UNIFIED SCHOOL DISTRICT NO. 417
Morris County, Kansas

Regulatory Basis Financial Statement and
Independent Auditor's Report

For the Year Ended June 30, 2023

Cindy Jensen, CPA
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Morris County, KS 66846

Unified School District No. 417
Morris County, Kansas

Regulatory Basis Financial Statement
For the Fiscal Year Ended June 30, 2023

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Cindy Jensen
Certified Public Accountant

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Independent Auditor's Report

Board of Education
Unified School District No. 417
Council Grove, Kansas

Adverse and Unmodified Opinions
I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 417, Morris County, Kansas, a municipality, as of and for the year ended June 30, 2023 and the related notes to the financial statement.

Adverse Opinion on the U.S. Generally Accepted Accounting Principles
In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion and Unmodified Opinions section of my report, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 417, Morris County, Kansas, as of June 30, 2023, or the changes in its financial position or cash flows for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Unified School District No. 417, Morris County, 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 Opinion and Unmodified Opinions
I conducted my audit 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, and the Kansas Municipal Audit and Accounting Guide. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. I am required to be independent of Unified School District No. 417, Morris County, Kansas, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles As discussed in Note 1 of the financial statement, the financial statement is prepared by Unified School District No. 417, Morris County, 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 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Unified School District No. 417, Morris County'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.

Auditor's Responsibility for the Audit of the Financial Statement

My 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 my 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 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 GAAS 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 USD 417, Morris County'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 USD 417, Morris County's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Supplementary Information

My 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 accompanying 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. In addition, the summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, agency funds summary of receipts and disbursements, and district activity funds schedule of receipts and expenditures (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The schedule of expenditures of federal awards and regulatory required supplementary 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 schedule of expenditures of federal awards and the regulatory required supplementary information have been subjected to the auditing procedures applied in the audit of the respective 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 my opinion, the schedule of expenditures of federal awards and the regulatory required 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated June 20, 2024, on my consideration of Unified School District No. 417, Morris County, Kansas' internal control over financial reporting and on my 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 my 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. 417, Morris County, Kansas' internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Unified School District No. 417, Morris County, Kansas' internal control over financial reporting and compliance.



Cindy Jensen, CPA
Certified Public Accountant
June 20, 2024

Unified School District No. 417
Morris County, Kansas

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

	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds							
General	$ 0	$ 0	$ 7,221,462	$ 7,221,462	$ 0	$ 23,292	$ 23,292
Supplemental General	180,700	(48,288)	2,323,924	2,410,572	45,764	147,482	193,246
Special Purpose Funds							
At Risk (4 Yr Old)	115,001	0	147,268	96,060	166,209	0	166,209
At Risk	99,999	0	1,304,205	1,041,585	362,619	0	362,619
Bilingual	49,999	0	12,954	45,714	17,239	0	17,239
Virtual	0	0	5,511	1,750	3,761	0	3,761
Capital Outlay	1,703,217	(329,124)	837,810	493,886	1,718,017	207,492	1,925,509
Driver Training	36,320	0	21,382	23,829	33,873	5,420	39,293
Extraordinary School Prog	54,795	0	24,188	31,012	47,971	0	47,971
Food Service	196,005	0	739,553	810,921	124,637	67,697	192,334
Professional Development	260,874	(5,242)	7,020	39,683	222,969	776	223,745
Special Education	786,731	0	1,351,520	1,390,585	747,666	3,338	751,004
Career & Postsecondary	272,534	52	216,882	237,057	252,411	0	252,411
Gifts & Grants	(69,078)	0	370,135	266,896	34,161	6,110	40,271
KPERS Retirement	0	0	800,569	800,569	0	0	0
Contingency Reserve	783,669	0	236,390	0	1,020,059	0	1,020,059
Textbook & Student Material	322,012	(72,046)	36,045	102,962	183,049	38,632	221,681
Title I	(17,422)	0	162,424	193,629	(48,627)	0	(48,627)
Supporting Effective Instructic	(2,486)	(825)	24,614	24,195	(2,892)	0	(2,892)
ESSER II	(92,401)	0	246,284	249,496	(95,613)	7,270	(88,343)
Rural & Small Schools	0	0	42,549	31,351	11,198	0	11,198
ESSER III	(443,633)	0	705,000	361,799	(100,432)	2,489	(97,943)
District Activity Funds	34,987	0	297,131	290,647	41,471	0	41,471
Bond & Interest Funds							
Bond & Interest	1,978,736	0	1,207,782	668,174	2,518,344	0	2,518,344
Total Reporting Entity (Excluding Agency Funds)	$ 6,250,559	$ (455,473)	$ 18,342,602	$ 16,833,834	$ 7,303,854	$ 509,998	$ 7,813,852

District Accounts	$ 7,794,293
Council Grove JR/SR High	78,723
Council Grove Elementary	6,429
Prairie Heights Elementary	9,398
Total Cash	7,888,843
Less: Agency Funds per Schedule 3	(74,991)
Total Reporting Entity (Excluding Agency Funds)	$ 7,813,852

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 417 (the District), Morris County, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The more significant of the district's accounting policies are described below.

