Unified School District Number 374
Sublette, Kansas
Table of Contents
For the Year Ended June 30, 2022

	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	32
Schedule 3	
Summary of Receipts and Disbursements Agency Funds	33
Schedule 4	
Schedule of Receipts, Expenditures, and Unencumbered Cash District Activity Fund	34
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*	37
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	39
Schedule of Expenditures of Federal Awards	41
Notes to Schedule of Expenditures of Federal Awards	42
Schedule of Finding & Questioned Costs	43
Corrective Action Plan	45

Dirks, Anthony & Duncan, LLC

Certified Public Accountants & Management Consultants

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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, 2022, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse 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, 2022, 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, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* 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, 2021 (not presented herein), and have issued our reported thereon dated October 4, 2021, which contained an unmodified opinion on the basic financial statement. The 2021 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 2021 actual column (2021 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 the purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 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 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 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, 2021, 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 January 10, 2022, 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 LLC

DIRKS, ANTHONY & DUNCAN, LLC
Certified Public Accountants

December 1, 2022

Unified School District Number 374
Sublette, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances And Accounts Payable	Ending Cash Balance
General Funds:							
General	$ 83,929	$ -	$ 3,924,842	$ 4,008,571	$ 200	$ 364	$ 564
Supplemental General	81,644	-	1,368,123	1,343,009	106,758	13,713	120,471
Special Purpose Funds:							
Preschool-Aged At-Risk	-	-	66,537	65,761	776	-	776
At-Risk (K-12)	-	-	715,649	715,649	-	-	-
Bilingual Education	3,805	-	217,660	218,954	2,511	-	2,511
Capital Outlay	377,360	-	523,575	569,410	331,525	-	331,525
Driver Training	20,528	-	10,266	10,560	20,234	-	20,234
Professional Development	10,273	-	-	10,273	-	-	-
Food Service	418	-	535,701	481,464	54,655	19	54,674
Special Education	-	-	439,673	412,299	27,374	2	27,376
Career and Postsecondary Education	2,171	-	35,862	38,033	-	-	-
Daycare Services	688	50	125,536	124,053	2,221	27	2,248
KPERS Special Retirement	-	-	588,423	588,423	-	-	-
Textbook	564	-	-	-	564	-	564
Contingency Reserve	236,903	-	-	-	249,104	-	249,104
Rec. Comm. General	-	-	195,580	195,580	-	-	-
Rec. Comm. Employee Benefits	-	-	64,190	64,190	-	-	-
State, Federal and Other Grants	61,875	1,094	554,100	679,134	(62,065)	-	(62,065)
District Activity	221	-	60,663	66,906	(6,022)	-	(6,022)
Bond and Interest Fund:							
Bond and Interest	678,895	-	41,455	610,125	110,225	-	110,225
Total Primary Government (Excluding Agency Funds)	$ 1,559,274	$ 1,144	$ 9,467,835	$ 10,202,394	$ 838,060	$ 14,125	$ 852,185

Composition of Cash	
Checking Accounts	$ 586,764
Money Market	429,730
	1,016,494
Less: Agency Funds - Per Schedule 3	(164,309)
Total Composition of Cash	$ 852,185

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, 2022

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

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; 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"

NOTE 2 – DEPOSITS AND INVESTMENTS, CONTINUED

when required coverage is 50%. The District does not use designated "peak periods".

At June 30, 2022 the carrying amount of the District's deposits, including certificates of deposit, was $1,613,328 and the bank balance was $852,185. 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, 2022.

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 15.59% and 14.23%, respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 14.83% and 13.33% for the fiscal year ended June 30, 2022.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. 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.

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 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 $588,423 for the year ended June 30, 2022.

NOTE 3 – RETIREMENT PLAN, CONTINUED

Net Pension Liability

At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was $4,685,467. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the ratio of the District's 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, 2021. 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.

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.

c) *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.

d) *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.

e) *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.

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

f) *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.

