UNIFIED SCHOOL DISTRICT NO. 253

Emporia, Kansas

FINANCIAL STATEMENT

WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

June 30, 2021

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
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October 26, 2021

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

Independent Auditor's Report

We have audited the accompanying fund summary statement of regulatory receipts, expenditures, and unencumbered cash - regulatory basis of the Unified School District No. 253 (the District) as of and for the year ended June 30, 2021 and the related notes to the financial statement which collectively comprise the District's basic financial statement as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility
Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide,* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of 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.

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Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the previous paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting
In our opinion, the 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, 2021, 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.

Report on Regulatory-Required 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 as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, summary of receipts and disbursements - non-budgeted funds, summary of receipts and disbursements - agency funds, and schedule of regulatory basis receipts and expenditures - activity funds (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, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. 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 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.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance
Our audit was performed for the purpose of forming an opinion on the regulatory basis financial statement of the District, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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), and is not a required part of the 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the 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 26, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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, 2021

	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS						
General Funds						
General	$ -	$ 32,407,187	$ 32,407,187	$ -	$ 176,184	$ 176,184
Supplemental General	400,584	9,661,865	9,763,903	298,546	113,191	411,737
Special Purpose Funds						
Adult Education Fund	5,104	115,933	117,296	3,741	-	3,741
Bilingual Education Fund	-	1,289,285	1,289,285	-	-	-
At-Risk (K-12) Fund	-	5,480,258	5,480,258	-	8,180	8,180
Preschool-Aged At-Risk Fund	-	341,779	341,779	-	-	-
Capital Outlay Fund	3,166,557	3,027,658	2,910,104	3,284,111	1,279,020	4,563,131
Driver Training Fund	19,117	13,568	797	31,888	-	31,888
Extraordinary School Program Fund	352	4,500	(4,291)	9,143	-	9,143
Food Service Fund	-	2301108	2224220	76,888	28,953	105,841
Professional Development Fund	2,150	119,234	98,549	22,835	19,926	42,761
Summer School Fund	73,084	-	3,732	69,352	-	69,352
Special Education Fund	74,830	7,365,478	7,104,855	335,453	66	335,519
Career and Postsecondary Education Fund	-	592,543	592,543	-	44,974	44,974
KPERS Special Retirement Contribution Fund	-	5,395,839	5,395,839	-	-	-
Virtual Education Fund	15,067	-	-	15,067	-	15,067
Flint Hills Special Education Cooperative Fund	435,491	13,201,370	12,269,925	1,366,936	76,459	1,443,395
Contingency Reserve Fund	1,637,867	-	-	1,637,867	-	1,637,867
Textbook Rental Fee	64,786	125,520	152,046	38,260	-	38,260
Other Federal, State and Local Grant Funds	135,798	6,905,117	3,025,879	4,015,036	195,069	4,210,105
District Activities Fund	117,804	170,345	158,048	130,101	-	130,101
Bond and Interest Fund						
Bond and Interest Fund	6,717,739	5,797,787	6,565,234	5,950,292	-	5,950,292
Capital Project Fund						
Facility Acquisition and Construction Fund	82,064,694	1,245,263	14,726,971	68,582,986	192,798	68,775,784
Trust Funds						
Daisy Ferguson Grimes Trust	38,819	4,088	1,320	41,587	-	41,587
Total Reporting Entity (Excluding Agency Funds)	$ 94,969,843	$ 95,565,725	$ 104,625,479	$ 85,910,089	$ 2,134,820	$ 88,044,909

STATEMENT 1

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, 2021

Composition of Cash	
Lyon County Bank	
Checking	$ 133,252
ESB Financial	
Checking	5,495,169
Kansas Municipal Investment Pool	
Investment pool	15,460,933
Bank of Oklahoma	
Early Retirement Deferred Benefit Account	10,310,750
Escrow Bank of Kansas City	
Series 2019 Improvement Fund	72,753,961
Total Cash	$ 104,154,065
Less: Agency funds per Schedule 3	(16,109,156)
Total Reporting Entity (Excluding Agency Funds)	$ 88,044,909

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.

