UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

For the Fiscal Year Ended June 30, 2023

Regulatory Basis Financial Statement
Independent Auditors' Report with
Regulatory Required Supplemental Information

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

TABLE OF CONTENTS

	PAGE NUMBER
FINANCIAL SECTION	
Independent Auditors' Report	1 - 3
Financial Statement	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis	4
Notes to the Financial Statement	5 - 14
REGULATORY REQUIRED SUPPLEMENTAL INFORMATION	
Schedule 1	
Summary of Expenditures - Actual and Budget (Budgeted Funds Only) - Regulatory Basis	15
Schedule 2	
Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis	
General Fund	16
Supplemental General Fund	17
4 Yr. Old At Risk Fund	18
K-12 At Risk Fund	19
Bilingual Education Fund	20
Capital Outlay Fund	21
Driver Education Fund	22
Food Service Fund	23
Professional Development Fund	24
Parent Education Fund	25
Special Education Fund	26
Career and Post Secondary Education Fund	27
KPERS Special Retirement Fund	28
Recreation Commission Fund	29
Contingency Reserve Fund	30
Title I Fund	31
ESSER Fund	32
Reap Grant Fund	33
Title II Fund	34
21st Century Fund	35
E Mints Grant Fund	36
Covid Testing Fund	37
Gifts and Grants Fund	38
Bond and Interest Fund	39
Scholarship Fund	40
Schedule 3	
Summary of Receipts and Cash Disbursements – Agency Funds - Regulatory Basis	41
Schedule 4	
Schedule of Receipts, Expenditures, and Unencumbered Cash – District Activity Funds – Regulatory Funds	42

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

TABLE OF CONTENTS
(Continued)

	PAGE NUMBER
FEDERAL COMPLIANCE SECTION	
Schedule of Expenditures of Federal Awards	43
Summary Schedule of Prior Audit Findings	44
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with *Government Auditing Standards*	45 – 46
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance	47 – 48
Schedule of Findings and Questioned Costs	49 - 50
Corrective Action Plan	51

Diehl
Banwart
Bolton
Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District #504
Oswego, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis, of the Unified School District #504 (District), Oswego, Kansas as of and for the fiscal 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 positions and cash flows thereof for the fiscal 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 Unified School District #504, Oswego, Kansas as of June 30, 2023, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* 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) and the *Kansas Municipal Audit and Accounting Guide.* 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 audit. 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 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 *Kansas Municipal Audit and Accounting Guide,* which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the June 30, 2023 summary statement of receipts, expenditures, and unencumbered cash balances – regulatory basis (financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, schedule of receipts and expenditures – agency funds – regulatory basis and the schedule of receipts, expenditures, and unencumbered cash – district activity funds – regulatory basis (Schedules 1, 2, 3 and 4 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 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 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 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.

Prior Year Comparative Numbers

The 2022 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and was not a required part of the 2022 financial statement upon which we rendered an unmodified opinion dated February 17, 2023. The 2022 financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. Such 2022 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 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 or to 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 2022 basic financial statement as a whole, on the basis of accounting described in Note 1.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

February 2, 2024
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2023

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	$ -	$ 4,369,196	$ 4,369,196	$ -	$ 15,734	$ 15,734
Supplemental General	39,303	1,401,354	1,422,295	18,362	61,211	79,573
Special Purpose Funds:						
4 Yr Old At Risk	35,023	84,598	83,686	35,936	-	35,936
K-12 At Risk	280,705	1,032,265	1,093,390	219,581	-	219,581
Bilingual Education	763	-	-	763	-	763
Capital Outlay	665,073	302,770	307,192	660,651	261	660,912
Driver Education	29,339	-	-	29,339	-	29,339
Food Service	122,139	422,009	443,284	100,865	1,360	102,225
Professional Development	29,217	14,882	13,485	30,614	1,217	31,831
Parent Education	11,620	-	-	11,620	-	11,620
Special Education	174,571	828,497	760,417	242,651	332	242,983
Career and Postsecondary Education	132,457	140,000	128,834	143,623	-	143,623
KPERS Special Education	-	493,528	493,528	-	-	-
Recreation Commission	32,227	32,817	37,500	27,544	-	27,544
Contingency Reserve	324,980	-	-	324,980	-	324,980
Title I	9,953	118,708	122,773	5,887	71	5,958
ESSER	(12,952)	517,988	624,977	(119,942)	100,706	(19,236)
REAP Grant	(1,480)	34,377	42,805	(9,908)	6,192	(3,716)
Title II	-	11,262	11,262	-	-	-
21st Century	(14,748)	64,873	89,629	(39,504)	621	(38,883)
EMINTS Grant	950	17,026	17,026	950	-	950
COVID Testing	2,980	198,789	632,784	(431,015)	346,837	(84,178)
Gifts and Grants	-	1,892	1,892	-	645	645
District Activity Funds	1,359	39,493	39,857	995	-	995
Bond and Interest Fund	348,663	278,926	243,183	384,406	-	384,406
Trust Funds:						
Scholarships	174,076	1,444	8,000	167,520	-	167,520
Total Entity (Excluding Agency Funds)	$ 2,386,216	$ 10,406,695	$ 10,986,994	$ 1,805,918	$ 535,186	$ 2,341,104

