UNIFIED SCHOOL DISTRICT NO. 386
MADISON, KANSAS

FINANCIAL STATEMENT
JUNE 30, 2023

BFR

UNIFIED SCHOOL DISTRICT NO. 386
TABLE OF CONTENTS
JUNE 30, 2023

	Page
Independent Auditors' Report	1 – 4
Financial Statement	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	5
Notes to Financial Statement	6 – 11
Regulatory-Required Supplementary Information	
Summary of Expenditures - Actual and Budget	12
Schedule of Cash Receipts and Expenditures - Actual and Budget	
General Fund	13
Supplemental General Fund	14
Preschool-Aged At-Risk Fund	15
At Risk (K-12) Fund	16
Bilingual Education Fund	17
Capital Outlay Fund	18
Driver Training Fund	19
Food Service Fund	20
Professional Development Fund	21
Special Education Fund	22
Career and Postsecondary Education Fund	23
KPERS Contribution Fund	24
Recreation Commission Fund	25
Schedule of Cash Receipts and Expenditures - Actual	
Federal Funds	26
Gifts and Grants Fund	27
Contingency Reserve Fund	28
Textbook & Student Material Revolving Fund	29
Schedule of Cash Receipts and Cash Disbursements	
Agency Funds	30 – 31
Schedule of Cash Receipts, Expenditures, and Unencumbered Cash	
District Activity Funds	32
Federal Award Information	
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*	33 – 34
Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance	35 – 37
Schedule of Expenditures of Federal Awards	38
Notes to Schedule of Expenditures of Federal Awards	39
Schedule of Findings and Questioned Costs	40
Schedule of Prior Year Findings and Questioned Costs	41

BFR

INDEPENDENT AUDITORS' REPORT

Board of Education
Unified School District No. 386
Madison, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Unified School District No. 386, Madison, Kansas**, as of and for the year ended **June 30, 2023**, and the related notes to the financial statement.

Adverse and Unmodified Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America
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 **Unified School District No. 386, Madison, Kansas**, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Unified School District No. 386, Madison, Kansas**, as of **June 30, 2023**, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit 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 *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of the report. We are required to be independent of **Unified School District No. 386, Madison, Kansas**, 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.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Education
Unified School District No. 386

Matter Giving Rise to Adverse Opinion on Accounting Principles Generally Accepted in the United State of America
As discussed in Note 1 of the financial statement, the financial statement is prepared by **Unified School District No. 386, Madison, Kansas**, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Unified School District No. 386, Madison, Kansas'** 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.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 386, Madison, Kansas'** 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 **Unified School District No. 386, Madison, Kansas'** ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual, agency funds schedules of regulatory basis cash receipts and disbursements, and district activity funds schedules of regulatory basis cash receipts, expenditures, and unencumbered cash (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for purposes of additional 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 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 not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying 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.

Board of Education
Unified School District No. 386

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of **Unified School District No. 386, Madison, Kansas**, as of and for the year ended June 30, 2022, and have issued our report thereon dated January 18, 2023, which contained an unmodified opinion on the basic financial statement.

The 2022 basic 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: https://admin.ks.gov/offices/oar/municipal-services. 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, 2022 (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 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 basic financial statement as a whole for the year ended June 30, 2022, 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 June 18, 2024, on our consideration of **Unified School District No. 386, Madison, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of **Unified School District No. 386, Madison, Kansas'** 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 No. 386, Madison, Kansas'** internal control over financial reporting and compliance.

