UNIFIED SCHOOL DISTRICT NO. 487
Herington, Kansas

Regulatory Basis Financial Statement and
Independent Auditor's Report

For the Year Ended June 30, 2023

Cindy Jensen, CPA
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Unified School District No. 487
Herington, Kansas

Regulatory Basis Financial Statement
For the Fiscal Year Ended June 30, 2023

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Independent Auditor's Report

Board of Education
Unified School District No. 487
Herington, Kansas

Adverse and Unmodified Opinions
I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 487, Herington, Kansas, a municipal financial reporting entity, as of and for the year ended June 30, 2023 and the related notes to the financial statement.

Adverse Opinion on the U.S. Generally Accepted Accounting Principles
In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion and Unmodified Opinions section of my report, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 487, Herington, Kansas, as of June 30, 2023, or the changes in its financial position or cash flows for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Unified School District No. 487, Herington, Kansas, as of June 30, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Basis for Adverse Opinion and Unmodified Opinions
I conducted my audit 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, and the Kansas Municipal Audit and Accounting Guide. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. I am required to be independent of Unified School District No. 487, Herington, Kansas, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my 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 Unified School District No. 487, Herington, Kansas 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.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 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.

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 Unified School District No. 487, Herington'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.

Auditor's Responsibility for the Audit of the Financial Statement

My 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 my 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 and Government Auditing Standards 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 and Government Auditing Standards, 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 USD 487, Herington'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 USD 487, Herington's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Supplementary Information

My 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 accompanying 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. In addition, the summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, agency funds summary of receipts and disbursements, district activity funds schedule of receipts and expenditures, and related municipal entities-summary of receipts and expenditures-actual and budget (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The schedule of expenditures of federal awards and regulatory required supplementary 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 schedule of expenditures of federal awards and the regulatory required supplementary information have been subjected to the auditing procedures applied in the audit of the respective 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 my opinion, the schedule of expenditures of federal awards and the regulatory required information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated February 5, 2024, on my consideration of Unified School District No. 487, Herington, Kansas' internal control over financial reporting and on my 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 my 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 Unified School District No. 487, Herington, Kansas' internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Unified School District No. 487, Herington, Kansas' internal control over financial reporting and compliance.



Cindy Jensen, CPA
Certified Public Accountant
February 5, 2024

Unified School District No. 487
Herington, Kansas

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

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds						
General	$ 0	$ 4,427,127	$ 4,427,127	$ 0	$ 204,119	$ 204,119
Supplemental General	53,647	1,329,261	1,337,759	45,149	63,768	108,917
Special Purpose Funds						
At Risk (4 Yr Old)	28,316	43,768	48,377	23,707	77,530	101,237
At Risk	163,209	1,017,558	1,039,584	141,183	0	141,183
Bilingual	0	3,392	1,441	1,951	0	1,951
Virtual	103,056	103,080	124,837	81,299	0	81,299
Capital Outlay	635,036	549,719	681,913	502,842	245,204	748,046
Driver Training	15,447	7,710	7,249	15,908	369	16,277
Food Service	54,721	414,482	414,345	54,858	8,740	63,598
Professional Development	25,918	24,446	25,435	24,929	292	25,221
Parent Education	2,301	83,897	84,866	1,332	4,691	6,023
Special Education	325,402	759,265	781,783	302,884	0	302,884
Career & Postsecondary	70,606	170,567	176,880	64,293	27,925	92,218
KPERS Retirement	0	432,863	432,863	0	0	0
Contingency Reserve	223,567	0	0	223,567	0	223,567
Recreation Commission	16,342	82,816	85,000	14,158	0	14,158
Title I	0	117,818	117,818	0	10,283	10,283
Supporting Effective Instruction	0	18,155	18,155	0	3,281	3,281
Title IV	0	15,985	15,985	0	207	207
Rural & Small Schools	(5,506)	36,867	39,761	(8,400)	8,400	0
ESSER	(244,809)	603,239	501,557	(143,127)	10,018	(133,109)
Gifts & Grants	33,112	563,317	273,982	322,447	0	322,447
Textbook & Student Material	98,855	50,573	41,006	108,422	0	108,422
District Activity Funds	34,316	122,367	109,758	46,925	0	46,925
Bond & Interest Funds						
Bond & Interest	1,183,183	1,138,914	1,098,007	1,224,090	0	1,224,090
Related Municipal Entities:						
Herington Recreation Comm	64,005	102,047	80,478	85,574	0	85,574
Tri-County Arts Assn	856	0	856	0	0	0
Total Reporting Entity (Excluding Agency Funds)	$ 2,881,580	$ 12,219,233	$ 11,966,822	$ 3,133,991	$ 664,827	$ 3,798,818

Checking & Sweep accounts	$ 3,666,319
Recreation Commission	$ 85,574
Herington Elementary	2,801
Herington Middle	8,300
Herington High School	65,535
Total Cash	3,828,529
Less: Agency Funds per Schedule 3	(29,711)
Total Reporting Entity (Excluding Agency Funds)	$ 3,798,818

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 487 (the District), Herington, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The more significant of the district's accounting policies are described below.