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, 2021, the District had invested $15,460,933 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 June 30, 2021:

		Investment Maturities (in Years)	
Investment Type	**Fair Value**	**Less than 1**	**1 - 2**
Kansas Municipal Investment Pool	$ 15,460,933	$ 15,460,933	$ -
Escrow Bank of Kansas City			
US Govt. & Agency Bond Obligations	$ 13,589,138	$ 8,400,865	$ 5,188,273
Other Bond Obligations	54,804,890	49,300,293	5,504,597
Money Market Funds	368,061	368,061	-
Total Escrow Bank of Kansas City	$ 68,762,089	$ 58,069,219	$10,692,870
Total Investments	$ 84,223,022	$ 73,530,152	$10,692,870

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, 2021, is as follows:

Investment Type	**Percent of Investment**
Kansas Municipal Investment Pool	18%
Escrow Bank of Kansas City	82%

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, 2021.

Note 2: Deposits and Investments (Continued)

At June 30, 2021, the District's carrying amount of deposits was $5,628,421 and the bank balance was $3,530,278. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $383,806 was covered by federal depository insurance and the remaining balance of $3,146,472 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a fair value of $3,596,904.

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 $1,623,963 in General State Aid and $527,361 in Supplemental General State Aid subsequent to June 30, 2021 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, 2021.

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions of the District for the year ended June 30, 2021:

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	$ 905,000	$ -	$ 830,000	$ 75,000	$ 15,925
Series 2017	3.00%	06/07/2017	4,150,000	09/01/2021	3,365,000	-	2,115,000	1,250,000	69,225
Series 2019	3.00% to 4.00%	12/18/2019	78,000,000	09/01/2048	78,000,000	-	-	78,000,000	3,535,084
Certificates of Participation									
Series 2009 QSCB	2.23%	10/29/2009	6,840,000	09/01/2025	6,840,000	-	-	6,840,000	-
Total Long-Term Debt					$ 89,110,000	$ -	$ 2,945,000	$ 86,165,000	$ 3,620,234

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
2022	$ 1,325,000	$ 3,111,601	$ 325,371	$ 4,761,972
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
2027-2031	10,660,000	12,234,700	-	22,894,700
2032-2036	12,970,000	9,879,100	-	22,849,100
2037-2041	15,770,000	7,030,925	-	22,800,925
2042-2046	18,635,000	4,173,375	-	22,808,375
2047-2051	12,825,000	782,900	-	13,607,900
	$ 86,165,000	$ 49,021,929	$ 1,301,484	$ 136,488,413

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, 2021 the District was required to make total principal, interest and service fee payments of $532,865.

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, 2021 is $212,136,801 which creates a general legal debt limit of $29,699,152 for 2020-2021 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 $15 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 16.15% and 14.41%, respectively, for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rate and the statutory contribution rate was 15.59% and 14.23% for the fiscal year ended June 30, 2021.

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 $5,395,839 for the year ended June 30, 2021.

Net Pension Liability. At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was $57,318,838. 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, 2020. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

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 $402 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 $402 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, 2021.

Note 10: Interfund Transfers

The District made the following operating transfers during fiscal year ended June 30, 2021. The transfers were approved by the Board of Education.

Fund From	Fund To	Statutory Authority	Amount
General fund	At-Risk (K-12)	K.S.A. 72-5167	$ 4,310,258
General fund	Preschool-Aged At-Risk	K.S.A. 72-5167	341,779
General fund	Bilingual Education	K.S.A. 72-5167	995,196
General fund	Special Education	K.S.A. 72-5167	6,990,478
General fund	Career and Postsecondary Education	K.S.A. 72-5167	390,852
General fund	Textbook Rental Fee	K.S.A. 72-5167	89,000
General fund	Extraordinary School Program	K.S.A. 72-5167	4,500
General fund	Professional Development	K.S.A. 72-5167	97,000
Supplemental	At-Risk (K-12)	K.S.A. 72-5143	1,170,000
Supplemental	Bilingual Education	K.S.A. 72-5143	294,089
Supplemental	Special Education	K.S.A. 72-5143	375,000
	Total Transfers		$ 15,058,152

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
2022	$ 523,392
2023	408,794
2024	324,155
2025	253,174
2026	149,678
	$ 1,659,193

The total payment made on behalf of early retirees in the fiscal year ended June 30, 2021 was $546,320.

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, 2021.