BFR CPA, LLC
BFR CPA, LLC
June 18, 2024

UNIFIED SCHOOL DISTRICT NO. 386
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 0	$ 0	$ 2,723,401	$ 2,723,401	$ 0	$ 1,445	$ 1,445
Special Purpose Funds							
Supplemental General	71,104	0	909,310	928,542	51,872	5,086	56,958
Preschool-Aged At-Risk	0	0	10,651	5,651	5,000	0	5,000
At Risk (K-12)	0	0	404,797	379,272	25,525	0	25,525
Bilingual Education	0	0	361	0	361	0	361
Capital Outlay	220,591	0	376,780	308,650	288,721	21,347	310,068
Driver Training	0	0	6,319	293	6,026	0	6,026
Food Service	12,051	0	275,720	236,727	51,044	0	51,044
Professional Development	0	0	23,296	15,096	8,200	0	8,200
Special Education	76,929	0	708,002	659,519	125,412	28	125,440
Career and Postsecondary Education	16,336	0	16,353	3,103	29,586	0	29,586
KPERS Contribution	0	0	265,130	265,130	0	0	0
Recreation Commission	16,106	0	35,244	25,527	25,823	0	25,823
Federal Funds	19,852	0	876,914	779,015	117,751	0	117,751
Gifts and Grants	40,612	0	58,658	80,815	18,455	0	18,455
Contingency Reserve	144,804	0	0	0	144,804	0	144,804
Textbook & Student Material Revolving	31,929	0	29,530	15,444	46,015	0	46,015
District Activity Funds	14	0	0	0	14	0	14
	$ 650,328	$ 0	$ 6,720,466	$ 6,426,185	$ 944,609	$ 27,906	$ 972,515

Composition of Cash:		
	Checking and Money Market Accounts	$ 927,361
	Certificate of Deposit	100,000
		1,027,361
	Agency Funds	(54,846)
		$ 972,515

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

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Unified School District No. 386 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Madison and Virgil, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

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 regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Agency Funds-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 receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Budget and Tax Cycle

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 & interest 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 on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final

budget has been adjusted to on or before September 20th.

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

At Risk (K-12) Fund
Capital Outlay Fund
Professional Development Fund

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.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the District 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 projects funds, trust funds, and the following special purpose funds:

Federal Funds
Gifts and Grants Fund
Contingency Reserve Fund
Textbook & Student Material Revolving Fund
District Activity 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.

Note 2 - Defined Benefit Pension Plan:

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

Contributions
K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6%

of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

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

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual paymentsof $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 SenateBill 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in fiscal year 2020 of $51 million.

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

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 $265,130 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 $2,685,031. 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 non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 3 - Post Employment Benefits:

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

Note 4 - Other Post Employment Benefits:

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 4 - Contingencies:

Grant Programs
The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 5 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:								
Transfer from:	Preschool-Aged At-Risk	At Risk (K-12)	Bilingual Education	Capital Outlay	Driver Training	Food Service	Professional Development	Special Education	Total
General Fund	$ 5,651	$ 315,475	$ 0	$ 25,076	$ 0	$ 4,687	$ 0	$ 608,175	$ 959,064
Supplemental General Fund	5,000	89,322	361	0	4,639	74,603	21,560	93,517	289,002
	$ 10,651	$ 404,797	$ 361	$ 25,076	$ 4,639	$ 79,290	$ 21,560	$ 701,692	$ 1,248,066

Note 6 - Subsequent Events:

The District has evaluated subsequent events through June 18, 2024, the date which the financial statement was available to be issued.

Note 7 - Compensated Absences:

Sick leave is available to certified and classified staff and is issued according to the individual's workday. Classified employees may be granted a maximum of 15 days of sick leave a year (of which 4 may be used as personal business) with a total accumulation of 70 days allowed. There shall be no payment for unused sick leave when a classified employee ceases employment with the district. Each full-time certified employee of the district shall be entitled to 15 days of sick leave per year to accumulate at the rate of 3 days per month starting in August and running until December. The total book accumulation of sick leave shall not exceed 80 days for any one employee. Eligible teachers shall receive an annual payment on the June payroll each year for excess sick leave accrued beyond 80 days. The rate of compensation for such days shall be $30.00 per such day. In addition, upon retirement, teachers with a minimum of 15 years of service with USD No. 386 will be given a stipend of $5 per day to be paid for their sick leave accumulation not to exceed 80 days with the maximum amount to be $400.00.

