UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

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

For the Fiscal Year Ended June 30, 2023

BAXTER SPRINGS UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

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BAXTER SPRINGS, KANSAS

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Diehl
Banwart
Bolton
Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

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

Adverse and Unmodified Opinions
We have audited the accompanying Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis, of the Unified School District #508 (District), Baxter Springs, Kansas as of and for the fiscal year ended June 30, 2023 and the related notes to the financial statement.

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

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District #508, Baxter Springs, Kansas as of June 30, 2023, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Prior Year Comparative Numbers

The 2022 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and was not a required part of the 2022 financial statement upon which we rendered an unmodified opinion dated February 28, 2023. The 2022 financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. Such 2022 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 basic financial statement or to the 2022 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the 2022 comparative information is fairly stated in all material respects in relation to the 2022 basic financial statement as a whole, on the basis of accounting described in Note 1.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON CPAs PA

May 17, 2024
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

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

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	$ -	$ -	$ 8,023,137	$ 8,023,137	$ -	$ -	$ -
Supplemental General	78,214	-	2,525,661	2,519,981	83,894	-	83,894
Special Purpose Funds:							
4 Yr Old At Risk	-	-	97,140	97,140	-	-	-
K-12 At Risk	66,589	-	1,699,197	1,757,585	8,200	-	8,200
Bilingual Education	-	-	25,649	25,649	-	-	-
Virtual Education	-	-	199,896	199,896	-	-	-
Capital Outlay	1,034,139	-	708,838	736,980	1,005,997	-	1,005,997
Driver Education	11,855	-	12,442	13,021	11,276	-	11,276
Food Service	182,229	-	536,999	535,752	183,476	-	183,476
Professional Development	-	-	13,002	8,495	4,507	-	4,507
Special Education	212,102	-	1,415,697	1,415,181	212,618	-	212,618
Career and Post Secondary Education	317	-	405,193	404,046	1,465	-	1,465
KPERS Special Education	-	-	935,498	935,498	-	-	-
Contingency Reserve	287,776	-	-	-	287,776	-	287,776
Student Materials	82,462	-	48,688	48,523	82,627	-	82,627
Title II	-	-	34,546	34,546	-	-	-
Title I	(46,112)	-	296,126	250,014	-	-	-
ESSER	(231,323)	-	759,429	1,143,045	(614,939)	-	(614,939)
KPP Grant	-	-	114,760	114,760	-	-	-
KDHE Grant	(48,881)	-	132,360	158,942	(75,462)	-	(75,462)
Special Grants	74,244	-	89,626	120,591	43,279	-	43,279
508 Daycare	-	-	81,994	65,487	16,507	-	16,507
District Activity	6,882	-	152,364	148,415	10,832	28	10,860
Bond and Interest Fund	1,224,655	-	678,763	510,200	1,393,218	-	1,393,218
Trust Funds:							
Taylor Scholarship	177,653	-	890	-	178,542	-	178,542
Total Entity (Excluding Agency Funds)	$ 3,112,801	$ -	$ 18,987,897	$ 19,266,883	$ 2,833,814	$ 28	$ 2,833,842

Composition of Cash	
District Checking Accounts……	2,640,811
Activity Checking Accounts……	65,795
Petty Cash…….	2,500
Certificates of Deposit……..	178,542
Kansas Municipal Investment Pool……..	1,128
Total Cash	2,888,776
Agency Funds per Schedule 3	(54,934)
Total Reporting Entity	2,833,842

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

BAXTER SPRINGS UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

NOTES TO THE FINANCIAL STATEMENT
For the Fiscal Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Unified School District #508, Baxter Springs, Kansas (District), has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies follow. Note 1 describes how the District's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. This financial statement presents USD #508 (the primary government). The District has developed criteria to determine whether outside agencies, with activities which benefit the members of the District, should be included within its financial reporting entity. This criteria include but are not limited to, whether the District exercises financial accountability, selection of governing authority, designation of management, ability to significantly influence operations, scope of public service and special financing relationships. Based on the above criteria, the District has determined that no outside agency meets the criteria; therefore, no outside agency has been included as a related municipal entity in this financial statement.

