UNIFIED SCHOOL DISTRICT NO. 251
North Lyon County

Regulatory Basis Financial Statement and
Independent Auditor's Report

For the Year Ended June 30, 2023

Cindy Jensen, CPA
Certified Public Accountant
Council Grove, KS 66846

Unified School District No. 251
North Lyon County

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

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Cindy Jensen
Certified Public Accountant

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

Independent Auditor's Report

Board of Education
Unified School District No. 251
Americus, KS 66835

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. 251, North Lyon County, Kansas, a municipal financial reporting entity, 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. 251, North Lyon 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. 251, North Lyon 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*, issued by the Comptroller General of the United States, 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. 251, North Lyon 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. 251, North Lyon 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. 251, North Lyon 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 251, North Lyon 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 251, North Lyon 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 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. In addition, 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. 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 are 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 December 5, 2023, on my consideration of Unified School District No. 251, North Lyon 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. 251, North Lyon 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. 251, North Lyon County, Kansas' internal control over financial reporting and compliance.

Cindy Jensen CPA

Cindy Jensen, CPA
Certified Public Accountant

December 5, 2023

Unified School District No. 251
North Lyon County

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

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds						
General	$ 0	$3,633,396	$ 3,633,396	$ 0	$ 0	$ 0
Supplemental General	98,539	1,171,606	1,188,888	81,257	0	81,257
Special Purpose Funds						
Pre-K At Risk	0	156,000	77,968	78,032	0	78,032
At Risk	235,383	391,000	375,161	251,222	0	251,222
Virtual	4,835	10,000	4,835	10,000	0	10,000
Capital Outlay	2,218,204	1,000,278	1,145,502	2,072,980	134,049	2,207,029
Contingency Reserve	310,613	62,864	0	373,477	0	373,477
Driver Training	24,618	27,805	29,031	23,392	0	23,392
Food Service	70,757	295,658	296,029	70,386	0	70,386
Professional Development	39,075	29,236	29,897	38,414	0	38,414
Special Education	273,463	778,562	792,394	259,631	18,395	278,026
Vocational Education	94,790	209,870	210,193	94,467	0	94,467
KPERS Retirement	0	423,678	423,678	0	0	0
Title I	0	63,969	63,969	0	0	0
Title II	0	29,182	29,182	0	0	0
ESSER	(18,465)	233,434	275,568	(60,599)	0	(60,599)
KDHE	0	144,058	472,710	(328,652)	0	(328,652)
Gifts & Grants	22,541	166,702	104,343	84,900	0	84,900
Rural & Small Schools	0	22,488	22,488	0	0	0
Character Education	102	0	102	0	0	0
After School Program	1,595	9,988	10,171	1,412	0	1,412
Textbook Rental	41,588	43,854	43,843	41,599	0	41,599
District Activity Funds	38,016	89,883	86,879	41,020	0	41,020
Trust Funds						
Private Purpose Trust	7,594	100	6,046	1,648	0	1,648
Total Reporting Entity (Excluding Agency Funds)	$ 3,463,248	$8,993,611	$ 9,322,273	$ 3,134,586	$ 152,444	$ 3,287,030

Checking Acct-Kansasland Bank	$ 625,029
Checking-Kansasland - Flex	22,531
Checking-Citizens State	18,877
Money Market-Kansasland	1,343,704
Citizens State Bank-CD's	1,256,752
Checking-NLC-Kansasland	10,429
Checking & CD Accounts-Northern Heights-Kansasland	61,410
Total Cash	3,338,732
Less: Agency Funds per Schedule 3	(51,702)
Total Reporting Entity (Excluding Agency Funds)	$ 3,287,030

The accompanying notes are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 251
North Lyon County

NOTES TO THE FINANCIAL STATEMENT
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 251 (USD 251), North Lyon County 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. 251 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. 251 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.

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

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 251 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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.

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 did hold a revenue neutral rate hearing for this year.