Financial Reporting Entity

Unified School District No. 487 was organized in accordance with State Statutes to provide a system of public education to elementary through high school students who reside within the designated District areas. USD No. 487 is a municipal corporation governed by an elected seven-member board of education. This financial statement presents Unified School District No. 487 and its related municipal entities. The related municipal entities are included in the District's financial reporting entity because they were established to benefit the District and/or its' constituents.

Herington Recreation Commission-The Herington Recreation Commission oversees recreational activities. The recreation commission operates as a separate governing body, but the District levies taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928.

Tri-County Arts Association-The Tri- County Arts Association is a fund that supports arts in the community.

Regulatory Basis Fund Types

The accounts of the District are organized and operated on the basis of funds, which are used to record the District's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the District.

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

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

Bond & Interest fund – used to account for the accumulation of resources, including tax levies, transfers from other funds, and payments of long-term debt.

Agency funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (student organization accounts, etc.)

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Reimbursements

USD 487 records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are treated as a budget credit.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Use of Estimates
The preparation of a financial statement in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of cash receipts, cash expenditures, cash and unencumbered cash balances at the date of the financial statement. Accordingly, actual results could differ from those estimates.

Ad Valorem Tax Receipts
The determination of assessed valuations and collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with 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. One-half of the property taxes are due December 20 prior to the fiscal year for which they are budgeted and the second half is due the following May 10. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. The general fund and bilingual funds were amended increasing their budget authority from $4,392,714 and $0 to $4,463,467 and $3,392 respectively.

After the above procedures have been followed; the Kansas State Board of Education computes the maximum legal general fund of operating expenses. For the fiscal year ended June 30, 2023, the State calculation of the legal maximum general fund budget was $4,347,683 and the legal maximum supplemental general fund was $1,337,759. In accordance with Kansas statutes, a district is penalized state aid equal to the amount expended in excess of the computed statutory limitation plus any qualifying budget credits. The District was within its maximum legal general and supplemental general fund budget authority for the fiscal year ended June 30, 2023.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital project funds, trust funds, and certain special purpose funds as noted in the presentation of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

the appropriate Schedule 2. Spending in funds, which are not subject to the legal annual operating budget requirements are controlled by federal regulations, by other statutes, or by use of internal spending limits established by the governing body.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance-Related Legal and Contractual Obligations
References made herein to the statutes are not intended as interpretations of law, rather are offered for consideration of the Director of Accounts and Reports, Department of Education, and interpretation by the County Attorney and legal representatives of the municipality.

K.S.A. 10-1113 requires that no indebtedness be created for a fund in excess of available monies in that fund. The Small and Rural Schools and ESSER funds had negative balances at year end. However, these are grant funds paid on the reimbursement basis and therefore, no violation occurred.

K.S.A. 79-2935 requires that no indebtedness be created in excess of budgeted limits. The At-Risk fund exceeded its' budget this year.

Management is not aware of any other regulatory violations for the period covered by this audit.

State and Federal Aid Compliance
The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the governmental agency. Any disallowed claim resulting from such audit could become a liability of the General Fund or other applicable fund. However, in the opinion of management, any such disallowed claim would not have a material effect on the financial statements of the District at June 30, 2023.

NOTE 3 - DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories that may be used by the District. The statute requires banks eligible to hold the Government'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 or 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 Government'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.

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.

At June 30, 2023, the carrying amount of the District's deposits was $3,828,529 and the bank balance was $3,857,695. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $444,796 was covered by FDIC insurance and the remaining $3,412,899 was collateralized by pledged securities held under joint custody receipts issued by banks within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka in the District's name.

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

NOTE 5 - 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 contributions 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 on or after Jan 1, 2015. Effective January 1, 2015, Kansas law establishes member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 14.83% and 13.33%, respectively, for the fiscal year ended June 30, 2022. The actuarially determined employer contribution rate and the statutory rate was 13.88% and 13.11% for the year ended June 30, 2023.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million for the 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 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred to KPERS. In Fiscal Year 2023, Senate Bill 421 authorizes two additional transfers which total $271 million.

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONT)

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 $432,863 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 $4,194,642. 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 proportionate share of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

NOTE 6 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

The District provides compensation for absences. Full-time, twelve month classified employees earn 10 days of vacation leave per year from one to ten years of employment, and 15 days after ten years of continual employment. Vacation leave is non-accumulative, and employees will not be reimbursed for unused vacation time. Classified employees also earn two days personal leave per year. The District reimburses for unused personal leave at the substitute teacher base pay. Classified employees are granted 10 days sick leave each year and may accumulate up to a maximum of 60 days. Employees that are eligible for early retirement will be compensated one-half of accumulated sick leave at their regular hourly wages.

Certified employees earn three personal leave days per year. The District will reimburse for any unused personal days at the end of the contract year at the daily rate of substitute teachers. Each full-time certified employee will also be credited with 10 days of sick leave per year and may accumulate up to a maximum of 60 days. Employees that are eligible for early retirement will be compensated one-half of their accumulated sick leave at their regular hourly wage.