Basis of Presentation - Fund Accounting

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

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

REGULATORY BASIS FUND TYPES

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Basis of Presentation - Fund Accounting - (continued)

REGULATORY BASIS FUNDS - (Continued)

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

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

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

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

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

Budgetary Information

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

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

If the District is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The municipality did hold a revenue neutral rate hearing this year for the 2023 budget.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. On June 12, 2023, the District amended the budgets in the General, K-12 At Risk, Virtual Education, and Special Education Funds. The budgeted expenditures in the General Fund and Supplemental General Fund were reduced to comply with the statutory budget maximum based upon enrollment.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

All legal annual operating budgets are prepared using the cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable and encumbrances. Encumbrances are commitments of the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds and the following special purpose funds (Contingency Reserve, Student Materials, Title II, Title I, ESSER, KPP Grant, KDHE Grant, Special Grants, Abernathy Trust, 508 Daycare, District Activity and Scholarship Funds). Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

Compensated Absences

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

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

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

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

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

Property Taxes

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

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

3. CASH IN BANK AND DEPOSITORY SECURITY

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

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

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

INVESTMENTS	PERCENTAGE OF INVESTMENTS
Kansas Municipal Investment Pool	100%

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2023.

At June 30, 2023 the District's carrying amount of deposits was $2,887,648 and the bank balance was $4,092,108. The bank balance was held by two banks resulting in limited diversification of credit risk. Of the bank balance, $277,278 was covered by federal depository insurance, and $3,814,830 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a market value of $4,080,403.

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

Investment Type	Maturity	Fair Value	Rating
Kansas Municipal Investment Pool	Less than 1 year	$ 1,128	N/A

4. PENSION PLAN

General Information about the Pension Plan

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

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

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

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

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

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal 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

4. PENSION PLAN (Continued)

employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred to KPERS. In Fiscal Year 2023, Senate Bill 421 authorizes two additional transfers which total $271 million.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $935,498 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 $8,505,611. The net pension liability was measured as of June 30, 2022 and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

5. POST EMPLOYMENT BENEFITS

Retirement

A professional certified employee is eligible for early retirement if such person is eligible for retirement under KPERS. The amount of the benefit is $200 per year of service to the District and it is paid in a lump sum. In addition, employees that retired during the years ending June 30, 2015, and June 30, 2023 with 15 years experience in the District can receive up to 5 years of health insurance benefits.

Participation in Group Health Insurance Plan

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

6. RISK MANAGEMENT/CONTINGENCY

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The District continues to carry commercial insurance for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

7. TRANSFERS

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

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Special Education	K.S.A. 72-3422	$ 95,625
General	Capital Outlay	K.S.A. 72-53,113	89,526
General	K-12 At Risk	K.S.A. 72-5153	1,329,740
General	Bilingual Education	K.S.A. 72-3613	2,050
General	Professional Development	K.S.A. 72-2552	105
General	Drivers Educaton	K.S.A. 72-5163	4,000
General	Student Materials	K.S.A. 72-3355	41,000
General	4 Year Old At Risk	K.S.A. 72-5154	10,494
Supplemental General	Special Education	K.S.A. 72-3422	1,253,126
Supplemental General	K-12 At Risk	K.S.A. 72-5153	369,456
Supplemental General	4 Year Old At Risk	K.S.A. 72-5154	86,646
Supplemental General	Career & Post Secondary Education	K.S.A. 72-5162	402,482
Supplemental General	Professional Development	K.S.A. 72-2552	8,075
Supplemental General	Virtual Education	K.S.A. 72-3715	199,896
Supplemental General	Bilingual Education	K.S.A. 72-3613	23,599

8. SUBSEQUENT EVENT

Management has evaluated events and transactions occurring subsequent to June 30, 2023 through May 17, 2024, the date the financial statement was available for issue. During this period, there were no other subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement.

