

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

3. Local Government Contributions

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

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2021.

UNIFIED SCHOOL DISTRICT NO. 500
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.425D	Elementary School Emergency Relief
84.367	Improving Teacher Quality State Grants
21.019	Coronavirus Relief

Dollar threshold used to distinguish between type A and type B programs:	$1,058,572
Auditee qualified as low-risk auditee?	___ Yes X No

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

None Noted

UNIFIED SCHOOL DISTRICT NO. 500
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

2020-001 Bank Reconciliation Procedures

Criteria:

Management is responsible for designing internal controls that are sufficient to ensure that bank accounts are reconciled timely. Timely reconciliation of the District's bank accounts is an important part of maintaining effective internal controls over the District's activities.

Condition:

June 30, 2020 bank reconciliations had not been completed for two schools.

Cause:

Management indicated that turnover in the Treasurer position caused the reconciliations to not be performed.

Effect:

Cash balances could be materially misstated.

Recommendation:

We recommend that management review policies and procedures to ensure that bank reconciliations are performed timely for all bank accounts.

Current Year Status:

Implemented

AGH
CPAs & ADVISORS

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

Board of Education
Unified School District No. 500
Kansas City, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting, the financial statements of the Kansas City, Kansas Public Schools Unified School District No. 500, (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 21, 2021.

Internal Control Over Financial Reporting

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

A *deficiency in internal controls* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

December 21, 2021
Overland Park, KS

AGH CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Education
Unified School District No. 500
Kansas City, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Kansas City, Kansas Public Schools Unified School District No. 500 (the District) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal financial 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 the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Kansas Municipal Audit and Accounting Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over

compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of the 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 the internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 21, 2021
Overland Park, KS