UNIFIED SCHOOL DISTRICT NO. 323

St. George, Kansas

FINANCIAL STATEMENT

WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

June 30, 2023

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
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VARNEY
& ASSOCIATES, CPAs, LLC

May 29, 2024

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

Independent Auditor's Report

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 323 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statement.

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

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) described in Note 1.

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

Matter Giving Rise to the Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of the financial statement in accordance with KMAAG as described in Note 1; this includes determining regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated May 29, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Funds							
General	$ -	$ 22,212	$ 9,852,937	$ 9,875,149	$ -	$ 232,594	$ 232,594
Supplemental General	108,427	60,980	3,066,735	3,049,859	186,283	10,412	196,695
Special Purpose Funds							
Federal Funds	(34,606)	17,940	258,186	534,257	(292,737)	7,401	(285,336)
Preschool-Aged At-Risk Fund	(2,346)	-	62,757	64,177	(3,766)	3,235	(531)
At-Risk (K-12) Fund	82,890	7,193	863,393	611,018	342,458	22,201	364,659
Bilingual Education Fund	30,581	-	1,216	83	31,714	-	31,714
Virtual Education Fund	-	-	23,610	24,000	(390)	-	(390)
Capital Outlay Fund	1,482,333	31,793	1,039,294	350,589	2,202,831	-	2,202,831
Food Service Fund	419,080	887	832,734	829,825	422,876	5,084	427,960
Professional Development Fund	3,551	2,431	47,036	109,192	(56,174)	378	(55,796)
Parent Education Fund	32,149	-	70,834	61,425	41,558	(455)	41,103
Special Education Fund	843,853	3,960	1,863,836	1,861,864	849,785	196	849,981
Career and Postsecondary Education Fund	206,125	392	143,100	410,129	(60,512)	19,997	(40,515)
KPERS Special Retirement Contribution Fund	-	-	1,038,836	1,038,836	-	-	-
Gifts and Grants Fund	7,779	1,432	117,076	87,269	39,018	28	39,046
Contingency Reserve Fund	526,992	-	-	-	526,992	-	526,992
Student Material Revolving/Textbook Rent Fund	36,819	21,780	58,967	58,194	59,372	-	59,372
District Activity Funds	10,150	-	129,927	103,175	36,902	-	36,902
Capital Improvement Fund	739,730	16,775	4,665	185,854	575,316	-	575,316
Bond and Interest Fund	2,531,710	-	2,689,252	2,419,767	2,801,195	-	2,801,195
Total Reporting Entity (Excluding Agency Funds)	$ 7,025,217	$ 187,775	$ 22,164,391	$ 21,674,662	$ 7,702,721	$ 301,071	$ 8,003,792

Composition of Cash	
Checking Accounts	$ 7,419,265
Money Market Accounts	749,650
Total Cash	$ 8,168,915
Less: Agency funds per Schedule 3	(165,123)
Total Reporting Entity (Excluding Agency Funds)	$ 8,003,792

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

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

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

Fund Accounting

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

Regulatory Basis Fund Types

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

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

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

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

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

Agency Fund - used to report assets held by a municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, student organization funds, etc.).

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information

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

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

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

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

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

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

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

Note 2: Use of Estimates

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

Note 3: Deposits and Investments

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

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

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

Custodial credit risk - deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District did not have a peak period pledge agreement during the year ended June 30, 2023, and therefore the District did not designate peak periods.

At June 30, 2023, the District's carrying amount of deposits was $8,168,915 and the bank balance was $8,922,103. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $7,537,659 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the District's name, with the remaining balance being under-secured at year-end.

Custodial credit risk- investments: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Note 4: Long-Term Debt

Long-term liabilities for the District for the year were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning of Year	Additions	Reductions/ Payments	End of Year	Interest Paid
General Obligation Bonds									
Series 2012	3.00%	07/11/2012	$ -	09/01/2032	$ 4,420,000	$ -	$ -	$ 4,420,000	$ 132,600
Series 2013	2.0 to 2.5%	04/01/2013	-	09/01/2027	6,040,000	-	875,000	5,165,000	128,260
Series 2018	3.00% to 4.00%	03/01/2018	-	09/01/2042	30,525,000	-	135,000	30,390,000	1,148,907
Finance Lease									
Energy Equipment	3.74%	10/21/2010	-	09/01/2025	703,410	-	166,289	537,121	26,308
Total Long-Term Debt					$ 41,688,410	$ -	$ 1,176,289	$ 40,512,121	$ 1,436,075