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

NOTE 5 – IN-SUBSTANCE RECEIPT IN TRANSIT

The District received $83,426 subsequent to June 30, 2022 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

NOTE 6 – LONG TERM DEBT

Changes in long–term liabilities for the district for the year ended June 30, 2022, 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 (GO) Bonds:									
Series 2011	Various	2/11/2011	2,205,000	9/1/2021	$ 600,000	$ -	$ 600,000	$ -	$ 10,125

NOTE 7 – 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 was a budget violation in Drivers Training For $2,220.
There were no other cash law violation or budget law violations for the year ending June 30, 2022.

NOTE 8 – INTERFUND TRANSFERS

Interfund operating transfers are as follows:

Fund Transferred From:	Fund Transferred To:	Statutory Authority	Amount
General	Bilingual	K.S.A. 72-6428	$ 142,240
General	Day Care	K.S.A. 72-6428	84,121
General	Food Service	K.S.A. 72-6428	187,815
General	Professional Development	K.S.A. 72-6428	2,667
General	Special Education	K.S.A. 72-6428	426,728
General	Career and Postsecondary Education	K.S.A. 72-6428	35,862
General	Preschool-Aged At-Risk	K.S.A. 72-6428	61,388
General	At-Risk (K-12)	K.S.A 72-6428	298,842
Supplemental General	Bilingual Fund	K.S.A. 72-6428	75,420
Supplemental General	Preschool-Aged At-Risk	K.S.A. 72-6428	5,150
Supplemental General	At-Risk (K-12)	K.S.A. 72-6428	416,807

NOTE 9 – 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 2022 fiscal year, and there were no settlements that exceeded insurance coverage in the past three years.

NOTE 10 – 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, 2022

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Funds:						
General	$ 4,074,925	$ (66,354)	$ -	$ 4,008,571	$ 4,008,571	$ -
Supplemental General	1,354,035	(11,026)	-	1,343,009	1,343,009	-
Special Purpose Funds:						
Preschool-Aged At-Risk	67,549			67,549	65,761	(1,788)
At-Risk (K-12)	718,428			718,428	715,649	(2,779)
Bilingual Education	264,029			264,029	218,954	(45,075)
Capital Outlay	842,243			842,243	569,410	(272,833)
Driver Training	8,340			8,340	10,560	2,220
Professional Development	22,000			22,000	10,273	(11,727)
Food Service	563,323			563,323	481,464	(81,859)
Special Education	448,292			448,292	412,299	(35,993)
Career and Postsecondary Education	50,002			50,002	38,033	(11,969)
Daycare Services	124,489			124,489	124,053	(436)
KPERS Special Retirement	716,351			716,351	588,423	(127,928)
Rec. Comm. General	253,500			253,500	195,580	(57,920)
Rec. Comm. Employee Benefits	67,000			67,000	64,190	(2,810)
Debt Service Fund:						
Bond and Interest	610,125			610,125	610,125	-

Schedule 2-1

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Mineral Taxes	$ 62,502	$ 130,874	$ -	$ 130,874
State Equalization Aid	3,665,932	3,544,091	3,750,291	(206,200)
State Special Education Aid	249,641	249,877	277,918	(28,041)
Reimbursed Expenses	325	-	-	-
Total Receipts	3,978,400	3,924,842	4,028,209	(103,367)
Expenditures				
Instruction	1,820,705	1,897,882	1,723,874	174,008
Student Support Services	45,336	5,175	41,030	(35,855)
Instructional Support Staff	57,537	46,824	47,649	(825)
General Administration	81,069	213,588	63,763	149,825
School Administration	120,999	128,533	118,024	10,509
Centeral Services	-	800	-	800
Operations and Maintenance	401,996	336,039	396,654	(60,615)
Other Student Transportation Services	13,865	19,119	5,000	14,119
Vehicle Operating Services	22,286	41,402	44,359	(2,957)
Student Transportaion Services - Supervision	78,209	67,888	78,167	(10,279)
Vehicle & Maintenance Services	21,097	11,658	18,000	(6,342)
Fund Transfers	1,271,592	1,239,663	1,538,405	(298,742)
Adjustment to Comply with Legal Max			(66,354)	66,354
Legal Supplemental Fund Budget	3,934,691	4,008,571	4,008,571	-
Adjustment for Qualifying Budget Credits			-	-
Total Expenditures	3,934,691	4,008,571	4,008,571	-
Receipts Over (Under) Expenditures	43,709	(83,729)		$ (103,367)
Unencumbered Cash, July 1	-	83,929		
Prior Year Cancelled Encumbrances	40,220	-		
Unencumbered Cash, June 30	$ 83,929	$ 200		

