UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS

Financial Statement
With Independent Auditors' Report

For the Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 376 Sterling, Kansas
Sterling, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Unified School District No. 376 Sterling, Kansas**, as of and for the year ended June 30, 2021 and the related notes to the financial statement.

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; 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 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 auditor's judgment, including the 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 entity'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, the financial statement is prepared by **Unified School District No. 376 Sterling, 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 376 Sterling, Kansas** as of June 30, 2021, 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Unified School District No. 376 Sterling, Kansas** 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.

Other Matters

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, summary of regulatory basis receipts and disbursements – agency funds, and schedule of regulatory basis receipts, expenditures, and unencumbered cash – district 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of **Unified School District No. 376 Sterling, Kansas** as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated December 16, 2020, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and

expenditures – actual and budget for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2020, on the basis of accounting described in Note 1.

Other 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. The schedule of expenditures of federal awards 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. Such 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 February 9, 2022, on our consideration of **Unified School District No. 376 Sterling, Kansas'** 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 **Unified School District No. 376 Sterling, Kansas'** 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 **Unified School District No. 376 Sterling, Kansas'** internal control over financial reporting and compliance.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

February 9, 2022

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Encumbrances and Accounts Payable	**Ending Cash Balance**
Governmental Type Funds							
General Funds							
General Fund	$ 422	-	4,282,599	4,283,021	**-**	27,113	**27,113**
Supplemental General Fund	41,371	-	1,361,015	1,389,221	**13,165**	11,024	**24,189**
Special Purpose Funds							
Capital Outlay Fund	258,741	-	484,949	315,585	**428,105**	7,937	**436,042**
Driver Training Fund	23,446	-	3,570	11,333	**15,683**	-	**15,683**
Food Service Fund	101,699	-	404,913	370,402	**136,210**	2,011	**138,221**
Professional Development Fund	-	-	2,783	2,250	**533**	-	**533**
Special Education Fund	104,932	-	1,043,714	948,361	**200,285**	-	**200,285**
Vocational Education Fund	-	-	206,862	171,044	**35,818**	-	**35,818**
Recreation Commission Fund	17,155	-	109,343	95,000	**31,498**	-	**31,498**
Bilingual Education Fund	1,043	-	-	-	**1,043**	-	**1,043**
Title I, Part A Grants to Local Educational Agencies Fund	-	-	71,758	71,758	**-**	-	**-**
Supporting Effective Instruction State Grants Fund	-	-	9,682	9,682	**-**	-	**-**
Student Support and Academic Enrichment Fund	-	-	13,030	13,030	**-**	-	**-**
REAP Grant Fund	-	-	35,351	32,501	**2,850**	-	**2,850**
KPERS Retirement Contributions Fund	-	-	468,660	468,660	**-**	-	**-**
At Risk (4-Year Old) Fund	-	-	34,512	7,491	**27,021**	-	**27,021**
At Risk (K-12) Fund	-	-	226,068	156,514	**69,554**	-	**69,554**
Contingency Fund	75,000	-	75,000	-	**150,000**	-	**150,000**
Textbook Rental Fund	-	-	10,285	90	**10,195**	-	**10,195**
Federal COVID Funding Fund	(3,109)	-	196,120	570,552	**(377,541)**	134,764	**(242,777)**
Donations and Grants Fund	25,610	-	33,600	31,810	**27,400**	-	**27,400**
Uniform Replacement Fund	19,801	-	4,238	-	**24,039**	-	**24,039**
Memorial Scholarship Fund	170,468	-	9,969	5,701	**174,736**	-	**174,736**
District Activity Funds	24,445	-	33,854	49,796	**8,503**	-	**8,503**
Bond and Interest Fund							
Bond and Interest Fund	1,258,487	-	17,479,227	17,463,900	**1,273,814**	-	**1,273,814**
Total Primary Government	2,119,511	-	26,601,102	26,467,702	**2,252,911**	182,849	**2,435,760**
Related Municipal Entity							
Recreation Commission	104,166	-	185,214	153,443	**135,937**	5,952	**141,889**
Total Reporting Entity (Excluding Agency Funds)	$ 2,223,677	-	26,786,316	26,621,145	**2,388,848**	188,801	**2,577,649**

Composition of Cash		
Checking Accounts		$ **2,320,025**
Savings Accounts		**28,958**
Petty Cash		**18**
Certificates of Deposit		**144,550**
Total Primary Government		**2,493,551**
Total Related Municipal Entity		**141,889**
Agency Funds per Schedule 3		**(57,791)**
Total Reporting Entity (Excluding Agency Funds)		$ **2,577,649**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 376 Sterling, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The District is a municipal corporation governed by an elected five-member board. This financial statement presents the District (the municipality) and its related municipal entity shown below. The related municipal entity is included in the District's reporting entity because it was established to benefit the District and/or its constituents.

Recreation Commission

Sterling Recreation Commission oversees recreational activities. The recreation commission operates as a separate governing body but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2021.

