Unified School District Number 374

Sublette, Kansas

FINANCIAL STATEMENT

WITH REGULATORY - REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2023

Dirks, Anthony & Duncan, LLC
Certified Public Accountants
Ulysses, Kansas

Unified School District Number 374
Sublette, Kansas
Table of Contents
For the Year Ended June 30, 2023

	Page Number
Independent Auditor's Report	1
Statement 1	
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to the Financial Statement	5
Regulatory Required Supplemental Information	
Schedule 1	
Summary of Expenditures - Actual and Budget (Budgeted Funds Only)	12
Schedule 2	
Schedule of Receipts and Expenditures - Actual and Budget (where applicable)	
General Funds:	
2-1 General Fund	13
2-2 Supplemental General Fund	14
Special Purpose Funds:	
2-3 Preschool-Aged At-Risk Fund	15
2-4 At-Risk (K-12) Fund	16
2-5 Bilingual Education Fund	17
2-6 Capital Outlay Fund	18
2-7 Driver Training Fund	19
2-8 Professional Development Fund	20
2-9 Food Service Fund	21
2-10 Special Education Fund	22
2-11 Career and Postsecondary Education Fund	23
2-12 Daycare Services Fund	24
2-13 KPERS Special Retirement Fund	25
2-14 Textbook Fund	26
2-15 Contingency Reserve Fund	27
2-16 Recreation Commission General Fund	28
2-17 Recreation Commission Employee Benefits Fund	29
2-18 State, Federal and Other Grant Funds	30
Bond and Interest Fund:	
2-19 Bond and Interest Fund	33
Schedule 3	
Summary of Receipts and Disbursements	
Agency Funds	34
Schedule 4	
Schedule of Receipts, Expenditures, and Unencumbered Cash	
District Activity Fund	35
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with *Government Auditing Standards*	38
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	40
Schedule of Expenditures of Federal Awards	43
Notes to Schedule of Expenditures of Federal Awards	44
Schedule of Finding & Questioned Costs	45
Sumary Schedule of Prior Audit Findings	47
Corrective Action Plan	48
Sumary Schedule of Prior Audit Findings	49

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INDEPENDENT AUDITOR'S REPORT

Superintendent and Board of Education
Unified School District Number 374
Sublette, Kansas 67877

Adverse and Unmodified Opinions

We have audited the accompanying financial statement of the Unified School District Number 374 which comprise the statement of receipts, expenditures, and unencumbered cash as of June 30, 2023, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, 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 Unified School District Number 374, as of June 30, 2023, or changes in net position, or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the financial statement referred to above present fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District Number 374, as of June 30, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* as described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Unified School District Number 374, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinions on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the Unified School District Number 374, on the basis of the financial reporting provisions of *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 and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the 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 financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unified School District Number 374's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial double shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Unified School District Number 374's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unified School District Number 374's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures - agency funds, schedule of 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 the Unified School District Number 374 as of and for the year ended June 30, 2022 (not presented herein), and have issued our reported thereon dated December 1, 2022, which contained an unmodified opinion on the basic financial statement. The 2022 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/oar/municipal-services. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2022 (Schedule 2 as listed in the table of contents) is presented for the purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 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 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 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 2022 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, 2022, on the basis of accounting described in Note 1.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the Unified School District Number 374's basic financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement themselves, 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, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2023, on our consideration of the Unified School District Number 374's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Unified School District Number 374's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Unified School District Number 374's internal control over financial reporting and compliance.

Dirks, Anthony & Duncan L.L.C

DIRKS, ANTHONY & DUNCAN, LLC
Certified Public Accountants

November 10, 2023

Unified School District Number 374
Sublette, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2023

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances And Accounts Payable	Ending Cash Balance
General Funds:						
General	$ 200	$ 3,980,843	$ 3,948,696	$ 32,347	$ -	$ 32,347
Supplemental General	106,758	1,337,472	1,313,177	131,053	-	131,053
Special Purpose Funds:						
Preschool-Aged At-Risk	776	66,473	67,249	-	-	-
At-Risk (K-12)	-	823,918	823,918	-	-	-
Bilingual Education	2,511	213,557	216,068	-	-	-
Capital Outlay	331,525	732,864	634,936	429,453	-	429,453
Driver Training	20,234	8,750	9,617	19,367	-	19,367
Professional Development	-	24,330	9,142	15,188	-	15,188
Food Service	54,655	625,099	537,176	142,578	-	142,578
Special Education	27,374	414,704	387,540	54,538	-	54,538
Career and Postsecondary Education	-	53,701	53,701	-	-	-
Daycare Services	2,221	101,201	100,702	2,747	-	2,747
KPERS Special Retirement	-	577,984	577,984	-	-	-
Textbook	564	-	-	564	-	564
Contingency Reserve	249,104	8,153	-	257,257	-	257,257
Rec. Comm. General	-	238,016	226,872	11,144	-	11,144
Rec. Comm. Employee Benefits	-	20,955	15,000	5,955	-	5,955
State, Federal and Other Grants	(62,065)	727,714	758,323	(92,674)	-	(92,674)
District Activity	(6,022)	125,870	113,533	6,315	-	6,315
Bond and Interest Fund:						
Bond and Interest	110,225	22,209	-	132,434	-	132,434
Total Primary Government (Excluding Agency Funds)	$ 838,060	$ 10,103,813	$ 9,793,634	$ 1,148,266	$ -	$ 1,148,266

Composition of Cash	
Checking Accounts	$ 786,933
Money Market	501,622
	1,288,555
Less: Agency Funds - Per Schedule 3	(140,289)
Total Composition of Cash	$ 1,148,266

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

UNIFIED SCHOOL DISTRICT NUMBER 374
Sublette, Kansas
Notes to the Financial Statement
June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Reporting Entity

Unified School District Number 374 is a municipal corporation governed by an elected seven-member board. This financial statement presents USD No. 374 (the District) and its related municipal entities. The related municipal entities are included in the USD's reporting entity because it was created to benefit the USD and/or its constituents.