Note 14: Capital Project Authorizations

The District had the following capital project authorizations outstanding as of June 30, 2021:

	Project Budget	Actual	Remaining
Emporia Middle School	$ 18,432,594	$ 307,371	$ 18,125,223
Logan Ave. Elementary School	5,721,498	296,878	5,424,620
William Allen White Elementary School	6,348,191	33,121	6,315,070
Timmerman Elementary School	1,912,115	3,050	1,909,065
Village Elementary School	6,625,056	8,211	6,616,845
Walnut Elementary School	7,203,738	5,012,430	2,191,308
Early Childhood Learning Center	13,381,584	6,794,581	6,587,003
Emporia High School	22,445,608	7,644,408	14,801,200
Riverside Elementary School	1,912,115	1,100	1,911,015
	$ 83,982,499	$ 20,101,150	$ 63,881,349

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 2021.

Note 16: CRF and CARES Act Funding

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of $400 million. The District received CRF in the amount of $1,200,000 during fiscal year 2021. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at https://covid.ks.gov/.

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, 2021

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	$ 33,468,382	$ (1,158,242)	$ 97,047	$ 32,407,187	$ 32,407,187	$ -
Supplemental General	10,115,167	(350,503)	-	9,764,664	9,763,903	(761)
Special Purpose Funds						
Adult Education Fund	119,417	-	-	119,417	117,296	(2,121)
Bilingual Education Fund	1,472,817	-	-	1,472,817	1,289,285	(183,532)
At-Risk (K-12) Fund	6,782,512	-	-	6,782,512	5,480,258	(1,302,254)
Preschool-Aged At-Risk Fund	476,164	-	-	476,164	341,779	(134,385)
Capital Outlay Fund	6,321,719	-	-	6,321,719	2,910,104	(3,411,615)
Driver Training Fund	57,117	-	-	57,117	797	(56,320)
Extraordinary School Program Fund	257,442	-	-	257,442	(4,291)	(261,733)
Food Service Fund	3,445,350	-	-	3,445,350	2,224,220	(1,221,130)
Professional Development Fund	230,287	-	-	230,287	98,549	(131,738)
Summer School Fund	73,085	-	-	73,085	3,732	(69,353)
Special Education Fund	7,512,498	-	-	7,512,498	7,104,855	(407,643)
Career and Postsecondary Education Fund	821,605	-	-	821,605	592,543	(229,062)
KPERS Special Retirement Contribution Fund	6,309,388	-	-	6,309,388	5,395,839	(913,549)
Virtual Education Fund	15,067	-	-	15,067	-	(15,067)
Flint Hills Special Education Cooperative Fund	13,621,698	-	-	13,621,698	12,269,925	(1,351,773)
Bond and Interest Fund						
Bond and Interest Fund	6,565,234	-	-	6,565,234	6,565,234	-
Total of all Funds	$ 97,664,949	$ (1,508,745)	$ 97,047	$ 96,253,251	$ 86,561,215	$ (9,692,036)

