UNIFIED SCHOOL DISTRICT NO. 232

DeSoto, Kansas

FINANCIAL STATEMENT

WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

June 30, 2023

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
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October 17, 2023

VARNEY
& ASSOCIATES, CPAs, LLC

Board of Education
Unified School District No. 232
DeSoto, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 232 (the District), as of and for the year ended June 30, 2023 and the related notes to the financial statement.

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

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

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Unencumbered Cash Balance	Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Funds							
General Fund	$ -	$ -	$ 50,002,879	$ 50,002,879	$ -	$ 5,675,835	$ 5,675,835
Supplemental General Fund	838,675	-	16,829,121	16,649,514	1,018,282	777,089	1,795,371
Special Purpose Funds							
Preschool-Aged At-Risk Fund	10,000	-	176,572	82,100	104,472	-	104,472
At-Risk (K-12) Fund	126,357	-	2,764,682	2,758,403	132,636	-	132,636
Bilingual Education Fund	30,000	-	537,657	535,000	32,657	-	32,657
Virtual Education Fund	41,263	-	116,310	115,573	42,000	-	42,000
Capital Outlay Fund	18,006,398	-	9,173,803	15,674,098	11,506,103	4,650,936	16,157,039
Drivers Training Fund	18,374	-	46,925	37,438	27,861	-	27,861
Food Service Fund	1,763,622	-	4,456,550	4,116,073	2,104,099	15,802	2,119,901
Professional Development Fund	115,263	-	91,132	90,322	116,073	12,698	128,771
Parent Education Fund	16,093	-	188,862	188,262	16,693	-	16,693
Special Education Fund	1,001,138	-	14,584,370	14,584,357	1,001,151	-	1,001,151
Cost of Living Fund	59,368	-	2,466,358	2,376,711	149,015	-	149,015
Vocational Education Fund	150,000	-	1,971,534	1,965,416	156,118	-	156,118
Gifts and Grants Fund	129,295	-	13,825	11,959	131,161	-	131,161
KPERS Special Contribution Func	-	-	6,968,194	6,968,194	-	-	-
Special Assessment Fund	49,311	-	143,328	167,471	25,168	-	25,168
Title I Fund	-	-	122,283	122,283	-	-	-
Title II-A - Teacher Quality Fund	776	-	80,576	75,886	5,466	-	5,466
Title III-A - English Acquisition Fur	(652)	-	22,588	22,588	(652)	-	(652)
Title IV - Safe/Drug Free Fund	228	-	17,148	15,748	1,628	-	1,628
ESSER Fund	(294,038)	-	2,435,707	2,582,628	(440,959)	17,675	(423,284)
Contingency Reserve Fund	2,800,000	-	-	-	2,800,000	-	2,800,000
Textbook Student Materials Fund	1,402,301	-	1,411,988	1,137,142	1,677,147	1,388	1,678,535
Special Reserve Fund	1,951,588	-	5,325,772	5,397,758	1,879,602	-	1,879,602
KDHE Grant Fund	(26,828)	-	43,233	199,901	(183,496)	-	(183,496)
District Activities Fund	852,748	-	2,652,389	2,642,008	863,129	-	863,129

(Continued)

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

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (CONTINUED)
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Unencumbered Cash Balance	Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
Bond and Interest Fund							
Bond and Interest Fund	$ 22,927,692	$ -	$ 18,401,697	$ 19,134,369	$ 22,195,020	$ -	$ 22,195,020
Capital Project Fund							
Capital Projects Fund	6,387,374	-	72,617	4,061,468	2,398,523	-	2,398,523
Total Reporting Entity (Excluding Agency Funds)	$ 58,356,346	$ -	$ 141,118,100	$ 151,715,549	$ 47,758,897	$ 11,151,423	$ 58,910,320

Composition of Cash	
Checking	$ (334,008)
Kansas Municipal Investment Pool	59,742,036
Total Cash	$ 59,408,028
Less: Agency funds per Schedule 3	(497,708)
Total Reporting Entity (Excluding Agency Funds)	$ 58,910,320

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

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2023

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 232 (the District), is a municipal corporation governed by an elected seven member Board. This financial statement includes all the funds for which the District is considered to be financially accountable. The District has no related municipal entities.

