

**UNIFIED SCHOOL DISTRICT NO. 407
RUSSELL, KANSAS**

**FINANCIAL STATEMENT
JUNE 30, 2018**

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

UNIFIED SCHOOL DISTRICT NO. 407
TABLE OF CONTENTS
JUNE 30, 2018

	<u>Page</u>
Independent Auditors' Report	1 – 3
Financial Statement	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	4
Notes to Financial Statement	5 – 11
Regulatory Required Supplementary Information	
Summary of Expenditures - Actual and Budget	12
Schedule of Cash Receipts and Expenditures - Actual and Budget	
General Fund	13
Supplemental General Fund	14
At Risk (K-12) Fund	15
Bilingual Education Fund	16
Capital Outlay Fund	17
Driver Training Fund	18
Food Service Fund	19
Professional Development Fund	20
Special Education Fund	21
Career and Postsecondary Education Fund	22
KPERS Contribution Fund	23
Schedule of Cash Receipts and Expenditures – Actual	
Federal Funds	24
Gifts & Grants Fund	25
Special Reserve Fund	26
Contingency Reserve Fund	27
Textbook & Student Material Revolving Fund	28
Schedule of Cash Receipts and Cash Disbursements	
Agency Funds	29
Schedule of Cash Receipts, Expenditures, and Unencumbered Cash	
District Activity Funds	30 – 34
Federal Award Information	
Report On Internal Control Over Financial Reporting And On Compliance	
And Other Matters Based On an Audit of Financial Statements Performed	
In Accordance With <i>Government Auditing Standards</i>	35 – 36
Report On Compliance for Each Major Program And On Internal Control	
Over Compliance Required By The Uniform Guidance	37 – 38
Schedule of Expenditures of Federal Awards	39
Notes to Schedule of Expenditures of Federal Awards	40
Schedule of Findings and Questioned Costs	41
Schedule of Prior Year Findings and Questioned Costs	42



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Education
Unified School District No. 407
Russell, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Unified School District No. 407, Russell, Kansas**, 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 to meet the financial reporting requirements of the State of Kansas. 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.

Auditors' 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 auditors' 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 auditors consider 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.

**Board of Education
Unified School District No. 407**

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1 of the financial statement, the financial statement is prepared by **Unified School District No. 407, Russell, Kansas**, to meet the requirements of the State of Kansas 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 Accounting Principles Generally Accepted in the United States of America

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. 407, Russell, Kansas**, as of **June 30, 2018**, or changes in financial position and cash flows thereof for the year then ended.

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 **Unified School District No. 407, Russell, Kansas**, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual, agency funds schedules of regulatory basis cash receipts and disbursements and district activity funds schedules of regulatory basis cash receipts, expenditures and unencumbered cash (Regulatory-Required Supplementary Information 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the 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.

**Board of Education
Unified School District No. 407**

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 financial statement as a whole, on the basis of accounting described in Note 1.

The 2017 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual (as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2017 basic financial statement upon which we rendered an unmodified opinion dated March 6, 2018. 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://da.ks.gov/ar/muniserv/>. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2019, on our consideration of by **Unified School District No. 407, Russell, Kansas'** 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 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 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 by **Unified School District No. 407, Russell, Kansas'** internal control over financial reporting and compliance.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
January 22, 2019

UNIFIED SCHOOL DISTRICT NO. 407
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Fund	Beginning	Prior Year	Cash Receipts	Expenditures	Ending	Add	Ending Cash
	Unencumbered	Canceled			Unencumbered	Encumbrances	
	Cash Balance	Encumbrances			Cash Balance	and Accounts Payable	Balance
General Fund	\$ 9,678	\$ 0	\$ 6,089,656	\$ 6,099,334	\$ 0	\$ 15,830	\$ 15,830
Special Purpose Funds							
Supplemental General	0	10,188	2,362,108	2,250,336	121,960	94,886	216,846
At Risk (K-12)	43,378	0	651,512	694,890	0	58,490	58,490
Bilingual Education	0	0	3,605	3,605	0	0	0
Capital Outlay	427,192	2,845	1,103,942	355,055	1,178,924	88,692	1,267,616
Driver Training	11,305	0	8,607	5,489	14,423	0	14,423
Food Service	155,599	0	444,042	475,519	124,122	6,672	130,794
Professional Development	73,201	0	0	21,860	51,341	15,801	67,142
Special Education	506,641	2,649	1,238,238	1,232,287	515,241	8,775	524,016
Career and Postsecondary Education	56,462	0	148,155	203,618	999	5,012	6,011
KPERS Contribution	0	0	675,364	675,364	0	0	0
Federal Funds	(218,921)	0	622,202	446,847	(43,566)	28,288	(15,278)
Gifts and Grants	54,203	0	65,788	63,152	56,839	7,089	63,928
Special Reserve	1,258,823	0	1,219,958	1,122,900	1,355,881	0	1,355,881
Contingency Reserve	460,546	0	20,757	0	481,303	0	481,303
Textbook & Student Material							
Revolving	96,723	0	39,632	12,368	123,987	7,055	131,042
District Activity Funds	218,766	0	263,634	253,884	228,516	0	228,516
	<u>\$ 3,153,596</u>	<u>\$ 15,682</u>	<u>\$ 14,957,200</u>	<u>\$ 13,916,508</u>	<u>\$ 4,209,970</u>	<u>\$ 336,590</u>	<u>\$ 4,546,560</u>

Composition of Cash:

Checking Accounts	\$ 729,432
Certificate of Deposit	7,358
Money Market Accounts	<u>3,836,234</u>
	4,573,024
Agency Funds	<u>(26,464)</u>
	<u>\$ 4,546,560</u>

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

UNIFIED SCHOOL DISTRICT NO. 407
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Unified School District No. 407 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Russell, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

General Fund-The primary operating fund. Used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds-To account for the proceeds of specific receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Agency Funds-To account for resources held in a trustee or agency capacity for others which therefore cannot be used to support the government's own programs.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

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

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

**UNIFIED SCHOOL DISTRICT NO. 407
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2018**

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. There were no amendments for the year ended June 30, 2018.

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 modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

Federal Funds	Gifts and Grants Fund
Special Reserve Fund	Contingency Reserve Fund
Textbook & Student Material Revolving Fund	District Activity Funds

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

Note 2 - In Substance Receipt in Transit:

The District received \$467,272 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.

**UNIFIED SCHOOL DISTRICT NO. 407
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2018**

Note 3 - 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 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 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, 2017, received as of June 30th was \$304,596,361. Per 2017 Senate 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 ended June 30, 2017. Section 43(17) of the bill also stipulates that repayments of the reduced contributions are 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 \$675,364 for the year ended June 30, 2018.

**UNIFIED SCHOOL DISTRICT NO. 407
NOTES TO FINANCIAL STATEMENT
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 \$8,039,581. 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 or can be obtained as described above.

Note 4 - Deposits:

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2018.

At June 30, 2018, the District's carrying amount of deposits was \$4,573,024 and the bank balance was \$4,922,850. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$750,000 was covered by federal depository insurance and the remaining \$4,172,850 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

UNIFIED SCHOOL DISTRICT NO. 407
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2018

Note 5 - Postemployment 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 local government 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 government 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. There is no cost to the government under this program.

Termination Benefits

A teacher is eligible for early retirement if such teacher is:

1. Currently a full-time employee of the school district;
2. has at least ten (10) years of eligible service with KPERS and with the school district; and
3. either qualified under applicable KPERS rules and regulations for full KPERS retirement benefits without reduction or not less than fifty-five (55) years and not more than sixty-four (64) years of age on September 1 of the school year in which the teacher submits application for early retirement benefits. Changes in KPERS retirement law will necessitate changes.

A teacher taking early retirement benefits shall have the option to maintain health insurance coverage through the school district's health insurance program by agreeing to pay their own monthly premium amounts.

Any teacher wishing to retire early before the normal retirement age of 65, will receive compensation as follows:

1. A benefit of \$9,000 will be paid for retirement at age sixty-two (62) or less. The teacher may receive the \$9,000 in three (3) annual payments consisting of \$5,000 the first year, \$2,500 the second year and \$1,500 the third year; in two annual payments of \$4,500 each; or in one (1) lump sum payment of \$9,000.
2. A benefit of \$7,500 will be paid for retirement at age sixty-three (63). The teacher may receive the \$7,500 in two (2) annual payments of \$3,750 each; or in one (1) lump sum payment of \$7,500.
3. A benefit of \$5,000 will be paid for retirement at age sixty-four (64). If retiring at age sixty-four (64), the teacher must take the \$5,000 in one (1) lump sum payment.

An eligible teacher who takes early retirement which is subject to KPERS reduction will be entitled to receive annually from the school district a sum of money, i.e., early retirement benefits, equal to the difference between the benefit the teacher would receive, through KPERS, if the teacher was at normal retirement age as defined by KPERS. The reduction (difference) will be calculated by the KPERS Board. This benefit will expire when the teacher reaches eligibility for full social security benefits or age sixty-eight (68), whichever occurs first. The estimated liability as of June 30, 2018, for employees eligible for early retirement was \$111,500.

At June 30, 2018, two employees took early retirement.

UNIFIED SCHOOL DISTRICT NO. 407
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2018

Note 6 - Self-Funded Health Insurance:

The District participates in a self-insurance fund program for medical, dental, and prescription insurance, which covers active, full-time employees who work at least 30 hours per week during the employment year.

Premiums from the employees and the District are paid to Blue Cross Blue Shield (BCBS), the plan supervisor. The premiums are available to pay claims and administrative cost of the program. The agreement to participate provides that BCBS will be partially self-sustaining through member premiums. The District purchases commercial insurance, from BCBS, for claims in excess of an annual stop loss deductible of \$1,206,157.

Note 7 - Compensated Absences:

Sick Leave

In recognition of service rendered, and accumulated sick leave which was unused, the separability pay shall be paid to any qualifying teacher, administrator, or classified employee under the following conditions:

Reduction in Force and Voluntary Separation

A teacher with ten or more years continuous employment shall be paid a stipend calculated as a percentage of the teacher's current daily rate of pay times the number of days accumulated, unused sick leave. The percentage used in the calculation shall equal the number of years of completed service not to exceed 20%.

Retirement

Any teacher with ten or more years continuous employment and is retiring through KPERS shall be paid a stipend calculated as a percentage of the teacher's current daily rate of pay times the number of days accumulated, unused sick leave. The percentage used in the calculation shall equal the number of years completed service, not to exceed 35%.

All separation stipends shall be subject to payroll taxes and will not apply to those whose employment is terminated for cause.

The District has employees eligible for separability pay who have accumulated a total of 3,018 unused sick leave days as of and for the year ended June 30, 2018. The estimated liability for unused sick leave at June 30, 2018, is \$122,223, of which \$73,510 is attributable to 18 employees with ten or more years of service who are eligible for retirement.

Note 8 - Reimbursed Expenses:

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements against expenditures in the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

UNIFIED SCHOOL DISTRICT NO. 407
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2018

Note 9 - Contingencies:

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

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 carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Note 10 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:						
	At Risk (K-12)	Bilingual Education	Capital Outlay	Special Education	Career and Postsecondary Education	Contingency Reserve	Total
Transfer from:							
General Fund	\$ 591,434	\$ 3,605	\$ 326,155	\$ 757,389	\$ 117,635	\$ 20,757	\$ 1,816,975
Supplemental							
General Fund	60,000	0	0	410,165	25,000	0	495,165
	<u>\$ 651,434</u>	<u>\$ 3,605</u>	<u>\$ 326,155</u>	<u>\$ 1,167,554</u>	<u>\$ 142,635</u>	<u>\$ 20,757</u>	<u>\$ 2,312,140</u>

Note 11 - Subsequent Events:

The District has evaluated subsequent events through January 22, 2019, the date which the financial statement was available to be issued.

**REGULATORY REQUIRED
SUPPLEMENTARY INFORMATION**

UNIFIED SCHOOL DISTRICT NO. 407
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Fund	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Fund	\$ 6,181,659	\$ (83,325)	\$ 1,000	\$ 6,099,334	\$ 6,099,334	\$ 0
Special Purpose Funds						
Supplemental General	2,252,219	(1,883)	0	2,250,336	2,250,336	0
At Risk (K-12)	694,890	0	0	694,890	694,890	0
Bilingual Education	16,000	0	0	16,000	3,605	(12,395)
Capital Outlay	740,450	0	0	740,450	355,055	(385,395)
Driver Training	11,044	0	0	11,044	5,489	(5,555)
Food Service	476,576	0	0	476,576	475,519	(1,057)
Professional Development	22,300	0	0	22,300	21,860	(440)
Special Education	1,465,100	0	0	1,465,100	1,232,287	(232,813)
Career and Postsecondary Education	218,513	0	0	218,513	203,618	(14,895)
KPERs Contribution	683,155	0	0	683,155	675,364	(7,791)
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	446,847	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	63,152	XXXXXXXXXX
Special Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	1,122,900	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Textbook & Student Material						
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	12,368	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	253,884	XXXXXXXXXX
	<u>\$ 12,761,906</u>	<u>\$ (85,208)</u>	<u>\$ 1,000</u>	<u>\$ 12,677,698</u>	<u>\$ 13,916,508</u>	<u>\$ (660,341)</u>

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

<u>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 2,019	\$ 1,000	\$ 2,000	\$ (1,000)
State Sources	5,820,122	6,088,656	6,172,025	(83,369)
	<u>5,822,141</u>	<u>6,089,656</u>	<u>\$ 6,174,025</u>	<u>\$ (84,369)</u>
Expenditures				
Instruction	2,614,787	2,206,367	\$ 2,344,797	\$ (138,430)
Student Support Services	142,005	131,831	228,400	(96,569)
Instructional Support Staff	34,921	54,619	54,155	464
General Administration	284,837	457,605	287,059	170,546
School Administration	464,554	456,297	517,571	(61,274)
Central Services	15,966	144,497	47,900	96,597
Operations & Maintenance	572,730	698,173	614,108	84,065
Student Transportation Services	118,413	132,970	189,126	(56,156)
Transfers	1,603,134	1,816,975	1,898,543	(81,568)
Adjustment to Comply with Legal Max	0	0	(83,325)	83,325
Adjustment for Qualifying Budget Credits	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>(1,000)</u>
	<u>5,851,347</u>	<u>6,099,334</u>	<u>\$ 6,099,334</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(29,206)	(9,678)		
Unencumbered Cash, Beginning	29,423	9,678		
Prior Year Canceled Encumbrances	<u>9,461</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 9,678</u>	<u>\$ 0</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

<u>Supplemental General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 1,191,227	\$ 1,472,932	\$ 1,352,228	\$ 120,704
County Sources	159,778	173,377	175,556	(2,179)
State Sources	600,299	715,799	715,799	0
Transfers	20,757	0	0	0
	<u>1,972,061</u>	<u>2,362,108</u>	<u>\$ 2,243,583</u>	<u>\$ 118,525</u>
Expenditures				
Instruction	1,007,495	1,465,619	\$ 975,000	\$ 490,619
Student Support Services	72,925	3,615	80,000	(76,385)
Instructional Support Staff	14,389	43,866	15,000	28,866
General Administration	224,174	53,976	230,000	(176,024)
School Administration	80,000	2,420	100,000	(97,580)
Central Services	0	91,254	45,000	46,254
Operations & Maintenance	223,260	83,296	261,500	(178,204)
Student Transportation Services	43,793	11,125	57,000	(45,875)
Transfers	445,464	495,165	488,719	6,446
Adjustment to Comply with Legal Max	<u>0</u>	<u>0</u>	<u>(1,883)</u>	<u>1,883</u>
	<u>2,111,500</u>	<u>2,250,336</u>	<u>\$ 2,250,336</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(139,439)	111,772		
Unencumbered Cash, Beginning	133,745	0		
Prior Year Canceled Encumbrances	<u>5,694</u>	<u>10,188</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 121,960</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

<u>At Risk (K-12) Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 78	\$ 0	\$ 78
Transfers	<u>320,112</u>	<u>651,434</u>	<u>903,262</u>	<u>(251,828)</u>
	<u>320,112</u>	<u>651,512</u>	<u>\$ 903,262</u>	<u>\$ (251,750)</u>
Expenditures				
Instruction	<u>276,734</u>	<u>694,890</u>	<u>\$ 694,890</u>	<u>\$ 0</u>
	<u>276,734</u>	<u>694,890</u>	<u>\$ 694,890</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	43,378	(43,378)		
Unencumbered Cash, Beginning	0	43,378		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 43,378</u>	<u>\$ 0</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

<u>Bilingual Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers	\$ 0	\$ 3,605	\$ 16,000	\$ (12,395)
	<u>0</u>	<u>3,605</u>	<u>\$ 16,000</u>	<u>\$ (12,395)</u>
Expenditures				
Instruction	<u>0</u>	<u>3,605</u>	<u>\$ 16,000</u>	<u>\$ (12,395)</u>
	<u>0</u>	<u>3,605</u>	<u>\$ 16,000</u>	<u>\$ (12,395)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

<u>Capital Outlay Fund</u>	Current Year			
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	\$ 538,812	\$ 592,626	\$ 533,354	\$ 59,272
County Sources	61,095	64,908	70,204	(5,296)
State Sources	65,562	120,253	122,750	(2,497)
Transfers	60,258	326,155	50,000	276,155
	<u>725,727</u>	<u>1,103,942</u>	<u>\$ 776,308</u>	<u>\$ 327,634</u>
Expenditures				
Instruction	157,114	50,880	\$ 102,500	\$ (51,620)
Instructional Support Services	32,461	31,444	30,000	1,444
General Administration	1,460	0	51,500	(51,500)
School Administration	269	1,267	0	1,267
Central Services	0	7,461	0	7,461
Operations & Maintenance	343,691	204,455	406,450	(201,995)
Transportation	175,000	14,145	75,000	(60,855)
Other Support Services	0	22,224	0	22,224
Facility Acquisition & Construction Services	0	23,179	75,000	(51,821)
	<u>709,995</u>	<u>355,055</u>	<u>\$ 740,450</u>	<u>\$ (385,395)</u>
Receipts Over (Under) Expenditures	15,732	748,887		
Unencumbered Cash, Beginning	391,417	427,192		
Prior Year Canceled Encumbrances	<u>20,043</u>	<u>2,845</u>		
Unencumbered Cash, Ending	<u>\$ 427,192</u>	<u>\$ 1,178,924</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

<u>Driver Training Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 4,513	\$ 2,975	\$ 6,160	\$ (3,185)
State Sources	<u>5,504</u>	<u>5,632</u>	<u>0</u>	<u>5,632</u>
	<u>10,017</u>	<u>8,607</u>	<u>\$ 6,160</u>	<u>\$ 2,447</u>
Expenditures				
Instruction	<u>7,764</u>	<u>5,489</u>	<u>\$ 11,044</u>	<u>\$ (5,555)</u>
	<u>7,764</u>	<u>5,489</u>	<u>\$ 11,044</u>	<u>\$ (5,555)</u>
Receipts Over (Under) Expenditures	2,253	3,118		
Unencumbered Cash, Beginning	9,052	11,305		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 11,305</u>	<u>\$ 14,423</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

<u>Food Service Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 156,167	\$ 148,556	\$ 135,274	\$ 13,282
State Sources	4,848	4,931	4,075	856
Federal Sources	292,902	290,555	274,350	16,205
Transfers	5,934	0	0	0
	<u>459,851</u>	<u>444,042</u>	<u>\$ 413,699</u>	<u>\$ 30,343</u>
Expenditures				
Operations & Maintenance	3,765	5,355	\$ 4,700	\$ 655
Food Service Operation	<u>452,922</u>	<u>470,164</u>	<u>471,876</u>	<u>(1,712)</u>
	<u>456,687</u>	<u>475,519</u>	<u>\$ 476,576</u>	<u>\$ (1,057)</u>
Receipts Over (Under) Expenditures	3,164	(31,477)		
Unencumbered Cash, Beginning	152,435	155,599		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 155,599</u>	<u>\$ 124,122</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

<u>Professional Development Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 245	\$ 0	\$ 200	\$ (200)
State Sources	<u>0</u>	<u>0</u>	<u>1,050</u>	<u>(1,050)</u>
	<u>245</u>	<u>0</u>	<u>\$ 1,250</u>	<u>\$ (1,250)</u>
Expenditures				
Instructional Support Staff	<u>70</u>	<u>21,860</u>	<u>\$ 22,300</u>	<u>\$ (440)</u>
	<u>70</u>	<u>21,860</u>	<u>\$ 22,300</u>	<u>\$ (440)</u>
Receipts Over (Under) Expenditures	175	(21,860)		
Unencumbered Cash, Beginning	73,026	73,201		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 73,201</u>	<u>\$ 51,341</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

<u>Special Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 26,468	\$ 26,778	\$ 0	\$ 26,778
Federal Sources	50,705	43,906	0	43,906
Transfers	1,030,349	1,167,554	1,155,000	12,554
	<u>1,107,522</u>	<u>1,238,238</u>	<u>\$ 1,155,000</u>	<u>\$ 83,238</u>
Expenditures				
Instruction	832,341	865,353	\$ 1,074,260	\$ (208,907)
Student Support Services	231,816	234,360	238,200	(3,840)
Instructional Support Staff	2,198	2,665	0	2,665
School Administration	140,470	126,588	140,500	(13,912)
Operations & Maintenance	2,500	1,289	10,500	(9,211)
Student Transportation	1,552	2,032	1,640	392
	<u>1,210,877</u>	<u>1,232,287</u>	<u>\$ 1,465,100</u>	<u>\$ (232,813)</u>
Receipts Over (Under) Expenditures	(103,355)	5,951		
Unencumbered Cash, Beginning	608,788	506,641		
Prior Year Canceled Encumbrances	<u>1,208</u>	<u>2,649</u>		
Unencumbered Cash, Ending	<u>\$ 506,641</u>	<u>\$ 515,241</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

Career and Postsecondary Education Fund	Current Year			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Federal Sources	\$ 1,730	\$ 5,520	\$ 0	\$ 5,520
Transfers	189,774	142,635	263,000	(120,365)
	<u>191,504</u>	<u>148,155</u>	<u>\$ 263,000</u>	<u>\$ (114,845)</u>
Expenditures				
Instruction	152,596	203,618	\$ 218,513	\$ (14,895)
	<u>152,596</u>	<u>203,618</u>	<u>\$ 218,513</u>	<u>\$ (14,895)</u>
Receipts Over (Under) Expenditures	38,908	(55,463)		
Unencumbered Cash, Beginning	0	56,462		
Prior Year Canceled Encumbrances	<u>17,554</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 56,462</u>	<u>\$ 999</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

<u>KPERS Contribution Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State Sources	\$ 0	\$ 675,364	\$ 683,155	\$ (7,791)
Transfers	442,171	0	0	0
	<u>442,171</u>	<u>675,364</u>	<u>\$ 683,155</u>	<u>\$ (7,791)</u>
Expenditures				
Instruction	292,020	444,364	\$ 400,000	\$ 44,364
Student Support Services	38,080	0	52,155	(52,155)
General Administration	32,001	45,000	45,000	0
School Administration	36,884	78,000	78,000	0
Operations & Maintenance	24,536	45,000	45,000	0
Student Transportation Services	4,230	35,000	35,000	0
Food Service Operation	14,420	28,000	28,000	0
	<u>442,171</u>	<u>675,364</u>	<u>\$ 683,155</u>	<u>\$ (7,791)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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>Federal Funds</u>		
	Prior Year	Current Year
	<u>Actual</u>	<u>Actual</u>
Cash Receipts		
Federal Sources	\$ 174,629	\$ 622,202
	<u>174,629</u>	<u>622,202</u>
Expenditures		
Instruction	382,306	382,291
Student Support Services	5,543	11,740
Instructional Support Services	2,240	50,135
General Administration	5,361	2,681
	<u>395,450</u>	<u>446,847</u>
Receipts Over (Under) Expenditures	(220,821)	175,355
Unencumbered Cash, Beginning	0	(218,921)
Prior Year Canceled Encumbrances	<u>1,900</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ (218,921)</u>	<u>\$ (43,566)</u>

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 31,918	\$ 65,788
	<u>31,918</u>	<u>65,788</u>
Expenditures		
Instruction	3,322	63,152
General Administration	<u>1,291</u>	<u>0</u>
	<u>4,613</u>	<u>63,152</u>
Receipts Over (Under) Expenditures	27,305	2,636
Unencumbered Cash, Beginning	26,857	54,203
Prior Year Canceled Encumbrances	<u>41</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 54,203</u>	<u>\$ 56,839</u>

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

Special Reserve Fund

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 1,028,818	\$ 1,219,958
	<u>1,028,818</u>	<u>1,219,958</u>
Expenditures		
Health Care	<u>1,050,020</u>	<u>1,122,900</u>
	<u>1,050,020</u>	<u>1,122,900</u>
Receipts Over (Under) Expenditures	(21,202)	97,058
Unencumbered Cash, Beginning	1,280,025	1,258,823
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 1,258,823</u>	<u>\$ 1,355,881</u>

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 0	\$ 20,757
	<u>0</u>	<u>20,757</u>
Expenditures		
Transfers	<u>20,757</u>	<u>0</u>
	<u>20,757</u>	<u>0</u>
Receipts Over (Under) Expenditures	(20,757)	20,757
Unencumbered Cash, Beginning	481,303	460,546
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 460,546</u>	<u>\$ 481,303</u>

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF CASH 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)

Textbook & Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 36,066	\$ 39,632
	<u>36,066</u>	<u>39,632</u>
Expenditures		
Instruction	21,211	12,368
	<u>21,211</u>	<u>12,368</u>
Receipts Over (Under) Expenditures	14,855	27,264
Unencumbered Cash, Beginning	75,961	96,723
Prior Year Canceled Encumbrances	<u>5,907</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 96,723</u>	<u>\$ 123,987</u>

UNIFIED SCHOOL DISTRICT NO. 407
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Russell High School				
Library Fund	\$ 0	\$ 106	\$ 0	\$ 106
Athletic Training Fund	0	283	0	283
Art Classes Fund	0	2,981	804	2,177
Band Account Fund	0	991	684	307
Scholars' Bowl Fund	0	2,474	549	1,925
Honor Society Fund	186	120	124	182
Spanish Account	1	0	0	1
Bob Popp Memorial Fund	0	1,525	500	1,025
SADD	145	0	0	145
KAY Club	269	0	0	269
Letterman's Club	82	0	0	82
Pep Club	300	0	0	300
Explorers Club	863	0	45	818
Counselor's Acc't Fund	0	1,018	398	620
Student Council	3,053	2,681	3,377	2,357
Vocal Music	3,137	2,190	1,343	3,984
Key Club	32	568	186	414
Class of 2021 - Sophomores	375	545	487	433
Class of 2020 - Juniors	487	475	147	815
Class of 2019 - Seniors	851	5,791	5,996	646
Class of 2022 - Freshmen	1,802	840	818	1,824
Class of '54	569	0	569	0
FFA	9,943	0	9,943	0
Russell Wear	594	0	594	0
	<u>22,689</u>	<u>22,588</u>	<u>26,564</u>	<u>18,713</u>
Ruppenthal Middle School				
Bronco	7,419	895	3,058	5,256
Student Council	2,341	2,844	2,971	2,214
	<u>9,760</u>	<u>3,739</u>	<u>6,029</u>	<u>7,470</u>
Other				
Payroll Clearing	274	253	246	281
	<u>274</u>	<u>253</u>	<u>246</u>	<u>281</u>
Total Agency Funds	<u>\$ 32,723</u>	<u>\$ 26,580</u>	<u>\$ 32,839</u>	<u>\$ 26,464</u>

UNIFIED SCHOOL DISTRICT NO. 407
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Russell High School							
Athletics Fund Bal	\$ 16,781	\$ 0	\$ 27,935	\$ 28,586	\$ 16,130	\$ 0	\$ 16,130
Athletics Clothing Fund	1,652	0	0	250	1,402	0	1,402
Gate Receipts Fund	19,100	0	21,176	19,348	20,928	0	20,928
Tournaments Fund	10,403	0	3,883	3,520	10,766	0	10,766
Entry Fees Fund	1,515	0	5,295	4,398	2,412	0	2,412
Football Fund	2,982	0	8,068	9,840	1,210	0	1,210
Volleyball Fund	743	0	1,200	0	1,943	0	1,943
Girls Tennis Fund	1,540	0	368	458	1,450	0	1,450
Cross Country Fund	438	0	252	203	487	0	487
Girls Golf Fund	1,468	0	500	0	1,968	0	1,968
Boys Basketball Fund	1,918	0	3,453	1,771	3,600	0	3,600
Girls Basketball Fund	5,633	0	2,300	200	7,733	0	7,733
Wrestling Fund	3,162	0	1,989	496	4,655	0	4,655
Boys and Girls Track Fund	4,990	0	4,345	4,214	5,121	0	5,121
Baseball Fund	2,399	0	1,704	3,940	163	0	163
Softball Fund	1,311	0	2,448	1,518	2,241	0	2,241
Boys Tennis Fund	1,931	0	400	102	2,229	0	2,229
Boys Golf Fund	41	0	1,132	1,173	0	0	0
Drama Club Fund	349	0	0	0	349	0	349
Faculty Fund	4	0	883	788	99	0	99
Nat'l BSNS Honor Society Fund	402	0	97	240	259	0	259
Electric Car Fund	1,175	0	0	681	494	0	494
Power Lifting Fund	130	0	0	0	130	0	130
Bronco Media Fund	508	0	3,080	1,587	2,001	0	2,001
General Fund	1,000	0	0	0	1,000	0	1,000
[Open-2] Fund	10	0	0	0	10	0	10
FB Meals, T-shirts, Ins. Fund	343	0	60	356	47	0	47
	81,928	0	90,568	83,669	88,827	0	88,827

**UNIFIED SCHOOL DISTRICT NO. 407
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Russell High School (Continued)							
Bldg Fund	3,258	0	1,110	2,164	2,204	0	2,204
Scholarship Fund	11,881	0	12,698	10,147	14,432	0	14,432
Natural Helper Fund	106	0	0	60	46	0	46
School Pictures (Class of '54) Fund	0	0	569	0	569	0	569
S A F E Fund	272	0	2,000	1,050	1,222	0	1,222
All School Play Fund	3,786	0	5,962	6,412	3,336	0	3,336
Cheerleaders Fund	2,519	0	4,774	4,981	2,312	0	2,312
Dance Fund	1,833	0	1,562	1,029	2,366	0	2,366
Spirit Clinic Fund	638	0	0	80	558	0	558
Concessions Fund	1,081	0	21,201	13,870	8,412	0	8,412
Regional Music Fund	25	0	0	0	25	0	25
Project Management Fund	1,043	0	0	0	1,043	0	1,043
Theater - ITS Fund	100	0	0	0	100	0	100
FFA Fund	0	0	41,258	36,700	4,558	0	4,558
Holocaust Class Fund	5	0	0	0	5	0	5
Woodshop Fund	968	0	6,100	6,626	442	0	442
VOC Ag Fund	914	0	2,483	2,430	967	0	967
Yearbook/Journalism Fund	2,784	0	4,305	4,820	2,269	0	2,269
Touchstone Fund (Russell Wear)	0	0	3,365	2,714	651	0	651
Library	33	0	0	33	0	0	0
Athletic Training	283	0	0	283	0	0	0
Art Classes	1,281	0	0	1,281	0	0	0
Band Account	218	0	0	218	0	0	0
Scholar's Bowl	2,019	0	0	2,019	0	0	0
Video Productions	0	0	0	0	0	0	0
Bob Popp Memorial	1,525	0	0	1,525	0	0	0
Counselor's Account	593	0	0	593	0	0	0
	<u>37,165</u>	<u>0</u>	<u>107,387</u>	<u>99,035</u>	<u>45,517</u>	<u>0</u>	<u>45,517</u>

**UNIFIED SCHOOL DISTRICT NO. 407
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

Fund	Beginning	Prior Year	Cash Receipts	Expenditures	Ending	Add	Ending Cash
	Unencumbered Cash Balance	Canceled Encumbrances			Unencumbered Cash Balance	Encumbrances and Accounts Payable	
Ruppenthal Middle School							
Library Fund	249	0	1,262	1,210	301	0	301
Building Fund	2,734	0	0	0	2,734	0	2,734
Weight Room Fund	180	0	0	0	180	0	180
Classroom Instructional Fund	0	0	481	41	440	0	440
Ala Carte Fund	48	0	0	0	48	0	48
Kitchen Fund	2,637	0	0	2,529	108	0	108
Box Tops Fund	850	0	794	1,006	638	0	638
Art Fund	2,319	0	2,180	30	4,469	0	4,469
Bsns and Computer Ed Fund	953	0	0	0	953	0	953
Music Fund	2,149	0	2,851	2,446	2,554	0	2,554
Technology Fund	3,785	0	1,488	802	4,471	0	4,471
Technology in the Classroom Fund	87	0	12	0	99	0	99
Math(Online) Enrichmt Prgm Fund	100	0	0	0	100	0	100
Yearbook Fund	1,064	0	880	1,610	334	0	334
Gifts Fund	3,847	0	0	0	3,847	0	3,847
Band Gifts Fund	1,170	0	0	0	1,170	0	1,170
McDonald's Grant Fund	51	0	0	0	51	0	51
MTSS Fund	1,448	0	0	241	1,207	0	1,207
Tech Grant-Power of Wind Fund	0	0	514	514	0	0	0
Counts After School Prgm Fund	6,312	0	0	1,072	5,240	0	5,240
	29,983	0	10,462	11,501	28,944	0	28,944

**UNIFIED SCHOOL DISTRICT NO. 407
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

	Beginning	Prior Year			Ending	Add	
	Unencumbered	Canceled			Unencumbered	Encumbrances	
Fund	Cash Balance	Encumbrances	Cash Receipts	Expenditures	Cash Balance	and Accounts Payable	Ending Cash Balance
Ruppenthal Middle School (Continued)							
Field Trips Fund	174	0	0	0	174	0	174
Bronco Brigade Fund	190	0	0	42	148	0	148
Builders Club Fund	676	0	0	390	286	0	286
Musicfest Fund	526	0	0	0	526	0	526
Owls Fund	1,083	0	160	1,148	95	0	95
Principal's Adv. Council Fund	1,749	0	0	409	1,340	0	1,340
Quiz Bowl Fund	1,906	0	560	385	2,081	0	2,081
Science Olympiad Fund	1,816	0	0	150	1,666	0	1,666
Student Activity Fund	1,182	0	1,741	1,164	1,759	0	1,759
Athletics-AD Fund	10,600	0	12,500	14,259	8,841	0	8,841
Boys Basketball Fund	2,748	0	686	2,150	1,284	0	1,284
Girls Basketball Fund	1,734	0	1,429	1,432	1,731	0	1,731
Cheerleading Fund	129	0	5,094	5,223	0	0	0
Football Fund	1,971	0	3,500	3,561	1,910	0	1,910
Track Fund	2,574	0	2,974	3,080	2,468	0	2,468
Volleyball Fund	2,412	0	656	660	2,408	0	2,408
Wrestling Fund	3,895	0	1,600	938	4,557	0	4,557
Concessions Fund	801	0	5,342	4,896	1,247	0	1,247
Gates and Receipts Fund	8,973	0	7,198	11,954	4,217	0	4,217
	45,139	0	43,440	51,841	36,738	0	36,738

UNIFIED SCHOOL DISTRICT NO. 407
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2018

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Bickerdyke Elementary							
Pictures	1,220	0	529	694	1,055	0	1,055
Library	1,244	0	3,703	3,799	1,148	0	1,148
B. Bunch	97	0	144	152	89	0	89
Owls	155	0	0	1	154	0	154
Donations/Grants	3,382	0	2,619	413	5,588	0	5,588
	<u>6,098</u>	<u>0</u>	<u>6,995</u>	<u>5,059</u>	<u>8,034</u>	<u>0</u>	<u>8,034</u>
Simpson Elementary							
Pictures - Simpson	1,608	0	609	379	1,838	0	1,838
School Supplies	208	0	0	1	207	0	207
Building Fund	1,182	0	0	0	1,182	0	1,182
Pop Fund	15	0	0	13	2	0	2
Donations/Grants	4,867	0	2,847	731	6,983	0	6,983
Tutoring Supplies	955	0	0	0	955	0	955
Library - Simpson	781	0	100	0	881	0	881
Art Fund	99	0	0	0	99	0	99
School Activities	322	0	355	355	322	0	322
	<u>10,037</u>	<u>0</u>	<u>3,911</u>	<u>1,479</u>	<u>12,469</u>	<u>0</u>	<u>12,469</u>
Other							
Scholarship & Memorial	8,416	0	871	1,300	7,987	0	7,987
	<u>8,416</u>	<u>0</u>	<u>871</u>	<u>1,300</u>	<u>7,987</u>	<u>0</u>	<u>7,987</u>
Total District Activity Funds	<u>\$ 218,766</u>	<u>\$ 0</u>	<u>\$ 263,634</u>	<u>\$ 253,884</u>	<u>\$ 228,516</u>	<u>\$ 0</u>	<u>\$ 228,516</u>

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**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**

INDEPENDENT AUDITORS' REPORT

**Board of Education
Unified School District No. 407
Russell, Kansas**

We have audited, in accordance with 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. 407, Russell, Kansas**, as of and for the year ended **June 30, 2018**, and the related notes to the financial statement, which collectively comprise **Unified School District No. 407, Russell, Kansas'** basic financial statement, and have issued our report thereon dated January 22, 2019. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive 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. 407, Russell, Kansas'** 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 **Unified School District No. 407, Russell, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 407, Russell, Kansas'** internal control.

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

**Board of Education
Unified School District No. 407**

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 407, Russell, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
January 22, 2019



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

**Board of Education
Unified School District No. 407
Russell, Kansas**

Report on Compliance for Each Major Federal Program

We have audited the compliance of **Unified School District No. 407, Russell, Kansas**, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 407, Russell, Kansas'** major federal programs for the year ended **June 30, 2018**. **Unified School District No. 407, Russell, Kansas'** major federal financial programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Unified School District No. 407, Russell, Kansas'** 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 **Unified School District No. 407, Russell, Kansas'** 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 **Unified School District No. 407, Russell, Kansas'** compliance.

**Board of Education
Unified School District No. 407**

Opinion on Each Major Federal Program

In our opinion, **Unified School District No. 407, Russell, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2018**.

Report on Internal Control Over Compliance

Management of **Unified School District No. 407, Russell, Kansas** 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 **Unified School District No. 407, Russell, Kansas'** 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 **Unified School District No. 407, Russell, Kansas'** 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

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.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
January 22, 2019

UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Grant Title	Federal CFDA No.	Program Amount	Unencumbered Cash 7-1-17	Receipts	Expenditures	Unencumbered Cash 6-30-18
<u>(Passes Through Kansas Department of Education)</u>						
Department of Agriculture						
Child Nutrition Cluster-Cluster						
School Breakfast Program	10.553	\$ 51,427				
National School Lunch Program	10.555	230,190				
Summer Food Service Program for Children	10.559	8,938				
		<u>290,555</u>	<u>\$ 0</u>	<u>\$ 290,555</u>	<u>\$ 290,555</u>	<u>\$ 0</u>
Department of Education						
Special Education Cluster (IDEA)-Cluster						
Special Education Grants to States	84.027	217,709	(203,504)	421,213	217,934	(225)
Special Education Preschool Grants	84.173	5,547	(5,542)	11,089	5,547	0
		<u>223,256</u>	<u>(209,046)</u>	<u>432,302</u>	<u>223,481</u>	<u>(225)</u>
Title I Grants to Local Educational Agencies	84.010	158,909	(410)	145,011	187,037	(42,436)
Career and Technical Education - Basic Grants to States	84.048	833	0	833	833	0
Supporting Effective Instruction State Grants	84.367	41,468	(9,465)	50,188	41,628	(905)
		<u>424,466</u>	<u>(218,921)</u>	<u>628,334</u>	<u>452,979</u>	<u>(43,566)</u>
<u>(Passes Through Kansas Department of SRS)</u>						
Department of Health & Human Services						
Medical Assistance Program	93.778	38,607	0	38,607	38,607	0
<u>(Passes Through Smoky Hill Education Service Center)</u>						
Department of Education						
Career and Technical Education - Basic Grants to States	84.048	4,687	0	4,687	4,687	0
Total Federal Awards		<u>\$ 758,315</u>	<u>\$ (218,921)</u>	<u>\$ 962,183</u>	<u>\$ 786,828</u>	<u>\$ (43,566)</u>

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 407
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 407, Russell, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. 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).

Note 2 - Indirect Cost Rate:

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

**UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Unified School District No. 407, Russell, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the 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*.
3. No instances of noncompliance material to the financial statement of **Unified School District No. 407, Russell, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for **Unified School District No. 407, Russell, Kansas**, expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **Unified School District No. 407, Russell, Kansas**.
7. The programs tested as major programs were:

Child Nutrition Cluster-Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Special Education Cluster (IDEA)-Cluster	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. **Unified School District No. 407, Russell, Kansas**, was determined not to be a low-risk auditee.

**UNIFIED SCHOOL DISTRICT NO. 407
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

There are no prior audit findings.