Component Unit

1. *Sublette Recreation Commission* – The 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. The recreation commission cannot purchase real property but can acquire real property by gift.

b) 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 regulatory receipt 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.

Business Funds – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.)

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

c) Basis of Accounting

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

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

d) 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts 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 City 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 projects funds, trust funds and the following special purpose funds:

Textbook Fund, Contingency Reserve Fund and State, Federal and Other Grants 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.

e) Reimbursements

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly reflected as offset by the reimbursements. Expenditures for the year ended June 30, 2023, in the amount of $99,034 are classified as reimbursed expenses in the General Fund. These expenditures are for general purposes and are exempt from the budget law under K.S.A. 72-5390.

NOTE 2 – DEPOSITS AND INVESTMENTS

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;

NOTE 2 – DEPOSITS AND INVESTMENTS, CONTINUED

and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

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

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

At June 30, 2023 the carrying amount of the District's deposits, including certificates of deposit, was $1,148,266 and the bank balance was $1,851,288. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance, and the remaining balance was collateralized with securities held by the pledging financial institution's agents in the District's name.

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 of this type at June 30, 2023.

NOTE 3 – RETIREMENT PLAN

General Information about the Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. Seq. Kansas law establishes and amends benefit provisions. KPERS issues a 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 before 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 contribution 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 14.20% and 13.33%, respectively, for the fiscal year ended June 30, 2022. The actuarially determined employer contribution rate and the statutory contribution rate was 13.88% and 13.11% for the fiscal year ended June 30, 2023.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. The 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 schedule to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

NOTE 3 – RETIREMENT PLAN, CONTINUED

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 funding for the KPERS School Group in fiscal year 2020 of $51 million.

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rate for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. The bond proceeds were received by KEPRS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred to KPERS. In Fiscal Year 2023, Senate Bill 421 authorizes two additional transfers which total $271 million.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost of retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $577,984 for the year ended June 30, 2023.

Net Pension Liability

At June 30, 2023, the District's proportionate share of the collective net pension liability reported by KPERS was $5,703,824. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on the ratio of the District's contribution to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in the 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 4 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

a) *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 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.

b) *Sick Leave.* Full time certified employees employed less than twelve (12) months per year shall be granted ten (10) working days each year at full salary for personal illness, illness of family members, medical and dental appointments. Sick leave shall accumulate to a maximum of ninety (90) working days for each staff member employed for less than twelve (12) months. Full time classified employees employed for twelve (12) months per year shall be granted twelve (12) working days sick leave at full salary for personal illness, illness of family members, medical and dental appointments. Sick leave shall accumulate to a maximum of seventy-two (72) working days for each staff member employed for twelve (12) months.

c) NOTE 4 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS, CONTINUED

Certified employees that work part days shall have ten (10) part days for sick leave, which shall accumulate as described above. Total accumulation shall be sixty (60) part days.

d) *Extended Sick Leave.* Full time professional employees shall be granted ten (10) working days extended sick leave for his/her first year of employment in the District, twenty (20) working days for the second continuous year of employment in the District, and thirty (30) working days in each succeeding year of employment in USD No. 374. Extended sick leave shall be defined as leave with a salary reduction, as specified in the Board Policy. The liability for accumulated vacation pay is not shown on this financial statement in accordance with a statutory based financial statement.

e) Bereavement Leave. Each certified employee may use his/her accumulated sick leave and his/her extended sick leave for reason of death of a relative of the employee or the employee's spouse. Such use shall be limited to five (5) days per bereavement. More time may be granted upon the discretion of the superintendent.

f) *Personal Leave.* Certified employees shall be allowed three (3) days of personal leave per year. Personal leave is not accumulative. Certified employees will be given one (1) additional day of personal leave upon their 20th year of accumulated experience. This includes experience at the District and certified experience elsewhere. Unused personal leave days may be converted to sick leave days. Such converted days shall not be reimbursable under the Payment for Unused Sick Leave Days paragraph.

g) *Payment for Unused Sick Leave*. The Board of Education shall pay each teacher upon retirement under KPERS, in the case of a disability that would prevent continued employment by the District, or the teacher's beneficiaries in the event of the teacher's death, ten dollars ($10) per each day of accumulated unused sick leave not to exceed sixty (60) days. Termination of employment other than those listed above will not be eligible for payment of unused sick leave. The Board of Education shall pay each teacher for unused sick leave up to ten (10) days at a rate of twenty dollars ($20) per day at the end of each contract period after all sick leave days used have been applied to the records in the Central Office. Unused sick leave pay will be computed in the June check.

h) Termination Benefits. The District does not provide for termination benefits.

NOTE 5 – INTERFUND TRANSFERS

Interfund operating transfers are as follows:

Fund Transferred From:	Fund Transferred To:	Statutory Authority	Amount
General	Bilingual	K.S.A. 72-6428	$ 141,888
General	Day Care	K.S.A. 72-6428	33,191
General	Food Service	K.S.A. 72-6428	257,515
General	Professional Development	K.S.A. 72-6428	23,986
General	Special Education	K.S.A. 72-6428	403,760
General	Career and Postsecondary Education	K.S.A. 72-6428	38,276
General	Contingency Reserve	K.S.A. 72-6428	8,152
General	Capital Outlay	K.S.A. 72-6428	94,902
General	Preschool-Aged At-Risk	K.S.A. 72-6428	44,799
General	At-Risk (K-12)	K.S.A 72-6428	622,226
Supplemental General	Bilingual Fund	K.S.A. 72-6428	71,669
Supplemental General	At-Risk (K-12)	K.S.A. 72-6428	201,692
Supplemental General	Preschool-Aged At-Risk	K.S.A. 72-6428	21,674
Supplemental General	Daycare Services Fund	K.S.A. 72-6428	28,429

NOTE 6 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, Kansas Department of Administration, and Interpretation by legal repetition of the Municipality.

