UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

For the Fiscal Year Ended June 30, 2022

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

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

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OSWEGO, KANSAS

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Diehl
Banwart
Bolton
Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District #504
Oswego, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis, of the Unified School District #504 (District), Oswego, Kansas as of and for the fiscal year ended June 30, 2022 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, 2022 or changes in financial positions and cash flows thereof for the fiscal year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District #504, Oswego, Kansas as of June 30, 2022, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the June 30, 2022 summary statement of receipts, expenditures, and unencumbered cash balances – regulatory basis (financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, schedule of receipts and expenditures – agency funds – regulatory basis and the schedule of receipts, expenditures, and unencumbered cash – district activity funds – regulatory basis (Schedules 1, 2, 3 and 4 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Prior Year Comparative Numbers

The 2021 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and was not a required part of the 2021 financial statement upon which we rendered an unmodified opinion dated January 26, 2022. The 2021 financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. Such 2021 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 comparative information is fairly stated in all material respects in relation to the 2021 basic financial statement as a whole, on the basis of accounting described in Note 1.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

February 17, 2023
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	$ -	$ 4,069,770	$ 4,069,770	$ -	$ 27,552	$ 27,552
Supplemental General	30,846	1,316,031	1,307,574	39,303	28,364	67,667
Special Purpose Funds:						
4 Yr Old At Risk	35,596	87,267	87,840	35,023	-	35,023
K-12 At Risk	187,387	554,786	461,468	280,705	-	280,705
Bilingual Education	763	-	-	763	-	763
Capital Outlay	543,549	233,276	111,751	665,073	-	665,073
Driver Education	29,339	-	-	29,339	-	29,339
Food Service	80,283	397,537	355,681	122,139	4,315	126,455
Professional Development	35,388	-	6,172	29,217	196	29,412
Parent Education	11,620	-	-	11,620	-	11,620
Special Education	339,922	600,023	765,374	174,571	3,844	178,415
Career and Postsecondary Education	132,513	125,000	125,056	132,457	227	132,683
KPERS Special Education	-	489,727	489,727	-	-	-
Recreation Commission	36,009	31,217	35,000	32,227	-	32,227
Contingency Reserve	324,980	-	-	324,980	-	324,980
Title I	8,546	126,032	124,625	9,953	-	9,953
Cares Act	-	-	-	-	-	-
ESSER	-	175,781	188,733	(12,952)	16,569	3,617
Kansas Safe School Grant	-	-	-	-	-	-
REAP Grant	-	32,235	33,715	(1,480)	-	(1,480)
Title II	-	11,553	11,553	-	-	-
21st Century	36,823	83,234	134,805	(14,748)	5,392	(9,356)
EMINTS Grant	-	40,737	39,787	950	9	959
COVID Testing	-	5,197	2,217	2,980	-	2,980
E-Rate Fiber Project	-	-	-	-	-	-
Gifts and Grants	-	-	-	-	-	-
District Activity Funds	4,566	23,185	26,392	1,359	-	1,359
Bond and Interest Fund	275,378	259,394	186,109	348,663	-	348,663
Trust Funds:						
Scholarships	176,531	645	3,100	174,076	-	174,076
Total Entity (Excluding Agency Funds)	$ 2,290,039	$ 8,662,628	$ 8,566,451	$ 2,386,216	$ 86,468	$ 2,472,684

Composition of Cash	
District Checking Accounts	$ 2,295,750
Activity Checking Accounts	69,937
Petty Cash	1,500
Scholarship Checking Accounts	106,076
Scholarship Certificates of Deposit	68,000
Total Cash	2,541,263
Agency Funds per Schedule 3	(68,578)
Total Reporting Entity	$ 2,472,684

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Unified School District #504, Oswego, Kansas (District), has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies follow. Note 1 describes how the District's accounting policies differ from accounting policies generally accepted in the United States of America.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. This financial statement presents Unified School District #504 (the primary government). The District has developed criteria to determine whether outside agencies, with activities which benefit the members of the District, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises financial accountability, selection of governing authority, designation of management, ability to significantly influence operations, scope of public service and special financing relationships. Based on the above criteria, the District has determined that no outside agency meets the criteria; therefore, no outside agency has been included as a related municipal entity in this financial statement.

Basis of Presentation - Fund Accounting

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

The following types of funds comprise the financial activities of the Unified School District #504:

GOVERNMENTAL FUNDS

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting – (Continued)

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

FIDUCIARY FUNDS

Agency Funds – funds used to report assets held by the District in a purely custodial capacity.

