UNIFIED SCHOOL DISTRICT NO. 253

Emporia, Kansas

FINANCIAL STATEMENT

WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

June 30, 2022

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

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Emporia, Kansas
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Emporia, Kansas
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October 31, 2022

VARNEY
& ASSOCIATES, CPAs, LLC

Board of Education
Unified School District No. 253
Emporia, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 253 (the District), as of and for the 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 position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2022, 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* (KMAAG) described in Note 1.

Basis for Adverse and Unmodified Opinions

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

Matter Giving Rise to the Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Responsibilities of Management for the Financial Statement

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2022

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Funds							
General	$ -	$ -	$ 32,682,838	$ 32,682,838	$ -	$ 125,365	$ 125,365
Supplemental General	298,546	64,671	10,482,973	10,563,865	282,325	65,008	347,333
Special Purpose Funds							
Adult Education Fund	3,741	-	119,910	119,408	4,243	-	4,243
Bilingual Education Fund	-	-	1,155,000	1,149,542	5,458	-	5,458
At-Risk (K-12) Fund	-	-	5,367,192	5,367,191	1	46,005	46,006
Preschool-Aged At-Risk Fund	-	-	339,769	337,002	2,767	675	3,442
Capital Outlay Fund	3,284,111	23,381	3,198,764	3,323,711	3,182,545	974,799	4,157,344
Driver Training Fund	31,888	-	49,883	39,593	42,178	-	42,178
Extraordinary School Program Fund	9,143	-	-	453	8,690	-	8,690
Food Service Fund	76,888	-	4051943	2954829	1,174,002	30,089	1,204,091
Professional Development Fund	22,835	26	160,000	131,272	51,589	1,162	52,751
Summer School Fund	69,352	-	-	6,773	62,579	-	62,579
Special Education Fund	335,453	-	7,233,460	6,568,913	1,000,000	-	1,000,000
Career and Postsecondary Education Fund	-	2,587	765,633	561,633	206,587	13,340	219,927
KPERS Special Retirement Contribution Fund	-	-	5,454,864	5,454,864	-	-	-
Virtual Education Fund	15,067	-	-	-	15,067	-	15,067
Flint Hills Special Education Cooperative Fund	1,366,936	550	12,343,999	11,868,595	1,842,890	39,657	1,882,547
Contingency Reserve Fund	1,637,867	-	-	-	1,637,867	-	1,637,867
Textbook Rental Fee	38,260	-	651,500	157,186	532,574	72,800	605,374
Other Federal, State and Local Grant Funds	4,015,036	1,152	3,725,530	7,862,968	(121,250)	428,439	307,189
District Activities Fund	130,101	-	252,705	208,232	174,574	-	174,574
Bond and Interest Fund							
Bond and Interest Fund	5,950,292	-	4,248,065	4,284,069	5,914,288	-	5,914,288
Capital Project Fund							
Facility Acquisition and Construction Fund	68,582,986	27,007	432,419	24,260,213	44,782,199	179,379	44,961,578
Trust Funds							
Daisy Ferguson Grimes Trust	41,587	-	3,864	1,606	43,845	-	43,845
Total Reporting Entity (Excluding Agency Funds)	$ 85,910,089	$ 119,374	$ 92,720,311	$ 117,904,756	$ 60,845,018	$ 1,976,718	$ 62,821,736

(continued)

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

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (CONTINUED)
Regulatory Basis
For the Year Ended June 30, 2022

Composition of Cash		
Lyon County Bank		
Checking	$	135,576
ESB Financial		
Checking		2,164,091
Kansas Municipal Investment Pool		
Investment pool		18,067,445
Bank of Oklahoma		
Early Retirement Deferred Benefit Account		8,399,886
Escrow Bank of Kansas City		
Series 2019 Improvement Fund		45,158,225
Total Cash	$	73,925,223
Less: Agency funds per Schedule 3		(11,103,487)
Total Reporting Entity (Excluding Agency Funds)	$	62,821,736

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

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 253 (the District) is a municipal corporation governed by an elected seven member board. These financial statement include all the funds for which the District is considered to be financially accountable. The District has no related municipal entities.

The Emporia Recreation Commission (the Commission) was established as a jointly governed organization between the City of Emporia, Kansas and Unified School District No. 253, Emporia, Kansas. The governing board consists of two members from the Emporia City Commission, two members from the Unified School District No. 253 Board of Education, two members appointed by the Emporia City Commission, two members appointed by the Unified School District No. 253 Board of Education and one at large board member appointed by the other eight appointed members of the Recreation Commission Board.

The Commission utilizes the tax authority and tax base of Unified School District No. 253, Emporia, Kansas to levy ad valorem taxes to fund its general and employee benefit fund budgets. The City of Emporia, Kansas has issued general obligation bonds, the proceeds of which were used to construct a portion of the facility used by the Commission.