Death & Disability Other Post Employment Benefits

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, 2023.

Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government 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 government makes health care benefits available to eligible formers 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 government under this program.

NOTE 6 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS(CONT)

Early Retirement Benefits

The District offers early retirement health care benefits for certified employees that are eligible under the criteria defined in the negotiated agreement. The District pays the cost of a single premium for each early retiree and the retiree is responsible for the balance. During the year ended June 30, 2023, the District paid $64,163 under this plan. Those eligible for this program may receive benefits for up to 10 years but not past the age of 65. The District also pays an early retirement bonus. If the retiree notifies the board by January 1st, the District pays $100 per year the teacher is employed by the District for four years or more. The amount is $50 per year if notification takes place by February 1st. During the year the district had no retirees opt for this benefit.

NOTE 7 - TRANSFERS

Interfund transfers during the fiscal year ended June 30, 2023 consisted of the following:

Transfer From	Transfer To	Amount	Statute
General	Capital Outlay	$ 107,398	72-5167
General	Food Service	20,000	72-5167
General	Professional Dev	15,457	72-5167
General	Parent Education	18,000	72-5167
General	Special Ed	615,605	72-5167
General	Career & Post Secondary	165,905	72-5167
General	At Risk-4 yr	38,768	72-5167
General	At Risk	779,699	72-5167
General	Bilingual	2,322	72-5167
General	Virtual	90,580	72-5167
Supplemental General	Professional Dev	5,000	72-5143
Supplemental General	Food Service	40,000	72-5143
Supplemental General	Parent Education	3,500	72-5143
Supplemental General	Special Ed	120,000	72-5143
Supplemental General	Textbook	40,000	72-5143
Supplemental General	Bilingual	1,070	72-5143
Supplemental General	At Risk-4 yr	5,000	72-5143
Supplemental General	At Risk	237,859	72-5143

NOTE 8 – BOND REFUNDING

The District issued General Obligation Refunding Series 2019 in the amount of $11,130,000. This bond issue refunded $8,230,000 of Series 2013 bonds and $1,670,000 of Series 2014 bonds. The bond proceeds are held in escrow until the bonds can be called. The outstanding balance of refunded bonds at June 30, 2023 is $8,230,000. The debt schedule in Note 10 shows the bonds outstanding after the refunded amount is applied to the Series 2013 and Series 2014 bonds.

NOTE 9 – LONG-TERM DEBT

Lease Agreements

The District entered into a lease agreement with Security Bank for the purchase of asbestos remediation improvements on April 3, 2019. Annual payments were scheduled for ten years. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the district must return the leased property to the lessor. Payments on this lease are made from the capital outlay fund.

NOTE 9 – LONG-TERM DEBT (CONT)

Changes in long-term liabilities for the District for the fiscal year ended June 30, 2023, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Refunding Bonds:									
Series 2013	3.5% -3.75%	12/5/2013	$ 9,700,000	9/1/2041	$ 1,470,000	$ 0	$ 0	$ 1,470,000	$ 53,581
Series 2014	3% -3.375%	1/7/2014	5,770,000	9/1/2028	1,335,000	0	430,000	905,000	35,881
Series 2019	2% -3.1%	10/3/2019	11,130,000	9/1/2036	10,550,000	0	290,000	10,260,000	288,545
Financing Leases:									
Asbestos Removal	3%	4/3/2019	140,000	9/1/2028	1,005,000	0	130,000	875,000	28,198
Total Contractual Indebtedness					$ 14,360,000	$ 0	$ 850,000	$ 13,510,000	$ 406,205

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

	2024	2025	2026	2027	2028	2029-2033	2034-2037	Total
Principal:								
Series 2013	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,470,000	$ 0	$ 1,470,000
Series 2014	445,000	460,000	0	0	0	0	0	905,000
Series 2019	295,000	305,000	790,000	800,000	0	2,940,000	5,130,000	10,260,000
Asbestos	135,000	140,000	145,000	150,000	150,000	155,000	0	875,000
Total Prin.	875,000	905,000	935,000	950,000	150,000	4,565,000	5,130,000	13,510,000
Interest								
Series 2013	53,581	53,581	53,582	53,581	53,582	90,034	0	357,941
Series 2014	22,478	7,763	0	0	0	0	0	30,241
Series 2019	282,255	275,578	262,865	243,982	234,383	964,189	364,818	2,628,070
Asbestos	24,225	20,100	15,825	11,400	6,900	2,325	0	80,775
Total Int.	382,539	357,022	332,272	308,963	294,865	1,056,548	364,818	3,097,027
Total P&I	$ 1,257,539	$ 1,262,022	$ 1,267,272	$ 1,258,963	$ 444,865	$ 5,621,548	$ 5,494,818	$ 16,607,027

NOTE 10 - ESSER

The CARES Act included Elementary and Secondary School Emergency Relief (ESSER) Funds for K-12 schools. The ESSER grants will provide school districts with emergency relief funds to address the impact COVID19 has had on elementary and secondary schools. It is being allocated to the Districts in three phases, ESSER I, II, and III. The ESSER I under the Cares Act began in March 2020, the ESSER II under the CRRSA Act began in December 2020, and the ESSER III under the ARP Act began in March 2021. The District was allocated $81,812 for ESSER I, $409,256 for ESSER II, and $919,779 for ESSER III. As of June 30, 2023, the District has expended $81,812 of ESSER I, $409,256 of ESSER II funds, and $679,817 of ESSER III funds.

