UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

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

For the Fiscal Year Ended June 30, 2022

BAXTER SPRINGS UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

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BAXTER SPRINGS, KANSAS

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Diehl
Banwart
Bolton
Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District #508
Baxter Springs, Kansas 66713

Adverse and Unmodified Opinions
We have audited the accompanying Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis, of the Unified School District #508 (District), Baxter Springs, Kansas as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2022 or changes in financial 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 #508, Baxter Springs, Kansas as of June 30, 2022, 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, 2022 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 28, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting 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 2021 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 2021 financial statement upon which we rendered an unmodified opinion dated March 31, 2022. The 2021 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 2021 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 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 comparative information is fairly stated in all material respects in relation to the 2021 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 28, 2023
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	$ -	$ -	$ 7,964,809	$ 7,964,809	$ -	$ -	$ -
Supplemental General	56,921	-	2,488,179	2,466,886	78,214	-	78,214
Special Purpose Funds:							
4 Yr Old At Risk	-	-	71,462	71,462	-	-	-
K-12 At Risk	-	-	1,461,098	1,394,509	66,589	-	66,589
Bilingual Education	-	-	27,475	27,475	-	-	-
Virtual Education	-	-	142,711	142,711	-	-	-
Capital Outlay	1,018,102	-	830,461	814,423	1,034,139	-	1,034,139
Driver Education	9,808	-	11,614	9,567	11,855	-	11,855
Food Service	96,752	-	575,172	489,695	182,229	-	182,229
Professional Development	-	-	10,829	10,829	-	-	-
Special Education	135,186	-	1,480,793	1,403,877	212,102	-	212,102
Career and Post Secondary Education	-	-	374,476	374,159	317	-	317
KPERS Special Education	-	-	879,990	879,990	-	-	-
Contingency Reserve	287,776	-	-	-	287,776	-	287,776
Student Materials	79,738	-	9,882	7,159	82,462	-	82,462
Title II	-	-	35,877	35,877	-	-	-
Title I	-	-	209,500	255,612	(46,112)	-	(46,112)
ESSER	(230,503)	-	599,091	599,911	(231,323)	-	(231,323)
Kansas Reading Roadmap	-	-	-	-	-	-	-
KDHE Grant	-	-	40,528	89,409	(48,881)	-	(48,881)
Special Grants	90,931	-	59,180	75,867	74,244	-	74,244
Abernathy Trust	-	-	-	-	-	-	-
District Activity	3,326	-	66,412	62,856	6,882	28	6,910
Bond and Interest Fund	1,047,766	-	688,189	511,300	1,224,655	-	1,224,655
Trust Funds:							
Taylor Scholarship	176,326	-	1,326	-	177,653	-	177,653
Total Entity (Excluding Agency Funds)	$ 2,772,130	$ -	$ 18,029,054	$ 17,688,383	$ 3,112,801	$ 28	$ 3,112,829

Composition of Cash	
District Checking Accounts……	2,925,117
Activity Checking Accounts……	69,669
Petty Cash…….	2,500
Certificates of Deposit……..	177,653
Kansas Municipal Investment Pool……..	648
Total Cash	3,175,587
Agency Funds per Schedule 3	(62,758)
Total Reporting Entity	3,112,829

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

BAXTER SPRINGS UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

NOTES TO THE FINANCIAL STATEMENT
For the Fiscal Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Unified School District #508, Baxter Springs, 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 principles 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 USD #508 (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. This 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 District:

REGULATORY BASIS FUND TYPES

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

Special Purpose Funds – 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.

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.

Capital Project Funds – to account for 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)

REGULATORY BASIS FUNDS - (Continued)

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

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

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 municipality 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 fund 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 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 did hold a revenue neutral rate hearing this year for the 2022 budget.

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 during the fiscal year ended June 30, 2022. The budgeted expenditures in the General Fund and Supplemental General Fund were reduced to comply with the statutory budget maximum based upon enrollment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 statements are presented as supplemental information for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable and encumbrances. Encumbrances are commitments of 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 the following special purpose funds (Contingency Reserve, Student Materials, Title II, Title I, ESSER, Kansas Reading Roadmap, KDHE Grant, Special Grants, Abernathy Trust, District Activity and 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.

