USD 430 - SOUTH BROWN COUNTY

Horton, Kansas

FINANCIAL STATEMENT

WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

June 30, 2023

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
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September 12, 2023

Board of Education
USD 430 - South Brown County
Horton, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of USD 430 - South Brown County (the District), as of and for the year ended June 30, 2023 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2023, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2023, 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* (KMAAG) described in Note A.

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), KMAAG and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to the Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note A of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the KMAAG, 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of the financial statement in accordance with KMAAG as described in Note A; this includes determining 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 financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

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

Supplementary Information
We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated October 20, 2022, which contained an unmodified opinion on the basic financial statement. The 2022 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/oar/municipal-services. The 2023 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2023 (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 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 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 2022 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, 2023, on the basis of accounting described in Note A.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance
Our audit was performed for the purpose of forming an opinion on the regulatory basis financial statement of the District, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statement as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2023, 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 to describe the scope of our testing of 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.

Varney & Associates, CPAs, LLC

Certified Pubic Accountants
Manhattan, Kansas

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Funds							
General	$ -	$ -	$ 5,106,715	$ 5,106,715	$ -	$ -	$ -
Supplemental General	119,249	-	1,698,103	1,685,346	132,006	7,190	139,196
Special Purpose Funds							
Budgeted							
At-Risk (Pre-K)	196	-	60,000	55,333	4,863	-	4,863
At-Risk (K-12)	-	-	1,634,092	1,634,092	-	-	-
Bilingual Education	-	-	2,697	2,697	-	-	-
Capital Outlay	640,107	-	318,444	403,244	555,307	32,190	587,497
Driver Training	2,938	-	7,511	7,022	3,427	-	3,427
Food Service	247,826	-	417,245	314,515	350,556	-	350,556
Special Education	108,661	-	962,976	980,273	91,364	-	91,364
Vocational Education	69,051	-	300,000	314,077	54,974	7,579	62,553
KPERS Special Retirement Contribution	-	-	632,418	632,418	-	-	-
Bond and Interest Fund							
Bond and Interest	9,159	-	476,892	197,055	288,996	-	288,996
Non-Budgeted							
Carl Perkins Fund	(804)	-	4,025	6,779	(3,558)	-	(3,558)
Contingency Reserve	454,513	-	-	-	454,513	-	454,513
Textbook Rental	34,141	-	20,437	6,944	47,634	3,819	51,453
Title I - Low Income	-	-	170,925	170,925	-	-	-
Title II-A Improve Teacher Quality	-	-	29,862	29,862	-	-	-
Title IVA	-	-	18,682	18,682	-	-	-
Title VI	-	-	25,222	25,222	-	-	-
P.L. 81-874	90,569	-	209,286	295,284	4,571	8,100	12,671
Johnson O'Malley	3,370	-	15,354	14,616	4,108	-	4,108
ESSER III	(11,513)	-	866,089	911,489	(56,913)	2,360	(54,553)
SRSA	-	-	12,003	12,003	-	-	-
Trust Fund	(1,045)	-	33,441	25,503	6,893	7,444	14,337
Bond Construction	2,776,272	-	-	2,309,391	466,881	-	466,881
JOM	1,558	-	-	1,558	-	-	-
EMINTS	1,243	-	21,297	22,540	-	-	-
KDHE	(757)	-	4,757	181,994	(177,994)	-	(177,994)
ESSER II	(53,001)	-	53,001	-	-	-	-
District activity funds	61,297	-	193,710	182,868	72,139	(12,289)	59,850
Total Reporting Entity (Excluding Agency Funds)	$ 4,553,030	$ -	$ 13,295,184	$ 15,548,447	$ 2,299,767	$ 56,393	$ 2,356,160

Composition of Cash	
Bank deposits - Non-interest bearing	$ 1,404,124
Bank deposits - Interest bearing	1,000,000
Total Cash	$ 2,404,124
Less: Agency funds per Schedule 3	(47,964)
Total Reporting Entity (Excluding Agency Funds)	$ 2,356,160

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report.

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2023

Note A: Summary of Significant Accounting Policies

USD 430 South Brown County (the District) is a municipal corporation governed by an elected seven member board. The financial statement includes the District only.