NOTE 11 – COPIER LEASE

In October 2022, the district entered into a lease agreement with 360 Document Solutions to lease 14 copiers at a monthly cost of $2,475 per month for sixty-three months.

NOTE 12 – DAYCARE FACILITY

The district received a $440,000 grant from the Dickinson County Community Foundation for the construction of a new childcare facility. In 2022-2023, the district expended $214,233 for the project. It was completed in 2023-2024 at a total cost of $495,768.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date that the financial statement was available to be issued.

REGULATORY-REQUIRED

SUPPLEMENTARY INFORMATION

Unified School District No. 487
Herington, Kansas

Schedule 1

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

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Funds						
General	$4,463,467	$ (115,784)	$ 79,444	$ 4,427,127	$ 4,427,127	$ 0
Supplemental General	1,346,426	(8,667)	0	1,337,759	1,337,759	0
Special Purpose Funds						
At Risk (4 yr old)	92,500			92,500	48,377	(44,123)
At Risk	925,500			925,500	1,039,584	114,084
Bilingual	3,392			3,392	1,441	(1,951)
Virtual	125,000			125,000	124,837	(163)
Capital Outlay	925,000			925,000	681,913	(243,087)
Driver Training	28,500			28,500	7,249	(21,251)
Food Service	438,000			438,000	414,345	(23,655)
Professional Development	43,500			43,500	25,435	(18,065)
Parent Education	93,393			93,393	84,866	(8,527)
Special Education	986,000			986,000	781,783	(204,217)
Career & Postsecondary	328,400			328,400	176,880	(151,520)
KPERS Retirement	449,714			449,714	432,863	(16,851)
Recreation Commission	85,000			85,000	85,000	0
Bond & Interest Funds						
Bond & Interest	1,098,009			1,098,009	1,098,007	(2)
Related Municipal Entity						
Herington Recreation Comm	167,505			167,505	80,478	(87,027)

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-A

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

GENERAL FUND

	Actual	Budget	Variance Over (Under)
Receipts:			
Dickinson & Morris County	$ 110	$ 42	$ 68
State Aid	3,886,594	3,591,935	294,659
Special Ed Pass Through	460,979	478,720	(17,741)
Reimbursed & misc income	79,444	43,447	35,997
Total Receipts	4,427,127	4,114,144	312,983
Expenditures			
Instruction	908,613	889,579	19,034
Student Support	128,979	61,637	67,342
Instructional Support	63,020	63,076	(56)
General Administration	302,746	300,438	2,308
School Administration	421,149	363,549	57,600
Central Services	350	500	(150)
Operations & Maintenance	669,880	747,152	(77,272)
Daycare	78,656	0	78,656
Operating Transfers	1,853,734	2,037,536	(183,802)
Adjustment to Comply with Legal Max		(115,784)	115,784
Total legal general fund budget	4,427,127	4,347,683	79,444
Adjustment for qualifying budget credits	0	79,444	(79,444)
Total Expenditures	4,427,127	$ 4,427,127	$ 0
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	$ 0		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-B

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

SUPPLEMENTAL GENERAL FUND

	Actual	Budget	Variance Over (Under)
Receipts:			
Dickinson & Morris County	$ 498,914	$ 457,052	$ 41,862
State Aid	830,347	835,727	(5,380)
Other	0	0	0
Total Receipts	1,329,261	1,292,779	36,482
Expenditures			
Instruction	454,082	600,779	(146,697)
Student Support	32,235	71,756	(39,521)
Instructional Support	175,329	183,710	(8,381)
General Administration	7,742	7,500	242
School Administration	7,889	7,500	389
Central Services	53,342	53,192	150
Operations & Maintenance	384	1,700	(1,316)
Student Transportation	154,327	109,716	44,611
Operating Transfers	452,429	310,573	141,856
Adjustment to Comply with Legal Max		(8,667)	8,667
Total legal supplemental general fund budget	1,337,759	1,337,759	0
Adjustment for qualifying budget credits	0	0	0
Total Expenditures	1,337,759	$ 1,337,759	$ 0
Receipts Over (Under) Expenditures	(8,498)		
Unencumbered Cash, July 1	53,647		
Unencumbered Cash, June 30	$ 45,149		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-C

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

AT RISK (4 YR OLD)

	Actual	Budget	Variance Over (Under)
Receipts:			
Operating Transfers	$ 43,768	$ 87,690	$ (43,922)
Other	0	0	0
Total Receipts	43,768	87,690	(43,922)
Expenditures			
Instruction	27,140	59,686	(32,546)
Student Support	0	13,981	(13,981)
Instruction Support	828	1,750	(922)
Operations & Maintenance	1,385	0	1,385
Student Transportation	19,024	17,083	1,941
Total Expenditures	48,377	$ 92,500	$ (44,123)
Receipts Over (Under) Expenditures	(4,609)		
Unencumbered Cash, July 1	28,316		
Unencumbered Cash, June 30	$ 23,707		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-D