Compensated Absences

Full time employees receive twelve days of sick leave at the beginning of the school year. An employee may accumulate up to 58 days of sick leave. Upon KPERs retirement or death of the employee, the District pays $70 per day of accumulated unused sick leave. In addition, at the end of the year, employees are paid $70 per day for their accumulated days in excess of 58 days.

Full time, twelve-month employees accrue 20 days of vacation each year on June 30, which is to be taken within twelve months after year end.

The District determines a liability for compensated absences when the following conditions are met:

1. The District's obligation relating to the employee's rights 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.

In accordance with the above criteria, the District has not accrued a liability for sick pay or vacation pay.

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 the regulatory required supplemental schedules have been prepared in order to show compliance with the cash basis and budget laws of Kansas. The Professional Development Fund expenditures exceeded its budget authority in violation of K.S.A 79-2934 and K.S.A 79-2935. The negative cash balance in the Title I, ESSER, and KDHE Grant Funds are not cash basis violations as the amounts will be reimbursed. As shown in the attached regulatory required supplemental information, there were no other apparent violations with 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 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.

INVESTMENTS	PERCENTAGE OF INVESTMENTS
Kansas Municipal Investment Pool	100%

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, 2022.

At June 30, 2022 the District's carrying amount of deposits was $3,175,587 and the bank balance was $3,309,042. The bank balance was held by two banks resulting in limited diversification of credit risk. Of the bank balance, $277,250 was covered by federal depository insurance, and $3,031,792 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a market value of $4,147,904.

The District's only investment is in the Kansas Municipal Investment Pool. The details are shown below:

Investment Type	Maturity	Fair Value	Rating
Kansas Municipal Investment Pool	Less than 1 year	$ 648	N/A

4. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received $427,038 subsequent to June 30, 2022, and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

5. 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 publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate 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 and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 15.59 % and 14.23% respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 14.83% and 13.33% for the fiscal year ended June 30, 2022.

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

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

5. PENSION PLAN (Continued)

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 $879,990 for the year ended June 30, 2022.

Net Pension Liability

At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was $6,847,124. The net pension liability was measured as of June 30, 2021 and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, 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.

6. POST EMPLOYMENT BENEFITS

Retirement

A professional certified employee is eligible for early retirement if such person is eligible for retirement under KPERS. The amount of the benefit is $200 per year of service to the District and it is paid in a lump sum. In addition, employees that retired during the years ending June 30, 2015, and June 30, 2022 with 15 years experience in the District can receive up to 5 years of health insurance benefits.

Participation in Group Health Insurance Plan

As provided by K.S. A. 12-5040, retired employees are eligible to participate in the District's group health insurance plan until they have reached the age of 65. While each retiree may pay the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in 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.

7. RISK MANAGEMENT/CONTINGENCY

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.

8. TRANSFERS

Operating transfers are routinely made from the General and Supplemental General Funds to other funds as allowed by Kansas Statutes. Operating transfers were as follows:

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Special Education	K.S.A. 72-3422	$ 842,095
General	Career & Post Secondary Education	K.S.A. 72-5162	34,692
General	Capital Outlay	K.S.A. 72-53,113	199,305
General	K-12 At Risk	K.S.A. 72-5153	1,147,793
General	Bilingual Education	K.S.A. 72-3613	1,997
General	Professional Development	K.S.A. 72-2552	1,911
Supplemental General	Special Education	K.S.A. 72-3422	569,585
Supplemental General	K-12 At Risk	K.S.A. 72-5153	313,305
Supplemental General	4 Year Old At Risk	K.S.A. 72-5154	71,462
Supplemental General	Career & Post Secondary Education	K.S.A. 72-5162	337,493
Supplemental General	Professional Development	K.S.A. 72-2552	8,918
Supplemental General	Virtual Education	K.S.A. 72-3715	142,711
Supplemental General	Bilingual Education	K.S.A. 72-3613	25,478
Supplemental General	Driver Educaton	K.S.A. 72-5163	3,500

9. SUBSEQUENT EVENT

Management has evaluated events and transactions occurring subsequent to June 30, 2022 through February 28, 2023, the date the financial statement was available for issue. During this period, there were no other subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement.