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

Principal	**2024**	**2025**	**2026**	**2027**	**2028**	**2029 - 2033**	**2034 - 2038**	**2039 - 2043**	**Total**
Series 2012	$ -	$ -	$ -	$ -	$ -	$ 4,420,000	$ -	$ -	$ 4,420,000
Series 2013	925,000	975,000	1,025,000	1,090,000	1,150,000	-	-	-	5,165,000
Series 2018	195,000	260,000	330,000	400,000	480,000	4,605,000	10,340,000	13,780,000	30,390,000
Energy Equipment	172,508	178,960	185,653	-	-	-	-	-	537,121
Total Principal	$ 1,292,508	$ 1,413,960	$ 1,540,653	$ 1,490,000	$ 1,630,000	$ 9,025,000	$ 10,340,000	$ 13,780,000	$ 40,512,121
Interest									
Series 2012	$ 132,600	$ 132,600	$ 132,600	$ 132,600	$ 132,600	$ 663,000	$ -	$ -	$ 1,326,000
Series 2013	110,260	90,773	67,723	41,830	14,375	-	-	-	324,961
Series 2018	1,140,656	1,129,281	1,114,531	1,096,281	1,074,281	4,871,305	3,431,937	1,289,454	15,147,726
Energy Equipment	20,088	13,637	6,943	-	-	-	-	-	40,668
Total Interest	$ 1,403,604	$ 1,366,291	$ 1,321,797	$ 1,270,711	$ 1,221,256	$ 5,534,305	$ 3,431,937	$ 1,289,454	$ 16,839,355

Note 5: Interfund Transactions

The District made the following operating transfers during fiscal year ended June 30, 2023. The transfers were approved by the Board of Education.

Fund From	Fund To	Statutory Authority	Amount
General	Special Education	K.S.A. 72-5153	$ 1,226,085
General	Preschool-Aged At-Risk	K.S.A. 72-5153	62,757
General	At-Risk (K-12)	K.S.A. 72-5153	649,478
Supplemental	Virtual Education	K.S.A. 72-5143	23,610
Supplemental	Special Education	K.S.A. 72-5143	600,000
Supplemental	At-Risk (K-12)	K.S.A. 72-5143	213,915
Supplemental	Parents as Teachers	K.S.A. 72-5143	30,000
Supplemental	Bilingual Education	K.S.A. 72-5143	1,216
Supplemental	Professional Development	K.S.A. 72-5143	34,090
Supplemental	Career & Postsecondary Education	K.S.A. 72-5143	141,627
	Total Transfers		$ 2,982,778

Note 6: Compensated Absences

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

Vacation Leave Superintendent and Administrative Staff

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

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

Sick and Personal Leave Superintendent and Administrative Staff

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

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

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

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

Note 6: Compensated Absences (Continued)

Leave - Teachers

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

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

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

Bereavement Leave

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

Note 7: Other Post-Employment Benefits

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

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

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2023.

Note 8: Defined Benefit Pension Plan

Plan description: The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions: K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

Note 8: Defined Benefit Pension Plan (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 14.20% and 13.33%, respectively, for the fiscal year ended June 30, 2022. The actuarially determined employer contribution rate and the statutory contribution rate was 13.88% and 13.11% for the fiscal year ended June 30, 2023.

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

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 Year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred to KPERS. In Fiscal Year 2023, Senate Bill 421 authorizes two additional transfers which total $271 million.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $1,038,836 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 $9,785,854. 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, 2022, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 9: Risk Management

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

Note 10: Compliance with Financial-Related Legal and Contractual Provisions

Funds with Deficit Unencumbered Cash Balance - Generally, school districts are required by K.S.A. 10-1113 to limit fund expenditures to the available monies in that fund. K.S.A 12-1663 provides an exception for those funds which are to be financed by Federal government sources and other grants and gifts. This exception allows these funds to expend in excess of currently available resources with the expectation that the District will be reimbursed for qualifying grant expenditures.

The following funds had a deficit cash and unencumbered cash balance as of June 30, 2023, which is a violation of K.S.A. 10-1113: Preschool-Aged At-Risk, Virtual Education, Professional Development and Career and Postsecondary Education.