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Reimbursed expenditures	$ 97,047	$ -	$ 97,047
State Sources			
State aid	27,974,662	29,126,237	(1,151,575)
Special education aid	4,335,478	4,342,145	(6,667)
Total Cash Receipts	$ 32,407,187	$ 33,468,382	$ (1,061,195)
EXPENDITURES			
Instruction	$ 10,278,490	$ 9,132,295	$ 1,146,195
Student support services	214,388	175,200	39,188
Instructional support staff	951,425	1,015,624	(64,199)
General administration	761,861	681,906	79,955
School administration	2,808,724	2,475,795	332,929
Central services	360,724	381,934	(21,210)
Operations and maintenance	2,730,739	3,100,502	(369,763)
Student transportation service	1,081,773	1,353,832	(272,059)
Transfers out	13,219,063	15,151,294	(1,932,231)
Adjustment to comply with legal maximum	-	(1,158,242)	1,158,242
Adjustments for qualifying budget credits	-	97,047	(97,047)
Total Expenditures	$ 32,407,187	$ 32,407,187	$ -
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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local sources			
Ad valorem taxes	$ 2,564,722	$ 2,656,498	$ (91,776)
Delinquent taxes	66,407	77,374	(10,967)
County Sources			
Motor vehicle tax	379,392	348,936	30,456
Recreational vehicle tax	13,051	4,546	8,505
Commercial vehicle tax	7,110	15,625	(8,515)
State Sources			
Supplemental state aid	6,631,183	6,869,210	(238,027)
Total Cash Receipts	$ 9,661,865	$ 9,972,189	$ (310,324)
EXPENDITURES			
Instruction	$ 4,208,070	$ 4,267,292	$ (59,222)
Student support services	507,531	464,887	42,644
Instructional support staff	1,288,111	1,299,800	(11,689)
General administration	140,957	154,200	(13,243)
School administration	-	2	(2)
Central services	838,311	867,083	(28,772)
Operations and maintenance	941,834	896,451	45,383
Transfers out	1,839,089	2,165,452	(326,363)
Adjustment to comply with legal max budget	-	(350,503)	350,503
Total Expenditures	$ 9,763,903	$ 9,764,664	$ (761)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (102,038)		
UNENCUMBERED CASH - BEGINNING	400,584		
UNENCUMBERED CASH - ENDING	$ 298,546		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local sources			
Ad valorem taxes	$ 100,940	$ 97,161	$ 3,779
Delinquent taxes	2,160	1,541	619
County Sources			
Motor vehicle tax	12,204	11,177	1,027
Recreational vehicle tax	139	146	(7)
Commercial vehicle tax	490	500	(10)
Total Cash Receipts	$ 115,933	$ 110,525	$ 5,408
EXPENDITURES			
Instruction	$ 117,296	$ 119,417	$ (2,121)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (1,363)		
UNENCUMBERED CASH - BEGINNING	5,104		
UNENCUMBERED CASH - ENDING	$ 3,741		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 1,289,285	$ 1,472,817	$ (183,532)
EXPENDITURES			
Instruction	$ 1,272,250	$ 1,472,817	$ (200,567)
Instructional Support Staff	17,035	-	17,035
Total Expenditures	$ 1,289,285	$ 1,472,817	$ (183,532)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 5,480,258	$ 6,782,512	$ (1,302,254)
EXPENDITURES			
Instruction	$ 4,597,626	$ 5,454,263	$ (856,637)
Student support services	563,659	911,347	(347,688)
Instructional support staff	281,855	372,883	(91,028)
School administration	37,118	44,019	(6,901)
Total Expenditures	$ 5,480,258	$ 6,782,512	$ (1,302,254)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 341,779	$ 476,164	$ (134,385)
EXPENDITURES			
Instruction	$ 225,862	$ 325,494	$ (99,632)
Student support services	-	2,500	(2,500)
Student transportation service	115,917	148,170	(32,253)
Total Expenditures	$ 341,779	$ 476,164	$ (134,385)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem property taxes	$ 1,652,854	$ 1,548,493	$ 104,361
Delinquent tax	34,551	24,768	9,783
Interest on idle funds	10,921	301,000	(290,079)
Other	64,430	-	64,430
County Sources			
Motor vehicle taxes	194,469	178,832	15,637
Recreational vehicle tax	3,018	2,330	688
Commercial vehicle tax	7,835	8,008	(173)
State Sources			
State aid	1,059,580	1,065,007	(5,427)
Total Cash Receipts	$ 3,027,658	$ 3,128,438	$ (100,780)
EXPENDITURES			
Instruction	$ 614,712	$ 2,046,221	$ (1,431,509)
Student support services	2,720	75,000	(72,280)
Instructional support staff	209,347	150,000	59,347
General administration	2,186	150,000	(147,814)
School administration	-	50,000	(50,000)
Central services	4,282	50,000	(45,718)
