UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS

Financial Statement
With Independent Auditors' Report

For the Year Ended June 30, 2022

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Financial Statement With Independent Auditors' Report
For the Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statement

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Unified School District No. 376 Sterling, Kansas**, as of and for the year ended June 30, 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 matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our 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 Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *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.

Responsibilities of Management for the Financial Statement

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

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

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, summary of regulatory basis receipts and disbursements – agency funds, and schedule of regulatory basis receipts, expenditures, and unencumbered cash – district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated February 9, 2022, 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 https://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, 2022 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

February 13, 2023

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, 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**
Governmental Type Funds							
General Funds							
General Fund	$ -	19,902	4,310,943	4,330,845	**-**	86,312	**86,312**
Supplemental General Fund	13,165	-	1,357,275	1,365,757	**4,683**	77,621	**82,304**
Special Purpose Funds							
Capital Outlay Fund	428,105	-	459,648	670,385	**217,368**	249,694	**467,062**
Driver Training Fund	15,683	-	13,408	6,489	**22,602**	-	**22,602**
Food Service Fund	136,210	-	401,925	388,601	**149,534**	2,195	**151,729**
Professional Development Fund	533	-	31,642	20,394	**11,781**	2,250	**14,031**
Special Education Fund	200,285	-	919,832	1,022,971	**97,146**	-	**97,146**
Vocational Education Fund	35,818	-	150,000	182,884	**2,934**	-	**2,934**
Recreation Commission Fund	31,498	-	116,424	116,424	**31,498**	-	**31,498**
Bilingual Education Fund	1,043	-	273	-	**1,316**	-	**1,316**
Title I, Part A Grants to Local Educational Agencies Fund	-	-	70,929	70,929	**-**	-	**-**
Supporting Effective Instruction State Grants Fund	-	-	18,624	18,624	**-**	-	**-**
Student Support and Academic Enrichment Fund	-	-	13,404	13,404	**-**	-	**-**
REAP Grant Fund	2,850	-	37,337	40,187	**-**	-	**-**
KPERS Retirement Contributions Fund	-	-	494,774	494,774	**-**	-	**-**
At Risk (4-Year Old) Fund	27,021	-	-	6,822	**20,199**	-	**20,199**
At Risk (K-12) Fund	69,554	-	264,365	333,919	**-**	-	**-**
Contingency Fund	150,000	-	-	-	**150,000**	-	**150,000**
Textbook Rental Fund	10,195	-	8,990	-	**19,185**	-	**19,185**
Federal COVID Funding Fund	(377,541)	617	240,003	323,163	**(460,084)**	280	**(459,804)**
Donations and Grants Fund	27,400	-	39,409	38,171	**28,638**	2,289	**30,927**
Uniform Replacement Fund	24,039	-	-	3,041	**20,998**	3,041	**24,039**
Memorial Scholarship Fund	174,736	-	5,023	7,637	**172,122**	-	**172,122**
District Activity Funds	8,503	-	69,838	69,187	**9,154**	-	**9,154**
Bond and Interest Fund							
Bond and Interest Fund	1,273,814	-	1,338,660	1,272,925	**1,339,549**	-	**1,339,549**
Total Primary Government	2,252,911	20,519	10,362,726	10,797,533	**1,838,623**	423,682	**2,262,305**
Related Municipal Entity							
Recreation Commission	135,937	-	172,458	184,877	**123,518**	2,611	**126,129**
Total Reporting Entity (Excluding Agency Funds)	$ 2,388,848	20,519	10,535,184	10,982,410	**1,962,141**	426,293	**2,388,434**

Composition of Cash		
Checking Accounts	$	**2,171,879**
Savings Accounts		**27,234**
Petty Cash		**1,500**
Certificates of Deposit		**143,471**
Total Primary Government		**2,344,084**
Total Related Municipal Entity		**126,129**
Agency Funds per Schedule 3		**(81,779)**
Total Reporting Entity (Excluding Agency Funds)	$	**2,388,434**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

Recreation Commission

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

Basis of Presentation – Fund Accounting

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

The following types of funds comprise the financial activities of the District for the year ended June 30, 2022.

