UNIFIED SCHOOL DISTRICT NO. 323

St. George, Kansas

FINANCIAL STATEMENT

WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

June 30, 2022

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
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March 26, 2024

VARNEY
& ASSOCIATES, CPAs, LLC

Board of Education
Unified School District No. 323
St. George, 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 the Unified School District No. 323 (the District), as of and for the year ended June 30, 2022 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) described in Note 1.

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 1 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 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of the financial statement in accordance with KMAAG as described in Note 1; 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.

1501 Poyntz Avenue
Manhattan, KS 66502

785-537-2202 • fax 785-537-1877
http://www.varney.com

1020 Commercial St., Suite A
Emporia, KS 66801

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 1.

Other Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the District's basic financial statement. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2024 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.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2022

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Funds							
General	$ -	$ -	$ 9,141,241	$ 9,141,241	$ -	$ 376,945	$ 376,945
Supplemental General	90,445	-	2,798,340	2,780,358	108,427	234,600	343,027
Special Purpose Funds							
Federal Funds	(171,556)	-	537,580	400,630	(34,606)	7,966	(26,640)
Preschool-Aged At-Risk Fund	59,806	-	-	62,152	(2,346)	3,686	1,340
At-Risk (K-12) Fund	44,180	-	600,249	561,539	82,890	30,992	113,882
Bilingual Education Fund	5,581	-	25,000	-	30,581	-	30,581
Virtual Education Fund	-	-	25,000	25,000	-	-	-
Capital Outlay Fund	1,246,481	-	616,531	380,679	1,482,333	11,521	1,493,854
Food Service Fund	209,761	-	970,904	761,585	419,080	9,394	428,474
Professional Development Fund	32,120	-	25,900	54,469	3,551	1,190	4,741
Parent Education Fund	32,473	-	60,254	60,578	32,149	2,568	34,717
Special Education Fund	668,871	-	1,869,221	1,694,239	843,853	1,289	845,142
Career and Postsecondary Education Fund	335,199	-	255,000	384,074	206,125	23,627	229,752
KPERS Special Retirement Contribution Fund	-	-	984,326	984,326	-	-	-
Gifts and Grants Fund	16,180	-	83,385	91,786	7,779	771	8,550
Contingency Reserve Fund	562,728	-	-	35,736	526,992	-	526,992
Student Material Revolving/Textbook Rent Fund	43,812	-	62,239	69,232	36,819	8,903	45,722
District Activity Funds	11,154		68,666	69,670	10,150	-	10,150
Capital Improvement Fund	875,984	-	2,267	138,521	739,730	35,484	775,214
Bond and Interest Fund	2,416,539	-	2,456,588	2,341,417	2,531,710	-	2,531,710
Total Reporting Entity (Excluding Agency Funds)	$ 6,479,758	$ -	$ 20,582,691	$ 20,037,232	$ 7,025,217	$ 748,936	$ 7,774,153

Composition of Cash	
Checking Accounts	$ 6,982,403
Money Market Accounts	938,386
Total Cash	$ 7,920,789
Less: Agency funds per Schedule 3	(146,636)
Total Reporting Entity (Excluding Agency Funds)	$ 7,774,153

STATEMENT 1

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

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 323 (the District) is a municipal corporation governed by an elected seven-member board organized under the laws of the State of Kansas to provide a system of education to elementary and high school students who reside within the designated district area.

Fund Accounting

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 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 out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds were utilized in recording the financial activities of the District for the year ended June 30, 2022.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the District:

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, 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.

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.).

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

The 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 individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

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

Student Material/Textbook Rent Fund Gift and Grants Fund
Contingency Reserve Fund

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 2: Use of Estimates

The preparation of the financial statement in compliance with the regulatory basis requires management to make estimates and assumptions that affect the reported amounts of encumbrances at the date of the financial statement and the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

Note 3: Deposits and Investments

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

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of 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.

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

Custodial credit risk - deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District did not have a peak period pledge agreement during the year ended June 30, 2022, and therefore the District did not designate peak periods.

At June 30, 2022, the District's carrying amount of deposits was $7,920,789 and the bank balance was $8,171,145. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $7,466,989 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name, with the remaining balance being under-secured at year-end.

