

**UNIFIED SCHOOL DISTRICT NO. 269**

Palco, Kansas

Financial Statement and Regulatory-Required  
Supplementary Information with Independent Auditor's Report  
For the Fiscal Year Ended June 30, 2018

**MAPES & MILLER LLP**

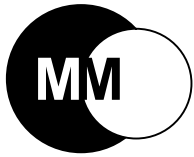
Certified Public Accountants

Norton, Kansas

**UNIFIED SCHOOL DISTRICT NO. 269**  
Palco, Kansas  
Financial Statement and Regulatory-Required  
Supplementary Information with Independent Auditor's Report  
For the Fiscal Year Ended June 30, 2018

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# Mapes & Miller LLP

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Unified School District No. 269  
Palco, Kansas 67657

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 269, Palco, 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; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by Unified School District No. 269, Palco, 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 U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 269, Palco, Kansas, as of June 30, 2018, or changes in financial position and cash flows thereof for the year then ended.

#### Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of Unified School District No. 269, Palco, 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.

#### Other Matters

##### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash 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, summary of receipts and disbursements-agency funds, and schedule of receipts, expenditures, and unencumbered cash-district activity funds (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the 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 1.

# Mapes & Miller LLP

Certified Public Accountants

Norton, Kansas  
February 11, 2019

**UNIFIED SCHOOL DISTRICT NO. 269**

STATEMENT 1

Palco, Kansas

Page 1

Summary of Receipts, Expenditures, and Unencumbered Cash

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General Funds							
General	\$ 0	0	1,128,102	1,128,102	0	0	0
Supplemental General	0	0	425,518	400,986	24,532	0	24,532
Special Purpose Funds						0	
At Risk (4 Year Old)	0	0	40,000	40,000	0	0	0
At Risk (K-12)	0	0	80,000	80,000	0	0	0
Capital Outlay	183,702	0	239,983	227,288	196,397	0	196,397
Food Service	34,788	0	71,117	90,272	15,633	0	15,633
Professional Development	460	0	5,140	5,225	375	0	375
Special Education	105,920	0	169,567	166,426	109,061	0	109,061
Career and Postsecondary Education	57,566	0	10,493	29,239	38,820	0	38,820
KPERS Special Retirement Contribution Fund	0	0	89,324	89,324	0	0	0
Recreation Commission	0	0	20,948	20,948	0	0	0
Federal Funds	0	0	34,364	30,651	3,713	0	3,713
Textbook and Student Material Revolving	18,271	0	2,520	1,072	19,719	0	19,719
Contingency Reserve	11,417	0	0	0	11,417	0	11,417
Gifts and Grants	3,380	0	8,026	8,026	3,380	0	3,380
District Activity	<u>1,229</u>	<u>0</u>	<u>20,296</u>	<u>20,499</u>	<u>1,026</u>	<u>0</u>	<u>1,026</u>
 Total Reporting Entity (Excluding Agency Funds)	 \$ <u><b>416,733</b></u>	 <u><b>0</b></u>	 <u><b>2,345,398</b></u>	 <u><b>2,338,058</b></u>	 <u><b>424,073</b></u>	 <u><b>0</b></u>	 <u><b>424,073</b></u>

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

UNIFIED SCHOOL DISTRICT NO. 269  
Palco, Kansas  
Composition of Cash  
Regulatory Basis  
For the Fiscal Year Ended June 30, 2018

STATEMENT 1  
Page 2

Astra Bank, Palco, Kansas	
NOW Account	\$ 423,047
Checking Accounts	<u>36,477</u>
Total Cash	459,524
Agency Funds per Schedule 3	<u>(35,451)</u>
Total Reporting Entity (Excluding Agency Funds)	\$ <u>424,073</u>

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

## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

Notes to the Financial Statement

June 30, 2018

### 1. Summary of Significant Accounting Policies

#### Municipal Financial Reporting Entity

Unified School District No. 269, Palco, Kansas operates as a unified school district in accordance with the laws of the State of Kansas. The District is operated by an elected board of education and provides the following services: education, culture and recreation. The regulatory financial statement presents Unified School District No. 269 (the municipality). The following related municipal entity is not included in the financial statement:

Palco-Damar-Zurich Recreation Commission. The Palco-Damar-Zurich Recreation Commission oversees recreational activities. A five-member board is appointed to oversee the operation. The District annually levies taxes for the operation of the Commission. The recreation commission has only the powers granted by statute K.S.A. 12-1928. Unaudited financial reports for the Palco-Damar-Zurich Recreation Commission are available from the Recreation Commission Director, P.O. Box 53, Palco, Kansas, 67657.

#### Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the District for the fiscal year ended June 30, 2018:

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

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

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

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

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis 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 generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

#### Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds.

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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 budget was not amended in this manner 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 schedules for each fund are presented 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 municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for trust funds and the following special purpose funds: Contingency Reserve Fund, Textbook and Student Material Revolving Fund, Federal Funds, District Activity Funds, and Gifts and Grants Fund.

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.

#### Reimbursed Expenditures

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

## 2. **Stewardship, Compliance and Accountability**

Cash Basis Compliance. K.S.A. 10-1113 requires that no indebtedness be created for a fund in excess of available monies in that fund. The Sales Tax Fund incurred indebtedness in excess of available cash balances by \$834. This appears to be a violation of Kansas statutes.

Budget Compliance. K.S.A. 79-2935 states that it is unlawful for expenditures to exceed the school's published budget. It appears that the expenditures for the Recreation Commission fund has exceeded the published budget amount. This appears to be a violation of K.S.A. 79-2935.



Other Compliance. K.S.A. 75-3317 through 75-3322 requires the District to make mandatory purchases of products and services offered by Kansas industries for the blind and severely disabled. The District did not make such purchases.

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 the 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 not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has not designated any "peak periods" with eligible depositories. All deposits were legally secured at June 30, 2018.

At June 30, 2018, the District's carrying amount of deposits was \$459,524 and the bank balance was \$478,132. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$287,559 was covered by federal depository insurance and \$190,573 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2018.

4. **In-Substance Receipt in Transit**

The District received \$63,100 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.

5. **Defined Benefit Pension Plan**

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information.

KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 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 30<sup>th</sup> 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 \$89,324 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 \$1,611,813. 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 nonemployer 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 these financial statements.

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

## 6. **Other Long-Term Obligations**

### **Compensated Absences**

Sick Leave. All full-time employees of Unified School District No. 269 are allowed twelve days a year sick leave, cumulative to fifty-five days, except for bus drivers who are allowed twelve days of sick leave per year non-accumulative. No payment for unused sick leave is made to an employee terminating employment with the District except for retiring certified employees. When a certified employee retires from the District, unused sick leave days shall be purchased at \$50 per day.

Vacation Pay. The superintendent is allowed ten days of vacation a year. Other twelve-month employees are allowed two weeks of vacation a year after the first year of service.

#### 7. 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 for 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. There is no cost to the District under this program.

#### 8. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable.

For this reason, the District joined together with other school districts in the State to participate in the Kansas Association of School Boards Workers Compensation Fund, Inc., a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The District pays an annual premium to Kansas Association of School Boards Workers Compensation Fund, Inc., for its workers compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards Workers Compensation Fund, Inc., will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Association of School Boards Workers Compensation Fund, Inc.'s, management.

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

#### 9. Interfund Transfers

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas Statutes. Operating transfers were as follows:

From	To	Statutory Authority	Amount
General	Special Education	K.S.A. 72-6428	106,278
General	Capital Outlay	K.S.A. 72-6428	52,528
Supplemental General	Professional Development	K.S.A. 72-6433	5,000
Supplemental General	Food Service	K.S.A. 72-6433	10,000
Supplemental General	Special Education	K.S.A. 72-6433	40,000
Supplemental General	At Risk (4 Year Old)	K.S.A. 72-6433	27,820
Supplemental General	At Risk (K-12)	K.S.A. 72-6433	80,000

# 10. Qualified Zone Academy Bonds (QZAB)

The District entered into a lease purchase agreement on March 24, 2011, with Security Bank of Kansas City to finance the acquisition, construction, and equipping of school building improvements. The District will pay Security Bank of Kansas City \$175,000 a year for a period of 12 years. The lease payments are to be placed in an interest bearing custodial account. The expected total of all payments to be made by the District plus interest earned on the account is \$2,100,000, which is the amount of the Lease Purchase Agreement, amortized with zero percent interest. At the end of 12 years, the custodian will release the funds in the account to Security Bank of Kansas City, and the lease will be terminated. See Note 11 – Long-term Debt for additional information.