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Advalorem Taxes	$ 1,204,200	$ 1,267,097	$ 1,310,258	$ (43,161)
Back Tax Collections	13,417	14,086	6,127	7,959
Motor Vehicle Tax Collections	75,676	85,683	69,639	16,044
Recreational Vehicle Tax Collections	1,051	1,257	703	554
Total Receipts	1,294,344	1,368,123	$ 1,386,727	$ (18,604)
Expenditures				
Instruction	353,017	264,565	288,081	(23,516)
Student Support Services	80,274	15,188	76,121	(60,933)
Instructional Support Staff	119,143	137,343	144,920	(7,577)
General Administration	298,674	195,875	290,596	(94,721)
School Administration	224,100	200,598	219,345	(18,747)
Operations and Maintenance	7,720	7,605	2,158	5,447
Student Transportation Services	2,098	2,671	-	2,671
Other Support Services	20,000	21,787	25,000	(3,213)
Fund Transfers	222,493	497,377	307,814	189,563
Adjustment to Comply with Legal Max			(11,026)	11,026
Legal Supplemental Fund Budget	1,327,519	1,343,009	1,343,009	-
Adjustment for Qualifying Budget Credits			-	-
Total Expenditures	1,327,519	1,343,009	$ 1,343,009	-
Receipts Over (Under) Expenditures	(33,175)	25,114		$ (18,604)
Unencumbered Cash, July 1	106,324	81,644		
Prior Year Cancelled Encumbrances	8,495	-		
Unencumbered Cash, June 30	$ 81,644	$ 106,758		

Schedule 2-3

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Transfers In	$ 64,020	$ 66,537	$ 68,000	$ (1,463)
Total Receipts	64,020	66,537	$ 68,000	$ (1,463)
Expenditures				
Instruction	64,020	65,761	67,549	(1,788)
Total Expenditures	64,020	65,761	$ 67,549	(1,788)
Receipts Over (Under) Expenditures	-	776		$ 325
Unencumbered Cash, July 1	-	-		
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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Transfers In	$ 656,896	$ 715,649	$ 725,015	$ (9,366)
Total Receipts	656,896	715,649	$ 725,015	$ (9,366)
Expenditures				
Instruction	720,324	687,336	658,119	29,217
Student Support Services	10,326	28,313	60,309	(31,996)
Total Expenditures	730,650	715,649	$ 718,428	(2,779)
Receipts Over (Under) Expenditures	(73,754)	-		$ (6,587)
Unencumbered Cash, July 1	73,524	-		
Prior Year Cancelled Encumbrances	230	-		
Unencumbered Cash, June 30	$ -	$ -		