Regulatory Basis Fund Types

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.

Agency Fund – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and

liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Reimbursements
The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

NOTE 2 – BUDGETARY INFORMATION

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

a. Preparation of the budget for the succeeding calendar year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

d. 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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which 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 budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Title I, Part A Grants to Local Educational Agencies Fund, Supporting Effective Instruction State Grants Fund, Student Support and Academic Enrichment Fund, REAP Grant Fund, Contingency Fund, Textbook Rental Fund, Federal COVID Funding Fund, Donations and Grants Fund, Uniform Replacement Fund, Memorial Scholarship Fund and District Activity Funds.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

Unified School District No. 376 Sterling, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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

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

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

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were legally secured at June 30, 2021.

At June 30, 2021, the District's carrying amount of deposits was $2,493,551 and the bank balance was $2,933,272. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $578,389 was covered by federal depository insurance and $2,354,883 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

At June 30, 2021, the Recreations Commission's carrying amount of deposits was $141,889 and the bank balance was $143,292. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, all was covered by federal depository insurance.

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. The District had no investments at June 30, 2021.

NOTE 4 – IN-SUBSTANCE RECEIPT IN TRANSIT

Unified School District No. 376 Sterling, Kansas received $278,465 subsequent to June 30, 2021 and as required by K.S.A. 72-5135, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 376 Sterling, Kansas'** interfund transfers and regulatory authority for the year ended June 30, 2021 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-5167	$ 560,558
General Fund	Professional Development Fund	K.S.A. 72-5167	2,250
General Fund	At Risk (4-Year Old) Fund	K.S.A. 72-5167	34,512
General Fund	At Risk (K-12) Fund	K.S.A. 72-5167	97,401
General Fund	Capital Outlay Fund	K.S.A. 72-5167	80,674
General Fund	Contingency Fund	K.S.A. 72-5167	75,000
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-5143	128,667
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	458,382
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-5143	201,570

NOTE 6 – LITIGATION

Unified School District No. 376 Sterling, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the District.

NOTE 7 – RISK MANAGEMENT

Unified School District No. 376 Sterling, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, umbrella, linebacker, crime, data and worker's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – GRANTS AND SHARED REVENUES

Unified School District No. 376 Sterling, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants,

refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 9 – OPERATING LEASES

On July 27, 2020, the District entered into a lease agreement with Sterling College to lease a stadium and other athletic facilities. The agreement calls for annual payments of $33,500. Payments totaling $33,500 were made in 2021. The District renewed the lease on August 6, 2021 for one year. Future payments to maturity are as follows:

Year	Amount
2022	$ 33,500

NOTE 10 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description
Unified School District No. 376 Sterling, Kansas 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 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

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

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%, respectively, 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. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

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

The 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 $468,660 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 $4,944,252. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. 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 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 11– OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **Unified School District No. 376 Sterling, Kansas** 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.

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 12 – TERMINATION BENEFITS

Early Retirement Plan
Certified personnel employed prior September 1, 2006 are eligible to participate in the District's early retirement program if certain eligibility requirements are met. The employee must have completed 15 years of service with the District and be eligible for KPERS retirement.

Eligibility commences on July 1st in the year the employee turns age 57 prior to September 1st. It continues until any year between ages 61 and 64. Notification must be given to the District by May 10th in the year prior to the July 1st retirement date. Upon early retirement, the retiree is eligible to receive 15 percent of his or her last contract annually with an accumulative limit set at 75 percent of the same contract. Payment schedules vary depending on the age of retirement as shown below:

Prior to age 60	60	61	62	63	64
Minimum of five years	5 years	4 years	3 years	2 years	1 year

As of June 30, 2021 the District had eight eligible retirees under this program. The District is liable for $238,386, which will be paid out over the next four years.

NOTE 13 – COMPENSATED ABSENCES

Vacation
12-month employees are allowed 10 days each year and increases to 15 days after being employed with the District for eight years. Vacation leave must be used during the current contract year and may not accumulate.

Discretionary Leave
Certified Employees – Each employee is allowed twelve days per year, accumulative to 60 days. At the end of the school year, the District will buy any accumulated discretionary days that exceed five days at a rate of $45 per day.

Classified Employees – Full-time employees are allowed two days personal leave per contract year. Each employee may accumulate personal leave to a maximum of five days. Employees may choose to redeem any or all at $45 per day (pro-rated for part-time employees).

NOTE 14 – ADVANCED REFUNDING DEBT DEFEASANCE

On April 1, 2021, **Unified School District No. 376 Sterling, Kansas** issued Series 2021 Taxable General Obligation Refunding Bond of $16,075,000 (par value) with a variable interest rate of 0.300-2.250%. The bond was used to advance refund $13,870,000 of Series 2015 and Series 2014 General Obligation Bonds. After paying issuance costs of $73,772 and underwriter's discount of $160,750, net proceeds were $15,840,478. The advance refunding net proceeds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds in the amount of $6,140,000 will be called on September 1, 2024 and $7,730,000 will be called on September 1, 2025. The Series 2021 bonds mature on September 1, 2035 and will be subject to optional redemption and payment prior to their stated maturity. The District completed the refunding to reduce its total debt service requirement and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $610,338.