After the above procedures have been followed; the Kansas State Board of Education computes the maximum legal general fund of operating expenses. For the fiscal year ended June 30, 2023, the State calculation of the legal maximum general fund budget was $3,574,948 and the legal maximum supplemental general fund was $1,189,786. 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 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 budget amendments for this year.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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 other 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 requirement, is controlled by federal regulations, other statutes, or by use of internal spending limits established by the governing body.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONT)

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.

Management is not aware of any 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 $3,338,732 and the bank balance was $3,700,105. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $614,455 was covered by FDIC insurance. $1,000,000 by an irrevocable letter of credit with FHLBank, and the remaining $2,085,650 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.

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 $423,678 for the year ended June 30, 2023.

NOTE 5 - DEFINED BENEFIT PENSION PLAN

Net Pension Liability

At June 30, 2023, the District's proportionate share of the collective net pension liability reported by KPERS was $3,945,338. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

NOTE 6 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

Full-time twelve-month employees annually earn vacation as follows: One through five years of employment: ten days; six through fifteen years: fifteen days; and sixteen or more years: twenty days. Vacation time is non-accumulative and must be used by December 31st of the following year.

Full-time twelve-month employees are granted twelve days of sick leave and all other employees are granted ten days of sick leave on the first day of his/her contract. Up to 60 days may be accumulated. No compensation is provided if the sixty-day accumulation is not used. One-half of the accumulated time over sixty days is bought back by the District at the substitute teacher rate for certified staff and at the daily salary rate for classified employees. The balance over sixty days is forfeited.

A sick leave bank was established in 1989 to provide temporary relief from loss of pay due to severe illness, accident or major surgery. Employees may contribute one day of sick leave to the bank per year for use by an employee who qualifies, has used all of his or her sick leave and is selected by a committee. The maximum number of sick leave days which can be held in the sick leave bank is 350 days.

Employees are granted two days of personal leave per school year for the first seven years of employment with a maximum five days accumulation. Employees who have worked for the District eight years or longer receive three days per year with a maximum six days accumulation. The district recognizes these benefits as paid. No provision has been made for accumulated paid leave in this financial statement.

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.

Other Post-Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible formers 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 government 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	Driver's Ed	22,000	72-5167
General	Food Service	49,806	72-5167
General	Professional Dev	25,000	72-5167
General	Special Ed	751,361	72-5167
General	Vocational Ed	200,000	72-5167
General	Contingency Res	62,864	72-5167
General	Virtual	10,000	72-5167
General	Textbook	20,000	72-5167
General	Pre-K At Risk	156,000	72-5167
General	At Risk	275,000	72-5167
Supplemental General	At Risk	116,000	72-5143

NOTE 8 - 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 $55,821 for ESSER I, $223,319 for ESSER II, and $501,896 for ESSER III. As of June 30, 2023 the District spent $55,821 of ESSER I and $223,319 of ESSER II funds, and $266,286 of ESSER III funds.

NOTE 9 - 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. 251
North Lyon County

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	$3,627,070	$ (52,122)	$ 58,448	$ 3,633,396	$ 3,633,396	$ 0
Supplemental General	1,204,984	(15,198)	0	1,189,786	1,188,888	(898)
Special Purpose Funds						
Pre-K At Risk	102,500			102,500	77,968	(24,532)
At Risk	545,383			545,383	375,161	(170,222)
Virtual	4,835			4,835	4,835	0
Capital Outlay	3,249,548			3,249,548	1,145,502	(2,104,046)
Driver Training	55,438			55,438	29,031	(26,407)
Food Service	375,977			375,977	296,029	(79,948)
Professional Development	54,516			54,516	29,897	(24,619)
Special Education	1,164,263			1,164,263	792,394	(371,869)
Vocational Education	312,503			312,503	210,193	(102,310)
KPERS Retirement	496,470			496,470	423,678	(72,792)