Financial Reporting Entity

Unified School District No. 417 was organized in accordance with State Statutes to provide a system of public education to elementary through high school students who reside within the designated District areas. USD No. 417 is a municipal corporation governed by an elected seven-member board of education. The District's financial statement does not include any related municipal entities.

Regulatory Basis Fund Types

The accounts of the District are organized and operated on the basis of funds, which are used to record the District's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the District.

General Funds - the chief operating fund. Used to account for all financial 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 projects and tax levies for long-term debt) that are intended for specified purposes.

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

Agency funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (student organization accounts, etc.)

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States 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 for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Reimbursements

USD 417 records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are treated as a budget credit.

Use of Estimates

The preparation of a financial statement in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of cash receipts, cash expenditures, cash and unencumbered cash balances at the date of the financial statement. Accordingly, actual results could differ from those estimates.

Ad Valorem Tax Receipts

The determination of assessed valuations and collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Ad Valorem Tax Receipts (Cont)

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes are due December 20 prior to the fiscal year for which they are budgeted and the second half is due the following May 10. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

1. Preparation of the budget for the succeeding eighteen-month period 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 municipality held a revenue neutral rate hearing for this year.

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. There were no such amendments this year.

After the above procedures have been followed; the Kansas State Board of Education computes the maximum legal general fund operating expenses. For the fiscal year ended June 30, 2023, the State calculation of the legal maximum general fund budget was $7,179,017 and the legal maximum supplemental general fund was $2,396,096. In accordance with Kansas statutes, a district is penalized state aid equal to the amount expended in excess of the computed statutory limitation plus any qualifying budget credits. The District was within its maximum legal general and supplemental general fund budget authority for the fiscal year ended June 30, 2023.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented 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 basis 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 municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust funds, and certain special purpose funds as noted in the presentation of the appropriate Schedule 2. Spending in funds, which are not subject to the legal annual operating budget requirements are controlled by federal regulations, by other statutes, or by use of internal spending limits established by the governing body.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance-Related Legal and Contractual Obligations

References made herein to the statutes are not intended as interpretations of law, rather are offered for consideration of the Director of Accounts and Reports, Department of Education, and interpretation by the County Attorney and legal representatives of the municipality.

K.S.A. 9-1402 requires that the district funds be secured at all times. During the year, there were periods of time when funds exceeded depository security.

K.S.A. 10-1113 requires that no indebtedness be created for a fund in excess of available monies in that fund. The Supporting Effective Instruction has a negative balance of $2,892. The ESSER II, ESSER III and Title I also had negative balances at year end. However, these three funds are on the reimbursement basis and therefore, no violation occurred.

K.S.A. 72-1151 requires that the District follow Kansas bid law regarding certain purchases. The district did not strictly follow these rules but has since implemented policies and procedures to ensure compliance.

K.S.A. 75-3317 requires the District to make purchases from the Kansas industries for the blind and severely disabled. These purchases were not made.

Management is not aware of any other regulatory violations for the period covered by this audit.

State and Federal Aid Compliance

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 require compliance with terms and conditions specified in the grant agreements and are subject to audit by the governmental agency. Any disallowed claim resulting from such audit could become a liability of the General Fund or other applicable fund. However, in the opinion of management, any such disallowed claim would not have a material effect on the financial statements of the District at June 30, 2023.

NOTE 3 - DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories that may be used by the District. The statute requires banks eligible to hold the Government'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 or 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 Government'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.

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 carrying amount of the District's deposits was $7,888,843 and the bank balance was $8,931,092. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, $956,427 was covered by FDIC insurance and the remaining $7,974,665 was collateralized by pledged securities held under joint custody receipts issued by banks within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka in the District's name.

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

NOTE 5 - 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 contributions 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 on or after Jan 1, 2015. Effective January 1, 2015, Kansas law establishes member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code.

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

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

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

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School 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.

NOTE 5 - DEFINED BENEFIT PENSION PLAN (CONT)

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 $800,569 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 $7,524,046. 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 proportionate share 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 6 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

The District provides compensation for absences. The District's personnel earn ten days of sick leave per contract year. Any employee who completes a year with more than sixty days of accrued sick leave will be reimbursed at thirty-five dollars per day for each day in excess of sixty days. Upon separation of service, any unused sick leave is lost. Instructional personnel may take two days of personal leave per year and may accumulate up to six personal days. Provisions provide for legal leave, emergency leave, sabbatical leave, leave without pay, and professional leave. These may or may not result in a deduction in pay depending on determinations from the School Board.The District also has adopted a Family Medical Leave Policy.

Vacation pay is earned by twelve-month employees as follows: first contract year = 5 days; second to tenth contract year = 10 days; eleventh to fifteenth contract year = 15 days; and sixteenth contract year and beyond = 20 days. No more than five vacation days may be carried over each year. A grandfather provision allows some employees a greater carryover. This carryover equals the amount of vacation time accumulated as of June 30,1999 plus five days.

The District recognizes these benefits as paid; therefore, no provision for accumulated leave has been made in the financial statement. Compensated absence payments are made from the fund that corresponds to the employee duties.

Death & 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.