9. AMENDED BUDGETS

On June 12, 2023, the District amended their budgets for the General, K-12 At Risk, Virtual Education, and Special Education Funds. Shown below are their original budgeted expenditures and the amended amounts:

Fund	Original Budgeted Expenditures	Change	Amended Budgeted Expenditures
General	$ 7,779,165	$ 151,963	$ 7,931,128
K-12 At Risk	1,707,589	50,000	1,757,589
Virtual Education	195,000	5,000	200,000
Special Education	1,492,020	100,000	1,592,020

10. LONG TERM OBLIGATIONS

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

Schedule of Changes in Long Term Obligations for the Year Ened June 30, 2023

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances Beginning of Year	Additions / New Debt	Reductions / PrincipalPaid	Balances End of Year	Interest Paid
General Obligation Bonds									
Refunding Series 2016	2.0-3.0%	9/7/2016	6,510,000	9/1/2032	$5,130,000	$ -	$ 375,000	$ 4,755,000	$135,200
Total Obligation Bonds					5,130,000	-	375,000	4,755,000	135,200
Capital Leases									
QZAB Bond	0.00%	11/4/2013	1,500,000	10/11/2023	300,000	-	150,000	150,000	-
Ball Field Lights	3.75%	12/1/2014	319,000	12/1/2024	107,257	-	33,545	73,712	5,404
Total Capital Leases					407,257	-	183,545	223,712	5,404
Total Long Term Debt					$5,537,257	$ -	$ 558,545	$ 4,978,712	$140,604

Schedule of Maturities for the Years Ended June 30, 2023

Fiscal Years Ending June 30,	2024	2025	2026	2027	2028	2029 2033	2034 2038	Totals
Principal								
General Obligation Bonds								
Refunding Series 2016 (A)	$400,000	$410,000	$ 435,000	$ 450,000	$ 470,000	$2,590,000	$ -	$ 4,755,000
Capital Leases								
QZAB Bond	150,000	-	-	-	-	-	-	150,000
Ball Field Lights	36,146	37,566	-	-	-	-	-	73,712
Total Capital Leases	186,146	37,566	-	-	-	-	-	223,712
Total Principal	$586,146	$447,566	$ 435,000	$ 450,000	$ 470,000	$2,590,000	$ -	$ 4,978,712
Interest								
General Obligation Bonds								
Refunding Series 2016 (A)	$123,575	$111,425	$ 98,750	$ 85,475	$ 71,675	$ 181,088	$ -	671,988
Capital Leases								
QZAB Bond	-	-	-	-	-	-	-	-
Ball Field Lights	2,803	1,428	-	-	-	-	-	4,231
Total Capital Leases	2,803	1,428	-	-	-	-	-	4,231
Total Interest	$126,378	$112,853	$ 98,750	$ 85,475	$ 71,675	$ 181,088	$ -	$ 676,219
Total Principal and Interest	$712,524	$560,419	$ 533,750	$ 535,475	$ 541,675	$2,771,088	$ -	$ 5,654,931

REGULATORY – REQUIRED
SUPPLEMENTAL INFORMATION

Schedule 1

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

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

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Funds:						
General	$ 7,931,128	$ (182,281)	$ 274,290	$ 8,023,137	$ 8,023,137	$ -
Supplemental General	2,524,043	(4,062)	-	2,519,981	2,519,981	-
Special Purpose Funds:						
4 Yr Old At Risk	108,000	-	-	108,000	97,140	(10,860)
K-12 At Risk	1,757,589	-	-	1,757,589	1,757,585	(4)
Bilingual Education	30,000	-	-	30,000	25,649	(4,351)
Virtual Education	200,000	-	-	200,000	199,896	(104)
Capital Outlay	1,500,000	-	-	1,500,000	736,980	(763,020)
Driver Education	18,000	-	-	18,000	13,021	(4,979)
Food Service	583,250	-	-	583,250	535,752	(47,498)
Professional Development	14,800	-	-	14,800	8,495	(6,305)
Special Education	1,592,020	-	-	1,592,020	1,415,181	(176,839)
Career and Post Secondary Education	431,000	-	-	431,000	404,046	(26,954)
KPERS Special Retirement	985,589	-	-	985,589	935,498	(50,091)
Bond and Interest Fund	510,210	-	-	510,210	510,200	(10)
	18,185,629					

