UNIFIED SCHOOL DISTRICT NUMBER 368
Paola, Kansas

FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2023

UNIFIED SCHOOL DISTRICT NUMBER 368

TABLE OF CONTENTS
Year ended June 30, 2023

	Statements	Page
Independent Auditor's Report		1
Financial Statement		
Summary Statement of Receipts, Expenditures and Unencumbered Cash	1	4
Notes to Financial Statement		6
Required Regulatory Basis Supplementary Information	Schedule	
Summary of Expenditures – Actual and Budget	1	15
Schedule of Receipts and Expenditures – Actual and Budget		
General Fund	2a	17
Supplemental General Fund	2b	19
Adult Education	2c	21
Adult Supplementary Education	2d	22
At-Risk (K-12)	2e	23
Bilingual Education	2f	24
Virtual Education	2g	25
Capital Outlay	2h	26
Driver Training	2i	27
Food Service	2j	28
Professional Development	2k	29
Parent Education Program	2l	30
Special Education	2m	31
Career and Postsecondary Education	2n	32
Kansas Public Retirement System	2o	33
Co-op Special Education	2p	34
Special Assessment	2q	35
Title I	2r	36
Title II A Teacher Quality Improvement	2s	37
Vocational Education - Carl Perkins	2t	38
Coronavirus Funds	2u	39
Contingency Reserve	2v	40
Student Material Revolving	2w	41
Bond and Interest	2x	42
Health Insurance	2y	43
Trust Type Funds	2z	44
Schedule of Receipts and Disbursements - Agency Funds	3a	45
Schedule of Receipts and Disbursements - Agency Funds	3b	48
Schedule of Receipts, Expenditures & Unencumbered – District Activity Funds	4	49
Schedule of Receipts, Expenditures and Ending Balances - Endowment	5	51
Schedule of Expenditures of Federal Awards		53
Notes to Schedule of Expenditures of Federal Awards		54
Special Reports		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*		56
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		58
Schedule of Findings and Questioned Costs		60

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 368

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District Number 368 of Paola, Kansas, 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 "Matters Giving Rise of Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District Number 368 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the Unified School District Number 368 as of June 30, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note C.

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 responsibility 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 Unified School District Number 368 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.

Matters Giving Rise for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note C of the financial statement, the financial statement is prepared by Unified School District Number 368 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 C 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 C to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt Unified School District Number 368 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.

INPACT
INTERNATIONAL NETWORK OF PROFESSIONAL ACCOUNTANTS
AFFILIATE

Auditor's Responsibility for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about where 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 one resulting from an 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:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. 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.
3. 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 Unified School District Number 368's internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimate made by management, as well as evaluate the overall presentation of the financial statement.
5. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Unified School District Number 368 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 control-related matters that we identified during the audit.

Other Matters

Report on 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, schedule of regulatory basis receipts and expenditures - district activity funds and schedule of regulatory basis receipts and expenditures - endowment (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide.* The accompanying Schedule of Expenditures of Federal Awards is also 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 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 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 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 C.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023 on our consideration of Unified School District Number 368'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 Unified School District Number 368's internal control over financial reporting and compliance.

Prior Year Comparative

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Unified School District Number 368 as of and for the year ended June 30, 2022 (not presented herein), and have issued our report dated September 22, 2022, which contained an unmodified opinion on the basic financial statement. The 2022 basic financial statements and accompanying report are not presented herein, but available in electronic form from the web site of the Kansas Department of Administration at the following link http//www.admin.ks.gov/offices//chief-financial-officer/municipal-servidces. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2023 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 basic financial statement or to the basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 comparative information is fairly stated in all material respects in relation to the 2022 basic financial statement as a whole, on the basis of accounting described in Note C.

Harold K. Mayes Jr.

Harold K Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Ks. 66067
September 20, 2023

Unified School District Number 368
Paola, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
For the Year Ended June 30, 2023

	Beginning Unencumbered Cash and Investments	Prior Year Cancelled Encumbrances	Receipts	Expenditures
Governmental Type Funds				
General Funds				
General	$ 0	$ 0	$ 13,020,706	$ 13,020,684
Supplemental General	292,422	0	4,295,252	4,287,401
Special Purpose Funds				
Adult Education	12,675	0	263,254	263,254
Adult Supplementary Education	52,766	0	18,084	21,704
At Risk	668,001	0	1,711,047	1,711,048
Bilingual Education	31,987	0	13,122	15,837
Virtual Education	230,139	0	133,745	82,460
Capital Outlay	2,929,069	0	2,235,218	2,350,024
Driver Training	47,695	0	36,520	34,632
Food Service	341,878	0	1,240,596	1,113,361
Professional Development	98,228	0	3,880	24,217
Parent Education Program	67,016	0	325,648	315,365
Special Education	2,114,517	0	3,233,199	3,098,273
Career and Postsecondary Education	842,918	0	693,172	739,832
Kansas Public Retirement System	0	0	3,416,566	3,416,566
Coop Special Education	3,647,680	0	17,131,567	17,034,301
Special Assessment	26,436	0	0	0
Title I	0	0	333,321	333,321
Title II A-Teacher Quality Improve	0	0	44,477	44,477
Vocational Education-Carl Perkins	0	0	18,010	18,010
Coronavirus Funds	(114,912)	0	630,952	1,460,916
Contingency Reserve	987,148	0	0	0
Student Material Revolving	116,476	0	125,556	125,381
Gate Receipts and User Charges	44,200	0	313,179	335,512
Bond & Interest Funds				
Bond and Interest	4,904,951	0	2,543,860	2,190,162
Business Type Funds				
Health Insurance	77,243	0	3,007,717	2,514,814
Trust Type Funds				
Expendable Trust Funds				
Scholarship and Other Trusts	233,253	0	92,024	63,409
Nonexpendable Trust Funds				
Scholarship	258,094	0	6,119	6,119
Related Municipal Entity				
Endowment Trusts	2,955,808	0	101,415	(71,616)
Total reporting entity (excluding agency funds)	$ 20,865,688	$ 0	$ 54,988,206	$ 54,549,464

The accompanying notes are an integral part of this financial statement.

Ending Unencumbered Cash and Investments	Add Encumbrances and Accounts Payable	Ending Cash and Investments		
$ 22	$ 59,647	$ 59,669	**Composition of ending cash**	
300,273	361,049	661,322	**and investments**	
			Demand Deposits	
12,675	39,242	51,917	First Option Bank	$ 13,797,230
49,146	284	49,430	Security Bank of KC	1,219,270
668,000	0	668,000	Activity Fund Accounts	256,312
29,272	0	29,272	**Time Deposits**	
281,424	0	281,424	Great Southern Bank	1,500,000
2,814,263	1,396,545	4,210,808	Security Bank of KC	2,000,000
49,583	5,415	54,998	Security Bank of KC	1,000,000
469,113	324	469,437	Security Bank of KC	1,000,000
77,891	2,148	80,039	First Option Bank	10,000
77,299	10,858	88,157	First Option Bank	15,400
2,249,443	26,733	2,276,176	First Option Bank	31,729
796,258	8,763	805,021	First Option Bank	258,094
0	0	0		21,088,035
3,744,946	86,190	3,831,136	Less Agency funds	
26,436	0	26,436	per Schedule 3	(247,006)
0	0	0		
0	0	0		20,841,029
0	0	0		
(944,876)	619,188	(325,688)	Investments	
987,148	0	987,148	Stocks and Bonds	
116,651	47,052	163,703	of Endowment Trust	3,128,839
21,867	0	21,867		
			Total cash and investments	$ 23,969,868
5,258,649	0	5,258,649		
570,146	0	570,146		
261,868	2,000	263,868		
258,094	0	258,094		
3,128,839	0	3,128,839		
$ 21,304,430	$ 2,665,438	$ 23,969,868		

The accompanying notes are an integral part of this financial statement.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2023

NOTE A. MUNICIPAL REPORTING ENTITY

Unified School District Number 368 is a municipal corporation governed by an elected seven-member board. This financial statement presents the Unified School District Number 368 (the municipality). The financial statement includes the municipality and a related municipal entity known as the Endowment.