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

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

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

Regulatory Basis Fund Types

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information

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

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

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

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

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

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

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

Contingency Reserve Fund	District Activity Fund
Textbook Rental Fund	Other Federal, State and Local Grant Funds

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

Note 2: Deposits and Investments

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

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

Note 2: Deposits and Investments (Continued)

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

At June 30, 2022, the District had invested $18,067,445 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

During 2019, the District received bond proceeds from general obligation series 2019 bonds which are held in an account with the Escrow Bank of Kansas City. These funds have been invested in accordance with K.S.A. 12-1675.

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

		Investment Maturities (in Years)	
Investment Type	**Fair Value**	**Less than 1**	**1 - 2**
Kansas Municipal Investment Pool	$ 18,067,445	$ 18,067,445	$ -
Escrow Bank of Kansas City			
US Govt. & Agency Bond Obligations	$ 23,350,209	$ 19,740,835	$ 3,609,374
Other Bond Obligations	20,647,352	19,638,327	1,009,025
Money Market Funds	1,160,678	961,718	-
Total Escrow Bank of Kansas City	$ 45,158,239	$ 40,340,880	$ 4,618,399
Total Investments	$ 63,225,684	$ 58,408,325	$ 4,618,399

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2022, is as follows:

Investment Type	**Percent of Investment**
Kansas Municipal Investment Pool	29%
Escrow Bank of Kansas City	71%

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has no designated "peak periods". All deposits were legally secured at June 30, 2022.

Note 2: Deposits and Investments (Continued)

At June 30, 2022, the District's carrying amount of deposits was $2,299,667 and the bank balance was $5,108,585. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $387,188 was covered by federal depository insurance and the remaining balance of $4,721,397 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a fair value of $5,278,130.

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

Note 3: Substance Receipt in Transit

The District received $1,168,878 in General State Aid and $472,534 in Supplemental General State Aid subsequent to June 30, 2022 and as required by K.S.A. 72-5135(d), these cash receipts were recorded as in-substance receipts in transit and included in the reporting for the year ended June 30, 2022.

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions of the District.

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning of Year	Additions	Reductions/ Payments	End of Year	Interest Paid
General Obligation Bonds To Be Paid by Revenues									
Series 2010	2.00 to 3.25%	09/15/2010	$ 14,890,000	09/01/2021	$ 75,000	$ -	$ 75,000	$ -	$ 1,219
Series 2017	3.00%	06/07/2017	4,150,000	09/01/2021	1,250,000	-	1,250,000	-	18,750
Series 2019	3.00% to 4.00%	12/18/2019	78,000,000	09/01/2048	78,000,000	-	-	78,000,000	2,939,100
Certificates of Participation									
Series 2009 QSCB	2.23%	10/29/2009	6,840,000	09/01/2025	6,840,000	-	-	6,840,000	152,532
Total Long-Term Debt					$ 86,165,000	$ -	$ 1,325,000	$ 84,840,000	$ 3,111,601

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

Year(s) Ended June 30,	Principal Due	Interest Due	Minimum QSCB Deposits	Total
2023	$ 1,680,000	$ 3,058,032	$ 325,371	$ 5,063,403
2024	1,750,000	2,989,432	325,371	5,064,803
2025	1,820,000	2,918,032	325,371	5,063,403
2026	8,730,000	2,843,832	-	11,573,832
2027	1,970,000	2,614,100	-	4,584,100
2028-2032	11,085,000	11,799,800	-	22,884,800
2033-2037	13,485,000	9,350,000	-	22,835,000
2038-2042	16,370,000	6,439,725	-	22,809,725
2043-2047	19,235,000	3,545,275	-	22,780,275
2048-2049	8,715,000	352,100	-	9,067,100
	$ 84,840,000	$ 45,910,328	$ 976,113	$ 131,726,441

Note 4: Long-Term Debt (Continued)

General Obligation Bonds. The District issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities.

General Obligation Bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued with equal amounts of principal maturing each year.

Certificates of Participation. The Series 2009 QSCB Certificates of Participation (COPS) are payable in full on September 1, 2025 in the amount of $6,840,000, with interest payable annually to that date of $152,532. The District is required to make annual sinking fund deposits annually through September 1, 2025 of amounts necessary to satisfy the minimum required accumulated balance under the Lease and Declaration of Trust. The District's annual deposits will consist of (1) the District's expected annual cash deposit in the base amount of $325,371 (the "Base Cash Deposit") plus (2) the estimated investment earnings on the accumulated balance (the "Investment Earnings"). In the event the District's Base Cash Deposit plus Investment Earnings is insufficient to meet the required accumulated balance on a given September 1st, the District is required to make up the difference with an additional cash deposit to the sinking fund. In the event the accumulated balance exceeds the required accumulated balance on a given September 1st the excess will be withdrawn from the sinking fund. During the year ended June 30, 2022 the District was required to make total principal, interest and service fee payments of $632,267.