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ -	$ -	$ -	$ -
Delinquent tax	-	-	-	-
Mineral tax	-	-	-	-
Reimbursement	291,251	274,290	-	274,290
Interest	-	-	-	-
State Sources				
General aid	6,748,428	6,833,139	6,827,959	5,180
Supplemental general aid	-	-		-
Special education aid	925,130	915,708	1,103,169	(187,461)
Total Cash Receipts	7,964,809	8,023,137	$ 7,931,128	$ 92,009
Expenditures				
Instruction	1,974,057	2,504,374	$ 1,546,328	$ 958,046
Support Services				
Student Support	151,150	82,529	158,250	(75,721)
Instructional Support	502,082	487,567	523,500	(35,933)
General Administration	640,577	661,505	662,300	(796)
School Administration	953,756	958,026	979,500	(21,474)
Operations and Maintenance	1,278,599	1,457,175	1,335,750	121,425
Transportation	216,150	252,588	227,500	25,088
Central Services	20,646	46,834	22,500	24,334
Operating transfers to Other Funds				
K-12 At Risk	1,147,793	1,329,740	1,330,000	(260)
At Risk 4 yr old	-	10,494	-	10,494
Career and Post Secondary Education	34,692	-	35,000	(35,000)
Bilingual Education	1,997	2,050	2,500	(450)
Special Education	842,095	95,625	1,105,000	(1,009,375)
Capital Outlay	199,305	89,526	-	89,526
Professional Development	1,911	105	3,000	(2,895)
Drivers Education	-	4,000	-	4,000
Student Materials	-	41,000	-	41,000
Adjustments to Budget				
Adjustment to Comply with Legal Maximum Budget			(182,281)	182,281
Adjustment for Reimbursed Expenses			274,290	(274,290)
Total Expenditures Subject to Budget	7,964,809	8,023,137	$ 8,023,137	$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Cancelled Prior Year Encumbrance	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
SUPPLEMENTAL GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 520,643	$ 555,510	$ 24,440	$ 531,070
Delinquent tax	16,414	18,661	10,252	8,409
Motor vehicle tax	55,072	57,220	61,273	(4,053)
Other	-	-		-
State Sources				
Supplemental aid	1,896,049	1,894,270	1,897,323	3,791,593
Total Cash Receipts	2,488,179	2,525,661	$ 1,993,288	$ 4,327,019
Expenditures				
Instruction	994,434	176,700	$ 1,315,043	$ (1,138,343)
Support Services				
Student Support	-	-	-	-
Instructional Support	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Operations and Maintenance	-	-	-	-
Transportation	-	-	-	-
Other Supplemental Services	-	-	-	-
Operating transfers to Other Funds				
Professional Development	8,918	8,075	10,000	(1,925)
Virtual Education	142,711	199,896	150,000	49,896
Bilingual Education	25,478	23,599	25,000	(1,401)
Special Education	569,585	1,253,126	250,000	1,003,126
Driver Education	3,500	-		-
4 Yr Old At Risk	71,462	86,646	80,000	6,646
K-12 At Risk	313,305	369,456	356,000	13,456
Food Service	-	-	-	-
Career and Post Secondary Education	337,493	402,482	338,000	64,482
Adjustments to Budget				
Adjustment to Comply with Legal Maximum Budget	-	-	(4,062)	4,062
Total Expenditures Subject to Budget	2,466,886	2,519,981	$ 2,519,981	$ -
Receipts Over (Under) Expenditures	21,293	5,680		
Unencumbered Cash, Beginning	56,921	78,214		
Unencumbered Cash, Ending	$ 78,214	$ 83,894		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
4 YR OLD AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ -	$ -	$ 28,000	$ (28,000)
Operating Transfer from Other Funds				
Supplemental General	71,462	86,646	80,000	$ 6,646
General	-	10,494	-	10,494
Total Cash Receipts	71,462	97,140	$ 108,000	$ (10,860)
Expenditures				
Instruction	71,462	97,140	$ 108,000	$ (10,860)
Other Supplemental Services	-	-	-	-