Composition of Cash	
District Checking Accounts	$ 2,171,089
Activity Checking Accounts	79,068
Petty Cash	1,500
Scholarship Checking Accounts	99,520
Scholarship Certificates of Deposit	68,000
Total Cash	2,419,177
Agency Funds per Schedule 3	(78,073)
Total Reporting Entity	$ 2,341,104

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Unified School District #504, Oswego, Kansas (District), has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies follow. Note 1 describes how the District's accounting policies differ from accounting policies generally accepted in the United States of America.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. This financial statement presents Unified School District #504 (the primary government). The District has developed criteria to determine whether outside agencies, with activities which benefit the members of the District, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises financial accountability, selection of governing authority, designation of management, ability to significantly influence operations, scope of public service and special financing relationships. Based on the above criteria, the District has determined that no outside agency meets the criteria; therefore, no outside agency has been included as a related municipal entity in this financial statement.

Basis of Presentation - Fund Accounting

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

The following types of funds comprise the financial activities of the Unified School District #504:

GOVERNMENTAL FUNDS

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Fund - to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

Trust Fund - funds used to report assets held in trust for the benefit of the municipal financial reporting entity (ie. Pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting – (Continued)

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

FIDUCIARY FUNDS

Agency Funds – funds 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 States of America

The 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 revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Budgetary Information

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

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

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 municipality held a revenue neutral rate hearing this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments in the fiscal year ending June 30, 2023. The General Fund budget was reduced to the legal maximum by the Kansas Department of Education.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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 schedules are presented for each fund as regulatory required supplemental information 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. Encumbrances are commitments of the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Expenditures which are reimbursed by third parties result in budget credits which increase the spending authority by the amount of the reimbursement. Any unused budgeted expenditure authority lapses at year-end.

Legal operating budgets are not required in the following special purpose funds: Contingency Reserve, Title I, ESSER, Reap Grant, Title II, 21st Century, E-Mints, Covid Testing, Gifts and Grants, or District Activity or Scholarship funds.

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

Cash and Investments

Cash and investments include money market checking accounts, and certificates of deposit. Kansas statutes permit investment in savings accounts, certificates of deposit, repurchase agreements, and obligations of the U.S. Treasury and the Kansas Municipal Investment Pool.

Compensated Absences

Full-time non-certified employees are eligible for vacation benefits ranging from 10 to 20 days a year. Employees are not allowed to accumulate and carry forward vacation benefits past their anniversary date and are not paid for them when they terminate employment.

Employees can accrue 10-12 days of sick leave each year. Up to 60 days of unused leave may be accumulated and carried over. Upon retirement certified staff with the District are paid for accumulated leave at the rate of 50% of the substitute teacher pay rate. That amount currently calculates to $50.00 per unused sick day.

The District accrues a liability for compensated absences which meet the following criteria:

1. The District's obligation relating to the employee's right to receive compensation for future absences is attributable to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statements.

Based upon the above criteria the District has not determined a liability for vacation or sick pay.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The financial statement and regulatory required supplementary information have been prepared in order to show compliance with the cash basis and budget laws of Kansas. The negative balances in the ESSER, REAP Grant, 21st Century, and COVID Testing Funds are not cash basis violations because these amounts will be reimbursed. As shown, there were no apparent violations of the cash basis and budget laws of Kansas.

3. CASH IN BANK AND DEPOSITORY SECURITY

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%. All deposits were legally secured at June 30, 2023, as detailed in the table below.

At June 30, 2023 the District's carrying amount of deposits was $2,419,177 and the bank balance was $3,088,805. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $404,520 was covered by federal depository insurance, $2,684,285 was collateralized by securities with a market value of $3,382,229 held by the pledging financial institutions' agents in the District's name. The District's bank deposits, FDIC coverage, and pledged securities are detailed in the chart below.

3. CASH IN BANK AND DEPOSITORY SECURITY (Continued)

FINANCIAL INSTITUTIONS

RISK CATEGORIES		LABETTE BANK	COMMERCIAL BANK	TOTALS
(1)	FDIC Insurance	$ 154,520	$ 250,000	$ 404,520
(1)	Collateralized with pledged securities held in the District's account	-	2,684,285	2,684,285
(2)	Collateralized with pledged securities in Bank's account	-	-	-
(3)	Uncollateralized	-	-	-
TOTAL BANK BALANCES		$ 154,520	$ 2,934,285	$ 3,088,805
Total Market Value of Pledged Securities		$ -	$ 3,382,229	$ 3,382,229

4. PENSION PLAN

General Information about the Pension Plan

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically 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 at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

4. 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 14.82 % and 13.33% respectively, for the fiscal year ended June 30, 2022. The actuarially determined employer contribution rate and the statutory contribution rate were 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.