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

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

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

Budgetary Information

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

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments in the fiscal year ending June 30, 2022. The General Fund and Supplemental General Fund budgets were reduced to the legal maximum by the Kansas Department of Education.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund as regulatory required supplemental information 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. Encumbrances are commitments of the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Expenditures which are reimbursed by third parties result in budget credits which increase the spending authority by the amount of the reimbursement. Any unused budgeted expenditure authority lapses at year-end.

Legal operating budgets are not required in the following special purpose funds: Contingency Reserve, Title I, CARES Act, ESSER, Kansas Safe School Grant, Reap Grant, Title II, 21st Century, E-Mints, Covid Testing, E-Rate Fiber Project, Gifts and Grants, or District Activity or Scholarship funds.

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

Cash and Investments

Cash and investments include money market checking accounts, and certificates of deposit. Kansas statutes permit investment in savings accounts, certificates of deposit, repurchase agreements, and obligations of the U.S. Treasury and the Kansas Municipal Investment Pool.

Compensated Absences

Full-time non-certified employees are eligible for vacation benefits ranging from 10 to 20 days a year. Employees are not allowed to accumulate and carry forward vacation benefits past their anniversary date and are not paid for them when they terminate employment.

Employees can accrue 10-12 days of sick leave each year. Up to 60 days of unused leave may be accumulated and carried over. Upon retirement certified staff with the District are paid for accumulated leave at the rate of 50% of the substitute teacher pay rate. That amount currently calculates to $50.00 per unused sick day.

The District accrues a liability for compensated absences which meet the following criteria:

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

Based upon the above criteria the District has not determined a liability for vacation or sick pay.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The financial statement and regulatory required supplementary information have been prepared in order to show compliance with the cash basis and budget laws of Kansas. The negative balance in the ESSER, REAP Grant, and 21st Century Funds are not cash basis violations because these amounts will be reimbursed. As shown, there were no apparent violations of the cash basis and budget laws of Kansas.

3. CASH IN BANK AND DEPOSITORY SECURITY

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2022, as detailed in the table below.

At June 30, 2022 the District's carrying amount of deposits was $2,541,263 and the bank balance was $2,839,601. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $411,089 was covered by federal depository insurance, $2,428,512 was collateralized by securities with a market value of $2,953,047 held by the pledging financial institutions' agents in the District's name. The District's bank deposits, FDIC coverage, and pledged securities are detailed in the chart below.

3. CASH IN BANK AND DEPOSITORY SECURITY (Continued)

FINANCIAL INSTITUTIONS

RISK CATEGORIES		LABETTE BANK	COMMERCIAL BANK	TOTALS
(1)	FDIC Insurance	$ 161,089	$ 250,000	$ 411,089
(1)	Collateralized with pledged securities held in the District's account	-	2,428,512	2,428,512
(2)	Collateralized with pledged securities in Bank's account	-	-	-
(3)	Uncollateralized	-	-	-
TOTAL BANK BALANCES		$ 161,089	$ 2,678,512	$ 2,839,601
Total Market Value of Pledged Securities		$ -	$ 2,953,047	$ 2,953,047

4. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received $200,257 subsequent to June 30, 2022, and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

5. PENSION PLAN

General Information about the Pension Plan

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

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

5. PENSION PLAN (Continued)

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 15.59 % and 14.23% respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate were 14.83% and 13.33% 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. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2021.

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 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 $489,727 for the year ended June 30, 2022.

Net Pension Liability

At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was $3,967,131. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. 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, 2021. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of 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.

6. RISK MANAGEMENT

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

7. CONTINGENCIES

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

8. TRANSFERS

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Special Education	KSA 72-3422	$426,987
General	K-12 At Risk	KSA 72-5153	384,480
General	4 Yr Old At Risk	KSA 72-5154	46,800
Supplemental General	Special Education	KSA 72-3422	171,911
Supplemental General	K-12 At Risk	KSA 72-5153	170,306
Supplemental General	Career & Postsecondary Education	KSA 72-5162	125,000

9. POST EMPLOYMENT BENEFITS

Participation in Group Health Insurance Plan

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan until they reach age 65. 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 premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

10. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to June 30, 2022 through February 17, 2023, the date the financial statement was available for issue. On September 1, 2022, the District called $2,110,000 of Series 2012 Bonds. These bonds had been refunded on January 19, 2022. The refunding amounts were held in Escrow until September 1, 2022, and the District was contingently liable on the bonds until then. During this period, there were no other subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statements.