Schedule 2-5

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Transfers In	$ 166,095	$ 217,660	$ 262,000	$ (44,340)
Total Receipts	166,095	217,660	$ 262,000	$ (44,340)
Expenditures				
Instruction	218,074	218,954	264,029	(45,075)
Total Expenditures	218,074	218,954	$ 264,029	(45,075)
Receipts Over (Under) Expenditures	(51,979)	(1,294)		$ 735
Unencumbered Cash, July 1	55,784	3,805		
Unencumbered Cash, June 30	$ 3,805	$ 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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Advalorem Property Taxes	$ 474,757	$ 475,907	$ 455,412	$ 20,495
Back Tax Collections	6,174	6,181	2,413	3,768
Motor Vehicle Tax Collections	37,521	38,731	31,788	6,943
Recreational Vehicle Tax Collections	522	558	321	237
Interest Income	1,910	1,261	-	1,261
Miscellaneous Revenue	123	937	-	937
Total Receipts	521,007	523,575	$ 489,934	$ 33,641
Expenditures				
Instruction	36,758	58,209	150,000	91,791
General Administration	1,248	649	5,000	4,351
Operations and Maintenance	269,379	354,581	332,243	(22,338)
Land Improvements	1,500	-	5,000	5,000
Building Improvements	45,782	155,971	350,000	194,029
Total Expenditures	354,667	569,410	$ 842,243	272,833
Receipts Over (Under) Expenditures	166,340	(45,835)		$ (239,192)
Unencumbered Cash, July 1	189,174	377,360		
Prior Year Cancelled Encumbrances	21,846	-		
Unencumbered Cash, June 30	$ 377,360	$ 331,525		

Schedule 2-7

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
State Aid	$ 2,958	$ 4,514	$ 4,800	$ (286)
Enrollment Fees	-	5,752	-	5,752
Total Receipts	2,958	10,266	$ 4,800	$ 5,466
Expenditures				
Instruction	6,064	10,069	8,000	2,069
Operations & Maintenance	237	491	340	151
Total Expenditures	6,301	10,560	$ 8,340	2,220
Receipts Over (Under) Expenditures	(3,343)	(294)		$ 3,246
Unencumbered Cash, July 1	23,871	20,528		
Unencumbered Cash, June 30	$ 20,528	$ 20,234		

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Inservice Aid	$ 5,859	$ -	$ -	$ -
Transfers In	-	-	15,000	(15,000)
Total Receipts	5,859	-	$ 15,000	$ (15,000)
Expenditures				
Instructional Support Staff	3,965	10,273	22,000	(11,727)
Total Expenditures	3,965	10,273	$ 22,000	(11,727)
Receipts Over (Under) Expenditures	1,894	(10,273)		$ (3,273)
Unencumbered Cash, July 1	6,209	10,273		
Prior Year Cancelled Encumbrances	2,170	-		
Unencumbered Cash, June 30	$ 10,273	$ -		

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
State Aid	$ 2,853	$ 1,832	$ 1,760	$ 72
Federal Aid	308,376	286,384	257,318	29,066
Transfers In	111,031	187,815	240,000	(52,185)
Student Meal Receipts	3,770	473	-	473
Adult Meal Receipts	12,560	49,194	44,725	4,469
Miscellaneous	2,871	10,003	-	10,003
Total Receipts	441,461	535,701	$ 543,803	$ (8,102)
Expenditures				
Operations and Maintenance	8,237	9,443	11,500	(2,057)
Food Service Operations	441,380	472,021	551,823	(79,802)
Total Expenditures	449,617	481,464	$ 563,323	(81,859)
Receipts Over (Under) Expenditures	(8,156)	54,237		$ 73,757
Unencumbered Cash, July 1	2,627	418		
Prior Year Cancelled Encumbrances	5,947	-		
Unencumbered Cash, June 30	$ 418	$ 54,655		

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
General Fund Transfer of State Aid	$ 249,641	$ 249,877	$ 277,918	$ (28,041)
Transfers In	142,236	176,850	162,082	14,768
ESSER/CARES Act	4,688	-	6,723	(6,723)
Other	11,088	12,946	-	12,946
Total Receipts	407,653	439,673	$ 446,723	$ (7,050)
Expenditures				
Instruction	411,231	411,541	447,342	35,801
Operations & Maintenance	614	758	950	192
Total Expenditures	411,845	412,299	$ 448,292	35,993
Receipts Over (Under) Expenditures	(4,192)	27,374		$ (43,043)
Unencumbered Cash, July 1	4,192	-		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, June 30	$ -	$ 27,374		