Section 125 Benefit Plan

The District maintains an Internal Revenue Code Section 125 plan "cafeteria plan". The amount of salary to be reduced shall not exceed the sum authorized by the Internal Revenue Code. Employees must designate his/her entire allocation into any combination of health insurance, term life insurance, salary protection insurance, cancer insurance, and childcare and/or medical reimbursement. The District contributes an amount equal to the annual premium of a single health insurance plan for certified personnel. For all other employees, the benefit is prorated.

NOTE 6 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT)

Other Post-Employment Benefits

The District provides an early retirement program as described in the District's negotiated agreement with certified personnel. As a measure of appreciation for their services, the District offers an early retirement cash benefit. This benefit is based on the retiree's salary at the time of retirement times the combined factors of age, years of experience in the District, and column placement on the salary schedule. The age factor provides a 5-15% benefit; the years in the District factor adds between 4-15%; and the column placement factor results in a 1-5% benefit. Employees must submit a written request to the District's Board of Education prior to April 1 preceding the anticipated retirement date. To correspond with KPERS retirement dates, teachers may elect June1, July1, August1, or September1 as the retirement date. The cash benefit is paid on the retirement date into an employee sponsored 403(b) account.

The District has also established an employer funded 403(b) retirement plan. Eligibility requirements and benefit amounts are described more fully in the 403(b) plan document. These benefits are financed by the District on a pay-as-you-go basis. An estimate has not been made of the total amount of post-employment benefits of the District or reported in this financial statement.

The District provides health insurance to early retirees. Those eligible include retirees less than age 60 with 10 years of continuous employment in the District and KPERS qualified 85 points for retirement. The monthly contribution amount is limited to the amount contributed to a currently employed certified teacher for membership in the District's health plan. The maximum benefit is for three years. Retirees between the ages of 60 and 64 with 5 years of continuous employment in the District receive a monthly contribution amount equal to the amount contributed to a currently employed certified teacher for membership in the District's health plan until the retiree reaches age 65. The District finances these benefits on a pay-as-you-go basis. These expenditures have been included as part of the General Fund. An estimate has not been made of the total amount of post-employment benefit liability of the District or reported in the financial statement. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes healthcare 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 7 - TRANSFERS

Interfund transfers during the fiscal year ended June 30, 2023 consisted of the following:

Transfer From	Transfer To	Amount	Statute
General	Special Ed	1,308,699	72-5167
General	Career & Post Secondary	200,000	72-5167
General	At Risk-4 yr	125,000	72-5167
General	At Risk	959,508	72-5167
General	Bilingual	11,277	72-5167
General	Contingency Res	236,390	72-5167
Supplemental General	Bilingual	1,677	72-5143
Supplemental General	Virtual	5,511	72-5143
Supplemental General	At Risk-4 yr	22,268	72-5143
Supplemental General	At Risk	344,697	72-5143

NOTE 8 – PRIOR PERIOD ADJUSTMENTS

During the review of the prior fiscal year accounts payable and encumbrances, the District discovered that prior year unencumbered cash was overstated in the amount of $455,473 due to previously unreported invoices payable and encumbrances. The beginning balances on this financial statement are adjusted accordingly.

NOTE 9 – COPIER LEASE

The District entered into a 5-year agreement with Century Business Technologies, Inc. for the use of copiers. The lease period began on July 15, 2023. Five annual payments of $29,140.56 are due beginning July 15, 2023. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the District must return the leased equipment to the lessor.

NOTE 10 – LONG-TERM DEBT

General Obligation Bonds

On October 9, 2009, $500,000 of General Obligation Bonds Series 2008-A were sold at an interest rate of 2.75% and maturity date of April 1,2009. On November 12, 2009, $8,760,000 of General Obligation Bonds Series 2008-B were sold at interest rates of 4.65% to 6% for a net interest cost of 4.90% over the life of the bonds. The Series 2008-A bond principal of $500,000 and interest of $1,833 were paid off with proceeds of the Series2008-B Bonds. The remainder of the bond proceeds was used to make improvements to the existing Council Grove High School, to pay interest on the bonds during construction, and to pay for the cost of issuance of the bonds. The first interest payment for the Series 2008-B was made on March 1, 2009. The payments are made from the Bond & Interest Fund.

On May 1, 2013, the District issued $4,085,000 of General Obligation Bonds Series 2013 at interest rates of 2.25% to 2.45%, for the purpose of advance refunding a portion of the above Series 2008-B General Obligation Bonds still outstanding. The net proceeds of the bonds of $4,077,209 (net of reoffering premiums and underwriter discounts), along with $970,000 from the District's Redemption Fund were sent to the escrow agent, Security Bank of Kansas City. Of the $5,047,209 sent to the escrow agent, $4,994,244 was placed in an irrevocable escrow trust fund, assigned solely for the purpose of payment of principal on the refunded bonds and interest on the new issue through September 1,2018. Additionally, $49,465 was used for cost of issuance fees and $3,500 was deposited into a compliance account. The advance refunded bonds in the amount of $4,675,000 are considered to be defeased and are not disclosed as debt of the District, other than interest payments the District will continue to make, nor is the trust considered to be an investment of the District. This refunding decreased total debt service payments by $666,052, resulting in an economic gain (the difference between the present value of the debt service payments on the new and old debt) of $308,511.