11. LONG TERM DEBT

Attached are schedules detailing changes in long-term debt and its maturity. On January 19, 2022, the District issued $2,235,000 in refunding bonds. These bonds were used to refund $2,110,000 in Series 2012 bonds. The savings from refunding these bonds was $63,832. The net present value of these savings was $56,834. The total costs to issue the refunding bonds was $39,576.

Schedule of Changes in Long-Term Debt

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances Beginning of Year	Additions / New Debt	Reductions / PrincipalPaid	Balances End of Year	Interest Paid
General Obligation Bonds									
Series 2012	3.00-3.60%	6/26/2013	3,250,000	9/1/2033	$ 2,405,000	$ -	$ 2,255,000	$ 150,000	$ 41,109
Series 2022-A Refunding	0.9-2.50%	1/19/2022	2,235,000	9/1/2033	-	2,235,000	-	2,235,000	-
					$ 2,405,000	$ 2,235,000	$ 2,255,000	$ 2,385,000	$ 41,109

Schedule of Maturities in Long-Term Debt

Fiscal Year Ended June 30,	2023	2024	2025	2026	2027	2028 2032	2033 2037	Totals
PRINCIPAL								
General Obligation Bonds								
Series 2013	$ 150,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 150,000
Series 2022-A Refunding	30,000	175,000	180,000	185,000	190,000	1,020,000	455,000	2,235,000
Total Principal	180,000	175,000	180,000	185,000	190,000	1,020,000	455,000	2,385,000
INTEREST								
General Obligation Bonds								
Series 2013	$ 4,500	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,500
Series 2022-A Refunding	53,121	41,797	40,266	37,989	35,080	117,797	12,057	338,107
Total Interest	57,621	41,797	40,266	37,989	35,080	117,797	12,057	342,607
Total Principal and Interest	$ 237,621	$ 216,797	$ 220,266	$ 222,989	$ 225,080	$ 1,137,797	$ 467,057	$ 2,727,607

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

Schedule 1

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Funds:						
General	$ 4,247,636	$ (285,184)	$ 107,318	$ 4,069,770	$ 4,069,770	$ -
Supplemental General	1,401,696	(94,122)	-	1,307,574	1,307,574	-
Special Purpose Funds:						
4 Yr Old At Risk	120,935	-	-	120,935	87,840	(33,095)
K-12 At Risk	984,521	-	-	984,521	461,468	(523,053)
Bilingual Education	763	-	-	763	-	(763)
Capital Outlay	775,000	-	-	775,000	111,751	(663,249)
Driver Education	31,950	-	-	31,950	-	(31,950)
Food Service	461,350	-	-	461,350	355,681	(105,669)
Professional Development	44,700	-	-	44,700	6,172	(38,528)
Parent Education	18,500	-	-	18,500	-	(18,500)
Special Education	930,650	-	-	930,650	765,374	(165,276)
Career and Postsecondary Education	185,115	-	-	185,115	125,056	(60,059)
KPERS Special Retirement	556,386	-	-	556,386	489,727	(66,659)
Recreation Commission	47,615	-	-	47,615	35,000	(12,615)
Bond and Interest Fund	220,593	-	-	220,593	186,109	(34,484)
	10,027,410					