Regulatory Basis Fund Types

The accounts of the District are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The District could have the following types of funds:

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

Special Purpose 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.

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

Trust Fund -- funds used to report assets held in trust for the benefit of the municipal financial reporting entity.

Agency fund -- used to report assets held by the District in a purely custodial capacity.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United State 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 of application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Use of Estimates

The preparation of a financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note B: 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. 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 twelve month period on or before August 1st of each year.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget.
3. Public hearing at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th.

The 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.

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.

Adjustment to Comply with Legal Max - Unified school districts use this line item (for use in the budget column only) to adjust the certified budget to comply with the "Legal Max" budget. The State Board of Education calculates the "Legal Max" budget using enrollment figures. The District's budgeted expenditures are limited to the lower of the published budget or the "Legal Max" budget.

Adjustment for Qualifying Budget Credits - Districts may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

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

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

Carl Perkins Grant	Title VI	Trust
Contingency Reserve	P.L. 81-874	JOM
Textbook Rental	Johnson O'Malley	ESSER II
Title I - Low Income	ESSER III	KDHE
Title II-A Improve Teacher Quality	SRSA	Bond Construction
Title IVA	EMINTS	

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

Note C: Deposits and Investments

K.S.A. 9-1401 established 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 or depository risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policies 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. K.S.A. 9-1402 and 9-1405 require the District's deposits in a financial institution 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%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2023.

At June 30, 2023, the carrying amount of the District's cash and certificates was $2,404,124. The bank balance was $2,291,559. The difference between carrying amount and bank balance is outstanding checks and deposits. The bank balance was held by three banks resulting in a concentration of deposit risk. Of the bank balance, $606,439 was secured by FDIC insurance and the remaining $1,685,120 was collateralized by bank pledged securities with a fair market value of $4,573,473.

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.

Note D: Interfund Transfers

The District made the following operating transfers during the year. The transfers were approved by the Board of Education.

Fund From	Fund To	Statutory Authority	Amount
General fund	Special Education	K.S.A. 72-5167	$ 761,956
General fund	At Risk (K-12)	K.S.A. 72-5167	1,232,327
Supplemental	Driver Training	K.S.A. 72-5143	1,000
Supplemental	Bilingual Education	K.S.A. 72-5143	2,697
Supplemental	At Risk (Pre-K)	K.S.A. 72-5143	60,000
Supplemental	Special Education	K.S.A. 72-5143	200,000
Supplemental	Vocational Education	K.S.A. 72-5143	300,000
Supplemental	At Risk (K-12)	K.S.A. 72-5143	401,765
Total Transfers			$ 2,959,745

Note E: Other Long-Term Obligations from Operations

Other Post Employment Benefits

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

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

Compensated Absences & Termination Benefits

No payment is made for unused vacation or sick time upon employee retirement or termination.

The District will cover for eligible retirees the cost of the retiree's health premiums under the District's health insurance policy. Payments for retired employees under this plan were $33,244 for the year ended June 30, 2023.

Note F: Pension Plans

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 14.20% and 13.33%, respectively, for the fiscal year ended June 30, 2022. The actuarially determined employer contribution rate and the statutory contribution rate was 13.88% and 13.11% for the fiscal year ended June 30, 2023.

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

Note F: Pension Plans (Continued)

Defined Benefit Pension Plan (Continued)

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

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred to KPERS. In Fiscal Year 2023, Senate Bill 421 authorizes two additional transfers which total $271 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 $632,418 for the year ended June 30, 2023.

Net Pension Liability: At June 30, 2023, the District's proportionate share of the collective net pension liability reported by KPERS was $6,323,402. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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, 2022. 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 G: 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 statement of the District at June 30, 2023.

Note H: Subsequent Events

The District evaluated subsequent events through September 12, 2023, the date the financial statement was available to be issued.

Note I: Compliance with Finance-Related Legal and Contractual Provisions

Per K.S.A. 79-2935, expenditures, including encumbrances, in any lawfully budgeted fund should not exceed the adopted budget of expenditures plus reimbursements (budget credits) of current year expenditures for such fund for the budget year. For the year ended June 30, 2023, the Preschool-Aged At-Risk and K-12 At-Risk expenditures exceeded the adopted budget.