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

AT RISK

	Actual	Budget	Variance Over (Under)
Receipts:			
Operating Transfers	$ 1,017,558	$ 828,706	$ 188,852
Other Receipts	0	0	0
Total Receipts	1,017,558	828,706	188,852
Expenditures			
Instruction	994,729	766,770	227,959
Student Support	35,408	65,705	(30,297)
Instruction Support	9,260	6,250	3,010
School Administration	0	46,515	(46,515)
Student Transportation	187	40,260	(40,073)
Total Expenditures	1,039,584	$ 925,500	$ 114,084
Receipts Over (Under) Expenditures	(22,026)		
Unencumbered Cash, July 1	163,209		
Unencumbered Cash, June 30	$ 141,183		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-E

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

BILINGUAL

	Actual	Budget	Variance Over (Under)
Receipts:			
Other Receipts	$ 0	$ 0	$ 0
Operating Transfers	3,392	3,392	0
Total Receipts	3,392	3,392	0
Expenditures			
Instruction	0	1,892	(1,892)
Student support	1,441	1,500	(59)
Total Expenditures	1,441	$ 3,392	$ (1,951)
Receipts Over (Under) Expenditures	1,951		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	$ 1,951		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-F

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

VIRTUAL

	Actual	Budget	Variance Over (Under)
Receipts:			
Other Receipts	$ 12,500	$ 12,500	$ 0
Operating Transfers	90,580	100,700	(10,120)
Total Receipts	103,080	113,200	(10,120)
Expenditures			
Instruction	124,837	125,000	(163)
Other	0	0	0
Total Expenditures	124,837	$ 125,000	$ (163)
Receipts Over (Under) Expenditures	(21,757)		
Unencumbered Cash, July 1	103,056		
Unencumbered Cash, June 30	$ 81,299		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-G

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

CAPITAL OUTLAY

	Actual	Budget	Variance Over (Under)
Receipts:			
Dickinson & Morris County	$ 209,582	$ 212,807	$ (3,225)
State Aid	116,661	117,097	(436)
Other Receipts	116,078	0	116,078
Operating Transfers	107,398	0	107,398
Total Receipts	549,719	329,904	219,815
Expenditures			
Capital Outlay	523,715	766,802	(243,087)
Lease principal & interest	158,198	158,198	0
Total Expenditures	681,913	$ 925,000	$ (243,087)
Receipts Over (Under) Expenditures	(132,194)		
Unencumbered Cash, July 1	635,036		
Unencumbered Cash, June 30	$ 502,842		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-H

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

DRIVER TRAINING

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 4,200	$ 6,750	$ (2,550)
Other Receipts	3,510	7,500	(3,990)
Operating Transfers	0	0	0
Total Receipts	7,710	14,250	(6,540)
Expenditures			
Instruction	5,346	26,250	(20,904)
Student support	0	0	0
Vehicle Operation	1,903	2,250	(347)
Total Expenditures	7,249	$ 28,500	$ (21,251)
Receipts Over (Under) Expenditures	461		
Unencumbered Cash, July 1	15,447		
Unencumbered Cash, June 30	$ 15,908		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-I

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

FOOD SERVICE

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 2,447	$ 2,312	$ 135
Federal Aid	293,315	301,964	(8,649)
Meal Receipts	58,720	78,625	(19,905)
Operating Transfers	60,000	5,000	55,000
Total Receipts	414,482	387,901	26,581
Expenditures			
Food Service	414,345	438,000	(23,655)
Adjustment for qualifying budget credits	0	0	0
Total Expenditures	414,345	$ 438,000	$ (23,655)
Receipts Over (Under) Expenditures	137		
Unencumbered Cash, July 1	54,721		
Unencumbered Cash, June 30	$ 54,858		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-J

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

PROFESSIONAL DEVELOPMENT

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 3,989	$ 3,900	$ 89
Other receipts	0	2,800	(2,800)
Operating Transfers	20,457	20,000	457
Total Receipts	24,446	26,700	(2,254)
Expenditures			
Professional Development	25,435	43,500	(18,065)
Other	0	0	0
Total Expenditures	25,435	$ 43,500	$ (18,065)
Receipts Over (Under) Expenditures	(989)		
Unencumbered Cash, July 1	25,918		
Unencumbered Cash, June 30	$ 24,929		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-K

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

PARENT EDUCATION

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 48,397	$ 48,397	$ 0
Other Receipts	14,000	22,000	(8,000)
Operating Transfers	21,500	21,500	0
Total Receipts	83,897	91,897	(8,000)
Expenditures			
Student Support	84,047	92,293	(8,246)
Instructional Support	819	1,100	(281)
Total Expenditures	84,866	$ 93,393	$ (8,527)
Receipts Over (Under) Expenditures	(969)		
Unencumbered Cash, July 1	2,301		
Unencumbered Cash, June 30	$ 1,332		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-L