Total Expenditures Subject to Budget	71,462	97,140	$ 108,000	$ (10,860)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
K-12 AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -		$ -
Operating Transfer from Other Funds				
Supplemental General Fund	313,305	369,456	361,000	8,456
General Fund	1,147,793	1,329,740	1,330,000	(260)
Total Cash Receipts	1,461,098	1,699,197	$ 1,691,000	$ 8,197
Expenditures				
Instruction	1,394,509	1,757,585	$ 1,757,589	$ (4)
Operations & Maintenance	-	-	-	-
Total Expenditures Subject to Budget	1,394,509	1,757,585	$ 1,757,589	$ (4)
Receipts Over (Under) Expenditures	66,589	(58,389)		
Unencumbered Cash, Beginning	-	66,589		
Unencumbered Cash, Ending	$ 66,589	$ 8,200		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
BILINGUAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ 2,500	$ (2,500)
Operating Transfer from Other Funds				
General Fund	1,997	2,050	2,500	(450)
Supplemental General Fund	25,478	23,599	25,000	(1,401)
Total Cash Receipts	27,475	25,649	$ 30,000	$ (4,351)
Expenditures				
Instruction	27,475	25,649	$ 30,000	$ (4,351)
Total Expenditures Subject to Budget	27,475	25,649	$ 30,000	$ (4,351)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
VIRTUAL EDUCATION
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ 50,000	$ (50,000)
Operating Transfer from Other Funds				
Supplemental General Fund	142,711	199,896	150,000	49,896
General Fund	-	-		-
Total Cash Receipts	142,711	199,896	$ 200,000	$ (104)
Expenditures				
Instruction	142,711	199,896	$ 200,000	$ (104)
School Administration	-	-	-	-
Total Expenditures Subject to Budget	142,711	199,896	$ 200,000	$ (104)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
CAPITAL OUTLAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 265,709	$ 276,814	$ 252,669	$ 24,145
Delinquent tax	7,840	9,178	5,113	4,065
Motor vehicle tax	27,666	29,339	34,363	(5,024)
Interest on idle funds	20,916	22,859	10,000	12,859
Miscellaneous	112,123	54,461	10,000	44,461
State Sources				
State Aid	196,902	226,661	230,131	(3,470)
Operating Transfer from Other Funds				
General Fund	199,305	89,526	-	89,526
Total Cash Receipts	830,461	708,838	$ 542,276	$ 166,562
Expenditures				
Instruction	6,277	22,146	$ 1,500,000	$ (1,477,854)
General Administration	48,025	16,071	-	16,071
School Administration	4,468	1,770	-	1,770
Operations and Maintenance	46,449	116,519	-	116,519
Transportation	168,630	-	-	-
Central Services	-	-	-	-
Facility Acquisition and Construction	540,574	580,473	-	580,473
Total Expenditures Subject to Budget	814,423	736,980	$ 1,500,000	$ (763,020)
Receipts Over (Under) Expenditures	16,038	(28,142)		
Unencumbered Cash, Beginning	1,018,102	1,034,139		
Unencumbered Cash, Ending	$ 1,034,139	$ 1,005,997		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
DRIVER EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ 62	$ 42	$ -	$ 42
State Sources				
State aid	8,052	8,400	8,100	300
Operating Transfer from Other Funds				
General Fund	-	4,000	-	4,000
Supplemental General Fund	3,500	-	-	-
Total Cash Receipts	11,614	12,442	$ 8,100	$ 4,342
Expenditures				
Instruction	9,567	13,021	$ 17,250	$ (4,229)
Support Services				
Operations and Maintenance	-	-	750	(750)
Total Expenditures Subject to Budget	9,567	13,021	$ 18,000	$ (4,979)
Receipts Over (Under) Expenditures	2,047	(579)		
Unencumbered Cash, Beginning	9,808	11,855		
Unencumbered Cash, Ending	$ 11,855	$ 11,276		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