10. LONG TERM OBLIGATIONS

Details about the District's long-term obligations, changes in long term debt, and scheduled maturities for the next five years and thereafter are as follows:

10. LONG TERM OBLIGATIONS (Continued)

Schedule of Changes in Long Term Obligations for the Year Ened June 30, 2022

	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									
Refunding Series 2016	2.0-3.0%	9/7/2016	6,510,000	9/1/2032	$ 5,495,000	$ -	$ 365,000	$ 5,130,000	$ 146,300
Total Obligation Bonds					5,495,000	-	365,000	5,130,000	146,300
Capital Leases									
QZAB Bond	0.00%	11/4/2013	1,500,000	10/11/2023	450,000	-	150,000	300,000	-
Ball Field Lights	3.75%	12/1/2014	319,000	12/1/2024	140,802	-	33,545	107,257	5,404
Total Capital Leases					590,802	-	183,545	407,257	5,404
Total Long Term Debt					$ 6,085,802	$ -	$ 548,545	$ 5,537,257	$ 151,704

Schedule of Maturities for the Years Ended June 30, 2022

Fiscal Years Ending June 30,	2023	2024	2025	2026	2027	2028 2032	2033 2037	Totals
Principal								
General Obligation Bonds								
Refunding Series 2016 (A)	$375,000	$400,000	$ 410,000	$ 435,000	$ 450,000	$2,505,000	$ 555,000	$ 5,130,000
Capital Leases								
QZAB Bond	150,000	150,000	-	-	-	-	-	300,000
Ball Field Lights	34,821	36,146	36,290	-	-	-	-	107,257
Total Capital Leases	184,821	186,146	36,290	-	-	-	-	407,257
Total Principal	$559,821	$586,146	$ 446,290	$ 435,000	$ 450,000	$2,505,000	$ 555,000	$ 5,537,257
Interest								
General Obligation Bonds								
Refunding Series 2016 (A)	$135,200	$123,575	$ 111,425	$ 98,750	$ 85,475	$ 244,438	$ 8,325	807,188
Capital Leases								
QZAB Bond	-	-	-	-	-	-	-	-
Ball Field Lights	4,128	2,803	1,428	-	-	-	-	8,359
Total Capital Leases	4,128	2,803	1,428	-	-	-	-	8,359
Total Interest	$139,328	$126,378	$ 112,853	$ 98,750	$ 85,475	$ 244,438	$ 8,325	$ 815,547
Total Principal and Interest	$699,149	$712,524	$ 559,143	$ 533,750	$ 535,475	$2,749,438	$ 563,325	$ 6,352,804

REGULATORY – REQUIRED
SUPPLEMENTAL INFORMATION

Schedule 1

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Schedule of Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

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	$ 7,806,868	$ (133,310)	$ 291,251	$ 7,964,809	$ 7,964,809	$ -
Supplemental General	2,499,614	(32,728)	-	2,466,886	2,466,886	-
Special Purpose Funds:						
4 Yr Old At Risk	113,500	-	-	113,500	71,462	(42,038)
K-12 At Risk	1,395,000	-	-	1,395,000	1,394,509	(491)
Bilingual Education	35,000	-	-	35,000	27,475	(7,525)
Virtual Education	230,000	-	-	230,000	142,711	(87,289)
Capital Outlay	1,300,000	-	-	1,300,000	814,423	(485,577)
Driver Education	16,700	-	-	16,700	9,567	(7,133)
Food Service	584,000	-	-	584,000	489,695	(94,305)
Professional Development	10,500	-	-	10,500	10,829	329
Special Education	1,534,730	-	-	1,534,730	1,403,877	(130,853)
Career and Post Secondary Education	470,000	-	-	470,000	374,159	(95,841)
KPERS Special Retirement	1,028,550	-	-	1,028,550	879,990	(148,560)
Bond and Interest Fund	511,310	-	-	511,310	511,300	(10)
	17,535,772					