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

SPECIAL EDUCATION

	Actual	Budget	Variance Over (Under)
Receipts:			
Other Receipts	$ 23,660	$ 34,803	$ (11,143)
Federal Aid - ESSER	0	0	0
Operating Transfers	735,605	938,760	(203,155)
Total Receipts	759,265	973,563	(214,298)
Expenditures			
Instruction	732,358	927,126	(194,768)
Federal expenditures-ESSER	9,803	0	9,803
Student Support	0	3,600	(3,600)
Instructional Support	58	0	58
General Administration	0	0	0
Operations and Maintenance	0	0	0
Transportation	39,564	55,274	(15,710)
Total Expenditures	781,783	$ 986,000	$ (204,217)
Receipts Over (Under) Expenditures	(22,518)		
Unencumbered Cash, July 1	325,402		
Unencumbered Cash, June 30	$ 302,884		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-M

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

CAREER AND POSTSECONDARY EDUCATION

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 4,662	$ 14,850	$ (10,188)
Federal Aid	0	0	0
Other Receipts	0	0	0
Operating Transfers	165,905	275,000	(109,095)
Total Receipts	170,567	289,850	(119,283)
Expenditures			
Instruction	162,850	300,638	(137,788)
Instruction Support	651	1,800	(1,149)
School Administration	1,149	2,000	(851)
Operations & Maintenance	0	0	0
Transportation	12,230	23,962	(11,732)
Other Support	0	0	0
Total Expenditures	176,880	$ 328,400	$ (151,520)
Receipts Over (Under) Expenditures	(6,313)		
Unencumbered Cash, July 1	70,606		
Unencumbered Cash, June 30	$ 64,293		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-N

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

KPERS RETIREMENT

	Actual	Budget	Variance Over (Under)
Receipts:			
KPERS Employer Contributions	$ 432,863	$ 449,714	$ (16,851)
Transfer from General	0	0	0
Total Receipts	432,863	449,714	(16,851)
Expenditures			
KPERS Employee Benefits	432,863	449,714	(16,851)
Other	0	0	0
Total Expenditures	432,863	$ 449,714	$ (16,851)
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	$ 0		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-O

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023

CONTINGENCY RESERVE

	Current Year Actual
Receipts:	
Operating Transfers	$ 0
Other Receipts	0
Total Receipts	0
Expenditures	
Heating bill	0
Other	0
Total Expenditures	0
Receipts Over (Under) Expenditures	0
Unencumbered Cash, July 1	223,567
Unencumbered Cash, June 30	$ 223,567

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-P

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

RECREATION COMMISSION

	Actual	Budget	Variance Over (Under)
Receipts:			
Dickinson & Morris County	$ 82,816	$ 78,095	$ 4,721
Other Receipts	0	0	0
Total Receipts	82,816	78,095	4,721
Expenditures			
Appropriations	85,000	85,000	0
Other	0	0	0
Total Expenditures	85,000	$ 85,000	$ 0
Receipts Over (Under) Expenditures	(2,184)		
Unencumbered Cash, July 1	16,342		
Unencumbered Cash, June 30	$ 14,158		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-Q

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023

	TITLE I	SUPPORTING EFFECTIVE INSTRUCTION	TITLE IVA	SMALL & RURAL SCHOOL	ESSER
Receipts:					
Federal Aid	$ 117,818	$ 18,155	$ 15,985	$ 36,867	$ 603,239
Other Receipts	0	0	0	0	0
Total Receipts	117,818	18,155	15,985	36,867	603,239
Expenditures					
Program expenditures	117,818	18,155	15,985	39,761	501,557
Other	0	0	0	0	0
Total Expenditures	117,818	18,155	15,985	39,761	501,557
Receipts Over (Under) Expenditure	0	0	0	(2,894)	101,682
Unencumbered Cash, July 1	0	0	0	(5,506)	(244,809)
Unencumbered Cash, June 30	$ 0	$ 0	$ 0	$ (8,400)	$ (143,127)

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-R

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023

GIFTS AND GRANTS

	Current Year Actual
Receipts:	
Gifts & Grants	$ 123,317
Federal aid	440,000
Total Receipts	563,317
Expenditures	
Instruction & Programs	59,749
Federal program	214,233
Other	0
Total Expenditures	273,982
Receipts Over (Under) Expenditures	289,335
Unencumbered Cash, July 1	33,112
Unencumbered Cash, June 30	$ 322,447

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-S

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023

TEXTBOOK AND STUDENT MATERIALS

	Current Year Actual
Receipts:	
Fees & Donations	$ 10,573
Operating Transfers	40,000
Total Receipts	50,573
Expenditures	
Textbooks and Materials	41,006
Total Expenditures	41,006
Receipts Over (Under) Expenditures	9,567
Unencumbered Cash, July 1	98,855
Unencumbered Cash, June 30	$ 108,422