Regulatory Basis Fund Types

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

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

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

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

Basis of Accounting

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

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

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

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

NOTE 2 – BUDGETARY INFORMATION

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

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

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

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

d. Adoption of the final budget on or before August 25th.

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 rate hearing this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by

a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

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

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

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were legally secured at June 30, 2022.

At June 30, 2022, the District's carrying amount of deposits was $2,344,084 and the bank balance was $2,824,097. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $670,649 was covered by federal depository insurance and $2,153,448 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

At June 30, 2022, the Recreation Commission's carrying amount of deposits was $126,129 and the bank balance was $131,143. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, all was covered by federal depository insurance.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2022.

NOTE 4 – IN-SUBSTANCE RECEIPT IN TRANSIT

Unified School District No. 376 Sterling, Kansas received $178,528 subsequent to June 30, 2022 and as required by K.S.A. 72-5135, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2022.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 376 Sterling, Kansas'** interfund transfers and regulatory authority for the year ended June 30, 2022 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-5167	$ 586,115
General Fund	Professional Development Fund	K.S.A. 72-5167	1,642
General Fund	At Risk (K-12) Fund	K.S.A. 72-5167	200,584
General Fund	Food Service Fund	K.S.A. 72-5167	4,146
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-5143	63,781
Supplemental General Fund	Professional Development Fund	K.S.A. 72-5143	30,000
Supplemental General Fund	Bilingual Education Fund	K.S.A. 72-5143	273
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	282,386
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-5143	150,000

NOTE 6 – LITIGATION

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

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

NOTE 8 – GRANTS AND SHARED REVENUES

Unified School District No. 376 Sterling, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged

to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 9 – SHORT-TERM LEASE

On July 27, 2020, the District entered into a lease agreement with Sterling College to lease a stadium and other athletic facilities. The agreement calls for annual payments of $33,500. Payments totaling $33,500 were made in 2021. The District renewed the lease on August 6, 2022 for one year. Future payments to maturity are as follows:

Year	Amount
2023	$ 33,500

NOTE 10 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description
Unified School District No. 376 Sterling, Kansas participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 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%, respectively, for the fiscal year ended June 30, 2022.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019

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

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

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $494,774 for the year ended June 30, 2022.

Net Pension Liability

At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was $3,699,234. 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, 2019, which was rolled forward to June 30, 2021. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2020. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

NOTE 11– OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **Unified School District No. 376 Sterling, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

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

NOTE 12 – TERMINATION BENEFITS

Early Retirement Plan

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

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

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

As of June 30, 2022 the District had eight eligible retirees under this program. The District is liable for $184,423, which will be paid out over the next four years.

NOTE 13 – COMPENSATED ABSENCES

Vacation

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

Discretionary Leave

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

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

NOTE 14 – LONG-TERM DEBT

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

General Obligation Bonds

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

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

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

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

Changes in long-term liabilities for the District for the year ended June 30, 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 Bonds									
Series 2014	3.00%-4.00%	12/22/2014	$ 8,795,000	9/1/2033	$ 2,335,000	-	210,000	**2,125,000**	74,426
Series 2015	2.25%-4.00%	3/12/2015	8,615,000	9/1/2035	735,000	-	135,000	**600,000**	19,225
Series 2017	3.00%	7/27/2017	1,715,000	9/1/2023	1,360,000	-	400,000	**960,000**	34,800
Series 2021	.30%-2.25%	4/1/2021	16,075,000	9/1/2035	16,075,000	-	155,000	**15,920,000**	244,474
Total Contractual Indebtedness					$ 20,505,000	-	900,000	**19,605,000**	372,925