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 4: Substance Receipt in Transit

The District received $480,799 subsequent to June 30, 2022 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

Note 5: Long-Term Debt

Long-term liabilities for the District for the year ended June 30, 2022, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning of Year	Additions	Reductions/ Payments	End of Year	Interest Paid
General Obligation Bonds									
Series 2012	3.00%	07/11/2012	$ -	09/01/2032	$ 4,420,000	$ -	$ -	$ 4,420,000	$ 132,600
Series 2013	2.0 to 2.5%	04/01/2013	-	09/01/2027	6,865,000	-	825,000	6,040,000	145,260
Series 2018	3.00% to 4.00%	03/01/2018	-	09/01/2042	30,610,000	-	85,000	30,525,000	1,153,556
Finance Lease									
Energy Equipment	3.74%	10/21/2010	-	09/01/2025	863,704	-	160,294	703,410	32,303
Total Long-Term Debt					$ 42,758,704	$ -	$ 1,070,294	$ 41,688,410	$ 1,463,719

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

Principal	**2023**	**2024**	**2025**	**2026**	**2027**	**2028 - 2032**	**2033 - 2037**	**2038 - 2042**	**2043 - 2047**	**Total**
Series 2012	$ -	$ -	$ -	$ -	$ -	$ 3,410,000	$ 1,010,000	$ -	$ -	$ 4,420,000
Series 2013	875,000	925,000	975,000	1,025,000	1,090,000	1,150,000	-	-	-	6,040,000
Series 2018	135,000	195,000	260,000	330,000	400,000	4,060,000	9,045,000	13,030,000	3,070,000	30,525,000
Energy Equipment	166,289	172,508	178,960	185,653	-	-	-	-	-	703,410
Total Principal	$ 1,176,289	$ 1,292,508	$ 1,413,960	$ 1,540,653	$ 1,490,000	$ 8,620,000	$ 10,055,000	$ 13,030,000	$ 3,070,000	$ 41,688,410
Interest										
Series 2012	$ 132,600	$ 132,600	$ 132,600	$ 132,600	$ 132,600	$ 663,000	$ 132,600	$ -	$ -	$ 1,458,600
Series 2013	128,260	110,260	90,773	67,723	41,830	14,375	-	-	-	453,221
Series 2018	1,148,906	1,140,656	1,129,281	1,114,531	1,096,281	5,047,005	3,800,149	1,764,179	55,644	16,296,632
Energy Equipment	26,308	20,088	13,637	6,943	-	-	-	-	-	66,976
Total Interest	$ 1,436,074	$ 1,403,604	$ 1,366,291	$ 1,321,797	$ 1,270,711	$ 5,724,380	$ 3,932,749	$ 1,764,179	$ 55,644	$ 18,275,429

Note 6: Interfund Transactions

The District made the following operating transfers during fiscal year ended June 30, 2022. The transfers were approved by the Board of Education.

Fund From	Fund To	Statutory Authority	Amount
General	Special Education	K.S.A. 72-5167	$ 1,269,221
General	Food Service	K.S.A. 72-5167	3,596
General	At-Risk (K-12)	K.S.A. 72-5153	449,471
Supplemental	Special Education	K.S.A. 72-5143	600,000
Supplemental	At-Risk (K-12)	K.S.A. 72-5143	150,778
Supplemental	Parent Education	K.S.A. 72-5143	20,000
Supplemental	Bilingual Education	K.S.A. 72-5143	25,000
Supplemental	Virtual Education	K.S.A. 72-5143	25,000
Supplemental	Food Service	K.S.A. 72-5143	5,000
Supplemental	Professional Development	K.S.A. 72-5143	25,000
Supplemental	Career & Postsecondary Education	K.S.A. 72-5143	255,000
	Total Transfers		$ 2,828,066

Note 7: Compensated Absences

Expenses for accumulated vacation and sick leave earned by the employees are recorded when paid or taken by the employee. Following is a synopsis of the District's compensated absence policies:

Vacation Leave Superintendent and Administrative Staff

The superintendent receives 20 working days' vacation each year. Full-time administrative staff may earn/accrue vacation leave at a rate of one day for each month during the year, up to a maximum of 10 days per year, or after 10 years of employment service with the District, at a rate of 1.5 days per month, up to a maximum of 15 days per year.