The Federal Funds fund had a deficit cash balance as of June 30, 2023. However this fund is financed by State and Federal funding for which the District is expecting reimbursement of qualifying grant expenditures and qualifies for exception under K.S.A. 12-1663.

Note 11: Subsequent Events

The District evaluated subsequent events through May 29, 2024, the date the financial statement is available to be issued.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2023

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General Funds						
General	$ 9,772,391	$ (45,822)	$ 148,580	$ 9,875,149	$ 9,875,149	$ -
Supplemental General	3,052,637	(12,054)	9,276	3,049,859	3,049,859	-
Special Purpose Funds						
Federal Funds	526,960	-	-	526,960	534,257	7,297
Preschool Aged at Risk Fund	155,586	-	-	155,586	64,177	(91,409)
At Risk (K-12) Fund	915,807	-	-	915,807	611,018	(304,789)
Bilingual Education Fund	21,875	-	-	21,875	83	(21,792)
Virtual Education Fund	61,600	-	-	61,600	24,000	(37,600)
Capital Outlay Fund	2,147,596	-	-	2,147,596	350,589	(1,797,007)
Food Service Fund	1,215,166	-	-	1,215,166	829,825	(385,341)
Professional Development Fund	169,521	-	-	169,521	109,192	(60,329)
Parents Education Fund	106,162	-	-	106,162	61,425	(44,737)
Special Education Fund	2,210,703	-	-	2,210,703	1,861,864	(348,839)
Career and Postsecondary Education Fund	702,599	-	-	702,599	410,129	(292,470)
KPERS Special Retirement Contribution Fund	1,230,408	-	-	1,230,408	1,038,836	(191,572)
Bond and Interest Fund						
Bond and Interest Fund	2,419,767	-	-	2,419,767	2,419,767	-
Total of all Funds	$ 24,708,778	$ (57,876)	$ 157,856	$ 24,808,758	$ 21,240,170	$ (3,568,588)