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ -	-	$ -	$ -
Delinquent tax	-	-	-	-
Mineral tax	-	-	-	-
Reimbursement	172,376	107,318	-	107,318
Interest	-	-	-	-
State Sources				
General aid	3,818,088	3,433,134	3,715,930	(282,796)
Special education aid	510,583	529,318	531,706	(2,388)
Total Cash Receipts	4,501,047	4,069,770	$ 4,247,636	$ (177,866)
Expenditures				
Instruction	1,808,228	1,902,295	$ 1,648,217	$ 254,078
Support Services				
Student Support	162,818	118,742	113,654	5,088
Instructional Support	110,010	56,997	58,100	(1,103)
General Administration	245,667	223,763	167,335	56,428
School Administration	388,523	136,927	373,105	(236,178)
Operations and Maintenance	509,685	470,051	434,300	35,751
Transportation	218,890	242,899	192,025	50,874
Central Services	58,804	59,830	58,825	1,005
Operating transfers to Other Funds				
Food Service	27,646	-	-	-
4 Yr Old At Risk	2,652	46,800	28,235	18,565
K-12 At Risk	329,076	384,480	622,134	(237,654)
Special Education	635,698	426,987	531,706	(104,719)
Career and Postsecondary Education	-	-	20,000	(20,000)
Capital Outlay	3,350	-	-	-
Adjustments to Budget to Comply with				
Legal Maximum Budget	-	-	(285,184)	285,184
Adjustment for Reimbursed Expenses	-	-	107,318	(107,318)
Total Expenditures Subject to Budget	4,501,047	4,069,770	$ 4,069,770	$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
SUPPLEMENTAL GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 243,665	$ 238,250	$ 230,944	$ 7,306
Delinquent tax	6,789	9,843	11	9,832
Motor vehicle tax	35,298	33,160	30,703	2,457
Recreational vehicle tax	292	356	310	46
Operating transfer from Contingency Reserve	-	-	-	-
State Sources				
Supplemental aid	1,044,272	1,034,422	1,108,882	(74,460)
Operating Transfers from Other Funds				
Contingency Reserve	-	-	-	-
Total Cash Receipts	1,330,316	1,316,031	$ 1,370,850	$ (54,819)
Expenditures				
Instruction	430,541	365,572	$ 670,246	$ (304,674)
Support Services				
Student Support	35,348	19,896	35,000	(15,104)
Instructional Support	20,732	12,093	29,950	(17,857)
General Administration	65,374	40,563	94,900	(54,337)
School Administration	56,998	300,734	71,200	229,534
Operations and Maintenance	162,158	101,498	215,400	(113,902)
Transportation	-	-	-	-
Central Services	-	-	-	-
Operating transfers to Other Funds				
Professional Development	22,287	-	35,000	(35,000)
Parent Education	8,500	-	-	-
Food Service	10,165	-	25,000	(25,000)
Special Education	124,035	171,911	-	171,911
Career and Postsecondary Education	125,000	125,000	35,000	90,000
4 Yr Old At Risk	27,000	-	15,000	(15,000)
K - 12 At Risk	220,309	170,306	175,000	(4,694)
Adjustments to Budget to Comply with Legal Maximum Budget	-	-	(94,122)	94,122
Total Expenditures Subject to Budget	1,308,447	1,307,574	$ 1,307,574	$ -
Receipts Over (Under) Expenditures	21,869	8,457		
Unencumbered Cash, Beginning	8,977	30,846		
Unencumbered Cash, Ending	$ 30,846	$ 39,303		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
4 YR OLD AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 34,894	$ 40,467	$ 43,000	$ (2,533)
Operating Transfer from Other Funds				
Supplemental General	27,000	-	15,000	
General	2,651	46,800	28,235	18,565
Total Cash Receipts	64,545	87,267	$ 86,235	$ 16,032
Expenditures				
Instruction	63,017	87,840	$ 120,935	$ (33,095)
Other Supplemental Services	-	-	-	-
Total Expenditures Subject to Budget	63,017	87,840	$ 120,935	$ (33,095)
Receipts Over (Under) Expenditures	1,528	(573)		
Unencumbered Cash, Beginning	34,068	35,596		
Unencumbered Cash, Ending	$ 35,596	$ 35,023		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
K-12 AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
Summer School	-	-	-	-
General	329,076	384,480	622,134	(237,654)
Supplemental General	220,310	170,306	175,000	(4,694)