Schedule 2-11

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Transfers In	$ 37,158	$ 35,862	$ 48,000	$ (12,138)
Total Receipts	37,158	35,862	$ 48,000	$ (12,138)
Expenditures				
Instruction	25,359	12,942	32,000	(19,058)
Student Transportation Services	13,087	25,091	18,002	7,089
Total Expenditures	38,446	38,033	$ 50,002	7,089
Receipts Over (Under) Expenditures	(1,288)	(2,171)		$ (19,227)
Unencumbered Cash, July 1	3,459	2,171		
Unencumbered Cash, June 30	$ 2,171	$ -		

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Service Revenue	$ 38,909	$ 41,415	$ 40,000	$ 1,415
Transfers In	66,068	84,121	84,814	(693)
Total Receipts	104,977	125,536	$ 124,814	$ 722
Expenditures				
Other Support Services	104,396	124,053	124,489	(436)
Total Expenditures	104,396	124,053	$ 124,489	(436)
Receipts Over (Under) Expenditures	581	1,483		$ 1,158
Unencumbered Cash, July 1	72	688		
Prior Year Cancelled Encumbrances	35	50		
Unencumbered Cash, June 30	$ 688	$ 2,221		

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
KPERS State Aid	$ 592,025	$ 588,423	$ 716,351	$ (127,928)
Total Receipts	592,025	588,423	$ 716,351	$ (127,928)
Expenditures				
Employee Benefits	592,025	588,423	716,351	(127,928)
Total Expenditures	592,025	588,423	$ 716,351	(127,928)
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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	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

Schedule 2-15

Unified School District Number 374
Sublette, Kansas
Contingency Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year
Receipts		
Transfers In	$ -	$ -
Total Receipts	-	-
Expenditures		
Emergency Expenditures	112,006	-
Total Expenditures	112,006	-
Receipts Over (Under) Expenditures	(112,006)	-
Unencumbered Cash, July 1	348,909	236,903
Prior Year Cancelled Encumbrances	-	12,201
Unencumbered Cash, June 30	$ 236,903	$ 249,104

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
County Taxes	$ 192,323	$ 195,580	$ 183,719	$ 11,861
Total Receipts	192,323	195,580	$ 183,719	$ 11,861
Expenditures				
Community Service Operations	192,323	195,580	253,500	(57,920)
Total Expenditures	192,323	195,580	$ 253,500	(57,920)
Receipts Over (Under) Expenditures	-	-		$ 69,781
Unencumbered Cash, July 1	-	-		
Unencumbered Cash, June 30	$ -	$ -		

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
County Taxes	$ 62,547	$ 64,190	$ 60,302	$ 3,888
Total Receipts	62,547	64,190	60,302	3,888
Expenditures				
Community Service Operations	62,547	64,190	67,000	(2,810)
Total Expenditures	62,547	64,190	$ 67,000	(2,810)
Receipts Over (Under) Expenditures	-	-		$ 6,698
Unencumbered Cash, July 1	-	-		
Unencumbered Cash, June 30	$ -	$ -		

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 II	LINK Grant	Perkins Grant
Receipts							
Federal Grants	$ 86,899	$ 12,222	$ 14,176	$ 110,260	$ 161,056	$ -	$ 1,500
Local Revenue	-	-	-	-	-	24,947	-
Total Receipts	86,899	12,222	14,176	110,260	161,056	24,947	1,500
Expenditures							
Instruction	86,899	12,222	14,176	110,260	245,603	20,880	23,500
School Administration	-	-	-	-	-	-	-
Student Transportation Services	-	-	-	-	-	-	-
Reimbursement	-	-	-	-	-	-	-
Total Expenditures	86,899	12,222	14,176	110,260	245,603	20,880	23,500
Receipts Over (Under) Expenditures	-	-	-	-	(84,547)	4,067	(22,000)
Unencumbered Cash, July 1	-	-	-	-	-	(4,607)	-
Prior Year Cancelled Encumbrances	-	-	-	-	-	540	-
Unencumbered Cash, June 30	$ -	$ -	$ -	$ -	(84,547)	$ -	$ (22,000)