Full-time, twelve-month employees will have two weeks paid vacation per year. Employees with more than 14 years of service will have 3 weeks paid vacation per year. The clerk of the board has one month paid vacation per year. Vacation time must be used by July 1. Part-time and temporary employees are not eligible for vacation pay. Employees leaving the district shall be paid for accrued vacation time at the employee's regular daily rate of pay.

Note 8 - Deposits:

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

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

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

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

At June 30, 2023, the District's carrying amount of deposits was $1,027,361 and the bank balance was $1,271,240. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $303,592 was covered by federal depository insurance and the remaining $967,648 was collateralized with securities held by the pledging financial institution's agent in the District's name.

Note 9 - Reimbursed Expenditures:

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

Note 10 - Long-Term Debt:

Principal payments and interest payments on lease purchase agreements are due annually.

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

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
Capital Leases				
2 77 Passenger Buses	3.30%	5/26/2021	$ 180,402	9/5/2026
Energy Project	4.75%	11/3/2023	$ 967,514	6/15/2042

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Capital Leases					
2 77 Passenger Buses	$ 148,408	$ 0	$ 27,097	$ 121,311	$ 4,897
Energy Project	0	967,514	46,486	921,028	28,204
	$ 148,408	$ 967,514	$ 73,583	$ 1,042,339	$ 33,101

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

	Principal	Interest	Total Principal and Interest
2024	$ 58,811	$ 47,872	$ 106,683
2025	70,457	45,364	115,821
2026	73,252	42,570	115,822
2027	51,516	39,660	91,176
2028	37,142	37,547	74,689
2029-2033	214,391	159,056	373,447
2034-2038	270,405	103,042	373,447
2039-2042	266,365	32,392	298,757
	$ 1,042,339	$ 507,503	$ 1,549,842

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

UNIFIED SCHOOL DISTRICT NO. 386
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Fund	$ 2,813,588	$ (113,397)	$ 23,210	$ 2,723,401	$ 2,723,401	$ 0
Special Purpose Funds						
Supplemental General	938,968	(37,640)	27,214	928,542	928,542	0
Preschool-Aged At-Risk	17,742	0	0	17,742	5,651	(12,091)
At Risk (K-12)	413,600	0	0	413,600	379,272	(34,328)
Bilingual Education	376	0	0	376	0	(376)
Capital Outlay	400,000	0	0	400,000	308,650	(91,350)
Driver Training	4,911	0	0	4,911	293	(4,618)
Food Service	356,125	0	0	356,125	236,727	(119,398)
Professional Development	20,000	0	0	20,000	15,096	(4,904)
Special Education	756,213	0	0	756,213	659,519	(96,694)
Career and Postsecondary Education	44,504	0	0	44,504	3,103	(41,401)
KPERS Contribution	310,643	0	0	310,643	265,130	(45,513)
Recreation Commission	32,309	0	0	32,309	25,527	(6,782)
Federal Funds	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	779,015	XXXXXXXXX
Gifts and Grants	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	80,815	XXXXXXXXX
Contingency Reserve	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	0	XXXXXXXXX
Textbook & Student Material Revolving	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	15,444	XXXXXXXXX
District Activity Funds	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	0	XXXXXXXXX
	$ 6,108,979	$ (151,037)	$ 50,424	$ 6,008,366	$ 6,426,185	$ (457,455)