# 11. Long-term Debt

Changes in long-term liabilities for Unified School District No. 269, Palco, Kansas for the year ended June 30, 2018 were as follows:

Issue	Interest Rates	Date Issued	Amount of Original Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid ***
Lease Purchase Agreements:									
Qualified Zone Academy Bonds									
(QZAB) (Note 10)	0.00%	03/24/11	\$2,100,000	03/24/23	\$ 1,050,000	0	175,000	875,000	7,457
Total Long-term Debt					<u>\$ 1,050,000</u>	<u>0</u>	<u>175,000</u>	<u>875,000</u>	<u>7,457</u>

\*\*\*Due to changes in Federal law and budget allocations, the reimbursement by the Federal government to the District for interest paid has been reduced from 100% to 93.4%

Current maturities for long-term debt for Unified School District No. 269, Palco, Kansas for the next five years and in five-year increments after that are as follows:

	2019	2020	2021	2022	2023	Total
PRINCIPAL						
Lease Purchase Agreements:						
Qualified Zone Academy Bonds (QZAB)						
Estimated Lease Payments (Note 10)	151,915	148,617	145,319	142,021	138,723	726,595
Estimated Interest Earnings (Note 10)	23,085	26,383	29,681	32,979	36,277	148,405
Total Principal	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>875,000</u>
INTEREST						
Lease Purchase Agreements:						
Qualified Zone Academy Bonds (QZAB)	<u>7,457</u>	<u>7,457</u>	<u>7,457</u>	<u>7,457</u>	<u>7,457</u>	<u>37,285</u>
Total Principal and Interest	<u>\$ 182,457</u>	<u>182,457</u>	<u>182,457</u>	<u>182,457</u>	<u>182,457</u>	<u>912,285</u>

# 11. Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date of which the financial statement was available to be issued.

UNIFIED SCHOOL DISTRICT NO. 269  
REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**UNIFIED SCHOOL DISTRICT NO. 269**

SCHEDULE 1

Palco, Kansas

Summary of Expenditures - Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

Description	Certified Budget	Adjustments to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:						
General Funds						
General	\$ 1,170,153	(62,494)	20,443	1,128,102	1,128,102	0
Supplemental General	400,986	0	0	400,986	400,986	0
Special Purpose Funds						
At Risk (4 Year Old)	40,000	0	0	40,000	40,000	0
At Risk (K-12)	80,000	0	0	80,000	80,000	0
Capital Outlay	369,545	0	0	369,545	227,288	(142,257)
Food Service	102,823	0	0	102,823	90,272	(12,551)
Professional Development	5,890	0	0	5,890	5,225	(665)
Special Education	266,768	0	0	266,768	166,426	(100,342)
Career and Postsecondary Education	67,743	0	0	67,743	29,239	(38,504)
KPERS Special Retirement Contribution Fund	93,270	0	0	93,270	89,324	(3,946)
Recreation Commission	20,650	0	0	20,650	20,948	298

## UNIFIED SCHOOL DISTRICT NO. 269

SCHEDULE 2

Palco, Kansas

Page 1

## General Fund

## Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	Actual	Budget	Variance Over (Under)
Receipts:			
General State Aid	\$ 989,532	1,049,305	(59,773)
Special Education Aid	106,278	120,848	(14,570)
Mineral Tax	11,849	0	11,849
Reimbursed Expenses	<u>20,443</u>	<u>0</u>	<u>20,443</u>
Total Receipts	<u>1,128,102</u>	<u>1,170,153</u>	<u>(42,051)</u>
Expenditures:			
Instruction	588,999	662,100	(73,101)
Student Support Services	20,503	17,400	3,103
Instructional Support Staff	463	500	(37)
General Administration	110,625	126,000	(15,375)
School Administration	126,625	129,500	(2,875)
Operations and Maintenance	60,193	14,450	45,743
Student Transportation Services	61,888	59,355	2,533
Transfer to Special Education	106,278	120,848	(14,570)
Transfer to At Risk (K-12)	0	40,000	(40,000)
Transfer to Capital Outlay	52,528	0	52,528
Adjustment to Comply with Legal Max			
Legal General Fund Budget	<u>0</u>	<u>(62,494)</u>	<u>62,494</u>
Total Legal General Fund Budget	1,128,102	1,107,659	20,443
Adjustment for Qualifying Budget Credits:			
Reimbursed Expenses	<u>0</u>	<u>20,443</u>	<u>(20,443)</u>
Total Expenditures	<u>1,128,102</u>	<u>1,128,102</u>	<u>0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