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

	2023	2024	2025	2026	2027	2028 - 2032	2033 - 2036	**Total**
Principal								
General Obligation Bonds								
Series 2014	$ 215,000	225,000	820,000	865,000	-	-	-	**2,125,000**
Series 2015	120,000	115,000	100,000	110,000	155,000	-	-	**600,000**
Series 2017	460,000	500,000	-	-	-	-	-	**960,000**
Series 2021	305,000	295,000	250,000	230,000	1,300,000	7,130,000	6,410,000	**15,920,000**
Total Principal	**1,100,000**	**1,135,000**	**1,170,000**	**1,205,000**	**1,455,000**	**7,130,000**	**6,410,000**	**19,605,000**
Interest								
General Obligation Bonds								
Series 2014	65,926	58,251	42,576	15,138	-	-	-	**181,891**
Series 2015	15,400	11,875	9,025	6,663	4,287	2,975	-	**50,225**
Series 2017	21,900	7,500	-	-	-	-	-	**29,400**
Series 2021	265,954	264,756	263,280	261,490	254,337	986,388	281,841	**2,578,046**
Total Interest	**369,180**	**342,382**	**314,881**	**283,291**	**258,624**	**989,363**	**281,841**	**2,839,562**
Total Principal and Interest	$ **1,469,180**	**1,477,382**	**1,484,881**	**1,488,291**	**1,713,624**	**8,119,363**	**6,691,841**	**22,444,562**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS

Regulatory-Required Supplementary Information

Schedule 1

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	**Expenditures Chargeable to Current Year**	Variance Over (Under)
Governmental Type Funds						
General Funds						
General Fund	$ 4,358,697	(244,712)	216,860	4,330,845	**4,330,845**	-
Supplemental General Fund	1,369,640	(3,883)	-	1,365,757	**1,365,757**	-
Special Purpose Funds						
Capital Outlay Fund	893,688	-	-	893,688	**670,385**	(223,303)
Driver Training Fund	24,300	-	-	24,300	**6,489**	(17,811)
Food Service Fund	509,909	-	-	509,909	**388,601**	(121,308)
Professional Development Fund	20,533	-	-	20,533	**20,394**	(139)
Special Education Fund	1,243,095	-	-	1,243,095	**1,022,971**	(220,124)
Vocational Education Fund	266,456	-	-	266,456	**182,884**	(83,572)
Recreation Commission Fund	152,687	-	-	152,687	**116,424**	(36,263)
Bilingual Education Fund	2,000	-	-	2,000	**-**	(2,000)
KPERS Retirement Contributions Fund	556,768	-	-	556,768	**494,774**	(61,994)
At Risk (4-Year Old) Fund	27,021	-	-	27,021	**6,822**	(20,199)
At Risk (K-12) Fund	533,992	-	-	533,992	**333,919**	(200,073)
Bond and Interest Fund						
Bond and Interest Fund	1,272,925	-	-	1,272,925	**1,272,925**	-

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 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				
Taxes and Shared Revenues				
Mineral Severance Tax	$ 504	**838**	-	838
State Aid				
Equalization Aid	3,615,170	**3,527,366**	3,807,803	(280,437)
Special Education Aid	550,658	**586,115**	550,894	35,221
Other State Aid	-	**2,000**	-	2,000
Federal Aid	-	**267**	-	267
Fees	-	**6,073**	-	6,073
Reimbursed Expenses	116,267	**188,284**	-	188,284
Total Receipts	4,282,599	**4,310,943**	4,358,697	(47,754)
Expenditures				
Instruction	2,383,019	**2,314,574**	2,427,603	(113,029)
Student Support Services	71,444	**139,249**	65,000	74,249
Instructional Support Staff	95,965	**114,350**	94,000	20,350
General Administration	210,739	**299,465**	138,000	161,465
School Administration	358,340	**396,559**	336,250	60,309
Central Services	105,588	**4,282**	197,000	(192,718)
Operations and Maintenance	61,851	**124,401**	47,000	77,401
Vehicle Operating Services	145,680	**145,478**	130,000	15,478
Transfers Out	850,395	**792,487**	923,844	(131,357)
Adjustment to Comply With Legal Max	-	**-**	(244,712)	244,712
Legal General Fund Budget	4,283,021	**4,330,845**	4,113,985	216,860
(a) Adjustment for Qualifying Budget Credits	-	**-**	216,860	(216,860)
Total Expenditures	4,283,021	**4,330,845**	4,330,845	-
Receipts Over (Under) Expenditures	(422)	**(19,902)**		
Unencumbered Cash - Beginning	422	**-**		
Prior Year Cancelled Encumbrances	-	**19,902**		
Unencumbered Cash - Ending	$ -	**-**		