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

General Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 20,704	$ 23,209	$ 0	$ 23,209
State Sources	2,445,734	2,700,192	2,813,588	(113,396)
	2,466,438	2,723,401	$ 2,813,588	$ (90,187)
Expenditures				
Instruction	1,186,867	1,171,094	$ 1,345,700	$ (174,606)
Student Support Services	23,881	0	25,235	(25,235)
General Administration	212,091	184,815	227,381	(42,566)
School Administration	188,023	238,134	197,974	40,160
Operations & Maintenance	137,886	159,464	150,453	9,011
Student Transportation Services	577	8,132	0	8,132
Community Service Operations	3,473	2,698	0	2,698
Transfers	713,640	959,064	866,845	92,219
Adjustment to Comply with Legal Max	0	0	(113,397)	113,397
Adjustment for Qualifying Budget Credits	0	0	23,210	(23,210)
	2,466,438	2,723,401	$ 2,723,401	$ 0
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 0		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Supplemental General Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 414,849	$ 498,707	$ 428,208	$ 70,499
County Sources	40,955	36,642	35,903	739
State Sources	314,261	373,961	389,578	(15,617)
Transfers	0	0	17,500	(17,500)
	770,065	909,310	$ 871,189	$ 38,121
Expenditures				
Instruction	106,892	109,506	$ 182,915	$ (73,409)
Student Support Services	69,997	76,708	43,374	33,334
Operations & Maintenance	288,737	269,298	322,908	(53,610)
Student Transportation Services	122,502	184,028	132,462	51,566
Transfers	170,547	289,002	257,309	31,693
Adjustment to Comply with Legal Max	0	0	(37,640)	37,640
Adjustment for Qualifying Budget Credits	0	0	27,214	(27,214)
	758,675	928,542	$ 928,542	$ 0
Receipts Over (Under) Expenditures	11,390	(19,232)		
Unencumbered Cash, Beginning	59,714	71,104		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 71,104	$ 51,872		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Preschool-Aged At-Risk Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 16,687	$ 10,651	$ 17,742	$ (7,091)
	16,687	10,651	$ 17,742	$ (7,091)
Expenditures				
Instruction	16,687	5,651	$ 17,742	$ (12,091)
	16,687	5,651	$ 17,742	$ (12,091)
Receipts Over (Under) Expenditures	0	5,000		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 5,000		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