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

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

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

Regulatory Basis Fund Types

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

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

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

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

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

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

Budgetary Information

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

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

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

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

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

Title I	ESSER	KDHE Grant
Title II-A Teacher Quality	Contingency Reserve	District Activity
Title III-A English Acquisition	Textbook Student Materials Revolving	
Title IV Safe/Drug Free	Special Reserve	

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

Note 2: Deposits and Investments

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.

Investments. 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.

Some of the District's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, and various other investments as specified in K.S.A. 10-131.

Note 2: Deposits and Investments (Continued)

At June 30, 2023, the District had invested $59,742,036 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

The following is a summary of the District's investments:

		Investment Maturities (in Years)	
Investment Type	**Fair Value**	**Less than 1**	**1 - 2**
Kansas Municipal Investment Pool	$ 59,742,036	$ 59,742,036	$ -

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. The District's allocation of investments as of June 30, 2023, is as follows:

Investment Type	**Percent of Investment**
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%. The District has no designated "peak periods". All deposits were legally secured at June 30, 2023.

At June 30, 2023, the District's carrying amount of deposits was ($334,008) and the bank balance was $2,140,179. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $500,000 was covered by federal depository insurance and the remaining balance was collateralized with securities held by the pledging financial institutions' agents in the District's name with a fair value of $3,300,000.

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

Note 3: Compensated Absences

Vacation time off with pay is available to eligible employees who work a 250 day contract. Upon employment in an eligible position and continuing through 5 consecutive years of employment, the employee is entitled to 10 vacation days each year, accrued monthly.

Beginning on the anniversary of the 6th year of employment, the employee is entitled to 15 vacation days, accrued monthly. Vacation days are noncumulative to the next year.

The District grants all eligible employees short term leave at the rate of one day, equal to the hours worked per day, for every full month of service. In the event of termination or retirement, certified employees are compensated for unused short term leave at a rate of $40.00 per day. Classified employees, who give a two week notice of their resignation, are compensated for unused short term leave at a rate of $20.00 per day.

Note 4: 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, 2022.

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

Note 4: Defined Benefit Pension Plan (Continued)

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 $6,968,194 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 $62,427,379. 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 5: 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; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past fiscal years.

Note 6: Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material negative effect on the financial statement of the District at June 30, 2023.

Note 7: Interfund Transfers

The District made the following operating transfers during the fiscal year. The transfers were approved by the Board of Education.

Fund From	Fund To	Statutory Authority	Amount
General Fund	Preschool-Aged At-Risk	K.S.A. 72-5167	$ 112,435
General Fund	At-Risk (K-12)	K.S.A. 72-5167	2,054,568
General Fund	Bilingual Education	K.S.A. 72-5167	45,467
General Fund	Virtual Education	K.S.A. 72-5167	112,360
General Fund	Parent Education	K.S.A. 72-5167	15,141
General Fund	Special Education	K.S.A. 72-5167	7,564,628
General Fund	Vocational Education	K.S.A. 72-5167	151,383
Supplemental General	Preschool-Aged At-Risk	K.S.A. 72-5143	64,137
Supplemental General	At-Risk (K-12)	K.S.A. 72-5143	704,449
Supplemental General	Bilingual Education	K.S.A. 72-5143	492,189
Supplemental General	Professional Development	K.S.A. 72-5143	80,000
Supplemental General	Parent Education	K.S.A. 72-5143	70,618
Supplemental General	Special Education	K.S.A. 72-5143	5,326,216
Supplemental General	Vocational Education	K.S.A. 72-5143	1,771,442
Supplemental General	Textbook Student Materials Revolving	K.S.A. 72-5143	750,000
	Total Transfers		$ 19,315,033

Note 8: Capital Project Authorizations

In May of 2021, the Board of the District approved construction of bond projects in the amount of $117,385,000 for the purpose of constructing, furnishing, and equipping all schools within the District, as well as athletic fields and other school facilities.

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Expenditures to Date	Project Authorization
2021 Bond Project	$ 97,966,217	$ 117,385,000

Note 9: Other Post-Employment Benefits

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

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

Note 10: Subsequent Events

The District evaluated subsequent events through October 17, 2023, the date the financial statement is available to be issued.