FOOD SERVICE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Students	$ 34	$ 78,815	$ 108,153	$ (29,338)
Adults	3,071	3,768	7,180	(3,412)
Other	1,964	1,820	-	1,820
State Sources				
State Aid	3,797	3,958	3,872	86
Federal Sources				
Child nutrition aid	564,847	448,638	396,300	52,338
Other aid	1,459	-	-	-
Operating Transfer from Other Funds				
General Fund	-	-	-	-
Supplemental General Fund	-	-	-	-
Total Cash Receipts	575,172	536,999	$ 515,505	$ 21,494
Expenditures				
Support Services				
Operations and Maintenance	489,695	535,752	$ 583,250	$ (47,498)
Total Expenditures Subject to Budget	489,695	535,752	$ 583,250	$ (47,498)
Receipts Over (Under) Expenditures	85,477	1,247		
Unencumbered Cash, Beginning	96,752	182,229		
Unencumbered Cash, Ending	$ 182,229	$ 183,476		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
State Sources				
State Aid	-	4,822	1,800	3,022
Operating Transfer from Other Funds				
General Fund	1,911	105	3,000	(2,895)
Supplemental General Fund	8,918	8,075	10,000	(1,925)
Total Cash Receipts	10,829	13,002	$ 14,800	$ (1,798)
Expenditures				
Support Services				
Instructional Support Staff	10,829	8,495	$ 14,800	$ (6,305)
Other Supplemental Services	-	-	-	-
Total Expenditures Subject to Budget	10,829	8,495	$ 14,800	$ (6,305)
Receipts Over (Under) Expenditures	-	4,507		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrance	-	-		
Unencumbered Cash, Ending	$ -	$ 4,507		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
SPECIAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Interest on Idle Funds	$ -	$ -		$ -
Miscellaneous	46,593	44,426	25,000	19,426
Federal Sources				
Federal aid	22,520	22,520	-	22,520
Operating Transfer from Other Funds				
Supplemental General Fund	569,585	1,253,126	250,000	
General Fund	842,095	95,625	1,105,000	(1,009,375)
Total Cash Receipts	1,480,793	1,415,697	$ 1,380,000	$ (967,429)
Expenditures				
Instruction	1,292,902	1,285,384	$ 1,465,020	$ (179,636)
Support Services				
Instructional Support	-	-	-	-
Transportation	110,976	129,797	127,000	2,797
Total Expenditures Subject to Budget	1,403,877	1,415,181	$ 1,592,020	$ (176,839)
Receipts Over (Under) Expenditures	76,916	516		
Unencumbered Cash, Beginning	135,186	212,102		
Unencumbered Cash, Ending	$ 212,102	$ 212,618		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
CAREER AND POST SECONDARY EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 2,291	$ 2,711	$ 58,000	$ (55,289)
State Sources				
State aid	-	-	-	-
Federal Sources				
Federal aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General Fund	337,493	402,482	338,000	64,482
General Fund	34,692	-	35,000	(35,000)
Total Cash Receipts	374,476	405,193	$ 431,000	$ (25,807)
Expenditures				
Instruction	374,159	404,046	$ 431,000	$ (26,954)
Student Support Services	-	-	-	-
Operations and Maintenance	-	-	-	-
Total Expenditures Subject to Budget	374,159	404,046	$ 431,000	$ (26,954)
Receipts Over (Under) Expenditures	317	1,148		
Unencumbered Cash, Beginning	-	317		
Unencumbered Cash, Ending	$ 317	$ 1,465		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 879,990	$ 935,498	$ 985,589	$ (50,091)
Operating Transfer from Other Funds				
General Fund	-	-		-
Total Cash Receipts	879,990	935,498	$ 985,589	$ (50,091)
Expenditures				
KPERS Retirement Contribution	879,990	935,498	$ 985,589	$ (50,091)
Total Expenditures Subject to Budget	879,990	935,498	$ 985,589	$ (50,091)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