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 2-T

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

BOND & INTEREST

	Actual	Budget	Variance Over (Under)
Receipts:			
Dickinson & Morris County	$ 469,129	$ 440,010	$ 29,119
State Aid	669,785	669,785	0
Other Receipts	0	0	0
Total Receipts	1,138,914	1,109,795	29,119
Expenditures			
Bond payments	1,098,007	1,098,009	(2)
Other	0	0	0
Total Expenditures	1,098,007	$ 1,098,009	$ (2)
Receipts Over (Under) Expenditures	40,907		
Unencumbered Cash, July 1	1,183,183		
Unencumbered Cash, June 30	$ 1,224,090		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 3

Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2023

AGENCY FUNDS

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Herington High School				
Cheerleaders	$ 6,784	$ 1,393	$ 5,053	$ 3,124
CTSO	518	35,084	34,183	1,419
Freshman	496	2,091	496	2,091
Sophomores	2,503	718	2,187	1,034
Juniors	1,151	2,851	1,713	2,289
Seniors	330	7,917	8,247	0
Dance Team	2,805	494	0	3,299
Drama Club	2,842	3,499	4,221	2,120
Engineer Ink	1,860	4,525	6,020	365
Entrepreneur	608	354	571	391
FBLA	2,215	9,359	9,585	1,989
FCCLA	3,453	3,591	4,830	2,214
FFA	985	11,339	11,977	347
Forensics Club	93	0	22	71
HOSA	1,746	1,319	2,241	824
National Honor Society	673	341	770	244
Stuco	2,049	1,230	1,353	1,926
Sales Tax	0	6,332	6,332	0
	31,111	92,437	99,801	23,747
Herington Middle School				
Cheer	878	1,723	1,437	1,164
8th grade	703	1,137	1,358	482
Student Council	2,811	7,881	6,374	4,318
Sales Tax	0	1,082	1,082	0
	4,392	11,823	10,251	5,964
Total Agency Funds	$ 35,503	$ 104,260	$ 110,052	$ 29,711

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 4

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

DISTRICT ACTIVITY FUNDS

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts/Athletics						
Herington High	$ 11,192	$ 38,304	$ 36,175	$ 13,321	$ 0	$ 13,321
Herington Middle	229	21,641	21,641	229	0	229
	11,421	59,945	57,816	13,550	0	13,550
School Projects						
Herington High						
Archery	0	13,357	7,198	6,159	0	6,159
Band	4,995	7,218	7,751	4,462	0	4,462
Broadcasting	0	1,361	429	932	0	932
Library	882	457	400	939	0	939
Yearbook	4,971	10,540	10,661	4,850	0	4,850
Vocal	208	0	0	208	0	208
Coffee Shop	0	10,788	9,115	1,673	0	1,673
Foods	0	1,633	1,633	0	0	0
Metals	0	837	837	0	0	0
Photo	0	340	340	0	0	0
Woods	0	380	380	0	0	0
Misc	0	743	460	283	0	283
Banners	157	0	0	157	0	157
NSF	206	70	33	243	0	243
Staff	355	803	775	383	0	383
Student Activity	6,221	6,985	5,028	8,178	0	8,178
Herington Middle						
Library	0	5	0	5	0	5
Misc	0	403	403	0	0	0
Staff	65	111	135	41	0	41
Student Activity	1,749	908	596	2,061	0	2,061
Herington Elementary						
Library	1,036	2,937	2,536	1,437	0	1,437
Misc	18	1,522	1,462	78	0	78
Staff	95	52	0	147	0	147
Student Activity	1,937	972	1,770	1,139	0	1,139
	22,895	62,422	51,942	33,375	0	33,375
Total Activity Funds	$ 34,316	$ 122,367	$ 109,758	$ 46,925	$ 0	$ 46,925

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 5-A

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

RELATED MUNICIPAL ENTITY
HERINGTON RECREATION COMMISSION

	Actual	Budget	Variance Over (Under)
Receipts:			
USD 487	$ 85,000	$ 85,000	$ 0
Interest	2,061	0	2,061
Other receipts	61	0	61
Fees & User Charges	14,925	18,500	(3,575)
Total Receipts	102,047	103,500	(1,453)
Expenditures			
Programs & Activities	15,130	25,000	(9,870)
Fees	3,500	4,600	(1,100)
Insurance	3,536	4,000	(464)
Capital Outlay	10,038	73,905	(63,867)
Wages & taxes	35,174	45,000	(9,826)
Supplies & Maintenance	9,521	10,000	(479)
Utilities	3,579	5,000	(1,421)
Total Expenditures	80,478	$ 167,505	$ (87,027)
Receipts Over (Under) Expenditures	21,569		
Unencumbered Cash, July 1	64,005		
Unencumbered Cash, June 30	$ 85,574		

See accompanying auditor's report.

Unified School District No. 487
Herington, Kansas

Schedule 5-B

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023

RELATED MUNICIPAL ENTITY
TRI-COUNTY ARTS ASSOCIATION

	Current Year Actual
Receipts:	
Fees Collected	$ 0
Other	0
Total Receipts	0
Expenditures	
Program Activities	856
Total Expenditures	856
Receipts Over (Under) Expenditures	(856)
Unencumbered Cash, July 1	856
Unencumbered Cash, June 30	$ 0

See accompanying auditor's report.