The Unified School District Number 368 Endowment governing board is a volunteer group. The Endowment receives donations from the public and disburses these funds to eligible students from Paola High School.

NOTE B. REGULATORY BASIS FUND TYPES

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. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The District potential could have the following types of funds.

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

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

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and used to make payments 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.

Business Fund – funds financed in whole or part by fees charged to users of goods or services (i.e. enterprise and internal service funds etc.).

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

NOTE C. BASIS OF ACCOUNTING

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 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 obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above. Unified School District Number 368 has approved a resolution that it 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.

NOTE D. BUDGETARY INFORMATION

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget.
3. Public hearing after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

Senate Bill 13 repealed the tax lid law and introduced the use of a revenue neutral rate with an additional budget hearing required if the proposed tax levy exceeds the revenue neutral rate. These policy changes apply to the 2022 budget cycle. Additional information can be found in the Memo to State of Kansas Subdivisions (2021) at https://admin.ks.gov/offices/oar/municipal-services.

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 budget amendments for this year.

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

Adjustment to Comply with Legal Max – Unified school districts use this line item (for use in the budget column only) to adjust the certified budget to comply with the "Legal Max" budget. The State Board of Education calculates the "Legal Max" budget using enrollment figures. The District's budgeted expenditures are limited to the lower of the published budget or the "Legal Max' budget.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

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 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 the following special purpose funds, capital project funds, business funds and trusts:

Title I
Vocational Education – Carl Perkins
Contingency Reserve
Health Insurance
Title IIA
Coronavirus Funds
Student Materials Revolving

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

NOTE E. DEPOSITS AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

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 District or in an adjoining District 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 bank 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. The District rates investments (if any) as noted.

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%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2023.

At June 30, 2023, the carrying amount of the District's bank deposits was $21,088,035 and the bank balance was $24,583,272. The bank balance was held by three banks reducing concentration risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $750,000 was covered by federal depository insurance and $23,833.272 was collateralized with securities held by the pledging financial institution's agents in the District's name.

The Unified School District Number 368 Endowment has bank deposits of $59,106 and the bank balance was $60,097. The difference between carrying amount and bank balance is outstanding checks and deposits. The balance was held by one bank which increases concentration risk. Of the bank balance $60,097 was covered by federal depository insurance.

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 be adequately secured.

Concentration of credit risk – Endowment investment policy places no limit on the amount the Endowment may invest in any one issuer. The Endowment had the following investments and maturities as of June 30, 2023. Fair value is based upon quoted market values:

Investments - Endowment Investment Type	Fair Value	Investment Maturities Less than 1	Investment Maturities 2 yrs or more	Percent of Investment	Rating U.S.
Money market	$ 3,179	$ 3,179	$ 0	0.001	N/A
Bonds	4,341	0	4,341	0.001	S&P A-1+
Mutual funds	3,062,212	3,062,212	0	0.998	S&P A-1+
Total investments	3,069,732	$ 3,065,391	$ 4,341	1.000	
Plus Cash Balance	59,106				
Total	$ 3,128,838				

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2023

NOTE F. LONG-TERM DEBT

General Long-Term Debt

Long-term obligations consisted of the following during the year:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds:				
Series 2014	2% to 5.00%	06/05/14	$ 18,225,000	09/01/28
Series 2016	3%to 4%	11/30/16	6,975,000	09/01/26
Series 2017	3.00%	03/30/17	4,710,000	09/01/26
Copiers	0.00%	08/01/19	99,300	07/01/24

Changes in long-term liabilities for the Unified School District Number 368 for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions/ Payments	Net Change	Ending Balance	Interest Paid
General Obligation Bonds:						
Series 2014	$ 275,000	$ 0	$ 35,000	$ (35,000)	$ 240,000	$ 11,287
Series 2016	6,015,000	0	1,210,000	(1,210,000)	4,805,000	192,300
Series 2017	3,870,000	0	635,000	(635,000)	3,235,000	106,575
	$ 10,160,000	$ 0	$ 1,880,000	$ (1,880,000)	$ 8,280,000	$ 310,162
Financing Leases						
Copiers	$ 41,019	$ 0	$ 19,862	$ (19,862)	$ 21,157	$ 0

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

	2024	2025	2026	2027	2028	2029	Total
Bond Principal							
G. O. bonds	$ 1,925,000	$ 2,025,000	$ 2,090,000	$ 2,155,000	$ 40,000	$ 45,000	$ 8,280,000
Interest							
G. O. bonds	240,413	168,437	99,862	35,787	2,463	731	547,693
Total principal & interest	$ 2,165,413	$ 2,193,437	$ 2,189,862	$ 2,190,787	$ 42,463	$ 45,731	$ 8,827,693
Copier Payments	$ 19,862	$ 1,655					$ 21,517

The District is subject to the municipal finance laws of the State of Kansas which limits the net bonded debt (exclusive of revenue bonds and special assessment bonds) the District may have outstanding to 14% of the assessed value of all tangible taxable property within the District, as certified to the County Clerk on the preceding August 25. Additional authority may be granted by the Kansas State Board of Education. At June 30, 2023, the statutory limit for the District was $26,297,266. As of June 30, 2023, the District is under the debt margin by $18,107,266.

NOTE G. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Special Education	K.S.A. 72-5167	$ 1,945,503
General Fund	Career and Post Secondary	K.S.A. 72-5167	120,804
General Fund	At-Risk (K-12)	K.S.A. 72-5167	1,282,736
General Fund	Bilingual	K.S.A. 72-5167	9,692
General Fund	Virtual Education	K.S.A. 72-5167	133,745
Supplemental General Local Option	Parent Education	K.S.A. 72-5143	30,000
Supplemental General Local Option	Special Education	K.S.A. 72-5143	1,055,045
Supplemental General Local Option	At-Risk (K-12)	K.S.A. 72-5143	428,311
Supplemental General Local Option	Bilingual	K.S.A. 72-5143	3,430
Supplemental General Local Option	Career and Post Secondary	K.S.A. 72-5167	528,328

NOTE H. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Health Insurance

During the year ended June 30, 2023, employees of the District were covered for health insurance by a third party provider. The District's contribution for health insurance is $600 per month for a single policy or a family policy per employee. All District employees, at their option, can authorize payroll withholdings to pay non-District provided contributions.

In years prior to July 1, 2022 to June 30, 2023, the District was self-insured and the following information is in regards to the fund created and held open to cover claims from that period.

	2023
Unpaid Claims, July 1	$ 322,798
Incurred claims (including IBNR's)	2,663,627
Claim payments	2,986,425
Unpaid claims, June 30	$ 0

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 retiree's health insurance plan because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been qualified 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.

Flexible Benefit Plan (I.R.C. Section 125)

The District adopted by resolution a salary-reduction flexible benefit plan (Plan) under section 125 of the Internal Revenue Service Code. All employees of the District are eligible to participate in the plan beginning the first day of the month following their employment. Each participant may elect to reduce his or her salary to purchases benefits offered

NOTE H. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS - continued

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.

Flexible Benefit Plan (I.R.C. Section 125)

The District adopted by resolution a salary-reduction flexible benefit plan (Plan) under section 125 of the Internal Revenue Service Code. All employees of the District are eligible to participate in the plan beginning the first day of the month following their employment. Each participant may elect to reduce his or her salary to purchases benefits offered through the Plan. Currently, benefits offered through the Plan include health insurance, dependent care coverage and medical reimbursement.

Compensated Absences

The District's policy is to recognize the cost of compensated absences when actually paid. The District's policies regarding sick pay permits employees to accumulate sick leave of 12 days per year or one day per month for those employees whose contract is for 10, 11, or 12 months up to a total accumulation of 100 days. Upon retirement at age 62 (or at age 60 with at least 12 years of experience within the District), certified and classified personnel will be paid for the unused sick leave at the rate of $65 per day. The District's policy also requires reimbursement to staff of $65 per day for each day over the 100 days at the end of the school year.