Note 11: Long-Term Debt

Following is a summary of long-term debt transactions of the District for the year:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning of Year	Additions	Reductions/ Payments	End of Year	Interest Paid
General Obligation Bonds									
Series 2015-A	1.63%	01/28/15	$ 26,950,000	9/1/2023	$ 7,260,000	$ -	$ 4,385,000	$ 2,875,000	$ 167,125
Series 2015-B	3.01%	06/18/15	53,415,000	9/1/2035	32,085,000	-	4,115,000	27,970,000	1,144,081
Series 2019-A	2.43%	06/20/19	48,780,000	9/1/2039	48,780,000	-	935,000	47,845,000	1,992,225
Series 2020-A	1.92%	06/18/20	35,000,000	9/1/2040	35,000,000	-	-	35,000,000	893,800
Series 2020-B	1.54%	06/18/20	18,605,000	9/1/2035	18,130,000	-	200,000	17,930,000	490,050
Series 2021	1.22%	06/03/21	15,000,000	9/1/2035	19,330,000	-	4,245,000	15,085,000	567,088
Total Long-Term Debt					$ 160,585,000	$ -	$ 13,880,000	$ 146,705,000	$ 5,254,369

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

	2024	2025	2026	2027	2028	2029-2033	2034-2038	2039-2041	Total
Principal									
Series 2015-A	$ 2,875,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,875,000
Series 2015-B	4,970,000	1,860,000	1,705,000	1,740,000	1,775,000	9,160,000	6,760,000	-	27,970,000
Series 2019-A	1,025,000	2,930,000	3,325,000	3,525,000	3,785,000	15,335,000	12,410,000	5,510,000	47,845,000
Series 2020-A	-	1,610,000	1,655,000	1,705,000	1,760,000	9,610,000	11,140,000	7,520,000	35,000,000
Series 2020-B	200,000	1,225,000	1,275,000	1,300,000	1,350,000	7,495,000	5,085,000	-	17,930,000
Series 2021	5,085,000	620,000	645,000	670,000	700,000	3,910,000	3,455,000	-	15,085,000
	$ 14,155,000	$ 8,245,000	$ 8,605,000	$ 8,940,000	$ 9,370,000	$ 45,510,000	$ 38,850,000	$ 13,030,000	$ 146,705,000
Interest									
Series 2015-A	$ 28,750	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,750
Series 2015-B	916,956	767,131	698,931	630,206	577,481	2,054,471	372,016	-	6,017,192
Series 2019-A	1,943,225	1,844,350	1,687,975	1,516,725	1,333,975	4,055,125	1,779,750	166,500	14,327,625
Series 2020-A	893,800	869,650	820,675	770,275	718,300	2,755,700	1,379,600	242,782	8,450,782
Series 2020-B	484,050	462,675	425,175	386,550	346,800	1,085,325	154,350	-	3,344,925
Series 2021	380,488	266,388	241,088	214,788	187,387	521,560	112,406	-	1,924,105
	$ 4,647,269	$ 4,210,194	$ 3,873,844	$ 3,518,544	$ 3,163,943	$ 10,472,181	$ 3,798,122	$ 409,282	$ 34,093,379

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2023

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General Funds						
General	$ 52,592,669	$ (2,681,969)	$ 92,179	$ 50,002,879	$ 50,002,879	$ -
Supplemental General	17,557,489	(907,975)	-	16,649,514	16,649,514	-
Special Purpose Funds						
Preschool-Aged At-Risk Fund	82,100	-	-	82,100	82,100	-
At-Risk (K-12) Fund	5,000,325	-	-	5,000,325	2,758,403	(2,241,922)
Bilingual Education Fund	535,000	-	-	535,000	535,000	-
Virtual Education	200,910	-	-	200,910	115,573	(85,337)
Capital Outlay Fund	24,663,420	-	-	24,663,420	15,674,098	(8,989,322)
Driver Training Fund	51,175	-	-	51,175	37,438	(13,737)
Food Service Fund	5,707,097	-	-	5,707,097	4,116,073	(1,591,024)
Professional Development Fund	124,510	-	-	124,510	90,322	(34,188)
Parent Education Fund	203,196	-	-	203,196	188,262	(14,934)
Special Education Fund	15,069,696	-	-	15,069,696	14,584,357	(485,339)
Cost of Living Fund	2,504,413	-	-	2,504,413	2,376,711	(127,702)
Vocational Education Fund	2,651,500	-	-	2,651,500	1,965,416	(686,084)
Gifts and Grants Fund	134,590	-	-	134,590	11,959	(122,631)
Kansas Special Retirement Contribution Fund	7,714,928	-	-	7,714,928	6,968,194	(746,734)
Special Assessment Fund	180,000	-	-	180,000	167,471	(12,529)
Bond and Interest Fund						
Bond and Interest Fund	19,134,382	-	-	19,134,382	19,134,369	(13)
Total of all Funds	$ 154,107,400	$ (3,589,944)	$ 92,179	$ 150,609,635	$ 135,458,139	$ (15,151,496)

