

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
and
SINGLE AUDIT REPORTS**

YEAR ENDED JUNE 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 443
Dodge City, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of Unified School District No. 443, as of and for the year ended June 30, 2018, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, the financial statement is prepared by Unified School District No. 443 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion of 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” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 443 as of June 30, 2018, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of Unified School District No. 443 as of June 30, 2018, 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 A.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures, schedule of regulatory basis receipts, expenditures, and unencumbered cash – district activity funds, and schedule of regulatory basis receipts and disbursements – agency 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*. The schedule of expenditures of federal awards is presented for additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 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 A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Unified School District No. 443 as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated November 15, 2017, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration, at the following link: <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended June 30, 2018 (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 2017 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 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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 2017 comparative information is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole, on the basis of accounting described in Note A.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of Unified School District No. 443'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 Unified School District No. 443'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 No. 443's internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

December 28, 2018

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS**

For the Year Ended June 30, 2018

<u>Funds</u>	<u>Beginning unencumbered cash balance (deficit)</u>	<u>Prior year canceled encumbrances</u>	<u>Receipts</u>
General funds:			
General	\$ 5,476	\$ 1,721	\$ 50,449,237
Supplemental general	470,000	4,872	17,304,006
Total general funds	475,476	6,593	67,753,243
Special purpose funds:			
Parents as teachers	(4,341)	-	74,962
Bilingual education	8,759	-	3,135,897
Capital outlay	5,783,587	31,813	10,089,324
Food service	312,038	-	4,338,116
Professional development	289,903	351	337,282
Special education	1,809,386	13	7,789,626
At risk	12,206	25	11,073,385
Virtual education	96,104	-	47,577
Summer school	635,341	-	315,525
Career and postsecondary education	816,653	-	1,199,000
KPERS special retirement contribution	-	-	5,615,717
4-year-old at risk	8,827	-	423,420
Non-budgeted special purpose funds:			
Coke donation agreement	28,027	-	16,225
Textbook and student materials revolving	1,139,278	-	594,197
Civic Center	-	-	17,976
Building blocks grant	-	-	46,825
Gifts and grants	2,364,250	263	237,081
Contingency reserve	5,916,913	-	191,943
Special purpose federal grant funds:			
Pre-K pilot program	(26,483)	-	27,226
Title IV - 21st Century Community Learning Center	(30,011)	457	84,164
Title V	-	-	76,687
STEC Grant	(8,621)	-	95,959
Title IV	-	-	35,346
Title I	(1,959)	-	1,452,425
Title I migrant	(233,529)	-	661,370
Head start	(364,729)	253	3,032,638
Kansas early head start	(66,426)	163	544,805
Program improvement/Carl Perkins	(1,600)	-	60,195
Title III English language acquisition	(109,045)	-	290,865
Title IIA teacher quality	-	-	244,810
Special purpose other funds:			
Kansas Heritage Center	71,335	-	25,278
District activity funds	425,434	-	569,366
Total special purpose funds	18,871,297	33,338	52,745,212

Expenditures	Ending unencumbered cash balance (deficit)	Add encumbrances and accounts payable	Ending cash balance (deficit)
\$ 50,453,072	\$ 3,362	\$ 71,034	\$ 74,396
16,754,973	1,023,905	593,218	1,617,123
67,208,045	1,027,267	664,252	1,691,519
67,163	3,458	332	3,790
3,135,897	8,759	5,000	13,759
5,393,273	10,511,451	6,224,456	16,735,907
4,428,708	221,446	37,800	259,246
337,179	290,357	6,069	296,426
7,789,816	1,809,209	428	1,809,637
11,073,386	12,230	31,538	43,768
-	143,681	-	143,681
172,760	778,106	-	778,106
1,199,321	816,332	-	816,332
5,615,717	-	-	-
429,157	3,090	-	3,090
17,747	26,505	-	26,505
591,290	1,142,185	337,504	1,479,689
17,976	-	-	-
71,400	(24,575)	246	(24,329)
84,501	2,517,093	17,536	2,534,629
-	6,108,856	-	6,108,856
-	743	-	743
99,832	(45,222)	11,347	(33,875)
76,687	-	-	-
100,800	(13,462)	-	(13,462)
35,346	-	102	102
1,450,466	-	83	83
705,000	(277,159)	113	(277,046)
3,098,486	(430,324)	65,891	(364,433)
608,661	(130,119)	47	(130,072)
58,595	-	-	-
288,309	(106,489)	-	(106,489)
244,810	-	-	-
14,278	82,335	(1,873)	80,462
658,980	335,820	-	335,820
47,865,541	23,784,306	6,736,619	30,520,925

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS**

For the Year Ended June 30, 2018

<u>Funds</u>	<u>Beginning unencumbered cash balance (deficit)</u>	<u>Prior year canceled encumbrances</u>	<u>Receipts</u>
Bond and interest funds:			
Special assessment	\$ 30,435	\$ -	\$ -
Bond and interest	5,035,177	-	7,415,619
Certificates of participation P & I 2010	2	-	-
Certificates of participation P & I 2014	113	-	-
Total bond and interest funds	<u>5,065,727</u>	<u>-</u>	<u>7,415,619</u>
Capital project fund:			
Construction	<u>5,654,143</u>	<u>1,567,856</u>	<u>312,215</u>
Business fund:			
Health care services reserve	<u>5,570,015</u>	<u>-</u>	<u>8,187,494</u>
Trust fund:			
Marilyn Shipley Children Literacy	<u>5,190</u>	<u>-</u>	<u>920</u>
Total reporting entity (excluding agency funds)	<u>\$ 35,641,848</u>	<u>\$ 1,607,787</u>	<u>\$ 136,414,703</u>
Composition of cash balance:			
Checking accounts			
Money market accounts			
State municipal investment pool			
Trust accounts:			
Money market accounts			
Investments			
Petty cash			

Agency funds

Total reporting entity (excluding agency funds)

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

Expenditures	Ending unencumbered cash balance (deficit)	Add encumbrances and accounts payable	Ending cash balance (deficit)
\$ 7	\$ 30,428	\$ -	\$ 30,428
7,560,788	4,890,008	-	4,890,008
-	2	-	2
113	-	-	-
7,560,908	4,920,438	-	4,920,438
6,067,584	1,466,630	4,645,992	6,112,622
6,302,836	7,454,673	515,326	7,969,999
250	5,860	-	5,860
<u>\$ 135,005,164</u>	<u>\$ 38,659,174</u>	<u>\$ 12,562,189</u>	<u>\$ 51,221,363</u>
			\$ 32,169,810
			8,261,865
			2,875,796
			523,500
			7,557,276
			164
			51,388,411
			(167,048)
			<u>\$ 51,221,363</u>

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

NOTES TO THE FINANCIAL STATEMENT

June 30, 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the District's financial statement. The financial statement, schedules, and notes are representations of the District's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

Unified School District No. 443 is a municipal corporation governed by an elected seven-member board. This financial statement presents only Unified School District No. 443.

2. 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, 2018:

REGULATORY BASIS FUND TYPES

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

Special Purpose funds – 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 funds – 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 debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

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

Trust fund – used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency funds – used to report assets held by the municipal financial reporting entity in a purely custodial capacity (student organization funds).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

4. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general funds, special purpose funds (unless specifically exempted by statute), and bond and interest 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 fiscal 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 ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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. The following budgets were amended in the current year:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Parents as Teachers	\$ 58,986	\$ 67,163
4-Year-Old At Risk	317,274	429,157

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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 regulatory 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 municipality 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 the certificates of participation funds, capital project fund, trust fund, business fund, district activity funds, and the following special purpose funds:

- Coke Donation Agreement
- Textbook and Student Materials Revolving
- Civic Center
- Building Blocks Grant
- Gifts and Grants
- Contingency Reserve
- Federal Grant Funds
- Kansas Heritage Center
- 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.