Page 2

**Supplemental General Fund**

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	Actual	Budget	Variance Over (Under)
Receipts:			
Tax in Process	\$ 8,165	11,511	(3,346)
Current Tax	392,017	379,809	12,208
Delinquent Tax	7,239	3,689	3,550
Motor Vehicle Tax	16,232	16,646	(414)
Recreational Vehicle Tax	413	212	201
Commercial Vehicle Tax	<u>1,452</u>	<u>1,917</u>	<u>(465)</u>
Total Receipts	<u>425,518</u>	<u>413,784</u>	<u>11,734</u>
Expenditures:			
Instruction	71,697	116,362	(44,665)
General Administration	17,303	3,000	14,303
Operations and Maintenance	131,895	154,000	(22,105)
Student Transportation Services	7,271	0	7,271
Transfer to Food Service	10,000	10,000	0
Transfer to Special Education	40,000	40,000	0
Transfer to Career and Postsecondary Education	10,000	10,000	0
Transfer to At Risk Fund (4 Year Old)	27,820	40,000	(12,180)
Transfer to At Risk Fund (K-12)	80,000	40,000	40,000
Transfer to Professional Development	5,000	5,000	0
Adjustment to Comply with Legal Max			
Legal Supplemental General Fund Budget	<u>0</u>	<u>(17,376)</u>	<u>17,376</u>
Total Expenditures	<u>400,986</u>	<u>400,986</u>	<u>0</u>
Receipts Over (Under) Expenditures	24,532		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><u>24,532</u></u>		



## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

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**At Risk Fund (4 Year Old)**

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Receipts:			
Federal Aid	\$ 12,180	0	12,180
Transfer from Supplemental General	<u>27,820</u>	<u>40,000</u>	<u>(12,180)</u>
Total Receipts	<u>40,000</u>	<u><b>40,000</b></u>	<u><b>0</b></u>
Expenditures:			
Instruction	28,793	40,000	(11,207)
Instructional Support Staff	<u>11,207</u>	<u>0</u>	<u>11,207</u>
Total Expenditures	<u>40,000</u>	<u><b>40,000</b></u>	<u><b>0</b></u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><b>0</b></u>		

## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

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**At Risk Fund (K-12)**

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	Actual	Budget	Variance Over (Under)
Receipts:			
Transfer from General	\$ 0	40,000	(40,000)
Transfer from Supplemental General	<u>80,000</u>	<u>40,000</u>	<u>40,000</u>
Total Receipts	<u>80,000</u>	<u>80,000</u>	<u>0</u>
Expenditures:			
Instruction	<u>80,000</u>	<u>80,000</u>	<u>0</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

Page 5

**Capital Outlay Fund**

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	Actual	Budget	Variance Over (Under)
Receipts:			
Tax in Process	\$ 4,457	6,329	(1,872)
Current Tax	150,072	153,680	(3,608)
Delinquent Tax	3,659	2,015	1,644
Motor Vehicle Tax	8,491	8,725	(234)
Recreational Vehicle Tax	219	111	108
Commercial Vehicle Tax	770	1,004	(234)
Interest Earned on Idle Funds	19,787	0	19,787
Transfer from General	<u>52,528</u>	<u>0</u>	<u>52,528</u>
Total Receipts	<u>239,983</u>	<u>171,864</u>	<u>68,119</u>
Expenditures:			
Instruction	12,992	41,758	(28,766)
Other Supplemental Services	6,005	17,687	(11,682)
School Administration	3,300	0	3,300
Operations and Maintenance	45	60,100	(60,055)
Transportation	22,489	25,000	(2,511)
Facilities Acquisition and Construction	0	50,000	(50,000)
OZAB Lease Payment	<u>182,457</u>	<u>175,000</u>	<u>7,457</u>
Total Expenditures	<u>227,288</u>	<u>369,545</u>	<u>(142,257)</u>
Receipts Over (Under) Expenditures	12,695		
Unencumbered Cash, Beginning	<u>183,702</u>		
Unencumbered Cash, Ending	\$ <u>196,397</u>		