Employees must utilize all vacation leave accrued during the prior year no later than December 31st of any year, carrying forward no more than the maximum earned/accrued during the current year. Employees leaving the District shall be paid for all unused earned vacation leave at the employee's current rate of pay when the employment is terminated with the District.

Sick and Personal Leave Superintendent and Administrative Staff

Administrative employees are allowed 12 days of sick leave and two days personal leave per year. Supervisors and secretaries employed less than 12 months or on a part time basis have the sick leave prorated up to one-day sick leave for each contracted month of which two may be used for personal leave.

Non-custodial employees may accumulate up to 90 days (or 720 hours, depending on whether employee is salary or hourly) of unused sick leave. Unused personal leave may be accumulated as sick leave subject to the 90-day limit.

Bus drivers, cooks, and aides are allowed nine days of sick leave per year of which two days may be used for personal leave. Bus drivers, cooks, and aides may accumulate up to 90 days of unused sick leave. Unused personal leave may be accumulated as sick leave subject to the 90-day limit.

If an employee leaves the employment of the District for any reason (other than a certified teacher retiring under KPERS, with at least 20 years' service to the District), no payment will be made for unused sick leave.

Note 7: Compensated Absences (Continued)

Leave - Teachers

Teachers are granted eleven (11) days of Leave plus two (2) days of bereavement per year. Leave is cumulative to a maximum of 100 days, the next year's allowance of eleven (11) days will be added to that 100 days cumulative to a maximum of 111 days. Leave days subject to the teacher receiving his/her "full daily pay" amount less sub deduction will still be deducted from the teacher's accumulated leave balance.

Upon completion of the contract year and pursuant to a request submitted by the teacher, the District will reimburse the teacher under the following conditions for the number of leave days which have not been used. Except for part time teachers, payment will not be made for fractional days. Before being eligible for buy back, the teacher must have a minimum of 20 days accumulated to carry over to the next contract year (any days in excess of 20 days may be sold back). Teachers who are retiring will be allowed to sell back all accumulated leave.

1. The Board shall honor such requests not to exceed a total expenditure of $30,000 (the $30,000 includes all teachers eligible for buy back under district policy).
2. The District will divide $30,000 by the total number of days submitted for buy back. The quotient shall become the daily reimbursement up to a maximum of $90 per day.
3. A buy back form will be distributed by May 15 of the contract year. The employee will submit the completed buy back form to the District Office no later than the last contract day.

Bereavement Leave

All employees are allowed two days bereavement leave per year which may not be accumulated.

Note 8: Other Post-Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

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

Note 9: 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.

Note 9: Defined Benefit Pension Plan (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 15.59% and 14.23%, respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 14.83% and 13.33% for the fiscal year ended June 30, 2022.

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

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 $984,326 for the year ended June 30, 2022.

Net Pension Liability: At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was $7,173,953. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in 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 10: Risk Management

The District is exposed to various risks of loss related to torts; theft of damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11: Compliance with Financial-Related Legal and Contractual Provisions

Funds with Deficit Unencumbered Cash Balance - Generally, school districts are required by K.S.A. 10-1113 to limit fund expenditures to the available monies in that fund. K.S.A 12-1663 provides an exception for those funds which are to be financed by Federal government sources and other grants and gifts. 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 fund had a deficit balance of unencumbered cash as of June 30, 2023: Federal Funds. This fund is financed by State and Federal funding and the District is expecting reimbursement of qualifying grant expenditures.

Note 12: Subsequent Events

The District evaluated subsequent events through March 26, 2024, the date the financial statement is available to be issued.

Note 13: COVID-19

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 the COVID-19 outbreak, numerous Federal and State grants have been made available to the District to assist with the risks and help offset incurred costs of the District.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2022