5. Cash and Investments and Restricted Cash

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in interest-bearing deposits and disclosed as part of the District's cash balances. Unless specifically designated, all investment income is credited to funds designated by K.S.A. 10-131, K.S.A. 12-1677 and K.S.A. 72-6427. Investments are recorded at cost.

The cash in the Marilyn Shipley Children Literacy fund is restricted for the purchase of books.

6. In-Substance Receipt in Transit

The District received \$4,295,986 subsequent to June 30, 2018 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, 2018.

B. COMPLIANCE WITH KANSAS STATUTES

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, the State Department of Education, and legal representatives of the District.

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in any fund in excess of monies available in that fund. Although certain special purpose grant funds overspent their cash balances, according to K.S.A. 12-1664, the District is not prohibited from financing the federal share of a local program from current funds, if available.

C. DEPOSITS AND INVESTMENTS

As of June 30, 2018, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities</u>	<u>Rating U.S.</u>
Kansas Municipal Investment Pool	\$ 2,875,796	See below	AAAf
U.S. Treasury Security	167,000	Less than 1 year	N/A
Federated Government Obligations Fund 395	<u>7,390,276</u>	Money market	AAAm
	<u>\$ 10,433,072</u>		

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. The rating of the District's investments is noted above.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2018, is as follows:

<u>Investments</u>	<u>Percentage of investments</u>
Kansas Municipal Investment Pool	27%
U.S. Treasury Security	2%
Federated Government Obligations Fund 395	71%

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. All deposits were legally secured at June 30, 2018.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2018, the District's carrying amount of deposits was \$40,955,175 and the bank balance was \$39,785,042. Of the bank balance, \$1,017,638 was covered by federal depository insurance and \$38,767,404 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event 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.

At June 30, 2018, the District had invested \$2,875,796 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

D. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project commitments authorized	Cash disbursements and accounts payable to date	Remaining financial commitment
Bond Project – Package #1	\$ 26,414,575	\$ 24,839,583	\$ 1,574,992
Bond Project – Package #2	33,494,727	29,434,532	4,060,195
Bond Project – Package #3	31,520,300	30,131,626	1,388,674
Sunnyside Preschool			
Classrooms	810,500	807,265	3,235
Demon Field Improvements	400,145	400,145	-
Roof Replacement	3,792,621	3,787,732	4,889
Electrical Conduit			
Relocation – DCMS	297,557	297,557	-
Bright Beginnings Sidewalk	77,750	7,454	70,296
Food Storage Building Improvements	528,915	511,060	17,855
Playground Improvements	751,286	-	751,286
Pavement Replacement	40,805	-	40,805
Administration Building	884,098	86,598	797,500
Telephone Upgrades	144,526	72,263	72,263
	<u>\$ 99,157,805</u>	<u>\$ 90,375,815</u>	<u>\$ 8,781,990</u>

E. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2018, were as follows:

Issue	Balance beginning of year	Additions/ net change	Reductions/ net change	Balance end of year	Interest paid
General obligation bonds:					
School building bonds - Series 2013					
Issued June 1, 2013					
In the amount of \$9,405,000					
At interest rate of 1.50% to 2.00%					
Maturing September 1, 2017	\$ 600,000	\$ -	\$ 600,000	\$ -	\$ 6,000
School building bonds - Series 2015-A					
Issued November 17, 2015					
In the amount of \$85,600,000					
At interest rate of 2.00% to 5.00%					
Maturing March 1, 2036	85,600,000	-	-	85,600,000	3,198,288
School building bonds - Series 2015-B					
Issued November 17, 2015					
In the amount of \$9,475,000					
At interest rate of 5.00%					
Maturing September 1, 2018	<u>7,190,000</u>	<u>-</u>	<u>3,440,000</u>	<u>3,750,000</u>	<u>316,500</u>
Total long-term debt	<u>\$93,390,000</u>	<u>\$ -</u>	<u>\$4,040,000</u>	<u>\$89,350,000</u>	<u>\$3,520,788</u>

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

	Principal due	Interest due	Total due
2019	\$ 3,750,000	\$ 3,292,037	\$ 7,042,037
2020	3,540,000	3,198,287	6,738,287
2021	3,655,000	3,127,488	6,782,488
2022	3,785,000	3,054,388	6,839,388
2023	3,925,000	2,978,687	6,903,687
2024-2028	22,240,000	11,783,688	34,023,688
2029-2033	28,010,000	6,708,588	34,718,588
2034-2036	<u>20,445,000</u>	<u>1,470,475</u>	<u>21,915,475</u>
Total	<u>\$ 89,350,000</u>	<u>\$ 35,613,638</u>	<u>\$ 124,963,638</u>

F. OPERATING LEASES

The District has entered into operating lease agreements for copier rental and maintenance, facility space, mail system equipment and fiber optic networking. Rental payments for the current year totaled \$367,527. The operating lease agreements expire at various dates through the year 2021.

The following is a yearly schedule of future minimum rental payments under the operating leases:

2019	\$ 379,527
2020	83,419
2021	<u>48,000</u>
	<u>\$ 510,946</u>

G. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory authority</u>
General	Parents as Teachers	\$ 26,458	K.S.A. 72-6428
General	Bilingual	3,135,897	K.S.A. 72-6428
General	Capital Outlay	6,141,230	K.S.A. 72-6428
General	Food Service	31	K.S.A. 72-6428
General	Professional Development	284,000	K.S.A. 72-6428
General	Special Education	5,754,000	K.S.A. 72-6428
General	At Risk	11,073,385	K.S.A. 72-6428
General	Virtual Education	47,577	K.S.A. 72-6428
General	Summer School	100,000	K.S.A. 72-6428
General	Career and Postsecondary Education	1,199,000	K.S.A. 72-6428
General	4-Year-Old At Risk	314,471	K.S.A. 72-6428
General	Contingency Reserve	191,943	K.S.A. 72-6428
Total General		<u>28,267,992</u>	
Supplemental General	Special Education	2,000,000	K.S.A. 72-6433
Supplemental General	Summer School	130,489	K.S.A. 72-6433
Supplemental General	Textbook and Student Materials Revolving	368,000	K.S.A. 72-6433
Total Supplemental General		<u>2,498,489</u>	
COP Principal & Interest 2014	Construction	113	Resolution
Total operating transfers		<u>\$ 30,766,594</u>	

H. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other post employment benefits. As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the 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.

Section 125 plan. The District offers a Section 125 flexible benefit plan to all eligible employees. It is used for qualified insurance premiums, unreimbursed medical expenses, and qualified dependent care expenses. The plan is administered by a third party administrator.

Compensated absences. The District's policy is to recognize the costs of compensated absences when actually paid. District policies regarding vacation and sick pay permit full-time employees to earn five days of vacation at the close of the first year and ten days after each subsequent year of service up to ten years. After ten years of service, fifteen days are earned. Anniversary dates for vacation purposes are July 1st to correspond with the fiscal year of the District. Vacation time is prorated for new or separating employees who do not complete a full fiscal year of employment on a July 1 through June 30 cycle. Policies prohibit payment for vacation time in lieu of time off. Sick leave, for all employees, may be accumulated at the rate of twelve days per year up to a total accumulation of one hundred and five days. In the event of retirement, resignation or termination of service, accumulated sick leave is lost. In the event of death, the beneficiary of the employee may receive payment for the amount of accumulated sick leave or one and one-half additional months pay from the time of death, whichever is greater.

I. DEFINED BENEFIT PENSION 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 after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period of July 1, 2017 through September 30, 2017 for the Death and Disability Program) was 10.81% for the fiscal year ended June 30, 2017. The actuarially determined employer contribution rate and the statutory contribution rate was 12.01% for the fiscal year ended June 30, 2018. Per 2016 House Substitute for Senate Bill 161, Section 98(a)(1), state general fund and expanded lottery act revenue funds for employer contributions to KPERS were deferred. The amount deferred for school contributions was \$92,917,091, for the fiscal year ended June 30, 2016 and the anticipated repayments per SB249 were nullified per HB2052 during fiscal year 2017.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$5,615,717 for the year ended June 30, 2018.