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

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
STUDENT MATERIALS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Textbook rental	$ 8,125	$ 7,095
Miscellaneous	1,757	594
Operating transfer from General Fund	-	41,000
Total Cash Receipts	9,882	48,688
Expenditures		
Instruction	7,159	48,523
Total Expenditures	7,159	48,523
Receipts Over (Under) Expenditures	2,723	166
Unencumbered Cash, Beginning	79,738	82,462
Unencumbered Cash, Ending	$ 82,462	$ 82,627

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
TITLE II FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 35,877	$ 34,546
Total Cash Receipts	35,877	34,546
Expenditures		
Instruction	35,877	34,546
General Administration	-	-
Total Expenditurs	35,877	34,546
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
TITLE I FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 209,500	$ 296,126
Total Cash Receipts	209,500	296,126
Expenditures		
Instruction	255,612	250,014
Total Expenditurs	255,612	250,014
Receipts Over (Under) Expenditures	(46,112)	46,112
Unencumbered Cash, Beginning	-	(46,112)
Unencumbered Cash, Ending	$ (46,112)	$ -

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
ESSER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
ESSER Grants	$ 599,091	$ 759,429
Total Cash Receipts	599,091	759,429
Expenditures		
Instruction	416,091	1,141,994
Support Services		
Student Support	25,587	-
Operations and Maintenance	158,233	1,051
Total Expenditurs	599,911	1,143,045
Receipts Over (Under) Expenditures	(820)	(383,616)
Unencumbered Cash, Beginning	(230,503)	(231,323)
Unencumbered Cash, Ending	$ (231,323)	$ (614,939)

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
KPP GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Sources		
KPP Grant	$ -	$ 57,380
Federal Sources		
Federal aid	-	57,380
Total Cash Receipts	-	114,760
Expenditures		
Instruction	-	114,760
Total Expenditurs	-	114,760
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
KDHE GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 40,528	$ 132,360
Total Cash Receipts	40,528	132,360
Expenditures		
Student Support	89,409	158,942
Total Expenditurs	89,409	158,942
Receipts Over (Under) Expenditures	(48,881)	(26,581)
Unencumbered Cash, Beginning	-	(48,881)
Unencumbered Cash, Ending	$ (48,881)	$ (75,462)

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
SPECIAL GRANTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Other grants	$ 59,180	$ 74,190
State Sources		
School Safety Grant	-	14,676
Federal Sources		
Federal Grant	-	760
Total Cash Receipts	59,180	89,626
Expenditures		
Program Expenditures	75,867	120,591
Total Expenditurs	75,867	120,591
Receipts Over (Under) Expenditures	(16,687)	(30,965)
Unencumbered Cash, Beginning	90,931	74,244
Unencumbered Cash, Ending	$ 74,244	$ 43,279

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
508 DAYCARE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Daycare Revenue	$ -	$ 81,994
State Sources		
State aid	-	-
Total Cash Receipts	-	81,994
Expenditures		
Other	-	65,487
Total Expenditures Subject to Budget	-	65,487
Receipts Over (Under) Expenditures	-	16,507
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 16,507

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 262,117	$ 242,815	$ 227,229	$ 15,586
Delinquent tax	9,004	10,102	5,067	5,035
Motor vehicle tax	28,479	32,992	40,000	(7,008)
Interest on idle funds	-	-	-	-
Other	-	-	-	-
State Sources				
State aid	388,588	392,854	392,854	-
Total Cash Receipts	688,189	678,763	$ 665,150	$ 13,613
Expenditures				
Debt Service				
Principal	365,000	375,000	$ 375,000	$ -
Interest	146,300	135,200	135,200	-
Other	-	-	10	(10)
Total Expenditures Subject to Budget	511,300	510,200	510,210	(10)
Receipts Over (Under) Expenditures	176,889	168,563		
Unencumbered Cash, Beginning	1,047,766	1,224,655		
Unencumbered Cash, Ending	$ 1,224,655	$ 1,393,218		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
TAYLOR SCHOLARSHIP FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Interest	$ 1,326	$ 890
Total Cash Receipts	1,326	890
Expenditures		
Scholarships	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	1,326	890
Unencumbered Cash, Beginning	176,326	177,653
Unencumbered Cash, Ending	$ 177,653	$ 178,542

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2023

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations				
High School	$ 34,343	$ 153,563	$ 159,613	$ 28,293
Middle School	22,532	17,042	18,108	21,466
Central Elementary	1,475	1,645	879	2,241
Lincoln Elementary	4,408	1,634	3,109	2,934
Totals	$ 62,758	$ 173,884	$ 181,709	$ 54,934

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
DISTRICT ACTIVITY FUNDS
Schedule of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2023