Total Cash Receipts	549,386	554,786	$ 797,134	$ (242,348)
Expenditures				
Instruction	549,386	461,468	$ 984,521	$ (523,053)
Instructional Support	-	-	-	-
Total Expenditures Subject to Budget	549,386	461,468	$ 984,521	$ (523,053)
Receipts Over (Under) Expenditures	-	93,318		
Unencumbered Cash, Beginning	187,387	187,387		
Unencumbered Cash, Ending	$ 187,387	$ 280,705		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
BILINGUAL EDUCATION
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
General	-	-	-	-
Supplemental General	-	-	-	-
Total Cash Receipts	-	-	$ -	$ -
Expenditures				
Instruction	-	-	$ 763	$ (763)
Instructional Support	-	-	-	-
Total Expenditures Subject to Budget	-	-	$ 763	$ (763)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	763	763		
Unencumbered Cash, Ending	$ 763	$ 763		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CAPITAL OUTLAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 107,973	$ 106,122	$ 112,473	$ (6,351)
Delinquent tax	2,829	4,290	5	4,285
Motor vehicle tax	15,242	14,600	13,524	1,076
Recreational vehicle tax	126	157	136	21
Interest on idle funds	2,195	2,269	6,000	(3,731)
Miscellaneous	-	15,804	9,000	6,804
State Sources				
State Aid	86,829	90,035	96,566	(6,531)
Operating Transfer from Other Funds				
General	3,350	-	-	-
Total Cash Receipts	218,544	233,276	$ 237,704	$ (4,428)
Expenditures				
Instruction	4,673	7,380	$ 55,000	$ (47,620)
Support Services	109,217	40,069	505,000	(464,931)
Facility Acquisition and Construction	103,982	64,303	215,000	(150,698)
Total Expenditures Subject to Budget	217,872	111,751	$ 775,000	$ (663,249)
Receipts Over (Under) Expenditures	672	121,524		
Unencumbered Cash, Beginning	542,877	543,549		
Unencumbered Cash, Ending	$ 543,549	$ 665,073		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
DRIVER EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ -	$ -	$ -	$ -
State Sources				
State aid	-	-	3,000	(3,000)
Operating Transfer from Other Funds				
General	-	-	-	-
Total Cash Receipts	-	-	$ 3,000	$ (3,000)
Expenditures				
Instruction	-	-	$ 30,000	$ (30,000)
Support Services				
Operations and Maintenance	-	-	1,950	(1,950)
Total Expenditures Subject to Budget	-	-	$ 31,950	$ (31,950)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	29,339	29,339		
Unencumbered Cash, Ending	$ 29,339	$ 29,339		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
FOOD SERVICE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Students	$ 8,317	$ 4,588	$ 11,485	$ (6,897)
Adults	10,970	9,121	53,390	
Interest on idle funds	80	132	125	7
Other	-	421	-	421
State Sources				
State Aid	2,747	2,443	2,412	31
Federal Sources				
Child nutrition aid	300,759	372,483	288,870	83,613
Other grants	15,185	8,349	-	8,349
Operating Transfer from Other Funds				
Supplemental General	10,165	-	25,000	(25,000)
General	27,646	-	-	-
Total Cash Receipts	375,869	397,537	$ 381,282	$ 60,525
Expenditures				
Support Services				
Operations and Maintenance	372,603	355,681	$ 461,350	$ (105,669)
Total Expenditures Subject to Budget	372,603	355,681	$ 461,350	$ (105,669)
Receipts Over (Under) Expenditures	3,266	41,857		
Unencumbered Cash, Beginning	77,017	80,283		
Unencumbered Cash, Ending	$ 80,283	$ 122,139		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	-	$ -	$ -
State Sources				
State Aid	5,066	-	-	-
Operating Transfer from Other Funds				
General	-	-	-	-
Supplemental General	22,287	-	35,000	(35,000)
Total Cash Receipts	27,353	-	$ 35,000	$ (35,000)
Expenditures				
Support Services				
Instructional Support Staff	22,088	6,172	$ 44,700	$ (38,528)
Other Supplemental Services	-	-	-	-
Total Expenditures Subject to Budget	22,088	6,172	$ 44,700	$ (38,528)
Receipts Over (Under) Expenditures	5,265	(6,172)		
Unencumbered Cash, Beginning	30,123	35,388		
Prior Year Cancelled Encumbrance	-	-		