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

Schedule 2-18

	KDHE COVID Grant	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	$ 55,794	$ -	$ -	$ 11,574	$ -	$ 33,988	$ 487,469
Local Revenue	-	41,684	-	-	-	-	66,631
Total Receipts	55,794	41,684	-	11,574	-	33,988	554,100
Expenditures							
Instruction	72,604	6,747	-	11,574	-	33,246	637,711
School Administration	-	-	-	-	-	-	-
Student Transportation Services	-	-	2,039	-	-	-	2,039
Reimbursement	-	-	39,384	-	-	-	39,384
Total Expenditures	72,604	6,747	41,423	11,574	-	33,246	679,134
Receipts Over (Under) Expenditures	(16,810)	34,937	(41,423)	-	-	742	(125,034)
Unencumbered Cash, July 1	-	4,400	62,738	-	55	(711)	61,875
Prior Year Cancelled Encumbrances	-	-	554	-	-	-	1,094
Unencumbered Cash, June 30	$ (16,810)	$ 39,337	$ 21,869	$ -	$ 55	$ 31	$ (62,065)

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

Schedule 2-18

	KDHE COVID Grant	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	$ 55,794	$ -	$ -	$ 11,574	$ -	$ 33,988	$ 487,469
Local Revenue	-	41,684	-	-	-	-	66,631
Total Receipts	55,794	41,684	-	11,574	-	33,988	554,100
Expenditures							
Instruction	72,604	6,747	-	11,574	-	33,246	637,711
School Administration	-	-	-	-	-	-	-
Student Transportation Services	-	-	2,039	-	-	-	2,039
Reimbursement	-	-	39,384	-	-	-	39,384
Total Expenditures	72,604	6,747	41,423	11,574	-	33,246	679,134
Receipts Over (Under) Expenditures	(16,810)	34,937	(41,423)	-	-	742	(125,034)
Unencumbered Cash, July 1	-	4,400	62,738	-	55	(711)	61,875
Prior Year Cancelled Encumbrances	-	-	554	-	-	-	1,094
Unencumbered Cash, June 30	$ (16,810)	$ 39,337	$ 21,869	$ -	$ 55	$ 31	$ (62,065)

Schedule 2-19

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year		
	Actual	Actual	Budget	Variance Over (Under)
Receipts				
Ad Valorem Taxes	$ 349,296	$ 4,591	$ 11,706	$ (7,115)
Delinquent Tax	6,255	5,003	1,784	3,219
Motor Vehicle Tax	41,286	31,437	26,006	5,431
Recreational Vehicle Tax/Excise Tax	550	424	263	161
Total Receipts	397,387	41,455	$ 39,759	$ 1,696
Expenditures				
Bond Principal Payments	565,000	600,000	600,000	-
Bond Interest Payments	31,550	10,125	10,125	-
Total Expenditures	596,550	610,125	$ 610,125	-
Receipts Over (Under) Expenditures	(199,163)	(568,670)		$ 1,696
Unencumbered Cash, July 1	878,058	678,895		
Unencumbered Cash, June 30	$ 678,895	$ 110,225		

Unified School District Number 374
Sublette, Kansas
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2022