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
General State Aid	$ 8,500,484	$ 8,420,969	$ 79,515
Special Education	1,226,085	1,351,422	(125,337)
Reimbursements	126,368	-	126,368
Total Cash Receipts	$ 9,852,937	$ 9,772,391	$ 80,546
EXPENDITURES			
Instruction	$ 5,463,318	$ 5,299,880	$ 163,438
Student support services	234,234	173,038	61,196
Instructional support staff	295,559	350,974	(55,415)
General administration	443,391	424,045	19,346
School administration	823,881	822,287	1,594
Central services	27,042	-	27,042
Operations and maintenance	178,486	145,549	32,937
Transportation services	470,918	535,543	(64,625)
Transfers out	1,938,320	2,021,075	(82,755)
Adjustment to comply with legal maximum	-	(45,822)	45,822
Adjustments for qualifying budget credits	-	148,580	(148,580)
Total Expenditures	$ 9,875,149	$ 9,875,149	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ (22,212)		
UNENCUMBERED CASH - BEGINNING	-		
PLUS: CANCELLATION OF ENCUMBRANCES	22,212		
UNENCUMBERED CASH - ENDING	$ -		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Ad valorem taxes	$ 1,108,916	$ 1,144,620	$ (35,704)
Delinquent taxes	16,351	15,983	368
Motor and recreational vehicle	128,374	104,592	23,782
Commercial vehicle	5,313	3,161	2,152
Supplemental state aid	1,798,505	1,805,635	(7,130)
Miscellaneous	9,276	-	9,276
Total Cash Receipts	$ 3,066,735	$ 3,073,991	$ (7,256)
EXPENDITURES			
Instruction	$ 312,029	$ 271,687	$ 40,342
Instructional support staff	74,040	80,500	(6,460)
Central services	32,403	-	32,403
Operations and maintenance	1,586,929	1,379,850	207,079
Transfers out	1,044,458	1,320,600	(276,142)
Adjustment to comply to legal max	-	(12,054)	12,054
Adjustment for qualifying budget credit	-	9,276	(9,276)
Total Expenditures	$ 3,049,859	$ 3,049,859	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 16,876		
UNENCUMBERED CASH - BEGINNING	108,427		
PLUS: CANCELLATION OF ENCUMBRANCES	60,980		
UNENCUMBERED CASH - ENDING	$ 186,283		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
FEDERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Title I	$ 107,020	$ 86,318	$ 20,702
Title II	23,037	14,934	8,103
Title IV	14,233	21,039	(6,806)
ESSER III	-	350,000	(350,000)
KDHE	113,421	70,000	43,421
Perkins	475	-	475
Total Cash Receipts	$ 258,186	$ 542,291	$ (284,105)
EXPENDITURES			
Instruction	$ 310,021	$ 516,346	$ (206,325)
Student support	188,199	10,614	177,585
Instructional support	5,309	-	5,309
General administration	1,624	-	1,624
School administration	8,897	-	8,897
Operations and maintenance	7,679	-	7,679
Student transportation services	6,870	-	6,870
Food service	5,658	-	5,658
Total Expenditures	$ 534,257	$ 526,960	$ 7,297
RECEIPTS OVER (UNDER) EXPENDITURES	$ (276,071)		
UNENCUMBERED CASH - BEGINNING	(34,606)		
PLUS: CANCELLATION OF ENCUMBRANCES	17,940		
UNENCUMBERED CASH - ENDING	$ (292,737)		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
PRESCHOOL-AGED AT-RISK
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ 62,757	$ 50,000	$ 12,757
EXPENDITURES			
Instruction	$ 64,177	$ 155,586	$ (91,409)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (1,420)		
UNENCUMBERED CASH - BEGINNING	(2,346)		
UNENCUMBERED CASH - ENDING	$ (3,766)		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
AT-RISK (K-12) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ 863,393	$ 771,966	$ 91,427
EXPENDITURES			
Instruction	$ 603,824	$ 750,039	$ (146,215)
Student support services	7,194	165,768	(158,574)
Total Expenditures	$ 611,018	$ 915,807	$ (304,789)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 252,375		
UNENCUMBERED CASH - BEGINNING	82,890		
PLUS: CANCELLATION OF ENCUMBRANCES	7,193		
UNENCUMBERED CASH - ENDING	$ 342,458		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
BILINGUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ 1,216	$ 15,000	$ (13,784)
EXPENDITURES			
Instruction	$ 83	$ 21,875	$ (21,792)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 1,133		
UNENCUMBERED CASH - BEGINNING	30,581		
UNENCUMBERED CASH - ENDING	$ 31,714		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
VIRTUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ 23,610	$ 55,000	$ (31,390)
EXPENDITURES			
Instruction	$ 24,000	$ 61,600	$ (37,600)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (390)		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ (390)		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Ad valorem property taxes	$ 353,771	$ 366,099	$ (12,328)
Delinquent tax	3,490	6,391	(2,901)
Motor and recreational vehicle	35,439	43,304	(7,865)
Commercial vehicle	1,426	1,310	116
State aid	207,433	207,454	(21)
Interest on idle funds	277,872	100,000	177,872
Miscellaneous	159,863	44,000	115,863
Total Cash Receipts	$ 1,039,294	$ 768,558	$ 270,736
EXPENDITURES			
Support services	$ 20,234	$ 265,000	$ (244,766)
Operations and maintenance	137,759	150,000	(12,241)
Student transportation	-	195,000	(195,000)
Facility acquisition and construction	192,596	1,537,596	(1,345,000)
Total Expenditures	$ 350,589	$ 2,147,596	$ (1,797,007)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 688,705		
UNENCUMBERED CASH - BEGINNING	1,482,333		
PLUS: CANCELLATION OF ENCUMBRANCES	31,793		
UNENCUMBERED CASH - ENDING	$ 2,202,831		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Food service program	$ 392,762	$ 328,800	$ 63,962
State aid	7,448	6,800	648
Federal aid	432,524	445,600	(13,076)
Transfers in	-	18,287	(18,287)
Total Cash Receipts	$ 832,734	$ 799,487	$ 33,247
EXPENDITURES			
Food service operations	$ 829,825	$ 1,215,166	$ (385,341)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 2,909		
UNENCUMBERED CASH - BEGINNING	419,080		
PLUS: CANCELLATION OF ENCUMBRANCES	887		
UNENCUMBERED CASH - ENDING	$ 422,876		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State aid	$ 12,946	$ 12,000	$ 946
Miscellaneous	-	45,000	(45,000)
Transfers in	34,090	100,000	(65,910)
Total Cash Receipts	$ 47,036	$ 157,000	$ (109,964)
EXPENDITURES			
Instructional support staff	$ 109,192	$ 20,911	$ 88,281
Central services	-	148,610	(148,610)
Total Expenditures	$ 109,192	$ 169,521	$ (60,329)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (62,156)		
UNENCUMBERED CASH - BEGINNING	3,551		
PLUS: CANCELLATION OF ENCUMBRANCES	2,431		
UNENCUMBERED CASH - ENDING	$ (56,174)		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
PARENT EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State aid	$ 40,000	$ 40,254	$ (254)
Miscellaneous	834	-	834
Transfers in	30,000	30,000	-
Total Cash Receipts	$ 70,834	$ 70,254	$ 580
EXPENDITURES			
Student support services	$ 60,254	$ 79,699	$ (19,445)
Instructional support services	1,171	26,463	(25,292)
Total Expenditures	$ 61,425	$ 106,162	$ (44,737)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 9,409		
UNENCUMBERED CASH - BEGINNING	32,149		
UNENCUMBERED CASH - ENDING	$ 41,558		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Federal aid	$ 37,751	$ -	$ 37,751
Transfers in	1,826,085	1,951,422	(125,337)
Total Cash Receipts	$ 1,863,836	$ 1,951,422	$ (87,586)
EXPENDITURES			
Instruction	$ 1,811,838	$ 2,034,123	$ (222,285)
Student transportation	50,026	176,580	(126,554)
Total Expenditures	$ 1,861,864	$ 2,210,703	$ (348,839)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 1,972		
UNENCUMBERED CASH - BEGINNING	843,853		
PLUS: CANCELLATION OF ENCUMBRANCES	3,960		
UNENCUMBERED CASH - ENDING	$ 849,785		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
CAREER AND POSTSECONDARY EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Miscellaneous	$ 1,473	$ 72,975	$ (71,502)
Transfers in	141,627	350,000	(208,373)
Total Cash Receipts	$ 143,100	$ 422,975	$ (279,875)
EXPENDITURES			
Instruction	$ 410,129	$ 702,599	$ (292,470)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (267,029)		
UNENCUMBERED CASH - BEGINNING	206,125		
PLUS: CANCELLATION OF ENCUMBRANCES	392		
UNENCUMBERED CASH - ENDING	$ (60,512)		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State aid	$ 1,038,836	$ 1,230,408	$ (191,572)
EXPENDITURES			
Instruction	$ 712,156	$ 883,230	$ (171,074)
Student support	42,991	45,168	(2,177)
Instructional support	34,866	45,315	(10,449)
General administration	51,017	42,388	8,629
School administration	73,199	88,924	(15,725)
Central Services	-	-	
Operations and maintenance	60,203	50,780	9,423
Student transportation services	36,527	40,233	(3,706)
Food service	27,877	34,370	(6,493)
Total Expenditures	$ 1,038,836	$ 1,230,408	$ (191,572)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
GIFTS AND GRANTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2023