Note J: Stewardship, Compliance and Accountability

Funds with a Deficit Unencumbered Cash Balance - Generally, districts are required by K.S.A. 10-1113 to limit fund expenditures to the available monies in that fund. K.S.A. 12-1664 provides an exception for those funds which are to be financed by Federal government sources. This exception allows these funds to expend in excess of currently available resources with the expectation that the District will be reimbursed for qualifying grant expenditures.

The following funds had a deficit balance of unencumbered cash as of June 30, 2023: ESSER III, Carl Perkins and KDHE Grant. These funds are financed by State and Federal funding and the District is expecting reimbursement of qualifying grant expenditures.

Note K: General Obligation Bonds - Capital Projects

The series 2022 issue provided necessary financing for capital projects of the District. This debt was issued with original principal of $7,000,000. Total cost of issuance/bond fee is $112,500. Total interest on the debt will be $1,950,917. Current maturities of long-term debt and interest for the next five years and total outstanding debt obligations beyond five years are outlined in Note L.

Note K: General Obligation Bonds - Capital Projects (Continued)

During 2022, the District issued GO Bond Series 2022 in order to finance the following capital projects:

Project Name	Budget	FY22 Actual Expenditures	FY23 Actual Expenditures	Project to Date Actual Expenditures
DISTRICT OFFICE				
Additional bond funds after fees	$ 117,253	$ -	$ 63	$ 63
New gutter and under ground drain system	37,500	-	219,438	219,438
Replace front sidewalk and parking	22,175	-	-	-
Added security	2,860	11,250	8,930	20,180
HIGH SCHOOL				
Re-work all outside hand rails	113,000	-	-	-
Concrete Repairs	38,000	-	90,000	90,000
New HVAC	1,400,000	983,577	607,733	1,591,310
New windows and doors	767,700	511,974	317,898	829,872
Added security	51,035	11,250	32,857	44,107
Exterior restoration	81,000	1,758	63,198	64,956
ACTIVITY CENTER				
Replace east, west store front	69,375	-	-	-
Add security	31,522	-	-	-
Exterior restoration	71,875	1,483	61,198	62,681
Track Repair	-	-	5,200	5,200
MIDDLE SCHOOL				
New HVAC (includes IT room)	1,430,000	1,042,388	260,116	1,302,504
Exterior windows and doors	375,625	150,100	81,945	232,045
Concrete at main and gym entry and drainage	77,600	-	90,000	90,000
Interior 11 doors (fire rated) (Gym Doors)	61,000	40,000	40,472	80,472
Add security	49,547	11,250	27,263	38,513
Re-work loading dock	23,331	-	-	-
Exterior restoration	74,625	1,538	61,198	62,736
Interior Paint	-	-	6,377	6,377
ELEMENTARY SCHOOL				
Repair sidewalks	64,400	-	-	-
Windows and doors	213,218	107,226	57,294	164,520
Roof, gutter and down spouts	560,000	411,947	45,773	457,720
HVAC	1,266,000	1,057,074	142,097	1,199,171
Re-work concrete loading dock	44,322	-	-	-
Security	40,165	11,250	29,143	40,393
Exterior restoration	34,125	714	61,198	61,912
	$ 7,117,253	$ 4,354,779	$ 2,309,391	$ 6,664,170

Note L: Long-Term Debt

Changes in long-term liabilities for the District for the year were as follows:

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Changes	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2022	2-4%	1/27/22	$ 7,000,000	9/1/42	$ 7,000,000	$ -	$ -	$ -	$ 7,000,000	$ 197,055

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

	2024	2025	2026	2027	2028	2029-2033	2034-2038	2039-2043	Total
Principal									
General Obligation - Bonds									
Series 2022	$ 100,000	$ 270,000	$ 280,000	$ 290,000	$ 305,000	$ 1,690,000	$ 1,905,000	$ 2,160,000	$ 7,000,000
Interest									
General Obligation - Bonds									
Series 2022	$ 178,050	$ 170,650	$ 159,650	$ 148,250	$ 136,350	$ 517,300	$ 324,300	$ 119,313	$ 1,753,863
TOTAL PRINCIPAL AND INTEREST	$ 278,050	$ 440,650	$ 439,650	$ 438,250	$ 441,350	$ 2,207,300	$ 2,229,300	$ 2,279,313	$ 8,753,863