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General Funds						
General	$ 9,104,639	$ (114,924)	$ 151,526	$ 9,141,241	$ 9,141,241	$ -
Supplemental General	2,817,841	(37,485)	11,766	2,792,122	2,780,358	(11,764)
Special Purpose Funds						
Bilingual Education Fund	25,000	-	-	25,000	-	(25,000)
Virtual Education Fund	25,000	-	-	25,000	25,000	-
Capital Outlay Fund	1,934,500	-	-	1,934,500	380,679	(1,553,821)
Food Service Fund	1,254,215	-	-	1,254,215	761,585	(492,630)
Professional Development Fund	112,111	-	-	112,111	54,469	(57,642)
Parent Education Fund	72,760	-	-	72,760	60,578	(12,182)
Special Education Fund	1,989,484	-	-	1,989,484	1,694,239	(295,245)
Career and Postsecondary Fund	432,761	-	-	432,761	384,074	(48,687)
Preschool Aged at Risk Fund	109,556	-	-	109,556	62,152	(47,404)
Federal Funds	334,608	-	-	334,608	400,630	66,022
KPERS Special Retirement Contribution Fund	1,055,517	-	-	1,055,517	984,326	(71,191)
At-Risk (K-12) Fund	725,578	-	-	725,578	561,539	(164,039)
Bond and Interest Fund						
Bond and Interest Fund	2,341,417	-	-	2,341,417	2,341,417	-
Total of all Funds	$ 22,334,987	$ (152,409)	$ 163,292	$ 22,345,870	$ 19,632,287	$ (2,713,583)