The costs of accumulated sick leave are not recorded at the time the benefits are accrued. At June 30, 2023 the District paid sick leave pay for employees who will be 62 or older on or before June 30, 2023 or have accumulated in excess of 100 days in the amount of $45,514. The District has not estimated the dollar amount of accumulated sick leave pay for any other group of employees.

Death and Disability Other Post Employment Benefits

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

NOTE I. DEFINED BENEFIT PENSION PLANS

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

Contributions. K.S.A. 74-4919 and K.S.A 74-49.210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

NOTE I. DEFINED BENEFIT PENSION PLANS – continued

State law provides that 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 KPEPRS 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 $550 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to KPERS-School unfunded actuarial. 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 $3,416,566 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 $46,453,645. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

NOTE K. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE L. OTHER INFORMATION

Reimbursed Expenses

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as revenue in the same fund. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

Ad valorem tax revenues

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20, and distributed to the District by January 20. The second half is due May 10 and distributed to the District by June 5. The District Treasurer draws other available funds from the County Treasurer at designated times throughout the year.

Compliance with Kansas Statute

The Coronavirus Fund has a deficit unencumbered cash balance and a deficit cash balance as of June 30, 2023. However the District will receive federal funds to cover the deficit in this fund.

Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund.

However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the District at June 30, 2023.

NOTE M. SUBSEQUENT EVENTS

Subsequent Events: The District evaluated subsequent events through September 20, 2023, the date the financial statement was available to be issued.

Required Regulatory Basis
Supplementary Information

Unified School District Number 368
Paola, Kansas

SUMMARY OF EXPENDITURES-ACTUAL AND BUDGET
BUDGETED FUNDS
For the Year Ended June 30, 2023

	Certified Budget	Adjustment to Comply with Legal Max
General Funds		
General Fund	$ 14,004,357	$ (1,027,258)
Supplemental General Local Option	4,579,070	(291,669)
Special Purpose Funds		
Adult Education	258,700	0
Adult Supplementary Education	105,616	0
At risk	2,376,633	0
Bilingual Education	41,145	0
Virtual Education	520,139	0
Capital Outlay	4,308,895	0
Driver Training	89,195	0
Food Service	1,512,582	0
Professional Development	106,228	0
Parent Education Program	379,859	0
Special Education	4,490,339	0
Vocational Education	1,290,199	0
Kansas Public Retirement System	4,145,911	0
Co-op Special Education	19,719,625	0
Special Assessment	26,436	0
Bond & Interest Funds		
Bond and Interest	2,798,495	0

See Independent Auditor's Report.

Schedule 1

	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
$	43,585	$ 13,020,684	$ 13,020,684	$ 0
	0	4,287,401	4,287,401	0
	15,129	273,829	263,254	(10,575)
	0	105,616	21,704	(83,912)
	0	2,376,633	1,711,048	(665,585)
	0	41,145	15,837	(25,308)
	0	520,139	82,460	(437,679)
	0	4,308,895	2,350,024	(1,958,871)
	0	89,195	34,632	(54,563)
	0	1,512,582	1,113,361	(399,221)
	0	106,228	24,217	(82,011)
	0	379,859	315,365	(64,494)
	0	4,490,339	3,098,273	(1,392,066)
	0	1,290,199	739,832	(550,367)
	0	4,145,911	3,416,566	(729,345)
	0	19,719,625	17,034,301	(2,685,324)
	0	26,436	0	(26,436)
	0	2,798,495	2,190,162	(608,333)

Unified School District Number 368
Paola, Kansas

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022 Actual	2023 Actual	2023 Budget	2023 Variance Over (Under)
Cash Receipts				
Local Sources				
Reimbursed Expenses	$ 298,387	$ 43,585	$ 0	$ 43,585
State Sources				
Mineral Production Tax	59	45	0	45
General Fund Equalization Aid	11,336,630	11,049,723	11,397,988	(348,265)
Special Education Equalization Aid	1,866,351	1,927,353	2,606,369	(679,016)
Total Cash Receipts	13,501,427	13,020,706	$ 14,004,357	$ (983,651)
Expenditures				
Instruction				
Salaries	5,274,005	4,558,504	$ 4,259,459	$ 299,045
Employee Benefits	909,304	893,835	1,011,000	(117,165)
Supplies	186,286	194,508	207,090	(12,582)
Student Activities	95,893	97,354	90,935	6,419
Student Support Services				
Salaries	277,209	279,319	290,000	(10,681)
Employee Benefits	57,266	55,998	64,300	(8,302)
Supplies	3,937	3,258	3,500	(242)
Instruction Support Staff				
Salaries	426,300	298,414	450,000	(151,586)
Employee Benefits	37,454	32,506	41,600	(9,094)
Supplies	8,689	9,294	11,326	(2,032)
General Administration				
Salaries	441,163	490,112	500,000	(9,888)
Employee Benefits	64,302	74,811	72,700	2,111
Purchased Professional Services	12,699	11,786	25,000	(13,214)
Other	47,943	88,577	56,000	32,577
School Administration				
Salaries	874,300	857,341	892,000	(34,659)
Employee Benefits	173,898	170,380	190,200	(19,820)
Operations and Maintenance				
Salaries	315,041	398,278	470,000	(71,722)
Employee Benefits	69,071	73,660	110,600	(36,940)
Central Services				
Salaries	251,847	262,769	265,000	(2,231)
Other Purchased Services				
Contracting of Bus Service	607,786	677,500	700,000	(22,500)

Unified School District Number 368
Paola, Kansas

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022 Actual	2023 Actual	2023 Budget	2023 Variance Over (Under)
Expenditures (continued)				
Operating Transfers				
Special Education	$ 1,974,828	$ 1,945,503	$ 2,606,369	$ (660,866)
Professional Development	6,491	0	0	0
Vocational Education	500,000	120,804	0	120,804
Student Revolving	25,000	0	0	0
At Risk (K-12)	716,000	1,282,736	1,407,278	(124,542)
Bilingual	8,355	9,692	0	9,692
Virtual Education	136,360	133,745	280,000	(146,255)
Adjustment to Comply with Legal Maximum	0	0	(1,027,258)	1,027,258
Legal Fund Budget & Expenditures	13,501,427	13,020,684	12,977,099	43,585
Adjustments for Qualifying Budget Credits	0	0	43,585	(43,585)
Total Expenditures	13,501,427	13,020,684	$ 13,020,684	$ 0
Receipts Over (Under) Expenditures	0	22		
Unencumbered Cash (Deficit), July 1,	0	0		
Unencumbered Cash (Deficit), June 30,	$ 0	$ 22		

Unified School District Number 368
Paola, Kansas

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Property	$ 2,269,370	$ 2,603,958	$ 2,359,774	$ 244,184
Delinquent	31,610	23,698	24,766	(1,068)
County Sources				
Motor Vehicle	252,560	208,311	335,137	(126,826)
Recreational Vehicle Tax	7,724	6,237	9,611	(3,374)
Commercial Vehicle Tax	12,052	12,053	18,336	(6,283)
State Sources				
Supplemental State Aid	1,635,537	1,440,995	1,539,025	(98,030)
Total Cash Receipts	4,208,853	4,295,252	$ 4,286,649	$ 8,603
Expenditures				
Instruction				
Supplies	137,498	55,813	$ 130,000	$ (74,187)
Student Activities	30,447	25,686	0	25,686
Equipment	24,355	5,738	7,200	(1,462)
Other	0	0	20,000	(20,000)
General Administration				
Purchased Property Services	129,600	122,127	96,000	26,127
Other Purchased Services	269,088	322,786	290,000	32,786
Other	762	0	0	0
Operations and Maintenance				
Salaries	271,507	284,155	281,000	3,155
Employee Benefits	43,302	53,031	46,800	6,231
Purchased Property Services	692,924	433,610	294,543	139,067
Other Purchased Services	32,638	24,850	45,700	(20,850)
Supplies	657,480	650,085	711,000	(60,915)
Vehicle Operating Services				
Motor Fuel	92,839	110,199	95,000	15,199
Contracted Transportation	0	3,532	0	3,532
Central Services				
Other Purchased Services	113,811	117,025	80,000	37,025
Supplies	1,871	1,873	5,000	(3,127)
Property	25,373	31,777	25,000	6,777
Operating Transfers				
Parent Education Program	30,000	30,000	30,000	0
Special Education	1,401,891	1,055,045	1,233,970	(178,925)
At Risk (K-12)	352,721	428,311	469,355	(41,044)