Unencumbered Cash, Ending	$ 35,388	$ 29,217		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
PARENT EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Federal Sources				
Federal Aid	$ -	$ -	$ 7,500	$ (7,500)
Operating Transfer from Other Funds				
Supplemental General	8,500	-	-	-
General	-	-	-	-
Total Cash Receipts	8,500	-	$ 7,500	$ (7,500)
Expenditures				
Instruction	-	-	$ -	$ -
Support Services	8,000	-	18,500	(18,500)
Total Expenditures Subject to Budget	8,000	-	$ 18,500	$ (18,500)
Receipts Over (Under) Expenditures	500	-		
Unencumbered Cash, Beginning	11,120	11,620		
Unencumbered Cash, Ending	$ 11,620	$ 11,620		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
SPECIAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 1,000	$ 1,125	$ -	$ 1,125
Medicaid	-	-	60,000	(60,000)
Federal Sources				
Federal Aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	124,035	171,911	-	171,911
General	635,698	426,987	531,706	(104,719)
Total Cash Receipts	760,733	600,023	$ 591,706	$ 8,317
Expenditures				
Instruction	680,650	681,228	$ 850,800	$ (169,572)
Support Services				
Instructional Support	-	-	-	-
Transportation	74,795	84,146	79,850	4,295
Total Expenditures Subject to Budget	755,445	765,374	$ 930,650	$ (165,276)
Receipts Over (Under) Expenditures	5,288	(165,351)		
Unencumbered Cash, Beginning	334,634	339,922		
Unencumbered Cash, Ending	$ 339,922	$ 174,571		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CAREER AND POSTSECONDARY EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	-	$ -	$ -
State Sources				
State aid	-	-	-	-
Federal Sources				
Federal aid	-	-	-	-
Operating Transfer from Other Funds				
Supplemental General	125,000	125,000	20,000	105,000
General	-	-	35,000	(35,000)
Total Cash Receipts	125,000	125,000	$ 55,000	$ 70,000
Expenditures				
Instruction	124,652	125,056	$ 158,365	$ (33,309)
Other Support Services	-	-	6,750	(6,750)
Transportation	-	-	20,000	(20,000)
Total Expenditures Subject to Budget	124,652	125,056	$ 185,115	$ (60,059)
Receipts Over (Under) Expenditures	348	(56)		
Unencumbered Cash, Beginning	132,165	132,513		
Unencumbered Cash, Ending	$ 132,513	$ 132,457		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 493,469	$ 489,727	$ 556,386	$ (66,659)
Operating Transfer from Other Funds				
General	-	-	-	-
Total Cash Receipts	493,469	489,727	$ 556,386	$ (66,659)
Expenditures				
Instruction	329,835	327,334	$ 371,888	$ (44,554)
Student Support	19,245	19,099	21,699	(2,600)
Instructional Support	7,501	7,444	8,457	(1,013)
General Administration	29,855	29,629	33,661	(4,032)
School Administration	48,705	48,336	54,915	(6,579)
Central Services	-	-	-	-
Operations and Maintenance	30,052	29,824	33,884	(4,060)
Trasnportation	12,682	12,586	14,300	(1,714)
Food Service	15,594	15,475	17,582	(2,107)
Total Expenditures Subject to Budget	493,469	489,727	$ 556,386	$ (66,659)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
RECREATION COMMISSION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 26,994	$ 26,456	$ 28,121	$ (1,665)
Delinquent tax	723	1,072	1	1,071
Motor vehicle tax	3,810	3,650	3,382	268
Recreational vehicle tax	31	39	34	5
Total Cash Receipts	31,558	31,217	$ 31,538	$ (1,665)
Expenditures				
Community Service Operations	30,000	35,000	$ 47,615	$ (12,615)
Total Expenditures Subject to Budget	30,000	35,000	$ 47,615	$ (12,615)
Receipts Over (Under) Expenditures	1,558	(3,783)		
Unencumbered Cash, Beginning	34,451	36,009		
Unencumbered Cash, Ending	$ 36,009	$ 32,227		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating transfer from Other Funds		
General	$ -	$ -
Total Cash Receipts	-	-
Expenditures		
Operating transfer to		
Supplemental General	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	324,980	324,980
Unencumbered Cash, Ending	$ 324,980	$ 324,980