Operations and maintenance	600	225,000	(224,400)
Student transportation	281,077	532,000	(250,923)
Facility acquisition and construction	1,262,315	2,477,498	(1,215,183)
Debt service	532,865	566,000	(33,135)
Total Expenditures	$ 2,910,104	$ 6,321,719	$ (3,411,615)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 117,554		
UNENCUMBERED CASH - BEGINNING	3,166,557		
UNENCUMBERED CASH - ENDING	$ 3,284,111		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 12,400	$ 23,000	$ (10,600)
State Sources			
General state aid	1,168	15,000	(13,832)
Total Cash Receipts	$ 13,568	$ 38,000	$ (24,432)
EXPENDITURES			
Instruction	$ 797	$ 41,117	$ (40,320)
Operations and maintenance	-	16,000	(16,000)
Total Expenditures	$ 797	$ 57,117	$ (56,320)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 12,771		
UNENCUMBERED CASH - BEGINNING	19,117		
UNENCUMBERED CASH - ENDING	$ 31,888		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Transfers in	$ 4,500	$ 257,089	$ (252,589)
EXPENDITURES			
Instruction	$ (4,291)	$ 4,560	$ (8,851)
Student support services	-	252,882	(252,882)
Total Expenditures	$ (4,291)	$ 257,442	$ (261,733)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 8,791		
UNENCUMBERED CASH - BEGINNING	352		
UNENCUMBERED CASH - ENDING	$ 9,143		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Interest on idle funds	$ 47	$ 6,200	$ (6,153)
Charges for service	32,269	713,475	(681,206)
Other	18,202	68,100	(49,898)
State Sources			
School food assistance	18,722	21,580	(2,858)
Federal Sources			
Child nutrition programs	2,231,868	2,435,995	(204,127)
Other Sources			
Transfers in	-	200,000	(200,000)
Total Cash Receipts	$ 2,301,108	$ 3,445,350	$ (1,144,242)
EXPENDITURES			
Operations and maintenance	$ 99,234	$ 158,880	$ (59,646)
Food service	2,124,986	3,286,470	(1,161,484)
Total Expenditures	$ 2,224,220	$ 3,445,350	$ (1,221,130)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 76,888		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ 76,888		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
General state aid	$ 22,234	$ 37,500	$ (15,266)
Other Sources			
Transfers in	97,000	190,638	(93,638)
Total Cash Receipts	$ 119,234	$ 228,138	$ (108,904)
EXPENDITURES			
Instructional support staff	$ 98,549	$ 230,287	$ (131,738)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 20,685		
UNENCUMBERED CASH - BEGINNING	2,150		
UNENCUMBERED CASH - ENDING	$ 22,835		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Tuition	$ -	$ -	$ -
EXPENDITURES			
Instruction	$ 3,732	73,085	(69,353)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (3,732)		
UNENCUMBERED CASH - BEGINNING	73,084		
UNENCUMBERED CASH - ENDING	$ 69,352		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
CARES Act	$ -	$ 117,802	$ (117,802)
Transfers in	7,365,478	7,316,458	49,020
	$ 7,365,478	$ 7,434,260	$ (68,782)
EXPENDITURES			
Instruction	$ 6,599,521	$ 6,840,759	$ (241,238)
Student transportation services	505,334	671,739	(166,405)
Total Expenditures	$ 7,104,855	$ 7,512,498	$ (407,643)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 260,623		
UNENCUMBERED CASH - BEGINNING	74,830		
UNENCUMBERED CASH - ENDING	$ 335,453		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 163,945	$ 188,098	$ (24,153)
Federal Sources			
Vocational aid	37,746	42,796	(5,050)
Other Sources			
Transfers in	390,852	590,711	(199,859)
Total Cash Receipts	$ 592,543	$ 821,605	$ (229,062)
EXPENDITURES			
Instruction	$ 573,403	$ 803,682	$ (230,279)
Instructional support staff	18,734	14,213	4,521
School administration	406	3,710	(3,304)
Total Expenditures	$ 592,543	$ 821,605	$ (229,062)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
General state aid	$ 5,395,839	$ 6,309,388	$ (913,549)
EXPENDITURES			
Instruction	$ 3,451,182	$ 4,191,723	$ (740,541)
Student support services	310,737	372,657	(61,920)
Instructional support staff	355,292	407,879	(52,587)
General administration	110,945	108,939	2,006
School administration	381,569	335,777	45,792
Central services	158,418	168,024	(9,606)
Operations and maintenance	289,421	294,850	(5,429)
Student transportation services	183,342	245,147	(61,805)
Food service	154,933	184,392	(29,459)
Total Expenditures	$ 5,395,839	$ 6,309,388	$ (913,549)
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, 2021