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

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:			
Lyon, Osage & Wabaunsee County	$ 3,605	$ 0	$ 3,605
State Aid	3,063,353	3,036,270	27,083
Special Ed Pass Through	510,361	590,800	(80,439)
Reimbursed & misc income	56,077	0	56,077
Total Receipts	3,633,396	3,627,070	6,326
Expenditures			
Instruction	1,044,888	1,123,470	(78,582)
Student Support	144,274	180,500	(36,226)
Instructional Support	8,904	12,400	(3,496)
General Administration	433,015	322,200	110,815
School Administration	352,040	365,900	(13,860)
Central Services	34,905	88,700	(53,795)
Operations & Maintenance	30,001	40,600	(10,599)
Other Supplemental Serv/Community Serv	13,338	10,000	3,338
Operating Transfers	1,572,031	1,483,300	88,731
Adjustment to Comply with Legal Max	0	(52,122)	52,122
Total legal general fund budget	3,633,396	3,574,948	58,448
Adjustment for qualifying budget credits	0	58,448	(58,448)
Total Expenditures	3,633,396	$ 3,633,396	$ 0
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	$ 0		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

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:			
Lyon, Osage & Wabaunsee County	$ 1,171,606	$ 1,106,445	$ 65,161
State Aid	0	0	0
Transfer from Contingency Reserve	0	0	0
Total Receipts	1,171,606	1,106,445	65,161
Expenditures			
Instruction	496,036	306,984	189,052
General Administration	22,611	132,500	(109,889)
Operations & Maintenance	202,272	243,500	(41,228)
Student Transportation	351,969	418,000	(66,031)
Operating Transfers	116,000	104,000	12,000
Adjustment to Comply with Legal Max	0	(15,198)	15,198
Total legal supplemental general fund budget	1,188,888	1,189,786	(898)
Adjustment for qualifying budget credits	0	0	0
Total Expenditures	1,188,888	$ 1,189,786	$ (898)
Receipts Over (Under) Expenditures	(17,282)		
Unencumbered Cash, July 1	98,539		
Unencumbered Cash, June 30	$ 81,257		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-C

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

PRE-K AT RISK

	Actual	Budget	Variance Over (Under)
Receipts:			
Other Receipts	$ 0	$ 0	$ 0
Operating Transfers	156,000	102,500	53,500
Total Receipts	156,000	102,500	53,500
Expenditures			
Instruction	51,710	102,500	(50,790)
School Administration	26,258	0	26,258
Total Expenditures	77,968	$ 102,500	$ (24,532)
Receipts Over (Under) Expenditures	78,032		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	$ 78,032		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

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:			
Other Receipts	$ 0	$ 0	$ 0
Operating Transfers	391,000	310,000	81,000
Total Receipts	391,000	310,000	81,000
Expenditures			
Instruction	375,161	545,383	(170,222)
Other	0	0	0
Total Expenditures	375,161	$ 545,383	$ (170,222)
Receipts Over (Under) Expenditures	15,839		
Unencumbered Cash, July 1	235,383		
Unencumbered Cash, June 30	$ 251,222		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-E

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	10,000	0	10,000
Total Receipts	10,000	0	10,000
Expenditures			
Instruction	4,835	4,835	0
Other	0	0	0
Total Expenditures	4,835	$ 4,835	$ 0
Receipts Over (Under) Expenditures	5,165		
Unencumbered Cash, July 1	4,835		
Unencumbered Cash, June 30	$ 10,000		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-F

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:			
Lyon, Osage & Wabaunsee County	$ 896,877	$ 866,250	$ 30,627
Other Receipts	103,401	0	103,401
Operating Transfers	0	0	0
Total Receipts	1,000,278	866,250	134,028
Expenditures			
Capital Outlay	1,145,502	3,249,548	(2,104,046)
Other	0	0	0
Total Expenditures	1,145,502	$ 3,249,548	$ (2,104,046)
Receipts Over (Under) Expenditures	(145,224)		
Unencumbered Cash, July 1	2,218,204		
Unencumbered Cash, June 30	$ 2,072,980		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-G