K.S.A. 72-5457 restricts the level of authorized and outstanding bond indebtedness of the District to not more than 14% of the assessed valuation of tangible taxable property within the District without obtaining approval from the State Board of Education. The assessed valuation as of June 30, 2022 is $219,387,217 which creates a general legal debt limit of $30,714,210 for 2021-2022 budgeting purposes. The State of Kansas Department of Education authorized the District to conduct a bond election in the amount of $78,000,000 for District wide facility renovations and improvements. The voting electorate approved this bond issue thereby increasing the maximum legal debt limit.

Note 5: Compensated Absences

The District’s policy is to recognize the costs of compensated absences when actually paid.

The District’s policies regarding professional leaves and absences permit employees to accumulate a maximum of 9 to 108 days of chargeable leave depending on the number of days worked per year. Policies require the cancellation of accumulated leave pay on the date of employment termination if the employee has less than ten years of service.

Classified personnel retiring or resigning from the District with ten years or more of service in the District will be compensated for unused accumulated leave at the rate of $20 per day up to a maximum of 90 days.

Certified personnel retiring from the District with ten years or more of service in the District will be compensated for unused accumulated leave at the rate of .4 times the current substitute rate per day up to a maximum of 90 days.

Twelve-month administrative personnel may accumulate a maximum of 40 days vacation leave and classified personnel may accumulate a maximum of 30 days vacation leave depending upon the years of service. Policies permit payment of vacation pay upon termination of employment if sufficient notice of termination is given.

Note 6: Defined Benefit Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 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 was 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. Payments are scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

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

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 $5,454,864 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 $43,055,324. 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 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 7: Flexible Benefit Plan

The Board adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All non-certified employees of the District who work a minimum of 20 hours per week and all certified employees with a .5 full-time equivalency are eligible to participate in the Plan. Each participant may elect to reduce his or her salary by an elected amount per month to purchase benefits offered through the Plan.

In addition, on average, the District contributes $450 per month for both certified and classified employees working greater than 30 hours per month to the fringe benefit package for employees electing to participate. Alternatively, employees may elect to enroll in a low premium high deductible option where the District also contributes $450 per month. Currently, benefits offered through the Plan include health insurance coverage.

Note 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past fiscal years.

Note 9: Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material negative effect on the financial statement of the District at June 30, 2022.

Note 10: Interfund Transfers

The District made the following operating transfers during fiscal year ended June 30, 2022. The transfers were approved by the Board of Education.

Fund From	Fund To	Statutory Authority	Amount
General	At-Risk (K-12)	K.S.A. 72-5167	$ 3,080,428
General	Preschool-Aged At-Risk	K.S.A. 72-5167	339,769
General	Bilingual Education	K.S.A. 72-5167	855,000
General	Special Education	K.S.A. 72-5167	6,876,022
General	Career and Postsecondary Education	K.S.A. 72-5167	726,094
General	Textbook Rental Fee	K.S.A. 72-5167	645,000
General	Professional Development	K.S.A. 72-5167	160,000
General	Food Service	K.S.A. 72-5167	727,900
Supplemental	At-Risk (K-12)	K.S.A. 72-5143	2,286,764
Supplemental	Bilingual Education	K.S.A. 72-5143	300,000
Supplemental	Special Education	K.S.A. 72-5143	357,438
	Total Transfers		$ 16,354,415

Note 11: Retirement Benefits

The District has obligations to make payments as follows on behalf of employees who retired early:

Year Ended June 30,	Amount
2023	$ 408,794
2024	324,155
2025	253,174
2026	149,678
	$ 1,135,801

The total payment made on behalf of early retirees in the fiscal year ended June 30, 2022 was $523,392.

Note 12: Other Post-Employment Benefits

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

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

Note 13: Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2022.

Note 14: Capital Project Authorizations

The District had the following capital project authorizations outstanding as of June 30, 2022:

	Project Budget	Actual	Remaining
Emporia Middle School	$ 18,432,594	$ 1,713,025	$ 16,719,569
Logan Ave. Elementary School	5,721,498	3,677,341	2,044,157
William Allen White Elementary School	6,348,191	33,121	6,315,070
Timmerman Elementary School	1,912,115	6,424	1,905,691
Village Elementary School	6,625,056	600,694	6,024,362
Walnut Elementary School	7,634,318	7,634,318	-
Early Childhood Learning Center	13,381,584	9,637,555	3,744,029
Emporia High School	22,445,608	19,352,809	3,092,799
Riverside Elementary School	1,912,115	2,775	1,909,340
	$ 84,413,079	$ 42,658,062	$ 41,755,017

Note 15: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the District to assist with the risks and help offset incurred costs of the District.