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 $493,528 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 $4,734,335. 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 these financial statements.

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.

5. 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; employees health and life; and natural disasters. The District continues to carry commercial insurance for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

6. CONTINGENCIES

In the normal course of operations, the District participates in various federal or state grant programs from year to year. The grant programs are often subject to additional audits by agents of the grant agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

7. TRANSFERS

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Special Education	KSA 72-3422	$586,446
General	K-12 At Risk	KSA 72-5153	695,000
General	4 Yr Old At Risk	KSA 72-5154	20,218
General	Capital Outlay	KSA 72-53, 113	68,149
Supplemental General	Special Education	KSA 72-3422	240,661
Supplemental General	K-12 At Risk	KSA 72-5153	337,265
Supplemental General	Career & Postsecondary Education	KSA 72-5162	140,000
Supplemental General	4 Yr Old At Risk	KSA 72-5154	22,000
Supplemental General	Professional Development	KSA 72-2552	13,000
Supplemental General	Food Service	KSA 72-5164	10,000

8. POST EMPLOYMENT BENEFITS

Participation in Group Health Insurance Plan

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan until they reach age 65. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in 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.

9. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to June 30, 2023 through February 2, 2024, the date the financial statement was available for issue. On September 1, 2022, the District called $2,110,000 of Series 2012 Bonds. These bonds had been refunded on January 19, 2022. The refunding amounts were held in Escrow until September 1, 2022, and the District was contingently liable on the bonds until then. During this period, there were no other subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statements.

10. LONG TERM DEBT

Attached are schedules detailing changes in long-term debt and its maturity.

Schedule of Changes in Long-Term Debt

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances Beginning of Year	Additions / New Debt	Reductions / PrincipalPaid	Balances End of Year	Interest Paid
General Obligation Bonds									
Series 2012	3.00-3.60%	6/26/2013	3,250,000	9/1/2033	$ 150,000	$ -	$ 150,000	$ -	$ 2,250
Series 2022-A Refunding	0.9-2.50%	1/19/2022	2,235,000	9/1/2033	2,235,000	-	40,000	2,195,000	50,933
					$ 2,385,000	$ -	$ 190,000	$ 2,195,000	$ 53,183

Schedule of Maturities in Long-Term Debt

Fiscal Year Ended June 30,	2024	2025	2026	2027	2028	2029 2033	2034 2038	Totals
PRINCIPAL								
General Obligation Bonds								
Series 2022-A Refunding	$ 175,000	$ 180,000	$ 185,000	$ 190,000	$ 190,000	$ 1,055,000	$ 220,000	$ 2,195,000
Total Principal	175,000	180,000	185,000	190,000	190,000	1,055,000	220,000	2,195,000
INTEREST								
General Obligation Bonds								
Series 2022-A Refunding	$ 43,662	$ 40,112	$ 36,840	$ 33,753	$ 30,334	$ 88,037	$ 2,750	$ 275,488
Total Interest	43,662	40,112	36,840	33,753	30,334	88,037	2,750	275,488
Total Principal and Interest	$ 218,662	$ 220,112	$ 221,840	$ 223,753	$ 220,334	$ 1,143,037	$ 222,750	$ 2,470,488

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

Schedule 1

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Funds:						
General	$ 4,261,572	$ 110,047	$ (2,423)	$ 4,369,196	$ 4,369,196	$ -
Supplemental General	1,422,956	-	-	1,422,956	1,422,295	(661)
Special Purpose Funds:						
4 Yr Old At Risk	132,750	-	-	132,750	83,686	(49,064)
K-12 At Risk	1,117,886	-	-	1,117,886	1,093,390	(24,496)
Bilingual Education	763	-	-	763	-	(763)
Capital Outlay	881,500	-	-	881,500	307,192	(574,308)
Driver Education	32,400	-	-	32,400	-	(32,400)
Food Service	531,550	-	-	531,550	443,284	(88,266)
Professional Development	60,000	-	-	60,000	13,485	(46,515)
Parent Education	28,500	-	-	28,500	-	(28,500)
Special Education	987,250	-	-	987,250	760,417	(226,833)
Career and Postsecondary Education	216,665	-	-	216,665	128,834	(87,831)
KPERS Special Retirement	516,662	-	-	516,662	493,528	(23,134)
Recreation Commission	37,500	-	-	37,500	37,500	-
Bond and Interest Fund	243,282	-	-	243,282	243,183	(99)
	10,471,236					