Net Pension Liability

At June 30, 2018, the District's proportionate share of the collective net pension liability reported by KPERS was \$62,707,525. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. 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, 2017. 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 publically available on the website at www.kpers.org or can be obtained as described above.

J. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters, and medical needs of employees. The District purchases commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

The District has established an internal service fund to account for its medical self-insurance program and has entered into a partially self-funded agreement. This agreement allows the District to assume a limited amount of liability by self-insuring a portion of the employees' medical expenses. Premiums paid for an excess coverage insurance policy cover individual and family claims in excess of \$50,000 and the District is also protected by an aggregate stop-loss protection provision, which limits its liability on total self-insurance claims for a contract period. Liabilities for unpaid claims are those claims that are unpaid at year end. Changes in the claims liability amount are as follows:

	<u>Beginning of year liability</u>	<u>Claims and changes in estimates</u>	<u>Stop loss reimbursement</u>	<u>Claim payments</u>	<u>End of year liability</u>
2017	\$ 531,455	\$5,001,988	\$ 912,772	\$4,075,566	\$545,105
2018	545,105	5,736,241	1,129,642	4,636,378	515,326

K. CONTINGENCIES

The District receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and State pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the District at June 30, 2018.

L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 28, 2018, the date on which the financial statement was available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended June 30, 2018

<u>Funds</u>	<u>Certified budget</u>	<u>Adjustment to comply with legal maximum budget</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General funds:					
General	\$ 52,392,907	\$ (1,939,835)	\$ 50,453,072	\$ 50,453,072	\$ -
Supplemental general	17,375,027	(616,432)	16,758,595	16,754,973	3,622
Special purpose funds:					
Parents as teachers	67,163	-	67,163	67,163	-
Bilingual education	3,641,400	-	3,641,400	3,135,897	505,503
Capital outlay	14,730,244	-	14,730,244	5,393,273	9,336,971
Food service	6,052,425	-	6,052,425	4,428,708	1,623,717
Professional development	700,000	-	700,000	337,179	362,821
Special education	10,309,386	-	10,309,386	7,789,816	2,519,570
At risk	11,625,600	-	11,625,600	11,073,386	552,214
Virtual education	180,421	-	180,421	-	180,421
Summer school	635,342	-	635,342	172,760	462,582
Career and postsecondary education	2,104,393	-	2,104,393	1,199,321	905,072
KPERS special retirement contribution	6,037,749	-	6,037,749	5,615,717	422,032
4-year-old at risk	429,157	-	429,157	429,157	-
Bond and interest funds:					
Special assessment	30,434	-	30,434	7	30,427
Bond and interest	7,560,788	-	7,560,788	7,560,788	-
Total	\$ 133,872,436	\$ (2,556,267)	\$ 131,316,169	\$ 114,411,217	\$ 16,904,952

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Interest	\$ 51,430	\$ -	\$ -	\$ -
State sources:				
State aid - general	41,469,016	45,234,405	46,137,451	(903,046)
State aid - special education	5,094,440	5,206,701	6,252,123	(1,045,422)
State aid - KPERS	3,659,242	-	-	-
Mineral production tax and other	5,672	8,131	-	8,131
Other	121,763	-	-	-
Total receipts	50,401,563	50,449,237	\$ 52,389,574	\$ (1,940,337)
Expenditures:				
Instruction	13,559,809	14,052,207	\$ 15,104,629	\$ 1,052,422
Student support services	24,837	31,064	128,085	97,021
Instructional support staff	399,151	394,388	467,476	73,088
General administration	776,246	805,186	1,072,047	266,861
School administration	84,979	238,647	246,670	8,023
Central services	1,295,765	1,276,733	1,415,727	138,994
Operations and maintenance	2,125,366	3,681,669	3,883,302	201,633
Student transportation services:				
Supervision	170,186	187,870	181,837	(6,033)
Vehicle operating services	1,045,878	1,156,488	1,680,722	524,234
Vehicle services and maintenance services	300,161	305,468	445,687	140,219
Other support services	48,577	54,585	53,166	(1,419)
Food service operations	1,897	775	-	(775)
Operating transfers	30,565,809	28,267,992	27,713,559	(554,433)
Adjustment to comply with legal maximum budget	-	-	(1,939,835)	(1,939,835)
Total expenditures	50,398,661	50,453,072	\$ 50,453,072	\$ -
Receipts over (under) expenditures	2,902	(3,835)		
Unencumbered cash, beginning of year	431	5,476		
Prior year canceled encumbrances	2,143	1,721		
Unencumbered cash, end of year	\$ 5,476	\$ 3,362		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

SUPPLEMENTAL GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared receipts:				
Tax in process	\$ 99,979	\$ 136,250	\$ 118,256	\$ 17,994
Current tax	3,526,735	4,794,283	4,750,999	43,284
Delinquent tax	185,053	169,575	66,134	103,441
Motor vehicle tax	496,067	558,371	535,394	22,977
Recreational vehicle tax	2,958	3,555	3,205	350
In lieu of tax	51,038	44,103	-	44,103
State aid	11,527,434	11,597,869	11,597,869	-
Total receipts	15,889,264	17,304,006	\$ 17,071,857	\$ 232,149
Expenditures:				
Instruction	1,396,278	1,812,647	\$ 2,233,448	\$ 420,801
Student support services	1,131,399	1,268,896	1,224,590	(44,306)
Instructional support staff	998,740	1,073,046	1,216,314	143,268
General administration	155,197	229,277	276,357	47,080
School administration	4,169,798	4,258,870	4,425,703	166,833
Central services	753,018	1,181,504	967,474	(214,030)
Operations and maintenance	5,200,171	4,430,006	4,357,844	(72,162)
Vehicle operating services	-	-	163,297	163,297
Other supplemental services	-	-	100,000	100,000
Food service operations	-	2,238	-	(2,238)
Architectural and engineering services	3,500	-	-	-
Operating transfers	2,200,000	2,498,489	2,410,000	(88,489)
Adjustment to comply with legal maximum budget	-	-	(616,432)	(616,432)
Total expenditures	16,008,101	16,754,973	\$ 16,758,595	\$ 3,622
Receipts over (under) expenditures	(118,837)	549,033		
Unencumbered cash, beginning of year	582,669	470,000		
Prior year canceled encumbrances	6,168	4,872		
Unencumbered cash, end of year	\$ 470,000	\$ 1,023,905		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

PARENTS AS TEACHERS FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Federal aid	\$ 31,906	\$ 7,799	\$ -	\$ 7,799
State aid	-	40,705	48,504	(7,799)
Transfer from general fund	25,808	26,458	26,473	(15)
Total receipts	57,714	74,962	\$ 74,977	\$ (15)
Expenditures:				
Instruction	2,178	4,314	\$ -	\$ (4,314)
Student support services	52,660	55,039	-	(55,039)
Instructional support staff	-	-	58,203	58,203
General administration	10,675	7,356	-	(7,356)
School administration	-	454	-	(454)
Central services	-	-	8,960	8,960
Total expenditures	65,513	67,163	\$ 67,163	\$ -
Receipts over (under) expenditures	(7,799)	7,799		
Unencumbered cash, beginning of year	3,458	(4,341)		
Unencumbered cash, end of year	\$ (4,341)	\$ 3,458		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

