

UNIFIED SCHOOL DISTRICT NO. 448

INMAN, KANSAS

FINANCIAL STATEMENT

For the Year Ended June 30, 2018

Unified School District No. 448  
For the Year Ended June 30, 2018

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
 <b><u>Financial Section</u></b>	
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	Statement 1 3
Notes to Financial Statement	4-10
 <b><u>Regulatory – Required Supplementary Information</u></b>	
Summary of Expenditures – Actual and Budget – Regulatory Basis	Schedule 1 11
Schedules of Receipts and Expenditures – Actual and Budget – Regulatory Basis	Schedule 2
General Funds	12-13
Special Purpose Funds	14-22
Bond and Interest Fund	23
Schedule of Receipts and Disbursements – Regulatory Basis Agency Funds	Schedule 3 24
Schedule of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	
District Activity Funds	Schedule 4 25

# Knudsen Monroe & Company LLC

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Unified School District No. 448  
Inman, Kansas 67546

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 448, Inman, Kansas (District), 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 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### ***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, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" 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 the District 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 balance of the District 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 1.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the 2018 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds, and schedule of regulatory basis receipts, expenditures and unencumbered cash-district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the 2018 basic financial statement, but are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 information has been subjected to the auditing procedures applied in the audit of the 2018 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 2018 basic financial statement or to the 2018 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 2018 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated September 13, 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 web site 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-actual and budget for the year ended June 30, 2017 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2017 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 1.

*Krudsen, Monroe & Company, LLC*

Certified Public Accountants  
Newton, Kansas  
September 13, 2018

## Unified School District No. 448

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
REGULATORY BASIS

For the Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>General Funds</b>						
General	\$ -	3,359,495	3,359,295	200	43,059	43,259
Supplemental General	76,451	1,221,706	1,211,139	87,018	14,074	101,092
<b>Special Purpose Funds</b>						
At Risk (4 Yr Old)	-	91,021	91,021	-	-	-
At Risk (K-12)	-	270,000	270,000	-	-	-
Capital Outlay	734,881	413,433	157,583	990,731	403	991,134
Driver Training	8,989	7,315	6,278	10,026	-	10,026
Food Service	59,285	214,092	208,797	64,580	27	64,607
Professional Development	40,000	30,745	26,550	44,195	(128)	44,067
Special Education	191,874	915,695	865,580	241,989	-	241,989
Career & Technology Education	-	137,973	133,000	4,973	253	5,226
KPERS Employer Contribution	-	311,666	311,666	-	-	-
Recreation Commission	19,193	29,641	30,000	18,834	-	18,834
Contingency Reserve	196,955	50,090	-	247,045	-	247,045
Federal Government Programs	-	78,446	78,446	-	33,162	33,162
Memorials and Gifts	65,228	52,252	40,144	77,336	-	77,336
<b>Bond and Interest Fund</b>	426,452	410,888	399,290	438,050	-	438,050
<b>Activity Funds</b>						
Activity Gate Receipts	2,559	56,275	53,906	4,928	-	4,928
School Projects	39,227	84,898	75,753	48,372	-	48,372
<b>Total Reporting Entity</b> (Excluding Agency Funds)	<u>\$ 1,861,094</u>	<u>7,735,631</u>	<u>7,318,448</u>	<u>2,278,277</u>	<u>90,850</u>	<u>2,369,127</u>
<b>Composition of Cash</b>						
Cash in Bank, Prairie Bank of Kansas						
Checking account						\$ 2,304,968
TTL account						501
Petty cash checking						8,290
Activity Funds - High School						58,935
Activity Funds - Elementary School						10,362
Don Kimble memorial savings						1,500
Don Kimble memorial certificate of deposit						568
Total cash						2,385,124
Less agency funds (Schedule 3)						15,997
<b>Total Reporting Entity (excluding Agency Funds)</b>						<u>\$ 2,369,127</u>

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

Unified School District No. 448  
NOTES TO FINANCIAL STATEMENT  
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

Unified School District No. 448, Inman, Kansas, is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents the Unified School District No. 448 (District), a municipality.

Regulatory Basis Fund Types

General Fund – used to account for all resources except those required to be accounted for in another fund.