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Reimbursed Expenditures	$ 92,179	$ -	$ 92,179
State Sources			
State aid	49,910,700	52,592,669	(2,681,969)
Total Receipts	$ 50,002,879	$ 52,592,669	$ (2,589,790)
EXPENDITURES			
Instruction	$ 29,670,781	$ 29,381,627	$ 289,154
Student support services	939,942	1,053,438	(113,496)
Instructional support staff	2,362,201	2,286,320	75,881
General administration	789,665	719,799	69,866
School administration	3,438,324	3,506,734	(68,410)
Central services	1,014,871	1,050,670	(35,799)
Operations and maintenance	1,731,113	2,025,136	(294,023)
Transfers out	10,055,982	12,568,945	(2,512,963)
Adjustment to comply with legal maximum	-	(2,681,969)	2,681,969
Legal general fund budget and expenditures	$ 50,002,879	$ 49,910,700	$ 92,179
Adjustments for qualifying budget credits	-	92,179	(92,179)
Total Expenditures	$ 50,002,879	$ 50,002,879	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem tax	$ 9,293,005	$ 149,108	$ 9,143,897
Delinquent tax	(27,342)	36,786	(64,128)
Other	-	65,000	(65,000)
County Sources			
Motor vehicle tax	888,907	899,516	(10,609)
Recreational tax	6,968	6,846	122
Commercial vehicle tax	31,087	28,374	2,713
State Sources			
State aid	6,636,496	6,998,415	(361,919)
Total Cash Receipts	$ 16,829,121	$ 8,184,045	$ 8,645,076
EXPENDITURES			
Instruction	$ 366,830	$ 948,273	$ (581,443)
Student support services	809,926	999,055	(189,129)
Instructional support staff	5,493	6,000	(507)
General administration	1,057,688	575,000	482,688
School administration	181,072	188,250	(7,178)
Operations and maintenance	2,455,224	3,679,826	(1,224,602)
Student transportation	2,514,230	3,065,071	(550,841)
Transfers out	9,259,051	8,096,014	1,163,037
Adjustment to comply with legal maximum	-	(907,975)	907,975
Total Expenditures	$ 16,649,514	$ 16,649,514	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 179,607		
UNENCUMBERED CASH - BEGINNING	838,675		
UNENCUMBERED CASH - ENDING	$ 1,018,282		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
PRESCHOOL-AGED AT-RISK FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 176,572	$ 83,000	$ 93,572
EXPENDITURES			
Instruction	$ 82,100	$ 82,100	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 94,472		
UNENCUMBERED CASH - BEGINNING	10,000		
UNENCUMBERED CASH - ENDING	$ 104,472		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
AT RISK (K-12) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Tuition	$ 5,665	$ -	$ 5,665
Other Sources			
Transfers in	2,759,017	4,873,968	(2,114,951)
Total Cash Receipts	$ 2,764,682	$ 4,873,968	$ (2,109,286)
EXPENDITURES			
Instruction	$ 2,407,933	$ 4,564,075	$ (2,156,142)
Student support services	342,758	424,250	(81,492)
Other Support Services	7,712	12,000	(4,288)
Total Expenditures	$ 2,758,403	$ 5,000,325	$ (2,241,922)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 6,279		
UNENCUMBERED CASH - BEGINNING	126,357		
UNENCUMBERED CASH - ENDING	$ 132,636		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
BILINGUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 537,657	$ 505,000	$ 32,657
EXPENDITURES			
Instruction	$ 535,000	$ 535,000	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 2,657		
UNENCUMBERED CASH - BEGINNING	30,000		
UNENCUMBERED CASH - ENDING	$ 32,657		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
VIRTUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Tuition	$ 3,950	$ -	$ 3,950
Transfers In	112,360	160,000	(47,640)
Total Cash Receipts	$ 116,310	$ 160,000	$ (43,690)
EXPENDITURES			
Instruction	$ 106,040	$ 188,000	$ (81,960)
School Administration	9,533	12,910	(3,377)
Total Expenditures	$ 115,573	$ 200,910	$ (85,337)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 737		
UNENCUMBERED CASH - BEGINNING	41,263		
UNENCUMBERED CASH - ENDING	$ 42,000		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem tax	$ 6,038,131	$ 5,857,082	$ 181,049
Delinquent tax	(13,712)	23,707	(37,419)
Interest on idle funds	926,605	-	926,605
Other	254,431	-	254,431
County Sources			
Motor vehicle tax	566,109	578,427	(12,318)
Recreational tax	4,438	4,402	36
Commercial vehicle tax	19,804	18,245	1,559
State Sources			
State aid	1,377,997	1,394,979	(16,982)
Total Cash Receipts	$ 9,173,803	$ 7,876,842	$ 1,296,961
EXPENDITURES			
Instruction	$ 5,316,404	$ 7,100,000	$ (1,783,596)
Student support services	3,525	2,100,000	(2,096,475)
Operations and maintenance	8,029,599	6,463,420	1,566,179
Facility acquisition and construction service	2,324,570	9,000,000	(6,675,430)
Total Expenditures	$ 15,674,098	$ 24,663,420	$ (8,989,322)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (6,500,295)		
UNENCUMBERED CASH - BEGINNING	18,006,398		
UNENCUMBERED CASH - ENDING	$ 11,506,103		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 30,825	$ 5,000	$ 25,825
State Sources			
State aid	16,100	39,150	(23,050)
Total Cash Receipts	$ 46,925	$ 44,150	$ 2,775
EXPENDITURES			