BILINGUAL EDUCATION FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		
	2017	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Transfer from general fund	<u>\$ 3,385,908</u>	<u>\$ 3,135,897</u>	<u>\$ 3,632,641</u>	<u>\$ (496,744)</u>
Expenditures:				
Instruction	3,228,040	2,977,888	\$ 3,390,029	\$ 412,141
Student support services	101,231	100,503	112,272	11,769
Instructional support staff	1,167	839	64,000	63,161
School administration	55,470	56,667	64,824	8,157
Operations and maintenance	-	-	5,275	5,275
Other supplemental services	-	-	5,000	5,000
Total expenditures	<u>3,385,908</u>	<u>3,135,897</u>	<u>\$ 3,641,400</u>	<u>\$ 505,503</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	<u>8,759</u>	<u>8,759</u>		
Unencumbered cash, end of year	<u>\$ 8,759</u>	<u>\$ 8,759</u>		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS

CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared receipts:				
Tax in process	\$ 39,412	\$ 62,634	\$ 54,389	\$ 8,245
Current tax	1,621,180	1,211,660	1,199,334	12,326
Delinquent tax	44,362	53,271	30,401	22,870
Motor vehicle tax	224,331	229,942	221,791	8,151
Recreational vehicle tax	1,341	1,461	1,327	134
In lieu of tax	22,910	12,903	-	12,903
Interest	-	160,579	50,000	110,579
State aid	1,126,816	871,869	873,476	(1,607)
Other	33,633	1,343,775	2,500,000	(1,156,225)
Transfer from general fund	3,974,448	6,141,230	4,000,000	2,141,230
Total receipts	7,088,433	10,089,324	\$ 8,930,718	\$ 1,158,606
Expenditures:				
Instruction	42,639	219,927	\$ 1,500,000	\$ 1,280,073
Operations and maintenance	4,059,402	785,791	6,710,000	5,924,209
Transportation	-	-	750,000	750,000
Other support services	-	-	740,635	740,635
Facility acquisition and construction services:				
Architectural and engineering services	279,339	177,641	1,000,000	822,359
Building additions	2,600	-	-	-
Site acquisition	555,310	100,224	500,000	399,776
Site improvement	123,500	2,498,264	1,729,609	(768,655)
Building improvements	3,416,094	1,611,426	300,000	(1,311,426)
Outside contractors	-	-	1,000,000	1,000,000
Other	-	-	500,000	500,000
Operating transfers	432,000	-	-	-
Total expenditures	8,910,884	5,393,273	\$ 14,730,244	\$ 9,336,971
Receipts over (under) expenditures	(1,822,451)	4,696,051		
Unencumbered cash, beginning of year	7,597,420	5,783,587		
Prior year canceled encumbrances	8,618	31,813		
Unencumbered cash, end of year	\$ 5,783,587	\$ 10,511,451		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS

FOOD SERVICE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		
	2017	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Federal aid	\$ 3,698,753	\$ 3,720,502	\$ 4,555,468	\$ (834,966)
State aid	44,417	45,541	48,287	(2,746)
Interest	34	34	1,000	(966)
Charges for services	526,452	548,910	635,132	(86,222)
Other	21,374	23,098	500,000	(476,902)
Transfer from general fund	401	31	500	(469)
Total receipts	<u>4,291,431</u>	<u>4,338,116</u>	<u>\$ 5,740,387</u>	<u>\$ (1,402,271)</u>
Expenditures:				
Instruction	2,991	-	\$ -	\$ -
Operations and maintenance	47,584	32,222	229,877	197,655
Food service operations	<u>4,260,831</u>	<u>4,396,486</u>	<u>5,822,548</u>	<u>1,426,062</u>
Total expenditures	<u>4,311,406</u>	<u>4,428,708</u>	<u>\$ 6,052,425</u>	<u>\$ 1,623,717</u>
Receipts over (under) expenditures	(19,975)	(90,592)		
Unencumbered cash, beginning of year	<u>332,013</u>	<u>312,038</u>		
Unencumbered cash, end of year	<u>\$ 312,038</u>	<u>\$ 221,446</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

PROFESSIONAL DEVELOPMENT FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		
	2017	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
State aid	\$ -	\$ 53,282	\$ 50,399	\$ 2,883
Other	-	-	59,698	(59,698)
Transfer from general fund	272,583	284,000	300,000	(16,000)
Total receipts	272,583	337,282	\$ 410,097	\$ (72,815)
Expenditures:				
Instruction	23,000	28,500	\$ -	\$ (28,500)
Student support services	2,552	3,155	-	(3,155)
Instructional support staff	247,031	305,524	661,225	355,701
Other supplemental services	-	-	38,775	38,775
Total expenditures	272,583	337,179	\$ 700,000	\$ 362,821
Receipts over (under) expenditures	-	103		
Unencumbered cash, beginning of year	289,903	289,903		
Prior year canceled encumbrances	-	351		
Unencumbered cash, end of year	\$ 289,903	\$ 290,357		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

SPECIAL EDUCATION FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Federal aid	\$ -	\$ 35,626	\$ -	\$ 35,626
Transfers from:				
General fund	5,683,192	5,754,000	6,500,000	(746,000)
Supplemental general fund	2,000,000	2,000,000	2,000,000	-
Total receipts	7,683,192	7,789,626	\$ 8,500,000	\$ (710,374)
Expenditures:				
Instruction	7,301,649	7,493,931	\$ 9,503,825	\$ 2,009,894
Student support services	51,489	22,211	124,081	101,870
Instructional support staff	1,711	1,202	141,190	139,988
Student transportation services:				
Vehicle operating service	301,055	248,784	490,290	241,506
Vehicle services and maintenance services	27,288	23,688	50,000	26,312
Total expenditures	7,683,192	7,789,816	\$ 10,309,386	\$ 2,519,570
Receipts over (under) expenditures	-	(190)		
Unencumbered cash, beginning of year	1,809,386	1,809,386		
Prior year canceled encumbrances	-	13		
Unencumbered cash, end of year	\$ 1,809,386	\$ 1,809,209		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS

AT RISK FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Transfer from general fund	\$10,409,645	\$11,073,385	\$11,613,394	\$ (540,009)
Expenditures:				
Instruction	9,474,913	10,117,655	\$10,290,518	\$ 172,863
Student support services	650,941	666,222	773,577	107,355
School administration	256,596	263,125	331,973	68,848
Central services	-	-	76,676	76,676
Operations and maintenance	26,316	26,384	60,000	33,616
Student transportation services	879	-	16,180	16,180
Other supplemental services	-	-	76,676	76,676
Total expenditures	10,409,645	11,073,386	\$11,625,600	\$ 552,214
Receipts over (under) expenditures	-	(1)		
Unencumbered cash, beginning of year	12,206	12,206		
Prior year canceled encumbrances	-	25		
Unencumbered cash, end of year	\$ 12,206	\$ 12,230		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

VIRTUAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		
	2017	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Transfer from general fund	\$ 49,142	\$ 47,577	<u>\$ 41,977</u>	<u>\$ 5,600</u>
Expenditures:				
Instruction	<u>-</u>	<u>-</u>	<u>\$ 180,421</u>	<u>\$ 180,421</u>
Receipts over (under) expenditures	49,142	47,577		
Unencumbered cash, beginning of year	<u>46,962</u>	<u>96,104</u>		
Unencumbered cash, end of year	<u>\$ 96,104</u>	<u>\$ 143,681</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

SUMMER SCHOOL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Fees	\$ 201,678	\$ 85,036	\$ -	\$ 85,036
Transfer from:				
General fund	-	100,000	-	100,000
Supplemental fund	200,000	130,489	200,000	(69,511)
Total receipts	401,678	315,525	\$ 200,000	\$ 115,525
Expenditures:				
Instruction	161,031	157,698	\$ 563,242	\$ 405,544
Student support services	3,166	5,091	16,200	11,109
Student transportation services:				
Supervision	891	1,181	-	(1,181)
Vehicle operating services	10,661	8,790	-	(8,790)
Other support services	-	-	55,900	55,900
Total expenditures	175,749	172,760	\$ 635,342	\$ 462,582
Receipts over (under) expenditures	225,929	142,765		
Unencumbered cash, beginning of year	409,412	635,341		
Unencumbered cash, end of year	\$ 635,341	\$ 778,106		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS

CAREER AND POSTSECONDARY EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		
	2017	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Other	\$ 12,260	\$ -	\$ -	\$ -
Transfer from general fund	1,228,218	1,199,000	1,300,000	(101,000)
Total receipts	1,240,478	1,199,000	\$ 1,300,000	\$ (101,000)
Expenditures:				
Instruction	1,151,058	1,079,673	\$ 1,583,805	\$ 504,132
Student support services	-	29,411	32,953	3,542
School administration	33,613	34,775	109,987	75,212
Operations and maintenance	55,807	55,462	377,648	322,186
Total expenditures	1,240,478	1,199,321	\$ 2,104,393	\$ 905,072
Receipts over (under) expenditures	-	(321)		
Unencumbered cash, beginning of year	816,653	816,653		
Unencumbered cash, end of year	\$ 816,653	\$ 816,332		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		
	2017	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
State aid	\$ -	\$ 5,615,717	\$ 6,037,749	\$ (422,032)
Transfer from general fund	3,659,242	-	-	-
Total receipts	3,659,242	5,615,717	\$ 6,037,749	\$ (422,032)
Expenditures:				
Instruction	2,166,271	3,389,086	\$ 3,574,349	\$ 185,263
Student support services	258,709	358,844	426,868	68,024
Instructional support staff	99,897	147,132	164,830	17,698
General administration	77,210	112,314	127,396	15,082
School administration	342,871	530,685	565,737	35,052
Central services	150,029	221,259	247,548	26,289
Operations and maintenance	287,616	446,450	474,566	28,116
Student transportation services	114,534	178,018	188,981	10,963
Other support services	11,344	5,616	18,718	13,102
Food service operations	150,761	226,313	248,756	22,443
Total expenditures	3,659,242	5,615,717	\$ 6,037,749	\$ 422,032
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ -		

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS

4-YEAR-OLD AT RISK FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Federal aid	\$ -	\$ 108,949	\$ 114,686	\$ (5,737)
Transfer from general fund	286,974	314,471	314,471	-
Total receipts	286,974	423,420	\$ 429,157	\$ (5,737)
Expenditures:				
Instruction	213,580	347,486	\$ 336,831	\$ (10,655)
Student support services	50,803	51,459	68,557	17,098
General administration	14,416	18,620	-	(18,620)
School administration	1,523	-	18,729	18,729
Central services	5,690	11,592	5,040	(6,552)
Food service operations	962	-	-	-
Total expenditures	286,974	429,157	\$ 429,157	\$ -
Receipts over (under) expenditures	-	(5,737)		
Unencumbered cash, beginning of year	8,827	8,827		
Unencumbered cash, end of year	\$ 8,827	\$ 3,090		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

NON-BUDGETED SPECIAL PURPOSE FUNDS

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended June 30, 2018

	Coke Donation Agreement	Textbook and Student Materials Revolving	Civic Center
	<u> </u>	<u> </u>	<u> </u>
Receipts:			
Donations	\$ 16,225	\$ -	\$ -
Federal aid	-	-	-
State aid	-	-	-
Fees	-	226,197	17,976
Transfers from:			
General fund	-	-	-
Supplemental general fund	-	368,000	-
	<u> </u>	<u> </u>	<u> </u>
Total receipts	<u>16,225</u>	<u>594,197</u>	<u>17,976</u>
Expenditures:			
Instruction	17,688	585,882	-
Student support services	-	-	-
Instructional support staff	-	-	-
School administration	-	-	-
Operations and maintenance	59	-	-
Student transportation services:			
Supervision	-	-	-
Vehicle operating services	-	-	-
Vehicle and maintenance services	-	-	-
Civic Center operations	-	-	17,976
Other support services	-	5,408	-
Facility acquisition and construction services:			
Building additions	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>17,747</u>	<u>591,290</u>	<u>17,976</u>
Receipts over (under) expenditures	(1,522)	2,907	-
Unencumbered cash, beginning of year	28,027	1,139,278	-
Prior year canceled encumbrances	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Unencumbered cash (deficit), end of year	<u>\$ 26,505</u>	<u>\$ 1,142,185</u>	<u>\$ -</u>

See Independent Auditor's Report.

Schedule 2-15

<u>Building Blocks Grant</u>	<u>Gifts and Grants</u>	<u>Contingency Reserve</u>	<u>Total</u>
\$ -	\$ 206,846	\$ -	\$ 223,071
-	21,235	-	21,235
46,825	9,000	-	55,825
-	-	-	244,173
-	-	191,943	191,943
-	-	-	368,000
<u>46,825</u>	<u>237,081</u>	<u>191,943</u>	<u>1,104,247</u>
29,540	57,093	-	690,203
-	846	-	846
-	824	-	824
-	8,000	-	8,000
-	4,587	-	4,646
14,417	-	-	14,417
25,443	-	-	25,443
2,000	1,835	-	3,835
-	-	-	17,976
-	882	-	6,290
-	10,434	-	10,434
<u>71,400</u>	<u>84,501</u>	<u>-</u>	<u>782,914</u>
(24,575)	152,580	191,943	321,333
-	2,364,250	5,916,913	9,448,468
-	263	-	263
<u>\$ (24,575)</u>	<u>\$ 2,517,093</u>	<u>\$ 6,108,856</u>	<u>\$ 9,770,064</u>

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

SPECIAL PURPOSE FEDERAL GRANT FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended June 30, 2018

	Pre-K Pilot Program	Title IV 21st Century Community Learning Center	Title V	STEC Grant	Title IV
Receipts:					
Federal aid	\$ 27,226	\$ 84,164	\$ 76,687	\$ 95,959	\$ 35,346
State aid	-	-	-	-	-
Third party in-kind match	-	-	-	-	-
Total receipts	<u>27,226</u>	<u>84,164</u>	<u>76,687</u>	<u>95,959</u>	<u>35,346</u>
Expenditures:					
Instruction	-	90,602	75,584	-	20,115
Student support services	-	-	-	-	3,483
Instructional support staff	-	6,139	1,103	100,800	9,828
General administration	-	3,091	-	-	1,920
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operations and maintenance	-	-	-	-	-
Student transportation services:					
Supervision	-	-	-	-	-
Vehicle operating services	-	-	-	-	-
Food service operations	-	-	-	-	-
Site improvement	-	-	-	-	-
Building additions	-	-	-	-	-
Building improvement	-	-	-	-	-
Total expenditures	<u>-</u>	<u>99,832</u>	<u>76,687</u>	<u>100,800</u>	<u>35,346</u>
Receipts over (under) expenditures	27,226	(15,668)	-	(4,841)	-
Unencumbered cash (deficit), beginning of year	(26,483)	(30,011)	-	(8,621)	-
Prior year canceled encumbrances	-	457	-	-	-
Unencumbered cash (deficit), end of year	<u>\$ 743</u>	<u>\$ (45,222)</u>	<u>\$ -</u>	<u>\$ (13,462)</u>	<u>\$ -</u>

See Independent Auditor's Report.