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Operating Transfers - continued				
Bilingual	$ 3,881	$ 3,430	$ 9,158	$ (5,728)
Vocational Education	0	528,328	709,344	(181,016)
Adjustment to Comply with Legal Maximum	0	0	(291,669)	291,669
Legal Fund Budget & Expenditures	4,311,988	4,287,401	$ 4,287,401	$ 0
Receipts Over (Under) Expenditures	(103,135)	7,851		
Unencumbered Cash, July 1	395,557	292,422		
Unencumbered Cash, June 30	$ 292,422	$ 300,273		

Unified School District Number 368
Paola, Kansas

Schedule 2c

SPECIAL PURPOSE FUNDS
ADULT EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022	Actual	Budget	Variance Over (Under)
Cash Receipts				
State Sources				
Adult Basic Aid	$ 65,442	$ 61,600	$ 59,500	$ 2,100
Federal Sources				
Adult Education Aid	194,700	201,654	186,525	15,129
Total Cash Receipts	260,142	263,254	$ 246,025	$ 17,229
Expenditures				
Instruction				
Salaries	137,819	109,896	$ 129,663	$ (19,767)
Employee Benefits	32,476	32,774	32,691	83
Other Purchased Services	12,200	7,500	7,500	0
Supplies	23,235	53,607	26,211	27,396
Student Support Services				
Salaries	18,631	19,480	19,878	(398)
Other Purchased Services	1,764	4,500	5,000	(500)
General Administration				
Salaries	25,332	23,003	25,457	(2,454)
Supplies	2,822	7,015	5,000	2,015
Operation and Maintenance				
Purchased Property Services	0	0	1,800	(1,800)
Supplies	5,863	5,479	5,500	(21)
Legal General Fund Budget	260,142	263,254	258,700	4,554
Adjustment for Qualifying Budget Credits	0	0	15,129	(15,129)
Total Expenditures	260,142	263,254	$ 273,829	$ (10,575)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, July 1	12,675	12,675		
Unencumbered Cash, June 30	$ 12,675	$ 12,675		

Unified School District Number 368
Paola, Kansas

Schedule 2d

SPECIAL PURPOSE FUNDS
ADULT SUPPLEMENTARY EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Class Fees	$ 1,365	$ 1,100	$ 2,000	$ (900)
Miscellaneous	1,818	5,682	50,850	(45,168)
Reimbursements	6,972	5,958	0	5,958
State Sources				
State Aid	16,913	5,344	0	5,344
Total Cash Receipts	27,068	18,084	$ 52,850	$ (34,766)
Expenditures				
Instruction				
Salaries	2,209	1,537	$ 66,066	$ (64,529)
Employee Benefits	196	5,709	270	5,439
Other Purchased Services	1,223	715	2,500	(1,785)
Supplies	8,955	13,743	36,780	(23,037)
Total Expenditures	12,583	21,704	$ 105,616	$ (83,912)
Receipts Over (Under) Expenditures	14,485	(3,620)		
Unencumbered Cash, July 1	38,281	52,766		
Unencumbered Cash, June 30	$ 52,766	$ 49,146		

Unified School District Number 368
Paola, Kansas

Schedule 2e

SPECIAL PURPOSE FUNDS
AT RISK FUND (K-12)

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers				
General Fund	$ 716,000	$ 1,282,736	$ 1,407,278	$ (124,542)
Supplemental General	352,721	428,311	469,355	(41,044)
Total Cash Receipts	1,068,721	1,711,047	$ 1,876,633	$ (165,586)
Expenditures				
Instruction				
Salaries	1,002,098	1,568,126	$ 2,130,133	$ (562,007)
Employee Benefits	37,118	40,578	65,500	(24,922)
Purchased Professional Services	1,900	6,825	0	6,825
Supplies	120,259	95,519	153,500	(57,981)
Other	0	0	7,500	(7,500)
Student Support Services				
Mental Health Services	0	0	20,000	(20,000)
Total Expenditures	1,161,375	1,711,048	$ 2,376,633	$ (665,585)
Receipts Over (Under) Expenditures	(92,654)	(1)		
Unencumbered Cash, July 1	760,655	668,001		
Unencumbered Cash, June 30	$ 668,001	$ 668,000		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2f

SPECIAL PURPOSE FUNDS
BILINGUAL EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers				
Supplemental General	$ 3,881	$ 3,430	$ 9,158	$ (5,728)
General Fund	8,355	9,692	0	9,692
Total Cash Receipts	12,236	13,122	$ 9,158	$ 3,964
Expenditures				
Instruction				
Salaries	12,236	13,122	$ 41,145	$ (28,023)
Other Purchased Services	0	2,715	0	2,715
Total Expenditures	12,236	15,837	$ 41,145	$ (25,308)
Receipts Over (Under) Expenditures	0	(2,715)		
Unencumbered Cash, July 1	31,987	31,987		
Unencumbered Cash, June 30	$ 31,987	$ 29,272		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2g

SPECIAL PURPOSE FUNDS
VIRTUAL EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 0	$ 0	$ 10,000	$ (10,000)
Operating Transfers				
General Fund	136,360	133,745	280,000	(146,255)
Total Cash Receipts	136,360	133,745	$ 290,000	$ (156,255)
Expenditures				
Instruction				
Other Purchased Services	93,601	82,460	$ 520,139	$ (437,679)
Total Expenditures	93,601	82,460	$ 520,139	$ (437,679)
Receipts Over (Under) Expenditures	42,759	51,285		
Unencumbered Cash, July 1	187,380	230,139		
Unencumbered Cash, June 30	$ 230,139	$ 281,424		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2h

SPECIAL PURPOSE FUNDS
CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Property	$ 1,447,574	$ 1,645,148	$ 1,547,680	$ 97,468
Delinquent	18,271	14,598	15,809	(1,211)
Interest	37,366	193,482	300,000	(106,518)
Miscellaneous	20,861	23,340	75,000	(51,660)
County Sources				
Motor Vehicle	146,156	130,299	207,132	(76,833)
Recreational Vehicle	4,484	3,914	5,940	(2,026)
Commercial Vehicle	7,204	7,655	11,332	(3,677)
State Sources				
State Aid	234,508	216,782	216,934	(152)
Total Cash Receipts	1,916,424	2,235,218	$ 2,379,827	$ (144,609)
Expenditures				
Instruction				
Property	353,955	360,870	$ 3,463,895	$ (3,103,025)
Operation and Maintenance				
Property	1,518,469	1,989,154	835,000	1,154,154
Facility Acquisition & Construction Services				
Architectural and Engineering Services	0	0	10,000	(10,000)
Total Expenditures	1,872,424	2,350,024	$ 4,308,895	$ (1,958,871)
Receipts Over (Under) Expenditures	44,000	(114,806)		
Unencumbered Cash, July 1	2,885,069	2,929,069		
Unencumbered Cash, June 30	$ 2,929,069	$ 2,814,263		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2i

SPECIAL PURPOSE FUNDS
DRIVER TRAINING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Driver Education Fees	$ 23,619	$ 18,720	$ 24,000	$ (5,280)
State Sources				
State Safety Aid	8,418	14,000	13,500	500
Federal Sources				
Federal Aid	2,000	3,800	4,000	(200)
Total Cash Receipts	34,037	36,520	$ 41,500	$ (4,980)
Expenditures				
Instruction				
Salaries	5,000	3,850	$ 5,000	$ (1,150)
Employee Benefits	0	683	0	683
Other Purchased Services	28,000	24,180	28,000	(3,820)
Supplies	889	858	50,195	(49,337)
Operations and Maintenance				
Supplies	1,081	1,261	2,000	(739)
Other Support Services				
Other	2,000	3,800	4,000	(200)
Total Expenditures	36,970	34,632	$ 89,195	$ (54,563)
Receipts Over (Under) Expenditures	(2,933)	1,888		
Unencumbered Cash, July 1	50,628	47,695		
Unencumbered Cash, June 30	$ 47,695	$ 49,583		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2j