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

CONTINGENCY RESERVE

	Current Year Actual
Receipts:	
Operating Transfers	$ 62,864
Other Receipts	0
Total Receipts	62,864
Expenditures	
Wages & benefits	0
Other	0
Total Expenditures	0
Receipts Over (Under) Expenditures	62,864
Unencumbered Cash, July 1	310,613
Unencumbered Cash, June 30	$ 373,477

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

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	$ 3,500	$ 4,185	$ (685)
Other Receipts	2,305	2,635	(330)
Operating Transfers	22,000	24,000	(2,000)
Total Receipts	27,805	30,820	(3,015)
Expenditures			
Instruction	26,690	53,238	(26,548)
Vehicle Operation	2,341	2,200	141
Total Expenditures	29,031	$ 55,438	$ (26,407)
Receipts Over (Under) Expenditures	(1,226)		
Unencumbered Cash, July 1	24,618		
Unencumbered Cash, June 30	$ 23,392		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-I

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	$ 1,762	$ 1,868	$ (106)
Federal Aid	162,869	159,807	3,062
Meal Receipts	81,221	103,545	(22,324)
Other Receipts	0	0	0
Operating Transfers	49,806	40,000	9,806
Total Receipts	295,658	305,220	(9,562)
Expenditures			
Food Service	296,029	375,977	(79,948)
Other	0	0	0
Total Expenditures	296,029	$ 375,977	$ (79,948)
Receipts Over (Under) Expenditures	(371)		
Unencumbered Cash, July 1	70,757		
Unencumbered Cash, June 30	$ 70,386		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-J

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:			
Other Receipts	$ 4,236	$ 5,441	$ (1,205)
Operating Transfers	25,000	10,000	15,000
Total Receipts	29,236	15,441	13,795
Expenditures			
Professional Development	29,897	54,516	(24,619)
Other	0	0	0
Total Expenditures	29,897	$ 54,516	$ (24,619)
Receipts Over (Under) Expenditures	(661)		
Unencumbered Cash, July 1	39,075		
Unencumbered Cash, June 30	$ 38,414		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-K

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	$ 25,116	$ 0	$ 25,116
ESSER	2,085	0	2,085
Operating Transfers	751,361	890,800	(139,439)
Total Receipts	778,562	890,800	(112,238)
Expenditures			
Instruction	726,792	1,120,263	(393,471)
Transportation	65,602	44,000	21,602
Total Expenditures	792,394	$ 1,164,263	$ (371,869)
Receipts Over (Under) Expenditures	(13,832)		
Unencumbered Cash, July 1	273,463		
Unencumbered Cash, June 30	$ 259,631		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-L

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

VOCATIONAL EDUCATION

	Actual	Budget	Variance Over (Under)
Receipts:			
Other Receipts	$ 6,561	$ 7,712	$ (1,151)
Federal grants	3,309	0	3,309
Operating Transfers	200,000	210,000	(10,000)
Total Receipts	209,870	217,712	(7,842)
Expenditures			
Instruction	186,185	222,500	(36,315)
Transportation	24,008	90,003	(65,995)
Total Expenditures	210,193	$ 312,503	$ (102,310)
Receipts Over (Under) Expenditures	(323)		
Unencumbered Cash, July 1	94,790		
Unencumbered Cash, June 30	$ 94,467		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-M

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	$ 423,678	$ 496,470	$ (72,792)
Transfer from General	0	0	0
Total Receipts	423,678	496,470	(72,792)
Expenditures			
KPERS Employee Benefits	423,678	496,470	(72,792)
Other	0	0	0
Total Expenditures	423,678	$ 496,470	$ (72,792)
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, July 1	0		
Unencumbered Cash, June 30	$ 0		