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2023

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General Funds						
General	$ 5,428,974	$ (322,259)	$ -	$ 5,106,715	$ 5,106,715	$ -
Supplemental General	1,743,444	(58,098)	-	1,685,346	1,685,346	-
Special Purpose Funds						
At-Risk (Pre-K)	50,196	-	-	50,196	55,333	5,137
At-Risk (K-12)	1,174,570	-	-	1,174,570	1,634,092	459,522
Bilingual	9,207	-	-	9,207	2,697	(6,510)
Capital Outlay	869,248	-	-	869,248	403,244	(466,004)
Driver Training	15,313	-	-	15,313	7,022	(8,291)
Food Service	534,891	-	-	534,891	314,515	(220,376)
Special Education	1,123,661	-	-	1,123,661	-	(1,123,661)
Vocational Education	369,051	-	-	369,051	314,077	(54,974)
KPERS Special Retirement Contribution	688,760	-	-	688,760	632,418	(56,342)
Bond and Interest Fund						
Bond and Interest	197,055	-	-	197,055	-	(197,055)
Total of all Funds	$ 12,204,370	$ (380,357)	$ -	$ 11,824,013	$ 10,155,459	$ (1,668,554)

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
State Sources				
General state aid	$ 4,329,267	$ 4,544,759	$ 4,728,974	$ (184,215)
Special education aid	625,607	561,956	700,000	(138,044)
Federal Sources				
PL 382	50,251	-	-	-
Total Cash Receipts	$ 5,005,125	$ 5,106,715	$ 5,428,974	$ (322,259)
EXPENDITURES				
Instruction	$ 2,277,213	$ 1,428,881	$ 2,062,137	$ (633,256)
Student support services	81,912	234,913	251,919	(17,006)
Instructional support staff	152,873	230,613	131,797	98,816
General administration	371,978	316,811	356,624	(39,813)
School administration	505,219	498,477	487,487	10,990
Operations and maintenance	1,680	184,919	299,860	(114,941)
Student transportation	160,922	217,818	211,626	6,192
Transfers to other funds	1,453,328	1,994,283	1,627,524	366,759
Adjustment to comply with legal maximum	-	-	(322,259)	322,259
Total Expenditures	$ 5,005,125	$ 5,106,715	$ 5,106,715	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ -		
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	$ -	$ -		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Ad valorem taxes	$ 860,041	$ 923,922	$ 941,783	$ (17,861)
Delinquent taxes	10,421	18,035	11,203	6,832
County Sources				
Motor vehicle taxes	54,672	52,973	66,547	(13,574)
Recreational vehicle taxes	1,841	1,685	1,904	(219)
Commercial vehicle taxes	2,657	3,215	2,792	423
State Sources				
Supplemental state aid	684,803	698,273	722,309	(24,036)
Total Cash Receipts	$ 1,614,435	$ 1,698,103	$ 1,746,538	$ (48,435)
EXPENDITURES				
Instruction	$ 329,170	$ 111,699	$ 245,665	$ (133,966)
Student support services	3,272	4,053	6,050	(1,997)
Instructional support staff	7,870	11,334	9,400	1,934
General administration	139,686	154,279	156,700	(2,421)
School administration	12,918	9,552	15,900	(6,348)
Operations and maintenance	297,116	302,092	290,326	11,766
Student transportation	113,697	126,875	108,150	18,725
Transfers to other funds	709,849	965,462	911,253	54,209
Adjustment to comply with legal maximum	-	-	(58,098)	58,098
Total Expenditures	$ 1,613,578	$ 1,685,346	$ 1,685,346	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 857	$ 12,757		
UNENCUMBERED CASH - BEGINNING	118,392	119,249		
UNENCUMBERED CASH - ENDING	$ 119,249	$ 132,006		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
AT RISK (PRE-K) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Other Sources				
Transfers from other funds	$ 30,900	$ 60,000	$ 50,000	$ 10,000
EXPENDITURES				
Instruction	30,714	55,333	$ 50,196	$ 5,137
RECEIPTS OVER (UNDER) EXPENDITURES	$ 186	$ 4,667		
UNENCUMBERED CASH - BEGINNING	10	196		
UNENCUMBERED CASH - ENDING	$ 196	$ 4,863		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
AT RISK (K-12) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Other Sources				
Transfers from other funds	$ 796,482	$ 1,634,092	$ 1,174,570	$ 459,522
EXPENDITURES				
Instruction	$ 796,482	$ 1,634,092	$ 1,174,570	$ 459,522
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ -		
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	$ -	$ -		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
BILINGUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Other Sources				
Transfers from other funds	$ 2,260	$ 2,697	$ 9,207	$ (6,510)
EXPENDITURES				
Instruction	$ 2,260	$ 2,697	$ 9,207	$ (6,510)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ -		
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	$ -	$ -		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