## UNIFIED SCHOOL DISTRICT NO. 269

SCHEDULE 2

Palco, Kansas

Page 6

**Food Service Fund**

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	Actual	Budget	Variance Over (Under)
Receipts:			
Federal Aid	\$ 35,027	38,511	(3,484)
State Aid	946	576	370
Food Service	24,353	19,473	4,880
Interest on Idle Funds	134	0	134
Reimbursed Expenses	657	0	657
Transfer from Supplemental General	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Receipts	<u>71,117</u>	<u>68,560</u>	<u>2,557</u>
Expenditures:			
Operations and Maintenance	0	2,823	(2,823)
Food Service Operation	<u>90,272</u>	<u>100,000</u>	<u>(9,728)</u>
Total Expenditures	<u>90,272</u>	<u>102,823</u>	<u>(12,551)</u>
Receipts Over (Under) Expenditures	(19,155)		
Unencumbered Cash, Beginning	<u>34,788</u>		
Unencumbered Cash, Ending	\$ <u>15,633</u>		

## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

Page 7

**Professional Development Fund**

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	\$ 140	0	140
Transfer from Supplemental General	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Receipts	<u>5,140</u>	<u>5,000</u>	<u>140</u>
Expenditures:			
Instructional Support Staff	<u>5,225</u>	<u>5,890</u>	<u>(665)</u>
Receipts Over (Under) Expenditures	(85)		
Unencumbered Cash, Beginning	<u>460</u>		
Unencumbered Cash, Ending	\$ <u>375</u>		

## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

Page 8

**Special Education Fund**

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	Actual	Budget	Variance Over (Under)
Receipts:			
Federal Aid	\$ 713	0	713
Transfer from General	106,278	120,848	(14,570)
Transfer from Supplemental General	40,000	40,000	0
Reimbursements	<u>22,576</u>	<u>0</u>	<u>22,576</u>
Total Receipts	<u>169,567</u>	<u>160,848</u>	<u>8,719</u>
Expenditures:			
Instruction	166,198	251,768	(85,570)
Instructional Support Staff	228	0	228
School Administration	<u>0</u>	<u>15,000</u>	<u>(15,000)</u>
Total Expenditures	<u>166,426</u>	<u>266,768</u>	<u>(100,342)</u>
Receipts Over (Under) Expenditures	3,141		
Unencumbered Cash, Beginning	<u>105,920</u>		
Unencumbered Cash, Ending	\$ <u>109,061</u>		

## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

Page 9

**Career and Postsecondary Education Fund**

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	Actual	Budget	Variance Over (Under)
Receipts:			
Federal Aid	\$ 202	0	202
Transfer from Supplemental General	10,000	10,000	0
Other Revenue from Local Sources	<u>291</u>	<u>0</u>	<u>291</u>
Total Receipts	<u>10,493</u>	<u>10,000</u>	<u>493</u>
Expenditures:			
Instruction	<u>29,239</u>	<u>67,743</u>	<u>(38,504)</u>
Receipts Over (Under) Expenditures	(18,746)		
Unencumbered Cash, Beginning	<u>57,566</u>		
Unencumbered Cash, Ending	\$ <u>38,820</u>		

## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

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**KPERS Special Retirement Contribution Fund**

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	Actual	Budget	Variance Over (Under)
Receipts:			
State Aid	\$ 89,324	93,270	(3,946)
Expenditures:			
Instruction	50,617	50,270	347
Student Support	2,977	3,500	(523)
Instructional Support	2,977	3,500	(523)
General Administration	2,977	3,500	(523)
School Administration	13,101	12,000	1,101
Other Supplemental Services	1,489	2,500	(1,011)
Operations & Maintenance	8,933	8,000	933
Student Transportation	298	3,000	(2,702)
Food Service	5,955	7,000	(1,045)
Total Expenditures	89,324	93,270	(3,946)
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Unencumbered Cash, Ending	\$ 0		



## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

SCHEDULE 2

Page 11

**Recreation Commission Fund**

Schedule of Receipts and Expenditures-Actual and Budget

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

	Actual	Budget	Variance Over (Under)
Receipts:			
Tax in Process	\$ 552	812	(260)
Current Tax	18,768	19,210	(442)
Delinquent Tax	453	250	203
Motor Vehicle Tax	1,059	1,088	(29)
Recreational Vehicle Tax	20	14	6
Commercial Motor Vehicle	96	125	(29)
Other Revenue From Local Source	<u>0</u>	<u>2,185</u>	<u>(2,185)</u>
Total Receipts	<u>20,948</u>	<u>23,684</u>	<u>(2,736)</u>
Expenditures:			
Community Service Operations	<u>20,948</u>	<u>20,650</u>	<u>298</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