Lease

The District entered into a lease agreement with Farmers & Drovers Bank for the purchase of track and field improvements on June 24, 2021 for $1,000,000. One hundred and twenty monthly payments of $9,427 were scheduled beginning July 24, 2021. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the District must return the leased equipment to the lessor. Payments on this lease are made from the Capital Outlay Fund.

NOTE 10 – LONG-TERM DEBT (CONT)

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Refunding Bonds:									
Series 2008-B	4.65-6%	11/12/2009	$ 8,760,000	9/1/2022	$ 560,000	$ 0	$ 560,000	$ 0	$ 108,174
Series 2013	2.25-2.45%	5/1/2013	4,085,000	9/1/2028	4,085,000	0	0	4,085,000	0
Financing Leases:									
Track & Field	2.5%	6/24/2021	1,000,000	6/24/2031	910,859	0	91,395	819,464	21,729
Total Contractual Indebtedness					$ 5,555,859	$ 0	$ 651,395	$ 4,904,464	$ 129,903

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

	2024	2025	2026	2027	2028	2029	Total
Principal:							
Series 2013	$ 560,000	$ 610,000	$ 655,000	$ 705,000	$ 750,000	$ 805,000	$ 4,085,000
Lease	93,706	96,076	98,505	100,996	103,551	326,630	819,464
Total Prin.	653,706	706,076	753,505	805,996	853,551	1,131,630	4,904,464
Interest							
Series 2013	88,854	75,691	61,460	45,719	28,535	9,861	310,120
Lease	19,418	17,048	14,619	12,128	9,573	12,742	85,528
Total Int.	108,272	92,739	76,079	57,847	38,108	22,603	395,648
Total P&I	$ 761,978	$ 798,815	$ 829,584	$ 863,843	$ 891,659	$ 1,154,233	$ 5,300,112

NOTE 11 - ESSER

The CARES Act included Elementary and Secondary School Emergency Relief (ESSER) Funds for K-12 schools. The ESSER grants will provide school districts with emergency relief funds to address the impact COVID19 has had on elementary and secondary schools. It is being allocated to the Districts in three phases, ESSER I, II, and III. The ESSER I under the Cares Act began in March 2020, the ESSER II under the CRRSA Act began in December 2020, and the ESSER III under the ARP Act began in March 2021. The District was allocated $107,215 for ESSER I, $524,573 for ESSER II, and $1,178,947 for ESSER III. As of June 30, 2023, the District has expended $107,215 of ESSER I, $455,029 of ESSER II funds, and $802,943 of ESSER III funds.

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date that the financial statement was available to be issued.

REGULATORY-REQUIRED

SUPPLEMENTARY INFORMATION

Unified School District No. 417
Morris County, Kansas

Schedule 1

Schedule of Expenditures-Actual and Budget
Regulatory Basis
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)
General Funds						
General	$ 7,508,071	$ (329,054)	$ 42,372	$ 7,221,389	$ 7,221,462	$ 73
Supplemental General	2,494,563	(98,467)	14,477	2,410,573	2,410,572	(1)
Special Purpose Funds						
At Risk (4 yr old)	315,000			315,000	96,060	(218,940)
At Risk	1,377,645			1,377,645	1,041,585	(336,060)
Bilingual	115,000			115,000	45,714	(69,286)
Virtual	10,000			10,000	1,750	(8,250)
Capital Outlay	2,547,295			2,547,295	493,886	(2,053,409)
Driver Training	51,145			51,145	23,829	(27,316)
Extraordinary School Prog	97,797			97,797	31,012	(66,785)
Food Service	961,463			961,463	810,921	(150,542)
Professional Development	318,374			318,374	39,683	(278,691)
Special Education	2,066,732			2,066,732	1,390,585	(676,147)
Career & Postsecondary	658,835			658,835	237,057	(421,778)
KPERS Retirement	886,578			886,578	800,569	(86,009)
Bond & Interest Funds						
Bond & Interest	668,174			668,174	668,174	0

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-A

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

GENERAL FUND

	Actual	Budget	Variance Over (Under)
Receipts:			
Mineral Tax	$ 1,767	$ 0	$ 1,767
State Aid	6,268,624	6,380,071	(111,447)
Special Ed Pass Through	908,699	1,128,000	(219,301)
Reimbursed & misc income	42,372	0	42,372
Total Receipts	7,221,462	7,508,071	(286,609)
Expenditures			
Instruction	2,467,821	2,851,974	(384,153)
Student Support	95,421	187,625	(92,204)
Instructional Support	130,642	139,770	(9,128)
General Administration	361,796	351,269	10,527
School Administration	719,458	574,598	144,860
Central Services	161,346	166,216	(4,870)
Operations & Maintenance	112,317	113,352	(1,035)
Student transportation	331,787	318,267	13,520
Operating Transfers	2,840,874	2,805,000	35,874
Adjustment to Comply with Legal Max	0	(329,054)	329,054
Total legal general fund budget	7,221,462	7,179,017	42,445
Adjustment for qualifying budget credits	0	42,372	(42,372)
Total Expenditures	7,221,462	$ 7,221,389	$ 73
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	$ 0		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-B