	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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Payment from other districts/govt sources	$ 4,331,888	$ 8,133,506	$ (3,801,618)
Other revenue	47,474	2,924,947	(2,877,473)
State Sources			
State aid	6,557,957	-	6,557,957
Federal Sources			
Federal aid	1,637,304	1,822,768	(185,464)
Medicaid	626,747	305,000	321,747
Total Cash Receipts	$ 13,201,370	$ 13,186,221	$ 15,149
EXPENDITURES			
Instruction	$ 9,219,308	$ 10,243,878	$ (1,024,570)
Student support services	2,210,205	2,467,569	(257,364)
Instructional support services	567,590	572,573	(4,983)
General administration	206,201	276,871	(70,670)
School administration	58,351	57,787	564
Operations and maintenance	8,270	3,020	5,250
Total Expenditures	$ 12,269,925	$ 13,621,698	$ (1,351,773)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 931,445		
UNENCUMBERED CASH - BEGINNING	435,491		
UNENCUMBERED CASH - ENDING	$ 1,366,936		

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
CONTINGENCY RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended June 30, 2021

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, 2021

CASH RECEIPTS		
Local Sources		
Reimbursed expenditures	$	36,520
Transfers in		89,000
Total Cash Receipts	$	125,520
EXPENDITURES		
Instruction	$	152,046
RECEIPTS OVER (UNDER) EXPENDITURES	$	(26,526)
UNENCUMBERED CASH - BEGINNING		64,786
UNENCUMBERED CASH - ENDING	$	38,260

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, 2021

	Title I	Title II-A	Title III	Migrant	RBFF Vamos A Pescar	Jones Early Childhood Center	Mobilizing Literacy
CASH RECEIPTS							
Local Sources							
Other	$ -	$ -	$ -	$ -	$ 3,650	$ 3,998,380	$ 204,223
Federal Sources							
Federal aid	823,975	167,879	32,792	67,563	-	-	-
Total Cash Receipts	$ 823,975	$ 167,879	$ 32,792	$ 67,563	$ 3,650	$ 3,998,380	$ 204,223
EXPENDITURES							
Instruction	$ 769,655	38,049	$ 6,811	$ 10,145	$ -	$ -	$ 57,550
Student support services	4,128	-	-	46,605	-	-	79,252
Instructional support staff	1,422	187,370	36,635	-	2,943	-	128,167
Other supplemental service	55,132	3,698	1,874	10,689	-	-	-
Operations and maintenance	-	-	-	-	-	-	-
Student transportation	-	-	-	124	-	-	504
Total Expenditures	$ 830,337	$ 229,117	$ 45,320	$ 67,563	$ 2,943	$ -	$ 265,473
RECEIPTS OVER (UNDER) EXPENDITURES	$ (6,362)	$ (61,238)	$ (12,528)	$ -	$ 707	$ 3,998,380	$ (61,250)
UNENCUMBERED CASH - BEGINNING	-	71,283	-	-	-	-	61,250
UNENCUMBERED CASH - ENDING	$ (6,362)	$ 10,045	$ (12,528)	$ -	$ 707	$ 3,998,380	$ -

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, 2021

	SPARKS	ESSERF	Kansas Masonic Literacy	Camp Hope	Gifts and Grants Fund	Total
CASH RECEIPTS						
Local Sources						
Other	$ -	$ -	$ -	$ 22,900	$ 114,057	$ 4,343,210
Federal Sources						
Federal aid	1,200,000	269,698	-	-	-	2,561,907
Total Cash Receipts	$ 1,200,000	$ 269,698	$ -	$ 22,900	$ 114,057	$ 6,905,117
EXPENDITURES						
Instruction	$ 427,336	$ 29,483	$ 8	$ 13,920	$ 19,498	$ 1,372,455
Student support services	279,949	9,551	739	-	6,552	426,776
Instructional support staff	325,733	60,648	-	-	5,232	748,150
Other supplemental service	62,091	1,156	-	-	-	134,640
Operations and maintenance	371	26,373	-	-	-	26,744
Student transportation	2,565	-	-	-	-	3,193
Food service	101,955	211,966	-	-	-	313,921
Total Expenditures	$ 1,200,000	$ 339,177	$ 747	$ 13,920	$ 31,282	$ 3,025,879
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ (69,479)	$ (747)	$ 8,980	$ 82,775	$ 3,879,238
UNENCUMBERED CASH - BEGINNING	-	(200,000)	17,888	22,866	162,511	135,798
UNENCUMBERED CASH - ENDING	$ -	$ (269,479)	$ 17,141	$ 31,846	$ 245,286	$ 4,015,036