Instruction	$ 33,852	$ 37,975	$ (4,123)
Operations and maintenance	3,586	13,200	(9,614)
Total Expenditures	$ 37,438	$ 51,175	$ (13,737)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 9,487		
UNENCUMBERED CASH - BEGINNING	18,374		
UNENCUMBERED CASH - ENDING	$ 27,861		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Food service	$ 2,763,356	$ 2,210,675	$ 552,681
Interest on idle funds	367	-	367
Other	351	-	351
State Sources			
State aid	196,505	35,000	161,505
Federal Sources			
Federal aid	1,495,971	1,697,800	(201,829)
Total Cash Receipts	$ 4,456,550	$ 3,943,475	$ 513,075
EXPENDITURES			
Food service	$ 4,116,073	$ 5,707,097	$ (1,591,024)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 340,477		
UNENCUMBERED CASH - BEGINNING	1,763,622		
UNENCUMBERED CASH - ENDING	$ 2,104,099		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
State aid	$ 11,132	$ -	$ 11,132
Other Sources			
Transfers in	80,000	40,000	40,000
Total Cash Receipts	$ 91,132	$ 40,000	$ 51,132
EXPENDITURES			
Instructional support staff	$ 90,322	$ 124,510	$ (34,188)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 810		
UNENCUMBERED CASH - BEGINNING	115,263		
UNENCUMBERED CASH - ENDING	$ 116,073		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
PARENT EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
State aid	$ 103,103	$ 103,103	$ -
Other Sources			
Transfers in	85,759	84,000	1,759
Total Cash Receipts	$ 188,862	$ 187,103	$ 1,759
EXPENDITURES			
Student support services	$ 188,092	$ 200,196	$ (12,104)
Instructional support staff	170	3,000	(2,830)
Total Expenditures	$ 188,262	$ 203,196	$ (14,934)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 600		
UNENCUMBERED CASH - BEGINNING	16,093		
UNENCUMBERED CASH - ENDING	$ 16,693		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 141,619	$ 60,000	$ 81,619
Federal Sources			
Federal aid	1,551,907	2,050,000	(498,093)
Other Sources			
Transfers in	12,890,844	12,078,991	811,853
Total Cash Receipts	$ 14,584,370	$ 14,188,991	$ 395,379
EXPENDITURES			
Instruction	$ 12,954,872	$ 12,773,174	$ 181,698
Student support services	-	25,710	(25,710)
Instructional support staff	304,636	466,300	(161,664)
General administration	307,621	389,973	(82,352)
Operations and maintenance	4,855	10,539	(5,684)
Student transportation	1,012,373	1,404,000	(391,627)
Total Expenditures	$ 14,584,357	$ 15,069,696	$ (485,339)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 13		
UNENCUMBERED CASH - BEGINNING	1,001,138		
UNENCUMBERED CASH - ENDING	$ 1,001,151		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
COST OF LIVING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem tax	$ 2,239,800	$ 34,787	$ 2,205,013
Delinquent tax	(5,954)	8,582	(14,536)
County Sources			
Motor vehicle tax	223,125	226,069	(2,944)
Recreational tax	1,751	1,721	30
Commercial vehicle tax	7,636	7,131	505
Total Cash Receipts	$ 2,466,358	$ 278,290	$ 2,188,068
EXPENDITURES			
Debt service	$ 2,376,711	$ 2,504,413	$ (127,702)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 89,647		
UNENCUMBERED CASH - BEGINNING	59,368		
UNENCUMBERED CASH - ENDING	$ 149,015		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
VOCATIONAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 48,709	$ 150,000	$ (101,291)
State Sources			
State aid	-	20,590	(20,590)
Other Sources			
Transfers in	1,922,825	2,335,000	(412,175)
Total Cash Receipts	$ 1,971,534	$ 2,505,590	$ (534,056)
EXPENDITURES			
Instruction	$ 1,965,416	$ 2,651,500	$ (686,084)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 6,118		
UNENCUMBERED CASH - BEGINNING	150,000		
UNENCUMBERED CASH - ENDING	$ 156,118		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
GIFTS AND GRANTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Contributions & donations	$ -	$ 2,000	$ (2,000)
Other	13,825	15,000	(1,175)
Total Cash Receipts	$ 13,825	$ 17,000	$ (1,175)
EXPENDITURES			
Instruction	$ 1,181	$ 70,080	$ (68,899)
Instructional support staff	10,778	64,510	(53,732)
Total Expenditures	$ 11,959	$ 134,590	$ (122,631)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 1,866		
UNENCUMBERED CASH - BEGINNING	129,295		
UNENCUMBERED CASH - ENDING	$ 131,161		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
State aid	$ 6,968,194	$ 7,714,928	$ (746,734)
EXPENDITURES			
KPERS payments	$ 6,968,194	$ 7,714,928	$ (746,734)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SPECIAL ASSESSMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem taxes	$ 143,152	$ 139,035	$ 4,117
Delinquent taxes	(1,018)	53	(1,071)
County Sources			
Motor vehicle taxes	1,144	1,210	(66)
recreational taxes	9	9	-
Commercial vehicle taxes	41	39	2
Total Cash Receipts	$ 143,328	$ 140,346	$ 2,982
EXPENDITURES			
Facility acquisition and construction	$ 167,471	$ 180,000	$ (12,529)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (24,143)		
UNENCUMBERED CASH - BEGINNING	49,311		
UNENCUMBERED CASH - ENDING	$ 25,168		