(a) Adjustment for Qualifying Budget Credits

Reimbursed Expenses Over Amount Budgeted	$ 181,639
Special Education Aid Over Amount Budgeted	35,221
	$ 216,860

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues	$ 754,342	**799,136**	886,600	(87,464)
Supplemental General State Aid	600,028	**553,678**	555,252	(1,574)
Miscellaneous	-	**3,350**	-	3,350
Reimbursements	6,645	**1,111**	-	1,111
Total Receipts	1,361,015	**1,357,275**	1,441,852	(84,577)
Expenditures				
Instruction	233,043	**223,110**	169,011	54,099
Operations and Maintenance	179,689	**515,426**	175,000	340,426
Instruction Support Services	147,190	**84,089**	121,145	(37,056)
Central Services	-	**10,442**	70,995	(60,553)
Contracted Services	40,680	**6,250**	-	6,250
Transfers Out	788,619	**526,440**	833,489	(307,049)
Adjustment to Comply With Legal Max	-	**-**	(3,883)	3,883
Total Expenditures	1,389,221	**1,365,757**	1,365,757	-
Receipts Over (Under) Expenditures	(28,206)	**(8,482)**		
Unencumbered Cash - Beginning	41,371	**13,165**		
Unencumbered Cash - Ending	$ 13,165	**4,683**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues	$ 309,139	**337,012**	338,397	(1,385)
Interest Income	1,562	**1,405**	2,000	(595)
State Aid	88,434	**99,398**	104,305	(4,907)
Rental	2,500	**-**	-	-
Other Revenue	2,640	**21,833**	5,000	16,833
Transfers In	80,674	**-**	-	-
Total Receipts	484,949	**459,648**	449,702	9,946
Expenditures				
Student Services	265	**3,124**	-	3,124
Operations and Maintenance	227,120	**229,967**	515,000	(285,033)
Student Support Services	-	**136**	-	136
General Administration	-	**1,317**	-	1,317
School Administration	-	**2,550**	-	2,550
Central Services	3,301	**-**	-	-
Transportation	63,400	**151,347**	-	151,347
Facility Acquisition and Construction	21,499	**281,944**	378,688	(96,744)
Total Expenditures	315,585	**670,385**	893,688	(223,303)
Receipts Over (Under) Expenditures	169,364	**(210,737)**		
Unencumbered Cash - Beginning	258,741	**428,105**		
Unencumbered Cash - Ending	$ 428,105	**217,368**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
State Aid	$ 3,570	**4,880**	5,400	(520)
Student Fees	-	**8,528**	-	8,528
Total Receipts	3,570	**13,408**	5,400	8,008
Expenditures				
Instruction	9,693	**6,489**	21,800	(15,311)
School Administration	1,640	**-**	2,500	(2,500)
Total Expenditures	11,333	**6,489**	24,300	(17,811)
Receipts Over (Under) Expenditures	(7,763)	**6,919**		
Unencumbered Cash - Beginning	23,446	**15,683**		
Unencumbered Cash - Ending	$ 15,683	**22,602**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
State Aid	$ 3,709	**2,848**	2,800	48
Federal Aid	382,030	**371,779**	370,900	879
Student Sales	13,041	**8,747**	-	8,747
Adult Sales	2,345	**10,534**	-	10,534
Other Income	3,788	**3,871**	-	3,871
Transfers In	-	**4,146**	-	4,146
Total Receipts	404,913	**401,925**	373,700	28,225
Expenditures				
Operations and Maintenance	-	**1,019**	-	1,019
Food Service Operation	370,402	**387,582**	509,909	(122,327)
Total Expenditures	370,402	**388,601**	509,909	(121,308)
Receipts Over (Under) Expenditures	34,511	**13,324**		
Unencumbered Cash - Beginning	101,699	**136,210**		
Unencumbered Cash - Ending	$ 136,210	**149,534**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year **Actual**	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Other State Aid	$ 533	**-**	-	-
Transfers In	2,250	**31,642**	20,000	11,642
Total Receipts	2,783	**31,642**	20,000	11,642
Expenditures				
Instruction	-	**7,401**	-	7,401
General Administration	-	**150**	-	150
School Administration	-	**951**	-	951
Instruction Support Staff	2,250	**11,892**	20,533	(8,641)
Total Expenditures	2,250	**20,394**	20,533	(139)
Receipts Over (Under) Expenditures	533	**11,248**		
Unencumbered Cash - Beginning	-	**533**		
Unencumbered Cash - Ending	$ 533	**11,781**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Federal Aid	$ 9,278	**28,278**	-	28,278
Reimbursed Expenses	15,496	**23,053**	-	23,053
Transfers In	1,018,940	**868,501**	1,050,894	(182,393)
Total Receipts	1,043,714	**919,832**	1,050,894	(131,062)
Expenditures				
Instruction	924,493	**1,000,393**	1,163,095	(162,702)
Support Services	9,150	**10,391**	-	10,391
Student Transportation Services	14,718	**12,187**	80,000	(67,813)
Total Expenditures	948,361	**1,022,971**	1,243,095	(220,124)
Receipts Over (Under) Expenditures	95,353	**(103,139)**		
Unencumbered Cash - Beginning	104,932	**200,285**		
Unencumbered Cash - Ending	$ 200,285	**97,146**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Miscellaneous	$ 5,292	**-**	-	-