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ -	$ -	$ -	$ -
Delinquent tax	-	-	-	-
Mineral tax	-	-	-	-
Reimbursement	210,006	291,251	-	291,251
Interest	-	-	-	-
State Sources				
General aid	6,754,105	6,748,428	6,774,561	(26,133)
Supplemental general aid	-	-	-	-
Special education aid	996,246	925,130	1,032,307	(107,177)
Federal Sources				
Education Jobs Fund	-	-		
Total Cash Receipts	7,960,357	7,964,809	$ 7,806,868	$ 157,941
Expenditures				
Instruction	3,091,030	1,974,057	$ 1,726,718	$ 247,339
Support Services				
Student Support	150,572	151,150	156,750	(5,600)
Instructional Support	515,224	502,082	512,500	(10,418)
General Administration	645,755	640,577	670,250	(29,673)
School Administration	846,308	953,756	867,500	86,256
Operations and Maintenance	1,306,891	1,278,599	1,351,400	(72,801)
Transportation	172,325	216,150	181,750	34,400
Central Services	23,168	20,646	20,000	646
Operating transfers to Other Funds				
K-12 At Risk	-	1,147,793	1,100,000	47,793
Career and Post Secondary Education	388	34,692	120,000	(85,308)
Bilingual Education	-	1,997	-	1,997
Special Education	1,004,790	842,095	1,100,000	(257,905)
Capital Outlay	153,906	199,305	-	199,305
Professional Development	-	1,911	-	1,911
Student Materials	50,000	-	-	-
Adjustments to Budget				
Adjustment to Comply with				
Legal Maximum Budget	-	-	(133,310)	133,310
Adjustment for Reimbursed Expenses	-	-	291,251	(291,251)
Total Expenditures Subject to Budget	7,960,357	7,964,809	$ 7,964,809	$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Cancelled Prior Year Encumbrance	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
SUPPLEMENTAL GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 378,598	$ 520,643	$ 451,470	$ 69,173
Delinquent tax	19,800	16,414	7,636	8,778
Motor vehicle tax	69,329	55,072	62,384	(7,312)
Other	-	-	-	-
State Sources				
Supplemental aid	1,766,944	1,896,049	1,921,203	3,817,252
Total Cash Receipts	2,234,671	2,488,179	$ 2,442,693	$ 3,887,892
Expenditures				
Instruction	200	994,434	$ 1,166,614	$ (172,180)
Support Services				
Student Support	-	-	-	-
Instructional Support	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Operations and Maintenance	-	-	-	-
Transportation	-	-	-	-
Other Supplemental Services	-	-	-	-
Operating transfers to Other Funds				
Professional Development	6,319	8,918	10,500	(1,582)
Virtual Education	219,997	142,711	170,000	(27,289)
Bilingual Education	24,561	25,478	24,000	1,478
Special Education	465,815	569,585	350,000	219,585
Driver Education	5,800	3,500	-	3,500
4 Yr Old At Risk	89,262	71,462	113,500	(42,038)
K-12 At Risk	1,098,269	313,305	315,000	(1,695)
Kansas Reading Roadmap	23,640	-	-	-
Career and Post Secondary Education	325,945	337,493	350,000	(12,507)
Adjustments to Budget				
Adjustment to Comply with Legal Maximum Budget	-	-	(32,728)	32,728
Total Expenditures Subject to Budget	2,259,808	2,466,886	$ 2,466,886	$ -
Receipts Over (Under) Expenditures	(25,137)	21,293		
Unencumbered Cash, Beginning	82,058	56,921		
Unencumbered Cash, Ending	$ 56,921	$ 78,214		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
4 YR OLD AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
Supplemental General	89,262	71,462	113,500	
General Fund	-	-	-	-
Total Cash Receipts	89,262	71,462	$ 113,500	$ -
Expenditures				
Instruction	89,262	71,462	$ 113,500	$ (42,038)
Other Supplemental Services	-	-	-	-
Total Expenditures Subject to Budget	89,262	71,462	$ 113,500	$ (42,038)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