Cindy Jensen
Certified Public Accountant

218 W Main **620-767-5064**
Council Grove, KS 66846 **c.jensen@tctelco.net**

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

Board of Education
Unified School District No. 487
Herington, KS 67449

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting Guide, the financial statement of Unified School District No. 487, Herington, Kansas, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Unified School District 487's basic financial statement, and have issued my report thereon dated February 5, 2024. My report on the financial statement disclosed that, as described in Note 1 to the financial statement, Unified School District No. 487 prepares its financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting
In planning and performing my audit of the financial statement, I considered Unified School District 487's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness Unified School District No. 487's internal control. Accordingly, I do not express an opinion on the effectiveness of Unified School District No. 487's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial 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 the attention by those charged with governance.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 487, Kansas' financial statement is free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cindy Jensen CPA

Cindy Jensen
Certified Public Accountant
Council Grove, Kansas
February 5, 2024

Cindy Jensen
Certified Public Accountant

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

Board of Education
Unified School District No. 487
Herington, KS 67449

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
I have audited Unified School District No. 487, Herington, Kansas' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Unified School District No. 487, Kansas' major federal programs for the year ended June 30, 2023. Unified School District No. 487, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Unified School District No. 487, Kansas 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, 2023.

Basis for Opinion on Each Major Federal Program
I conducted my audit of compliance 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Unified School District No. 487, Kansas, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Unified School District No. 487, Kansas' 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 grants agreements applicable to Unified School District No. 487, Kansas' federal programs.

Auditor's Responsibility for the Audit of Compliance
My objective is 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 Unified School District No. 487, Kansas' compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted 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 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 Unified School District No. 487, Kansas' compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- obtain an understanding of Unified School District No. 487, Kansas' 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 Unified School District No. 487's' internal control of compliance. Accordingly, no such opinion is expressed.

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

My consideration of the 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. Given these limitations, during my audit I did not identify and deficiencies in internal control over compliance that I 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on 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.

Cindy Jensen CPA

Cindy Jensen
Certified Public Accountant
Council Grove, Kansas
February 5, 2024

Unified School District No. 487
Herington, Kansas

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

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Rural and Low-Income School Program (REAP)	84.358		$ 39,761
Passed through from the Kansas Department of Education:			
Title I	84.010A	n/a	117,818
Supporting Effective Instruction	84.367A	n/a	18,155
Title IVA	84.424A	n/a	15,985
ESSER-COVID 19	84.425	n/a	511,360
Total passed through from KSDE			663,318
TOTAL U.S. DEPARTMENT OF EDUCATION			703,079
U.S. DEPARTMENT OF AGRICULTURE			
Passed through from the Kansas Department of Education:			
Child Nutrition Cluster:			
Summer Food Service Program	10.559	n/a	26,169
School Breakfast Program	10.553	n/a	55,105
National School Lunch Program	10.555	n/a	190,809
Total Child Nutrition Cluster			272,083
Child & Adult Care Food Program-COVID 19	10.558	n/a	21,232
TOTAL U.S. DEPARTMENT OF AGRICULTURE			293,315
U.S. Department of Treasury			
Passed through from the Dickinson County Community Foundation:			
Coronavirus State and Local Fiscal Recovery Fds-COVID 19	21.027	n/a	214,233
TOTAL U.S. DEPARTMENT OF TREASURY			214,233
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 1,210,627

Unified School District No. 487
Herington, Kansas

Notes to the Schedule of Expenditures of Federal Awards
June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 487, Kansas under programs of the federal government for the year ended June 30, 2023. The information in this 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. The Schedule is presented using a regulatory basis of accounting prescribed by the Kansas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the State of Kansas regulatory basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – COST SHARE

The district is provided cost sharing amounts for certain programs. The schedule of expenditures of federal awards includes only the federal share of expenditures.

Funds where current year federal expenditures were receipted and expended are as follows:

Fund:	Amount
Small & Rural Schools	$ 39,761
Title I	117,818
Supporting Effective Instruction	18,155
Title IVA	15,985
ESSER	501,557
Special Education-ESSER	9,803
Food Service	293,315
Gifts	214,233
	$ 1,210,627

Unified School District No. 487
Herington, Kansas

Schedule of Findings and Questioned Costs
June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:			
In accordance with Generally Accepted Accounting Principles	Adverse		
In accordance with the Kansas Regulatory basis of accounting as described in Note 1 to the financial statement	Unmodified		
Internal control over financial reporting:			
Material weakness identified?	YES	X	NO
Significant deficiency identified?	YES	X	None reported
Noncompliance material to the financial statement noted?	YES	X	NO

FEDERAL AWARDS

Internal control over major programs:			
Material weakness identified?	YES	X	NO
Significant deficiency identified?	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 2 CFR 200.516(a)?	YES	X	NO

Identification of major programs:

CFDA 84.425 Education Stabilization Fund (ESF)

Dollar threshold used to distinguish betwee type A and type B programs:	$750,000		
Auditee qualified as low-risk auditee?	YES	X	NO

Unified School District No. 487
Herington, Kansas

Schedule of Findings and Questioned Costs
June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no reportable findings.

SECTION IV - SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

There were no reportable findings in the prior year