There were no cash law violation or budget law violations for the year ending June 30, 2023

NOTE 7 – CLAIMS, JUDGEMENTS AND RISK MANAGEMENT

The District participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of the date of this report, grant expenditures have not been audited, but the District believes that any disallowed expenditures or overpayments, if any, will not have a material effect on the individual governmental funds or the overall financial position of the District.

During the ordinary course of its operation the District is a party to various claims, legal actions and complaints. It is the opinion of the District's management and legal counsel that these matters are not anticipated to have a material impact on the District.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage in the 2023 fiscal year, and there were no settlements that exceeded insurance coverage in the past three years.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. Management’s evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.

REGULATORY-REQUIRED SUPPLEMENTAL INFORMATION

Schedule 1

Unified School District Number 374
Sublette, Kansas
Summary of Expenditures - Actual and Budget (Budgeted Funds Only)
Regulatory Basis
For the Year Ended June 30, 2023

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Funds:						
General	$ 3,976,143	$ (126,481)	$ 99,034	$ 3,948,696	$ 3,948,696	$ -
Supplemental General	1,348,838	(35,661)	-	1,313,177	1,313,177	-
Special Purpose Funds:						
Preschool-Aged At-Risk	80,778			80,778	67,249	(13,529)
At-Risk (K-12)	823,918			823,918	823,918	-
Bilingual Education	227,924			227,924	216,068	(11,856)
Capital Outlay	1,007,894			1,007,894	634,936	(372,958)
Driver Training	31,636			31,636	9,617	(22,019)
Professional Development	9,167			9,167	9,142	(25)
Food Service	584,668			584,668	537,176	(47,492)
Special Education	482,231			482,231	387,540	(94,691)
Career and Postsecondary Education	59,671			59,671	53,701	(5,970)
Daycare Services	132,682			132,682	100,702	(31,980)
KPERS Special Retirement	623,728			623,728	577,984	(45,744)
Rec. Comm. General	226,872			226,872	226,872	-
Rec. Comm. Employee Benefits	15,000			15,000	15,000	-
Debt Service Fund:						
Bond and Interest	-			-	-	-

Unified School District Number 374
Sublette, Kansas
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Mineral Taxes	$ 130,874	$ 169,810	$ 131,000	$ 38,810
State Equalization Aid	3,544,091	3,481,166	3,594,319	(113,153)
State Special Education Aid	249,877	230,833	250,624	(19,791)
Reimbursed Expenses	-	99,034	-	99,034
Total Receipts	3,924,842	3,980,843	$ 3,975,943	$ 4,900
Expenditures				
Instruction	1,897,882	1,430,098	1,583,648	(153,550)
Student Support Services	5,175	1,615	6,100	(4,485)
Instructional Support Staff	46,824	103,622	49,200	54,422
General Administration	213,588	139,289	201,000	(61,711)
School Administration	128,533	131,729	129,700	2,029
Central Services	800	-	900	(900)
Operations and Maintenance	336,039	345,016	227,000	118,016
Other Student Transportation Services	19,119	20,928	2,000	18,928
Vehicle Operating Services	41,402	45,457	-	45,457
Student Transportaion Services - Supervision	67,888	62,247	125,500	(63,253)
Vehicle & Maintenance Services	11,658	-	-	-
Fund Transfers	1,239,663	1,668,695	1,651,095	17,600
Adjustment to Comply with Legal Max			(126,481)	126,481
Legal Supplemental Fund Budget	4,008,571	3,948,696	3,849,662	99,034
Adjustment for Qualifying Budget Credits			99,034	(99,034)
Total Expenditures	4,008,571	3,948,696	$ 3,948,696	-
Receipts Over (Under) Expenditures	(83,729)	32,147		$ 4,900
Unencumbered Cash, July 1	83,929	200		
Unencumbered Cash, June 30	$ 200	$ 32,347		

Schedule 2-2

Unified School District Number 374
Sublette, Kansas
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Advalorem Taxes	$ 1,267,097	$ 1,216,371	$ 1,256,863	$ (40,492)
Back Tax Collections	14,086	16,087	6,483	9,604
Motor Vehicle Tax Collections	85,683	103,795	96,611	7,184
Recreational Vehicle Tax Collections	1,257	1,219	1,489	(270)
Total Receipts	1,368,123	1,337,472	$ 1,361,446	$ (23,974)
Expenditures				
Instruction	264,565	338,028	381,901	(43,873)
Student Support Services	15,188	31,501	26,700	4,801
Instructional Support Staff	137,343	136,881	150,000	(13,119)
General Administration	195,875	255,634	214,500	41,134
School Administration	200,598	203,360	218,000	(14,640)
Operations and Maintenance	7,605	8,360	12,000	(3,640)
Student Transportation Services	2,671	2,560	4,000	(1,440)
Other Support Services	21,787	13,389	42,500	(29,111)
Fund Transfers	497,377	323,464	299,237	24,227
Adjustment to Comply with Legal Max			(35,661)	35,661
Legal Supplemental Fund Budget	1,343,009	1,313,177	1,313,177	-
Adjustment for Qualifying Budget Credits			-	-
Total Expenditures	1,343,009	1,313,177	$ 1,313,177	-
Receipts Over (Under) Expenditures	25,114	24,295		$ (23,974)
Unencumbered Cash, July 1	81,644	106,758		
Unencumbered Cash, June 30	$ 106,758	$ 131,053		

Unified School District Number 374
Sublette, Kansas
Preschool-Aged At-Risk Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Transfers In	$ 66,537	$ 66,473	$ 80,000	$ (13,527)
Total Receipts	66,537	66,473	$ 80,000	$ (13,527)
Expenditures				
Instruction	65,761	67,249	80,778	(13,529)
Total Expenditures	65,761	67,249	$ 80,778	(13,529)
Receipts Over (Under) Expenditures	776	(776)		$ 2
Unencumbered Cash, July 1	-	776		
Unencumbered Cash, June 30	$ 776	$ -		