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NOTE 15 – RISKS AND UNCERTAINTIES

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.

NOTE 16 – LONG-TERM DEBT

Unified School District No. 376 Sterling, Kansas has the following types of long-term debt.

General Obligation Bonds

On December 22, 2014, the District issued $8,795,000 for Facility Improvements Bonds - Series 2014 for the purpose of providing funds for refunding a portion of $1,785,000 in Facility Improvements, Series 2008 A bonds and $16,640,000 in Facility Improvements, Series 2009 bonds.

On March 12, 2015, the District issued $8,615,000 in Facility Improvements Bonds - Series 2015 for the purpose of providing funds for refunding a portion of $1,785,000 in Facility Improvements, Series 2008 A bonds and $16,640,000 in Facility Improvements, Series 2009 bonds.

On July 27, 2017, the District issued $1,715,000 in Facility Improvements Bonds - Series 2017 for the purpose of providing funds for refunding a portion of $18,515,000 in Facility Improvements, Series 2009 bonds.

On April 1, 2021, the District issued $16,075,000 in General Obligation Refunding Bonds – Series 2021 for the purpose of providing funds for the partial refunding of the District's General Obligation Refunding Bonds – Series 2014 and 2015.

Changes in long-term liabilities for the District for the year ended June 30, 2021, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	**Balance End of Year**	Interest Paid
General Obligation Bonds									
Series 2014	3.00%-4.00%	12/22/2014	$ 8,795,000	9/1/2033	$ 8,665,000	-	6,330,000	**2,335,000**	315,075
Series 2015	2.25%-4.00%	3/12/2015	8,615,000	9/1/2035	8,615,000	-	7,880,000	**735,000**	332,700
Series 2017	3.00%	7/27/2017	1,715,000	9/1/2023	1,715,000	-	355,000	**1,360,000**	46,125
Series 2021	.300%-2.250%	4/1/2021	16,075,000	9/1/2035	-	16,075,000	-	**16,075,000**	-
Total Contractual Indebtedness					$ 18,995,000	16,075,000	14,565,000	**20,505,000**	693,900

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

	2022	2023	2024	2025	2026	2027 - 2031	2032 - 2035	**Total**
Principal								
General Obligation Bonds								
Series 2014	$ 210,000	215,000	225,000	820,000	865,000	-	-	**2,335,000**
Series 2015	135,000	120,000	115,000	100,000	110,000	155,000	-	**735,000**
Series 2017	400,000	460,000	500,000	-	-	-	-	**1,360,000**
Series 2021	155,000	305,000	295,000	250,000	230,000	6,920,000	7,920,000	**16,075,000**
Total Principal	**900,000**	**1,100,000**	**1,135,000**	**1,170,000**	**1,205,000**	**7,075,000**	**7,920,000**	**20,505,000**
Interest								
General Obligation Bonds								
Series 2014	74,426	65,926	58,251	42,576	15,138	-	-	**256,317**
Series 2015	19,225	15,400	11,875	9,025	6,663	7,265	-	**69,453**
Series 2017	34,800	21,900	7,500	-	-	-	-	**64,200**
Series 2021	244,474	265,954	264,756	263,280	261,490	1,091,947	430,619	**2,822,520**
Total Interest	**372,925**	**369,180**	**342,382**	**314,881**	**283,291**	**1,099,212**	**430,619**	**3,212,490**
Total Principal and Interest	$ **1,272,925**	**1,469,180**	**1,477,382**	**1,484,881**	**1,488,291**	**8,174,212**	**8,350,619**	**23,717,490**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS

Regulatory-Required Supplementary Information

Schedule 1

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
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 Fund	$ 4,269,731	(102,803)	116,093	4,283,021	**4,283,021**	-
Supplemental General Fund	1,382,576	-	6,645	1,389,221	**1,389,221**	-
Special Purpose Funds						
Capital Outlay Fund	720,073	-	-	720,073	**315,585**	(404,488)
Driver Training Fund	24,000	-	-	24,000	**11,333**	(12,667)
Food Service Fund	350,723	-	226,481	577,204	**370,402**	(206,802)
Professional Development Fund	2,250	-	-	2,250	**2,250**	-
Special Education Fund	1,126,644	-	-	1,126,644	**948,361**	(178,283)
Vocational Education Fund	200,000	-	-	200,000	**171,044**	(28,956)
Recreation Commission Fund	95,000	-	-	95,000	**95,000**	-
Bilingual Education Fund	-	-	-	-	**-**	-
KPERS Retirement Contributions Fund	552,411	-	-	552,411	**468,660**	(83,751)
At Risk (4-Year Old) Fund	45,690	-	-	45,690	**7,491**	(38,199)
At Risk (K-12) Fund	342,675	-	-	342,675	**156,514**	(186,161)
Bond and Interest Fund						
Bond and Interest Fund	1,388,901	-	16,075,000	17,463,901	**17,463,900**	(1)