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
NONBUDGETED FUNDS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2023

	Title I	Title II-A Teacher Quality	Title III-A English Acquisition	Title IV Safe Drug Free	ESSER	Contingency Reserve	Textbook Student Materials Revolving	Special Reserve	KDHE Grant
CASH RECEIPTS									
Local Sources									
Other	$ -	$ -	$ -	$ -	$ -	$ -	$ 661,988	$ 5,325,772	$ -
Federal Sources									
Federal aid	122,283	80,576	22,588	17,148	2,435,707	-	-	-	43,233
Other Sources									
Transfers in	-	-	-	-	-	-	750,000	-	-
Total Cash Receipts	$ 122,283	$ 80,576	$ 22,588	$ 17,148	$ 2,435,707	$ -	$ 1,411,988	$ 5,325,772	$ 43,233
EXPENDITURES									
Instruction	$ 122,283	$ 75,886	$ 22,588	$ 15,748	$ 2,214,826	$ -	$ 1,137,142	$ 5,397,758	$ -
Student support service	-	-	-	-	152,936	-	-	-	199,901
Instructional support staff	-	-	-	-	214,866	-	-	-	-
Total Expenditures	$ 122,283	$ 75,886	$ 22,588	$ 15,748	$ 2,582,628	$ -	$ 1,137,142	$ 5,397,758	$ 199,901
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ 4,690	$ -	$ 1,400	$ (146,921)	$ -	$ 274,846	$ (71,986)	$ (156,668)
UNENCUMBERED CASH - BEGINNING	-	776	(652)	228	(294,038)	2,800,000	1,402,301	1,951,588	(26,828)
UNENCUMBERED CASH - ENDING	$ -	$ 5,466	$ (652)	$ 1,628	$ (440,959)	$ 2,800,000	$ 1,677,147	$ 1,879,602	$ (183,496)