At Risk (K-12) Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 5,380	$ 0	$ 0	$ 0
Transfers	285,033	404,797	399,646	5,151
	290,413	404,797	$ 399,646	$ 5,151
Expenditures				
Instruction	257,642	379,272	$ 413,600	$ (34,328)
Student Support Services	32,771	0	0	0
	290,413	379,272	$ 413,600	$ (34,328)
Receipts Over (Under) Expenditures	0	25,525		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 25,525		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Bilingual Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 0	$ 361	$ 376	$ (15)
	0	361	$ 376	$ (15)
Expenditures				
Instruction	0	0	$ 376	$ (376)
	0	0	$ 376	$ (376)
Receipts Over (Under) Expenditures	0	361		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 361		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Capital Outlay Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 209,092	$ 283,663	$ 163,417	$ 120,246
County Sources	14,493	14,492	14,213	279
State Sources	47,101	53,549	53,748	(199)
Transfers	0	25,076	0	25,076
	270,686	376,780	$ 231,378	$ 145,402
Expenditures				
Instruction	0	21,687	400,000	$ (378,313)
Transportation	75,992	126,375	0	126,375
Facility Acquisition & Construction Services	89,009	160,588	0	160,588
	165,001	308,650	$ 400,000	$ (91,350)
Receipts Over (Under) Expenditures	105,685	68,130		
Unencumbered Cash, Beginning	114,906	220,591		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 220,591	$ 288,721		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Driver Training Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
State Sources	$ 0	$ 1,680	$ 1,350	$ 330
Transfers	0	4,639	4,911	(272)
	0	6,319	$ 6,261	$ 58
Expenditures				
Instruction	0	293	$ 4,311	$ (4,018)
Vehicle Operations, Maintenance Services	0	0	600	(600)
	0	293	$ 4,911	$ (4,618)
Receipts Over (Under) Expenditures	0	6,026		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 6,026		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Food Service Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 2,057	$ 45,723	$ 213,960	$ (168,237)
State Sources	1,293	1,317	2,994	(1,677)
Federal Sources	199,002	149,390	124,171	25,219
Transfers	22,732	79,290	0	79,290
	225,084	275,720	$ 341,125	$ (65,405)
Expenditures				
Operations & Maintenance	9,419	10,904	$ 10,361	$ 543
Food Service Operation	223,491	225,823	345,764	(119,941)
	232,910	236,727	$ 356,125	$ (119,398)
Receipts Over (Under) Expenditures	(7,826)	38,993		
Unencumbered Cash, Beginning	19,877	12,051		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 12,051	$ 51,044		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Professional Development Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 0	$ 115	$ 0	$ 115
State Sources	0	1,621	1,200	421
Federal Sources	1,251	0	0	0
Transfers	3,972	21,560	5,859	15,701
	5,223	23,296	$ 7,059	$ 16,237
Expenditures				
Instructional Support Staff	5,292	15,096	$ 20,000	$ (4,904)
	5,292	15,096	$ 20,000	$ (4,904)
Receipts Over (Under) Expenditures	(69)	8,200		
Unencumbered Cash, Beginning	69	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 8,200		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Special Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Federal Sources	$ 2,515	$ 6,310	$ 0	$ 6,310
Transfers	555,763	701,692	679,284	22,408
	558,278	708,002	$ 679,284	$ 28,718
Expenditures				
Instruction	500,015	597,525	$ 688,047	$ (90,522)
Student Transportation Services	54,840	61,994	68,166	(6,172)
	554,855	659,519	$ 756,213	$ (96,694)
Receipts Over (Under) Expenditures	3,423	48,483		
Unencumbered Cash, Beginning	73,506	76,929		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 76,929	$ 125,412		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Career and Postsecondary Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 6,522	$ 16,353	$ 0	$ 16,353
State Sources	0	0	11,832	(11,832)
Federal Sources	1,099	0	0	0
Transfers	0	0	16,336	(16,336)
	7,621	16,353	$ 28,168	$ (11,815)
Expenditures				
Instruction	2,518	3,103	$ 18,836	$ (15,733)
Student Transportation Services	0	0	25,668	(25,668)
	2,518	3,103	$ 44,504	$ (41,401)
Receipts Over (Under) Expenditures	5,103	13,250		
Unencumbered Cash, Beginning	11,233	16,336		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 16,336	$ 29,586		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

KPERS Contribution Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
State Sources	$ 270,124	$ 265,130	$ 310,643	$ (45,513)
	270,124	265,130	$ 310,643	$ (45,513)
Expenditures				
Instruction	168,111	169,683	$ 193,328	$ (23,645)
Student Support Services	13,664	14,582	15,714	(1,132)
Instructional Support Staff	5,149	3,182	5,921	(2,739)
General Administration	13,538	13,522	15,569	(2,047)
School Administration	19,226	21,210	22,110	(900)
Operations & Maintenance	18,941	18,824	21,782	(2,958)
Student Transportation Services	10,805	10,605	12,426	(1,821)
Food Service Operation	20,690	13,522	23,793	(10,271)
	270,124	265,130	$ 310,643	$ (45,513)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 0		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Recreation Commission Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 34,133	$ 33,281	$ 20,270	$ 13,011
County Sources	1,287	1,812	1,776	36
State Sources	0	151	0	151
	35,420	35,244	$ 22,046	$ 13,198
Expenditures				
Community Service Operations	35,598	25,527	$ 32,309	$ (6,782)
	35,598	25,527	$ 32,309	$ (6,782)
Receipts Over (Under) Expenditures	(178)	9,717		
Unencumbered Cash, Beginning	16,284	16,106		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 16,106	$ 25,823		