Title I	Title I Migrant	Head Start	Kansas Early Head Start	Program Improvement/ Carl Perkins	Title III English Language Acquisition	Title IIA Teacher Quality	Total
\$ 1,452,425	\$ 661,370	\$ 2,534,781	\$ 471,227	\$ 60,195	\$ 290,865	\$ 244,810	\$ 6,035,055
-	-	-	73,578	-	-	-	73,578
-	-	497,857	-	-	-	-	497,857
1,452,425	661,370	3,032,638	544,805	60,195	290,865	244,810	6,606,490
795,499	477,515	1,366,821	189,250	55,667	161,204	113,864	3,346,121
394,971	40,201	542,035	338,778	-	60,302	121,682	1,501,452
69,842	79,010	91,576	9,258	-	51,253	4,580	423,389
186,098	79,321	147,758	61,238	2,928	5,697	4,684	492,735
-	6,636	146,962	57	-	-	-	153,655
-	-	28,728	10,080	-	-	-	38,808
4,056	7,538	2,596	-	-	-	-	14,190
-	14,779	49,701	-	-	9,853	-	74,333
-	-	43,528	-	-	-	-	43,528
-	-	4,273	-	-	-	-	4,273
-	-	29,501	-	-	-	-	29,501
-	-	35,806	-	-	-	-	35,806
-	-	609,201	-	-	-	-	609,201
1,450,466	705,000	3,098,486	608,661	58,595	288,309	244,810	6,766,992
1,959	(43,630)	(65,848)	(63,856)	1,600	2,556	-	(160,502)
(1,959)	(233,529)	(364,729)	(66,426)	(1,600)	(109,045)	-	(842,403)
-	-	253	163	-	-	-	873
\$ -	\$ (277,159)	\$ (430,324)	\$ (130,119)	\$ -	\$ (106,489)	\$ -	\$ (1,002,032)

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

KANSAS HERITAGE CENTER FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Receipts:		
Other charges/sales/grants/donations	\$ 28,288	\$ 25,278
Expenditures:		
Student support services	<u>23,856</u>	<u>14,278</u>
Receipts over (under) expenditures	4,432	11,000
Unencumbered cash, beginning of year	<u>66,903</u>	<u>71,335</u>
Unencumbered cash, end of year	<u><u>\$ 71,335</u></u>	<u><u>\$ 82,335</u></u>

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS

SPECIAL ASSESSMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Site improvement services	6	7	\$ 30,434	\$ 30,427
Receipts over (under) expenditures	(6)	(7)		
Unencumbered cash, beginning of year	30,441	30,435		
Unencumbered cash, end of year	\$ 30,435	\$ 30,428		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

BOND AND INTEREST FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		2018		Variance
	2017	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared receipts:				
Tax in process	\$ 43,522	\$ 92,706	\$ 80,643	\$ 12,063
Current tax	2,399,201	1,779,889	1,762,832	17,057
Delinquent tax	84,285	87,520	44,994	42,526
Motor vehicle tax	318,201	278,411	271,900	6,511
Recreational vehicle tax	1,908	1,760	1,627	133
In lieu of tax	32,386	18,462	-	18,462
State aid	5,914,195	5,141,336	5,141,336	-
Interest	10,969	15,535	-	15,535
Total receipts	<u>8,804,667</u>	<u>7,415,619</u>	<u>\$ 7,303,332</u>	<u>\$ 112,287</u>
Expenditures:				
Debt service:				
Principal	4,490,000	4,040,000	\$ 4,040,000	\$ -
Interest	<u>4,608,762</u>	<u>3,520,788</u>	<u>3,520,788</u>	<u>-</u>
Total expenditures	<u>9,098,762</u>	<u>7,560,788</u>	<u>\$ 7,560,788</u>	<u>\$ -</u>
Receipts over (under) expenditures	(294,095)	(145,169)		
Unencumbered cash, beginning of year	<u>5,329,272</u>	<u>5,035,177</u>		
Unencumbered cash, end of year	<u>\$ 5,035,177</u>	<u>\$ 4,890,008</u>		

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

CERTIFICATES OF PARTICIPATION FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended June 30, 2018

	Certificates of Participation P & I 2010	Certificates of Participation P & I 2014	Total
Receipts	\$ -	\$ -	\$ -
Expenditures:			
Transfer to construction fund	-	113	113
Receipts over (under) expenditures	-	(113)	(113)
Unencumbered cash, beginning of year	2	113	115
Unencumbered cash, end of year	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

CONSTRUCTION FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Receipts:		
Interest	\$ 480,364	\$ 312,102
Transfer from certificate of participation 2014 fund	-	113
Total receipts	<u>480,364</u>	<u>312,215</u>
Expenditures:		
Instruction	224,194	2,084,367
General administration	-	12,362
Operations and maintenance	-	1,073,281
Food service operations	20,123	13,012
Site improvement	-	692,141
Architectural and engineering services	616,245	203,650
Building additions	-	329,329
Repair and remodeling building	76,600,470	1,656,442
Debt issuance costs	<u>3,000</u>	<u>3,000</u>
Total expenditures	<u>77,464,032</u>	<u>6,067,584</u>
Receipts over (under) expenditures	(76,983,668)	(5,755,369)
Unencumbered cash, beginning of year	82,637,621	5,654,143
Prior year canceled encumbrances	<u>190</u>	<u>1,567,856</u>
Unencumbered cash, end of year	<u><u>\$ 5,654,143</u></u>	<u><u>\$ 1,466,630</u></u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

HEALTH CARE SERVICES RESERVE FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Receipts:		
Interest	\$ 1,341	\$ 1,939
Employee withholdings	6,198,637	6,245,091
Cobra/retirees	72,765	51,558
Health forfeitures	860,783	759,264
Reinsurance	912,772	1,129,642
	<u>8,046,298</u>	<u>8,187,494</u>
Total receipts		
Expenditures:		
Insurance premiums	1,595,226	1,666,367
Payment of claims	4,075,566	4,636,378
Other	-	91
	<u>5,670,792</u>	<u>6,302,836</u>
Total expenditures		
Receipts over (under) expenditures	2,375,506	1,884,658
Unencumbered cash, beginning of year	<u>3,194,509</u>	<u>5,570,015</u>
Unencumbered cash, end of year	<u><u>\$ 5,570,015</u></u>	<u><u>\$ 7,454,673</u></u>

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

MARILYN SHIPLEY CHILDREN LITERACY FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>2017</u>	<u>2018</u>
Receipts:		
Gain (loss) on investments	\$ 449	\$ 390
Contributions	<u>-</u>	<u>530</u>
Total receipts	449	920
Expenditures:		
Grants paid	<u>240</u>	<u>250</u>
Receipts over (under) expenditures	209	670
Unencumbered cash, beginning of year	<u>4,981</u>	<u>5,190</u>
Unencumbered cash, end of year	<u><u>\$ 5,190</u></u>	<u><u>\$ 5,860</u></u>

See Independent Auditor's Report.

UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year Ended June 30, 2018

Funds	Beginning unencumbered cash balance (deficit)	Receipts	Expenditures	Ending unencumbered cash balance	Add encumbrances and accounts payable	Ending cash balance
Gate receipts:						
Dodge City High School:						
Athletics	\$ 317	\$ 75,316	\$ 69,671	\$ 5,962	\$ -	\$ 5,962
Club services	164	-	-	164	-	164
Advertising	25,159	23,701	13,839	35,021	-	35,021
Tournament of Champions	43,106	44,052	44,041	43,117	-	43,117
WAC medals	5,284	5,000	2,523	7,761	-	7,761
Baseball	953	1,019	1,280	692	-	692
Boys basketball	2,816	2,877	2,295	3,398	-	3,398
Girls basketball	2,792	3,215	2,773	3,234	-	3,234
Bowling	84	1,148	1,094	138	-	138
Boys cross country	2,225	7,038	7,468	1,795	-	1,795
Girls cross country	-	3,684	3,604	80	-	80
Golf	680	1,370	1,694	356	-	356
Softball	-	1,665	1,405	260	-	260
Soccer	51	12,791	12,109	733	-	733
Boys tennis	83	1,245	633	695	-	695
Girls tennis	296	2,682	2,229	749	-	749
Track	793	41	734	100	-	100
Wrestling	-	173	42	131	-	131
Weight room	2,216	5,484	4,612	3,088	-	3,088
Athletic training	-	1,670	800	870	-	870
Gate receipts	7,144	59,034	59,081	7,097	-	7,097
Honors banquet	2,568	3,837	3,160	3,245	-	3,245
Subtotal High School	96,731	257,042	235,087	118,686	-	118,686
Dodge City Middle School:						
Athletics	3,525	28,785	29,541	2,769	-	2,769
Comanche Middle School:						
Coyote athletics	6,546	38,811	41,107	4,250	-	4,250
Total gate receipts	106,802	324,638	305,735	125,705	-	125,705
School projects:						
District-wide:						
Youthville farm	159	-	159	-	-	-
Mechanics	1,940	852	-	2,792	-	2,792
Floral design	8,803	1,759	842	9,720	-	9,720
Greenhouse	2,124	-	307	1,817	-	1,817
Livestock	11,148	6,105	513	16,740	-	16,740
Woodworking	18,895	1,274	13,889	6,280	-	6,280
Building trades - house	168,032	-	166,424	1,608	-	1,608
Building trades - non/house	567	8,588	4,159	4,996	-	4,996
Pass tuition	2,126	-	-	2,126	-	2,126
Food service	2,626	250	-	2,876	-	2,876
RIF	6	-	6	-	-	-
Adopt-a-Book	4	-	4	-	-	-
Comanche business partner	2,874	1,316	1,358	2,832	-	2,832
DCHS - Drama/Forensics	2,945	-	-	2,945	-	2,945
Bright Beginnings courtesy	4,054	2,980	3,852	3,182	-	3,182
Bright Beginnings-United Way	45,001	4,000	27,551	21,450	-	21,450
Migrant	5	500	505	-	-	-
The Learning Center	6,324	16,950	17,658	5,616	-	5,616
Money market interest	22,051	423	-	22,474	-	22,474
DCHS - Alumni Association	65,070	40	805	64,305	-	64,305
Subtotal District-wide	364,754	45,037	238,032	171,759	-	171,759

UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year Ended June 30, 2018

Funds	Beginning unencumbered cash balance (deficit)	Receipts	Expenditures	Ending unencumbered cash balance	Add encumbrances and accounts payable	Ending cash balance
School projects (continued):						
Dodge City High School:						
Basketball scoring table	\$ 16,245	\$ 1,000	\$ 16,245	\$ 1,000	\$ -	\$ 1,000
ID	466	312	-	778	-	778
Scholar bowl	88	6,179	6,221	46	-	46
Course catalog	-	400	386	14	-	14
Yearbook	3,285	17,267	18,047	2,505	-	2,505
Activity improvements	(89,373)	99,628	10,255	-	-	-
Activity improvements 2017	-	12,960	8,110	4,850	-	4,850
Concessions	2,282	14,589	10,044	6,827	-	6,827
Lost equipment	-	548	-	548	-	548
Subtotal High School	(67,007)	152,883	69,308	16,568	-	16,568
Dodge City Middle School:						
Library/book fair	288	38	272	54	-	54
Students & building needs	1,254	-	185	1,069	-	1,069
Art smart	78	-	-	78	-	78
KS school health survey	236	-	-	236	-	236
Partners in education	183	-	-	183	-	183
Students in need	8	-	-	8	-	8
T-shirts	1,220	5,379	5,952	647	-	647
Learning tree	24	-	-	24	-	24
Student testing rewards	115	-	28	87	-	87
DCMS Sports	809	2,820	3,629	-	-	-
Information technology	248	115	3	360	-	360
Newcomers	218	675	392	501	-	501
Special activities	1,261	1,789	2,242	808	-	808
Yearbook	761	3,181	2,729	1,213	-	1,213
Subtotal Middle School	6,703	13,997	15,432	5,268	-	5,268
Comanche Middle School:						
Library/book fair	186	149	168	167	-	167
T-shirts	105	14,113	13,635	583	-	583
Poster ads	28	-	-	28	-	28
Subtotal Comanche	319	14,262	13,803	778	-	778
Soule Elementary	140	2,717	1,658	1,199	-	1,199
Beeson Elementary	380	-	32	348	-	348
Central Elementary	3,025	2,019	679	4,365	-	4,365
Linn Elementary	2,382	1,423	833	2,972	-	2,972
Miller Elementary	429	1,384	1,078	735	-	735
Northwest Elementary	2,884	4,773	5,796	1,861	-	1,861
Sunnyside Elementary	1,756	2,892	3,130	1,518	-	1,518
Wilroads Elementary	17	2,166	2,163	20	-	20
Ross Elementary	2,850	1,175	1,301	2,724	-	2,724
Total school projects	318,632	244,728	353,245	210,115	-	210,115
Total district activity funds	\$ 425,434	\$ 569,366	\$ 658,980	\$ 335,820	\$ -	\$ 335,820

See Independent Auditor's Report.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

AGENCY FUNDS

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS**

For the Year Ended June 30, 2018

<u>Funds</u>	<u>Beginning cash balance (deficit)</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Student activity funds:				
High School:				
Art club	\$ 319	\$ 865	\$ 1,145	\$ 39
Band	37,796	248,257	227,956	58,097
Student band account	18,536	12,802	7,672	23,666
Broadcasting	2,233	4,293	485	6,041
FBLA	3,655	1,215	1,219	3,651
FBLA store	193	-	-	193
Cheerleaders	2,274	17,483	19,577	180
Chorus	3,480	20,820	22,620	1,680
Class of 2017	737	211	948	-
Class of 2018	520	1,200	300	1,420
Class of 2019	2,400	2,388	3,490	1,298
Class of 2020	1,200	1,200	-	2,400
Class of 2021	-	1,200	-	1,200
Color guard	1,274	3,093	4,144	223
Debate	(233)	3,474	2,529	712
Drama club	7,256	5,400	6,501	6,155
Drill team	10,710	26,632	28,574	8,768
Drill team student accounts	75	-	75	-
International club	662	158	723	97
FFA	693	11,736	11,639	790
FCCLA	3,981	5,634	1,086	8,529
Forensics	613	-	71	542
HOSA	1,442	600	1,463	579
Heritage panel	269	-	-	269
NHS	1,868	704	370	2,202
Orchestra	8,755	37,314	46,067	2
Orchestra student accounts	(140)	65,924	60,885	4,899
Outdoor club	1,658	6,540	6,037	2,161
SADD	1,250	1,537	1,137	1,650
Student council	547	10,834	10,926	455
DC union	250	20,822	20,663	409
FCA	53	1,522	1,104	471
Skills USA	1,492	704	1,238	958
Gay-straight alliance	39	-	-	39
Science Olympiad	200	1,160	1,357	3
Hero club	976	572	761	787
Science family outreach club	89	-	-	89
T.A.L.C.	100	83	60	123
Herpetology club	335	853	673	515
Subtotal High School	117,557	517,230	493,495	141,292

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

AGENCY FUNDS

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS**

For the Year Ended June 30, 2018

<u>Funds</u>	<u>Beginning cash balance (deficit)</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Student activity funds (continued):				
Dodge City Middle School:				
Student council	\$ 712	\$ 4,772	\$ 3,133	\$ 2,351
DCMS heritage panel	389	-	-	389
Drill team	5,724	7,557	9,549	3,732
Wrestling	78	222	300	-
Boys basketball	1,732	4,472	6,204	-
Girls basketball	9	-	9	-
Spirit club	4,268	7,165	5,405	6,028
NJHS	973	630	488	1,115
Scholars bowl	71	459	495	35
Drama club	301	-	61	240
Subtotal Middle School	<u>14,257</u>	<u>25,277</u>	<u>25,644</u>	<u>13,890</u>
Comanche Middle School:				
Student council	1,937	985	817	2,105
Drill team	142	6,454	6,487	109
Spirit club	3,890	9,006	11,075	1,821
JR NHS	416	-	-	416
Chorus	4,175	4,569	4,678	4,066
Miscellaneous student income	11	-	-	11
Library/book fair	17	-	-	17
Student and building needs	324	-	-	324
MS-WAC music festival	1,890	6,660	5,553	2,997
Subtotal Comanche	<u>12,802</u>	<u>27,674</u>	<u>28,610</u>	<u>11,866</u>
Total agency funds	<u>\$ 144,616</u>	<u>\$ 570,181</u>	<u>\$ 547,749</u>	<u>\$ 167,048</u>

See Independent Auditor's Report.