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Ad valorem tax	$ -	-	$ -	$ -
Delinquent tax	-	-	-	-
Mineral tax	-	-	-	-
Reimbursement	107,318	110,047	-	110,047
Interest	-	-	-	-
State Sources				
General aid	3,433,134	3,742,703	3,705,791	36,912
Special education aid	529,318	516,446	555,781	(39,335)
Total Cash Receipts	4,069,770	4,369,196	$ 4,261,572	$ 107,624
Expenditures				
Instruction	1,902,295	1,634,167	$ 1,872,220	$ (238,053)
Support Services				
Student Support	118,742	53,125	54,250	(1,125)
Instructional Support	56,997	58,434	58,456	(22)
General Administration	223,763	230,428	167,525	62,903
School Administration	136,927	145,803	130,500	15,303
Operations and Maintenance	470,051	607,523	468,850	138,673
Transportation	242,899	233,080	206,810	26,270
Central Services	59,830	36,822	62,047	(25,225)
Operating transfers to Other Funds				
Food Service	-	-	-	-
4 Yr Old At Risk	46,800	20,218	28,500	(8,282)
K-12 At Risk	384,480	695,000	656,633	38,367
Special Education	426,987	586,446	555,781	30,665
Career and Postsecondary Education	-	-	-	-
Capital Outlay	-	68,149	-	68,149
Adjustments to Budget to Comply with				
Legal Maximum Budget	-	-	110,047	(110,047)
Adjustment for Reimbursed Expenses	-	-	(2,423)	2,423
Total Expenditures Subject to Budget	4,069,770	4,369,196	$ 4,369,196	$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
SUPPLEMENTAL GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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 tax	$ 238,250	$ 247,431	$ 19,352	$ 228,079
Delinquent tax	9,843	9,057	1,157	7,900
Motor vehicle tax	33,160	36,152	35,202	950
Recreational vehicle tax	356	320	345	(25)
Operating transfer from Contingency Reserve	-	-	-	-
State Sources				
Supplemental aid	1,034,422	1,108,394	1,108,910	(516)
Operating Transfers from Other Funds				
Contingency Reserve	-	-	-	-
Total Cash Receipts	1,316,031	1,401,354	$ 1,164,966	$ 236,388
Expenditures				
Instruction	365,572	141,805	$ 330,471	$ (188,666)
Support Services				
Student Support	19,896	16,312	23,500	(7,188)
Instructional Support	12,093	10,590	11,500	(910)
General Administration	40,563	65,143	48,800	16,343
School Administration	300,734	283,784	318,150	(34,366)
Operations and Maintenance	101,498	141,734	59,250	82,484
Transportation	-	-	-	-
Central Services	-	-	40,000	(40,000)
Operating transfers to Other Funds				
Professional Development	-	13,000	25,000	(12,000)
Parent Education	-	-	10,000	(10,000)
Food Service	-	10,000	15,000	(5,000)
Special Education	171,911	240,661	250,000	(9,339)
Career and Postsecondary Education	125,000	140,000	85,000	55,000
4 Yr Old At Risk	-	22,000	25,000	(3,000)
K - 12 At Risk	170,306	337,265	181,285	155,980
Adjustments to Budget to Comply with Legal Maximum Budget	-	-	-	-
Total Expenditures Subject to Budget	1,307,574	1,422,295	$ 1,422,956	$ (661)
Receipts Over (Under) Expenditures	8,457	(20,941)		
Unencumbered Cash, Beginning	30,846	39,303		
Unencumbered Cash, Ending	$ 39,303	$ 18,362		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
4 YR OLD AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Miscellaneous	$ 40,467	$ 42,379	$ 45,000	$ (2,621)
Operating Transfer from Other Funds				
Supplemental General	-	22,000	25,000	
General	46,800	20,218	28,500	(8,282)
Total Cash Receipts	87,267	84,598	$ 98,500	$ (10,902)
Expenditures				
Instruction	87,840	83,686	$ 132,750	$ (49,064)
Other Supplemental Services	-	-	-	-
Total Expenditures Subject to Budget	87,840	83,686	$ 132,750	$ (49,064)
Receipts Over (Under) Expenditures	(573)	912		
Unencumbered Cash, Beginning	35,596	35,023		
Unencumbered Cash, Ending	$ 35,023	$ 35,936		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
K-12 AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
Summer School	-	-	-	-
General	384,480	695,000	656,633	38,367
Supplemental General	170,306	337,265	181,285	155,980
Total Cash Receipts	554,786	1,032,265	$ 837,918	$ 194,347
Expenditures				
Instruction	461,468	1,093,390	$ 1,117,886	$ (24,496)
Instructional Support	-	-	-	-
Total Expenditures Subject to Budget	461,468	1,093,390	$ 1,117,886	$ (24,496)
Receipts Over (Under) Expenditures	93,318	(61,124)		
Unencumbered Cash, Beginning	187,387	280,705		
Unencumbered Cash, Ending	$ 280,705	$ 219,581		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
BILINGUAL EDUCATION
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
General	-	-	-	-
Supplemental General	-	-	-	-
Total Cash Receipts	-	-	$ -	$ -
Expenditures				
Instruction	-	-	$ 763	$ (763)
Instructional Support	-	-	-	-
Total Expenditures Subject to Budget	-	-	$ 763	$ (763)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	763	763		
Unencumbered Cash, Ending	$ 763	$ 763		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CAPITAL OUTLAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Ad valorem tax	$ 106,122	$ 111,534	$ 8,298	$ 103,236
Delinquent tax	4,290	3,876	116,540	(112,664)
Motor vehicle tax	14,600	16,038	23,420	(7,382)
Recreational vehicle tax	157	142	230	(88)
Interest on idle funds	2,269	2,211	770	1,441
Miscellaneous	15,804	4,818	-	4,818
State Sources				
State Aid	90,035	96,002	96,728	(726)
Operating Transfer from Other Funds				
General	-	68,149	-	68,149
Total Cash Receipts	233,276	302,770	$ 245,986	$ 56,784
Expenditures				
Instruction	7,380	7,641	$ 68,000	$ (60,359)
Support Services	40,069	134,940	598,500	(463,560)
Facility Acquisition and Construction	64,303	164,611	215,000	(50,389)
Total Expenditures Subject to Budget	111,751	307,192	$ 881,500	$ (574,308)
Receipts Over (Under) Expenditures	121,524	(4,422)		
Unencumbered Cash, Beginning	543,549	665,073		
Unencumbered Cash, Ending	$ 665,073	$ 660,651		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
DRIVER EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Other	$ -	$ -	$ -	$ -