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, 2021

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem taxes	$ 2,493,963	$ 2,373,295	$ 120,668
Delinquent tax	44,022	33,999	10,023
County Sources			
Motor vehicle tax	240,502	220,072	20,430
Recreational vehicle tax	3,744	2,867	877
Commercial vehicle tax	10,685	9,854	831
State Sources			
State aid	3,004,871	3,004,871	-
Total Cash Receipts	$ 5,797,787	$ 5,644,958	$ 152,829
EXPENDITURES			
Debt service	$ 6,565,234	$ 6,565,234	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ (767,447)		
UNENCUMBERED CASH - BEGINNING	6,717,739		
UNENCUMBERED CASH - ENDING	$ 5,950,292		

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, 2021

CASH RECEIPTS	
Net Bond Proceeds	
Other cost of issuance	$ 1,054,454
Net Investment Return	
Realized gain on sale of securities	190,809
Total Cash Receipts	$ 1,245,263
EXPENDITURES	
Instruction	$ 282,683
Facility acquisition and construction	14,444,288
	$ 14,726,971
RECEIPTS OVER (UNDER) EXPENDITURES	$ (13,481,708)
UNENCUMBERED CASH - BEGINNING	82,064,694
UNENCUMBERED CASH - ENDING	$ 68,582,986

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, 2021

CASH RECEIPTS		
Local Sources		
Grants received from Daisy Ferguson Grimes Trust	$	4,088
EXPENDITURES		
Grants and financial assistance for qualifying individuals	$	1,320
RECEIPTS OVER (UNDER) EXPENDITURES	$	2,768
UNENCUMBERED CASH - BEGINNING		38,819
UNENCUMBERED CASH - ENDING	$	41,587

UNIFIED SCHOOL DISTRICT NO. 253
AGENCY FUNDS
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CASH BALANCE
Regulatory Basis
For the Year Ended June 30, 2021

	Beginning Cash Balance	Cash Receipts	Cash Disbursed	Ending Cash Balance
Student Clubs and Activities				
Emporia High School	$ 77,142	$ 95,844	$ 83,074	$ 89,912
Emporia Middle School	49,682	18,065	14,908	52,839
Total Student Clubs and Activities	$ 126,824	$ 113,909	$ 97,982	$ 142,751
Early Retirement Funding Account	$ 7,744,427	$ 3,112,643	$ 546,320	$ 10,310,750
Payroll Clearing Fund	-	5,655,232	-	5,655,232
Other Agency Funds	382	41	-	423
Total Agency Funds	$ 7,871,633	$ 8,881,825	$ 644,302	$ 16,109,156

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, 2021

	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	$ 91,244	$ -	$ 163,364	$ 151,884	$ 102,724	$ -	$ 102,724
Emporia Middle School	26,560	-	6,981	6,164	27,377	-	27,377
Total District Activity Funds	$ 117,804	$ -	$ 170,345	$ 158,048	$ 130,101	$ -	$ 130,101

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
Child Nutrition Cluster			
COVID-19 - National School Lunch Program	10.555	DO253	$ 386,916
Summer Food Service Program for Children	10.559	DO253	1,671,556
Total Child Nutrition Cluster			$ 2,058,472
Child and Adult Care Food Program	10.558	DO253	$ 11,534
Fresh Fruit and Vegetable Program	10.582	DO253	61,862
Total U.S. Department of Agriculture			$ 2,131,868
U.S. Department of Education			
Passed through Kansas Department of Education			
Special Education (IDEA) Cluster			
Special Education Grants to States	84.027	DO253	$ 1,432,694
Special Education Preschool Grants	84.173	DO253	31,097
Total Special Education (IDEA) Cluster			$ 1,463,791
Title I - Grants to Local Educational Agencies	84.010	DO253	$ 774,977
Migrant Education State Grant Program	84.011	DO253	59,690
Special Education - Grants for Infants and Families	84.181A	DO253	176,352
English Language Acquisition State Grants	84.365	DO253	120,992
Supporting Effective Instruction State Grants	84.367	DO253	88,810
COVID-19 - Emergency and Secondary School Emergency Relief	84.425D	DO253	352,912
Total U.S. Department of Education			$ 3,037,524
TOTAL FEDERAL EXPENDITURES			$ 5,169,392

UNIFIED SCHOOL DISTRICT NO. 253
Emporia, Kansas
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2021

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, 2021.

Note 5: Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2021.

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, 2021

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
Child Nutrition Cluster	10.555 and 10.559
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.

October 26, 2021

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, 2021, 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 26, 2021.

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

VARNEY
& ASSOCIATES, CPAs, LLC

October 26, 2021

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, 2021. 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, 2021.

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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