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-N

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

	TITLE I	TITLE IIA	ESSER	KDHE
Receipts:				
Federal Aid	$ 63,969	$ 15,932	$ 233,434	$ 144,058
REAP-Student Support	0	13,250	0	0
Total Receipts	63,969	29,182	233,434	144,058
Expenditures				
Program expenditures	63,969	29,182	275,568	472,710
Other	0	0	0	0
Total Expenditures	63,969	29,182	275,568	472,710
Receipts Over (Under) Expenditures	0	0	(42,134)	(328,652)
Unencumbered Cash, July 1	0	0	(18,465)	0
Unencumbered Cash, June 30	$ 0	$ 0	$ (60,599)	$ (328,652)

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-O

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

GIFTS AND GRANTS

	Current Year Actual
Receipts:	
Federal Aid	$ 28,433
TANF grant	43,938
Other Receipts	94,331
Total Receipts	166,702
Expenditures	
Student support	104,343
Other	0
Total Expenditures	104,343
Receipts Over (Under) Expenditures	62,359
Unencumbered Cash, July 1	22,541
Unencumbered Cash, June 30	$ 84,900

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-P

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

	RURAL & SMALL SCHOOLS	CHARACTER EDUCATION	AFTERSCHOOL PROGRAM	TEXTBOOK RENTAL
Receipts:				
Federal Aid	$ 22,488	$ 0	$ 0	$ 0
Fees & Donations	0	0	9,988	23,854
Transfers from Other Funds	0	0	0	20,000
Total Receipts	22,488	0	9,988	43,854
Expenditures				
Salaries, supplies & services	22,488	102	10,171	43,843
Total Expenditures	22,488	102	10,171	43,843
Receipts Over (Under) Expenditures	0	(102)	(183)	11
Unencumbered Cash, July 1	0	102	1,595	41,588
Unencumbered Cash, June 30	$ 0	$ -	$ 1,412	$ 41,599

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

Schedule 2-Q

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

TRUST FUNDS

	Men's Club	NHHS Sheeley	NHHS Pruitt	NHHS Mundy	TOTAL
Receipts:					
Donations	$ 0	$ 100	$ 0	$ 0	$ 100
Other Receipts	0	0	0	0	0
Transfers In	0	0	0	0	0
Total Receipts	0	100	0	0	100
Expenditures					
Scholarships	0	100	0	0	100
Other	5,946	0	0	0	5,946
Total Expenditures	5,946	100	0	0	6,046
Receipts Over (Under) Expend	(5,946)	0	0	0	(5,946)
Unencumbered Cash, July 1	5,946	1	917	730	7,594
Unencumbered Cash, June 30	$ 0	$ 1	$ 917	$ 730	$ 1,648

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

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
NHHS:				
Classes	$ 16,289	$ 4,834	$ 5,357	$ 15,766
Art Club	176	0	0	176
FBLA	2,385	700	1,883	1,202
FCCLA	1,813	6,339	6,174	1,978
FFA	2,516	7,357	10,278	(405)
Shooting Sports	5,746	2,200	4,328	3,618
Key Club	573	200	297	476
National Honor Society	4,854	189	1,077	3,966
Quiz Bowl	449	504	87	866
HOSA	2,450	2,924	5,456	(82)
Student Council	244	1,109	324	1,029
Weight Lifting Club	176	0	52	124
Sales tax	0	3,507	3,505	2
	37,671	29,863	38,818	28,716
NLC:				
8th Grade	0	2,299	2,299	0
FBLA	13	0	0	13
Stuco	635	277	470	442
	648	2,576	2,769	455
Flex plan	21,069	15,155	13,693	22,531
Total Agency Funds	$ 59,388	$ 47,594	$ 55,280	$ 51,702

See accompanying auditor's report.