State Sources				
State aid	-	-	3,375	(3,375)
Operating Transfer from Other Funds				
General	-	-	-	-
Total Cash Receipts	-	-	$ 3,375	$ (3,375)
Expenditures				
Instruction	-	-	$ 30,000	$ (30,000)
Support Services				
Operations and Maintenance	-	-	2,400	(2,400)
Total Expenditures Subject to Budget	-	-	$ 32,400	$ (32,400)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	29,339	29,339		
Unencumbered Cash, Ending	$ 29,339	$ 29,339		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
FOOD SERVICE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Students	$ 4,588	$ 70,813	$ 91,160	$ (20,347)
Adults	9,121	12,991	32,100	
Interest on idle funds	132	149	100	49
Other	421	654	-	654
State Sources				
State Aid	2,443	2,871	2,576	295
Federal Sources				
Child nutrition aid	372,483	304,193	268,748	35,445
Other grants	8,349	20,338	-	20,338
Operating Transfer from Other Funds				
Supplemental General	-	10,000	15,000	(5,000)
General	-	-	-	-
Total Cash Receipts	397,537	422,009	$ 409,684	$ 31,434
Expenditures				
Support Services				
Operations and Maintenance	355,681	443,284	$ 531,550	$ (88,266)
Total Expenditures Subject to Budget	355,681	443,284	$ 531,550	$ (88,266)
Receipts Over (Under) Expenditures	41,857	(21,274)		
Unencumbered Cash, Beginning	80,283	122,139		
Unencumbered Cash, Ending	$ 122,139	$ 100,865		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Miscellaneous	$ -	-	$ 6,392	$ (6,392)
State Sources				
State Aid	-	1,882	-	1,882
Operating Transfer from Other Funds				
General	-	-	-	-
Supplemental General	-	13,000	25,000	(12,000)
Total Cash Receipts	-	14,882	$ 31,392	$ (16,510)
Expenditures				
Support Services				
Instructional Support Staff	6,172	13,485	$ 54,700	$ (41,215)
Other Supplemental Services	-	-	5,300	(5,300)
Total Expenditures Subject to Budget	6,172	13,485	$ 60,000	$ (46,515)
Receipts Over (Under) Expenditures	(6,172)	1,397		
Unencumbered Cash, Beginning	35,388	29,217		
Prior Year Cancelled Encumbrance	-	-		
Unencumbered Cash, Ending	$ 29,217	$ 30,614		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
PARENT EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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	$ -	$ -	$ 7,500	$ (7,500)
Operating Transfer from Other Funds				
Supplemental General	-	-	10,000	(10,000)
General	-	-	-	-
Total Cash Receipts	-	-	$ 17,500	$ (17,500)
Expenditures				
Instruction	-	-	$ 28,500	$ (28,500)
Support Services	-	-	-	-
Total Expenditures Subject to Budget	-	-	$ 28,500	$ (28,500)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	11,620	11,620		
Unencumbered Cash, Ending	$ 11,620	$ 11,620		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
SPECIAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Miscellaneous	$ 1,125	$ 1,390	$ 75,000	$ (73,610)
Medicaid	-	-	-	-
Federal Sources				
Federal Aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	171,911	240,661	250,000	(9,339)
General	426,987	586,446	555,781	30,665
Total Cash Receipts	600,023	828,497	$ 880,781	$ (52,284)
Expenditures				
Instruction	681,228	660,244	$ 842,800	$ (182,556)
Support Services				
Instructional Support	-	-	-	-
Transportation	84,146	100,173	144,450	(44,277)
Total Expenditures Subject to Budget	765,374	760,417	$ 987,250	$ (226,833)
Receipts Over (Under) Expenditures	(165,351)	68,080		
Unencumbered Cash, Beginning	339,922	174,571		
Unencumbered Cash, Ending	$ 174,571	$ 242,651		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CAREER AND POSTSECONDARY EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Miscellaneous	$ -	-	$ -	$ -
State Sources				
State aid	-	-	-	-
Federal Sources				
Federal aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	125,000	140,000	85,000	55,000
General	-	-	-	-
Total Cash Receipts	125,000	140,000	$ 85,000	$ 55,000
Expenditures				
Instruction	125,056	128,834	$ 189,915	$ (61,081)
Other Support Services	-	-	-	-
Transportation	-	-	26,750	(26,750)
Total Expenditures Subject to Budget	125,056	128,834	$ 216,665	$ (87,831)
Receipts Over (Under) Expenditures	(56)	11,166		
Unencumbered Cash, Beginning	132,513	132,457		
Unencumbered Cash, Ending	$ 132,457	$ 143,623		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
State Sources				
State Aid	$ 489,727	$ 493,528	$ 516,662	$ (23,134)
Operating Transfer from Other Funds				
General	-	-	-	-
Total Cash Receipts	489,727	493,528	$ 516,662	$ (23,134)
Expenditures				
Instruction	327,334	329,874	$ 343,700	$ (13,826)
Student Support	19,099	19,248	20,054	(806)
Instructional Support	7,444	7,502	7,816	(314)
General Administration	29,629	29,858	31,109	(1,251)
School Administration	48,336	48,711	53,202	(4,491)
Central Services	-	-	-	-
Operations and Maintenance	29,824	30,056	31,315	(1,259)
Trasnportation	12,586	12,684	13,216	(532)
Food Service	15,475	15,595	16,250	(655)
Total Expenditures Subject to Budget	489,727	493,528	$ 516,662	$ (23,134)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
RECREATION COMMISSION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Ad valorem tax	$ 26,456	$ 27,803	$ 27,502	$ 301
Delinquent tax	1,072	969	129	840
Motor vehicle tax	3,650	3,662	3,906	(244)
Recreational vehicle tax	39	383	39	344
Total Cash Receipts	31,217	32,817	$ 31,576	$ 301
Expenditures				
Community Service Operations	35,000	37,500	$ 37,500	$ -
Total Expenditures Subject to Budget	35,000	37,500	$ 37,500	$ -
Receipts Over (Under) Expenditures	(3,783)	(4,683)		
Unencumbered Cash, Beginning	36,009	32,227		
Unencumbered Cash, Ending	$ 32,227	$ 27,544		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating transfer from Other Funds		
General	$ -	$ -
Total Cash Receipts	-	-
Expenditures		
Operating transfer to		
Supplemental General	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	324,980	324,980
Unencumbered Cash, Ending	$ 324,980	$ 324,980