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
TITLE I FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 125,950	$ 126,032
Total Cash Receipts	125,950	126,032
Expenditures		
Instruction	124,678	124,625
General Administration	-	-
Total Expenditurs	124,678	124,625
Receipts Over (Under) Expenditures	1,272	1,407
Unencumbered Cash, Beginning	7,274	8,546
Unencumbered Cash, Ending	$ 8,546	$ 9,953

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
CARES ACT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
ESSER Aid	$ 94,115	$ -
SPARK Aid	71,008	-
Total Cash Receipts	165,123	-
Expenditures		
Program Expenditures	157,110	-
Total Expenditurs	157,110	-
Receipts Over (Under) Expenditures	8,013	-
Unencumbered Cash, Beginning	(8,013)	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
ESSER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
ESSER Aid	$ -	$ 175,781
Total Cash Receipts	-	175,781
Expenditures		
Program Expenditures	-	188,733
Total Expenditurs	-	188,733
Receipts Over (Under) Expenditures	-	(12,952)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ (12,952)

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
KANSAS SAFE SCHOOL GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Sources		
State Aid	$ -	$ -
Total Cash Receipts	-	-
Expenditures		
Instruction	505	-
Total Expenditurs	505	-
Receipts Over (Under) Expenditures	(505)	-
Unencumbered Cash, Beginning	505	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
REAP GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 12,550	$ 32,235
Total Cash Receipts	12,550	32,235
Expenditures		
Instruction	-	33,715
Total Expenditurs	-	33,715
Receipts Over (Under) Expenditures	12,550	(1,480)
Unencumbered Cash, Beginning	(12,550)	-
Unencumbered Cash, Ending	$ -	$ (1,480)

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
TITLE II FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 12,086	$ 11,553
Total Cash Receipts	12,086	11,553
Expenditures		
Instruction	12,086	11,553
Total Expenditurs	12,086	11,553
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
21ST CENTURY FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	$ 150,993	$ 83,234
Local Sources		
Miscellaneous	3,622	-
Total Cash Receipts	154,615	83,234
Expenditures		
Program Expenditures	80,731	134,805
Total Expenditurs	80,731	134,805
Receipts Over (Under) Expenditures	73,884	(51,571)
Unencumbered Cash, Beginning	(37,061)	36,823
Unencumbered Cash, Ending	$ 36,823	$ (14,748)

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
EMINTS GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	$ -	$ 40,737
Local Sources		
Miscellaneous	-	-
Total Cash Receipts	-	40,737
Expenditures		
Program Expenditures	-	39,787
Total Expenditurs	-	39,787
Receipts Over (Under) Expenditures	-	950
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 950

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
COVID TESTING FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Grant	$ -	$ 5,197
Local Sources		
Miscellaneous	-	-
Total Cash Receipts	-	5,197
Expenditures		
Program Expenditures	-	2,217
Total Expenditurs	-	2,217
Receipts Over (Under) Expenditures	-	2,980
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 2,980

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
E-RATE FIBER PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Sources		
State Aid	$ 149,053	$ -
Federal Sources		
Grant	1,341,475	-
Total Cash Receipts	1,490,528	-
Expenditures		
Program Expenditures	1,490,528	-
Total Expenditurs	1,490,528	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
GIFTS AND GRANTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Gifts	$ 10	$ -
Total Cash Receipts	10	-
Expenditures		
Program Expenditures	10	-
Total Expenditures	10	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 69,065	$ 70,670	$ 70,429	$ 241
Delinquent tax	1,910	2,817	3	2,814
Motor vehicle tax	9,793	9,370	8,683	687
Recreational vehicle tax	81	101	88	13
Interest on idle funds	-	-	-	-
Other	-	-	-	-
State Sources				
State aid	173,657	176,435	176,436	(1)
Total Cash Receipts	254,506	259,394	$ 255,639	$ 3,755
Expenditures				
Debt Service				
Principal	140,000	145,000	$ 145,000	$ -
Interest	79,819	41,109	75,543	(34,434)
Other	-	-	50	(50)
Total Expenditures Subject to Budget	219,819	186,109	220,593	(34,484)
Receipts Over (Under) Expenditures	34,687	73,284		
Unencumbered Cash, Beginning	240,691	275,378		
Unencumbered Cash, Ending	$ 275,378	$ 348,663		

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
SCHOLARSHIP FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Donations	$ -	$ -
Interest	1,068	645
Total Cash Receipts	1,068	645
Expenditures		
Scholarships	3,800	3,100
Total Expenditurs	3,800	3,100
Receipts Over (Under) Expenditures	(2,732)	(2,455)
Unencumbered Cash, Beginning	179,263	176,531
Unencumbered Cash, Ending	$ 176,531	$ 174,076

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations				
Oswego High School & Middle School	$ 42,415	75,711	$ 73,450	$ 44,675
Service Valley Charter Academy	14,993	13,747	15,190	13,550
Neosho Heights Elem. School	11,003	3,239	3,889	10,353
Totals	68,411	92,698	$ 92,530	$ 68,578

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS
DISTRICT ACTIVITY FUNDS
Schedule of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2021
Athletics						
Oswego High School & Middle School	$ 4,566	$ 23,185	$ 26,392	$ 1,359	$ -	$ 1,359
Totals	$ 4,566	$ 23,185	$ 26,392	$ 1,359	$ -	$ 1,359