Note 16: Subsequent Events

The District evaluated subsequent events through October 31, 2022, the date the financial statement is available to be issued.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2022

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General Funds						
General	$ 34,077,087	$ (1,559,568)	$ 165,319	$ 32,682,838	$ 32,682,838	$ -
Supplemental General	10,563,865	-	-	10,563,865	10,563,865	-
Special Purpose Funds						
Adult Education Fund	119,408	-	-	119,408	119,408	-
Bilingual Education Fund	1,521,643	-	-	1,521,643	1,149,542	(372,101)
At-Risk (K-12) Fund	5,937,047	-	-	5,937,047	5,367,191	(569,856)
Preschool-Aged At-Risk Fund	429,797	-	-	429,797	337,002	(92,795)
Capital Outlay Fund	6,530,218	-	-	6,530,218	3,323,711	(3,206,507)
Driver Training Fund	61,388	-	-	61,388	39,593	(21,795)
Extraordinary School Program Fund	257,442	-	-	257,442	453	(256,989)
Food Service Fund	3,786,798	-	-	3,786,798	2,954,829	(831,969)
Professional Development Fund	262,944	-	-	262,944	131,272	(131,672)
Summer School Fund	69,352	-	-	69,352	6,773	(62,579)
Special Education Fund	7,420,990	-	-	7,420,990	6,568,913	(852,077)
Career and Postsecondary Education Fund	889,447	-	-	889,447	561,633	(327,814)
KPERS Special Retirement Contribution Fund	5,935,423	-	-	5,935,423	5,454,864	(480,559)
Virtual Education Fund	15,067	-	-	15,067	-	(15,067)
Flint Hills Special Education Cooperative Fund	14,952,533	-	-	14,952,533	11,868,595	(3,083,938)
Bond and Interest Fund						
Bond and Interest Fund	4,284,069	-	-	4,284,069	4,284,069	-
Total of all Funds	$ 97,114,518	$ (1,559,568)	$ 165,319	$ 95,720,269	$ 85,414,551	$ (10,305,718)