CASH RECEIPTS		
State aid	$	76,026
Miscellaneous		41,050
Total Cash Receipts	$	117,076
EXPENDITURES		
Instruction	$	18,499
Student support services		67,140
Operations and maintenance		1,630
Total Expenditures	$	87,269
RECEIPTS OVER (UNDER) EXPENDITURES	$	29,807
UNENCUMBERED CASH - BEGINNING		7,779
PLUS: CANCELLATION OF ENCUMBRANCES		1,432
UNENCUMBERED CASH - ENDING	$	39,018

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
CONTINGENCY RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2023

CASH RECEIPTS	
Transfers in	$ -
EXPENDITURES	
Instruction	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -
UNENCUMBERED CASH - BEGINNING	526,992
UNENCUMBERED CASH - ENDING	$ 526,992

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
STUDENT MATERIAL REVOLVING/TEXTBOOK RENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2023

CASH RECEIPTS		
Other Sources		
Fees	$	58,967
EXPENDITURES		
Instruction	$	58,194
RECEIPTS OVER (UNDER) EXPENDITURES	$	773
UNENCUMBERED CASH - BEGINNING		36,819
PLUS: CANCELLATION OF ENCUMBRANCES		21,780
UNENCUMBERED CASH - ENDING	$	59,372

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
CAPITAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2023