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Mineral Severance Tax	$ 1,091	**504**	1,000	(496)
State Aid				
Equalization Aid	3,537,020	**3,615,170**	3,745,411	(130,241)
Special Education Aid	512,442	**550,658**	523,320	27,338
Other State Aid	1,370	**-**	-	-
Federal Aid	712	**-**	-	-
Reimbursed Expenses	83,587	**116,267**	-	116,267
Total Receipts	4,136,222	**4,282,599**	4,269,731	12,868
Expenditures				
Instruction	2,361,277	**2,383,019**	2,527,992	(144,973)
Student Support Services	70,881	**71,444**	101,900	(30,456)
Instructional Support Staff	97,929	**95,965**	93,000	2,965
General Administration	254,659	**210,739**	265,100	(54,361)
School Administration	343,067	**358,340**	335,250	23,090
Central Services	4,678	**105,588**	35,000	70,588
Operations and Maintenance	93,276	**61,851**	40,000	21,851
Vehicle Operating Services	222,917	**145,680**	222,108	(76,428)
Transfers Out	688,384	**850,395**	649,381	201,014
Adjustment to Comply With Legal Max	-	**-**	(102,803)	102,803
Legal General Fund Budget	4,137,068	**4,283,021**	4,166,928	116,093
(a) Adjustment for Qualifying Budget Credits	-	**-**	116,093	(116,093)
Total Expenditures	4,137,068	**4,283,021**	4,283,021	**-**
Receipts Over (Under) Expenditures	(846)	**(422)**		
Unencumbered Cash - Beginning	846	**422**		
Prior Year Cancelled Encumbrances	422	**-**		
Unencumbered Cash - Ending	$ 422	**-**		

(a) Adjustment for Qualifying Budget Credits

Reimbursed Expenses Over Amount Budgeted	$ 116,093

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues	$ 698,902	**754,342**	820,995	(66,653)
Supplemental General State Aid	597,161	**600,028**	601,421	(1,393)
Reimbursements	-	**6,645**	-	6,645
Total Receipts	1,296,063	**1,361,015**	1,422,416	(61,401)
Expenditures				
Instruction	172,355	**233,043**	86,801	146,242
General Administration	220	**-**	-	-
School Administration	1,170	**-**	-	-
Operations and Maintenance	225,515	**179,689**	205,000	(25,311)
Instruction Support Services	139,627	**147,190**	22,000	125,190
Contracted Services	1,270	**40,680**	76,100	(35,420)
Transfers Out	767,530	**788,619**	992,675	(204,056)
(a) Adjustment for Qualifying Budget Credits	-	**-**	6,645	(6,645)
Total Expenditures	1,307,687	**1,389,221**	1,389,221	-
Receipts Over (Under) Expenditures	(11,624)	**(28,206)**		
Unencumbered Cash - Beginning	52,995	**41,371**		
Unencumbered Cash - Ending	$ 41,371	**13,165**		

(a) Adjustment for Qualifying Budget Credits

Reimbursements Over Amount Budgeted	$ 6,645

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues	$ 296,808	**309,139**	305,398	3,741
Interest Income	2,872	**1,562**	-	1,562
State Aid	50,715	**88,434**	93,053	(4,619)
Rental	84	**2,500**	-	2,500
Insurance Proceeds	1,065,326	**-**	-	-
Other Revenue	23,709	**2,640**	-	2,640
Transfers In	-	**80,674**	-	80,674
Total Receipts	1,439,514	**484,949**	398,451	86,498
Expenditures				
Student Services	-	**265**	184,992	(184,727)
Operations and Maintenance	284,065	**227,120**	385,081	(157,961)
Central Services	-	**3,301**	-	3,301
Transportation	-	**63,400**	150,000	(86,600)
Facility Acquisition and Construction	1,077,243	**21,499**	-	21,499
Total Expenditures	1,361,308	**315,585**	720,073	(404,488)
Receipts Over (Under) Expenditures	78,206	**169,364**		
Unencumbered Cash - Beginning	180,535	**258,741**		
Unencumbered Cash - Ending	$ 258,741	**428,105**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
State Aid	$ 3,900	**3,570**	3,000	570
Student Fees	3,536	**-**	4,000	(4,000)
Total Receipts	7,436	**3,570**	7,000	(3,430)
Expenditures				
Instruction	3,804	**9,693**	24,000	(14,307)
Operations and Maintenance	875	**1,640**	-	1,640
Total Expenditures	4,679	**11,333**	24,000	(12,667)
Receipts Over (Under) Expenditures	2,757	**(7,763)**		
Unencumbered Cash - Beginning	20,689	**23,446**		
Unencumbered Cash - Ending	$ 23,446	**15,683**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
State Aid	$ 6,857	**3,709**	2,800	909
Federal Aid	197,652	**382,030**	155,549	226,481
Student Sales	94,984	**13,041**	120,490	(107,449)
Adult Sales	4,303	**2,345**	10,080	(7,735)
Other Income	5,995	**3,788**	-	3,788
Transfers In	72,199	**-**	-	-
Total Receipts	381,990	**404,913**	288,919	115,994
Expenditures				
Operations and Maintenance	714	**-**	-	-
Food Service Operation	326,447	**370,402**	350,723	19,679
(a) Adjustment for Qualifying Budget Credits	-	**-**	226,481	(226,481)
Total Expenditures	327,161	**370,402**	577,204	(206,802)
Receipts Over (Under) Expenditures	54,829	**34,511**		
Unencumbered Cash - Beginning	46,870	**101,699**		
Unencumbered Cash - Ending	$ 101,699	**136,210**		