Schedule 2-4

Unified School District Number 374
Sublette, Kansas
At-Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Transfers In	$ 715,649	$ 823,918	$ 823,918	$ -
Total Receipts	715,649	823,918	$ 823,918	$ -
Expenditures				
Instruction	687,336	815,421	793,918	21,503
Student Support Services	28,313	8,497	30,000	(21,503)
Total Expenditures	715,649	823,918	$ 823,918	-
Receipts Over (Under) Expenditures	-	-		$ -
Unencumbered Cash, July 1	-	-		
Unencumbered Cash, June 30	$ -	$ -		

Unified School District Number 374
Sublette, Kansas
Bilingual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Transfers In	$ 217,660	$ 213,557	$ 225,414	$ (11,857)
Total Receipts	217,660	213,557	$ 225,414	$ (11,857)
Expenditures				
Instruction	218,954	216,068	227,924	(11,856)
Total Expenditures	218,954	216,068	$ 227,924	(11,856)
Receipts Over (Under) Expenditures	(1,294)	(2,511)		$ (1)
Unencumbered Cash, July 1	3,805	2,511		
Unencumbered Cash, June 30	$ 2,511	$ -		

Schedule 2-6

Unified School District Number 374
Sublette, Kansas
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Advalorem Property Taxes	$ 475,907	$ 587,880	$ 562,328	$ 25,552
Back Tax Collections	6,181	6,556	2,443	4,113
Motor Vehicle Tax Collections	38,731	40,096	37,133	2,963
Recreational Vehicle Tax Collections	558	466	578	(112)
Interest Income	1,261	2,605	1,500	1,105
Transfer from General Fund	-	94,902	-	94,902
Miscellaneous Revenue	937	359	500	(141)
Total Receipts	523,575	732,864	$ 604,482	$ 128,382
Expenditures				
Instruction	58,209	153,972	70,120	(83,852)
Student Support Services	-	13,603	229,774	216,171
General Administration	649	3,882	11,000	7,118
School Administration	-	-	20,000	20,000
Operations and Maintenance	354,581	396,453	462,000	65,547
Student Transportation Services	-	22,848	25,000	2,152
Land Improvements	-	4,170	100,000	95,830
Building Improvements	155,971	40,008	90,000	49,992
Total Expenditures	569,410	634,936	$ 1,007,894	372,958
Receipts Over (Under) Expenditures	(45,835)	97,928		$ (244,576)
Unencumbered Cash, July 1	377,360	331,525		
Unencumbered Cash, June 30	$ 331,525	$ 429,453		

Unified School District Number 374
Sublette, Kansas
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
State Aid	$ 4,514	$ 6,300	$ 5,400	$ 900
Enrollment Fees	5,752	2,450	6,000	(3,550)
Total Receipts	10,266	8,750	$ 11,400	$ (2,650)
Expenditures				
Instruction	10,069	9,261	29,186	(19,925)
Operations & Maintenance	491	356	2,450	(2,094)
Total Expenditures	10,560	9,617	$ 31,636	(22,019)
Receipts Over (Under) Expenditures	(294)	(867)		$ 19,369
Unencumbered Cash, July 1	20,528	20,234		
Unencumbered Cash, June 30	$ 20,234	$ 19,367		

Schedule 2-8

Unified School District Number 374
Sublette, Kansas
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
State Aid	$ -	$ 344	$ 1,500	$ (1,156)
Transfers In	-	23,986	5,000	18,986
Total Receipts	-	24,330	$ 6,500	$ 17,830
Expenditures				
Instructional Support Staff	10,273	9,142	9,167	(25)
Total Expenditures	10,273	9,142	$ 9,167	(25)
Receipts Over (Under) Expenditures	(10,273)	15,188		$ 17,855
Unencumbered Cash, July 1	10,273	-		
Unencumbered Cash, June 30	$ -	$ 15,188		

Unified School District Number 374
Sublette, Kansas
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
State Aid	$ 1,832	$ 2,215	$ 1,554	$ 661
Federal Aid	286,384	280,107	164,206	115,901
Transfers In	187,815	257,515	272,000	(14,485)
Student Meal Receipts	473	45,031	54,316	(9,285)
Adult Meal Receipts	49,194	36,077	36,938	(861)
Miscellaneous	10,003	4,154	1,000	3,154
Total Receipts	535,701	625,099	$ 530,014	$ 95,085
Expenditures				
Operations and Maintenance	9,443	9,406	20,000	(10,594)
Food Service Operations	472,021	527,770	564,668	(36,898)
Total Expenditures	481,464	537,176	$ 584,668	(47,492)
Receipts Over (Under) Expenditures	54,237	87,923		$ 142,577
Unencumbered Cash, July 1	418	54,655		
Unencumbered Cash, June 30	$ 54,655	$ 142,578		

Schedule 2-10

Unified School District Number 374
Sublette, Kansas
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
General Fund Transfer of State Aid	$ 249,877	$ 230,833	$ 250,624	$ (19,791)
Transfers In	176,850	172,927	169,376	3,551
ESSER/CARES Act	-	-	12,775	(12,775)
Other	12,946	10,944	14,000	(3,056)
Total Receipts	439,673	414,704	$ 446,775	$ (32,071)
Expenditures				
Instruction	411,541	386,702	476,131	89,429
General Administration	-	66	5,000	4,934
Operations & Maintenance	758	772	1,100	328
Total Expenditures	412,299	387,540	$ 482,231	94,691
Receipts Over (Under) Expenditures	27,374	27,164		$ (126,762)
Unencumbered Cash, July 1	-	27,374		
Unencumbered Cash, June 30	$ 27,374	$ 54,538		

Unified School District Number 374
Sublette, Kansas
Career and Postsecondary Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Transfers In	$ 35,862	$ 38,276	$ 39,000	$ (724)
State Aid	-	15,425	20,671	(5,246)
Total Receipts	35,862	53,701	$ 59,671	$ (5,970)
Expenditures				
Instruction	12,942	31,161	32,471	(1,310)
Student Transportation Services	25,091	22,540	27,200	(4,660)
Total Expenditures	38,033	53,701	$ 59,671	(4,660)
Receipts Over (Under) Expenditures	(2,171)	-		$ (1,310)
Unencumbered Cash, July 1	2,171	-		
Unencumbered Cash, June 30	$ -	$ -		