CASH RECEIPTS	
Interest	$ 4,665
EXPENDITURES	
Capital improvements	$ 185,854
RECEIPTS OVER (UNDER) EXPENDITURES	$ (181,189)
UNENCUMBERED CASH - BEGINNING	739,730
PLUS: CANCELLATION OF ENCUMBRANCES	16,775
UNENCUMBERED CASH - ENDING	$ 575,316

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Ad valorem property	$ 1,582,981	$ 1,633,803	$ (50,822)
Delinquent	20,979	33,525	(12,546)
Motor and recreational vehicle	187,895	229,651	(41,756)
Commercial vehicle taxes	7,496	6,941	555
State aid	889,901	1,637,712	(747,811)
Total Cash Receipts	$ 2,689,252	$ 3,541,632	$ (852,380)
EXPENDITURES			
Principal	$ 1,010,000	$ 1,010,000	$ -
Interest	1,409,767	1,409,767	-
Total Expenditures	$ 2,419,767	$ 2,419,767	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 269,485		
UNENCUMBERED CASH - BEGINNING	2,531,710		
UNENCUMBERED CASH - ENDING	$ 2,801,195		

UNIFIED SCHOOL DISTRICT NO. 323
AGENCY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH BALANCE
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Cash Balance	Cash Receipts	Cash Disbursed	Ending Cash Balance
Rock Creek High School				
Clay Shooting	$ 287	$ 77,838	$ 60,418	$ 17,707
Forensics	1,592	5,048	5,636	1,004
Art Club	1,699	2,493	6,157	(1,965)
FBLA	2,636	5,324	4,856	3,104
Cheerleaders	636	25,197	25,958	(125)
Robotics	2,471	170	-	2,641
Softball	7,389	24,594	20,872	11,111
Class of 2023	2,078	-	2,078	-
Class of 2024	2,946	13,567	14,728	1,785
Class of 2025	346	185	-	531
Class of 2026	-	309	154	155
Class of 2027	-	5,286	4,992	294
Concessions	6,130	45,757	42,407	9,480
Play/Musical	3,252	17,292	17,829	2,715
Building Fund	1,387	9,265	11,023	(371)
Dance Team	-	7,552	8,850	(1,298)
FFA	6,032	26,768	27,155	5,645
FCCLA	404	4,279	2,494	2,189
Band Trip	21,373	5,150	18,770	7,753
Music	-	7,151	7,151	-
National Honor Society	1,702	2,263	2,312	1,653
Volleyball	2,922	2,016	419	4,519
Honor Guard	904	-	-	904
Sales tax	55	22,531	22,057	529
Scholar's Bowl	1,103	320	214	1,209
Senior High Student Council	5,865	3,086	6,026	2,925
Renaissance Fund	488	8,377	8,212	653
Spanish	804	213	209	808
Yearbook	10,346	12,904	18,057	5,193
Vocal Music	796	13,280	12,667	1,409
SB/BB Camp	-	12,794	12,334	460
Special Ed	106	1,022	479	649
Wrestling	330	-	205	125
Cross Country	1,358	-	-	1,358
Girls Basketball	3,335	11,548	6,177	8,706
Boys Basketball	2,009	15,062	9,166	7,905
Track	637	1,270	1,398	509
Help Fund	865	2,019	540	2,344
Baseball	5,383	7,590	10,228	2,745
Yellow Ribbon	632	821	153	1,300
Football	17,248	22,791	21,430	18,609
Enrollment	-	875	-	875
Petty cash	1,500	5,471	5,471	1,500
Total Rock Creek High School	$ 119,046	$ 429,478	$ 419,282	$ 129,242

(Continued)