CAPITAL OUTLAY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Ad valorem taxes	$ 122,797	$ 131,319	$ 117,057	$ 14,262
Delinquent taxes	1,449	2,577	1,591	986
Interest on idle funds	13,130	68,046	12,000	56,046
Other	64,078	63,599	50,000	13,599
County Sources				
Motor vehicle taxes	8,972	8,517	10,134	(1,617)
Recreational vehicle taxes	290	254	290	(36)
Commercial vehicle taxes	-	-	425	(425)
State Sources				
State aid	29,020	44,132	44,479	(347)
Total Cash Receipts	$ 239,736	$ 318,444	$ 235,976	$ 82,468
EXPENDITURES				
Instruction	$ 706	$ 908	$ 13,046	$ (12,138)
Student support services	1,065	38,683	15,000	23,683
Instructional support staff	-	-	10,000	(10,000)
School administration	1,223.00	800	50,000	(49,200)
Operations and maintenance	363,853	219,571	374,500	(154,929)
Student transportation	187,380	111,835	175,000	(63,165)
Facility acquisition and construction	42,229	31,447	231,702	(200,255)
Total Expenditures	$ 596,456	$ 403,244	$ 869,248	$ (466,004)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (356,720)	$ (84,800)		
UNENCUMBERED CASH - BEGINNING	996,827	640,107		
UNENCUMBERED CASH - ENDING	$ 640,107	$ 555,307		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Other	$ 4,800	$ 3,151	$ 4,000	$ (849)
State Sources				
State safety aid	3,050	3,360	3,375	(15)
Other Sources				
Transfers from other funds	-	1,000	5,000	(4,000)
Total Cash Receipts	$ 7,850	$ 7,511	$ 12,375	$ (4,864)
EXPENDITURES				
Instruction	$ 8,959	$ 5,639	$ 11,263	$ (5,624)
Operations and maintenance	2,030	1,383	4,050	(2,667)
Total Expenditures	$ 10,989	$ 7,022	$ 15,313	$ (8,291)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (3,139)	$ 489		
UNENCUMBERED CASH - BEGINNING	6,077	2,938		
UNENCUMBERED CASH - ENDING	$ 2,938	$ 3,427		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Food service sales	$ 24,115	$ 96,082	$ 51,973	$ 44,109
State Sources				
School food assistance	510	2,865	2,106	759
Federal Sources				
Child nutrition programs	423,232	318,298	232,986	85,312
Total Cash Receipts	$ 447,857	$ 417,245	$ 287,065	$ 130,180
EXPENDITURES				
Food service	$ 390,052	$ 314,515	$ 534,891	$ (220,376)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 57,805	$ 102,730		
UNENCUMBERED CASH - BEGINNING	190,021	247,826		
UNENCUMBERED CASH - ENDING	$ 247,826	$ 350,556		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS				
Federal Sources				
Federal Aid	$ 60,452	$ 1,020	$ 15,000	$ (13,980)
Other Sources				
Transfers from other funds	1,025,607	961,956	1,000,000	(38,044)
Total Cash Receipts	$ 1,086,059	$ 962,976	$ 1,015,000	$ (52,024)
EXPENDITURES				
Instruction	$ 1,071,993	$ 980,273	$ 1,123,661	$ (143,388)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 14,066	$ (17,297)		
UNENCUMBERED CASH - BEGINNING	94,595	108,661		
UNENCUMBERED CASH - ENDING	$ 108,661	$ 91,364		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
VOCATIONAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Other	$ 74,224	$ -	$ -	$ -
Other Sources				
Transfers from other funds	303,228	300,000	300,000	-
Total Cash Receipts	$ 377,452	$ 300,000	$ 300,000	$ -
EXPENDITURES				
Instruction	$ 309,849	$ 314,077	$ 359,051	$ (44,974)
Student transportation	-	-	10,000	(10,000)
Total Expenditures	$ 309,849	$ 314,077	$ 369,051	$ (54,974)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 67,603	$ (14,077)		
UNENCUMBERED CASH - BEGINNING	1,448	69,051		
UNENCUMBERED CASH - ENDING	$ 69,051	$ 54,974		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
State Sources				
State Aid	$ 637,741	$ 632,418	$ 688,760	$ (56,342)
EXPENDITURES				
Instruction	$ 411,343	$ 407,909	$ 425,500	$ (17,591)
Student support services	35,714	35,415	40,000	(4,585)
Instructional support staff	35,076	34,784	39,260	(4,476)
General administration	22,321	22,135	30,000	(7,865)
School administration	55,483	55,020	65,000	(9,980)
Operations and maintenance	35,713	35,415	40,000	(4,585)
Student transportation	21,683	21,503	25,000	(3,497)
Food service	20,408	20,237	24,000	(3,763)
Total Expenditures	$ 637,741	$ 632,418	$ 688,760	$ (56,342)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ -		
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	$ -	$ -		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023
With Comparative Actual Totals For The Prior Year Ended June 30, 2022