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Federal Funds

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	$ 422,069	$ 876,914
	422,069	876,914
Expenditures		
Instruction	312,296	351,375
Student Support Services	59,352	346,061
General Administration	50,760	44,000
Operations & Maintenance	2,900	29,358
Student Transportation Services	5,731	8,221
	431,039	779,015
Receipts Over (Under) Expenditures	(8,970)	97,899
Unencumbered Cash, Beginning	28,822	19,852
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 19,852	$ 117,751

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 26,550	$ 13,658
State Sources	22,500	0
Federal Sources	22,500	45,000
	71,550	58,658
Expenditures		
Instruction	39,598	69,567
Student Transportation Services	0	11,248
	39,598	80,815
Receipts Over (Under) Expenditures	31,952	(22,157)
Unencumbered Cash, Beginning	8,660	40,612
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 40,612	$ 18,455

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	$ 0	$ 0
	0	0
Expenditures		
Transfers	0	0
	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	144,804	144,804
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 144,804	$ 144,804

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF CASH 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)

Textbook & Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 38,012	$ 29,530
	38,012	29,530
Expenditures		
Instruction	16,517	15,444
	16,517	15,444
Receipts Over (Under) Expenditures	21,495	14,086
Unencumbered Cash, Beginning	10,434	31,929
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 31,929	$ 46,015

UNIFIED SCHOOL DISTRICT NO. 386
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Madison High School				
Athletics	$ 12,584	$ 6,882	$ 11,224	$ 8,242
Class of 2021	7	0	7	0
Class of 2022	1,179	0	1,179	0
Class of 2023	4,485	37,543	41,333	695
Class of 2024	2,374	4,642	4,438	2,578
Class of 2025	1,474	1,890	998	2,366
Class of 2026	224	1,631	51	1,804
Class of 2027	175	225	167	233
Class of 2028	0	180	80	100
Officials	166	24,605	24,771	0
Student Assistance	1,409	60	276	1,193
Bake Shop	907	94	290	711
Band	614	0	312	302
Bulldog Nation Tshirt Fund	1,447	1,400	2,747	100
FBLA	1,202	1,886	1,431	1,657
Bulldog Ink	530	561	547	544
National Honor Society	15	0	0	15
Madison Shooting Team	6,415	2,770	3,186	5,999
Vocal Music Fund	1,509	75	125	1,459
Miscellaneous	1,647	2,443	4,081	9
Play Performance	1,090	463	233	1,320
STUCO	848	347	524	671
Economics	10	0	10	0
Art Club	117	0	0	117
Madison Invitational Music Festival	6,864	0	1,786	5,078
FFA	1,505	26,586	27,354	737
Future Bulldog Fund	1,019	788	783	1,024
Newspaper Club	50	630	300	380
Outdoor Environmental Center	276	0	0	276
Madison Outdoor Learning Center	6,461	7,138	1,126	12,473
Sales Tax	0	3,850	3,850	0
Interest Earned	108	187	0	295
Library	190	0	19	171
Flower Fund	223	463	429	257
Brothers' Benefit	0	4,551	4,551	0
United Way Contribution	0	20	0	20
Boss Day	0	75	0	75
Lounge Pepsi Fund	379	1,560	1,720	219
Beautification	302	0	0	302
SAFE Program	456	1,000	1,118	338
	58,261	134,545	141,046	51,760

UNIFIED SCHOOL DISTRICT NO. 386
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Madison Elementary School				
Music	0	37	37	0
Stuco	0	485	168	317
Student Welfare	2,631	842	704	2,769
	2,631	1,364	909	3,086
Total Agency Funds	$ 60,892	$ 135,909	$ 141,955	$ 54,846

UNIFIED SCHOOL DISTRICT NO. 386
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Madison High School							
Concession Box	$ 14	$ 0	$ 0	$ 0	$ 14	$ 0	$ 14
	14	0	0	0	14	0	14
Total District Activity Funds	$ 14	$ 0	$ 0	$ 0	$ 14	$ 0	$ 14