SPECIAL PURPOSE FUNDS
FOOD SERVICE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Student Meal Receipts	$ 1,281	$ 312,951	$ 425,103	$ (112,152)
Adult Meal Receipts	8,145	10,950	20,078	(9,128)
Ala Carte Meals	82,848	94,050	180,701	(86,651)
Interest	112	7,190	1,000	6,190
Reimbursements	14,711	4,011	30,000	(25,989)
State Sources				
Equalization Aid	8,772	8,740	7,548	1,192
Federal Sources				
Child Nutrition Programs	1,301,681	802,704	506,274	296,430
Other	3,459	0	0	0
Total Cash Receipts	1,421,009	1,240,596	$ 1,170,704	$ 69,892
Expenditures				
Food Service Operation				
Salaries	480,142	500,678	$ 551,500	$ (50,822)
Employee Benefits	48,978	51,234	64,600	(13,366)
Other Purchased Services	24,123	2,430	4,500	(2,070)
Supplies	659,015	518,892	862,482	(343,590)
Property	29,020	32,301	23,000	9,301
Other	15,049	7,826	6,500	1,326
Total Expenditures	1,256,327	1,113,361	$ 1,512,582	$ (399,221)
Receipts Over (Under) Expenditures	164,682	127,235		
Unencumbered Cash, July 1	177,196	341,878		
Unencumbered Cash, June 30	$ 341,878	$ 469,113		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2k

SPECIAL PURPOSE FUNDS
PROFESSIONAL DEVELOPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Other	$ 0	$ 0	$ 500	$ (500)
State Sources				
State Aid	0	3,880	7,500	(3,620)
Operating Transfers				
General	6,491	0	0	0
Total Cash Receipts	6,491	3,880	$ 8,000	$ (4,120)
Expenditures				
Student Support Services				
Purchased Professional and Technical Services	31,210	24,217	$ 106,228	$ (82,011)
Total Expenditures	31,210	24,217	$ 106,228	$ (82,011)
Receipts Over (Under) Expenditures	(24,719)	(20,337)		
Unencumbered Cash, July 1	122,947	98,228		
Unencumbered Cash, June 30	$ 98,228	$ 77,891		

Unified School District Number 368
Paola, Kansas

Schedule 21

SPECIAL PURPOSE FUNDS
PARENT EDUCATION PROGRAM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Other District Payments	$ 92,655	$ 92,655	$ 92,655	$ 0
Other Revenue from Local	2,100	14,805	2,000	12,805
State Sources				
Parent Education Aid	189,381	188,188	188,188	0
Operating Transfers				
Supplemental General	30,000	30,000	30,000	0
Total cash receipts	314,136	325,648	$ 312,843	$ 12,805
Expenditures				
Student Support Services				
Salaries	247,432	245,047	$ 247,958	$ (2,911)
Employee Benefits	37,847	39,022	40,875	(1,853)
Other Purchased Services	15,223	21,706	17,300	4,406
Supplies	14,881	(768)	1,400	(2,168)
Property	5,618	1,921	4,000	(2,079)
Other	(6,865)	8,437	68,326	(59,889)
Total Expenditures	314,136	315,365	$ 379,859	$ (64,494)
Receipts Over (Under) Expenditures	0	10,283		
Unencumbered Cash, July 1	67,016	67,016		
Unencumbered Cash, June 30	$ 67,016	$ 77,299		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2m

SPECIAL PURPOSE FUNDS
SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Other	$ 113,997	$ 232,651	$ 150,000	$ 82,651
Operating Transfers				
General	1,974,828	1,945,503	2,606,369	(660,866)
Supplemental General	1,401,891	1,055,045	1,233,970	(178,925)
Total Cash Receipts	3,490,716	3,233,199	$ 3,990,339	$ (757,140)
Expenditures				
Instruction				
Salaries	19,014	10,571	$ 35,000	$ (24,429)
Other Purchased Services	2,873,871	2,572,518	3,330,739	(758,221)
Supplies	0	0	501,000	(501,000)
Vehicle Operating Services				
Employee Benefits	1,455	809	3,000	(2,191)
Purchased Property Services	424,501	501,794	600,600	(98,806)
Other Purchased Services	15,268	12,581	17,500	(4,919)
Supplies	0	0	2,500	(2,500)
Total Expenditures	3,334,109	3,098,273	$ 4,490,339	$ (1,392,066)
Receipts Over (Under) Expenditures	156,607	134,926		
Unencumbered Cash, July 1	1,957,910	2,114,517		
Unencumbered Cash, June 30	$ 2,114,517	$ 2,249,443		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2n

SPECIAL PURPOSE FUNDS
CAREER AND POSTSECONDARY EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Reimbursements	$ 70,930	$ 18,161	$ 5,000	$ 13,161
Miscellaneous	0	0	30,000	(30,000)
State Sources				
CTE Transportation Aide	0	25,879	35,855	(9,976)
Federal Sources				
Vocational Aid	0	0	10,000	(10,000)
Operating Transfers				
General	500,000	120,804	0	120,804
Supplemental General	0	528,328	709,344	(181,016)
Total Cash Receipts	570,930	693,172	$ 790,199	$ (97,027)
Expenditures				
Instruction				
Salaries	501,343	502,498	$ 1,035,000	$ (532,502)
Employee Benefits	74,178	66,016	83,800	(17,784)
Purchased Property Services	0	0	25,000	(25,000)
Other Purchased Services	4,017	4,920	5,149	(229)
Supplies	53,644	76,886	36,500	40,386
Other	0	0	10,000	(10,000)
Operations and Maintenance				
Purchased Property Services	2,750	2,597	4,750	(2,153)
Student Transportation				
Other	83,141	86,915	90,000	(3,085)
Total Expenditures	719,073	739,832	$ 1,290,199	$ (550,367)
Receipts Over (Under) Expenditures	(148,143)	(46,660)		
Unencumbered Cash, July 1	991,061	842,918		
Unencumbered Cash, June 30	$ 842,918	$ 796,258		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2o

SPECIAL PURPOSE FUNDS
KANSAS PUBLIC RETIREMENT SYSTEM

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 3,454,926	$ 3,416,566	$ 4,145,911	$ (729,345)
Total cash receipts	3,454,926	3,416,566	$ 4,145,911	$ (729,345)
Expenditures				
Instruction				
Employee Benefits	2,791,858	2,772,709	$ 3,374,462	$ (601,753)
Student support				
Employee Benefits	171,635	162,069	207,965	(45,896)
Instructional support				
Employee Benefits	61,259	52,002	71,112	(19,110)
General administration				
Employee Benefits	116,223	119,198	135,895	(16,697)
School administration				
Employee Benefits	124,821	121,718	145,635	(23,917)
Other supplemental services				
Employee Benefits	35,958	36,604	42,011	(5,407)
Maintenance				
Employee Benefits	87,473	84,820	90,307	(5,487)
Food service				
Employee Benefits	65,699	67,446	78,524	(11,078)
Total Expenditures	3,454,926	3,416,566	$ 4,145,911	$ (729,345)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, July 1	0	0		
Unencumbered Cash, June 30	$ 0	$ 0		