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
General State Aid	$ 7,839,844	$ 7,893,145	$ (53,301)
Special Education	1,149,871	1,211,494	(61,623)
Reimbursements	151,526	-	151,526
Total Cash Receipts	$ 9,141,241	$ 9,104,639	$ 36,602
EXPENDITURES			
Instruction	$ 5,105,906	$ 4,948,948	$ 156,958
Student support services	219,276	163,315	55,961
Instructional support staff	237,374	215,598	21,776
General administration	454,557	377,756	76,801
School administration	817,961	864,073	(46,112)
Central services	16,010	-	16,010
Operations and maintenance	146,712	142,395	4,317
Transportation services	421,157	603,231	(182,074)
Transfers out	1,722,288	1,789,323	(67,035)
Adjustment to comply with legal maximum	-	(114,924)	114,924
Adjustments for qualifying budget credits	-	151,526	(151,526)
Total Expenditures	$ 9,141,241	$ 9,141,241	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Ad valorem taxes	$ 1,033,328	$ 20,860	$ 1,012,468
Delinquent taxes	12,159	14,573	(2,414)
Motor and recreational vehicle	118,687	98,142	20,545
Commercial vehicle	4,511	2,812	1,699
Supplemental state aid	1,617,889	1,639,702	(21,813)
Miscellaneous	11,766	-	11,766
Total Cash Receipts	$ 2,798,340	$ 1,776,089	$ 1,022,251
EXPENDITURES			
Instruction	$ 332,740	$ 271,687	$ 61,053
Student support services	-	2,511	(2,511)
Instructional support staff	70,991	80,500	(9,509)
Central services	12,929	11,001	1,928
Operations and maintenance	1,257,920	1,359,834	(101,914)
Transfers out	1,105,778	1,092,308	13,470
Adjustment to comply to legal max	-	(37,485)	37,485
Adjustment for qualifying budget credit	-	11,766	(11,766)
Total Expenditures	$ 2,780,358	$ 2,792,122	$ (11,764)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 17,982		
UNENCUMBERED CASH - BEGINNING	90,445		
Cancellation of Encumbrance	-		
UNENCUMBERED CASH - ENDING	$ 108,427		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
FEDERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Title I	$ 87,487	$ 85,220	$ 2,267
Title II	21,039	21,039	-
Title IV	14,095	14,095	-
ESSER II	348,713	348,713	-
KDHE	66,246	21,702	44,544
Total Cash Receipts	$ 537,580	$ 490,769	$ 46,811
EXPENDITURES			
Instruction	$ 257,039	$ 308,894	$ (51,855)
Student support	98,091	-	98,091
Instructional support	14,750	-	14,750
General administration	3,000	-	3,000
School administration	7,500	-	7,500
Operations and maintenance	7,875	15,100	(7,225)
Student transportation services	6,375	-	6,375
Food service	6,000	-	6,000
Other support services	-	10,614	(10,614)
Total Expenditures	$ 400,630	$ 334,608	$ 66,022
RECEIPTS OVER (UNDER) EXPENDITURES	$ 136,950		
UNENCUMBERED CASH - BEGINNING	(171,556)		
UNENCUMBERED CASH - ENDING	$ (34,606)		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
PRESCHOOL-AGED AT-RISK
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ -	$ 50,000	$ (50,000)
EXPENDITURES			
Instruction	$ 62,152	$ 109,556	$ (47,404)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (62,152)		
UNENCUMBERED CASH - BEGINNING	59,806		
UNENCUMBERED CASH - ENDING	$ (2,346)		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
AT-RISK (K-12) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ 600,249	$ 681,850	$ (81,601)
EXPENDITURES			
Instruction	$ 561,539	$ 725,578	$ (164,039)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 38,710		
UNENCUMBERED CASH - BEGINNING	44,180		
UNENCUMBERED CASH - ENDING	$ 82,890		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
BILINGUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ 25,000	$ 25,000	$ -
EXPENDITURES			
Instruction	$ -	$ 25,000	$ (25,000)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 25,000		
UNENCUMBERED CASH - BEGINNING	5,581		
UNENCUMBERED CASH - ENDING	$ 30,581		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
VIRTUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ 25,000	$ -	$ 25,000
EXPENDITURES			
Instruction	$ 25,000	$ 25,000	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Ad valorem property taxes	$ 276,136	$ 266,873	$ 9,263
Delinquent tax	2,399	4,091	(1,692)
Motor and recreational vehicle	27,824	23,147	4,677
Commercial vehicle	1,244	663	581
State aid	153,369	153,369	-
Interest on idle funds	23,895	100,000	(76,105)
Miscellaneous	131,664	144,000	(12,336)
Total Cash Receipts	$ 616,531	$ 692,143	$ (75,612)
EXPENDITURES			
Student transportation	$ 93,550	$ 212,000	$ (118,450)
Instruction	-	575,000	(575,000)
Support services	-	705,000	(705,000)
Operations and maintenance	-	250,000	(250,000)
Facility acquisition and construction	287,129	192,500	94,629
Total Expenditures	$ 380,679	$ 1,934,500	$ (1,553,821)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 235,852		
UNENCUMBERED CASH - BEGINNING	1,246,481		
UNENCUMBERED CASH - ENDING	$ 1,482,333		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Interest on idle funds	$ 614	$ -	$ 614
Food service program	38,890	217,565	(178,675)
Miscellaneous	-	123,300	(123,300)
State aid	6,965	-	6,965
Federal aid	915,839	693,124	222,715
Transfers in	8,596	13,287	(4,691)
Total Cash Receipts	$ 970,904	$ 1,047,276	$ (76,372)
EXPENDITURES			
Food service operations	$ 761,585	$ 1,254,215	$ (492,630)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 209,319		
UNENCUMBERED CASH - BEGINNING	209,761		
UNENCUMBERED CASH - ENDING	$ 419,080		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Miscellaneous	$ 900	$ 55,000	$ (54,100)
Transfers in	25,000	25,000	-
Total Cash Receipts	$ 25,900	$ 80,000	$ (54,100)
EXPENDITURES			
Instructional support staff	$ 54,469	$ 33,311	$ 21,158
Central services	-	78,800	(78,800)
Total Expenditures	$ 54,469	$ 112,111	$ (57,642)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (28,569)		
UNENCUMBERED CASH - BEGINNING	32,120		
UNENCUMBERED CASH - ENDING	$ 3,551		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
PARENT EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State aid	$ 40,254	$ 40,254	$ -
Transfers in	20,000	20,000	-
Total Cash Receipts	$ 60,254	$ 60,254	$ -
EXPENDITURES			
Student support services	$ 59,754	$ 71,297	$ (11,543)
Instructional support services	824	1,463	(639)
Total Expenditures	$ 60,578	$ 72,760	$ (12,182)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (324)		
UNENCUMBERED CASH - BEGINNING	32,473		
UNENCUMBERED CASH - ENDING	$ 32,149		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ 1,869,221	$ 1,811,494	$ 57,727
EXPENDITURES			
Instruction	$ 1,620,619	$ 1,761,837	$ (141,218)
Student transportation	73,620	227,647	(154,027)
Total Expenditures	$ 1,694,239	$ 1,989,484	$ (295,245)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 174,982		
UNENCUMBERED CASH - BEGINNING	668,871		
UNENCUMBERED CASH - ENDING	$ 843,853		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
CAREER AND POSTSECONDARY EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Miscellaneous	$ -	$ 20,000	$ (20,000)
Transfers in	255,000	255,000	-
Total Cash Receipts	$ 255,000	$ 275,000	$ (20,000)
EXPENDITURES			
Instruction	$ 384,074	$ 432,761	$ (48,687)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (129,074)		
UNENCUMBERED CASH - BEGINNING	335,199		
UNENCUMBERED CASH - ENDING	$ 206,125		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State aid	$ 984,326	$ 1,055,517	$ (71,191)
EXPENDITURES			
Instruction	$ 660,519	$ 710,254	$ (49,735)
Student support	51,183	43,168	8,015
Instructional support	27,966	33,311	(5,345)
General administration	66,978	41,755	25,223
School administration	68,818	89,801	(20,983)
Central Services	-	4,696	
Operations and maintenance	49,960	55,605	(5,645)
Student transportation services	40,897	48,060	(7,163)
Food service	18,005	28,867	(10,862)
Total Expenditures	$ 984,326	$ 1,055,517	$ (66,495)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
GIFTS AND GRANTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2022