Transfers In	201,570	**150,000**	220,000	(70,000)
Total Receipts	206,862	**150,000**	220,000	(70,000)
Expenditures				
Instruction	171,044	**169,084**	266,456	(97,372)
Student Transportation	-	**13,800**	-	13,800
Total Expenditures	171,044	**182,884**	266,456	(83,572)
Receipts Over (Under) Expenditures	35,818	**(32,884)**		
Unencumbered Cash - Beginning	-	**35,818**		
Unencumbered Cash - Ending	$ 35,818	**2,934**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Recreation Commission Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes	$ 109,343	**116,424**	117,464	(1,040)
Expenditures				
Appropriations	95,000	**116,424**	152,687	(36,263)
Receipts Over (Under) Expenditures	14,343	**-**		
Unencumbered Cash - Beginning	17,155	**31,498**		
Unencumbered Cash - Ending	$ 31,498	**31,498**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Bilingual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year **Actual**	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Transfers In	$ -	**273**	2,000	(1,727)
Expenditures				
Instruction	-	**-**	2,000	(2,000)
Receipts Over (Under) Expenditures	-	**273**		
Unencumbered Cash - Beginning	1,043	**1,043**		
Unencumbered Cash - Ending	$ 1,043	**1,316**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Title I, Part A Grants to Local Educational Agencies Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Prior Year Actual	**Current Year Actual**
Receipts			
Title I Federal Aid	$	71,758	**70,929**
Expenditures			
Instruction		71,758	**70,929**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Supporting Effective Instruction State Grants Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Prior Year Actual	**Current Year Actual**
Receipts			
Title IIA Federal Aid	$	9,682	**18,624**
Expenditures			
Instruction		9,682	**18,624**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Student Support and Academic Enrichment Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Prior Year Actual	**Current Year Actual**
Receipts			
Title IVA Federal Aid	$	13,030	**13,404**
Expenditures			
Instruction		13,030	**13,404**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
REAP Grant Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Prior Year Actual	**Current Year Actual**
Receipts			
Federal Aid	$	35,351	**37,337**
Expenditures			
Instruction		32,501	**40,187**
Receipts Over (Under) Expenditures		2,850	**(2,850)**
Unencumbered Cash - Beginning		-	**2,850**
Unencumbered Cash - Ending	$	2,850	**-**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
KPERS Retirement Contributions Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
State Aid	$ 468,660	**494,774**	556,768	(61,994)
Expenditures				
Instruction	339,070	**357,097**	379,241	(22,144)
Student Support Services	17,512	**18,605**	18,542	63
Instructional Support Staff	21,015	**22,326**	25,362	(3,036)
General Administration	10,507	**11,163**	25,465	(14,302)
School Administration	17,512	**18,605**	20,258	(1,653)
Central Services	17,512	**18,605**	18,564	41
Operations and Maintenance	24,517	**26,047**	29,546	(3,499)
Student Transportation Services	7,005	**7,442**	25,654	(18,212)
Food Service	14,010	**14,884**	14,136	748
Total Expenditures	468,660	**494,774**	556,768	(61,994)
Receipts Over (Under) Expenditures	-	**-**		
Unencumbered Cash - Beginning	-	**-**		
Unencumbered Cash - Ending	$ -	**-**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
At Risk (4-Year Old) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 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	$ 34,512	**-**	-	-
Expenditures				
Instruction	903	**-**	27,021	(27,021)
Student Support Services	6,588	**6,822**	-	6,822
Total Expenditures	7,491	**6,822**	27,021	(20,199)
Receipts Over (Under) Expenditures	27,021	**(6,822)**		
Unencumbered Cash - Beginning	-	**27,021**		
Unencumbered Cash - Ending	$ 27,021	**20,199**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
At Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 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	$ 226,068	**264,365**	464,439	(200,074)
Expenditures				
Instruction	156,514	**333,919**	533,992	(200,073)
Receipts Over (Under) Expenditures	69,554	**(69,554)**		
Unencumbered Cash - Beginning	-	**69,554**		
Unencumbered Cash - Ending	$ 69,554	**-**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Contingency Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