APPENDICES

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**INDEPENDENT AUDITOR'S 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**

Board of Education
Unified School District No. 443
Dodge City, Kansas

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 Unified School District No. 443, Dodge City, Kansas as of and for the year ended June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated December 28, 2018. Our report on the financial statement disclosed that, as described in Note A to the financial statement, the District has prepared this financial statement 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District No. 443's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 443's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Unified School District No. 443's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Unified School District No. 443's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kennedy McKee & Company LLP

December 28, 2018

Kennedy
McKee & Company LLP Certified Public Accountants

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

Board of Education
Unified School District No. 443
Dodge City, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District No. 443's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Unified School District No. 443's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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); and the *Kansas Municipal Audit and Accounting Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Unified School District No. 443's compliance.

Opinion on Each Major Federal Program

In our opinion, Unified School District No. 443 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, 2018.

Report on Internal Control over Compliance

Management of Unified School District No. 443 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2018-002, that we consider to be a significant deficiency.

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.

Kennedy McKee & Company LLP

December 28, 2018

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
<u>U.S. Department of Health and Human Services</u>							
Direct Program:							
Head Start - 2016-17	93.600	N/A	\$ (364,413)	\$ 253	\$ 364,160	\$ -	\$ -
Head Start T/TA - 2016-17	93.600	N/A	(316)	-	316	-	-
Head Start - 2017-18	93.600	N/A	-	-	2,142,580	2,572,689	(430,109)
Head Start T/TA - 2017-18	93.600	N/A	-	-	27,724	27,940	(216)
Passed through Kansas Department for Children and Families:							
Child Care and Development Block Grant:							
Kansas Early Head Start - 2016-17	93.596	EES-2017-KEHSCCP-01-G	(7,690)	-	7,690	-	-
Kansas Early Head Start - 2017-18	93.596	EES-2018-KEHSCCP-01-G	-	-	120,600	175,814	(55,214)
Passed through Kansas Department of Education:							
Temporary Assistance for Needy Families:							
Early Learning Kansans	93.558	D0443	-	-	108,949	108,949	-
Pre-K Pilot	93.558	D0443	(26,482)	-	27,226	-	744
Kansas Early Head Start Visitation 2016-17	93.558	EES-2017-KEHCSV-01-G	(58,736)	163	58,573	-	-
Kansas Early Head Start Visitation 2017-18	93.558	EES-2017-KEHCSV-01-G	-	-	284,364	359,268	(74,904)
Parents as Teachers 2016-17	93.558	D0443	(7,799)	-	7,799	-	-
			(465,436)	416	3,149,981	3,244,660	(559,699)
<u>U.S. Department of Education</u>							
Passed through Kansas Department of Education:							
Title I:							
Title I - Program Improvement	84.010	D0443	(1,959)	-	1,959	-	-
Title I - 2017-18 Carryover	84.010	D0443	-	-	237,460	237,460	-
Title I - 2017-18	84.010	D0443	-	-	1,213,006	1,213,006	-
Migrant Programs:							
Migrant - 2016-17	84.011	D0443	(233,529)	-	233,529	-	-
Migrant - 2017-18	84.011	D0443	-	-	427,841	705,000	(277,159)
Migrant - 2017-18 (Summer)	84.011A	D0443	-	-	21,235	21,235	-
Title IIA:							
Teacher Quality - 2017-18	84.367	D0443	-	-	217,120	217,120	-
Teacher Quality - 2017-18 Carryover	84.367	D0443	-	-	27,690	27,690	-
Teacher Quality - 2017-18	84.367	D0443	-	-	228	228	-
Carl Perkins:							
Program Improvement - 2016-17	84.048	D0443	(1,600)	-	1,600	-	-
Program Improvement - 2017-18	84.048A	D0443	-	-	58,595	58,595	-

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the Year Ended June 30, 2018

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Unencumbered cash (deficit) beginning of year	Canceled encumbrances	Receipts	Expenditures	Unencumbered cash (deficit) end of year
<u>U.S. Department of Education (continued)</u>							
Passed through Kansas Department of Education (continued):							
Title III:							
English Language Acquisition - 2017-18	84.365	D0443	\$ -	\$ -	\$ 181,820	\$ 288,309	\$ (106,489)
English Language Acquisition - 2016-17	84.365	D0443	(109,045)	-	109,045	-	-
Title IV:							
21st Century Community Learning Center	84.287	D0443	(30,011)	457	84,164	99,832	(45,222)
Student Support and Academic Enrichment	84.424A	D0443	-	-	35,346	35,346	-
Title V:							
Rural Low Income Schools Program	84.358B	D0443	-	-	76,687	76,687	-
			(376,144)	457	2,927,325	2,980,508	(428,870)
<u>U.S. Department of Health and Human Services</u>							
Passed through Kansas Department of Education:							
Youth Risk Behavior Survey	93.079	D0443	-	-	745	745	-
<u>U.S. Department of Agriculture</u>							
Passed through University of Nebraska-Lincoln:							
STEC Grant	10.310	2012-68003-30155	(8,621)	-	95,959	100,799	(13,461)
Passed through Kansas Department of Education:							
School Breakfast Program	10.553	D0443	-	-	628,638	628,638	-
National School Lunch Program	10.555	D0443	-	-	2,936,354	2,936,354	-
Summer Food Service Program for Children	10.559	D0443	-	-	155,510	155,510	-
Team Nutrition Grants	10.547	D0443	-	-	4,000	4,000	-
State Administrative Expenses for Child Nutrition	10.560	D0443	-	-	35,776	35,776	-
			(8,621)	-	3,856,237	3,861,077	(13,461)
Total federal assistance			\$ (850,201)	\$ 873	\$ 9,934,288	\$ 10,086,990	\$ (1,002,030)

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Unified School District No. 443, Dodge City, Kansas under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is 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 selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note A to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are prepared using the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances.

C. INDIRECT COST RATE

The District has not elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

D. AWARDS PASSED-THROUGH TO SUBRECIPIENTS

The District did not pass-through any awards to subrecipients.

**UNIFIED SCHOOL DISTRICT NO. 443
DODGE CITY, KANSAS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an adverse opinion on whether the financial statement of Unified School District No. 443 was prepared in accordance with GAAP.
2. One significant deficiency relating to the audit of the financial statement is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statement of Unified School District No. 443 which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. One significant deficiency in internal control over major federal programs was reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Unified School District No. 443 expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as a major programs included:

Child Nutrition Program Cluster:	
School Breakfast Program	CFDA 10.553
National School Lunch Program	CFDA 10.555
Summer Food Service Program	
For Children	CFDA 10.559
Migrant Program	CFDA 84.011
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Unified School District No. 443 did not qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2018-001 – Expenditures

Condition: An expenditure test was performed to determine that internal controls over the Food Service program were operating effectively and to test compliance with allowable costs. The auditors noted that 12 out of the 30 expenditures tested lacked approval on supporting documentation, such as purchase orders, invoices, receipts, etc.

Criteria: Internal controls should be in place that require review and approval of all expenditures by a supervisor.

Cause: Expenditures paid by the Food Service department did not require approval of supporting documentation.

Effect: Because of the lack of review and approval from the proper level of management, improper expenditures may be made without the knowledge or approval of the supervisor.

Recommendation: Procedures should be implemented requiring the review and signature approval by supervisors prior to expenditures being paid.

Views of Responsible Officials and Planned Corrective Actions: Unified School District No. 443 Management and the Food Service Supervisor agree and approval procedures have been implemented.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

DEPARTMENT OF AGRICULTURE

2018-002 – National School Lunch and Breakfast Program – CFDA No. 10.553, 10.555, 10.559; Grant No. D0443; Grant period – Year ended June 30, 2018

Significant Deficiency: See Finding 2018-001.