CASH RECEIPTS		
State aid	$	56,644
Miscellaneous		26,741
Total Cash Receipts	$	83,385
EXPENDITURES		
Purchased services	$	35,142
Student support services		56,644
Total Expenditures	$	91,786
RECEIPTS OVER (UNDER) EXPENDITURES	$	(8,401)
UNENCUMBERED CASH - BEGINNING		16,180
UNENCUMBERED CASH - ENDING	$	7,779

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
CONTINGENCY RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2022

CASH RECEIPTS		
Transfers in	$	-
EXPENDITURES		
Instruction	$	2,218
Operations and maintenance		2,259
Student transportation		2,009
Facility acquisition and construction		29,250
Total Expenditures	$	35,736
RECEIPTS OVER (UNDER) EXPENDITURES	$	(35,736)
UNENCUMBERED CASH - BEGINNING		562,728
UNENCUMBERED CASH - ENDING	$	526,992

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
STUDENT MATERIAL REVOLVING/TEXTBOOK RENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2022

CASH RECEIPTS		
Other Sources		
Fees	$	62,239
EXPENDITURES		
Instruction	$	69,232
RECEIPTS OVER (UNDER) EXPENDITURES	$	(6,993)
UNENCUMBERED CASH - BEGINNING		43,812
UNENCUMBERED CASH - ENDING	$	36,819

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
CAPITAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2022

CASH RECEIPTS	
Interest	$ 2,267
EXPENDITURES	
Capital improvements	$ 138,521
RECEIPTS OVER (UNDER) EXPENDITURES	$ (136,254)
UNENCUMBERED CASH - BEGINNING	875,984
UNENCUMBERED CASH - ENDING	$ 739,730

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Ad valorem property	$ 1,449,454	$ 1,402,327	$ 47,127
Delinquent	17,260	21,816	(4,556)
Motor and recreational vehicle	188,008	154,877	33,131
Commercial vehicle taxes	6,795	4,439	2,356
State aid	795,071	795,071	-
Total Cash Receipts	$ 2,456,588	$ 2,378,530	$ 78,058
EXPENDITURES			
Principal	$ 910,000	$ 910,000	$ -
Interest	1,431,417	1,431,417	-
Total Expenditures	$ 2,341,417	$ 2,341,417	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 115,171		
UNENCUMBERED CASH - BEGINNING	2,416,539		
UNENCUMBERED CASH - ENDING	$ 2,531,710		

UNIFIED SCHOOL DISTRICT NO. 323
AGENCY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH BALANCE
Regulatory Basis
For the Year Ended June 30, 2022