UNIFIED SCHOOL DISTRICT NO. 323
AGENCY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH BALANCE (CONTINUED)
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Cash Balance	Cash Receipts	Cash Disbursed	Ending Cash Balance
Rock Creek Middle School				
Cheer	$ -	$ 13,176	$ 9,924	$ 3,252
Concessions	-	1,637	1,637	-
Building fund	-	6,540	7,339	(799)
Volleyball	-	76	-	76
Sales tax	-	1,561	159	1,402
Scholar's Bowl	-	201	151	50
Student Council	-	4,314	337	3,977
Girls basketball	-	285	285	-
Sunshine Club	-	1,417	427	990
Petty cash	-	1,500	-	1,500
Total Rock Creek Middle School	$ -	$ 30,707	$ 20,259	$ 10,448
St. George Grade School				
Student Activities	$ 2,691	$ 13,569	$ 16,649	$ (389)
K Field Trip	30	-	30	-
Art Club	985	1,545	1,014	1,516
Natl. Honor Choir	6,093	3,547	4,569	5,071
Lego Club	20	-	20	-
Library	2,435	8,319	8,097	2,657
Box Tops for Education	2,310	1,356	1,922	1,744
Sales tax	65	300	167	198
Petty cash	1,000	-	-	1,000
Total St. George Grade School	$ 15,629	$ 28,636	$ 32,468	$ 11,797
Westmoreland Grade School				
Student Activities	$ 9,759	$ 3,135	$ 2,331	$ 10,563
Library	1,202	7,597	6,726	2,073
Petty Cash	1,000	-	-	1,000
Total Westmoreland Grade School	$ 11,961	$ 10,732	$ 9,057	$ 13,636
Total Agency Funds	$ 146,636	$ 499,553	$ 481,066	$ 165,123

SCHEDULE 4

UNIFIED SCHOOL DISTRICT NO. 323
DISTRICT ACTIVITIES FUND
SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance Unencumbered Cash Balance
Gate Receipts							
Rock Creek High School	$ 10,150	$ -	$ 116,783	$ 89,021	$ 37,912	$ -	$ 37,912
Rock Creek Middle School	-	-	13,144	14,154	(1,010)	-	(1,010)
Total District Activity Funds	$ 10,150	$ -	$ 129,927	$ 103,175	$ 36,902	$ -	$ 36,902

VARNEY
& ASSOCIATES, CPAs, LLC

May 29, 2024

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 323 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated May 29, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

May 29, 2024

VARNEY
& ASSOCIATES, CPAs, LLC

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

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

Unmodified Opinions

We have audited Unified School District No. 323's (the District), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Unmodified Opinions

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
Child Nutrition Cluster			
School Breakfast	10.553	DO323	$ 52,113
Section 4	10.555	DO323	337,345
Summer Food Service Program	10.559	DO323	43,066
Total Child Nutrition Cluster			$ 432,524
Total U.S. Department of Agriculture			$ 432,524
U.S. Department of Education			
Passed through Kansas Department of Education			
Title I	84.010	DO323	$ 92,335
Reserve Fund	84.048	DO323	475
Title IIA Teacher Quality	84.367A	DO323	10,277
Title IVA Student Support & Academic Enrichment	84.424	DO323	17,434
COVID-19 - Emergency and Secondary School Emergency Relief III	84.425U	DO323	242,875
Total U.S. Department of Education			$ 363,396
U.S. Department of Health & Human Services			
Passed through Kansas Department of Education			
COVID-19 - KSDE K-12 COVID Testing Grant	93.323	DO323	$ 171,340
TOTAL FEDERAL EXPENDITURES			$ 967,260

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

Note 1: Basis of Presentation

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

Note 2: Non-Cash Assistance, Insurance and Loans

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

Note 3: Indirect Cost Rate

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

UNIFIED SCHOOL DISTRICT NO. 323
St. George, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

Section I - Summary of Auditor's Results

Financial Statement

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

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	___ Yes	X No
Reportable conditions identified not considered to be material weaknesses?	___ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)?	___ Yes	X No

Identification of major programs:

Name of Federal program	CFDA Number
Child Nutrition Cluster	10.553/10.555/10.559

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

Note:

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

Section II - Financial Statement Findings

Finding 2023-001 : Lack of Segregation of Duties (Significant Deficiency)
Repeat Finding (2022-001)

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

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

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

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

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

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

Views of Responsible Officials: See attached Corrective Action Plan.

Section III - Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.

Section IV - Prior Audit Findings

See Finding 2023-01. This is a repeat finding from the prior year.

Business Manager/Clerk
STACI MINER

Treasurer/Receptionist
KELLEY BLANKLEY

HR/Payroll
JULIE NEMEC

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

CORRECTIVE ACTION PLAN

May 29, 2024

Unified School District No. 323 respectively submits the following correction action plan for the fiscal year ended June 30, 2023.

Audit Finding Reference: 2023-001

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

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

Sincerely,

Joan Simoneau
Superintendent of Unified School District No. 323