Schedule 2-12

Unified School District Number 374
Sublette, Kansas
Daycare Services Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Service Revenue	$ 41,415	$ 39,581	$ 45,000	$ (5,419)
Transfers In	84,121	61,620	85,000	(23,380)
Total Receipts	125,536	101,201	$ 130,000	$ (28,799)
Expenditures				
Other Support Services	124,053	100,702	132,682	(31,980)
Total Expenditures	124,053	100,702	$ 132,682	(31,980)
Receipts Over (Under) Expenditures	1,483	499		$ 3,181
Unencumbered Cash, July 1	688	2,221		
Prior Year Cancelled Encumbrances	50	27		
Unencumbered Cash, June 30	$ 2,221	$ 2,747		

Unified School District Number 374
Sublette, Kansas
KPERS Special Retirement Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
KPERS State Aid	$ 588,423	$ 577,984	$ 623,728	$ (45,744)
Total Receipts	588,423	577,984	$ 623,728	$ (45,744)
Expenditures				
Employee Benefits	588,423	577,984	623,728	(45,744)
Total Expenditures	588,423	577,984	$ 623,728	(45,744)
Receipts Over (Under) Expenditures	-	-		$ -
Unencumbered Cash, July 1	-	-		
Unencumbered Cash, June 30	$ -	$ -		

Schedule 2-14

Unified School District Number 374
Sublette, Kansas
Textbook Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year	Current Year
Receipts		
Transfers In	$ -	$ -
Total Receipts	-	-
Expenditures		
Textbook Purchases	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, July 1	564	564
Unencumbered Cash, June 30	$ 564	$ 564

Unified School District Number 374
Sublette, Kansas
Contingency Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year	Current Year
Receipts		
Transfers In	$ -	$ 8,153
Total Receipts	-	8,153
Expenditures		
Emergency Expenditures	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	8,153
Unencumbered Cash, July 1	236,903	249,104
Prior Year Cancelled Encumbrances	12,201	-
Unencumbered Cash, June 30	$ 249,104	$ 257,257

Schedule 2-16

Unified School District Number 374
Sublette, Kansas
Recreation Commission General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
County Taxes	$ 195,580	$ 238,016	$ 225,771	$ 12,245
Total Receipts	195,580	238,016	$ 225,771	$ 12,245
Expenditures				
Community Service Operations	195,580	226,872	226,872	-
Total Expenditures	195,580	226,872	$ 226,872	-
Receipts Over (Under) Expenditures	-	11,144		$ 12,245
Unencumbered Cash, July 1	-	-		
Unencumbered Cash, June 30	$ -	$ 11,144		

Unified School District Number 374
Sublette, Kansas
Recreation Commission Employee Benefits Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
County Taxes	$ 64,190	$ 20,955	$ 19,752	$ 1,203
Total Receipts	64,190	20,955	19,752	1,203
Expenditures				
Community Service Operations	64,190	15,000	15,000	-
Total Expenditures	64,190	15,000	$ 15,000	-
Receipts Over (Under) Expenditures	-	5,955		$ 1,203
Unencumbered Cash, July 1	-	-		
Unencumbered Cash, June 30	$ -	$ 5,955		

Schedule 2-18

Unified School District Number 374
Sublette, Kansas
State, Feeral and Other Grant Funds
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022

	Title I Low Income	Supporting Effective Instruction	Student Support & Academic Enrichment	Emergency Connectivity Fund	ESSER III	ESSER II	ARP Homeless
Receipts							
Federal Grants	$100,265	$ 15,732	$ 14,317	$ -	219,734.01	147,586.99	$ 12,643
Local Revenue	-	-	-	-	-	-	-
Total Receipts	100,265	15,732	14,317	-	219,734.01	147,586.99	12,643
Expenditures							
Instruction	100,265	15,732	14,317	22,080	233,593.65	59,940.13	12,643
Student Support Services	-	-	-	-	5,576.50	-	-
General Administration	-	-	-	-	2,153.00	-	-
School Administration	-	-	-	-	6,459.00	-	-
Operations and Maintenance	-	-	-	-	11,841.50	-	-
Student Transportation Services	-	-	-	-	10,382.11	3,100.32	-
Food Service Operations	-	-	-	-	8,612.00	-	-
Total Expenditures	100,265	15,732	14,317	22,080	278,617.76	63,040.45	12,643
Receipts Over (Under) Expenditures	-	-	-	(22,080)	(58,883.75)	84,546.54	-
Unencumbered Cash, July 1	-	-	-	-	-	(84,546.54)	-
Prior Year Cancelled Encumbrances	-	-	-	-	-	-	-
Unencumbered Cash, June 30	$ -	$ -	$ -	$ (22,080)	(58,883.75)	-	-

Schedule 2-18

Unified School District Number 374
Sublette, Kansas
State, Feeral and Other Grant Funds
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022

	TANF Early Learning	CIF Preschool Pre-K Pilot	Child Care Sustainability Grant	Perkins Grant	KDHE COVID Grant	Safe and Secure
Receipts						
Federal Grants	$ 25,195	$ -	$ 19,475	$ 27,400	$ 45,171	$ -
Local Revenue	-	25,195	-	-	-	6,611
Total Receipts	25,195	25,195	19,475	27,400	45,171	6,611
Expenditures						
Instruction	25,195	25,195	-	3,007	892	6,611
Student Support Services	-	-	15,641	-	-	-
General Administration	-	-	-	-	-	-
School Administration	-	-	-	-	-	-
Operations and Maintenance	-	-	-	-	45,406	
Student Transportation Services	-	-	-	-	-	-
Food Service Operations	-	-	-	-	-	-
Total Expenditures	25,195	25,195	15,641	3,007	46,298	6,611
Receipts Over (Under) Expenditures	-	-	3,834	24,393	(1,127)	-
Unencumbered Cash, July 1	-	-	-	(22,000)	(16,810)	-
Prior Year Cancelled Encumbrances	-	-	-	-	-	-
Unencumbered Cash, June 30	$ -	$ -	$ 3,834	$ 2,393	$ (17,937)	$ -