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

FEDERALGRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
U.S. Department of Agriculture			
Passed Through the State of Kansas			
Department of Education:			
COVID-19 School Breakfast Program (See Note 2)	10.553	$ 84,162	$ 84,162
COVID-19 School Lunch Program (See Note 2)	10.555	250,016	250,016
COVID-19 Summer Food Serivice Program (See Note 2)	10.559	38,305	38,305
Fresh Fruits and Vegetables Program (See Note 2)	10.582	7,735	7,735
COVID-19 State Pandemic Eletronic Benefit Transfer	10.649	614	614
		380,832	380,832
U.S. Department of Education			
Rural Education	84.358A	32,235	33,715
Passed Through the State of Kansas			
Department of Education:			
Title I Grants to Local Education Agencies	84.010	110,754	109,347
Twenty-First Century Community Learning Centers	84.287	83,234	98,014
Supporting Effective Instruction State Grants	84.367	11,553	11,553
Student Support and Academic Enrichment Program	84.424A	15,278	15,278
COVID-19 Education Stabalization Fund (See Note 4)	84.425D	175,781	188,733
Passed Through University of Missouri:			
Supporting Effective Educator Development Program	84.423A	40,737	39,787
		469,572	496,427
U.S. Department of Health and Human Services			
Passed Through the State of Kansas			
Department of Education:			
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	5,197	2,217
TOTALS		$ 855,601	$ 879,476

NOTES:

1. The schedule of expenditures of federal awards has been prepared in accordance with the regulatory basis of accounting as set forth in the Kansas Municipal Audit and Accounting Guide. Under the regulatory basis of accounting, revenues are recognized when cash is received. Expenditures include disbursements accounts payable and encumbrances. Encumbrances are commitments of the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

2. Part of the Child Nutrition Cluster. Total Child Nutrition Cluster expenditures were $372,483.

3. The District did not elect to use the 10% de minimis indirect cost rate.

4. $11,763 of these expenditures was passed through to a subrecipient.

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2022

Finding 2021-001 Drafting Financial Statements

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

Recommendation: None

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

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

Board of Education
Unified School District #504
Oswego, Kansas 67356

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the regulatory basis financial statement of Unified School District #504 as of and for the year ended June 30, 2022, and the related notes to the regulatory basis financial statement and have issued our report thereon dated February 17, 2023.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be significant deficiencies.

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

We noted certain other matters that we reported to Management of the District in a separate letter dated February 17, 2023.

District's Response to Findings
The District's response to the findings identified in our audit is described in the Corrective Action Plan. We did not audit the District's response and accordingly, we express no opinion on it.

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 organization'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 organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

February 17, 2023
Pittsburg, Kansas

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

Board of Education
Unified School District #504
Oswego, Kansas 67356

Report on Compliance for Each Major Federal Program
We have audited the Unified School District #504's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. Unified District #504's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

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

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

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

February 17, 2023
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #504
OSWEGO, KANSAS

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS:

Type of auditors' report issued:

- Adverse for departures from accounting principles generally accepted in the United States of America due to preparation of financial statements in accordance with the regulatory basis of accounting.
- Unqualified opinion on the regulatory basis financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? _ *YES* _X_ *NO*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE _X_ *YES* _ *REPORTED*

Noncompliance material to financial statements noted? _ *YES* _X_ *NO*

FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? _ *YES* _X_ *NO*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE _ *YES* _X_ *REPORTED*

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the Uniform Guidance _ *YES* _X_ *NO*

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA #	NAME OF PROGRAM
10.553, 10.555, and 10.559	Child Nutrition Cluster

Auditee qualified as low-risk auditee? _ *YES* _X_ *NO*

The dollar threshold used to distinguish between Type A and Type B Programs was $750,000.

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency
2022-001 Drafting Financial Statements

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

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

Cause: Relying upon the independent auditors for an area that should have internal controls in place.

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

Recommendation: None

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

UNIFIED SCHOOL DISTRICT #504

June 30, 2022 Financial Statements

Corrective Action Plan

Audit Finding 2022-001

USD #504 has always relied upon its auditors to provide significant assistance with preparing the regulatory basis financial statement and with determining which disclosures were required under the regulatory basis of accounting. While the USD #504 understands that this is a significant deficiency in our internal controls, we believe it is the most cost-effective manner for us to produce our financial statements. Our accounting staff concentrate on providing the reports needed for management and regulatory purposes. We believe it would be inefficient and cost prohibitive for our staff to attempt to stay current on all the disclosure requirements of the regulatory basis of accounting. We do not plan on making any changes at this time. However, we will monitor this situation and periodically determine if it is cost effective for us to perform these functions.