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
High School Student Organizations:				
Band	$ 414	$ 75	$ 8	$ 481
FFA	12,197	27,310	26,447	13,060
Kayettes	1,754	7,649	4,041	5,362
MS Leadership	886	-	480	406
Lark Style	371	164	61	474
S Club	564	2,162	1,647	1,079
Yearbook	7,856	950	4,914	3,892
HS Track	624	327	673	278
Class of 2023	4,068	1,841	4,799	1,110
Class of 2019	92	8,929	-	9,021
Class of 2020	1,715	(465)	1,250	-
Class of 2021	1,495	(1,495)	-	-
Class of 2022	2,073	4,028	5,004	1,097
Class of 2018	1,116	1,186	39	2,263
Scholarships	7,000	13,000	12,625	7,375
Library	213	-	-	213
Student Council	57	2,317	1,791	583
Vocal Music	762	467	1,038	191
HS Softball	899	3,157	3,801	255
HS Boys Basketball	453	654	925	182
HS Volleyball	586	4,191	3,421	1,356
HS Cheerleaders	1,277	12,586	7,774	6,089
National Honor Society	819	4,842	3,260	2,401
MS Cheerleaders	4,433	7,249	8,765	2,917
MLO	334	11,138	9,007	2,465
FBLA	666	-	-	666
Baseball	38	382	318	102
Science Olympiad	426	-	-	426
Seat Belts are for Everyone	3,617	2,750	2,382	3,985
HS Golf	35	803	498	340
FCA	512	-	26	486
Theatre Tech	1,098	549	831	816
Staff & Student Account	589	2,963	3,464	88
HS Football	855	53	448	460
HS Girls Basketball	168	226	252	142
HS Wrestling	902	2,812	2,728	986
Interest	1,251	30	874	407
Subtotal High School Student Organizations	62,215	122,830	113,591	71,454
Grade School Student Organizations:				
Miscellaneous	10,497	171	1,300	9,368
Box Top Fund	3,762	-	-	3,762
Pop Fund/Student	13,395	673	2,571	11,497
Faculty/Staff	4,761	1,873	1,487	5,147
GS Musical Fund	2,345	-	435	1,910
Adult Site Council	1,994	6,938	6,555	2,377
GS Leadership	34	-	-	34
Book Fair Fund	991	4,630	3,361	2,260
School Mall	2,839	1,107	-	3,946
After School Program	-	4,308	2,104	2,204
Subtotal Grade School Student Organizations	40,618	19,700	17,813	42,505
Other Agency Funds:				
Flex Account	22,932	38,087	37,812	23,207
McClain Scholarship	26,767	40	-	26,807
High School Sales Tax	1,054	5,721	6,267	508
Grade School Sales Tax	(188)	536	520	(172)
Subtotal Other Agency Funds	50,565	44,384	44,599	50,350
Total Agency Funds	$ 153,398	$ 186,914	$ 176,003	$ 164,309

Schedule 4

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, 2022

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts						
High School Athletics	$ (5,704)	$ 24,617	$ 30,850	$ (11,937)	$ -	$ (11,937)
High School Concession	5,408	19,125	19,223	5,310	-	5,310
Total Gate Receipts	(296)	43,742	50,073	(6,627)	-	(6,627)
High School Activity	17	8,702	8,617	102	-	102
Grade School Activity	500	8,219	8,216	503	-	503
Total District Activity Funds	$ 221	$ 60,663	$ 66,906	$ (6,022)	$ -	$ (6,022)

Unified School District Number 374

Sublette, Kansas

SINGLE AUDIT SECTION

For the Year Ended June 30, 2022

Unified School District Number 374
Sublette, Kansas

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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 financial statement of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Unified School District Number 374, as of and for the year ended June 30, 2022, 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 December 1, 2022.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

Unified School District Number 374's Response to Findings

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

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

December 1, 2022

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, 2022. 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 Elementary and Secondary School Emergency Relief Fund II

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 Elementary and Secondary School Emergency Relief Fund II for the year ended June 30, 2022.

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 types of 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, 2022.