UNIFIED SCHOOL DISTRICT NO. 232
Emporia, Kansas
BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem taxes	$ 13,314,513	$ 12,931,041	$ 383,472
Delinquent tax	(37,835)	54,082	(91,917)
Interest on idle funds	407,818	20,000	387,818
County Sources			
Motor vehicle tax	1,304,872	1,320,322	(15,450)
Recreational vehicle tax	10,229	10,048	181
Commercial vehicle tax	45,656	41,647	4,009
State Sources			
State aid	3,356,444	3,356,444	-
Total Cash Receipts	$ 18,401,697	$ 17,733,584	$ 668,113
EXPENDITURES			
Debt service	$ 19,134,369	$ 19,134,382	$ (13)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (732,672)		
UNENCUMBERED CASH - BEGINNING	22,927,692		
UNENCUMBERED CASH - ENDING	$ 22,195,020		

UNIFIED SCHOOL DISTRICT NO. 232
Emporia, Kansas
CAPITAL PROJECTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2023

CASH RECEIPTS	
Local Sources	
Interest on idle funds	$ 72,617
EXPENDITURES	
Facility acquisition and construction	$ 4,061,468
RECEIPTS OVER (UNDER) EXPENDITURES	$ (3,988,851)
UNENCUMBERED CASH - BEGINNING	6,387,374
UNENCUMBERED CASH - ENDING	$ 2,398,523

SCHEDULE 3

UNIFIED SCHOOL DISTRICT NO. 232
AGENCY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH BALANCE
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Cash Balance	Cash Receipts	Cash Disbursed	Ending Cash Balance
DeSoto High School	$ 92,209	$ 258,752	$ 206,642	$ 144,319
Mill Valley High School	116,906	311,827	326,112	102,621
Millcreek Middle School	30,608	58,256	55,812	33,052
Monticello Trails Middle School	52,803	50,831	44,420	59,214
Lexington Trails Middle School	16,732	18,975	16,159	19,548
Belmont Elementary School	2,594	3,984	5,391	1,187
Clear Creek Elementary School	4,657	10,937	7,623	7,971
Horizon Elementary School	1,687	5,233	5,508	1,412
Mize Elementary School	15,782	10,795	6,259	20,318
Prairie Ridge Elementary School	8,632	7,646	6,570	9,708
Riverview Elementary School	632	2,377	2,077	932
Cedar Trails Early Childhood	-	108,586	103,553	5,033
District Agency Fund	93,676	90,642	91,925	92,393
Total Agency Funds	$ 436,918	$ 938,841	$ 878,051	$ 497,708