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

SUPPLEMENTAL GENERAL FUND

	Actual	Budget	Variance Over (Under)
Receipts:			
County tax	$ 1,406,358	$ 1,373,662	$ 32,696
State Aid	903,089	940,201	(37,112)
Reimbursed Expense	14,477	0	14,477
Total Receipts	2,323,924	2,313,863	10,061
Expenditures			
Instruction	625,743	551,982	73,761
Student Support	26,222	10,000	16,222
Instructional Support	21,714	19,000	2,714
General Administration	175,174	151,100	24,074
School Administration	15,364	9,500	5,864
Operations & Maintenance	926,114	895,419	30,695
Student Transportation	246,088	394,917	(148,829)
Operating Transfers	374,153	462,645	(88,492)
Adjustment to Comply with Legal Max	0	(98,467)	98,467
Total legal supplemental general fund budget	2,410,572	2,396,096	14,476
Adjustment for qualifying budget credits	0	14,477	(14,477)
Total Expenditures	2,410,572	$ 2,410,573	$ (1)
Receipts Over (Under) Expenditures	(86,648)		
Unencumbered Cash, July 1	180,700		
Prior Period Adjustment	(48,288)		
Unencumbered Cash, June 30	$ 45,764		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-C

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

AT RISK (4 YR OLD)

	Actual	Budget	Variance Over (Under)
Receipts:			
Operating Transfers	$ 147,268	$ 200,000	$ (52,732)
Other	0	0	0
Total Receipts	147,268	200,000	(52,732)
Expenditures			
Instruction	89,284	308,000	(218,716)
Student Transportation	6,776	7,000	(224)
Total Expenditures	96,060	$ 315,000	$ (218,940)
Receipts Over (Under) Expenditures	51,208		
Unencumbered Cash, July 1	115,001		
Unencumbered Cash, June 30	$ 166,209		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-D

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

AT RISK

	Actual	Budget	Variance Over (Under)
Receipts:			
Operating Transfers	$ 1,304,205	$ 1,277,645	$ 26,560
Other Receipts	0	0	0
Total Receipts	1,304,205	1,277,645	26,560
Expenditures			
Instruction	920,996	1,207,645	(286,649)
Student Support	120,589	170,000	(49,411)
Student Transportation	0	0	0
Total Expenditures	1,041,585	$ 1,377,645	$ (336,060)
Receipts Over (Under) Expenditures	262,620		
Unencumbered Cash, July 1	99,999		
Unencumbered Cash, June 30	$ 362,619		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-E

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

BILINGUAL

	Actual	Budget	Variance Over (Under)
Receipts:			
Other Receipts	$ 0	$ 0	$ 0
Operating Transfers	12,954	65,000	(52,046)
Total Receipts	12,954	65,000	(52,046)
Expenditures			
Instruction	45,714	115,000	(69,286)
Student support	0	0	0
Total Expenditures	45,714	$ 115,000	$ (69,286)
Receipts Over (Under) Expenditures	(32,760)		
Unencumbered Cash, July 1	49,999		
Unencumbered Cash, June 30	$ 17,239		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-F

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

VIRTUAL

	Actual	Budget	Variance Over (Under)
Receipts:			
Other Receipts	$ 0	$ 0	$ 0
Operating Transfers	5,511	10,000	(4,489)
Total Receipts	5,511	10,000	(4,489)
Expenditures			
Instruction	1,750	10,000	(8,250)
Other	0	0	0
Total Expenditures	1,750	$ 10,000	$ (8,250)
Receipts Over (Under) Expenditures	3,761		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	$ 3,761		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-G

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

CAPITAL OUTLAY

	Actual	Budget	Variance Over (Under)
Receipts:			
County taxes	$ 648,529	$ 644,627	$ 3,902
State Aid	130,354	130,451	(97)
Other Receipts	58,927	69,000	(10,073)
Operating Transfers	0	0	0
Total Receipts	837,810	844,078	(6,268)
Expenditures			
Capital Outlay	380,762	2,547,295	(2,166,533)
Lease principal & interest	113,124	0	113,124
Total Expenditures	493,886	$ 2,547,295	$ (2,053,409)
Receipts Over (Under) Expenditures	343,924		
Unencumbered Cash, July 1	1,703,217		
Prior Period Adjustment	(329,124)		
Unencumbered Cash, June 30	$ 1,718,017		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-H

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

DRIVER TRAINING

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 4,480	$ 6,750	$ (2,270)
Other Receipts	16,902	8,075	8,827
Operating Transfers	0	0	0
Total Receipts	21,382	14,825	6,557
Expenditures			
Instruction	18,766	41,645	(22,879)
Vehicle Operation	5,063	9,500	(4,437)
Total Expenditures	23,829	$ 51,145	$ (27,316)
Receipts Over (Under) Expenditures	(2,447)		
Unencumbered Cash, July 1	36,320		
Unencumbered Cash, June 30	$ 33,873		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-I