K-12 AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
Supplemental General Fund	1,098,269	313,305	1,100,000	(786,695)
General Fund	-	1,147,793	315,000	832,793
Total Cash Receipts	1,098,269	1,461,098	$ 1,415,000	$ 46,098
Expenditures				
Instruction	1,098,269	1,394,509	$ 1,395,000	$ (491)
Operations & Maintenance	-	-	-	-
Total Expenditures Subject to Budget	1,098,269	1,394,509	$ 1,395,000	$ (491)
Receipts Over (Under) Expenditures	-	66,589		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ 66,589		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
BILINGUAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ 11,000	$ (11,000)
Operating Transfer from Other Funds				
General Fund	-	1,997	-	1,997
Supplemental General Fund	24,561	25,478	24,000	1,478
Total Cash Receipts	24,561	27,475	$ 35,000	$ (7,525)
Expenditures				
Instruction	24,561	27,475	$ 35,000	$ (7,525)
Total Expenditures Subject to Budget	24,561	27,475	$ 35,000	$ (7,525)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
VIRTUAL EDUCATION
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ 60,000	$ (60,000)
Operating Transfer from Other Funds				
Supplemental General Fund	219,997	142,711	170,000	(27,289)
General Fund	-	-	-	-
Total Cash Receipts	219,997	142,711	$ 230,000	$ (87,289)
Expenditures				
Instruction	219,997	142,711	$ 230,000	$ (87,289)
School Administration	-	-	-	-
Total Expenditures Subject to Budget	219,997	142,711	$ 230,000	$ (87,289)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
CAPITAL OUTLAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 218,073	$ 265,709	$ 245,895	$ 19,814
Delinquent tax	7,251	7,840	4,558	3,282
Motor vehicle tax	43,104	27,666	31,522	(3,856)
Interest on idle funds	20,487	20,916	15,000	5,916
Miscellaneous	8,600	112,123	2,500	109,623
State Sources				
State Aid	186,261	196,902	207,132	(10,230)
Operating Transfer from Other Funds				
General Fund	153,906	199,305	-	199,305
Total Cash Receipts	637,682	830,461	$ 506,607	$ 323,854
Expenditures				
Instruction	-	6,277	$ -	$ 6,277
General Administration	-	48,025	-	48,025
School Administration	-	4,468	150,000	154,468
Operations and Maintenance	57,008	46,449	-	46,449
Transportation	162	168,630	-	168,630
Central Services	-	-	-	-
Facility Acquisition and Construction	202,993	540,574	1,150,000	(609,426)
Total Expenditures Subject to Budget	260,163	814,423	$ 1,300,000	$ (185,577)
Receipts Over (Under) Expenditures	377,519	16,038		
Unencumbered Cash, Beginning	640,583	1,018,102		
Unencumbered Cash, Ending	$ 1,018,102	$ 1,034,139		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
DRIVER EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ 98	$ 62	$ -	$ 62
State Sources				
State aid	6,398	8,052	9,360	(1,308)
Operating Transfer from Other Funds				
General Fund	-	-	-	-
Supplemental General Fund	5,800	3,500	-	3,500
Total Cash Receipts	12,296	11,614	$ 9,360	$ 2,254
Expenditures				
Instruction	14,457	9,567	$ 16,200	$ (6,633)
Support Services				
Operations and Maintenance	-	-	500	(500)
Total Expenditures Subject to Budget	14,457	9,567	$ 16,700	$ (7,133)
Receipts Over (Under) Expenditures	(2,161)	2,047		
Unencumbered Cash, Beginning	11,969	9,808		
Unencumbered Cash, Ending	$ 9,808	$ 11,855		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
FOOD SERVICE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Students	$ 5,590	$ 34	$ -	$ 34
Adults	3,716	3,071	3,690	(619)