(a) Adjustment for Qualifying Budget Credits

Federal Aid Over Amount Budgeted	$ 226,481

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Other State Aid	$ 1,607	**533**	2,250	(1,717)
Transfers In	16,458	**2,250**	-	2,250
Total Receipts	18,065	**2,783**	2,250	533
Expenditures				
Instruction Support Staff	18,065	**2,250**	2,250	-
Receipts Over (Under) Expenditures	-	**533**		
Unencumbered Cash - Beginning	-	**-**		
Unencumbered Cash - Ending	$ -	**533**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Other Revenue	$ 835	**-**	-	-
Federal Aid	**-**	**9,278**	-	9,278
Reimbursed Expenses	9,950	**15,496**	-	15,496
Transfers In	978,746	**1,018,940**	1,053,691	(34,751)
Total Receipts	989,531	**1,043,714**	1,053,691	(9,977)
Expenditures				
Instruction	866,513	**924,493**	1,095,444	(170,951)
Support Services	**-**	**9,150**	-	9,150
Student Transportation Services	18,063	**14,718**	31,200	(16,482)
Miscellaneous	23	**-**	-	-
Total Expenditures	884,599	**948,361**	1,126,644	(178,283)
Receipts Over (Under) Expenditures	104,932	**95,353**		
Unencumbered Cash - Beginning	**-**	**104,932**		
Unencumbered Cash - Ending	$ 104,932	**200,285**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Miscellaneous	$ 3,567	**5,292**	-	5,292
State Aid	5,953	**-**	-	-
Transfers In	198,981	**201,570**	200,000	1,570
Total Receipts	208,501	**206,862**	200,000	6,862
Expenditures				
Instruction	201,639	**171,044**	200,000	(28,956)
Professional Development	1,330	**-**	-	-
School Administration	5,532	**-**	-	-
Total Expenditures	208,501	**171,044**	200,000	(28,956)
Receipts Over (Under) Expenditures	-	**35,818**		
Unencumbered Cash - Beginning	-	**-**		
Unencumbered Cash - Ending	$ -	**35,818**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Recreation Commission Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes	$ 106,045	**109,343**	108,143	1,200
Expenditures				
Appropriations	92,000	**95,000**	95,000	-
Receipts Over (Under) Expenditures	14,045	**14,343**		
Unencumbered Cash - Beginning	3,110	**17,155**		
Unencumbered Cash - Ending	$ 17,155	**31,498**		

Schedule 2-10

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Bilingual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Transfers In	$ 524	**-**	-	-
Expenditures	-	**-**	-	-
Receipts Over (Under) Expenditures	524	**-**		
Unencumbered Cash - Beginning	519	**1,043**		
Unencumbered Cash - Ending	$ 1,043	**1,043**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Title I, Part A Grants to Local Educational Agencies Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Prior Year Actual	**Current Year Actual**
Receipts			
Title I Federal Aid	$	79,758	**71,758**
Transfers In		39,720	**-**
Total Receipts		119,478	**71,758**
Expenditures			
Instruction		119,478	**71,758**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Supporting Effective Instruction State Grants Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Prior Year Actual	**Current Year Actual**
Receipts			
Title IIA Federal Aid	$	12,553	**9,682**
Expenditures			
Instruction		12,553	**9,682**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Student Support and Academic Enrichment Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Prior Year Actual	**Current Year Actual**
Receipts			
Title IVA Federal Aid	$	-	**13,030**
Expenditures			
Instruction		-	**13,030**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
REAP Grant Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Prior Year Actual	**Current Year Actual**
Receipts			
Federal Aid	$	-	**35,351**
Expenditures			
Instruction		-	**32,501**
Receipts Over (Under) Expenditures		-	**2,850**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**2,850**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
KPERS Retirement Contributions Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
State Aid	$ 505,963	**468,660**	552,411	(83,751)
Expenditures				
Instruction	318,757	**339,070**	345,202	(6,132)
Student Support Services	25,298	**17,512**	19,264	(1,752)
Instructional Support Staff	30,358	**21,015**	18,564	2,451
General Administration	15,179	**10,507**	33,057	(22,550)
School Administration	25,298	**17,512**	53,954	(36,442)
Central Services	25,298	**17,512**	15,265	2,247
Operations and Maintenance	35,417	**24,517**	34,564	(10,047)
Student Transportation Services	10,119	**7,005**	32,541	(25,536)
Food Service	20,239	**14,010**	-	14,010
Total Expenditures	505,963	**468,660**	552,411	(83,751)
Receipts Over (Under) Expenditures	-	**-**		
Unencumbered Cash - Beginning	-	**-**		
Unencumbered Cash - Ending	$ -	**-**		