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Ad valorem taxes	$ -	$ 460,730	$ 410,190	$ 50,540
Delinquent tax	7,505	16,162	-	16,162
Total Cash Receipts	$ 7,505	$ 476,892	$ 410,190	$ 66,702
EXPENDITURES				
Interest	$ -	$ 197,055	$ 197,055	$ -
Bond fees	358	-	-	-
Total Expenditures	$ 358	$ 197,055	$ 197,055	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 7,147	$ 16,162		
UNENCUMBERED CASH - BEGINNING	2,012	9,159		
UNENCUMBERED CASH - ENDING	$ 9,159	$ 25,321		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
NON-BUDGETED FUNDS
For the Year Ended June 30, 2023

	Carl Perkins Grant	Contingency Reserve	Textbook Rental	Title I Low Income	Title II-A Improve Teacher Quality	Title IVA
RECEIPTS						
Local Sources						
Student activities	$ -	$ -	$ 6,904	$ -	$ -	$ -
Other	4,025	-	13,533	-	-	-
Federal Sources						
Federal Aid	-	-	-	170,925	29,862	18,682
Total Receipts	$ 4,025	$ -	$ 20,437	$ 170,925	$ 29,862	$ 18,682
EXPENDITURES						
Instruction	$ 6,779	$ -	$ 804	$ 170,244	$ 29,862	$ 18,682
Support						
Student support services	-	-	-	681	-	-
Instructional support staff	-	-	6,140	-	-	-
Total Expenditures	$ 6,779	$ -	$ 6,944	$ 170,925	$ 29,862	$ 18,682
RECEIPTS OVER (UNDER) EXPENDITURES	$ (2,754)	$ -	$ 13,493	$ -	$ -	$ -
UNENCUMBERED CASH - BEGINNING	(804)	454,513	34,141	-	-	-
UNENCUMBERED CASH - ENDING	$ (3,558)	$ 454,513	$ 47,634	$ -	$ -	$ -

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
NON-BUDGETED FUNDS (CONTINUED)
For the Year Ended June 30, 2023