SCHEDULE 4

UNIFIED SCHOOL DISTRICT NO. 232
DISTRICT ACTIVITIES FUND
SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance Unencumbered Cash Balance
Gate Receipts							
DeSoto High School	$ 91,875	$ -	$ 285,760	$ 257,207	$ 120,428	$ -	$ 120,428
Mill Valley High School	121,067	-	482,203	506,258	97,012	-	97,012
Millcreek Middle School	1,754	-	20,317	19,396	2,675	-	2,675
Monticello Trails Middle School	7,552	-	15,821	16,200	7,173	-	7,173
Lexington Trails Middle School	3,106	-	17,862	16,390	4,578	-	4,578
Subtotal Gate Receipts	$ 225,354	$ -	$ 821,963	$ 815,451	$ 231,866	$ -	$ 231,866
School Projects							
DeSoto High School	$ 125,251	$ -	$ 461,361	$ 446,710	$ 139,902	$ -	$ 139,902
Mill Valley High School	160,432	-	488,598	489,476	159,554	-	159,554
Millcreek Middle School	9,321	-	156,483	148,442	17,362	-	17,362
Monticello Trails Middle School	145,549	-	178,417	175,994	147,972	-	147,972
Lexington Trails Middle School	43,853	-	108,353	131,056	21,150	-	21,150
Belmont Elementary School	24,816	-	55,620	62,733	17,703	-	17,703
Clear Creek Elementary School	15,704	-	68,802	67,357	17,149	-	17,149
Horizon Elementary School	19,644	-	51,550	54,073	17,121	-	17,121
Mize Elementary School	22,141	-	67,089	67,946	21,284	-	21,284
Prairie Ridge Elementary School	7,696	-	58,326	56,455	9,567	-	9,567
Riverview Elementary School	20,297	-	59,244	58,926	20,615	-	20,615
Starside Elementary School	32,690	-	76,583	67,389	41,884	-	41,884
Subtotal School Projects	$ 627,394	$ -	$ 1,830,426	$ 1,826,557	$ 631,263	$ -	$ 631,263
Total District Activity Funds	$ 852,748	$ -	$ 2,652,389	$ 2,642,008	$ 863,129	$ -	$ 863,129

VARNEY
& ASSOCIATES, CPAs, LLC

October 17, 2023

Board of Education
Unified School District No. 232
DeSoto, Kansas

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 232 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated October 17, 2023.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

October 17, 2023

VARNEY
& ASSOCIATES, CPAs, LLC

Board of Education
Unified School District No. 232
Manhattan, Kansas

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance

Unmodified Opinions

We have audited De Soto Unified School District No. 232's (the District), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Unmodified Opinions

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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 Uniform Guidance. According, this report is not suitable for any other purpose.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
Child Nutrition Cluster			
School Breakfast	10.553	DO232	$ 107,801
National School Lunch Program	10.555	DO232	1,275,824
Summer Food Service Program for Children	10.559	DO232	270,008
Total Child Nutrition Cluster			$ 1,653,633
Federal School Food Service	10.560	DO232	351
Total U.S. Department of Agriculture			$ 1,653,984
U.S. Department of Education			
Passed through Kansas Department of Education			
Special Education (IDEA) Cluster			
Special Education Grants to States	84.027	DO232	$ 1,284,684
Special Education Preschool Grants	84.173	DO232	17,813
Total Special Education (IDEA) Cluster)			$ 1,302,497
Title I - Grants to Local Educational Agencies	84.010	DO232	$ 122,283
Career and Technical Education - Basic Grants to States	84.048	DO232	48,709
English Language Acquisition State Grants	84.365	DO232	22,588
Supporting Effective Instruction State Grants	84.367	DO232	75,886
ESSA Student Support Academic Enrichment	84.424	DO232	15,748
COVID-19 - Emergency and Secondary Emergency Relief	84.425D	DO232	918,465
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	DO232	1,664,162
Total U.S. Department of Education			$ 4,170,338
U.S. Department of Health and Human Services			
Passed through Kansas Department of Education			
KDHE K-12 COVID Testing Grant	93.323	DO232	$ 199,901
TOTAL FEDERAL EXPENDITURES			$ 6,024,223

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

Note 1: Organization

Unified School District No. 232, DeSoto, Kansas, (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District, and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statement. The District elected not to use the 10% de minimis indirect cost rate.

Note 3: Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4: Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2023.

Note 5: Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2023.

Note 6: Sub-receipient Grants

No federal awards were passed through to subrecipients.

Note 7: Pass-Through Numbers

Pass-through numbers have not been assigned to pass-through grants on the Schedule of Expenditures of Federal Awards.

UNIFIED SCHOOL DISTRICT NO. 232
DeSoto, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

Section I - Summary of Auditor's Results

Financial Statement

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

Federal Awards

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

Identification of major programs:

Name of Federal program	CFDA Number
Special Education (IDEA) Cluster	84.027 and 84.173
Emergency and Secondary Emergency Relief	84.425D
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U

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

Note:

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

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.