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 opinion 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 Elementary and Secondary School Emergency Relief Fund II

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 2022-001 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 item 2022-001. 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 2022-001 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

Dirks, Anthony & Duncan, LLC
Certified Public Accountants

December 1, 2022

Unified School District Number 374
Sublette, Kansas
Schedule of Expenditures of Federal Awards
Regulatory Basis
For the Year Ended June 30, 2022

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	$ 45,730
National School Lunch Program	10.555	D0374	200,710
Fresh Fruits and Vegetables	10.582	D0374	15,221
Summer Food Service Program for Children	10.559	D0374	24,109
Total Child Nutrition Cluster			240,040
COVID-19 - State Pandemic Electronic Benefit Transfer Admin Costs Grant	10.649	D0374	614
Total U.S. Department of Agriculture			286,384
Federal Communications Commission (FCC)			
Emergency Connectivity Fund	32.009	D0374	110,260
Total Federal Communications Commission (FCC)			110,260
U.S. Department of Education			
Career and Technical Education (Perkins V)			
Rural Education Achievement Program	84.048	D0374	23,500
Passed Through State of Kansas Department of Education			
Title I Grants to Local Educational Agencies	84.358B	D0374	33,246
Title IV 21st Century Community Learning Center	84.010A	D0374	86,899
English Language Acquisition State Grant - Title III	84.287C	D0374	2,039
Supporting Effective Instruction State Grant	84.365A	D0374	11,574
Student Support and Academic Enrichment Program	84.367A	D0374	12,222
COVID-19 - Elementary and Secondary School Emergency Relief Fund II	84.424A	D0374	14,176
Total U.S. Department of Education	84.425D	D0374	245,603
U.S. Department of Health and Human Services			429,259
Passed Through State of Kansas Department of Education			
KDHE K-12 COVID Testing Grant	93.323	D0374	72,604
Youth Risk Behavior Survey	93.079	D0374	267
Total U.S. Department of Health and Human Services			72,871
Total Schedule of Expenditures of Federal Awards			$ 898,774

Unified School District Number 374
Sublette, Kansas
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

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, 2022. 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	$ 286,384
General Fund	267
From State, Federal and Other Grant Funds:	
Title I Low Income	86,899
Supporting Effective Instruction	12,222
Student Support and Academic Enrichment	14,176
Emergency Connectivity Fund	110,260
ESSER II	245,603
Perkins Grant	23,500
KDHE Covid Grant	72,604
Title IVB 21st Century Learning After School	2,039
Title II English Language Acquisition	11,574
Small Rural Schools Grant	33,246
	$ 898,774

Unified School District Number 374
Sublette, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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:	
• Child Nutrition Cluster	Unmodified
• Elementary and Secondary School Emergency Relief Fund II (ESSER)	Qualified
Any audit findings disclosed that are required to be reported in Accordance with 2 CFR 200.516(a)?	Yes

Identification of Major Programs

	Assistance Listing Number
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Fresh Fruits and Vegetables	10.582
SFS - CFC	10.559
Elementary and Secondary School Emergency Relief Fund II	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

Unified School District Number 374
Sublette, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Education
Passed Through Kansas State Department of Education
Program Name: Child Nutrition Cluster
Federal Assistance Listing Numbers: 10.553, 10.555, 10.582, and 10.599

There were no reportable findings.

U.S. Department of Education
Passed Through Kansas State Department of Education
Program Name: Elementary and Secondary School Emergency Relief Fund II (ESSER)
Federal Assistance Listing Numbers: 84.425D

Finding 2022-001
SIGNIFICANT DEFICENCY AND MATERIAL NONCOMPLIANCE
Report Submission

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.

Cause: The documentation retention relating to the ESSER reporting and the control for its submission is non-existent. There is also a lack of training between and amongst key positions of management.

Effect: The quarterly expenditure report submitted to the State of Kansas is non-comparable to the District's Schedule 2-18 located in the financial statement's regulatory required supplemental information.

Questioned Costs: $38,400

Recommendations: 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.

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

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

October 7, 2022

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, 2022.

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

Audit Period: June 30, 2022

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT
U.S. Department of Education
Passed Through Kansas State Department of Education
Program Name: Elementary and Secondary School Emergency Relief Fund II (ESSER)
Federal Assistance Listing Numbers: 84.425D

Finding 2022-001

Recommendations: 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.

Action Taken: We agree with the recommendation. Our targeted implementation date is March 2022.

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