SCHEDULE 2

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Reimbursed expenditures	$ 165,319	$ -	$ 165,319
State Sources			
State aid	28,314,656	28,843,478	(528,822)
Special education aid	4,202,863	5,233,909	(1,031,046)
Total Cash Receipts	$ 32,682,838	$ 34,077,387	$ (1,394,549)
EXPENDITURES			
Instruction	$ 9,844,037	$ 11,394,654	$ (1,550,617)
Student support services	247,841	255,528	(7,687)
Instructional support staff	820,107	226,233	593,874
General administration	799,562	779,664	19,898
School administration	2,790,861	2,775,006	15,855
Central services	364,038	381,647	(17,609)
Operations and maintenance	3,090,734	3,125,486	(34,752)
Student transportation service	1,315,445	1,309,558	5,887
Transfers out	13,410,213	13,829,311	(419,098)
Adjustment to comply with legal maximum	-	(1,559,568)	1,559,568
Adjustments for qualifying budget credits	-	165,319	(165,319)
Total Expenditures	$ 32,682,838	$ 32,682,838	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local sources			
Ad valorem taxes	$ 3,037,053	$ 148,026	$ 2,889,027
Delinquent taxes	68,800	40,341	28,459
County Sources			
Motor vehicle tax	312,035	307,402	4,633
Recreational vehicle tax	4,524	4,518	6
Commercial vehicle tax	13,407	13,010	397
State Sources			
Supplemental state aid	7,047,154	7,047,154	-
Total Cash Receipts	$ 10,482,973	$ 7,560,451	$ 2,922,522
EXPENDITURES			
Instruction	$ 4,040,373	$ 4,463,159	$ (422,786)
Student support services	626,516	814,267	(187,751)
Instructional support staff	1,091,835	1,241,197	(149,362)
General administration	128,002	135,200	(7,198)
Central services	796,405	881,115	(84,710)
Operations and maintenance	936,532	904,244	32,288
Transfers out	2,944,202	2,124,683	819,519
Total Expenditures	$ 10,563,865	$ 10,563,865	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ (80,892)		
UNENCUMBERED CASH - BEGINNING	298,546		
Cancellation of Encumbrance	64,671		
UNENCUMBERED CASH - ENDING	$ 282,325		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
ADULT EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local sources			
Ad valorem taxes	$ 105,545	$ 102,222	$ 3,323
Delinquent taxes	2,480	1,593	887
County Sources			
Motor vehicle tax	11,199	11,213	(14)
Recreational vehicle tax	164	164	-
Commercial vehicle tax	522	475	47
Total Cash Receipts	$ 119,910	$ 115,667	$ 4,243
EXPENDITURES			
Instruction	$ 119,408	$ 119,408	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 502		
UNENCUMBERED CASH - BEGINNING	3,741		
UNENCUMBERED CASH - ENDING	$ 4,243		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
BILINGUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 1,155,000	$ 1,521,643	$ (366,643)
EXPENDITURES			
Instruction	$ 1,132,351	$ 1,503,882	$ (371,531)
Instructional Support Staff	17,191	17,761	(570)
Total Expenditures	$ 1,149,542	$ 1,521,643	$ (372,101)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 5,458		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ 5,458		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
AT-RISK (K-12) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 5,367,192	$ 5,937,047	$ (569,855)
EXPENDITURES			
Instruction	$ 4,394,682	$ 4,879,832	$ (485,150)
Student support services	570,574	685,055	(114,481)
Instructional support staff	381,950	328,128	53,822
School administration	19,985	44,032	(24,047)
Total Expenditures	$ 5,367,191	$ 5,937,047	$ (569,856)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 1		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ 1		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
PRESCHOOL-AGED AT-RISK FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 339,769	$ 429,797	$ (90,028)
EXPENDITURES			
Instruction	$ 259,922	$ 293,791	$ (33,869)
Student support services	-	2,500	(2,500)
Student transportation service	77,080	133,506	(56,426)
Total Expenditures	$ 337,002	$ 429,797	$ (92,795)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 2,767		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ 2,767		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem property taxes	$ 1,691,551	$ 1,624,463	$ 67,088
Delinquent tax	39,615	25,908	13,707
Interest on idle funds	35,313	301,000	(265,687)
Other	139,681	-	139,681
County Sources			
Motor vehicle taxes	179,177	178,827	350
Recreational vehicle tax	2,619	2,628	(9)
Commercial vehicle tax	8,357	7,569	788
State Sources			
State aid	1,102,451	1,105,712	(3,261)
Total Cash Receipts	$ 3,198,764	$ 3,246,107	$ (47,343)
EXPENDITURES			
Instruction	$ 638,608	$ 2,593,581	$ (1,954,973)
Student support services	7,980	75,000	(67,020)
Instructional support staff	338,855	125,000	213,855
General administration	614	100,000	(99,386)
School administration	1,317	25,000	(23,683)
Central services	4,212	25,000	(20,788)
Operations and maintenance	100,176	225,000	(124,824)
Student transportation	239,891	282,000	(42,109)
Other support services	-	250,000	(250,000)
Facility acquisition and construction	1,359,791	2,263,637	(903,846)
Debt service	632,267	566,000	66,267
Total Expenditures	$ 3,323,711	$ 6,530,218	$ (3,206,507)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (124,947)		
UNENCUMBERED CASH - BEGINNING	3,284,111		
Cancellation of Encumbrance	23,381		
UNENCUMBERED CASH - ENDING	$ 3,182,545		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 37,195	$ 23,500	$ 13,695
State Sources			
General state aid	12,688	6,000	6,688