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

EXTRAORDINARY SCHOOL PROGRAM

	Actual	Budget	Variance Over (Under)
Receipts:			
Tuition	$ 15,988	$ 13,000	$ 2,988
Other Receipts	8,200	0	8,200
Operating Transfers	0	30,000	(30,000)
Total Receipts	24,188	43,000	(18,812)
Expenditures			
Instructional	31,012	97,797	(66,785)
Other	0	0	0
Total Expenditures	31,012	$ 97,797	$ (66,785)
Receipts Over (Under) Expenditures	(6,824)		
Unencumbered Cash, July 1	54,795		
Unencumbered Cash, June 30	$ 47,971		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-J

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

FOOD SERVICE

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 5,029	$ 5,200	$ (171)
Federal Aid	498,352	383,458	114,894
Meal Receipts	216,023	326,800	(110,777)
Reimbursements	20,149	50,000	(29,851)
Operating Transfers	0	0	0
Total Receipts	739,553	765,458	(25,905)
Expenditures			
Food Service	810,921	961,463	(150,542)
Adjustment for qualifying budget credits	0	0	0
Total Expenditures	810,921	$ 961,463	$ (150,542)
Receipts Over (Under) Expenditures	(71,368)		
Unencumbered Cash, July 1	196,005		
Unencumbered Cash, June 30	$ 124,637		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-K

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

PROFESSIONAL DEVELOPMENT

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 7,020	$ 7,500	$ (480)
Other receipts	0	0	0
Operating Transfers	0	50,000	(50,000)
Total Receipts	7,020	57,500	(50,480)
Expenditures			
Professional Development	39,683	318,374	(278,691)
Other	0	0	0
Total Expenditures	39,683	$ 318,374	$ (278,691)
Receipts Over (Under) Expenditures	(32,663)		
Unencumbered Cash, July 1	260,874		
Prior Period Adjustment	(5,242)		
Unencumbered Cash, June 30	$ 222,969		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-L

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

SPECIAL EDUCATION

	Actual	Budget	Variance Over (Under)
Receipts:			
Other Receipts	$ 42,821	$ 0	$ 42,821
Operating Transfers	1,308,699	1,280,000	28,699
Total Receipts	1,351,520	1,280,000	71,520
Expenditures			
Instruction	1,366,164	1,716,058	(349,894)
Student Support	0	85,174	(85,174)
Instructional Support	0	0	0
Transportation	24,421	265,500	(241,079)
Total Expenditures	1,390,585	$ 2,066,732	$ (676,147)
Receipts Over (Under) Expenditures	(39,065)		
Unencumbered Cash, July 1	786,731		
Unencumbered Cash, June 30	$ 747,666		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-M

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

CAREER AND POSTSECONDARY EDUCATION

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	$ 15,646	$ 20,300	$ (4,654)
Federal Aid	1,236	6,000	(4,764)
Other Receipts	0	5,000	(5,000)
Operating Transfers	200,000	355,000	(155,000)
Total Receipts	216,882	386,300	(169,418)
Expenditures			
Instruction	217,928	548,835	(330,907)
Student Support	0	50,000	(50,000)
Transportation	19,129	60,000	(40,871)
Other Support	0	0	0
Total Expenditures	237,057	$ 658,835	$ (421,778)
Receipts Over (Under) Expenditures	(20,175)		
Unencumbered Cash, July 1	272,534		
Prior Period Adjustment	52		
Unencumbered Cash, June 30	$ 252,411		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-N

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023

GIFTS AND GRANTS

	Current Year Actual
Receipts:	
Gifts & Grants	$ 213,780
Federal aid	156,355
Total Receipts	370,135
Expenditures	
Instruction & Programs	46,702
Federal program	220,194
Other	0
Total Expenditures	266,896
Receipts Over (Under) Expenditures	103,239
Unencumbered Cash, July 1	(69,078)
Unencumbered Cash, June 30	$ 34,161

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-O

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

KPERS RETIREMENT

	Actual	Budget	Variance Over (Under)
Receipts:			
KPERS Employer Contributions	$ 800,569	$ 886,578	$ (86,009)
Other	0	0	0
Total Receipts	800,569	886,578	(86,009)
Expenditures			
KPERS Employee Benefits	800,569	886,578	(86,009)
Other	0	0	0
Total Expenditures	800,569	$ 886,578	$ (86,009)
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	$ 0		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-P

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023

CONTINGENCY RESERVE

	Current Year Actual
Receipts:	
Operating Transfers	$ 236,390
Other Receipts	0
Total Receipts	236,390
Expenditures	
Expenditures	0
Other	0
Total Expenditures	0
Receipts Over (Under) Expenditures	236,390
Unencumbered Cash, July 1	783,669
Unencumbered Cash, June 30	$ 1,020,059

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-Q

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023

TEXTBOOK AND STUDENT MATERIALS

	Current Year Actual
Receipts:	
Fees & Donations	$ 36,045
Operating Transfers	0
Total Receipts	36,045
Expenditures	
Textbooks and Materials	102,962
Total Expenditures	102,962
Receipts Over (Under) Expenditures	(66,917)
Unencumbered Cash, July 1	322,012
Prior Period Adjustment	(72,046)
Unencumbered Cash, June 30	$ 183,049