Other	9,674	1,964	25,000	(23,036)
State Sources				
State Aid	4,465	3,797	2,900	897
Federal Sources				
Child nutrition aid	458,129	564,847	429,450	135,397
Other aid	9,091	1,459	-	1,459
Operating Transfer from Other Funds				
General Fund	-	-	-	-
Supplemental General Fund	-	-	-	-
Total Cash Receipts	490,665	575,172	$ 461,040	$ 114,132
Expenditures				
Support Services				
Operations and Maintenance	475,588	489,695	$ 584,000	$ (94,305)
Total Expenditures Subject to Budget	475,588	489,695	$ 584,000	$ (94,305)
Receipts Over (Under) Expenditures	15,077	85,477		
Unencumbered Cash, Beginning	81,675	96,752		
Unencumbered Cash, Ending	$ 96,752	$ 182,229		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
State Sources				
State Aid	-	-	-	-
Operating Transfer from Other Funds				
General Fund	-	1,911	-	1,911
Supplemental General Fund	6,319	8,918	10,500	(1,582)
Total Cash Receipts	6,319	10,829	$ 10,500	$ 329
Expenditures				
Support Services				
Instructional Support Staff	6,319	10,829	$ 10,500	$ 329
Other Supplemental Services	-	-	-	-
Total Expenditures Subject to Budget	6,319	10,829	$ 10,500	$ 329
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrance	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
SPECIAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Interest on Idle Funds	$ -	$ -	$ -	$ -
Miscellaneous	27,827	46,593	-	46,593
Federal Sources				
Federal aid	16,143	22,520	25,000	(2,480)
Operating Transfer from Other Funds				
Supplemental General Fund	465,815	569,585	350,000	
General Fund	1,004,789	842,095	1,100,000	(257,905)
Total Cash Receipts	1,514,574	1,480,793	$ 1,475,000	$ (213,792)
Expenditures				
Instruction	1,324,570	1,292,902	$ 1,391,230	$ (98,328)
Support Services				
Instructional Support	-	-	-	-
Transportation	116,164	110,976	143,500	(32,524)
Total Expenditures Subject to Budget	1,440,734	1,403,877	$ 1,534,730	$ (130,853)
Receipts Over (Under) Expenditures	73,840	76,916		
Unencumbered Cash, Beginning	61,346	135,186		
Unencumbered Cash, Ending	$ 135,186	$ 212,102		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
CAREER AND POST SECONDARY EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 2,026	$ 2,291	$ -	$ 2,291
State Sources				
State aid	-	-	-	-
Federal Sources				
Federal aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General Fund	325,946	337,493	350,000	(12,507)
General Fund	387	34,692	120,000	(85,308)
Total Cash Receipts	328,359	374,476	$ 470,000	$ (95,524)
Expenditures				
Instruction	328,359	374,159	$ 470,000	$ (95,841)
Student Support Services	-	-	-	-
Operations and Maintenance	-	-	-	-
Total Expenditures Subject to Budget	328,359	374,159	$ 470,000	$ (95,841)
Receipts Over (Under) Expenditures	-	317		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ 317		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 850,041	$ 879,990	$ 1,028,550	$ (148,560)
Operating Transfer from Other Funds				
General Fund	-	-	-	-
Total Cash Receipts	850,041	879,990	$ 1,028,550	$ (148,560)
Expenditures				
KPERS Retirement Contribution	850,041	879,990	$ 1,028,550	$ (148,560)
Total Expenditures Subject to Budget	850,041	879,990	$ 1,028,550	$ (148,560)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating transfer from General Fund	$ -	$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	-	-
Support Services		
Operations and Maintenance	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	287,776	287,776
Unencumbered Cash, Ending	$ 287,776	$ 287,776