	Title VI	P.L. 81-874	Johnson O'Malley	ESSER III	SRSA	Trust
RECEIPTS						
Local Sources						
Other	$ -	$ -	$ -	$ -	$ -	$ 28,781
State Sources						
State aid	25,222	-	-	-	12,003	2,487
Federal Sources						
Federal Aid	-	209,286	15,354	866,089	-	2,173
Total Receipts	$ 25,222	$ 209,286	$ 15,354	$ 866,089	$ 12,003	$ 33,441
EXPENDITURES						
Instruction	$ 25,222	$ 249,915	$ 14,616	307,849	$ 12,003	$ 24,737
Support						
Equipment/Building Improvements	-	-	-	592,642	-	-
Student support services	-	44,719	-	2,531	-	766
General administration	-	-	-	8,467	-	-
Total Expenditures	$ 25,222	$ 295,284	$ 14,616	$ 911,489	$ 12,003	$ 25,503
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ (85,998)	$ 738	$ (45,400)	$ -	$ 7,938
UNENCUMBERED CASH - BEGINNING	-	90,569	3,370	(11,513)	-	(1,045)
UNENCUMBERED CASH - ENDING	$ -	$ 4,571	$ 4,108	$ (56,913)	$ -	$ 6,893

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
NON-BUDGETED FUNDS (CONTINUED)
For the Year Ended June 30, 2023

	ESSER II	Bond Construction	JOM	EMINTS	KDHE
RECEIPTS					
Local Sources					
Bond Proceeds	$ -	$ -	$ -	$ -	$ -
Grant Sources					
Grants	-	-	-	21,297	4,757
Federal Sources					
Federal Aid	53,001	-	-	-	-
Total Receipts	$ 53,001	$ -	$ -	$ 21,297	$ 4,757
EXPENDITURES					
Instruction	$ -	$ -	$ 1,558	$ -	2,000
Support					
Bond Fees	-	63	-	-	-
General administration	-	-	-	22,540	179,994
Construction	-	2,309,328	-	-	-
Total Expenditures	$ -	$ 2,309,391	$ 1,558	$ 22,540	$ 181,994
RECEIPTS OVER (UNDER) EXPENDITURES	$ 53,001	$ (2,309,391)	$ (1,558)	$ (1,243)	$ (177,237)
UNENCUMBERED CASH - BEGINNING	(53,001)	2,776,272	1,558	1,243	(757)
UNENCUMBERED CASH - ENDING	$ -	$ 466,881	$ -	$ -	$ (177,994)

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended June 30, 2023

	Balance July 1, 2022	Cash Receipts	Cash Disbursements	Balance June 30, 2023
Student Organization Funds				
Middle School Funds				
Everest Middle School	$ 2,012	$ 9,677	$ 11,559	$ 130
High School Funds				
Horton High School	38,641	99,784	94,532	43,893
Other				
Elementary School Funds				
Sales tax	(119)	(51)	-	(170)
Middle School Funds				
Sales tax	1,481	1,296	114	2,663
High School Funds				
Sales tax	760	688	-	1,448
Total Agency Funds	$ 42,775	$ 111,394	$ 106,205	$ 47,964

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2023

	Balance July 1, 2022	Cash Receipts	Expenditures	Ending Unencumbered Cash	Add Encumbrances and Accounts Payable	Balance June 30, 2023
Gate Receipts						
Everest Middle School						
Athletic	$ 4,860	$ 5,787	$ 5,301	$ 5,346	$ -	$ 5,346
Horton High School						
Athletic	2,821	37,391	34,841	5,371	-	5,371
Total Gate Receipts	$ 7,681	$ 43,178	$ 40,142	$ 10,717	$ -	$ 10,717
School Projects						
Horton Elementary School	$ 21,304	$ 14,085	$ 14,267	$ 21,122	$ -	$ 21,122
Everest Middle School	9,635	28,665	24,469	13,831	-	13,831
Horton High School	22,677	107,782	103,990	26,469	(12,289)	14,180
Total School Projects	$ 53,616	$ 150,532	$ 142,726	$ 61,422	$ (12,289)	$ 49,133
Total District Activity Funds	$ 61,297	$ 193,710	$ 182,868	$ 72,139	$ (12,289)	$ 59,850

VARNEY
& ASSOCIATES, CPAs, LLC

September 12, 2023

Board of Education
USD 430 - South Brown County
Horton, Kansas

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of USD 430 - South Brown County (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated September 12, 2023.