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
TITLE I FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 126,032	$ 118,708
Total Cash Receipts	126,032	118,708
Expenditures		
Instruction	124,625	122,773
General Administration	-	-
Total Expenditurs	124,625	122,773
Receipts Over (Under) Expenditures	1,407	(4,065)
Unencumbered Cash, Beginning	8,546	9,953
Unencumbered Cash, Ending	$ 9,953	$ 5,887

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
ESSER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
ESSER Aid	$ 175,781	$ 517,988
Total Cash Receipts	175,781	517,988
Expenditures		
Program Expenditures	188,733	624,977
Total Expenditurs	188,733	624,977
Receipts Over (Under) Expenditures	(12,952)	(106,989)
Unencumbered Cash, Beginning	-	(12,952)
Unencumbered Cash, Ending	$ (12,952)	$ (119,942)

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
REAP GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 32,235	$ 34,377
Total Cash Receipts	32,235	34,377
Expenditures		
Instruction	33,715	42,805
Total Expenditurs	33,715	42,805
Receipts Over (Under) Expenditures	(1,480)	(8,428)
Unencumbered Cash, Beginning	-	(1,480)
Unencumbered Cash, Ending	$ (1,480)	$ (9,908)

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
TITLE II FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 11,553	$ 11,262
Total Cash Receipts	11,553	11,262
Expenditures		
Instruction	11,553	11,262
Total Expenditurs	11,553	11,262
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