Total Cash Receipts	$ 49,883	$ 29,500	$ 20,383
EXPENDITURES			
Instruction	$ 39,593	$ 44,388	$ (4,795)
Operations and maintenance	-	17,000	(17,000)
Total Expenditures	$ 39,593	$ 61,388	$ (21,795)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 10,290		
UNENCUMBERED CASH - BEGINNING	31,888		
UNENCUMBERED CASH - ENDING	$ 42,178		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
EXTRAORDINARY SCHOOL PROGRAM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ -	$ 248,299	$ (248,299)
EXPENDITURES			
Instruction	$ 453	$ 4,560	$ (4,107)
Student support services	-	252,882	(252,882)
Total Expenditures	$ 453	$ 257,442	$ (256,989)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (453)		
UNENCUMBERED CASH - BEGINNING	9,143		
UNENCUMBERED CASH - ENDING	$ 8,690		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Interest on idle funds	$ 5,730	$ 6,200	$ (470)
Charges for service	35,232	91,500	(56,268)
Other	2,565	68,100	(65,535)
State Sources			
School food assistance	2,872	21,600	(18,728)
Federal Sources			
Child nutrition programs	3,277,644	3,350,900	(73,256)
Other federal aid	-	171,610	(171,610)
Other Sources			
Transfers in	727,900	-	727,900
Total Cash Receipts	$ 4,051,943	$ 3,709,910	$ 342,033
EXPENDITURES			
Operations and maintenance	$ 109,848	$ 206,002	$ (96,154)
Food service	2,844,981	3,580,796	(735,815)
Total Expenditures	$ 2,954,829	$ 3,786,798	$ (831,969)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 1,097,114		
UNENCUMBERED CASH - BEGINNING	76,888		
UNENCUMBERED CASH - ENDING	$ 1,174,002		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 160,000	$ 240,960	$ (80,960)
EXPENDITURES			
Instructional support staff	$ 131,272	$ 262,944	$ (131,672)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 28,728		
UNENCUMBERED CASH - BEGINNING	22,835		
Cancellation of Encumbrance	26		
UNENCUMBERED CASH - ENDING	$ 51,589		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
SUMMER SCHOOL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Tuition	$ -	$ -	$ -
EXPENDITURES			
Instruction	$ 6,773	$ 69,352	$ (62,579)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (6,773)		
UNENCUMBERED CASH - BEGINNING	69,352		
UNENCUMBERED CASH - ENDING	$ 62,579		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 7,233,460	$ 7,085,537	$ 147,923
EXPENDITURES			
Instruction	$ 6,045,380	$ 6,752,878	$ (707,498)
Student transportation services	523,533	668,112	(144,579)
Total Expenditures	$ 6,568,913	$ 7,420,990	$ (852,077)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 664,547		
UNENCUMBERED CASH - BEGINNING	335,453		
UNENCUMBERED CASH - ENDING	$ 1,000,000		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
CAREER AND POSTSECONDARY EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ -	$ 352,197	$ (352,197)
Federal Sources			
Vocational aid	39,539	46,539	(7,000)
Other Sources			
Transfers in	726,094	490,711	235,383
Total Cash Receipts	$ 765,633	$ 889,447	$ (123,814)
EXPENDITURES			
Instruction	$ 552,777	$ 786,383	$ (233,606)
Instructional support staff	8,816	99,354	(90,538)
School administration	40	3,710	(3,670)
Total Expenditures	$ 561,633	$ 889,447	$ (327,814)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 204,000		
UNENCUMBERED CASH - BEGINNING	-		
Cancellation of Encumbrance	2,587		
UNENCUMBERED CASH - ENDING	$ 206,587		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
General state aid	$ 5,454,864	$ 5,935,423	$ (480,559)
EXPENDITURES			
Instruction	$ 3,505,545	$ 4,174,227	$ (668,682)
Student support services	329,512	425,994	(96,482)
Instructional support staff	352,292	245,723	106,569
General administration	107,389	8,651	98,738
School administration	392,818	333,423	59,395
Central services	155,763	137,936	17,827
Operations and maintenance	280,081	256,989	23,092
Student transportation services	179,086	192,494	(13,408)
Food service	152,378	159,986	(7,608)
Total Expenditures	$ 5,454,864	$ 5,935,423	$ (480,559)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
VIRTUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Transfers in	$ -	$ -	$ -
EXPENDITURES			
Instruction	$ -	$ 15,067	$ (15,067)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	15,067		
UNENCUMBERED CASH - ENDING	$ 15,067		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
FLINT HILLS SPECIAL EDUCATION COOPERATIVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Payment from other districts/govt sources	$ 3,646,421	$ 8,637,197	$ (4,990,776)
Other revenue	5,000	2,516,344	(2,511,344)
State Sources			
State aid	6,364,801	-	6,364,801
Federal Sources			
Federal aid	1,660,633	2,112,056	(451,423)
Medicaid	667,144	320,000	347,144
Total Cash Receipts	$ 12,343,999	$ 13,585,597	$ (1,241,598)
EXPENDITURES			
Instruction	$ 8,947,999	$ 11,682,124	$ (2,734,125)
Student support services	2,189,416	2,422,492	(233,076)
Instructional support services	494,878	541,519	(46,641)
General administration	179,165	242,526	(63,361)
School administration	51,045	52,052	(1,007)
Operations and maintenance	6,092	11,820	(5,728)
Total Expenditures	$ 11,868,595	$ 14,952,533	$ (3,083,938)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 475,404		
UNENCUMBERED CASH - BEGINNING	1,366,936		
Cancellation of Encumbrance	550		
UNENCUMBERED CASH - ENDING	$ 1,842,890		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
CONTINGENCY RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2022