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-R

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023

	TITLE I	SUPPORTING EFFECTIVE INSTRUCTION	ESSER II	SMALL & RURAL SCHOOLS	ESSER III
Receipts:					
Federal Aid	$ 127,275	$ 24,614	$ 246,284	$ 42,549	$ 705,000
Federal Aid-Title IV-reap	35,149	0	0	0	0
Total Receipts	162,424	24,614	246,284	42,549	705,000
Expenditures					
Program expenditures	193,629	24,195	249,496	31,351	361,799
Other	0	0	0	0	0
Total Expenditures	193,629	24,195	249,496	31,351	361,799
Receipts Over (Under) Expenditures	(31,205)	419	(3,212)	11,198	343,201
Unencumbered Cash, July 1	(17,422)	(2,486)	(92,401)	0	(443,633)
Prior Period Adjustment	0	(825)	0	0	0
Unencumbered Cash, June 30	$ (48,627)	$ (2,892)	$ (95,613)	$ 11,198	$ (100,432)

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 2-S

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

BOND & INTEREST

	Actual	Budget	Variance Over (Under)
Receipts:			
County Taxes	$ 1,060,784	$ 1,060,722	$ 62
State Aid	146,998	146,998	0
Other Receipts	0	0	0
Total Receipts	1,207,782	1,207,720	62
Expenditures			
Debt Service	668,174	668,174	0
Other	0	0	0
Total Expenditures	668,174	$ 668,174	$ 0
Receipts Over (Under) Expenditures	539,608		
Unencumbered Cash, July 1	1,978,736		
Unencumbered Cash, June 30	$ 2,518,344		

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 3

Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2023

AGENCY FUNDS

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Student Organization Funds				
Council Grove Jr/Sr High	$ 46,405	$ 52,852	$ 56,676	$ 42,581
Council Grove Elementary	4,449	3,236	2,738	4,947
Prairie Heights Elementary	7,826	402	383	7,845
Total Student Organizations	58,680	56,490	59,797	55,373
Employee Flexible Spending Fund	24,005	28,271	32,658	19,618
Total Agency Funds	$ 82,685	$ 84,761	$ 92,455	$ 74,991

See accompanying auditor's report.

Unified School District No. 417
Morris County, Kansas

Schedule 4

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

DISTRICT ACTIVITY FUNDS

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
School Projects						
Council Grove Jr/Sr High	$ 31,807	$ 234,923	$ 230,588	$ 36,142	$ 0	$ 36,142
Council Grove Elementary	1,583	43,549	43,650	1,482	0	1,482
Prairie Heights Elementary	1,597	16,365	16,409	1,553	0	1,553
District	0	2,294	0	2,294	0	2,294
Total Activity Funds	$ 34,987	$ 297,131	$ 290,647	$ 41,471	$ 0	$ 41,471

See accompanying auditor's report.

Cindy Jensen
Certified Public Accountant

218 W Main **620-767-5064**
Council Grove, KS 66846 **c.jensen@tctelco.net**

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

Board of Education
Unified School District No. 417
Council Grove, KS 66846

I have audited, in accordance with the 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, the financial statement of Unified School District No. 417, Morris County, 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 417's basic financial statement, and have issued my report thereon dated June 20, 2024. My report on the financial statement disclosed that, as described in Note 1 to the financial statement, Unified School District No. 417 prepares its financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting
In planning and performing my audit of the financial statement, I considered Unified School District 417's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness Unified School District No. 417's internal control. Accordingly, I do not express an opinion on the effectiveness of Unified School District No. 417'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 entity'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 the attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that I consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 417, Kansas' financial statement is free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

USD 417, Morris County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Morris County, Kansas' response to the findings identified in my audit and described in the accompany schedule of findings and questioned costs. USD 417, Morris County, Kansas' response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, I express no opinion on the response.

Purpose of this Report

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

Cindy Jensen CPA

Cindy Jensen
Certified Public Accountant
Council Grove, Kansas
June 20, 2024

Cindy Jensen
Certified Public Accountant

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Council Grove, KS 66846 **c.jensen@tctelco.net**

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

Board of Education
Unified School District No. 417
Council Grove, KS 66846

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
I have audited Unified School District No. 417, Morris County, Kansas' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Unified School District No. 417, Kansas' major federal programs for the year ended June 30, 2023. Unified School District No. 417, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Unified School District No. 417, Kansas 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 Opinion on Each Major Federal Program
I conducted my audit of compliance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Unified School District No. 417, Kansas, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Unified School District No. 417, Kansas' 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 grants agreements applicable to Unified School District No. 417, Kansas' federal programs.

Auditor's Responsibility for the Audit of Compliance
My objective is 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. 417, Kansas' compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Unified School District No. 417, Kansas' compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- obtain an understanding of Unified School District No. 417, 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. 417's' internal control of compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

My consideration of the 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 and therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be material weaknesses.

A deficiency in internal control over compliance 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, 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 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. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

My 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.

Government Auditing Standards requires the auditor to perform limited procedures on Morris County, Kansas' response to the findings identified in my audit and described in the accompany schedule of findings and questioned costs. USD 417, Morris County, Kansas' response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, I express no opinion on the response.