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

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

Fiduciary Fund – used to account for assets held in trustee capacity or as an agent for individuals, other governmental units, private organizations and/or other funds.

Agency Fund – used to account for assets held in a trustee capacity or as an agent for individuals, other governmental units, private organizations and/or other funds.

Activity Fund – under provisions of K.S.A. 72-8208a, the Board of Education adopted a resolution relating to the school activity funds which results in the activity funds being accounted for under policies and procedures of the Board. In this financial statement, school activity funds of the District are classified as special purpose and fiduciary funds.

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.

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

Unified School District No. 448  
NOTES TO FINANCIAL STATEMENT  
June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, fiduciary funds, agency funds, activity funds and certain special purpose funds as noted in the presentation of the appropriate Schedules 2 and 3.

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.

2. DEPOSITS AND INVESTMENTS

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

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes;

Unified School District No. 448  
NOTES TO FINANCIAL STATEMENT  
June 30, 2018

2. DEPOSITS AND INVESTMENTS (Continued)

no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. The District's deposits were legally secured at June 30, 2018.

At June 30, 2018, the District's carrying amount of deposits was \$2,385,124 and the bank balance was \$2,423,191. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,173,191 was collateralized with securities held by the pledging financial institution's agents in the District's name.

3. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$220,554 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.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

Management is not aware of any statutory violations occurring in the year ended June 30, 2018.

5. LONG-TERM DEBT

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Beginning of Year Balance</u>	<u>Additions</u>	<u>Retired/ Payments</u>	<u>End of Year Balance</u>	<u>Interest Paid</u>
<b>General Obligation Bonds</b>									
School Improvement,									
Series 2012	1.40-2.35%	6/1/2012	\$ 4,535,000	9/1/2025	<u>\$ 3,355,000</u>	<u>-</u>	<u>340,000</u>	<u>3,015,000</u>	<u>59,290</u>



Unified School District No. 448  
NOTES TO FINANCIAL STATEMENT  
June 30, 2018

5. LONG-TERM DEBT (Continued)

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

	Year ending June 30						Total
	2019	2020	2021	2022	2023	2024-2026	
<b>General Obligation Bonds</b>							
Principal	\$ 350,000	355,000	360,000	370,000	380,000	1,200,000	3,015,000
Interest	54,460	49,525	44,160	37,950	30,820	41,780	258,695
Total Principal & Interest	<u>\$ 404,460</u>	<u>404,525</u>	<u>404,160</u>	<u>407,950</u>	<u>410,820</u>	<u>1,241,780</u>	<u>3,273,695</u>

6. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Total
General	At Risk (4-yr Old)	K.S.A. 72-6478	\$ 23,000
General	At Risk (K-12)	K.S.A. 72-6478	270,000
General	Capital Outlay	K.S.A. 72-6478	34,000
General	Special Education	K.S.A. 72-6478	498,019
General	Contingency Reserve	K.S.A. 72-6478	50,090
Supplemental General	At Risk (4-yr Old)	K.S.A. 72-6478	63,460
Supplemental General	Professional Development	K.S.A. 72-6478	30,000
Supplemental General	Special Education	K.S.A. 72-6478	400,000
Supplemental General	Career & Technology Education	K.S.A. 72-6478	131,450
			<u>\$ 1,500,019</u>

7. 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 premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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

Compensated Absences

The District's personnel policies grant compensated absences in the form of vacation, sick days and personal leave days for each school year. Classified full-time staff meeting length of service requirements

Unified School District No. 448  
NOTES TO FINANCIAL STATEMENT  
June 30, 2018

7. OTHER LONG TERM OBLIGATIONS FROM OPERATIONS (Continued)

are allowed two to three weeks paid vacation which may not be accumulated. Certified staff are not granted paid vacation time. Personal leave and sick days are granted annually to all personnel. The District allows certified staff to accumulate sick days up to 100 days, classified staff up to 65 days. After ten years of service it is the District's policy to pay, at separation of service, \$5 per accumulated day.

The District's liability for unused vacation time and accumulated personal and sick days at June 30, 2018 has not been recorded in this financial statement.

8. DEFINED BENEFIT 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](http://www.kpers.org) or by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate 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 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 contribution to KPERS for all school municipalities for the year ending June 30, 2018, received as of June 30<sup>th</sup> was \$446,603,946. Per 2017 Senate Substitute for Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 for the fiscal year 2017. Section 43 (17) of the bill also stipulates that repayments of the reduced contributions are

Unified School District No. 448  
NOTES TO FINANCIAL STATEMENT  
June 30, 2018

8. DEFINED BENEFIT PENSION PLAN (Continued)

to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year.

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 \$311,666 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 \$4,294,697. 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 this financial statement.

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

9. 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; and natural disasters. The District has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other school districts in the State to participate in Kansas Association of School Boards (KASB) Risk Management Services, a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The District pays an annual premium to the KASB for its workers compensation insurance coverage. The agreement to participate provides that the KASB will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$300,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KASB management.

The District continues to carry commercial insurance for all other risks of loss, including liability, property, inland marine, linebacker, and fleet coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Unified School District No. 448  
NOTES TO FINANCIAL STATEMENT  
June 30, 2018

10. CLAIMS AND JUDGMENTS

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

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

11. RELATED PARTY TRANSACTIONS

The District is the taxing authority for the Inman Recreation Commission which operates recreational programs within the District. The District and the City of Inman each appoint two members of the recreation commission board. During the fiscal year ended June 30, 2018, the District levied a total tax of 0.655 mills for the Recreation Commission Fund, which in turn is appropriated to the Inman Recreation Commission for its operations. There is an informal agreement between the District and the Recreation Commission for use of District facilities when they are not otherwise being used by the District. The financial activity of the Inman Recreation Commission is not included in the accompanying financial statement.

12. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to June 30, 2018, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through September 13, 2018, which is the date at which the financial statement was available to be issued.

13. SUBSEQUENT EVENT

In July, 2018, the board approved the purchases of a New Holland tractor for the price of \$19,900 and a new bus from Kansas Truck Equipment as bid for the price of \$101,338.

UNIFIED SCHOOL DISTRICT NO. 448

INMAN, KANSAS

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2018

## Unified School District No. 448

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended June 30, 2018

	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
<b>General Funds</b>						
General	\$ 3,464,389	(147,020)	41,926	3,359,295	3,359,295	-
Supplemental General	1,225,000	(17,833)	3,972	1,211,139	1,211,139	-
<b>Special Purpose Funds</b>						
At Risk (4 Yr Old)	107,000	-	-	107,000	91,021	(15,979)
At Risk (K-12)	270,000	-	-	270,000	270,000	-
Capital Outlay	500,000	-	-	500,000	157,583	(342,417)
Driver Training	17,189	-	-	17,189	6,278	(10,911)
Food Service	255,000	-	-	255,000	208,797	(46,203)
Professional Development	38,500	-	-	38,500	26,550	(11,950)
Special Education	891,841	-	-	891,841	865,580	(26,261)
Career & Technology Education	133,000	-	-	133,000	133,000	-
KPERS Employer Contribution	348,509	-	-	348,509	311,666	(36,843)
Recreation Commission	30,000	-	-	30,000	30,000	-
<b>Bond and Interest Fund</b>	399,290	-	-	399,290	399,290	-

## Unified School District No. 448

## General Funds

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)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
<b>GENERAL</b>				
<b>RECEIPTS</b>				
General state aid	\$ 2,637,208	2,819,550	2,900,288	(80,738)
Special Education state aid	484,017	498,019	564,101	(66,082)
KPERS state aid	211,218	-	-	-
Interest	2,328	-	-	-
Reimbursements, fees and activities	15,120	13,793	-	13,793
Reimbursements, grants and others	27,470	28,133	-	28,133
Total receipts	3,377,361	3,359,495	3,464,389	(104,894)
<b>EXPENDITURES</b>				
Instruction	1,490,543	1,302,623	1,415,228	(112,605)
Student support services	29,168	26,899	16,450	10,449
Instructional support staff	2,941	4,819	5,800	(981)
General administration	180,464	187,471	201,000	(13,529)
School administration	212,624	218,747	242,000	(23,253)
Operation and maintenance	515,550	508,731	524,990	(16,259)
Student transportation services	114,534	134,133	132,020	2,113
Other supplemental services	84,396	100,763	92,800	7,963
Transfer to				
At Risk (4 Yr Old)	-	23,000	-	23,000
At Risk (K-12)	-	270,000	270,000	-
Capital Outlay	-	34,000	-	34,000
Professional Development	5,583	-	-	-
Special Education	499,390	498,019	564,101	(66,082)
KPERS Employer Contribution	211,218	-	-	-
Contingency Reserve	30,950	50,090	-	50,090
	3,377,361	3,359,295	3,464,389	(105,094)
Adjustment to comply with legal max	-	-	(147,020)	147,020
Adjustment for qualifying budget credits	-	-	41,926	(41,926)
Total expenditures	3,377,361	3,359,295	3,359,295	-
Receipts over (under) expenditures	-	200		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	\$ -	200		

## Unified School District No. 448

## General Funds

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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
SUPPLEMENTAL GENERAL				
RECEIPTS				
Tax in process	\$ 26,100	22,376	1,073	21,303
Current tax	781,278	864,115	908,836	(44,721)
Delinquent tax	5,934	13,121	16,307	(3,186)
Vehicle tax	78,695	75,403	74,544	859
State aid	-	242,719	243,916	(1,197)
Transfer from General	298,851	-	-	-
Reimbursements	10,497	3,972	-	3,972
Total receipts	1,201,355	1,221,706	1,244,676	(22,970)
EXPENDITURES				
Instruction	539,335	513,083	578,000	(64,917)
Student support services	32,053	11,915	1,000	10,915
General administration	6,460	58,197	55,000	3,197
Operations and maintenance	141	3,034	-	3,034
Transfer to				
At Risk (4 Yr Old)	74,685	63,460	88,000	(24,540)
At Risk (K-12)	115,368	-	-	-
Professional Development	21,262	30,000	5,000	25,000
Special Education	295,167	400,000	365,000	35,000
Career & Technology Education	122,866	131,450	133,000	(1,550)
	1,207,337	1,211,139	1,225,000	(13,861)
Adjustment to comply with legal max	-	-	(17,833)	17,833
Adjustment for qualifying budget credits	-	-	3,972	(3,972)
Total expenditures	1,207,337	1,211,139	1,211,139	-
Receipts over (under) expenditures	(5,982)	10,567		
Unencumbered cash, beginning	82,433	76,451		
Unencumbered cash, ending	\$ 76,451	87,018		



## Unified School District No. 448

## Special Purpose Funds

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)

		Current Year		Variance
	Prior Year			Over
	Actual	Actual	Budget	(Under)
AT RISK (4 YR OLD)				
RECEIPTS				
Reimbursements	\$ 2,315	2,821	3,000	(179)
Federal aid	-	1,740	54,000	(52,260)
Transfer from				
General	-	23,000	-	23,000
Supplemental General	74,685	63,460	74,000	(10,540)
Total receipts	77,000	91,021	131,000	(39,979)
EXPENDITURES				
Instruction				
Salaries and benefits	71,712	91,021	104,200	(13,179)
Other	2,849	-	-	-
Instructional support staff	-	-	300	(300)
Operations and maintenance	2,439	-	2,500	(2,500)
Total expenditures	77,000	91,021	107,000	(15,979)
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	\$ -	-		
AT RISK (K-12)				
RECEIPTS				
Transfer from				
General	\$ -	270,000	270,000	-
Supplemental General	115,368	-	-	-
Total receipts	115,368	270,000	270,000	-
EXPENDITURES				
Instruction				
Salaries and benefits	110,168	264,750	264,800	(50)
Other	5,200	5,250	5,200	50
Total expenditures	115,368	270,000	270,000	-
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	\$ -	-		

## Unified School District No. 448

## Special Purpose Funds

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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<b>CAPITAL OUTLAY</b>				
RECEIPTS				
Tax in process	\$ 9,111	8,547	417	8,130
Current tax	298,404	316,816	290,332	26,484
Delinquent tax	1,718	4,047	6,228	(2,181)
Vehicle tax	23,557	27,182	26,889	293
Interest	-	2,861	2,400	461
Sale of property and other	512	-	-	-
State aid	24,899	19,980	18,731	1,249
Transfer from General	-	34,000	-	34,000
Total receipts	358,201	413,433	344,997	68,436
EXPENDITURES				
Equipment and furniture	35,407	37,899	300,000	(262,101)
Construction and remodeling	6,043	44,138	-	44,138
Transportation	-	27,691	150,000	(122,309)
Operation and maintenance	47,468	47,855	50,000	(2,145)
Total expenditures	88,918	157,583	500,000	(342,417)
Receipts over (under) expenditures	269,283	255,850		
Unencumbered cash, beginning	465,598	734,881		
Unencumbered cash, ending	\$ 734,881	990,731		
<b>DRIVER TRAINING</b>				
RECEIPTS				
State aid	\$ 2,816	2,560	4,200	(1,640)
Other	4,549	4,755	4,000	755
Total receipts	7,365	7,315	8,200	(885)
EXPENDITURES				
Instruction				
Salaries and benefits	5,290	5,239	4,939	300
Other	1,086	1,039	12,250	(11,211)
Total expenditures	6,376	6,278	17,189	(10,911)
Receipts over (under) expenditures	989	1,037		
Unencumbered cash, beginning	8,000	8,989		
Unencumbered cash, ending	\$ 8,989	10,026		

## Unified School District No. 448

## Special Purpose Funds

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)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
FOOD SERVICE				
RECEIPTS				
Lunch sales	\$ 130,795	128,945	132,402	(3,457)
Federal aid	84,220	82,526	83,145	(619)
State aid	2,664	2,621	2,216	405
Total receipts	217,679	214,092	217,763	(3,671)
EXPENDITURES				
Salaries and benefits	90,852	86,215	109,000	(22,785)
Food and supplies	115,521	120,662	143,000	(22,338)
Other	2,021	1,920	3,000	(1,080)
Total expenditures	208,394	208,797	255,000	(46,203)
Receipts over (under) expenditures	9,285	5,295		
Unencumbered cash, beginning	50,000	59,285		
Unencumbered cash, ending	\$ 59,285	64,580		
PROFESSIONAL DEVELOPMENT				
RECEIPTS				
State aid	\$ -	745	3,000	(2,255)
Transfer from				
General	5,583	-	-	-
Supplemental General	21,262	30,000	20,000	10,000
Total receipts	26,845	30,745	23,000	7,745
EXPENDITURES				
Salaries and benefits	5,673	4,883	5,500	(617)
Purchased services and other	21,172	21,667	33,000	(11,333)
Total expenditures	26,845	26,550	38,500	(11,950)
Receipts over (under) expenditures	-	4,195		
Unencumbered cash, beginning	40,000	40,000		
Unencumbered cash, ending	\$ 40,000	44,195		

## Unified School District No. 448

## Special Purpose Funds

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)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
<b>SPECIAL EDUCATION</b>				
RECEIPTS				
Federal aid	\$ 26,466	15,300	-	15,300
Transfer from				
General	499,390	498,019	564,101	(66,082)
Supplemental General	295,167	400,000	280,000	120,000
Other	2,925	2,376	-	2,376
Total receipts	823,948	915,695	844,101	71,594
EXPENDITURES				
Payments to Special Education Coop	780,856	838,926	856,141	(17,215)
Student Transportation				
Salaries and benefits	23,358	22,560	27,700	(5,140)
Other	2,860	4,094	8,000	(3,906)
Total expenditures	807,074	865,580	891,841	(26,261)
Receipts over (under) expenditures	16,874	50,115		
Unencumbered cash, beginning	175,000	191,874		
Unencumbered cash, ending	\$ 191,874	241,989		

## Unified School District No. 448

## Special Purpose Funds

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)

		Current Year		Variance
	Prior Year			Over
	Actual	Actual	Budget	(Under)
<b>CAREER &amp; TECHNOLOGY EDUCATION</b>				
RECEIPTS				
Transfer from Supplemental General	\$ 122,866	131,450	130,000	1,450
State and federal aid	2,205	3,554	-	3,554
Reimbursements - fees and other	2,434	2,969	3,000	(31)
Total receipts	127,505	137,973	133,000	4,973
EXPENDITURES				
Instruction				
Salaries and benefits	116,891	127,756	120,000	7,756
Equipment	4,223	1,253	6,000	(4,747)
Supplies and other	6,391	3,991	7,000	(3,009)
Total expenditures	127,505	133,000	133,000	-
Receipts over (under) expenditures	-	4,973		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	\$ -	4,973		
<b>KPERS EMPLOYER CONTRIBUTION</b>				
RECEIPTS				
State aid	\$ -	311,666	348,509	(36,843)
Transfer from General	211,218	-	-	-
Total receipts	211,218	311,666	348,509	(36,843)
EXPENDITURES				
Employee benefits	211,218	311,666	348,509	(36,843)
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	\$ -	-		

## Unified School District No. 448

## Special Purpose Funds

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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<b>RECREATION COMMISSION</b>				
RECEIPTS				
Tax in process	\$ 847	766	37	729
Current tax	26,745	25,948	25,373	575
Delinquent tax	193	433	558	(125)
Vehicle tax	2,596	2,494	2,465	29
Other	200	-	-	-
Total receipts	30,581	29,641	28,433	1,208
EXPENDITURES				
Appropriation to recreation commission	29,200	30,000	30,000	-
Receipts over (under) expenditures	1,381	(359)		
Unencumbered cash, beginning	17,812	19,193		
Unencumbered cash, ending	\$ 19,193	18,834		

## Unified School District No. 448

## Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL  
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>
<b>CONTINGENCY RESERVE</b>		
RECEIPTS		
Transfer from General	\$ 30,950	50,090
EXPENDITURES		
Instruction	<u>30,950</u>	<u>-</u>
Receipts over (under) expenditures	-	50,090
Unencumbered cash, beginning	<u>196,955</u>	<u>196,955</u>
Unencumbered cash, ending	<u>\$ 196,955</u>	<u>247,045</u>

## Unified School District No. 448

## Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL  
REGULATORY BASIS

For the Year Ended June 30, 2018

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

		Current Year					
		Prior Year Total	Title I ESEA	Title II-A Teacher Quality	Title IV Drug Free	REAP Grant	Total
FEDERAL GOVERNMENT PROGRAMS							
RECEIPTS							
Federal aid	\$	65,055	23,398	7,051	734	47,263	78,446
EXPENDITURES							
Salaries and benefits		62,355	22,898	7,051		7,858	37,807
Supplies and other		2,700	500	-	734	39,405	40,639
Total expenditures		65,055	23,398	7,051	734	47,263	78,446
Receipts over (under) expenditures		-	-	-	-	-	-
Unencumbered cash, beginning		-	-	-	-	-	-
Unencumbered cash, ending	\$	-	-	-	-	-	-



## Unified School District No. 448

## Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL  
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>
<b>MEMORIALS AND GIFTS</b>		
RECEIPTS	\$ 12,108	52,252
EXPENDITURES	<u>4,152</u>	<u>40,144</u>
Receipts over (under) expenditures	7,956	12,108
Cash balance, beginning	<u>57,272</u>	<u>65,228</u>
Cash balance, ending	<u>\$ 65,228</u>	<u>77,336</u>

## Unified School District No. 448

## 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)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
<b>BOND AND INTEREST FUND</b>				
RECEIPTS				
Tax in process	\$ 8,809	10,159	495	9,664
Current tax	354,692	342,790	334,873	7,917
Delinquent tax	2,276	5,450	7,403	(1,953)
Vehicle tax	31,154	28,532	27,870	662
State aid	31,921	23,957	23,957	-
Total receipts	428,852	410,888	394,598	16,290
EXPENDITURES				
Principal	335,000	340,000	340,000	-
Interest	64,015	59,290	59,290	-
Total expenditures	399,015	399,290	399,290	-
Receipts over (under) expenditures	29,837	11,598		
Unencumbered cash, beginning	396,615	426,452		
Unencumbered cash, ending	\$ 426,452	438,050		

## Unified School District No. 448

## Agency Funds

SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
REGULATORY BASIS

For the Year Ended June 30, 2018

	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Balance</u>
<b>STUDENT ORGANIZATIONS</b>				
Art Club	\$ 110	-	-	110
FFA	16,122	56,870	71,008	1,984
Science Club	341	358	80	619
FCA	-	697	697	-
Elementary Student Council	403	1,546	1,827	122
Junior High Student Council	132	-	-	132
High School Student Council	1,082	2,177	2,326	933
Class of 2017	1,123	-	1,123	-
Class of 2018	3,990	13,333	16,561	762
Class of 2019	4,150	5,788	8,129	1,809
Class of 2020	1,861	1,895	893	2,863
Class of 2021	488	1,044	50	1,482
Class of 2022	-	205	212	(7)
Total Student Organizations	<u>29,802</u>	<u>83,913</u>	<u>102,906</u>	<u>10,809</u>
<b>SCHOLARSHIPS</b>				
Scholarships	-	1,468	600	868
Lindsey & Clinton Swafford Scholarship	2	-	-	2
FFA Scholarship (Plant Sales)	<u>4,410</u>	<u>2,284</u>	<u>2,376</u>	<u>4,318</u>
Total Scholarships	<u>4,412</u>	<u>3,752</u>	<u>2,976</u>	<u>5,188</u>
High School Activity Fund Sales Tax	<u>-</u>	<u>5,648</u>	<u>5,648</u>	<u>-</u>
Total Agency Funds	<u>\$ 34,214</u>	<u>93,313</u>	<u>111,530</u>	<u>15,997</u>

## Unified School District No. 448

## Activity Funds

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
REGULATORY BASIS

For the Year Ended June 30, 2018

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Encumbrances and Accounts Payable	Ending Cash Balance
<b>SCHOOL ACTIVITIES</b>						
High school activities	\$ 1,852	51,739	49,570	4,021	-	4,021
Grade school activities	707	4,536	4,336	907	-	907
<b>Total School Activities</b>	<u>\$ 2,559</u>	<u>56,275</u>	<u>53,906</u>	<u>4,928</u>	<u>-</u>	<u>4,928</u>
<b>SCHOOL PROJECTS</b>						
<b>High School</b>						
Athletic Groups	\$ 12,445	18,697	17,312	13,830	-	13,830
Academic Banquet	867	611	818	660	-	660
Band	343	283	10	616	-	616
Choir	75	672	707	40	-	40
Dance Team	-	1,068	852	216	-	216
Fees	1,329	21,758	21,730	1,357	-	1,357
Forensics	203	-	54	149	-	149
iHigh	290	-	-	290	-	290
Library	4,103	501	30	4,574	-	4,574
May Fete	505	1,023	292	1,236	-	1,236
Musical	3,313	2,505	289	5,529	-	5,529
Other	8	2,760	2,754	14	-	14
School Improvements	1,221	-	1,221	-	-	-
State Tournament	-	675	675	-	-	-
Vocational Ag	447	-	285	162	-	162
Yearbook	3,773	4,750	461	8,062	-	8,062
<b>Junior High</b>						
Athletic Groups	1,063	7,270	6,091	2,242	-	2,242
Musical	-	300	238	62	-	62
<b>Elementary</b>						
Fees	-	4,952	4,952	-	-	-
Book fair	726	732	639	819	-	819
FLASH	-	2,300	2,300	-	-	-
Box top fund	4,605	1,524	2,341	3,788	-	3,788
Band	64	64	50	78	-	78
Courtesy	50	275	170	155	-	155
Fab Family	486	1,384	1,381	489	-	489
Yearbook	24	1,790	1,811	3	-	3
Other	-	5,443	5,443	-	-	-
Playground	2,880	1,000	-	3,880	-	3,880
Service Squad	305	-	266	39	-	39
Pre-Kindergarten and Preschool	102	2,561	2,581	82	-	82
<b>Total School Projects</b>	<u>\$ 39,227</u>	<u>84,898</u>	<u>75,753</u>	<u>48,372</u>	<u>-</u>	<u>48,372</u>