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

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Textbook Rental 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 Actual	**Current Year Actual**
Receipts			
Textbook Rental Fees	$	10,285	**8,990**
Expenditures			
Textbook Purchases		90	**-**
Receipts Over (Under) Expenditures		10,195	**8,990**
Unencumbered Cash - Beginning		-	**10,195**
Unencumbered Cash - Ending	$	10,195	**19,185**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Federal COVID Funding 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 Actual	**Current Year Actual**
Receipts			
Federal Aid - SPARKS	$	141,194	**-**
Federal Aid - ESSER		54,926	**240,003**
Total Receipts		196,120	**240,003**
Expenditures			
Instruction - SPARKS		249,736	**-**
Instruction - ESSER		186,919	**185,634**
Student Support Services		23,082	**70,221**
Operations & Maintenance		84,357	**43,769**
General Administrative		-	**23,539**
Food Service		26,274	**-**
Student Transportation		184	**-**
Total Expenditures		570,552	**323,163**
Receipts Over (Under) Expenditures		(374,432)	**(83,160)**
Unencumbered Cash - Beginning		(3,109)	**(377,541)**
Prior Year Cancelled Encumbrances		-	**617**
Unencumbered Cash - Ending	$	(377,541)	**(460,084)**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Donations and Grants 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 Actual	**Current Year Actual**
Receipts			
Donations	$	4,071	**1,525**
Fees		-	**1,806**
Reimbursement		-	**100**
Grants		29,529	**35,978**
Total Receipts		33,600	**39,409**
Expenditures			
Grant Expenses		31,810	**38,171**
Receipts Over (Under) Expenditures		1,790	**1,238**
Unencumbered Cash - Beginning		25,610	**27,400**
Unencumbered Cash - Ending	$	27,400	**28,638**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Uniform Replacement 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 Actual	**Current Year Actual**
Receipts			
Fees	$	4,238	**-**
Expenditures			
Uniforms		-	**3,041**
Receipts Over (Under) Expenditures		4,238	**(3,041)**
Unencumbered Cash - Beginning		19,801	**24,039**
Unencumbered Cash - Ending	$	24,039	**20,998**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Memorial Scholarship 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 Actual	**Current Year Actual**
Receipts			
Interest	$	9,969	**5,023**
Expenditures			
Scholarships		5,701	**7,637**
Receipts Over (Under) Expenditures		4,268	**(2,614)**
Unencumbered Cash - Beginning		170,468	**174,736**
Unencumbered Cash - Ending	$	174,736	**172,122**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues	$ 973,668	**953,050**	962,314	(9,264)
State Aid	430,559	**381,877**	381,877	-
Advanced Refunding - Bond Proceeds	16,075,000	**-**	-	-
Miscellaneous	-	**3,733**	-	3,733
Total Receipts	17,479,227	**1,338,660**	1,344,191	(5,531)
Expenditures				
Transfer to Escrow	15,840,478	**-**	-	-
Issuance Costs	73,772	**-**	-	-
Underwriter's Discount	160,750	**-**	-	-
Principal Payments	695,000	**900,000**	900,000	-
Interest Payments	693,900	**372,925**	372,925	-
Total Expenditures	17,463,900	**1,272,925**	1,272,925	-
Receipts Over (Under) Expenditures	15,327	**65,735**		
Unencumbered Cash - Beginning	1,258,487	**1,273,814**		
Unencumbered Cash - Ending	$ 1,273,814	**1,339,549**		