Unified School District Number 368
Paola, Kansas

Schedule 2p

SPECIAL PURPOSE FUNDS
CO-OP SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Other Districts Payments	$ 11,700,522	$ 10,730,757	$ 12,175,683	$ (1,444,926)
USD 368 Payments	2,658,554	2,351,214	4,095,739	(1,744,525)
Interest	7,317	86,836	30,000	56,836
Reimbursements	672,980	809,930	0	809,930
State Sources				
Greenbush	215,317	221,304	0	221,304
Federal Sources				
Title VI B	1,938,182	2,357,052	1,918,203	438,849
Medicaid	423,674	574,474	500,000	74,474
Total Cash Receipts	17,616,546	17,131,567	$ 18,719,625	$ (1,588,058)
Expenditures				
Instruction				
Salaries	12,249,291	12,452,332	$ 12,995,000	$ (542,668)
Employee Benefits	2,049,856	2,064,179	2,450,500	(386,321)
Purchased Professional Services	201,774	271,792	309,670	(37,878)
Other Purchased Services	538,381	839,055	670,000	169,055
Supplies	217,722	232,831	1,713,455	(1,480,624)
Student Support Services				
Salaries	663,135	625,756	850,000	(224,244)
Special Area Administrative Services				
Salaries	348,167	347,398	455,000	(107,602)
Operations and Maintenance				
Purchased Professional Services	10,385	8,409	15,000	(6,591)
Purchased Property Services	946	608	4,000	(3,392)
Other Purchased Services	48,983	62,971	115,000	(52,029)
Vehicle Operating Service				
Other Purchased Services	61,916	116,557	130,000	(13,443)
Supplies	29,227	12,413	12,000	413
Total Expenditures	16,419,783	17,034,301	$ 19,719,625	$ (2,685,324)
Receipts Over (Under) Expenditures	1,196,763	97,266		
Unencumbered Cash, July 1	2,450,917	3,647,680		
Unencumbered Cash, June 30	$ 3,647,680	$ 3,744,946		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2q

SPECIAL PURPOSE FUNDS
SPECIAL ASSESSMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Delinquent Tax	$ 1	$ 0	$ 0	$ 0
Total Cash Receipts	1	0	$ 0	$ 0
Expenditures				
Facilities Acquisition				
Site Improvement Services	0	0	$ 26,436	$ (26,436)
Receipts Over (Under) Expenditures	1	0		
Unencumbered Cash, July 1	26,435	26,436		
Unencumbered Cash, June 30	$ 26,436	$ 26,436		

Unified School District Number 368
Paola, Kansas

Schedule 2r

SPECIAL PURPOSE FUNDS
TITLE I

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Federal Sources		
Grant	$ 359,977	$ 333,321
Expenditures		
Instruction		
Salaries	308,053	275,520
Employee Benefits	51,035	48,178
Purchased Professional Services	889	9,623
Total Expenditures	359,977	333,321
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, July 1	0	0
Unencumbered Cash, June 30	$ 0	$ 0

Unified School District Number 368
Paola, Kansas

Schedule 2s

SPECIAL PURPOSE FUNDS
TITLE II A TEACHER QUALITY IMPROVEMENT GRANT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Federal Sources		
Grants	$ 43,040	$ 44,477
Expenditures		
Instruction		
Salaries	16,516	19,594
Purchased Professional & Technical Services	26,524	24,883
Total Expenditures	43,040	44,477
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, July 1	0	0
Unencumbered Cash, June 30	$ 0	$ 0

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2t

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION - CARL PERKINS GRANT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Federal Sources		
Grant	$ 5,242	$ 18,010
Expenditures		
Instruction		
Supplies	2,425	0
Professional Development	1,242	4,883
Property	1,575	13,127
Total Expenditures	5,242	18,010
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, July 1	0	0
Unencumbered Cash, June 30	$ 0	$ 0

Unified School District Number 368
Paola, Kansas

Schedule 2u

SPECIAL PURPOSE FUNDS
CORONAVIRUS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Federal sources		
KHHE COVID Testing	$ 0	$ 0
ESSER	1,150,513	630,952
Total Cash Receipts	1,150,513	630,952
Expenditures		
KDHE COVID Testing		
Student Support Services		
Services	0	645,353
ESSER		
Instruction		
Salaries	717,429	674,766
Supplies	257,950	7,836
Student Support Services		
Salaries	0	0
Services	60,887	132,961
Total Expenditures	1,036,266	1,460,916
Receipts Over (Under) Expenditures	114,247	(829,964)
Unencumbered Cash, July 1	(229,159)	(114,912)
Unencumbered Cash, June 30	$ (114,912)	$ (944,876)

Unified School District Number 368
Paola, Kansas

Schedule 2v

SPECIAL PURPOSE FUNDS
CONTINGENCY RESERVE

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Operating Transfers		
General Fund	$ 0	$ 0
Expenditures		
Miscellaneous	(19,393)	0
Receipts Over (Under) Expenditures	19,393	0
Unencumbered Cash, July 1	967,755	987,148
Unencumbered Cash, June 30	$ 987,148	$ 987,148

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2w

SPECIAL PURPOSE FUNDS
STUDENT MATERIAL REVOLVING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Local Sources		
Rental Fees	$ 182,913	$ 125,556
Operating Transfers		
General	25,000	0
Total Cash Receipts	207,913	125,556
Expenditures		
Instruction		
Textbook Purchases	216,765	125,381
Receipts Over (Under) Expenditures	(8,852)	175
Unencumbered Cash, July 1	125,328	116,476
Unencumbered Cash, June 30	$ 116,476	$ 116,651

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2x

BOND & INTEREST FUNDS
BOND & INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Property	$ 1,813,288	$ 2,057,254	$ 1,935,949	$ 121,305
Delinquent	25,071	18,917	19,774	(857)
County Sources				
Motor Vehicle	198,335	168,285	272,506	(104,221)
Recreational Vehicle	6,082	5,029	7,815	(2,786)
Commercial Vehicle	9,736	9,654	14,909	(5,255)
State Sources				
Equalization Aid	351,542	284,721	284,721	0
Other				
Cost of Issuance	20	0	0	0
Total Cash Receipts	2,404,074	2,543,860	$ 2,535,674	$ 8,186
Expenditures				
Debt Service				
Bond Principal	1,825,000	1,880,000	$ 1,880,000	$ 0
Interest	372,137	310,162	918,495	(608,333)
Total Expenditures	2,197,137	2,190,162	$ 2,798,495	$ (608,333)
Receipts Over (Under) Expenditures	206,937	353,698		
Unencumbered Cash, July 1,	4,698,014	4,904,951		
Unencumbered Cash, June 30,	$ 4,904,951	$ 5,258,649		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2y

BUSINESS TYPE FUNDS
HEALTH INSURANCE

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Local Sources		
Interest	$ 984	$ 6,554
Miscellaneous Income	284	0
Reimbursements	3,334,541	3,001,163
Total Cash Receipts	3,335,809	3,007,717
Expenditures		
General		
Claims	3,035,504	2,340,829
Administrative Fees	555,029	173,985
Total Expenditures	3,590,533	2,514,814
Receipts Over (Under) Expenditures	(254,724)	492,903
Unencumbered Cash, July 1	331,967	77,243
Unencumbered Cash, June 30	$ 77,243	$ 570,146

Unified School District Number 368
Paola, Kansas

Schedule 2z

TRUST TYPE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2023

Expendable Trust Funds	Beginning Unencumbered Cash	Cash Receipts	Expenditures	Ending Unencumbered Cash
Charitable Foundation	$ 111,696	$ 51,217	$ 35,542	$ 127,371
Panther Friends	14,583	5,117	3,614	16,086
Cops for Tots	4,706	0	0	4,706
Serving Our Students	63,420	29,964	17,751	75,633
Miami Co Med Center	13,318	5,000	5,801	12,517
Darland Scholarship	4,582	217	100	4,699
Greason Scholarship	1,850	51	51	1,850
Humphrey Scholarship	10,068	262	350	9,980
Hileman Scholarship	9,030	196	200	9,026
Total Expendable Trust Funds	$ 233,253	$ 92,024	$ 63,409	$ 261,868

Permanent Trust Funds	Beginning Unencumbered Cash	Cash Receipts	Expenditures	Ending Unencumbered Cash
Cook Fund	$ 258,094	$ 6,119	$ 6,119	$ 258,094
Total Permanent Trust Funds	$ 258,094	$ 6,119	$ 6,119	$ 258,094
Total Trust Funds	$ 491,347	$ 98,143	$ 69,528	$ 519,962