CASH RECEIPTS	
Other Sources	
Transfer in	$ -
EXPENDITURES	
Instruction	-
RECEIPTS OVER (UNDER) EXPENDITURES	$ -
UNENCUMBERED CASH - BEGINNING	1,637,867
UNENCUMBERED CASH - ENDING	$ 1,637,867

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
TEXTBOOK RENTAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2022

CASH RECEIPTS		
Local Sources		
Reimbursed expenditures	$	6,500
Transfers in		645,000
Total Cash Receipts	$	651,500
EXPENDITURES		
Instruction	$	157,186
RECEIPTS OVER (UNDER) EXPENDITURES	$	494,314
UNENCUMBERED CASH - BEGINNING		38,260
UNENCUMBERED CASH - ENDING	$	532,574

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
OTHER FEDERAL, STATE AND LOCAL GRANT FUNDS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2022

	Title I	Title II-A	Title III	Migrant	RBFF Vamos A Pescar	Jones Early Childhood Center	Mobilizing Literacy
CASH RECEIPTS							
Local Sources							
Other	$ -	$ -	$ -	$ -	$ -	$ 465	$ 110,000
State Sources							
State aid	-	-	-	-	-	-	-
Federal Sources							
Federal aid	813,304	180,341	68,500	56,700	-	-	-
Total Cash Receipts	$ 813,304	$ 180,341	$ 68,500	$ 56,700	$ -	$ 465	$ 110,000
EXPENDITURES							
Instruction	$ 752,155	$ -	$ 4,957	$ 3,666	$ -	$ 95,675	$ 8,078
Student support services	5,404	-	-	41,606	203	-	36,574
Instructional support staff	1,148	181,661	50,846	-	504	-	19,175
Other supplemental service	57,329	4,159	2,045	10,960	-	-	-
Operations and maintenance	-	-	-	-	-	-	-
Student transportation	-	-	-	468	-	-	473
Food service	-	-	-	-	-	-	-
Facility acquisition and construction	-	-	-	-	-	3,730,555	-
Total Expenditures	$ 816,036	$ 185,820	$ 57,848	$ 56,700	$ 707	$ 3,826,230	$ 64,300
RECEIPTS OVER (UNDER) EXPENDITURES	$ (2,732)	$ (5,479)	$ 10,652	$ -	$ (707)	$ (3,825,765)	$ 45,700
UNENCUMBERED CASH - BEGINNING	(6,362)	10,045	(12,528)	-	707	3,998,380	-
Cancellation of Encumbrance	1,152	-	-	-	-	-	-
UNENCUMBERED CASH - ENDING	$ (7,942)	$ 4,566	$ (1,876)	$ -	$ -	$ 172,615	$ 45,700

SCHEDULE 2 (CONTINUED)

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
OTHER FEDERAL, STATE AND LOCAL GRANT FUNDS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (CONTINUED)
Regulatory Basis
For the Year Ended June 30, 2022

	DCF Grant	KDHE Grant	ESSERF	Kansas Masonic Literacy	Camp Hope	Gifts and Grants Fund	ARP Homeless	Total
CASH RECEIPTS								
Local Sources								
Other	$ 13,458	$ -	$ -	$ -	$ 11,500	$ 22,254	$ -	$ 157,677
State Sources								
State aid	-	-	-	-	-	-	-	-
Federal Sources								
Federal aid	-	118,813	2,330,195	-	-	-	-	3,567,853
Total Cash Receipts	$ 13,458	$ 118,813	$ 2,330,195	$ -	$ 11,500	$ 22,254	$ -	$ 3,725,530
EXPENDITURES								
Instruction	$ -	$ 26,201	$ 2,147,875	$ -	$ 29,731	$ 17,782	$ 597	$ 3,086,717
Student support services	-	139,741	334,930	-	-	12,505	-	570,963
Instructional support staff	25,945	10,820	51,339	-	-	3,005	-	344,443
Other supplemental service	-	7,895	42,429	-	-	-	-	124,817
Operations and maintenance	-	-	591	-	-	-	-	591
Student transportation	-	-	-	-	1,658	-	-	2,599
Food service	-	-	2,283	-	-	-	-	2,283
Facility acquisition and construction	-	-	-	-	-	-	-	3,730,555
Total Expenditures	$ 25,945	$ 184,657	$ 2,579,447	$ -	$ 31,389	$ 33,292	$ 597	$ 7,862,968
RECEIPTS OVER (UNDER) EXPENDITURES	$ (12,487)	$ (65,844)	$ (249,252)	$ -	$ (19,889)	$ (11,038)	$ (597)	$ (4,137,438)
UNENCUMBERED CASH - BEGINNING	-	-	(269,479)	17,141	31,846	245,286	-	4,015,036
Cancellation of Encumbrance	-	-	-	-	-	-	-	1,152
UNENCUMBERED CASH - ENDING	$ (12,487)	$ (65,844)	$ (518,731)	$ 17,141	$ 11,957	$ 234,248	$ (597)	$ (121,250)

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
BOND AND INTEREST
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2022

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem taxes	$ 2,320,754	$ 2,254,102	$ 66,652
Delinquent tax	56,642	39,476	17,166
County Sources			
Motor vehicle tax	256,049	254,467	1,582
Recreational vehicle tax	3,771	3,740	31
Commercial vehicle tax	12,802	10,769	2,033
State Sources			
State aid	1,598,047	1,598,047	-
Total Cash Receipts	$ 4,248,065	$ 4,160,601	$ 87,464
EXPENDITURES			
Debt service	$ 4,284,069	$ 4,284,069	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ (36,004)		
UNENCUMBERED CASH - BEGINNING	5,950,292		
UNENCUMBERED CASH - ENDING	$ 5,914,288		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
FACILITY ACQUISITION AND CONSTRUCTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2022