Schedule 2-18

Unified School District Number 374
Sublette, Kansas
State, Feeral and Other Grant Funds
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022

	Misc Grants	Title IVB 21st Century Learning Center After School	Title III English Language Acqusition	Title I Migrant	Small Rural Schools Grant	Totals
Receipts						
Federal Grants	$ -	$ -	$ 11,856	$ -	$ 30,074	$ 669,449
Local Revenue	26,459	-	-	-	-	58,265
Total Receipts	26,459	-	11,856	-	30,074	727,714
Expenditures						
Instruction	63,001	19,883	11,856	55	30,105	644,371
Student Support Services	-	786	-	-	-	22,004
General Administration	-	-	-	-	-	2,153
School Administration	-	-	-	-	-	6,459
Operations and Maintenance	-	-	-	-	-	57,248
Student Transportation Services	2,795	1,200	-	-	-	17,477
Food Service Operations	-	-	-	-	-	8,612
Total Expenditures	65,796	21,869	11,856	55	30,105	758,323
Receipts Over (Under) Expenditures	(39,337)	(21,869)	-	(55)	(31)	(30,609)
Unencumbered Cash, July 1	39,337	21,869	-	55	31	(62,065)
Prior Year Cancelled Encumbrances	-	-	-	-	-	-
Unencumbered Cash, June 30	$ -	$ -	$ -	$ -	$ -	$ (92,674)

Unified School District Number 374
Sublette, Kansas
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Ad Valorem Taxes	$ 4,591	$ -	$ -	$ -
Delinquent Tax	5,003	2,944	-	2,944
Motor Vehicle Tax	31,437	19,119	17,542	1,577
Recreational Vehicle Tax/Excise Tax	424	146	273	(127)
Total Receipts	41,455	22,209	$ 17,815	$ 4,394
Expenditures				
Bond Principal Payments	600,000	-	-	-
Bond Interest Payments	10,125	-	-	-
Total Expenditures	610,125	-	$ -	-
Receipts Over (Under) Expenditures	(568,670)	22,209		$ 4,394
Unencumbered Cash, July 1	678,895	110,225		
Unencumbered Cash, June 30	$ 110,225	$ 132,434		

Schedule 3

Unified School District Number 374
Sublette, Kansas
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2023

High School Student Organizations:	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Band	$ 481	$ -	$ 133	$ 348
FFA	13,060	17,194	22,486	7,768
Kayettes	5,362	998	5,960	400
MS Student Council	406	-	298	108
Lark Style	474	2,273	1,316	1,431
S Club	1,079	1,114	471	1,722
Yearbook	3,892	1,277	5,169	-
HS Track	278	1,381	1,439	220
Class of 2023	1,110	3,023	3,566	567
Class of 2024	9,021	2,105	8,656	2,470
Class of 2026	-	740	-	740
Class of 2022	1,097	-	329	768
Class of 2025	2,263	1,070	-	3,333
Scholarships	7,375	4,500	11,875	-
Library	213	-	-	213
HS Student Council	583	919	870	632
Vocal Music	191	18,466	18,554	103
HS Softball	255	8,316	3,319	5,252
HS Boys Basketball	182	75	-	257
HS Volleyball	1,356	2,994	2,459	1,891
HS Cheerleaders	6,089	18,680	22,867	1,902
National Honor Society	2,401	757	2,579	579
MS Cheerleaders	2,917	9,806	11,473	1,250
MLO	2,465	9,983	9,701	2,747
FBLA	666	-	-	666
Baseball	102	-	-	102
MS Volleyball	426	-	426	-
Seat Belts are for Everyone	3,985	3,300	2,456	4,829
HS Golf	340	2,486	575	2,251
FCA	486	-	291	195
FCCLA	816	1,151	1,021	946
Staff & Student Account	88	3,806	3,866	28
HS Football	460	1,942	2,354	48
HS Girls Basketball	142	2,403	2,417	128
MS/HS Cross Country	986	1,551	1,343	1,194
HS Basketball Team Meals	-	2,668	2,504	164
Interest	407	1,320	1,681	46
Subtotal High School Student Organizations	71,454	126,298	152,454	45,298
Grade School Student Organizations:				
Miscellaneous	9,368	1,195	2,268	8,295
Box Top Fund	3,762	25	-	3,787
Pop Fund/Student	11,497	2,733	2,144	12,086
Faculty/Staff	5,147	1,373	1,850	4,670
GS Musical Fund	1,910	593	898	1,605
Adult Site Council	2,377	300	1,327	1,350
GS Leadership	34	-	-	34
Book Fair Fund	2,260	-	1,478	782
School Mall	3,946	633	-	4,579
After School Program	2,204	2,943	1,284	3,863
Subtotal Grade School Student Organizations	42,505	9,795	11,249	41,051
Other Agency Funds:				
Flex Account	23,207	32,570	29,170	26,607
McClain Scholarship	26,807	83	-	26,890
High School Sales Tax	508	3,945	4,130	323
Grade School Sales Tax	(172)	944	652	120
Subtotal Other Agency Funds	50,350	37,542	33,952	53,940
Total Agency Funds	$ 164,309	$ 173,635	$ 197,655	$ 140,289

Unified School District Number 374
Sublette, Kansas
District Activity Fund
Schedule of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts						
High School Athletics	$ (11,937)	$ 36,591	$ 23,925	$ 729	$ -	$ 729
High School Concession	5,310	22,204	23,163	4,351	-	4,351
Total Gate Receipts	(6,627)	58,795	47,088	5,080	-	5,080
High School Activity	102	37,745	37,715	132	-	132
Grade School Activity	503	29,330	28,730	1,103	-	1,103
Total District Activity Funds	$ (6,022)	$ 125,870	$ 113,533	$ 6,315	$ -	$ 6,315

Unified School District Number 374
Sublette, Kansas

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Unified School District Number 374

Sublette, Kansas

SINGLE AUDIT SECTION

For the Year Ended June 30, 2023

Dirks, Anthony & Duncan, LLC
Certified Public Accountants & Management Consultants
104 N. Main / P.O. Box 885 / Ulysses, KS 67880 / Phone: (620) 356-4951 / Fax: (620) 353-1018

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*

Superintendent and Board of Education
Unified School District Number 374
Sublette, Kansas 67877

We have audited, in accordance with the 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 statement of receipts, expenditures, and unencumbered cash, as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise Unified School District Number 374's basic financial statement, and have issued our report thereon dated November 10, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District Number 374's internal control over financial reporting (internal control) as a basis for designing 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 Unified School District Number 374's internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District Number 374's internal control.