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Recreation Commission
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 Actual	Current Year Actual
Receipts		
Taxes and Shared Revenues	$ 121,157	**116,193**
Interest on Idle Funds	22	**24**
Fees	10,348	**12,500**
Wellness Center Membership Fees	53,687	**43,741**
Total Receipts	185,214	**172,458**
Expenditures		
Activity Supplies	29,270	**65,731**
Advertising	570	**1,861**
Insurance	31	**3,007**
Office	4,269	**4,733**
Payroll	77,515	**85,872**
Postage	64	**70**
Silver Threads	6,450	**6,550**
Utilities	2,920	**3,007**
Wellness Center	32,354	**14,046**
Total Expenditures	153,443	**184,877**
Receipts Over (Under) Expenditures	31,771	**(12,419)**
Unencumbered Cash - Beginning	104,166	**135,937**
Unencumbered Cash - Ending	$ 135,937	**123,518**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2022

Funds	Beginning Cash Balance	Receipts	Disbursements	**Ending Cash Balance**
High School				
Band	$ 27,859	10,640	6,154	**32,345**
Black Board Designs	734	1,815	2,537	**12**
Black Bear Store	-	15,231	9,016	**6,215**
Clay Sports Team	3,274	1,685	1,820	**3,139**
Debate	868	689	969	**588**
FCCLA	674	1,624	633	**1,665**
Future Business Leaders of America	4,477	14,270	4,365	**14,382**
Kidwind Challenge	658	-	-	**658**
National Honor Society	1,812	200	-	**2,012**
Online Bill Pay	416	15,555	13,710	**2,261**
Scholar's Bowl	56	140	203	**(7)**
Sterling Singers	1,085	550	73	**1,562**
STUCO	181	560	402	**339**
Yearbook	2,808	2,790	3,538	**2,060**
FFA	3,543	2,087	2,334	**3,296**
Class of 2023	193	3,123	2,817	**499**
Class of 2024	-	1,650	-	**1,650**
Total High School	48,638	72,609	48,571	**72,676**
Junior High School				
A Few Good Men	358	-	-	**358**
Yearbook	232	555	-	**787**
DFYIT	119	-	-	**119**
J-Teens	569	203	227	**545**
Scholars Bowl	165	140	190	**115**
Science Fair	178	-	-	**178**
STUCO	979	270	247	**1,002**
Total Junior High School	2,600	1,168	664	**3,104**
Grade School				
Be Kind Movement	3,090	-	-	**3,090**
GM Boxtops	-	76	76	**-**
Science Olympiad	722	500	617	**605**
Library Fees	47	75	-	**122**
Target Fund	87	-	-	**87**
Yearbook	2,607	2,378	2,890	**2,095**
Total Junior High School	6,553	3,029	3,583	**5,999**
Total Agency Funds	$ 57,791	76,806	52,818	**81,779**

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
District Activity Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Encumbrances and Accounts Payable	**Ending Cash Balance**
Junior and Senior High School							
Athletics	$ 1,071	-	39,770	39,117	**1,724**	-	**1,724**
Concessions	5,486	-	22,101	22,344	**5,243**	-	**5,243**
Grade School							
School Activity	1,946	-	7,967	7,726	**2,187**	-	**2,187**
Total District Activity Funds	$ 8,503	-	69,838	69,187	**9,154**	-	**9,154**

UNIFIED SCHOOL DISTRICT NO. 376, STERLING, KANSAS

Single Audit Information

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **Unified School District No. 376 Sterling, Kansas**, as of and for the year ended June 30, 2022, and the related notes to the financial statement, and have issued our report thereon dated February 13, 2023. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 376 Sterling, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Government Auditing Standards requires the auditor to perform limited procedures on **Unified School District No. 376 Sterling, Kansas'** response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **Unified School District No. 376 Sterling, Kansas'** response was not subjected to the 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.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

February 13, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Unified School District No. 376 Sterling, Kansas'** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 376 Sterling, Kansas'** major federal programs for the year ended June 30, 2022. **Unified School District No. 376 Sterling, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Unified School District No. 376 Sterling, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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 No. 376 Sterling, Kansas** 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 No. 376 Sterling, Kansas'** compliance with the compliance requirements referred to above.