Schedule 2-16

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
At Risk (4-Year Old) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Transfers In	$ 25,263	**34,512**	45,690	(11,178)
Expenditures				
Instruction	60	**903**	45,690	(44,787)
Student Support Services	25,203	**6,588**	-	6,588
Total Expenditures	25,263	**7,491**	45,690	(38,199)
Receipts Over (Under) Expenditures	-	**27,021**		
Unencumbered Cash - Beginning	-	**-**		
Unencumbered Cash - Ending	$ -	**27,021**		

Schedule 2-17

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
At Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Federal Aid	$ 43,510	**-**	-	-
Transfers In	92,125	**226,068**	342,675	(116,607)
Total Receipts	135,635	**226,068**	342,675	(116,607)
Expenditures				
Instruction	135,513	**156,514**	342,675	(186,161)
Professional Development	122	**-**	-	-
Total Expenditures	135,635	**156,514**	342,675	(186,161)
Receipts Over (Under) Expenditures	**-**	**69,554**		
Unencumbered Cash - Beginning	-	**-**		
Unencumbered Cash - Ending	$ **-**	**69,554**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Contingency Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Prior Year Actual	**Current Year Actual**
Receipts			
Transfers In	$	31,898	**75,000**
Expenditures		-	**-**
Receipts Over (Under) Expenditures		31,898	**75,000**
Unencumbered Cash - Beginning		43,102	**75,000**
Unencumbered Cash - Ending	$	75,000	**150,000**

Schedule 2-19

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Textbook Rental Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Prior Year Actual	**Current Year Actual**
Receipts			
Textbook Rental Fees	$	10,483	**10,285**
Expenditures			
Textbook Purchases		14,260	**90**
Receipts Over (Under) Expenditures		(3,777)	**10,195**
Unencumbered Cash - Beginning		3,777	**-**
Unencumbered Cash - Ending	$	-	**10,195**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Federal COVID Funding Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid - SPARKS	$ -	**141,194**
Federal Aid - ESSER	-	**54,926**
Total Receipts	-	**196,120**
Expenditures		
Instruction - SPARKS	3,109	**249,736**
Instruction - ESSER	-	**186,919**
Student Support Services	-	**23,082**
Operations & Maintenance	-	**84,357**
Food Service	-	**26,274**
Student Transportation	-	**184**
Total Expenditures	3,109	**570,552**
Receipts Over (Under) Expenditures	(3,109)	**(374,432)**
Unencumbered Cash - Beginning	-	**(3,109)**
Unencumbered Cash - Ending	$ (3,109)	**(377,541)**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Donations and Grants Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	**Current Year Actual**
Receipts		
Donations	$ 20	**4,071**
State Aid	9,380	**-**
Grants	30,201	**29,529**
Total Receipts	39,601	**33,600**
Expenditures		
Grant Expenses	42,437	**31,810**
Receipts Over (Under) Expenditures	(2,836)	**1,790**
Unencumbered Cash - Beginning	28,446	**25,610**
Unencumbered Cash - Ending	$ 25,610	**27,400**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Uniform Replacement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Prior Year Actual	**Current Year Actual**
Receipts			
Fees	$	6,223	**4,238**
Expenditures			
Uniforms		3,384	**-**
Receipts Over (Under) Expenditures		2,839	**4,238**
Unencumbered Cash - Beginning		16,962	**19,801**
Unencumbered Cash - Ending	$	19,801	**24,039**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Memorial Scholarship Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	**Current Year Actual**
Receipts		
Interest	$ 4,801	**9,969**
Expenditures		
Scholarships	6,894	**5,701**
Receipts Over (Under) Expenditures	(2,093)	**4,268**
Unencumbered Cash - Beginning	172,561	**170,468**
Unencumbered Cash - Ending	$ 170,468	**174,736**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues	$ 929,631	**973,668**	961,564	12,104
State Aid	246,896	**430,559**	430,559	-
Advanced Refunding - Bond Proceeds	-	**16,075,000**	-	16,075,000
Miscellaneous	90	**-**	-	-
Total Receipts	1,176,617	**17,479,227**	1,392,123	16,087,104
Expenditures				
Transfer to Escrow	-	**15,840,478**	-	15,840,478
Issuance Costs	-	**73,772**	-	73,772
Underwriter's Discount	-	**160,750**	-	160,750
Principal Payments	430,000	**695,000**	695,000	-
Interest Payments	804,481	**693,900**	693,901	(1)
(a) Adjustment for Qualifying Budget Credits	-	**-**	16,075,000	(16,075,000)
Total Expenditures	1,234,481	**17,463,900**	17,463,901	(1)
Receipts Over (Under) Expenditures	(57,864)	**15,327**		
Unencumbered Cash - Beginning	1,316,351	**1,258,487**		
Unencumbered Cash - Ending	$ 1,258,487	**1,273,814**		