Unified School District No. 251
North Lyon County

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
Gate Receipts/Athletics						
Northern Heights HS	$ 6,925	$ 40,526	$ 39,221	$ 8,230	$ 0	$ 8,230
NLC	1,479	11,515	11,018	1,976	0	1,976
	8,404	52,041	50,239	10,206	0	10,206
School Projects						
NHHS						
Yearbook	16,513	1,248	2,692	15,069	0	15,069
Concessions	1,677	12,064	12,823	918	0	918
Other Projects	3,679	14,798	14,879	3,598	0	3,598
Drama/Forensics	885	537	396	1,026	0	1,026
Library	19	24	0	43	0	43
Music	1,370	1,340	76	2,634	0	2,634
NLC						
Yearbook	574	1,850	0	2,424	0	2,424
Concessions	3,108	0	0	3,108	0	3,108
Music	484	0	2	482	0	482
Other Projects	1,303	5,981	5,772	1,512	0	1,512
	29,612	37,842	36,640	30,814	0	30,814
Total Activity Funds	$ 38,016	$ 89,883	$ 86,879	$ 41,020	$ 0	$ 41,020

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 COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Unified School District No. 251
North Lyon County, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
I have audited Unified School District No. 251, North Lyon 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. 251, Kansas' major federal programs for the year ended June 30, 2023. Unified School District No. 251, 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. 251, 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. 251, 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. 251, 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. 251, 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. 251, 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. 251, 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. 251, 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. 251'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

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.

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. Given these limitations, during my audit I did not identify and deficiencies in internal control over compliance that I 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.

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.

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
December 5, 2023

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. 251
North Lyon County, Kansas

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. 251, North Lyon 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 251's basic financial statement, and have issued my report thereon dated December 5, 2023. My report on the financial statement disclosed that, as described in Note 1 to the financial statement, Unified School District No. 251 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 251'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. 251's internal control. Accordingly, I do not express an opinion on the effectiveness of Unified School District No. 251'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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 251, 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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



Cindy Jensen
Certified Public Accountant
Council Grove, Kansas
December 5, 2023

Unified School District No. 251
North Lyon County

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

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Rural and Low-Income School Program (REAP)	84.358	n/a	$ 22,488
Passed through from Southeast Education Center:			
Carl Perkins	84.048	n/a	3,309
Passed through from the Kansas Department of Education:			
Title I	84.010A	n/a	63,969
Title IIA	84.367A	n/a	15,932
Title IVA	84.424	n/a	13,250
ESSER II-COVID 19	84.425D	n/a	11,367
ESSER III-COVID 19	84.425U	n/a	266,286
Total passed through from KSDE			370,804
TOTAL U.S. DEPARTMENT OF EDUCATION			396,601
U.S. DEPARTMENT OF AGRICULTURE			
Passed through from the Kansas Deparment of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	n/a	34,432
National School Lunch Program	10.555	n/a	106,138
Summer Food Service Program	10.559	n/a	10,189
Total Child Nutrition Cluster			150,759
Child and Adult Care Food Program	10.558	n/a	6,770
Child Nutrition Discretionary Grants Limited Availability	10.579	n/a	5,340
TOTAL U.S. DEPARTMENT OF AGRICULTURE			162,869
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
Passed through Kansas Department of Health & Environment			
Epidemiology and Laboratory Capacity for Infectious Dis-COVID	93.323	n/a	472,710
Passed through from the Kansas Deparment of Education:			
Temporary Assistance for Needy Families	93.558	n/a	43,938
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			516,648
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 1,076,118

Unified School District No. 251
North Lyon 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. 251, 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
Small & Rural Schools	$ 22,488
Vocational Ed	3,309
Title I	63,969
Title IIA	29,182
ESSER	275,568
Special Ed-ESSER	2,085
Food Service	162,869
KDHE	472,710
Gifts & Grants	43,938
	$ 1,076,118

Unified School District No. 251
North Lyon 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?	YES	X	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?	YES	X	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:

CFDA 93.323 Epidemiology & Laboratory Capacity for Infectious Diseases

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. 251
North Lyon County, Kansas

Schedule of Findings and Questioned Costs
June 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no reportable findings.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

CFDA 93.323 Epidemiology & Laboratory Capacity for Infectious Diseases-There were no reportable findings.