Internal Control over Financial Reporting

In planning and performing our audit, 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 opinion on the financial statement, 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 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of control deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

VARNEY
& ASSOCIATES, CPAs, LLC

September 12, 2023

Board of Education
USD 430 - South Brown County
Horton, Kansas

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With The Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the compliance of USD 430 - South Brown County (the District) with the types of compliance requirements described in the U.S. *Office of Management and Budget (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, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 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). 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 of 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, 2023.

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Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

This 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. According, this report is not suitable for any other purpose.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

SOUTH BROWN COUNTY UNIFIED SCHOOL DISTRICT NO. 430
Horton, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

	Assistance Listing		Pass-Thru Entity Identifying Number	Federal Award Expenditures	Subrecipient Expenditures
U.S. Department of Agriculture					
Passed through Kansas Department of Education					
Child Nutrition Cluster					
School Breakfast	10.553		D0430	$ 75,509	$ -
National School Lunch Program	10.555		D0430	206,760	-
Summer Food Service Program for Children	10.559		D0430	29,993	-
Total Child Nutrition Cluster				$ 312,262	$ -
Meal Costs	10.558		D0430	$ 6,036	$ -
Total U.S. Department of Agriculture				$ 318,298	$ -
U.S. Department of Education					
Passed through Kansas Department of Education					
Title I	84.010		D0430	$ 170,925	$ -
Title IIA Fund	84.367		D0430	29,862	-
Student Support & Academic Enrichment	84.424		D0430	18,682	-
Small, Rural School Achievement Program	84.358A		D0430	12,003	-
Career and Technical Education	84.048A		D0430	366	-
COVID-19 - Elementary and Secondary School Emergency Relief	84.425U	*	D0430	909,130	-
Total U.S. Department of Education				$ 1,140,968	$ -
U.S. Department of the Interior					
Indian Education Assistance to Schools	15.130		N/A	$ 15,354	$ -
U.S. Department of Defense					
Impact Aid	84.041		N/A	$ 295,284	$ -
U.S. Department of Health and Human Services					
Passed through Kansas Department of Education					
COVID-19 Testing Grant	93.323		D0430	$ 4,757	$ -
TANF - Early Learning Kansas	93.558		D0430	2,173	-
Total U.S. Department of Health and Human Services				$ 6,930	$ -
TOTAL FEDERAL ASSISTANCE				$ 1,776,834	$ -

* Major Program

NOTE A: BASIS OF PRESENTATION

This schedule is prepared on a basis of accounting that demonstrates compliance with the regulatory basis. Cash receipts are recognized when the cash balance of a fund is increased. Cash disbursements are recognized when the cash balance of a fund is decreased. Expenditures include disbursements, accounts payable and encumbrances. The information in this schedule is presented 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 (Uniform Guidance).

NOTE B: INDIRECT COST RATE

The District does not allocate indirect costs to its federal award program. Accordingly, use of the 10% de minimis indirect cost rate provisioned by the Uniform Guidance, Section 414, is not applicable.

NOTE C: NON-CASH ASSISTANCE, INSURANCE, AND LOANS

The District did not receive or expend any federal awards in the form of non-cash assistance, insurance, loans or loan guarantees, including interest subsidies during the year ended June 30, 2023.

USD 430 - SOUTH BROWN COUNTY
Abilene, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	___ Yes	_X_ None
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None reported
Noncompliance material to financial statements noted?	___ Yes	_X_ None

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	___ Yes	_X_ No
Significant deficiencies identified 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)	___ Yes	_X_ No

Identification of major programs:

Name of Federal Program	Assistance Number
COVID-19 - Elementary and Secondary School Emergency Relief	84.425U

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

NOTE: Beginning with the year ended June 30, 2016, the criteria for determination of low-risk auditee status changed by the U.S. Office of Management and Budget (OMB). Specifically, the regulatory basis of accounting prescribed by the State of Kansas does not meet the criteria established by OMB in the Uniform Grant Guidance (UGG). The District continues, however, to meet each of the other criteria for low-risk auditee status.

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.