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3a

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2023

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Sunflower Elementary School				
Miscellaneous	$ 1,631	$ 300	$ 756	$ 1,175
Teacher of the Year	0	1,000	0	1,000
Student Council	568	0	0	568
PTO	4,019	26	0	4,045
Donations	3,216	9,084	8,603	3,697
Total Sunflower Elementary	9,434	10,410	9,359	10,485
Cottonwood Elementary School				
Donations	5,380	2,600	6,517	1,463
PTO	4,268	1,113	3,676	1,705
Night at the Museum	3,635	0	2,053	1,582
Lowes Education	185	0	78	107
Science Department	11	0	11	0
Total Cottonwood Elementary	13,479	3,713	12,335	4,857
Panther Robotics	1,148	393	304	1,237
Paola Middle School				
Band	457	0	24	433
F.I.R.S.T. LEGO	1,221	0	0	1,221
Athletic Donations	1,611	0	0	1,611
Scholastic	87	3,619	3,294	412
Kansas Association	1,498	4,123	5,150	471
Cheerleaders	298	1,950	1,616	632
Student Council	1,911	378	1,373	916
Teacher of the Year	0	1,000	0	1,000
Target (rebates)	438	51	286	203
Miscellaneous	3,061	9,581	4,609	8,033
Magazine Sales	24,153	0	9,430	14,723
PMS Vocal Music	1,558	0	1,501	57
Promotions	263	0	0	263
Donations	1,642	0	0	1,642
Love to Learn	250	0	0	250
Students Against Drunk Drivers	286	0	0	286
Total Paola Middle School	38,734	20,702	27,283	32,153

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3a

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2023

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Paola High School				
ACE/Football	$ 4,452	$ 12,910	$ 8,076	$ 9,286
Art Club	2,971	2,019	1,598	3,392
Band	3,485	5,426	5,247	3,664
Counseling Donations	550	5,853	1,800	4,603
Class of 2024	2,024	6,447	2,773	5,698
Class of 2025	870	671	359	1,182
Drama Club	2,165	4,784	3,740	3,209
Drill Team	8	306	0	314
SKILLSUSA Club	1,156	4,305	3,880	1,581
Culinary Arts	860	83	130	813
FCCLA	793	2,246	952	2,087
F.C.A.	67	0	0	67
Flag Team Club	82	0	0	82
F.B.L.A.	1,338	2,795	3,598	535
F.F.A.	16,682	37,748	35,031	19,399
Advertising	1,310	16,600	4,210	13,700
Rat Pack	95	0	0	95
Kansas Associates	3,273	1,059	2,433	1,899
Madrigals Club	8,803	0	0	8,803
Breakfast Club	100	0	0	100
National Honor Society	585	1,940	902	1,623
Miscellaneous	7,672	8,331	11,624	4,379
Reporter	1,266	2,999	3,522	743
Robotics	29,171	19,269	19,168	29,272
Scholar Bowl	2,459	1,580	1,219	2,820
Scholarships	338	0	0	338
Debate	160	20	0	180
Spirit Club	1,099	9,595	4,057	6,637
Student Council	752	10,125	7,657	3,220
S.A.D.D.	965	0	0	965
Thespian Club	1,461	8,383	6,358	3,486
Girls Wrestling	1,996	3,962	3,996	1,962
Donations	1,168	209	140	1,237
Athletic Donations	11,376	2,798	2,860	11,314
Class of 2026	0	1,044	424	620
Grant/Ward	804	100	239	665
Soccer	0	5,914	3,782	2,132
Class of 2021	2,180	0	2,180	0
Class of 2022	2,947	0	1,988	959
Class of 2023	2,098	3,037	4,912	223
Baseball	13,476	2,477	7,517	8,436
Boys Basketball	451	6,743	7,133	61

Unified School District Number 368
Paola, Kansas

Schedule 3a

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2023

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Paola High School - continued				
Cross Country	$ 5,135	$ 1,918	$ 657	$ 6,396
Girls Basketball	1,794	2,472	4,115	151
Softball	7,847	0	973	6,874
Volleyball	4,681	7,007	3,997	7,691
Wrestling	4,863	2,420	4,463	2,820
Total Paola High School	157,828	205,595	177,710	185,713
Total All Schools	$ 220,623	$ 240,813	$ 226,991	$ 234,445

Unified School District Number 368
Paola, Kansas

Schedule 3b

AGENCY FUNDS
RECREATION COMMISSION

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	2022 Actual	2023 Actual
Cash Receipts		
Local Sources		
Ad Valorem	$ 0	$ 201,327
Delinquent taxes	0	236
Total Cash Receipts	0	201,563
Expenditures		
Payments to Paola Recreation Commission	0	189,000
Total Expenditures	0	189,000
Receipts Over (Under) Expenditures	0	12,563
Unencumbered Cash, July 1	0	0
Unencumbered Cash, June 30	$ 0	$ 12,563

Unified School District Number 368
Paola, Kansas

Schedule 4

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2023

	Unencumbered Cash Balance Beginning	Cash Receipts	Expenditures	Unencumbered Cash Balance Ending
Sunflower Elementary School				
Fees and User Charges				
Yearbook	$ 500	$ 618	$ 665	$ 453
Field Trips	0	2,315	2,315	0
Petty Cash	0	500	500	0
Library	0	135	135	0
Roman Barnard	0	2,900	2,900	0
Teacher Grant	0	300	300	0
Activity	0	3,019	3,014	5
Total	500	9,787	9,829	458
Paola Middle School				
Gate Receipts				
Athletics	2,500	49,462	49,462	2,500
Fees and User Charges				
Petty Cash	0	500	500	0
Vending	0	923	923	0
Activities	0	9,515	9,475	40
Yearbook	267	6,291	6,558	0
Concessions	0	1,902	1,652	250
Pay to Participate	0	19,356	19,356	0
Roman Barnard	0	2,475	2,475	0
Chromebook	0	308	308	0
Sales Tax	0	3,768	3,768	0
Total	267	43,615	43,592	290
Paola High School				
Fees and User Charges				
Art Fees	1,328	5,161	5,986	503
Book	0	1,969	1,969	0
Pay to Participate	3,594	11,389	14,983	0
Concessions	2,080	33,487	34,244	1,323
Vending	88	0	0	88
Tech Fees	0	1,653	1,653	0
Drivers Education	0	10,560	10,560	0
Teacher of the Year	500	0	500	0
FACS Lab Fees	0	98	98	0
Petty Cash	0	1,000	1,000	0
Strength Club	901	4,670	4,590	981

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 4

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2023

	Unencumbered Cash Balance Beginning	Cash Receipts	Expenditures	Unencumbered Cash Balance Ending
Paola High School				
Fees and User Charges				
Chromebook Repairs	$ 0	$ 283	$ 283	$ 0
Vocational Ag	0	883	379	504
Woodworking	0	2,460	2,280	180
Yearbook Fees	0	39,466	39,466	0
Athletics	5,547	7,424	12,971	0
Leadership Class	933	0	250	683
Drama/Play	0	6,289	5,357	932
IHT	712	2,546	1,763	1,495
Roman Barnard	2	2,775	2,236	541
Sales Tax	0	11,557	11,557	0
Total	15,685	143,670	152,125	7,230
Gate Receipts	21,177	59,103	73,511	6,769
Cottonwood Elementary School				
Fees and User Charges				
Roman Barnard	0	3,000	3,000	0
Field Trips	0	9,980	9,980	0
Library	0	37	37	0
Miscellaneous	0	112	112	0
Petty Cash	0	426	426	0
Vending	0	624	624	0
Activities	0	2,053	2,053	0
	0	3,103	3,103	0
Administration Activity Fund				
Fees and charges	4,071	4,439	3,890	4,620
Total All Schools	$ 44,200	$ 313,179	$ 335,512	$ 21,867

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 5

RELATED MUNICIPAL ENTITY
ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2023