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
STUDENT MATERIALS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Textbook rental	$ 8,275	$ 8,125
Miscellaneous	328	1,757
Operating transfer from General Fund	50,000	-
Total Cash Receipts	58,603	9,882
Expenditures		
Instruction	5,261	7,159
Total Expenditures	5,261	7,159
Receipts Over (Under) Expenditures	53,342	2,723
Unencumbered Cash, Beginning	26,396	79,738
Unencumbered Cash, Ending	$ 79,738	$ 82,462

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
TITLE II FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 36,084	$ 35,877
Total Cash Receipts	36,084	35,877
Expenditures		
Instruction	36,084	35,877
General Administration	-	-
Total Expenditurs	36,084	35,877
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
TITLE I FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 258,977	$ 209,500
Total Cash Receipts	258,977	209,500
Expenditures		
Instruction	258,977	255,612
Total Expenditurs	258,977	255,612
Receipts Over (Under) Expenditures	-	(46,112)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ (46,112)

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
ESSER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
SPARK Grant	$ 300,465	$ 599,091
ESSER Grants	-	-
Total Cash Receipts	300,465	599,091
Expenditures		
Instruction	680,080	416,091
Support Services		
Student Support	-	25,587
Operations and Maintenance	-	158,233
Total Expenditurs	680,080	599,911
Receipts Over (Under) Expenditures	(379,615)	(820)
Unencumbered Cash, Beginning	149,112	(230,503)
Unencumbered Cash, Ending	$ (230,503)	$ (231,323)

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
KANSAS READING ROADMAP
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 21,271	$ -
Local Sources		
Reimbursements	23,640	-
Total Cash Receipts	44,911	-
Expenditures		
Instruction	58	-
Total Expenditurs	58	-
Receipts Over (Under) Expenditures	44,853	-
Unencumbered Cash, Beginning	(44,853)	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
KDHE GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ -	$ 40,528
Total Cash Receipts	-	40,528
Expenditures		
Student Support	-	89,409
Total Expenditurs	-	89,409
Receipts Over (Under) Expenditures	-	(48,881)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ (48,881)

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
SPECIAL GRANTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Other grants	$ 64,636	$ 59,180
State Sources		
School Safety Grant	-	-
Total Cash Receipts	64,636	59,180
Expenditures		
Program Expenditures	35,816	75,867
Total Expenditurs	35,816	75,867
Receipts Over (Under) Expenditures	28,820	(16,687)
Unencumbered Cash, Beginning	62,111	90,931
Unencumbered Cash, Ending	$ 90,931	$ 74,244

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 265,996	$ 262,117	$ 248,023	$ 14,094
Delinquent tax	7,947	9,004	5,686	3,318
Motor vehicle tax	46,504	28,479	31,639	(3,160)
Interest on idle funds	-	-	-	-
Other	-	-	-	-
State Sources				
State aid	389,062	388,588	388,588	-
Total Cash Receipts	709,509	688,189	$ 673,936	$ 14,253
Expenditures				
Debt Service				
Principal	350,000	365,000	$ 365,000	$ -
Interest	155,275	146,300	146,300	-
Other	-	-	10	(10)
Total Expenditures Subject to Budget	505,275	511,300	511,310	(10)
Receipts Over (Under) Expenditures	204,234	176,889		
Unencumbered Cash, Beginning	843,532	1,047,766		
Unencumbered Cash, Ending	$ 1,047,766	$ 1,224,655		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
TAYLOR SCHOLARSHIP FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Interest	$ 1,316	$ 1,326
Total Cash Receipts	1,316	1,326
Expenditures		
Scholarships	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	1,316	1,326
Unencumbered Cash, Beginning	175,010	176,326
Unencumbered Cash, Ending	$ 176,326	$ 177,653

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations				
High School	$ 40,667	$ 149,839	$ 156,163	$ 34,343
Middle School	24,797	15,496	17,761	22,532
Central Elementary	2,176	2,078	2,779	1,475
Lincoln Elementary	4,365	2,825	2,782	4,408
Totals	$ 72,006	$ 170,238	$ 179,485	$ 62,758