(a) Adjustment for Qualifying Budget Credits

Advanced Refunding - Bond Proceeds Over Amount Budgeted	$ 16,075,000

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Recreation Commission
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Revenues	$ 115,843	**121,157**
Interest on Idle Funds	61	**22**
Fees	8,127	**10,348**
Wellness Center Membership Fees	53,460	**53,687**
Total Receipts	177,491	**185,214**
Expenditures		
Activity Supplies	34,435	**29,270**
Advertising	1,123	**570**
Insurance	4,135	**31**
Office	4,062	**4,269**
Payroll	73,767	**77,515**
Postage	119	**64**
Silver Threads	6,600	**6,450**
Utilities	2,801	**2,920**
Wellness Center	20,392	**32,354**
Total Expenditures	147,434	**153,443**
Receipts Over (Under) Expenditures	30,057	**31,771**
Unencumbered Cash - Beginning	74,109	**104,166**
Unencumbered Cash - Ending	$ 104,166	**135,937**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
High School				
Band	$ 22,331	7,810	2,282	**27,859**
Black Board Designs	607	3,334	3,207	**734**
Clay Sports Team	5,935	1,625	4,286	**3,274**
Debate	855	856	843	**868**
FCCLA	632	438	396	**674**
Future Business Leaders of America	3,727	955	205	**4,477**
Kidwind Challenge	658	-	-	**658**
National Honor Society	1,812	-	-	**1,812**
Online Bill Pay	6,483	22,738	28,805	**416**
Scholar's Bowl	164	195	303	**56**
Sterling Singers	1,213	116	244	**1,085**
STUCO	731	229	779	**181**
Yearbook	5,458	4,982	7,632	**2,808**
FFA	1,314	2,832	603	**3,543**
Class of 2021	1,210	1,598	2,808	**-**
Class of 2022	261	420	681	**-**
Class of 2023	193	-	-	**193**
Total High School	53,584	48,128	53,074	**48,638**
Junior High School				
A Few Good Men	489	-	131	**358**
Yearbook	611	1,320	1,699	**232**
DFYIT	3,494	1,603	4,978	**119**
J-Teens	625	547	603	**569**
Scholars Bowl	45	120	-	**165**
Science Fair	178	-	-	**178**
STUCO	192	787	-	**979**
Total Junior High School	5,634	4,377	7,411	**2,600**
Grade School				
Be Kind Movement	3,090	-	-	**3,090**
GM Boxtops	-	431	431	**-**
Science Olympiad	310	1,141	729	**722**
Library Fees	-	47	-	**47**
Target Fund	87	-	-	**87**
Yearbook	2,337	3,427	3,157	**2,607**
Total Junior High School	5,824	5,046	4,317	**6,553**
Total Agency Funds	$ 65,042	57,551	64,802	**57,791**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
District Activity Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Encumbrances and Accounts Payable	**Ending Cash Balance**
Junior and Senior High School							
Athletics	$ 11,970	-	26,819	37,718	**1,071**	-	**1,071**
Concessions	10,410	-	7,035	11,959	**5,486**	-	**5,486**
Grade School							
School Activity	2,065	-	-	119	**1,946**	-	**1,946**
Total District Activity Funds	$ 24,445	-	33,854	49,796	**8,503**	-	**8,503**

UNIFIED SCHOOL DISTRICT NO. 376, STERLING, KANSAS

Single Audit Information

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

To the Board of Education
Unified School District No. 376 Sterling, Kansas
Sterling, Kansas

We have audited, in accordance with the 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, the financial statement of **Unified School District No. 376 Sterling, Kansas**, as of and for the year ended June 30, 2021, and the related notes to the financial statement, and have issued our report thereon dated February 9, 2022. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statement, we considered **Unified School District No. 376 Sterling, Kansas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 376 Sterling, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 376 Sterling, Kansas'** internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs (2021-001) to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs (2021-002) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 376 Sterling, Kansas'** 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*.

Unified School District No. 376 Sterling, Kansas' Response to Findings

Unified School District No. 376 Sterling, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **Unified School District No. 376 Sterling, Kansas'** response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

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

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

February 9, 2022

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

To the Board of Education
Unified School District No. 376 Sterling, Kansas
Sterling, Kansas

Report on Compliance for Each Major Federal Program

We have audited **Unified School District No. 376 Sterling, Kansas'** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 376 Sterling, Kansas'** major federal programs for the year ended June 30, 2021. **Unified School District No. 376 Sterling, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Unified School District No. 376 Sterling, Kansas'** 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 *Kansas Municipal Audit and Accounting Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about **Unified School District No. 376 Sterling, Kansas'** 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 **Unified School District No. 376 Sterling, Kansas'** compliance.