Endowment Fund Scholarships	Beginning Balance	Cash Receipts	Cash Expenditures	Ending Balance
Bea Mount	$ 111,944	$ (8,652)	$ 3,750	$ 99,542
Carl Gump	191,556	(5,807)	16,608	169,141
William & Carol Young	277,537	(20,315)	12,000	245,222
Derek Leis	14,095	(548)	1,000	12,547
Edna Patterson	317,580	(24,798)	7,500	285,282
McLaughlin/Boyd/Emery	52,941	(4,074)	2,000	46,867
Myrtle Haugn	38,257	(2,560)	500	35,197
Evening Lions	24,416	(1,472)	1,000	21,944
Rotary Scholars	26,159	(1,012)	1,000	24,147
McNelly Scholars	6,259	(480)	250	5,529
Nettie Hook	92,408	(7,155)	5,228	80,025
Walter and Lucille Smith	26,858	(2,095)	650	24,113
Schwartz Family	65,224	(4,976)	3,000	57,248
Vivian Kircher	12,529	(962)	500	11,067
Hillsdale Elementary	14,134	(1,090)	500	12,544
USD #368 Endowment	106,402	34,670	23,400	117,672
Jesse Barker	35,505	(1,239)	1,600	32,666
Quincy Hipp	10,133	(360)	450	9,323
Tracy Kohl	7,153	(572)	0	6,581
Stockwell	24,374	(1,861)	1,100	21,413
Frances Balocca	4,000	4,000	2,000	6,000
Roman/Barnard	249,258	(18,197)	11,150	219,911
Ralph and Ersa Wilcox Rossman	38,162	(3,052)	0	35,110
Ellyn Reynolds	398,991	(30,788)	14,000	354,203
Chloe Hays	2,380	(191)	0	2,189
Darrel Hurlbut	45,654	22,892	0	68,546
Kevin Armstrong	8,700	(203)	400	8,097
Diana Green	9,918	(277)	200	9,441
Kirk Wilson	23,294	(1,807)	700	20,787
W.C. Hartley	19,719	(1,509)	850	17,360
Carl Buchman	62,188	(4,853)	1,500	55,835
Vest Family	516,517	(37,867)	18,000	460,650
E. J. Meeks	69,930	(4,933)	2,500	62,497
Paola County	1,283	361	500	1,144
5 for 5	226	284	0	510
Dr. Robert Banks	23,689	(1,815)	1,000	20,874
PEO Sisterhood	42,260	(1,100)	1,000	40,160
Nada Thoden Memorial	16,132	(1,290)	0	14,842
Wendell & Louses Winkler	16,568	(1,285)	500	14,783
Steff (Knecht)	11,981	(418)	500	11,063

Unified School District Number 368
Paola, Kansas

Schedule 5

RELATED MUNICIPAL ENTITY
ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2023

Endowment Fund Scholarships	Beginning Balance	Cash Receipts	Cash Expenditures	Ending Balance
Dennis A Kurteng	$ 64,543	$ (4,962)	$ 2,500	$ 57,081
Nevious Scholars	21,857	(1,748)	0	20,109
Lee Technical Education	66,962	(5,247)	1,346	60,369
Arky & Verla Thomas	5,463	4,638	0	10,101
Larry McGee Memorial	11,414	(413)	0	11,001
Nicholson Powel	14,400	(1,112)	500	12,788
USD #368 Music	10,000	1,500	0	11,500
Bracken Family	20,000	0	0	20,000
Grandon Family	0	25,500	0	25,500
Anniversary	0	35,290	0	35,290
Pat and Edie Hewie	0	15,800	0	15,800
Kenneth Wilson	0	10,000	0	10,000
Interest	176	325	356	145
Dividends	42,985	155,638	148,289	50,334
Stock Gains/Losses	(319,094)	612	(365,184)	46,702
Administration	788	3,000	3,741	47
	$ 2,955,808	$ 101,415	$ (71,616)	$ 3,128,839

See Independent Auditor's Report.

Unified School District Number 368
Paola. Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grant Pass Through Grantor/Program Title	Federal CFDA Number	Revenues	Expenditures
U.S. Department of Education			
Pass Through Kansas Department of Education			
Special Ed Cluster			
Special Education Grants to States	84.027	$ 2,267,397	$ 2,267,397
Special Education Preschool	84.173	89,655	89,655
Total Special Education Cluster		2,357,052	2,357,052
Title I Grants to Local Education Agencies	84.010	306,743	306,743
Title IIA Improving Teacher Quality	84.367	44,477	44,477
Vocational Education	84.048	18,010	18,010
Student Support & Academic Enrichment	84.424	26,578	26,578
ESSER III COVID-19 Coronavirus	84.425D	552,587	815,563
Pass Through Kansas Board of Regents			
Adult Education	84.002	205,054	205,054
Total U.S. Department of Education		3,510,501	3,773,477
U.S. Department of Agriculture			
Pass Through Kansas Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	165,700	165,700
National School Lunch Program	10.555	579,338	579,338
Summer Food Program for Children	10.559	57,666	57,666
Total U.S. Department of Agriculture		802,704	802,704
U.S. Department of Health and Human Services			
Pass Through Kansas Department of Education			
KDHE K-12 Covid Testing Grant	93.323	78,365	645,353
Total revenues and expenditures of federal awards		$ 4,391,570	$ 5,221,534

The District did not provide federal awards to sub recipients for the year ended June 30, 2023.

See accompanying notes to this schedule.

Unified School District Number 368
Paola, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2023

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Unified School District Number 368 under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) 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 select portion of the operations of Unified School District Number 368, it is not intended to and does not present the summary of receipts, expenditures and unencumbered cash of Unified School District Number 368.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting as described in the *Kansas Municipal Audit and Accounting Guide* (KMAAG). 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 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 obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above. Expenditures as reported on the Schedule are recognized under the basis described above and follow the cost principles contained in the Uniform Guidance regarding *Cost Principles* wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C. NON-CASH ASSISTANCE, INSURANCE AND LOANS

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

NOTE C. INDIRECT COST RATE

Unified School District Number 368 did not use the standard indirect cost rate of 10%.

SPECIAL REPORTS

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Agler & Gaeddert CHARTERED
Certified Public Accountants

Harold K. Mayes, CPA
Jennifer L. Kettler, CPA
Lucille L. Hinderliter, CPA

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

Board of Education
Unified School District Number 368
Paola, Kansas

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 Number 368 as of and for the year ended June 30, 2023, and the related notes to the financial statement, which comprise the District's regulatory basis financial statements and have issued our report thereon dated September 20, 2023. The District prepares its financial statements on a regulatory basis of accounting which demonstrates compliance with *Kansas Municipal Audit and Accounting Guide*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on 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 our 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 serve than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on 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 or other matters that are required to be reported under *Government Auditing Standards*.

INPACT
INTERNATIONAL NETWORK OF PROFESSIONAL ACCOUNTANTS
AFFILIATE

Purpose of this Report

The purpose of this report is intended 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.

Harold K. Mayes Jr

Harold K. Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
September 20, 2023

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

Board of Education
Unified School District Number 368
Paola, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Unified School District Number 368's 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 Unified School District Number 368's major federal programs for the year ended June 30, 2023. Unified School District Number 368'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, Unified School District Number 368 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Unified School District Number 368 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 Unified School District Number 368'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 Unified School District Number 368'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 Unified School District Number 368'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

INPACT
INTERNATIONAL NETWORK OF PROFESSIONAL ACCOUNTANTS
AFFILIATE

made by a reasonable user of the report on compliance about Unified School District Number 368'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 Unified School District Number 368'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 Unified School District Number 368'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 Unified School District Number 368'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.

Harold K. Mayes Jr CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
September 20, 2023

Unified School District Number 368
Paola, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP	Adverse
Type of report the auditor issued on whether the financial statement audited was prepared in accordance with regulatory basis	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses:	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses:	None noted
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 Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal awards	No

Identification of major programs:

CFDA Number's	Name of Federal Program or Cluster	Amount
U.S. Department of Agriculture		
Child Nutrition Cluster		
10.553	School Breakfast Program	$ 165,700
10.555	National School Lunch Program	579,338
10.559	Summer Food Program for Children	57,666
	Subtotal	802,704
U.S. Department of Education		
84.002	Adult Education	205,054
84.425D	ESSER III	815,563
	Subtotal	1,020,617
U.S. Department of Health and Human Services		
93.323	KDHE K-12 Covid Testing Grant	645,353
		$ 2,468,674

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