OSWEGO, KANSAS
21ST CENTURY FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	$ 83,234	$ 64,873
Local Sources		
Miscellaneous	-	-
Total Cash Receipts	83,234	64,873
Expenditures		
Program Expenditures	134,805	89,629
Total Expenditurs	134,805	89,629
Receipts Over (Under) Expenditures	(51,571)	(24,756)
Unencumbered Cash, Beginning	36,823	(14,748)
Unencumbered Cash, Ending	$ (14,748)	$ (39,504)

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
EMINTS GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	$ 40,737	$ 17,026
Local Sources		
Miscellaneous	-	-
Total Cash Receipts	40,737	17,026
Expenditures		
Program Expenditures	39,787	17,026
Total Expenditurs	39,787	17,026
Receipts Over (Under) Expenditures	950	-
Unencumbered Cash, Beginning	-	950
Unencumbered Cash, Ending	$ 950	$ 950

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
COVID TESTING FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	$ 5,197	$ 198,789
Local Sources		
Miscellaneous	-	-
Total Cash Receipts	5,197	198,789
Expenditures		
Program Expenditures	2,217	632,784
Total Expenditurs	2,217	632,784
Receipts Over (Under) Expenditures	2,980	(433,995)
Unencumbered Cash, Beginning	-	2,980
Unencumbered Cash, Ending	$ 2,980	$ (431,015)

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
GIFTS AND GRANTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Gifts	$ -	$ 1,892
Total Cash Receipts	-	1,892
Expenditures		
Program Expenditures	-	1,892
Total Expenditures	-	1,892
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal 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				
Local Sources				
Ad valorem tax	$ 70,670	$ 61,815	$ 61,566	$ 249
Delinquent tax	2,817	2,634	344	2,290
Motor vehicle tax	9,370	10,428	10,138	290
Recreational vehicle tax	101	91	100	(9)
Interest on idle funds	-	-	-	-
Other	-	2,116	-	2,116
State Sources				
State aid	176,435	201,841	201,841	-
Total Cash Receipts	259,394	278,926	$ 273,989	$ 4,937
Expenditures				
Debt Service				
Principal	145,000	190,000	$ 190,000	$ -
Interest	41,109	53,183	53,282	(99)
Other	-	-	-	-
Total Expenditures Subject to Budget	186,109	243,183	243,282	(99)
Receipts Over (Under) Expenditures	73,284	35,744		
Unencumbered Cash, Beginning	275,378	348,663		
Unencumbered Cash, Ending	$ 348,663	$ 384,406		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
SCHOLARSHIP FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Donations	$ -	$ -
Interest	645	1,444
Total Cash Receipts	645	1,444
Expenditures		
Scholarships	3,100	8,000
Total Expenditurs	3,100	8,000
Receipts Over (Under) Expenditures	(2,455)	(6,556)
Unencumbered Cash, Beginning	176,531	174,076
Unencumbered Cash, Ending	$ 174,076	$ 167,520

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2023

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations				
Oswego High School & Middle School	$ 44,675	96,740	$ 96,310	$ 45,105
Service Valley Charter Academy	13,550	46,374	39,803	20,122
Neosho Heights Elem. School	10,353	28,227	25,734	12,846
Totals	68,578	171,341	$ 161,847	$ 78,073

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
DISTRICT ACTIVITY FUNDS
Schedule of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2023

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2023
Athletics						
Oswego High School & Middle School	$ 1,359	$ 39,493	$ 39,857	$ 995	$ -	$ 995
Totals	$ 1,359	$ 39,493	$ 39,857	$ 995	$ -	$ 995

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

FEDERALGRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
U.S. Department of Agriculture			
Passed Through the State of Kansas			
Department of Education:			
COVID-19 School Breakfast Program (See Note 2)	10.553	$ 70,700	$ 70,700
COVID-19 School Lunch Program (See Note 2)	10.555	213,288	213,288
COVID-19 Summer Food Serivice Program (See Note 2)	10.559	20,205	24,302
Farm to School Grant Program	10.575	10,000	10,000
Fresh Fruits and Vegetables Program (See Note 2)	10.582	10,338	10,338
		324,531	328,628
U.S. Department of Education			
Rural Education	84.358A	34,377	42,805
Passed Through the State of Kansas			
Department of Education:			
Title I Grants to Local Education Agencies	84.010	103,206	107,271
Twenty-First Century Community Learning Centers	84.287	64,873	89,629
Supporting Effective Instruction State Grants	84.367	11,262	11,262
Student Support and Academic Enrichment Program	84.424A	15,502	15,502
COVID-19 Education Stabalization Fund (See Notes 4 and 5)	84.425D	59,235	59,235
COVID-19 Education Stabalization Fund (See Note 5)	84.425U	458,753	565,742
Passed Through University of Missouri:			
Supporting Effective Educator Development Program	84.423A	17,026	17,026
		764,234	908,472
U.S. Department of Health and Human Services			
Passed Through the State of Kansas			
Department of Education:			
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	198,789	632,784
TOTALS		$ 1,287,554	$ 1,869,884