Opinion on Each Major Federal Program

In our opinion, **Unified School District No. 376 Sterling, Kansas** 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.

Report on Internal Control Over Compliance

Management of **Unified School District No. 376 Sterling, Kansas** 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 **Unified School District No. 376 Sterling, Kansas'** 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 with 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 **Unified School District No. 376 Sterling, Kansas'** internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

February 9, 2022

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Schedule of Expenditures of Federal Awards
June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Education			
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies (LEAs)	84.010	N/A	$ 71,758
Small Rural School Achievement (SRSA) Program	84.358	N/A	32,501
Supporting Effective Instruction State Grants	84.367	N/A	9,682
Student Support and Academic Enrichment Program	84.424	N/A	13,030
COVID-19 Funds - Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	306,982
Total U.S. Department of Education			433,953
U.S. Department of Agriculture			
Passed Through State Department of Education			
Child Nutrition Cluster			
COVID-19 Funds - National School Lunch Program (NSLP)	10.555	N/A	102,188
Summer Food Service Program for Children (SFSP)	10.559	N/A	279,842
Total U.S. Department of Agriculture			382,030
U.S. Department of the Treasury			
Passed Through Rice County			
COVID-19 Funds - Coronavirus Relief Fund	21.019	N/A	138,085
Total Expenditures of Federal Awards			$ **954,068**

Note - There were no awards made to subrecipients for the year ended June 30, 2021.

See accompanying notes to schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 376 Sterling, Kansas,** and is presented on the basis of accounting that demonstrates compliance with the regulatory basis of accounting of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented 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* (Uniform Guidance).

NOTE 2 – INDIRECT COST RATE

The District has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

NOTE 3 – OTHER EXPENDITURES

The District did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended June 30, 2021.

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statement was prepared in accordance with a special purpose framework that is not in compliance with GAAP:			Unmodified	
Internal control over financial reporting:				
• Material weakness identified?	X	Yes		No
• Significant deficiency identified?	X	Yes		None reported
• Noncompliance material to financial statements noted?		Yes	X	No

FEDERAL AWARDS

Internal control over major programs:				
• Material weakness identified?		Yes	X	No
• Significant deficiency identified?		Yes	X	None reported
Type of auditors' report issued on compliance for major programs:			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?		Yes	X	No

Identification of major program:

Assistance Listing Number	Name of Federal Program or Cluster
Child Nutrition Cluster	
10.555	National School Lunch Program (NSLP)
10.559	Summer Food Service Program for Children (SFSP)

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

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2021-001

Criteria or specific requirement
Internal controls should be in place to ensure that employees do not have overlapping duties.

Condition
Proper segregation of duties does not exist in the accounting system.

Context
We determined, through inquiry and documentation of the District's internal controls, that there is a failure to properly segregate duties for the financial reporting process.

Cause
The District is unable to hire additional personnel due to its size.

Effect
Management may not become aware of problems or irregularities in a timely manner.

Recommendation
Procedures should be established and implemented to segregate duties in the receipts, expenditures, payroll and accounts payable cycles to strengthen internal controls. Also, involvement of the Board can mitigate the risk of errors or fraud. The Board should remain involved in the financial affairs of the District to provide oversight and independent review functions.

Views of responsible officials
See Corrective Action Plan.

SIGNIFICANT DEFICIENCY

2021-002

Criteria or specific requirement
Internal controls should be in place to fully process the bank reconciliations.

Condition
The bank reconciliation must be reconciled to the general ledger.

Context
The accounting software provides a reconciliation from the bank to the general ledger, but it was not reviewed for variances.

Cause
The accounting software is complex and has a banking module and a general ledger module. The District was unable to provide a complete reconciliation that agreed the two modules.

Effect
Entries totaling $3,506 were required to increase cash recorded on the books.

Recommendation
The District staff should work with its software provider to get the cash balances adjusted to actual on the banking side of the system. On a monthly basis, the District should reconcile timely and investigate and correct any variances.

Views of responsible officials
See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.

Unified School District No. 376 Rice County
308 East. Washington Ave
Sterling, KS 67579
Office (620)278-3621 Fax (620)278-3882

Office of the Superintendent

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2020-001

Condition
Proper segregation of duties does not exist in the accounting system.

Recommendation
The District implements segregation of duties wherever possible, given its size.

Status
Repeat Finding. See 2021-001.

SIGNIFICANT DEFICIENCY

2020-001

Condition
The bank reconciliation must be reconciled to the general ledger.

Recommendation
The District staff should work with its software provider to get the cash balances adjusted to actual on the banking side of the system. On a monthly basis, the District should reconcile timely and investigate and correct any variances.

Status
Repeat Finding. See 2021-002.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No single audit for the year ended June 30, 2020.