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 No. 376 Sterling, Kansas'** federal programs.

Auditors' 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 No. 376 Sterling, Kansas'** 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 No. 376 Sterling, Kansas'** 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 No. 376 Sterling, Kansas'** 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 No. 376 Sterling, Kansas'** 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 No. 376 Sterling, Kansas'** 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 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 2022-003. 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 No. 376 Sterling, Kansas'** response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. **Unified School District No. 376 Sterling, Kansas'** 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 Auditors' 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 a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 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 No. 376 Sterling, Kansas'** 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 No. 376 Sterling, Kansas'** 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.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

February 13, 2023

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Schedule of Expenditures of Federal Awards
June 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Education			
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies (LEAs)	84.010	N/A	$ 70,929
Small Rural School Achievement (SRSA) Program	84.358	N/A	40,187
Supporting Effective Instruction State Grants	84.367	N/A	18,624
Student Support and Academic Enrichment Program	84.424	N/A	13,404
COVID-19 Funds - Education Stabilization Fund Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	486,203
Total U.S. Department of Education			629,347
U.S. Department of Agriculture			
Passed Through State Department of Education			
COVID-19 Funds - Pandemic EBT Administrative Costs	10.649	N/A	614
Child Nutrition Cluster			
School Breakfast Program (SBP)	10.553	N/A	46,936
National School Lunch Program (NSLP)	10.555	N/A	285,262
Summer Food Service Program for Children (SFSP)	10.559	N/A	38,967
Total Child Nutrition Cluster			371,165
Total U.S. Department of Agriculture			371,779
U.S. Department of Health and Human Services			
Passed Through State Department of Education			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	N/A	267
Total Expenditures of Federal Awards			$ **1,001,393**

Note - There were no awards made to subrecipients for the year ended June 30, 2022.

See accompanying notes to schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 376 Sterling, Kansas,** and is presented on the basis of accounting that demonstrates compliance with the regulatory basis of accounting of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 – INDIRECT COST RATE

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

NOTE 3 – OTHER EXPENDITURES

The District did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended June 30, 2022.

UNIFIED SCHOOL DISTRICT NO. 376 STERLING, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major program:

Assistance Listing Number	Name of Federal Program or Cluster
84.425D	Education Stabilization Fund

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

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2022-001

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

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

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

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

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

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

Views of responsible officials
See Corrective Action Plan.

2022-002

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

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

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

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

Effect
Material entries were required to decrease cash recorded on the books.

Recommendation
On a monthly basis, the District should reconcile cash timely. Any variances between the banking and general ledger modules need to be investigated and corrected. Corrections need to be reviewed and approved by someone other than the preparer.

Views of responsible officials
See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY

2022-003 – Education Stabilization Fund – Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Reporting

Criteria or specific requirement
Internal controls should be in place to ensure a review is completed on payroll timesheets charged to a federal program.

Condition
The timesheets must be signed by the building supervisor before submission to the District office.

Context
The employee and building supervisor are to approve all timesheets.

Cause
During the summer months, the building supervisor is not in the office and, therefore, no review was completed on timesheets before they were paid.

Effect
Time charged to the federal program could be incorrect.

Recommendation
During the months when the building supervisor is not available, the superintendent should sign off on all timesheets and review for proper coding to federal grants.

Views of responsible officials
See Corrective Action Plan.

Unified School District No. 376
308 E. Washington, Box 188
(620) 278-3621 FAX (620) 278-3882
Sterling, Kansas 67579

OFFICE OF SUPERINTENDENT

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2021-001

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

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

Status
Repeat Finding. See 2022-001.

SIGNIFICANT DEFICIENCY

2021-002

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

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

Status
Repeat Finding. See 2022-002.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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