	Beginning Cash Balance	Cash Receipts	Cash Disbursed	Ending Cash Balance
Rock Creek Jr/Sr High School				
Clay Shooting	$ 6,997	$ 58,244	$ 64,954	$ 287
Forensics	933	4,185	3,526	1,592
Art Club	1,323	1,133	757	1,699
FBLA	1,933	4,045	3,342	2,636
Cheerleaders	1,185	11,788	12,337	636
Robotics	1,513	958	-	2,471
Softball	2,388	31,263	26,262	7,389
Class of 2022	915	5,598	6,513	-
Class of 2023	4,541	11,025	13,488	2,078
Class of 2024	1,337	1,609	-	2,946
Class of 2025	-	346	-	346
Football	11,244	18,039	12,035	17,248
Concessions	4,907	33,991	32,768	6,130
JH Cheer	-	1,745	1,745	-
Drama	2,215	8,796	7,759	3,252
Building Fund	1,410	6,987	7,010	1,387
FFA	7,641	16,790	18,399	6,032
Senior High FCCLA	3,985	4,901	8,482	404
Band Trip	19,451	9,065	7,143	21,373
Hot Lunch	-	7,243	7,243	-
Junior High Student Council	3,727	78	3,805	-
National Honor Society	591	2,795	1,684	1,702
Volleyball	1,581	3,070	1,729	2,922
Honor Guard	672	282	50	904
Sales tax	-	5,416	5,361	55
Scholar's Bowl	1,453	-	350	1,103
JH Renaissance	88	-	88	-
Senior High Student Council	2,101	6,447	2,683	5,865
Textbook Revolving	-	6,085	6,085	-
Renaissance Fund	305	4,865	4,682	488
Spanish	95	1,000	291	804
Yearbook	21,326	8,315	19,295	10,346
Vocal Music	120	2,444	1,768	796
SB/BB Camp	174	4,353	4,527	-
Special Ed	106	-	-	106
Wrestling	330	-	-	330
Cross Country	1,358	-	-	1,358
Girls Basketball	2,304	9,938	8,907	3,335
Boys Basketball	3,415	5,187	6,593	2,009
Track	650	-	13	637
Help Fund	19	5,386	4,540	865
Petty cash	-	24,758	23,258	1,500
Baseball	3,404	11,475	9,496	5,383
Yellow Ribbon	905	623	896	632
Total Rock Creek Jr/Sr High School	$ 118,642	$ 340,268	$ 339,864	$ 119,046

(Continued)

UNIFIED SCHOOL DISTRICT NO. 323
AGENCY FUNDS (CONTINUED)
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH BALANCE
Regulatory Basis
For the Year Ended June 30, 2022

	Beginning Cash Balance	Cash Receipts	Cash Disbursed	Ending Cash Balance
St. George Grade School				
Student Activities	$ 2,549	$ 7,654	$ 7,512	$ 2,691
K Field Trip	30	-	-	30
Art Club	485	500	-	985
3/4 Field Trip	-	-	-	-
5/6 Field Trip	-	-	-	-
Natl. Honor Choir	6,041	2,877	2,825	6,093
Lego Club	20	-	-	20
Library	2,041	6,985	6,591	2,435
Box Tops for Education	2,118	2,367	2,175	2,310
Pennies for Patients	-	-	-	-
Playground	-	-	-	-
After School Programs	-	-	-	-
Sales tax fund	-	65	-	65
Petty cash	-	1,369	369	1,000
Total St. George Grade School	$ 13,284	$ 21,817	$ 19,472	$ 15,629
Westmoreland Grade School				
Student Activities	$ 8,737	$ 3,273	$ 2,251	$ 9,759
Library	640	5,281	4,719	1,202
Textbook	-	800	800	-
Food Service	-	4,045	4,045	-
Petty Cash	-	1,158	158	1,000
Role Model Fees	-	4,250	4,250	-
Total Westmoreland Grade School	$ 9,377	$ 18,807	$ 16,223	$ 11,961
Total Agency Funds	$ 141,303	$ 380,892	$ 375,559	$ 146,636

UNIFIED SCHOOL DISTRICT NO. 323
DISTRICT ACTIVITIES FUND
SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2022

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance Unencumbered Cash Balance
Rock Creek Jr/Sr High School							
Gate receipts	$ 11,154	$ -	$ 68,666	$ 69,670	$ 10,150	$ -	$ 10,150

March 26, 2024

Board of Education
Unified School District No. 323
St. George, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 323 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated March 26, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, 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 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

1501 Poyntz Avenue
Manhattan, KS 66502

785-537-2202 • fax 785-537-1877
http://www.varney.com

1020 Commercial St., Suite A
Emporia, KS 66801

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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