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2023
Gate Receipts						
High School	$ 4,321	$ 21,868	$ 25,983	$ 206	$ 28	$ 234
Middle School	2,561	5,685	7,059	1,186	-	1,186
Subtotal	6,882	27,553	33,043	1,393	28	1,421
Fees and User Charges						
High School	-	19,323	19,232	91	-	91
Middle School	-	30,478	30,478	-	-	-
Central Elementary	-	17,575	17,575	-	-	-
Lincoln Elementary	-	57,435	48,087	9,349	-	9,349
Subtotal	-	124,812	115,372	9,440	-	9,440
Totals	$ 6,882	$ 152,364	$ 148,415	$ 10,832	$ 28	$ 10,860

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

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

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
U. S. Department of Agriculture			
Passed Through the State of Kansas			
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	$ 113,245	$ 113,245
COVID-19 National School Lunch Program	10.555	310,644	310,644
COVID-19 Summer Food Service Program	10.559	23,365	23,365
		447,254	447,254
COVID-19 Cash for Commodities	10.558	1,384	1,384
		448,638	448,638
U.S. Department of Education:			
Passed Through the State of Kansas			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	296,126	250,014
Title II Improving Teach Quality	84.367	34,546	34,546
COVID-19 Education Stabilization Fund (See Note 3)	84.425D	253,931	23,428
COVID-19 Education Stabilization Fund (See Note 3)	84.425U	528,018	1,142,137
COVID-19 Education Stabilization Fund (See Note 3)	84.425W	760	760
		1,113,381	1,450,885
U.S. Department of Health and Human Services			
Passed Through the State of Kansas			
Department of Education:			
COVID-19 Epidemiology and Laboratory Capacity	93.323	132,360	158,942
Temporary Assistance to Needy Families	93.558	57,380	57,380
		189,740	216,322
Totals		$ 1,751,759	$ 2,115,845

Notes:

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

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

3. Total expenditures under Assistance Listing Number 84.425 were $1,166,325. $22,520 of the expenditures under Assistance Listing Number 84.425D was passed through to the Southeast Kansas Special Education

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

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

Finding 2022-001 and 2021-001 Drafting Financial Statements

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

Recommendation: None

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

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the regulatory basis financial statement and the related notes of Unified School District #508 as of the year ended June 30, 2023, and have issued our report thereon dated May 17, 2024.

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

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

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

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

We noted certain other matters that we reported to Management of the District in a separate letter dated May 17, 2024.

District's Response to Findings
Government Auditing Standards, require the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Diehl, Banwart, Bolton CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

May 17, 2024
Pittsburg, Kansas

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

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

Report on Compliance for Each Major Federal Program
We have audited the Unified School District #508's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. Unified District #508's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

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

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards,

Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

May 17, 2024
Pittsburg, Kansas

BAXTER SPRINGS UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

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

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

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

Internal control over financial reporting:

• Material weakness identified?	___	Yes	X	No
• Significant deficiency identified?	X	Yes	___	None reported
• Noncompliance material to financial statements noted?	___	Yes	X	No

FEDERAL AWARDS

Internal control over major programs:

• Material weakness identified?	___	Yes	X	No
• Significant deficiency identified?	___	Yes	X	None reported

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program
84.425	Education Stabilization Fund

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

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

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency
2023-001 Drafting Financial Statements

Condition: As auditors, we provide significant assistance with adjusting entries, as well as determining which disclosures are required under generally accepted accounting standards and the regulatory basis of accounting. This is a repeat finding from June 30, 2021, and was identified in that report at 2022-001.

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

Cause: Relying upon the independent auditors is a significant deficiency in internal controls as they can not be considered part of the District's internal control.

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

Recommendation: None

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

BAXTER SPRINGS PUBLIC SCHOOLS, USD #508

June 30, 2023 Financial Statements

Corrective Action Plan

Audit Finding 2023-001

USD #508 has always relied upon its auditors to provide significant assistance with adjusting entries and with determining which disclosures were required under the regulatory basis of accounting. While the USD #508 understands that this is a significant deficiency in our internal controls, we believe it is the most cost-effective manner for us to produce our financial statements. Our accounting staff concentrate on providing the reports needed for management and regulatory purposes. We believe it would be inefficient and cost prohibitive for our staff to attempt to stay current on all the disclosure requirements of the regulatory basis of accounting. We do not plan on making any changes at this time. However, we will monitor this situation and periodically determine if it is cost effective for us to perform these functions.