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

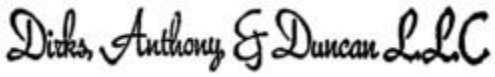
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District Number 374'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 financial statement. 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 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.



Dirks, Anthony & Duncan, LLC
Certified Public Accountants

November 10, 2023

Dirks, Anthony & Duncan, LLC
Certified Public Accountants & Management Consultants
104 N. Main / P.O. Box 885 / Ulysses, KS 67880 / Phone: (620) 356-4951 / Fax: (620) 353-1018

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

Superintendent and Board of Education
Unified School District Number 374
Sublette, Kansas 67877

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Unified School District Number 374's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Unified School District Number 374's major federal programs for the year ended June 30, 2023. Unified School District Number 374's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Education Stabilization Fund Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Unified School District Number 374 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Education Stabilization Fund Cluster for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Unified School District Number 374 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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

We are required to be independent of Unified School District Number 374 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of Unified School District Number 374's compliance with the compliance requirements referred to above.

Matter(s) Giving Rise to Qualified Opinion on Education Stabilization Fund Cluster

As described in the accompanying schedule of findings and questioned costs, Unified School District Number 374 did not comply with requirements regarding Assistance Listing No. 84.425D Elementary and Secondary School Emergency Relief Fund II as described in finding number 2023-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for Unified School District Number 374 to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Unified School District Number 374's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Unified School District Number 374's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Unified School District Number 374's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Unified School District Number 374's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Unified School District Number 374's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Unified School District Number 374's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Unified School District Number 374's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Unified School District Number 374's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

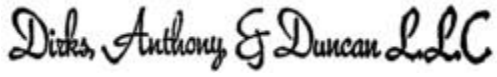
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Unified School District Number 374's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Unified School District Number 374's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Dirks, Anthony & Duncan, LLC
Certified Public Accountants

November 10, 2023

Unified School District Number 374
Sublette, Kansas
Schedule of Expenditures of Federal Awards
Regulatory Basis
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Numbers	Pass Through Identifying Number	Federal Award Expenditures
U.S. Department of Agriculture			
Passed Through State of Kansas Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	D0374	$ 53,356
National School Lunch Program	10.555	D0374	182,846
Fresh Fruits and Vegetables	10.582	D0374	14,048
Summer Food Service Program for Children	10.559	D0374	29,857
Total Child Nutrition Cluster			280,107
Total U.S. Department of Agriculture			280,107
Federal Communications Commission (FCC)			
Emergency Connectivity Fund	32.009	D0374	22,080
Total Federal Communications Commission (FCC)			22,080
U.S. Department of Education			
Rural Education Achievement Program	84.358A	D0374	30,105
Passed Through State of Kansas Department of Education			
Title I Grants to Local Educational Agencies	84.010A	D0374	100,265
Title I Grants Migrant Education State Grant Program	84.011A	D0374	55
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	D0374	3,007
Title IV 21st Century Community Learning Center	84.287C	D0374	21,869
English Language Acquisition State Grant - Title III	84.365A	D0374	11,856
Supporting Effective Instruction State Grant	84.367A	D0374	15,732
Student Support and Academic Enrichment Program	84.424A	D0374	14,317
Education Stabilization Fund Cluster:			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425W	D0374	12,643
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	D0374	278,618
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	D0374	63,040
Total Education Stabilization Fund Cluster			354,301
Total U.S. Department of Education			551,507
U.S. Department of Health and Human Services			
Passed Through State of Kansas Department of Education			
COVID-19 - Child Care Disaster Relief	93.575	D0374	15,641
KDHE K-12 COVID Testing Grant	93.323	D0374	46,298
Temporary Assitance for Needy Families (TANF)	93.558	D0374	25,195
Total U.S. Department of Health and Human Services			87,134
Total Schedule of Expenditures of Federal Awards			$ 940,828

Unified School District Number 374
Sublette, Kansas
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Unified School District Number 374, Sublette, Kanas (the District) under programs of the federal government for the year ended June 30, 2023. The information in this schedule if presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a select portion of the operations of District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. The Schedule is presented using regulatory basis of accounting prescribed by the Kanas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Expenditures reported in the Schedule of Expenditures of Federal Awards (SEFA) are reported using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash and budget laws of the State of Kansas, the same as the financial statement accompanying this schedule.

2) Unified School District Number 374 did not use the standard indirect cost rate of 10%.

NOTE 3 – FUNDS EXPENDED

Funds where federal expenditures were receipted and expended:

Food Service Fund	$ 280,107
From State, Federal and Other Grant Funds:	
Title I Low Income	100,265
Supporting Effective Instruction	15,732
Student Support and Academic Enrichment	14,317
Emergency Connectivity Fund	22,080
ESSER II	75,683
ESSER III	265,843
TANF Early Learning	25,195
Child Care Sustainability Grant	15,641
Perkins Grant	1,057
KDHE Covid Grant	46,298
Title IVB 21st Century Learning After School	21,869
Title III English Language Acquisition	11,856
Title I Migrant Education	55
Small Rural Schools Grant	30,105
	$ 926,103

Unified School District Number 374
Sublette, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditor's Results

Financial Statement:

Type of audit report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
• Noncompliance which is material to the financial statement noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance:	
• Rural Education Achievement Program	Unmodified
• Education Stabilization Fund Cluster	Qualified
Any audit findings disclosed that are required to be reported in Accordance with 2 CFR 200.516(a)?	Yes

Identification of Major Program	**Assistance Listing Number**
Rural Education Achievement Program	84.358A
Education Stabilization Fund Cluster:	
Elementary and Secondary Emergency Relief Fund	84.425W
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U
Elementary and Secondary School Emergency Relief Fund	84.425D

Dollar threshold to distinguish between Type A and Type B Programs	$750,000
Auditee qualifies as a low-risk auditee?	No

Section II – Financial Statement Findings

None Noted

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Education
Program Name: Rural Education Achievement Program
Federal Assistance Listing Numbers: 84.358A

There were no reportable findings.