CASH RECEIPTS	
Net Bond Proceeds	
Other cost of issuance	$ 604,485
Net Investment Return	
Realized gain on sale of securities	(172,066)
Total Cash Receipts	$ 432,419
EXPENDITURES	
Instruction	$ 1,394,088
Facility acquisition and construction	22,866,125
Total Expenditures	$ 24,260,213
RECEIPTS OVER (UNDER) EXPENDITURES	$ (23,827,794)
UNENCUMBERED CASH - BEGINNING	68,582,986
Cancellation of Encumbrance	27,007
UNENCUMBERED CASH - ENDING	$ 44,782,199

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
DAISY FERGUSON GRIMES TRUST
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2022

CASH RECEIPTS		
Local Sources		
Grants received from Daisy Ferguson Grimes Trust	$	3,864
EXPENDITURES		
Grants and financial assistance for qualifying individuals	$	1,606
RECEIPTS OVER (UNDER) EXPENDITURES	$	2,258
UNENCUMBERED CASH - BEGINNING		41,587
UNENCUMBERED CASH - ENDING	$	43,845

SCHEDULE 3

UNIFIED SCHOOL DISTRICT NO. 253
AGENCY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH BALANCE
Regulatory Basis
For the Year Ended June 30, 2022

	Beginning Cash Balance	Cash Receipts	Cash Disbursed	Ending Cash Balance
Student Clubs and Activities				
Emporia High School	$ 89,912	$ 150,214	$ 151,894	$ 88,232
Emporia Middle School	52,839	32,964	28,161	57,642
Total Student Clubs and Activities	$ 142,751	$ 183,178	$ 180,055	$ 145,874
Early Retirement Funding Account	10,310,750	1,471,650	3,382,514	8,399,886
Payroll Clearing Fund	5,655,232	2,557,261	5,655,232	2,557,261
Other Agency Funds	423	43	-	466
Total Agency Funds	$ 16,109,156	$ 4,212,132	$ 9,217,801	$ 11,103,487

SCHEDULE 4

UNIFIED SCHOOL DISTRICT NO. 253
DISTRICT ACTIVITIES FUND
SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2022

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance Unencumbered Cash Balance
Emporia High School	$ 102,724	$ -	$ 218,559	$ 175,641	$ 145,642	$ -	$ 145,642
Emporia Middle School	27,377	-	34,146	32,591	28,932	-	28,932
Total District Activity Funds	$ 130,101	$ -	$ 252,705	$ 208,232	$ 174,574	$ -	$ 174,574

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	DO253	$ 605,531
COVID-19 - National School Lunch Program	10.555	DO253	2,311,631
Summer Food Service Program for Children	10.559	DO253	266,143
Total Child Nutrition Cluster			$ 3,183,305
Child and Adult Care Food Program	10.558	DO253	6,229
Fresh Fruit and Vegetable Program	10.582	DO253	68,347
P-EBT Administrative Costs Grant	10.649	DO253	3,063
Total U.S. Department of Agriculture			$ 3,260,944
U.S. Department of Education			
Passed through Kansas Department of Education			
Special Education (IDEA) Cluster			
Special Education Grants to States	84.027	DO253	$ 1,460,660
Special Education Preschool Grants	84.173	DO253	28,318
Total Special Education (IDEA) Cluster			$ 1,488,978
Title I - Grants to Local Educational Agencies	84.010	DO253	815,508
Migrant Education State Grant Program	84.011	DO253	63,885
Career and Technical Education (Perkins V)	84.048	DO253	39,539
English Language Acquisition State Grants	84.365	DO253	71,230
Supporting Effective Instruction State Grants	84.367	DO253	220,910
COVID-19 - Emergency and Secondary School Emergency Relief	84.425D	DO253	2,580,044
Total U.S. Department of Education			$ 5,280,094
U.S. Department of Health and Human Services			
Passed through Kansas Department of Education			
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	DO253	$ 179,636
TOTAL FEDERAL EXPENDITURES			$ 8,720,674

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2022

Note 1: Organization

Unified School District No. 253, Emporia, Kansas, (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the schedule of Expenditures of Federal Awards.

Note 2: Basis of Presentation

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

Note 3: Local Government Contributions

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

Note 4: Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2022.

Note 5: Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2022.

Note 6: Sub-recipient Grants

No federal awards were passed through to subrecipients

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

Section I - Summary of Auditor's Results

Financial Statement

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

Federal Awards

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

Identification of major programs:

Name of Federal program	CFDA Number
IDEA Cluster	84.027 and 84.173
COVID-19 - Emergency and Secondary School Emergency Relief	84.425D

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

Note:

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

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.

VARNEY
& ASSOCIATES, CPAs, LLC

October 31, 2022

Board of Education
Unified School District No. 253
Emporia, Kansas

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 253 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated October 31, 2022.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

October 31, 2022

Board of Education
Unified School District No. 253
Emporia, Kansas

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance In Accordance With the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the compliance of Unified School District No. 253's (the District) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (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. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program have occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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.

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Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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.

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

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

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas