



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

**SHAWNEE HEIGHTS UNIFIED SCHOOL
DISTRICT NO. 450
TECUMSEH, KANSAS**

FINANCIAL STATEMENT
WITH SUPPLEMENTARY INFORMATION
REGULATORY BASIS
YEAR ENDED JUNE 30, 2018

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

FINANCIAL STATEMENT
WITH SUPPLEMENTARY INFORMATION
REGULATORY BASIS

Year Ended June 30, 2018

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SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

FINANCIAL STATEMENT
WITH SUPPLEMENTARY INFORMATION
REGULATORY BASIS

Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Shawnee Heights Unified School District No. 450:

Report on the Financial Statement

We have audited the accompanying summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Shawnee Heights Unified School District No. 450 (the 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 2; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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

As described in Note 2 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 2 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 2.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (the basic financial statement) as a whole. The schedules listed under supplementary information in the accompanying table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards*, are presented for additional analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 2.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 11, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Berberich Trahan & Co., P.A.

December 11, 2018
Topeka, Kansas

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

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

Year Ended June 30, 2018

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances
<u>FUNDS</u>		
General fund	\$ -	\$ -
Supplemental general fund	407,314	-
Special purpose funds:		
Special education	1,591,470	451
Driver education	71,961	90
Food service	166,506	-
Capital outlay	4,686,342	233,775
Vocational education	39,085	-
Professional development	75,002	1,650
Bilingual	65,995	-
At-risk	450,000	72
Virtual education	20,000	-
KPERS special retirement contribution	-	-
Federal grant funds	499	414
Other gifts and grants	22,812	203
Textbook rental	626,757	2,408
Contingency reserve	1,486,579	-
District activity funds - gate receipts	49,007	-
District activity funds - school projects	67,642	-
District activity funds	38,964	-
Capital project funds:		
Bond fund 2012	46,001	-
Bond fund 2013	187,114	69,803
Bond and interest fund	2,877,848	-
Fiduciary fund:		
Private purpose trust	3,750	-
	<hr/>	<hr/>
Total reporting entity (excluding agency funds)	\$ 12,980,648	\$ 308,866
	<hr/>	<hr/>
Composition of cash:		
Checking accounts		
Petty cash funds		
Activity funds - checking accounts		
Total cash		
Agency funds per schedule 3		
Total reporting entity (excluding agency funds)		

See accompanying notes to financial statement.

Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
\$ 21,249,089	\$ 21,248,961	\$ 128	\$ 1,204,788	\$ 1,204,916
6,997,509	6,984,156	420,667	-	420,667
6,358,053	6,384,004	1,565,970	392,642	1,958,612
48,387	20,782	99,656	13,555	113,211
1,889,741	1,857,366	198,881	61,027	259,908
2,881,882	3,974,148	3,827,851	2,184,383	6,012,234
276,844	273,493	42,436	22,924	65,360
182,659	46,813	212,498	18,995	231,493
61,269	64,719	62,545	-	62,545
1,939,706	1,604,466	785,312	120,176	905,488
36,800	35,982	20,818	-	20,818
2,626,835	2,626,835	-	-	-
477,919	505,772	(26,940)	52,613	25,673
10,515	13,513	20,017	5,768	25,785
168,789	253,864	544,090	178,166	722,256
-	-	1,486,579	-	1,486,579
137,161	150,266	35,902	10,326	46,228
131,424	136,557	62,509	-	62,509
933,051	931,835	40,180	-	40,180
88	46,089	-	-	-
2,086	209,634	49,369	47,250	96,619
3,468,039	3,291,548	3,054,339	-	3,054,339
-	3,750	-	-	-
\$ 49,877,846	\$ 50,664,553	\$ 12,502,807	\$ 4,312,613	\$ 16,815,420
				\$ 16,659,299
				7,204
				365,640
				17,032,143
				(216,723)
				\$ 16,815,420

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT

June 30, 2018

1 - Municipal Financial Reporting Entity

Shawnee Heights Unified School District No. 450 (the District) is a municipal corporation governed by an elected seven-member board. This financial statement includes all the accounts for which the District is considered to be financially accountable. The District has no related municipal entities.

2 - Summary of Significant Accounting Policies

Fund Descriptions

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following regulatory basis fund types comprise the financial activities of the District for the year ended June 30, 2018:

GOVERNMENTAL FUNDS

General Fund and Supplemental General Fund are used to account for the general operations of the District and are used to account for all unrestricted resources except those required to be accounted for in other funds.

Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific revenue sources (other than major capital projects and tax levies for long-term debt) that are intended for specified purposes.

Capital Project Funds are used to account for debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Bond and Interest Fund is used to account for the accumulation of resources for and the payment of interest, principal, and related costs of long-term debt.

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

Fund Descriptions (Continued)

Fiduciary Fund is used to account for assets held by the District as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds are custodial in nature and do not involve measurements of operations.

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

The Kansas Municipal Audit and Accounting Guide (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 revenues 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 District to use the regulatory basis of accounting.

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, supplemental general fund, special purpose funds (unless specifically exempted by statute), and the bond and interest fund. Although directory 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 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

Budget and Tax Cycle (Continued)

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. The District amended the budget for the Special Education and Virtual Education funds for the fiscal 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 statements are presented for each budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for the fiduciary fund and the following special purpose funds:

Textbook Rental Fund, Contingency Reserve Fund, Bond Fund 2012, Bond Fund 2013, Gate Receipts, School Projects, and District Activity Funds.

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

All budgets must be filed with the County Clerk by August 25th. The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the County Clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payment.

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

2 - Summary of Significant Accounting Policies (Continued)

Budget and Tax Cycle (Continued)

These taxes become a lien against all property on November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at 12% per annum. This interest is retained by the County.

Taxes levied to finance the budget are made available to the District after January 1st and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase.

Annual Personal and Sick Leave Benefits

Under the terms of the District's personnel policy, District employees are granted annual personal and sick leave in varying amounts depending on whether the employee is hourly or contracted.

Use of Estimates

The preparation of the financial statement in compliance with the regulatory basis requires management to make estimates and assumptions that affect the reported amounts of encumbrances at the date of the financial statement and the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

3 - 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; US 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. At June 30, 2018, the District did not have any investments.

Custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the District. At June 30, 2018, the District's deposits were not exposed to custodial credit risk.

4 - In-Substance Receipt in Transit

The District received \$ 1,689,876 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.

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

5 - Long-Term Debt

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

Issue	Interest Rate	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General obligation bonds:										
Series 2011	2.25-3.10%	09/01/11	\$ 9,985,000	09/01/24	\$ 9,060,000	\$ -	\$ 925,000		\$ 8,135,000	\$ 240,930
Series 2012	2.00-3.50%	12/15/12	9,990,000	09/01/33	7,665,000	-	355,000		7,310,000	199,393
Series 2013	2.00-3.50%	03/05/13	9,995,000	09/01/33	9,050,000	-	370,000		8,680,000	274,075
Series 2014	3.00%	09/01/13	8,055,000	09/01/24	7,265,000	-	720,000		6,545,000	207,150
Total general obligation bonds					33,040,000	-	2,370,000		30,670,000	921,548
Early retirement benefits					650,016	-	-	\$ 70,334	720,350	-
Total contractual indebtedness					\$ 33,690,016	\$ -	\$ 2,370,000	\$ 70,334	\$ 31,390,350	\$ 921,548

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

5 - Long-term Debt (Continued)

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024-2028</u>	<u>2029-2033</u>	<u>2034</u>	<u>Total</u>
Principal:									
General									
obligation bonds	\$ 2,495,000	\$ 2,615,000	\$ 2,750,000	\$ 2,885,000	\$ 3,025,000	\$ 10,510,000	\$ 5,250,000	\$ 1,140,000	\$ 30,670,000
Early retirement									
benefits	<u>217,283</u>	<u>169,067</u>	<u>104,992</u>	<u>73,617</u>	<u>51,700</u>	<u>103,341</u>	<u>350</u>	<u>-</u>	<u>720,350</u>
	2,712,283	2,784,067	2,854,992	2,958,617	3,076,700	10,613,341	5,250,350	1,140,000	31,390,350
Interest:									
General									
obligation bonds	<u>860,685</u>	<u>792,798</u>	<u>714,910</u>	<u>631,835</u>	<u>546,166</u>	<u>1,498,208</u>	<u>563,421</u>	<u>17,063</u>	<u>5,625,086</u>
Total principal and interest	<u>\$ 3,572,968</u>	<u>\$ 3,576,865</u>	<u>\$ 3,569,902</u>	<u>\$ 3,590,452</u>	<u>\$ 3,622,866</u>	<u>\$ 12,111,549</u>	<u>\$ 5,813,771</u>	<u>\$ 1,157,063</u>	<u>\$ 37,015,436</u>

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

6 - Operating Leases

The District has a five-year operating lease for seven 24 + 2 passenger buses. As of June 30, 2018, future annual minimum lease payments are \$ 93,520 per year for the remaining four years. Lease expense related to this lease for the current year was \$ 93,520.

The District has a four-year operating lease for copiers. As of June 30, 2018, future annual minimum lease payments are \$ 81,113 per year for the remaining three years. Lease expense related to this lease for the current year was \$ 71,301.

7 - Interfund Transfers

The District made the following interfund transfers during the fiscal year 2018. The transfers were approved by the Board of Education.

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	Professional Development	K.S.A. 72-6428	\$ 175,000
General	Special Education	K.S.A. 72-6428	3,782,079
General	Vocational Education	K.S.A. 72-6428	250,000
General	At-Risk	K.S.A. 72-6428	1,939,706
General	Bilingual	K.S.A. 72-6428	61,269
General	Capital Outlay	K.S.A. 72-6428	146,660
General	Virtual Education	K.S.A. 72-6428	36,800
Supplemental General	Special Education	K.S.A. 72-6433	1,440,772
Bond Fund 2012	Capital Outlay	K.S.A. 72-6428	31,089
Bond Fund 2013	Capital Outlay	K.S.A. 72-6428	121,213

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

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 or by writing to KPERS (611 S. Kansas Avenue, 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 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 year ended June 30, 2016 and the anticipated repayments per SB249 were nullified per HB2052 during fiscal year 2017.

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

8 - Defined Benefit Pension Plan (Continued)

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 2051, 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 \$ 2,626,835 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 \$ 32,007,081. 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.

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

9 - 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.

10 - Early Retirement Benefits

The District has a plan that provides early retirement benefits to certain eligible employees. To be eligible for early retirement benefits, employees must have been employed by the District for a minimum of ten years, must not be age sixty-five or older, and must meet one of the following criteria: full retirement qualifications as required by KPERS, have accumulated a minimum of 160 days of sick leave in the District and be at least fifty-nine years of age, or be at least sixty years of age.

Benefits for eligible participants include receiving the longevity payments for which he/she was eligible during the last year of employment and the opportunity to remain in the District's group health insurance plan at his/her own cost. These benefits will continue until the participant reaches age sixty-five.

11 - 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 for which the District carries commercial insurance. Settled claims have not exceeded commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO FINANCIAL STATEMENT
(Continued)

12 - Statutory Compliance

The District expended monies in excess of the approved budget for the bilingual fund in the amount of \$ 3,450 and for the federal grant funds in the amount of \$ 48,151 as a result of spending monies that had been received in the prior year.

SUPPLEMENTARY INFORMATION

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS

Year Ended June 30, 2018

	<u>Certified Budget</u>
<u>FUNDS</u>	
General fund	\$ 21,665,301
Supplemental general fund	7,151,582
Special purpose funds:	
Special education	6,525,912
Driver education	25,900
Food service	2,108,263
Capital outlay	4,521,397
Vocational education	361,412
Professional development	78,032
Bilingual	61,269
At-risk	2,191,648
Virtual education	46,800
KPERS special retirement contribution	2,677,824
Federal grant funds	457,621
Other gifts and grants	38,700
Bond and interest fund	<u>3,291,548</u>
Totals	<u>\$ 51,203,209</u>

Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
\$ (511,589)	\$ 95,677	\$ 21,249,389	\$ 21,248,961	\$ (428)
(167,426)	-	6,984,156	6,984,156	-
-	-	6,525,912	6,384,004	(141,908)
-	-	25,900	20,782	(5,118)
-	-	2,108,263	1,857,366	(250,897)
-	-	4,521,397	3,974,148	(547,249)
-	-	361,412	273,493	(87,919)
-	-	78,032	46,813	(31,219)
-	-	61,269	64,719	3,450
-	-	2,191,648	1,604,466	(587,182)
-	-	46,800	35,982	(10,818)
-	-	2,677,824	2,626,835	(50,989)
-	-	457,621	505,772	48,151
-	-	38,700	13,513	(25,187)
-	-	3,291,548	3,291,548	-
<u>\$ (679,015)</u>	<u>\$ 95,677</u>	<u>\$ 50,619,871</u>	<u>\$ 48,932,558</u>	

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
State equalization aid	\$ 18,131,308	\$ 18,129,977	\$ (1,331)
State special education fund	3,446,375	3,023,435	(422,940)
Miscellaneous income	87,618	-	(87,618)
Reimbursed expenses	-	95,677	95,677
	<u>\$ 21,665,301</u>	<u>21,249,089</u>	<u>\$ (416,212)</u>
Expenditures, encumbrances, and transfers:			
Instruction	\$ 6,028,402	6,056,732	\$ 28,330
Student support services	893,021	847,682	(45,339)
Instructional support staff	1,273,227	1,289,601	16,374
General administration	516,443	619,737	103,294
School administration	1,901,667	1,713,490	(188,177)
Central services	356,188	280,012	(76,176)
Operations and maintenance	3,033,206	2,863,914	(169,292)
Transportation	1,243,351	1,186,279	(57,072)
Transfers to other funds	6,419,796	6,391,514	(28,282)
Adjustment to comply with legal max	(511,589)		511,589
Adjustment for qualifying budget credits	95,677		(95,677)
	<u>\$ 21,249,389</u>	<u>21,248,961</u>	<u>\$ (428)</u>
Cash receipts over expenditures, encumbrances, and transfers		128	
Unencumbered cash, beginning		-	
Unencumbered cash, ending		<u>\$ 128</u>	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

SUPPLEMENTAL GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
Ad valorem tax in process	\$ 33,618	\$ 51,335	\$ 17,717
Ad valorem current tax	2,563,489	2,753,850	190,361
Ad valorem delinquent tax	36,289	46,289	10,000
Motor vehicle tax	422,068	463,156	41,088
Recreational vehicle tax	6,022	6,783	761
Commercial vehicle tax	12,549	13,839	1,290
Supplemental state aid	3,662,954	3,662,257	(697)
Total cash receipts	<u>\$ 6,736,989</u>	<u>6,997,509</u>	<u>\$ 260,520</u>
Expenditures and transfers:			
Instruction	\$ 5,710,810	5,543,384	\$ (167,426)
Transfers to other funds	1,440,772	1,440,772	-
Adjustment to comply with legal max	(167,426)		167,426
Total expenditures and transfers	<u>\$ 6,984,156</u>	<u>6,984,156</u>	<u>\$ -</u>
Cash receipts over expenditures and transfers		13,353	
Unencumbered cash, beginning		<u>407,314</u>	
Unencumbered cash, ending		<u>\$ 420,667</u>	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
Federal aid	\$ 746,557	\$ 783,205	\$ 36,648
Medicaid	254,964	302,221	47,257
Local revenues	86,781	49,776	(37,005)
Transfer from general fund	3,782,079	3,782,079	-
Transfer from supplemental general fund	1,440,772	1,440,772	-
Total cash receipts and transfers	<u>\$ 6,311,153</u>	<u>6,358,053</u>	<u>\$ 46,900</u>
Expenditures and encumbrances:			
Instruction	\$ 4,696,830	4,483,086	\$ (213,744)
Student support services	1,270,128	1,259,853	(10,275)
Instructional support staff	20,647	42,123	21,476
General administration	119,244	119,140	(104)
School administration	53,215	44,466	(8,749)
Transportation	365,848	435,336	69,488
Total expenditures and encumbrances	<u>\$ 6,525,912</u>	<u>6,384,004</u>	<u>\$ (141,908)</u>
Cash receipts and transfers under expenditures and encumbrances		(25,951)	
Unencumbered cash, beginning		1,591,470	
Prior year canceled encumbrances		<u>451</u>	
Unencumbered cash, ending		<u>\$ 1,565,970</u>	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

DRIVER EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
State aid	\$ 11,620	\$ 10,624	\$ (996)
Local revenues	10,000	37,763	27,763
Total cash receipts	<u>\$ 21,620</u>	<u>48,387</u>	<u>\$ 26,767</u>
Expenditures and encumbrances:			
Instruction	\$ 21,900	16,830	\$ (5,070)
Operations and maintenance	4,000	3,952	(48)
Total expenditures and encumbrances	<u>\$ 25,900</u>	<u>20,782</u>	<u>\$ (5,118)</u>
Cash receipts over expenditures over encumbrances		27,605	
Unencumbered cash, beginning		71,961	
Prior year canceled encumbrances		<u>90</u>	
Unencumbered cash, ending		<u>\$ 99,656</u>	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

FOOD SERVICE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
State aid	\$ 20,400	\$ 18,090	\$ (2,310)
Federal aid	1,008,329	866,975	(141,354)
Local revenues	937,920	1,004,676	66,756
Total cash receipts	<u>\$ 1,966,649</u>	<u>1,889,741</u>	<u>\$ (76,908)</u>
Expenditures and encumbrances:			
Operations and maintenance	\$ 88,062	80,619	\$ (7,443)
Food service	2,020,201	1,776,747	(243,454)
Total expenditures and encumbrances	<u>\$ 2,108,263</u>	<u>1,857,366</u>	<u>\$ (250,897)</u>
Cash receipts over expenditures and encumbrances		32,375	
Unencumbered cash, beginning		<u>166,506</u>	
Unencumbered cash, ending		<u>\$ 198,881</u>	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
Ad valorem tax in process	\$ 17,432	\$ 27,302	\$ 9,870
Ad valorem current tax	1,427,942	1,488,702	60,760
Ad valorem delinquent tax	19,239	23,587	4,348
Motor vehicle tax	211,992	232,980	20,988
Recreational vehicle tax	3,024	3,321	297
Commercial vehicle tax	6,303	7,211	908
State aid	690,433	686,812	(3,621)
Interest on idle funds	66,000	109,303	43,303
Other	7,000	3,642	(3,358)
Transfer from general fund	-	146,660	146,660
Transfers from other funds	-	152,362	152,362
	<u>\$ 2,449,365</u>	<u>2,881,882</u>	<u>\$ 432,517</u>
Expenditures and encumbrances:			
Instruction equipment	\$ 870,000	193,659	\$ (676,341)
General administration equipment	6,242	18,137	11,895
Operations and maintenance equipment	455,155	1,517,422	1,062,267
Transportation equipment	1,490,000	495,072	(994,928)
Other support service equipment	-	2,993	2,993
Site and building improvements	1,700,000	1,746,865	46,865
	<u>\$ 4,521,397</u>	<u>3,974,148</u>	<u>\$ (547,249)</u>
Cash receipts and transfers under expenditures and encumbrances		(1,092,266)	
Unencumbered cash, beginning		4,686,342	
Prior year canceled encumbrances		<u>233,775</u>	
Unencumbered cash, ending		<u>\$ 3,827,851</u>	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

VOCATIONAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
Federal aid	\$ 20,709	\$ 20,709	\$ -
State aid	6,474	6,135	(339)
Transfer from general fund	300,000	250,000	(50,000)
	<u>\$ 327,183</u>	<u>276,844</u>	<u>\$ (50,339)</u>
Total cash receipts and transfers			
Expenditures and encumbrances:			
Instruction	<u>\$ 361,412</u>	<u>273,493</u>	<u>\$ (87,919)</u>
Cash receipts and transfers over expenditures and encumbrances		3,351	
Unencumbered cash, beginning		<u>39,085</u>	
Unencumbered cash, ending		<u>\$ 42,436</u>	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

PROFESSIONAL DEVELOPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
State aid	\$ 225	\$ 125	\$ (100)
Supplemental state aid	7,500	7,534	34
Transfer from general fund	75,000	175,000	100,000
	<u>\$ 82,725</u>	<u>182,659</u>	<u>\$ 99,934</u>
Expenditures and encumbrances:			
Instructional support staff	<u>\$ 78,032</u>	<u>46,813</u>	<u>\$ (31,219)</u>
Cash receipts and transfers over expenditures and encumbrances		135,846	
Unencumbered cash, beginning		75,002	
Prior year canceled encumbrances		<u>1,650</u>	
Unencumbered cash, ending		<u>\$ 212,498</u>	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

BILINGUAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Transfers:			
Transfer from general fund	\$ 61,269	\$ 61,269	\$ -
Expenditures:			
Instruction	\$ 21,269	64,719	\$ 43,450
Instructional support staff	40,000	-	(40,000)
Total expenditures	\$ 61,269	64,719	\$ 3,450
Transfers under expenditures		(3,450)	
Unencumbered cash, beginning		65,995	
Unencumbered cash, ending		\$ 62,545	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

AT-RISK FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Transfers:			
Transfer from general fund	\$ 2,194,648	\$ 1,939,706	\$ (254,942)
Expenditures and encumbrances:			
Instruction	\$ 2,191,648	1,590,321	\$ (601,327)
Student support services	-	342	342
Other support services	-	8,490	8,490
Transportation	-	5,313	5,313
Total expenditures and encumbrances	\$ 2,191,648	1,604,466	\$ (587,182)
Transfers over expenditures and encumbrances		335,240	
Unencumbered cash, beginning		450,000	
Prior year canceled encumbrances		72	
Unencumbered cash, ending		\$ 785,312	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

VIRTUAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts and transfers:			
Local revenue	\$ 17,000	\$ -	\$ (17,000)
Transfer from general fund	9,800	36,800	27,000
Total cash receipts and transfers	<u>\$ 26,800</u>	36,800	<u>\$ 10,000</u>
Expenditures:			
Instruction	<u>\$ 46,800</u>	35,982	<u>\$ (10,818)</u>
Cash receipts and transfers over expenditures		818	
Unencumbered cash, beginning		<u>20,000</u>	
Unencumbered cash, ending		<u>\$ 20,818</u>	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

KPERS SPECIAL RETIREMENT CONTRIBUTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
State aid	\$ 2,677,824	\$ 2,626,835	\$ (50,989)
Expenditures:			
Instruction	\$ 1,726,208	1,715,503	\$ (10,705)
Student support services	208,216	214,488	6,272
Instructional support staff	104,774	107,800	3,026
General administration	76,693	58,257	(18,436)
School administration	178,950	167,499	(11,451)
Operations and maintenance	144,609	134,216	(10,393)
Other support services	109,393	29,572	(79,821)
Transportation	34,110	113,515	79,405
Food service	94,871	85,985	(8,886)
Total expenditures	\$ 2,677,824	2,626,835	\$ (50,989)
Cash receipts over expenditures		-	
Unencumbered cash, beginning		-	
Unencumbered cash, ending		\$ -	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
Ad valorem tax in process	\$ 19,852	\$ 31,039	\$ 11,187
Ad valorem current tax	1,613,800	1,691,345	77,545
Ad valorem delinquent tax	21,874	26,354	4,480
Motor vehicle tax	235,798	259,190	23,392
Recreational vehicle tax	3,364	3,644	280
Commercial vehicle tax	7,011	8,186	1,175
State aid	1,448,281	1,448,281	-
Total cash receipts	<u>\$ 3,349,980</u>	<u>3,468,039</u>	<u>\$ 118,059</u>
Expenditures:			
Principal	\$ 2,370,000	2,370,000	\$ -
Interest expense	921,548	921,548	-
Total expenditures	<u>\$ 3,291,548</u>	<u>3,291,548</u>	<u>\$ -</u>
Cash receipts over expenditures		176,491	
Unencumbered cash, beginning		<u>2,877,848</u>	
Unencumbered cash, ending		<u>\$ 3,054,339</u>	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

FEDERAL GRANT FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	<u>Title I</u> <u>2017-2018</u>	<u>Title I</u> <u>2016-2017</u>
Cash receipts:		
Federal aid	<u>\$ 287,400</u>	<u>\$ 46,722</u>
Expenditures and encumbrances:		
Instruction	313,686	59,970
Transportation	-	-
Student support services	-	-
Community services operations	<u>-</u>	<u>-</u>
Total expenditures and encumbrances	<u>313,686</u>	<u>59,970</u>
Cash receipts over (under) expenditures and encumbrances	(26,286)	(13,248)
Unencumbered cash, beginning	-	13,248
Prior year canceled encumbrances	<u>-</u>	<u>-</u>
Unencumbered cash, ending	<u><u>\$ (26,286)</u></u>	<u><u>\$ -</u></u>

(Continued)

<u>Title II 2017-2018</u>	<u>Title II 2016-2017</u>	<u>Title II 2015-2016</u>	<u>Total Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
<u>\$ 48,899</u>	<u>\$ 83,000</u>	<u>\$ 11,898</u>	<u>\$ 477,919</u>	<u>\$ 457,839</u>	<u>\$ 20,080</u>
49,553	44,763	-	467,972	\$ 449,628	\$ 18,344
-	-	-	-	696	(696)
-	-	-	-	7,297	(7,297)
<u>-</u>	<u>37,800</u>	<u>-</u>	<u>37,800</u>	<u>-</u>	<u>37,800</u>
<u>49,553</u>	<u>82,563</u>	<u>-</u>	<u>505,772</u>	<u>\$ 457,621</u>	<u>\$ 48,151</u>
(654)	437	11,898	(27,853)		
-	(851)	(11,898)	499		
<u>-</u>	<u>414</u>	<u>-</u>	<u>414</u>		
<u>\$ (654)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,940)</u>		

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

OTHER GIFTS AND GRANTS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

	Budget	Actual	Variance - Over (Under)
Cash receipts:			
Other aid	\$ 38,835	\$ 10,515	\$ (28,320)
Expenditures and encumbrances:			
Instruction	\$ 14,217	13,513	\$ (704)
Central services	24,483	-	(24,483)
Total expenditures and encumbrances	\$ 38,700	13,513	\$ (25,187)
Cash receipts under expenditures and encumbrances		(2,998)	
Unencumbered cash, beginning		22,812	
Prior year canceled encumbrances		203	
Unencumbered cash, ending		\$ 20,017	

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

TEXTBOOK RENTAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Cash receipts:	
Fees	\$ 106,107
Other revenue	<u>62,682</u>
Total cash receipts	168,789
Expenditures and encumbrances:	
Instruction	<u>253,864</u>
Cash receipts under expenditures and encumbrances	(85,075)
Unencumbered cash, beginning	626,757
Prior year canceled encumbrances	<u>2,408</u>
Unencumbered cash, ending	<u><u>\$ 544,090</u></u>

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

CONTINGENCY RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Unencumbered cash, beginning	\$ 1,486,579
Unencumbered cash, ending	<u>\$ 1,486,579</u>

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

BOND FUND 2012

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Cash receipts:	
Interest	\$ 88
Expenditures:	
Site and building improvements	15,000
Transfers to other funds	31,089
Total expenditures	46,089
Cash receipts under expenditures	(46,001)
Unencumbered cash, beginning	46,001
Unencumbered cash, ending	\$ -

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

BOND FUND 2013

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Cash receipts:	
Interest	\$ 2,086
	<hr/>
Expenditures, transfers, and encumbrances:	
Site and building improvements	88,421
Transfer to other funds	121,213
	<hr/>
Total expenditures, transfers, and encumbrances	209,634
	<hr/>
Cash receipts under expenditures, transfers, and encumbrances	(207,548)
Unencumbered cash, beginning	187,114
Prior year cancelled encumbrances	69,803
	<hr/>
Unencumbered cash, ending	\$ 49,369
	<hr/> <hr/>

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

PRIVATE PURPOSE TRUST FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Expenditures:	
Student support services	\$ 3,500
Interest expense	<u>250</u>
Total expenditures	<u>3,750</u>
Cash receipts under expenditures	(3,750)
Unencumbered cash, beginning	<u>3,750</u>
Unencumbered cash, ending	<u><u>\$ -</u></u>

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

STUDENT ORGANIZATION FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

Year Ended June 30, 2018

Funds	Balance, July 1	Cash Receipts	Cash Disbursements	Transfers	Balance, June 30
Shawnee Heights High:					
Academic club	\$ 52	\$ -	\$ -	\$ -	\$ 52
Anime club	35	-	-	-	35
Art club	212	249	300	-	161
Baseball club	971	9,903	10,283	-	591
Black student union	256	113	150	-	219
Booster club wish list	400	-	-	-	400
Bowling	421	1,306	828	-	899
Boys basketball	347	1,413	237	-	1,523
Boys golf	1,690	2,055	2,528	-	1,217
Boys soccer club	877	5,167	5,559	-	485
Boys swimming	495	218	367	-	346
Broadcast journalism	2,836	-	-	-	2,836
Cheerleaders	15,250	50,277	59,337	-	6,190
Choraliers	1,371	8,747	9,180	-	938
Class of 2022	4,058	(4,058)	-	-	-
Class of 2023	3,290	(3,240)	50	-	-
Class of 2018	6,020	1,125	2,607	-	4,538
Class of 2019	2,470	1,021	1,932	-	1,559
Class of 2020	1,047	1,060	500	-	1,607
Class of 2021	270	1,064	5	-	1,329
Coffee shop	2,232	3,645	2,421	-	3,456
Concessions	22,574	37,712	32,605	-	27,681
Cookie Shack	4,779	2,255	5,547	-	1,487
Cross country club	3,658	692	80	-	4,270
Debate	3,326	3,095	5,042	-	1,379
Drum line	17	-	-	-	17
FBLA	1,553	2,488	2,427	-	1,614
FCA	874	-	-	-	874
FCCLA	2,933	2,137	3,259	-	1,811
Football	2,757	6,747	8,114	-	1,390
Garden club	169	-	-	-	169
Girls basketball	2,877	1,078	2,282	-	1,673
Girls golf	373	442	173	-	642
Girls soccer club	2,935	2,292	3,913	-	1,314
Girls swimming	1,543	-	300	-	1,243
Graduated classes	5,607	7,349	6,381	-	6,575
GSA	157	17	-	-	174
Subtotal forward	\$ 100,732	\$ 146,369	\$ 166,407	\$ -	\$ 80,694

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

STUDENT ORGANIZATION FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Funds	Balance, July 1	Cash Receipts	Cash Disbursements	Transfers	Balance, June 30
Shawnee Heights High:					
Subtotal forward	\$ 100,732	\$ 146,369	\$ 166,407	\$ -	\$ 80,694
Hall of fame	1,276	1,800	641	-	2,435
Halo	337	196	30	-	503
International club	1,957	-	-	-	1,957
iPad insurance	(90)	29,835	29,745	-	-
J.A.G.	26	392	-	-	418
Junior civitan club	1,326	2,501	2,135	-	1,692
Junior/senior prom	806	7,504	5,672	-	2,638
Key club	559	280	230	-	609
Metals	344	-	-	-	344
Model U.N.	210	205	240	-	175
National honor society	467	6,232	5,690	-	1,009
Newspaper	10,810	26,044	14,882	-	21,972
NJROTC unit maintenance	8,356	10	-	-	8,366
Orbit	16	-	-	-	16
Orchestra	33,275	55,720	60,465	-	28,530
Parent teacher organization	5,177	400	400	-	5,177
Parking	-	2,989	2,500	-	489
Project account	3,590	11,767	15,037	-	320
Random drug testing	-	10,850	9,954	-	896
Regional music	2,495	9,728	9,713	-	2,510
Renaissance	-	63	63	-	-
Royals ticket vouchers	10,734	114	3,200	-	7,648
SADD	842	-	-	-	842
S.A.E.	585	-	-	-	585
Softball	2,490	10,276	7,503	-	5,263
Spirit club	1,010	4,847	5,384	-	473
Stage band	79	50	(13)	-	142
Student council	461	3,691	3,440	-	712
Teen topics	500	-	-	-	500
Tennis	(30)	44	-	-	14
Testing funds	-	17,346	16,576	-	770
Thunderettes	10,180	718	8,583	-	2,315
TMH classroom	347	-	-	-	347
Track club	1,733	718	2,053	-	398
Volleyball	2,070	6,277	6,815	-	1,532
Wrestling	2,085	1,080	-	-	3,165
Wood project	150	-	-	-	150
Subtotal Shawnee Heights High	\$ 204,905	\$ 358,046	\$ 377,345	\$ -	\$ 185,606

(Continued)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

STUDENT ORGANIZATION FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Funds	Balance, July 1	Cash Receipts	Cash Disbursements	Transfers	Balance, June 30
Shawnee Heights Middle:					
Blue team 7th	\$ 687	\$ 22	\$ 399	\$ -	\$ 310
Blue team 8th	293	656	633	-	316
E-team	740	-	219	-	521
Performing arts	2,815	915	1,680	-	2,050
Reaching new heights	(55)	6,904	6,523	-	326
Red team 7th	496	216	513	-	199
Red team 8th	487	651	968	-	170
Special education fund	384	-	-	-	384
Spirit club	1,030	6	-	-	1,036
Student agenda	-	1,757	1,757	-	-
Student council	4,895	2,021	1,200	-	5,716
T-Birds pride	10,520	29,424	24,586	-	15,358
White team 7th	352	348	603	-	97
White team 8th	414	713	821	-	306
Subtotal Shawnee Heights Middle	23,058	43,633	39,902	-	26,789
Tecumseh South Elementary:					
Student council	5,770	15,980	17,422	-	4,328
Total all funds	\$ 233,733	\$ 417,659	\$ 434,669	\$ -	\$ 216,723

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

DISTRICT ACTIVITY FUNDS
GATE RECEIPTS

SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS

Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Cash Disbursements	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate receipts:							
Shawnee Heights High	\$ 33,775	\$ -	\$ 112,669	\$ 128,468	\$ 17,976	\$ 10,326	\$ 28,302
Shawnee Heights Middle	15,232	-	24,492	21,798	17,926	-	17,926
Total gate receipts	<u>\$ 49,007</u>	<u>\$ -</u>	<u>\$ 137,161</u>	<u>\$ 150,266</u>	<u>\$ 35,902</u>	<u>\$ 10,326</u>	<u>\$ 46,228</u>

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

DISTRICT ACTIVITY FUNDS
SCHOOL PROJECTS

SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Cash Disbursements	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Shawnee Heights High projects:							
Counselor assistance fund	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ 100
Faculty activities	2,037	-	5,271	6,492	816	-	816
Gym pop	-	-	3,340	2,623	717	-	717
Interest	1,961	-	4,693	4,251	2,403	-	2,403
Memorial contributions	3,551	-	-	-	3,551	-	3,551
Miscellaneous	4,663	-	10,543	15,206	-	-	-
Sales tax account	(196)	-	18,020	17,818	6	-	6
SHHS scholarship	808	-	2,000	1,750	1,058	-	1,058
Student activity	2,776	-	1,125	2,449	1,452	-	1,452
Technology fee	(190)	-	20,359	20,169	-	-	-
Total Shawnee Heights High projects	15,510	-	65,351	70,758	10,103	-	10,103
Shawnee Heights Middle projects:							
Art after school	199	-	-	172	27	-	27
Counseling	-	-	200	39	161	-	161
Faculty activities	449	-	506	83	872	-	872
Interest	2,144	-	549	-	2,693	-	2,693
Miscellaneous	12,047	-	16,610	16,189	12,468	-	12,468
Sales tax account	1,026	-	2,686	2,679	1,033	-	1,033
Student pop	4,983	-	311	345	4,949	-	4,949
X-tech fund	44	-	-	-	44	-	44
Total Shawnee Heights Middle projects	20,892	-	20,862	19,507	22,247	-	22,247
Berryton Elementary projects:							
Contributions	1,196	-	-	-	1,196	-	1,196
Educational funding group	10,518	-	4,372	5,803	9,087	-	9,087
Miscellaneous	1,105	-	958	332	1,731	-	1,731
Pop	130	-	883	949	64	-	64
PTO	215	-	-	-	215	-	215
Sales tax account	19	-	32	41	10	-	10
Technology fee	140	-	4,164	4,074	230	-	230
Total Berryton Elementary projects	\$ 13,323	\$ -	\$ 10,409	\$ 11,199	\$ 12,533	\$ -	\$ 12,533

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

DISTRICT ACTIVITY FUNDS
SCHOOL PROJECTS

SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Cash Disbursements	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Shawnee Heights Elementary projects:							
Donations	\$ -	\$ -	\$ 923	\$ 181	\$ 742	\$ -	\$ 742
EFG	5,626	-	4,450	4,201	5,875	-	5,875
Memorial	-	-	1,000	1,000	-	-	-
Miscellaneous	-	-	1,816	1,816	-	-	-
Pop	38	-	196	231	3	-	3
Sales Tax Account	-	-	184	184	-	-	-
Technology fee	-	-	3,190	3,190	-	-	-
Total Shawnee Heights Elementary projects	5,664	-	11,759	10,803	6,620	-	6,620
Tecumseh North projects:							
Bird sanctuary	41	-	-	-	41	-	41
Donations	263	-	1,143	244	1,162	-	1,162
EFG	7,697	-	3,890	4,746	6,841	-	6,841
Intramural grant - BCBS	12	-	1,000	1,012	-	-	-
Miscellaneous	561	-	4,676	4,673	564	-	564
Pop	1,520	-	213	566	1,167	-	1,167
Ryan Cochran memorial	631	-	-	461	170	-	170
Sales tax account	-	-	213	213	-	-	-
Target scholarship grant	342	-	-	342	-	-	-
Technology fee	-	-	3,043	3,043	-	-	-
Total Tecumseh North projects	11,067	-	14,178	15,300	9,945	-	9,945
Tecumseh South projects:							
Donations	473	-	4,757	4,741	489	-	489
Library at school	-	-	221	221	-	-	-
Pop	-	-	403	320	83	-	83
Sales tax account	-	-	64	64	-	-	-
Stahel memorial	713	-	-	224	489	-	489
Technology fee	-	-	3,420	3,420	-	-	-
Total Tecumseh South projects	1,186	-	8,865	8,990	1,061	-	1,061
Total school projects	\$ 67,642	\$ -	\$ 131,424	\$ 136,557	\$ 62,509	\$ -	\$ 62,509

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Transfers	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Shawnee Heights High:								
Class fees	\$ 1,933	\$ -	\$ 78,851	\$ 80,784	\$ -	\$ -	\$ -	\$ -
Driver education	15,150	-	22,115	37,265	-	-	-	-
Equipment Replacement	634	-	5,899	6,533	-	-	-	-
Justice Mitchell scholarship	-	-	383	-	-	383	-	383
Library book replacement	(34)	-	210	176	-	-	-	-
Lunch account	98	-	137,366	137,164	-	300	-	300
Petty cash #1	1,566	-	4,703	4,769	-	1,500	-	1,500
Petty cash #2	1,500	-	2,137	2,033	-	1,604	-	1,604
PE uniforms	(158)	-	3,376	3,218	-	-	-	-
Sports participation fees	(727)	-	17,830	17,103	-	-	-	-
Textbook rental	(819)	-	69,999	69,180	-	-	-	-
Yearbook	(1,609)	-	48,693	47,084	-	-	-	-
Subtotal Shawnee Heights High	17,534	-	391,562	405,309	-	3,787	-	3,787
Shawnee Heights Middle:								
Class fees	-	-	21,230	21,230	-	-	-	-
Cross country	5,612	-	2,241	5,117	-	2,736	-	2,736
Instrument rental	-	-	2,560	2,560	-	-	-	-
Ipad protection plan	-	-	300	300	-	-	-	-
Library book replacement	-	-	243	243	-	-	-	-
Lunch account	200	-	72,074	72,079	-	195	-	195
PE uniforms	-	-	3,095	3,095	-	-	-	-
Petty cash	1,500	-	3,794	3,794	-	1,500	-	1,500
Sports participation fees	-	-	5,880	5,880	-	-	-	-
Technology fee	-	-	5,151	5,151	-	-	-	-
Textbook rental	-	-	18,215	18,215	-	-	-	-
Yearbook	-	-	9,416	9,416	-	-	-	-
Subtotal Shawnee Heights Middle	7,312	-	144,199	147,080	-	4,431	-	4,431
Berryton Elementary:								
Annual fee	-	-	225	141	-	84	-	84
Band/orchestra	24	-	1,583	1,463	-	144	-	144
Class fees	488	-	10,188	9,858	-	818	-	818
Intramurals	175	-	1,730	1,605	-	300	-	300
Library book replacement	-	-	100	100	-	-	-	-
Lunch account	12,096	-	99,782	82,797	-	29,081	-	29,081
Petty cash	300	-	671	671	-	300	-	300
Textbook rental	135	-	7,446	7,246	-	335	-	335
Subtotal Berryton Elementary	\$ 13,218	\$ -	\$ 121,725	\$ 103,881	\$ -	\$ 31,062	\$ -	\$ 31,062

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
(Continued)

Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Transfers	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Shawnee Heights Elementary:								
Band/orchestra	\$ -	\$ -	\$ 1,515	\$ 1,515	\$ -	\$ -	\$ -	\$ -
Class fees	-	-	8,068	8,068	-	-	-	-
Library book replacement	-	-	241	241	-	-	-	-
Lunch account	-	-	64,718	64,718	-	-	-	-
Petty cash	300	-	219	219	-	300	-	300
Textbook rental	-	-	6,080	6,080	-	-	-	-
Yearbook	-	-	1,993	1,993	-	-	-	-
Subtotal Shawnee Heights								
Elementary	300	-	82,834	82,834	-	300	-	300
Tecumseh North:								
Band/orchestra	-	-	1,085	1,085	-	-	-	-
Intramurals	-	-	900	900	-	-	-	-
Library book replacement	-	-	275	275	-	-	-	-
Lunch account	-	-	51,581	51,581	-	-	-	-
Petty cash	300	-	836	836	-	300	-	300
Textbook fees	-	-	10,698	10,698	-	-	-	-
Textbook rental	-	-	5,835	5,835	-	-	-	-
Yearbook	-	-	2,587	2,587	-	-	-	-
Subtotal Tecumseh North	300	-	73,797	73,797	-	300	-	300
Tecumseh South:								
Band/orchestra	-	-	1,459	1,459	-	-	-	-
Class fees	-	-	32,176	32,176	-	-	-	-
Intramurals	-	-	1,600	1,600	-	-	-	-
Lunch account	-	-	75,702	75,702	-	-	-	-
Petty cash	300	-	479	479	-	300	-	300
Textbook fees	-	-	6,556	6,556	-	-	-	-
Yearbook	-	-	962	962	-	-	-	-
Subtotal Tecumseh South	300	-	118,934	118,934	-	300	-	300
Total all funds	\$ 38,964	\$ -	\$ 933,051	\$ 931,835	\$ -	\$ 40,180	\$ -	\$ 40,180

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant Award
<u>United States Department of Agriculture:</u>		
Passed through Kansas State Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 140,422
National School Lunch Program	10.555	618,741
Cash for Commodities	10.555	85,659
Summer Food Service Program for Children	10.559	22,153
Total Child Nutrition Cluster		
Grants not clustered:		
Special Education Aid Reimbursement	10.560	18,896
Total United States Department of Agriculture		
<u>United States Department of Education:</u>		
Passed through Kansas State Department of Education:		
Special Education Cluster (IDEA):		
Grants to States 2018	84.027	705,236
Discretionary 2018	84.027	25,193
Preschool Grants 2018	84.173	35,428
Total Special Education Cluster (IDEA)		
Grants not clustered:		
Title I, Grants to Local Educational Agencies, 2017	84.010	370,098
Title I, Grants to Local Educational Agencies, 2018	84.010	340,610
Career and Technical Education Basic Grants to States	84.048	20,709
Guidance and Counseling	84.048	1,675
Title II, Improving Teacher Quality, 2016	84.367	84,896
Title II, Improving Teacher Quality, 2017	84.367	82,999
Supporting Effective Instruction	84.367	79,182
Student Support and Academic Enrichment	84.424	9,899
Total grants not clustered		
Total United States Department of Education		
Total expenditures of federal awards		

See accompanying notes to schedule of
expenditures of federal award.

Unencumbered Cash Balance July 1, 2017	Amount Received	Disbursements, Accounts Payable, Encumbrances and Transfers	Prior-Year Canceled Encumbrances	Unencumbered Cash Balance June 30, 2018
\$ -	\$ 140,422	\$ 140,422	\$ -	\$ -
-	618,741	618,741	-	-
-	85,659	85,659	-	-
-	22,153	22,153	-	-
-	866,975	866,975	-	-
-	18,896	18,896	-	-
-	885,871	885,871	-	-
-	703,688	703,688	-	-
-	25,193	25,193	-	-
-	35,428	35,428	-	-
-	764,309	764,309	-	-
13,248	46,722	59,970	-	-
-	287,400	313,686	-	(26,286)
-	20,709	20,709	-	-
-	1,675	1,675	-	-
(11,898)	11,898	-	-	-
(851)	83,000	82,563	414	-
-	39,000	39,654	-	(654)
-	9,899	9,899	-	-
499	500,303	528,156	414	(26,940)
499	1,264,612	1,292,465	414	(26,940)
\$ 499	\$ 2,150,483	\$ 2,178,336	\$ 414	\$ (26,940)

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

Year Ended June 30, 2018

1 - General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Shawnee Heights Unified School District No. 450 (the District) under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statement. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position of the District.

2 - Basis of Accounting

Expenditures reported on the schedule are reported on the regulatory basis of accounting as described in Note 2 to the District's financial statement.

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

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of report issued on whether the financial statement audited was prepared in accordance with GAAP:	Adverse
Type of auditor's report issued on the basis of accounting used by the District:	Unmodified – Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None noted
Noncompliance material to financial statements noted	None

Federal Awards

Type of auditor's report issued on compliance for major program	Unmodified
Internal control over major program:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None noted
Audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)	None

SHAWNEE HEIGHTS UNIFIED SCHOOL DISTRICT NO. 450
TECUMSEH, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section I - Summary of Auditor's Results (Continued)

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553, 10.555 and 10.559	Child Nutrition Cluster
84.027 and 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
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Auditee qualified as a low-risk auditee	No
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Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

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

Board of Education
Shawnee Heights Unified School District No. 450:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Shawnee Heights Unified School District No. 450 (the District) which comprises the summary statement of regulatory basis receipts, expenditures, and unencumbered cash as of June 30, 2018 and the related notes to the financial statement and have issued our report thereon dated December 11, 2018. Our report contained an adverse opinion because the financial statement was presented using accounting practices prescribed or permitted by the State of Kansas.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

Berberich Trahan & Co., P.A.

December 11, 2018
Topeka, Kansas



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education
Shawnee Heights Unified School District No. 450:

Report on Compliance for Each Major Federal Program

We have audited the Shawnee Heights Unified School District No. 450's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Major Federal Program

In our opinion, the District 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 the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses 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.

Berberich Trahan & Co., P.A.

December 11, 2018
Topeka, Kansas

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

November 29, 2018

Prior reference number – 2016-001

Condition – The overall cash balance of the District could not be reconciled to the amount recorded in the general ledger at June 30, 2016 and this continued into fiscal year 2017. As a result, the district payroll and operating bank accounts were not reconciled nor reviewed in a timely manner until more than seven months into the fiscal year.

Criteria – District cash must be reconciled to the general ledger and reviewed by a person independent of the reconciliation process on a timely basis each month.

Cause – The District did not perform reconciliations for the payroll bank account on a timely basis, nor were the reconciliations reviewed by a person independent of the reconciliation process.

Effect – The District could not reconcile overall cash balances until more than seven months into the fiscal year.

Recommendation – The District should implement processes to ensure that cash is being reconciled and reviewed on a timely basis each month. Additionally, overall cash should be reconciled to the general ledger.

Management's Response (Unaudited) – The noted deficiency was due in large part to two significant events.

- The first involved changes in personnel. A new Accountant/Board Treasurer completed training with the previous accountant and began working independently at approximately the beginning of the 2016 calendar year. As with any new position additional duties began to become apparent particularly with calendar year-end activities. These additional year-end duties began to take precedent over the reconciliation process ultimately resulting in the noted deficiency.
- Second, the Director of Business and Finance is responsible for reviewing bank reconciliations. In this case, the Director did not provide adequate clarity and directive in importance of the reconciliation process. This matter was not appropriately addressed in a timely fashion which led to a lengthy reconciliation of multiple months of information. Assistance was ultimately brought in to complete and update the reconciliation.



Dr. Martin Stessman, Superintendent
Becky Greer, Curriculum Director
Sara Hoyer, Business and Finance Director
Dr. Kristin O'Brien, Special Education Director
Matt Hirsch, Human Resource Director

Corrective Action Plan (Unaudited) – The primary point for the corrective action is to follow established guidelines. In this case, a formal action has been noted that all bank reconciliations must be prioritized and completed in an expeditious manner. Specifically, all monthly reconciliations must be complete, reviewed, and signed by the Director prior to the issuance of the upcoming month's bank statement.

Person Responsible – The initial reconciliation is to be completed by the Accountant/Board Treasurer. Upon completion it is the responsibility of the director of Business and Finance to review, approve, and sign-off on the reconciliation.

Expected Completion Date – This process has been implemented and as of this date the corrective action is in place.

Corrective Action Taken:

In June of 2017, the USD 450 Board of Education hired a new Director of Business and Finance, Sara Hoyer who created a new template for reconciling the bank cash accounts to the general ledger. Additionally, Ms. Hoyer provided additional training to the Accountant and Treasurer, Karen Schulte, who is responsible for reconciling the bank cash accounts to the general ledger. This training included Ms. Hoyer's physical participation in the reconciliation process for a period of three months; August through October of 2017. Additionally, Ms. Hoyer implemented an evaluation plan with Mrs. Schulte, which provided an expectation that Mrs. Schulte complete the reconciliation in a timely fashion each month, more specifically by the 15th of each month.

Training continues, but this finding is considered resolved.

Thank you. You may contact me at the number below should you need to communicate anything further.

A handwritten signature in blue ink, appearing to read "Sara Hoyer". The signature is fluid and cursive, with the first name "Sara" and last name "Hoyer" clearly distinguishable.

Sara T. Hoyer
Director of Business & Finance
Shawnee Heights USD450
4401 SE Shawnee Heights Road
Tecumseh, KS 66542
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(785) 379-5800
(785) 379-5810 (fax)