U.S. Department of Education
Passed Through Kansas State Department of Education
Program Name: Education Stabilization Fund Cluster
Federal Assistance Listing Numbers: 84.425W, 84.425U, 84.425D

Finding 2023-001
SIGNIFICANT DEFICENCY AND MATERIAL NONCOMPLIANCE
Internal Controls and Report Submissions

Criteria: Pursuant to the Code of Federal Regulations (CFR), Title 2 *Grants and Agreements*, Subpart D *Post Federal Award Requirements*, Section 200.303 "the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award." Also pursuant to the Code of Federal Regulations (CFR), Title 2 *Grants and Agreements*, Subpart D *Post Federal Award Requirements*, Section 200.302 *Financial Management* (2 CFR §200.302), "identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received."

Condition: When investigating the controls related to Education Stabilization Fund reporting to the State of Kanas, we became aware that the same individual compiling the information is the same submitting the reports with no secondary review. During our examination of the reports submitted for the fiscal year, the report for the quarter ending June 2023 did not back to financial records by approximately $70,441.

Cause: The controls related to reporting for Education Stabilization Fund are non-existent.

Effect: There is no internal control related to reporting for Education Stabilization Fund.

Questioned Costs: $70,441

Recommendations: The District should have an employee compare the Board Clerk's supporting documentation and the Education Stabilization Fund spreadsheet report before its submission to the State of Kansas for its accuracy. After the approval by the secondary review employee, the report submitted should be printed, initialed by the secondary reviewer, stapled with the information used to compile the report and combined with all financial records for the fiscal year.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding. See separate document for planned corrective actions.

Unified School District Number 374
Sublette, Kansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT

Finding 2022-001 Internal Controls

Criteria: Pursuant to the Code of Federal Regulations (CFR), Title 2 *Grants and Agreements*, Subpart D *Post Federal Award Requirements*, Section 200.302 *Financial Management* (2 CFR §200.302), "identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received."

Condition: When investigating the controls related to ESSER quarterly expenditure reporting to the State of Kanas we became aware there is no secondary review. During our examination of the reports submitted for the fiscal year, the report we were told was for the quarter ending June 2022, though dated September 2022, does not tie back to financial records by approximately $38,400. We then asked for the financial reports used at the time of submission and were informed that the records used during the preparation of the report were destroyed upon its submission.

Recommendation: The District should have an employee, not in the position of District Secretary, compare the Financial Manager's ESSER report before its submission to the State of Kansas for its accuracy with board approved financial information. After the approval by the secondary review employee, the report submitted should be printed, initialed by the secondary reviewer, stapled with the information used to compile the report and combined with all financial records for the fiscal year. The District should also ensure that the positions involved with the financial reporting of the ESSER funds have adequate training for the recording and reporting of the federal monies.

Current Status: See current year finding at 2023-001.

Unified School District No. 374

Office of the Superintendent

PO Box 670 / 105 W Fern
Sublette, Kansas 67877

Phone: (620) 675-2277
Fax: (620) 675-2652

CORRECTIVE ACTION PLAN

November 10, 2023

Kansas State Department of Education and Kansas State Department of Administration

Unified School District Number 374 respectfully submits the following corrective action plan for the year ended June 30, 2023.

Dirks, Anthony & Duncan, LLC
Po Box 885
Ulysses, KS 67880

Audit Period: June 30, 2023

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT
U.S. Department of Education
Passed Through Kansas State Department of Education
Program Name: Education Stabilization Fund Cluster
Federal Assistance Listing Numbers: 84.425W, 84.425U, 84.425D

Finding 2023-001

Recommendations: The District should have an employee compare the Board Clerk's supporting documentation and the Education Stabilization Fund spreadsheet report before its submission to the State of Kansas for its accuracy. After the approval by the secondary review employee, the report submitted should be printed, initialed by the secondary reviewer, stapled with the information used to compile the report and combined with all financial records for the fiscal year.

Action Taken: We agree with the recommendation. Our targeted implementation date is March 2024.

If the Kansas State Department of Education and/or Kansas State Department of Administration has questions regarding this plan, please call Rex Richardson at 620-675-2277.

Sincerely yours,

Rex Richardson
Superintendent

Unified School District No. 374

Office of the Superintendent

PO Box 670 / 105 W Fern
Sublette, Kansas 67877

Phone: (620) 675-2277
Fax: (620) 675-2652

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

November 10, 2023

Kansas State Department of Education and Kansas State Department of Administration

Unified School District Number 374 respectfully submits the following status updates of prior year audit findings for the year ended June 30, 2022.

Dirks, Anthony & Duncan, LLC
PO Box 885
Ulysses, KS 67880

Audit Period: June 30, 2022

FEDERAL AWARD FINDINGS

2022-001 Significant Deficiency and Material Noncompliance

Condition: When investigating the controls related to ESSER quarterly expenditure reporting to the State of Kanas we became aware there is no secondary review. During our examination of the reports submitted for the fiscal year, the report we were told was for the quarter ending June 2022, though dated September 2022, does not tie back to financial records by approximately $38,400. We then asked for the financial reports used at the time of submission and were informed that the records used during the preparation of the report were destroyed upon its submission.

Status: See "Corrective Action Plan"

If the Kansas State Department of Education and/or Kansas State Department of Administration has questions regarding this plan, please call Rex Richardson at 620-675-2277.

Sincerely yours,

Rex Richardson
Superintendent