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

Cindy Jensen CPA

Cindy Jensen
Certified Public Accountant
Council Grove, Kansas
June 20, 2024

Unified School District No. 417
Morris County, 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 Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Rural and Low-Income School Program (REAP)	84.358	n/a	$ 31,351
Passed through from the Kansas Department of Education:			
Title I	84.010A	n/a	158,480
Career & Technical Education	84-048A	n/a	1,236
Supporting Effective Instruction	84.367A	n/a	24,195
Title IVA	84.424A	n/a	35,149
ESSER-COVID 19	84.425	n/a	671,295
Total passed through from KSDE			890,355
TOTAL U.S. DEPARTMENT OF EDUCATION			921,706
U.S. DEPARTMENT OF AGRICULTURE			
Passed through from the Kansas Department of Education:			
Child Nutrition Cluster:			
Summer Food Service Program	10.559	n/a	27,958
School Breakfast Program	10.553	n/a	96,076
National School Lunch Program	10.555	n/a	374,318
Total Child Nutrition Cluster			498,352
TOTAL U.S. DEPARTMENT OF AGRICULTURE			498,352
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through from the Kansas Department of Education:			
K-12 Covid Testing Grant-COVID 19	93.323	n/a	160,194
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			160,194
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 1,580,252

Unified School District No. 417
Morris County, Kansas

Notes to the Schedule of Expenditures of Federal Awards
June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 417, Kansas under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the Kansas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the State of Kansas regulatory basis of accounting. Expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – COST SHARE

The district is provided cost sharing amounts for certain programs. The schedule of expenditures of federal awards includes only the federal share of expenditures.

Funds where current year federal expenditures were receipted and expended are as follows:

Fund:	Amount
Title I	$ 193,629
Career & Technical Education	1,236
Supporting Effective Instruction	24,195
ESSER II & ESSER III	611,295
Food Service	498,352
Small & Rural Schools	31,351
Gifts & Grants-ESSER	60,000
Gifts & Grants-KDHE Testing Grant	160,194
	$ 1,580,252

Unified School District No. 417
Morris County, Kansas

Schedule of Findings and Questioned Costs
June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:				
In accordance with Generally Accepted Accounting Principles	Adverse			
In accordance with the Kansas Regulatory basis of accounting as described in Note 1 to the financial statement	Unmodified			
Internal control over financial reporting:				
Material weakness identified?	X	YES		NO
Significant deficiency identified?		YES	X	None reported
Noncompliance material to the financial statement noted?		YES	X	NO

FEDERAL AWARDS

Internal control over major programs:				
Material weakness identified?	X	YES		NO
Significant deficiency identified?		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 2 CFR 200.516(a)?		YES	X	NO
Identification of major programs:				
84.425 Education Stabilization Fund				
Dollar threshold used to distinguish betwee type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?		YES	X	NO

Unified School District No. 417
Morris County, Kansas

Schedule of Findings and Questioned Costs
June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

2023-001 Inadequate Segregation of Duties (Material Weakness)

Condition: Financial reporting and compliance tasks are often times being performed by one employee.

Criteria: Segregation of duties should be in place to strengthen internal control over financial reporting and compliance.

Cause: The District has administrative employees performing many tasks with little or no review.

Effect: Because many of the financial related and compliance tasks are being performed by one employee, financial reporting errors and noncompliance can occur without the issue being timely detected.

Recommendation: We recommend separating duties to the extent possible including the use of purchase requistions for all purchasing and requiring approval of all journal entries. In addition, all employees assigned with these duties should obtain relevant training.

Views of Responsible Officials & Planned Corrective Action: We agree with the recommendations and will separate duties and obtain training to the extent possible with our available resources. The superintendent and board will continue to monitor duties performed by the administrative personnel and contract for professional assistance as necessary.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2023-001 Segregation of Duties applies. See above.

SECTION IV - SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Prior Year Finding 2022-001.

Condition: Purchases were made during the prior year that exceeded the $20,000 threshold, however the bid requirements in K.S.A. 72-1151 were not followed.

Recommendation: The District should follow all applicable statues, and the governing body should approve all purchases in advance and ensure that all required processes are followed.

Current Status: The District, upon realization of this error, began making all required purchases in accordance with Kansas bid law.

Prior Year Finding 2022-002.

Condition: Included on the District's expense reports submitted to the Kansas Department of Health and Environment for grant reimbursement was a yearly lease payment for two vehicles to be used for grant purposes. However, the District actually purchases both of these vehicles in full prior to reimbursement from the State of Kansas. A portion of the vehicle purchase was charged to the grant and reimbursed for the 2021-2022 year, with the remaining cost to be submitted and reimbursed in future years, and represented as annual lease payments.

Recommendation: The District should fully follow grant requirements to ensure only allowable costs are charged to the grant and follow Kansas bid law.

Current Status: The Distrct disagreed with this finding. However to ensure that they follow the letter and spirit of the law and grant requirements, they implemented policiies to require approval for such expenditures made in short succession and for the bid process to be followed. In the interest of transparency, no further lease payments were claimed for reimbursement.