NOTES:

1. The schedule of expenditures of federal awards has been prepared in accordance with the regulatory basis of accounting as set forth in the Kansas Municipal Audit and Accounting Guide. Under the regulatory basis of accounting, revenues are recognized when cash is received. Expenditures include disbursements accounts payable and encumbrances. Encumbrances are commitments of the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

2. Part of the Child Nutrition Cluster. Total Child Nutrition Cluster expenditures were $318,628.

3. The District did not elect to use the 10% de minimis indirect cost rate.

4. $11,763 of these expenditures was passed through to a subrecipient.

5. Total expenditures under the Education Stabilization Fund were $624,977.

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2023

Finding 2022-001 Drafting Financial Statements

Condition: The District's auditors provide significant assistance with preparing their financial statement in the regulatory basis format as well as determining which disclosures are required.

Recommendation: None

Current Status: The District continues to rely on their auditors to assist in preparing the financial statement and disclosures. The District periodically reviews the situation. The District continues to believe this is the most cost-effective way to produce their financial statement. This remains a current year audit finding.

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

Board of Education
Unified School District #504
Oswego, Kansas 67356

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 regulatory basis financial statement of Unified School District #504 as of and for the year ended June 30, 2023, and the related notes to the regulatory basis financial statement and have issued our report thereon dated February 2, 2024.

Internal Control Over Financial Reporting
In planning and performing our audit of the regulatory basis financial statement, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance 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 over financial reporting. 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be significant deficiencies.

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 regulatory basis 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 that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to Management of the District in a separate letter dated February 2, 2024.

District's Response to Findings
The District's response to the findings identified in our audit is described in the Corrective Action Plan. We did not audit the District's response and accordingly, we express no opinion on it.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

February 2, 2024
Pittsburg, Kansas

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

Board of Education
Unified School District #504
Oswego, Kansas 67356

Report on Compliance for Each Major Federal Program
We have audited the Unified School District #504's (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 the District's major federal programs for the year ended June 30, 2023. Unified District #504'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 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.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 generally accepted auditing standards,

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.

In performing an audit in accordance with generally accepted auditing standards, *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.

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

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

February 2, 2024
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS:

Type of auditors' report issued:

- Adverse for departures from accounting principles generally accepted in the United States of America due to preparation of financial statements in accordance with the regulatory basis of accounting.
- Unqualified opinion on the regulatory basis financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? _ *YES* _X_ *NO*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE _X_ *YES* _ *REPORTED*

Noncompliance material to financial statements noted? _ *YES* _X_ *NO*

FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? _ *YES* _X_ *NO*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE _ *YES* _X_ *REPORTED*

Type of auditors' report issued on compliance for major programs: UNQUALIFIED

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the Uniform Guidance _ *YES* _X_ *NO*

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA #	NAME OF PROGRAM
84.425	Education Stabilization Fund
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases

Auditee qualified as low-risk auditee? _ *YES* _X_ *NO*

The dollar threshold used to distinguish between Type A and Type B Programs was $750,000.

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency
2023-001 Drafting Financial Statements

Condition: As auditors, we provide significant assistance with preparing the regulatory basis financial statement, as well as determining which disclosures are required under generally accepted accounting standards and the regulatory basis of accounting. This is a repeat finding from June 30, 2022 and was identified in the report as 2022-001.

Criteria: Internal controls should be in place that provide a reasonable assurance that the financial statements are appropriate in form and contain the required disclosures.

Cause: Relying upon the independent auditors for an area that should have internal controls in place.

Effect: The District relies on independent auditors to determine the financial statements are in the correct form and include the proper disclosures.

Recommendation: None

Response: The District agrees with the finding. The District's response is in the attached Corrective Action Plan.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

UNIFIED SCHOOL DISTRICT #504

June 30, 2023 Financial Statements

Corrective Action Plan

Audit Finding 2023-001

USD #504 has always relied upon its auditors to provide significant assistance with preparing the regulatory basis financial statement and with determining which disclosures were required under the regulatory basis of accounting. While the USD #504 understands that this is a significant deficiency in our internal controls, we believe it is the most cost-effective manner for us to produce our financial statements. Our accounting staff concentrate on providing the reports needed for management and regulatory purposes. We believe it would be inefficient and cost prohibitive for our staff to attempt to stay current on all the disclosure requirements of the regulatory basis of accounting. We do not plan on making any changes at this time. However, we will monitor this situation and periodically determine if it is cost effective for us to perform these functions.