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
DISTRICT ACTIVITY FUNDS
Schedule of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2022
Gate Receipts						
High School	$ 876	$ 35,836	$ 32,390	$ 4,321	$ 28	$ 4,349
Middle School	2,451	8,268	8,157	2,561	-	2,561
Subtotal	3,326	44,104	40,548	6,882	28	6,910
Fees and User Charges						
High School	-	11,584	11,584	-	-	-
Middle School	-	6,890	6,890	-	-	-
Central Elementary	-	1,668	1,668	-	-	-
Lincoln Elementary	-	2,167	2,167	-	-	-
Subtotal	-	22,308	22,308	-	-	-
Totals	$ 3,326	$ 66,412	$ 62,856	$ 6,882	$ 28	$ 6,910

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Schedule of Expenditues of Federal Awards
For the Fiscal Year Ended June 30, 2022

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
U. S. Department of Agriculture			
Passed Through the State of Kansas			
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	$ 128,098	$ 128,098
COVID-19 National School Lunch Program	10.555	383,019	383,019
COVID-19 Summer Food Service Program	10.559	53,730	53,730
Fresh Fruits and Vegetables Program	10.582	845	845
		565,692	565,692
COVID-19 State Pandemic Electronic Benefit Transfer	10.649	614	614
		566,306	566,306
U.S. Department of Education:			
Passed Through the State of Kansas			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	209,500	255,612
Title II Improving Teach Quality	84.367A	35,877	35,877
COVID-19 Education Stabilization Fund (See Note 3)	84.425D	621,611	622,431
		866,988	913,920
U.S. Department of Health and Human Services			
Passed Through the State of Kansas			
Department of Education:			
COVID-19 Epidemiology and Laboratory Capacity	93.323	40,528	89,409
		40,528	89,409
Totals		$ 1,473,822	$ 1,569,635

Notes:

1. The Schedule of Expenditures of Federal Awards has been prepared using the regulatory basis of accounting as established in the Kansas Municipal Audit and Accounting Guide. Uner the regulatory basis of accounting, revenues are recognized when cash is received. Expenditures inclusde cash disbursements, accounts payable and encumbrances. Encumbrances are commitments for the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

2. The District did not elect to use the 10% deminimis indirect cost rate.

3. $22,520 of the expenditures was passed through to the Southeast Kansas Special Education Interlocal #637, a subrecipient.

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2022

Finding 2021-001 and 2020-001 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 #508
Baxter Springs, Kansas 66713

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 and the related notes of Unified School District #508 as of the year ended June 30, 2022, and have issued our report thereon dated February 28, 2023.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statement, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the 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. 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 District's financial statement 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 were not 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 2022-001 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 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 28, 2023.

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 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 report is not suitable for any other purpose.

Diehl, Banwart, Bolton CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

February 28, 2023
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
Baxter Springs Unified School District #508
Baxter Springs, Kansas 66713

Report on Compliance for Each Major Federal Program
We have audited the Unified School District #508'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, 2022. Unified District #508'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, 2022.

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 28, 2023
Pittsburg, Kansas

BAXTER SPRINGS UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

The auditors' report was adverse for departures from accounting principles generally accepted in the United State of America due to the preparation of the financial statements in accordance with the Kansas regulatory basis of accounting. An unqualified opinion on the regulatory basis of accounting financial statement of the government was issued.

Internal control over financial reporting:

• Material weakness identified?	___	Yes	X	No
• Significant deficiency identified?	X	Yes	___	None reported
• Noncompliance material to financial statements 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 auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ Yes X No

Identification of major programs:

CFDA Numbers	Name of Federal Program
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ___ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency
2022-001 Drafting Financial Statements

Condition: As auditors, we provide significant assistance with adjusting entries, 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, 2021, and was identified in that report at 2021-001.

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 is a significant deficiency in internal controls as they can not be considered part of the District's internal control.

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.

BAXTER SPRINGS PUBLIC SCHOOLS, USD #508

June 30, 2022 Financial Statements

Corrective Action Plan

Audit Finding 2022-001

USD #508 has always relied upon its auditors to provide significant assistance with adjusting entries and with determining which disclosures were required under the regulatory basis of accounting. While the USD #508 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.