March 26, 2024

Board of Education
Unified School District No. 323
St. George, Kansas

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance In Accordance With the Uniform Guidance

Unmodified Opinions

We have audited Unified School District No. 323's (the District), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

1501 Poyntz Avenue
Manhattan, KS 66502
785-537-2202 • fax 785-537-1877
http://www.varney.com
1020 Commercial St., Suite A
Emporia, KS 66801

Auditor's Responsibilities for the Audit of Compliance (continued)

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
Child Nutrition Cluster			
School Breakfast	10.553	DO323	$ 119,128
Section 4	10.555	DO323	487,524
Summer Food Service Program	10.559	DO323	104,869
Total Child Nutrition Cluster			$ 711,521
COVID-19 Coronavirus	10.649	DO323	614
Total U.S. Department of Agriculture			$ 712,135
U.S. Department of Education			
Passed through Kansas Department of Education			
Title I	84.010	DO323	$ 87,036
Title IIA Teacher Quality	84.367A	DO323	9,435
Title IVA Student Support & Academic Enrichment	84.424	DO323	23,786
COVID-19 - Emergency and Secondary School Emergency Relief II	84.425D	DO323	185,940
COVID-19 - Emergency and Secondary School Emergency Relief III	84.425U	DO323	21,103
Total U.S. Department of Education			$ 327,300
U.S. Department of Health & Human Services			
Passed through Kansas Department of Education			
COVID-19 - KSDE K-12 COVID Testing Grant	93.323	DO323	$ 92,839
TOTAL FEDERAL EXPENDITURES			$ 1,132,274

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

Note 1: Basis of Presentation

The accompanying Schedule is presented using the regulatory basis of accounting, which is described in Note 1 of the District's basic financial statement. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2: 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 for the year ended June 30, 2022.

Note 3: Indirect Cost Rate

The District has not elected to use the 10% de minimis indirect cost rate provisioned by the Uniform Guidance, Section 414 for reporting costs charged to federal award programs.

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

Section I - Summary of Auditor's Results

Financial Statement

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	___ Yes	_X_ None
Reportable conditions identified not considered to be material weaknesses?	_X_ Yes	___ None reported
Noncompliance material to financial statement noted?	___ Yes	_X_ None

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	___ Yes	_X_ No
Reportable conditions 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	**CFDA Number**
Child Nutrition Cluster	10.553/10.555/10.559

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 was 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

Finding 2022-001 : Lack of Segregation of Duties (Significant Deficiency)
Repeat Finding (2021-001)

Criteria:
Internal controls should be in place to ensure that proper segregation of duties is maintained.

Condition:
Proper segregation of duties does not exist within the District.

Context:
We determined that there is a failure to properly segregate duties within the District.

Effect:
Management may not become aware of irregularities in a timely manner.

Cause:
The District is unable to hire additional staff due to its size and budget constraints.

Recommendation:
Procedures should be established and implemented to segregate duties in the receipts, expenditures, payroll, and accounts payable cycles to strengthen internal controls. Also, involvement of the Board can mitigate the risk of errors or fraud. The Board should remain involved in the financial affairs of the District to provide oversight and independent review functions.

Views of Responsible Officials:
See attached Corrective Action Plan.

Section III - Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.

Business Manager/Clerk
STACI MINER

Treasurer/Receptionist
KELLEY BLANKLEY

HR/Payrol
JULIE NEMEC

Board of Education
SARAH KEATLEY
BRANDI MILLER
DAWN HENRY
JODY WICK
DAN MOSER
JARED MEITLER
NATE MEILE

Unified School District 323
9353 Flush Road
St. George, KS 66535
(785) 494-8597
Fax (785) 494-8900
Joan Simoneau, Superintendent
simoneauj@usd323.org

April 1, 2024

Unified School District No. 323 respectively submits the following correction action plan for the fiscal year ended June 30, 2022.

Audit Finding Reference: 2022-001

Planned Corrective Action: We concur with the recommendation. The District has hired an outside consultant to evaluate the District's internal control structure and provide recommendations for which the District can adequately segregate duties with the current staff. We will also continue to keep the Board of Education involved in the oversight.

If there are any questions regarding this plan, please contact Joan Simoneau – Superintendent.

Sincerely,

Joan Simoneau
Superintendent of Unified School District No. 323