FEDERAL AWARD INFORMATION

BFR

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 No. 386
Madison, 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 No. 386, Madison, Kansas**, as of and for the year ended **June 30, 2023**, and the related notes to the financial statement, which collectively comprise **Unified School District No. 386, Madison, Kansas'** basic financial statement, and have issued our report thereon dated June 18, 2024. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *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 **Unified School District No. 386, Madison, Kansas'** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 386, Madison, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 386, Madison, Kansas'** 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 entity'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.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Education
Unified School District No. 386

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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 386, Madison, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

BFR CPA, LLC
June 18, 2024

BFR

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

Board of Education
Unified School District No. 386
Madison, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Unified School District No. 386, Madison, Kansas'** compliance with the types of compliance requirements described as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the **Unified School District No. 386, Madison, Kansas'** major federal programs for the year ended **June 30, 2023**. **Unified School District No. 386, Madison, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Unified School District No. 386, Madison, Kansas** 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 program 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 (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Unified School District No. 386, Madison, Kansas** 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Unified School District No. 386, Madison, Kansas'** compliance with the compliance requirements referred to above.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Education
Unified School District No. 386

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 No. 386, Madison, Kansas'** major federal programs.

Auditors' 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 No. 386, Madison, Kansas'** 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a 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 aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Unified School District No. 386, Madison, Kansas'** compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **Unified School District No. 386, Madison, Kansas'** 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 No. 386, Madison, Kansas'** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 386, Madison, Kansas'** 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.

Board of Education
Unified School District No. 386

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 major federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a major 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 major 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 Auditors' 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 weakness 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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BFR CPA, LLC
June 18, 2024

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grant Title	Assistance Listing Number	Program Amount	Expenditures
Department of Education			
Rural Education	84.358	$ 23,822	$ 18,060
(Passes Through Kansas Department of Education)			
Department of Agriculture			
Child Nutrition Cluster-Cluster			
School Breakfast Program	10.553	29,722	29,722
National School Lunch Program	10.555	101,214	101,214
Summer Food Service Program for Children	10.559	18,454	18,454
		149,390	149,390
Department of Education			
Title I Grants to Local Educational Agencies	84.010	54,481	60,160
Twenty-First Century Community Learning Centers	84.287	80,997	66,751
Supporting Effective Instruction State Grants	84.367	7,579	7,579
Student Support and Academic Enrichment Program	84.424	13,008	18,556
COVID-19 Education Stabilization Fund	84.425D	204,001	37,513
COVID-19 Education Stabilization Fund	84.425U	458,157	160,288
COVID-19 Education Stabilization Fund	84.425V	45,000	45,000
		863,223	395,847
Department of Health and Human Services			
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	463,176	416,418
Total Federal Awards		$ 1,499,611	$ 979,715

The accompanying notes are an integral part of the schedule.

UNIFIED SCHOOL DISTRICT NO. 386
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 386, Madison, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Indirect Cost Rate:

The District has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement in accordance with the regulatory basis of accounting of **Unified School District No. 386, Madison, Kansas**.

2. No significant deficiencies or material weaknesses were reported in the Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statement of **Unified School District No. 386, Madison, Kansas**, were disclosed during the audit.

4. No significant deficiencies or material weakness were reported in the Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.

5. The independent auditors' report on compliance for the major federal award programs for **Unified School District No. 386, Madison, Kansas**, expresses an unmodified opinion on all the federal programs.

6. There were no audit findings relative to the major federal award programs for **Unified School District No. 386, Madison, Kansas**.

7. The programs tested as major programs were:

COVID-19 Education Stabilization Fund	84.425D
COVID-19 Education Stabilization Fund	84.425U
COVID-19 Education Stabilization Fund	84.425V
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323

8. The threshold for distinguishing Types A and B programs was $750,000.

9. **Unified School District No. 386, Madison, Kansas**, was determined not to be a low-risk auditee.

UNIFIED SCHOOL DISTRICT NO. 386
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

There are no prior audit findings.