## UNIFIED SCHOOL DISTRICT NO. 269

Palco, Kansas

**Federal Funds**

SCHEDULE 2

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Schedule of Receipts and Expenditures-Actual and Budget  
 Regulatory Basis  
For the Fiscal Year Ended June 30, 2018

	<u>Title I</u>	<u>Title II Part A</u>	<u>Title IV Part A</u>	<u>Small Rural Schools</u>	<u>Totals</u>	<u>Budget*</u>	<u>Variance Over (Under)</u>
Receipts:							
Federal Aid	\$ 16,051	3,640	505	14,168	34,364	<u>30,651</u>	<u>3,713</u>
Expenditures:							
Instruction	16,051	3,640	505	10,455	30,651	30,651	0
School Administration	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>16,051</u>	<u>3,640</u>	<u>505</u>	<u>10,455</u>	<u>30,651</u>	<u>30,651</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0	0	3,713	3,713		
Unencumbered Cash, Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>3,713</u>	<u>3,713</u>		

\* Federal Funds are not required by statute to be budgeted. This statement is for informational purposes only.

**UNIFIED SCHOOL DISTRICT NO. 269**

Palco, Kansas

Any Non-budgeted Fund

Schedule of Receipts and Expenditures-Actual

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

SCHEDULE 2

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	Textbook and Student Material Revolving Fund	Contingency Reserve Fund	Gifts and Grants Fund
Receipts:			
Rental Fees and Books	\$ 2,520	0	0
Contributions/Donations	<u>0</u>	<u>0</u>	<u>8,026</u>
Total Receipts	<u>2,520</u>	<u>0</u>	<u>8,026</u>
Expenditures:			
Instruction	1,072	0	8,026
Operations and Maintenance	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>1,072</u>	<u>0</u>	<u>8,026</u>
Receipts Over (Under) Expenditures	1,448	0	0
Unencumbered Cash, Beginning	<u>18,271</u>	<u>11,417</u>	<u>3,380</u>
Unencumbered Cash, Ending	\$ <u><b>19,719</b></u>	<u><b>11,417</b></u>	<u><b>3,380</b></u>

## UNIFIED SCHOOL DISTRICT NO. 269

## SCHEDULE 3

Palco, Kansas

**Agency Funds**

Schedule of Receipts and Disbursements - Actual

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

Fund	Beginning Cash Balance	Receipts	Disburse- ments	Ending Cash Balance
Student Organization Funds:				
High School:				
FFA	\$ 6,281	6,352	6,734	5,899
Student Council	2,193	12,463	13,491	1,165
Class of 2016	967	0	0	967
Class of 2017	1,755	0	1,247	508
Class of 2018	6,331	3,435	9,489	277
Class of 2019	3,396	2,804	2,577	3,623
Class of 2020	1,307	1,631	0	2,938
Class of 2021	0	2,733	225	2,508
Yearbook	5,536	2,919	5,187	3,268
Athletic Club	2,448	0	979	1,469
PHS Cheerleaders	911	220	332	799
PHS Football Club	961	550	550	961
PHS Basketball	333	0	0	333
PHS Volleyball	316	735	734	317
PHS Science	21	0	0	21
PHS Gym	850	0	0	850
PHS Site Council	357	0	0	357
PHS Cross Country	606	0	0	606
Forensics	75	192	192	75
National Honor Society	1,681	1,388	1,458	1,611
Junior High:				
Athletic Club	2,972	0	0	2,972
Cheerleaders	57	0	0	57
Eighth Grade	2,046	474	1,260	1,260
Eighth Leadership	246	0	0	246
Elementary:				
Elementary Activities	3,331	1,993	2,657	2,667
Other Agency Funds:				
Teacher's Flower Fund	561	0	30	531
Sales Tax	(674)	2,181	2,341	(834)
Total Student Organization Funds	\$ <u>44,864</u>	<u>40,070</u>	<u>49,483</u>	<u>35,451</u>

**UNIFIED SCHOOL DISTRICT NO. 269**

SCHEDULE 4

Palco, Kansas

**District Activity Funds**

Schedule of Receipts, Expenditures and Unencumbered Cash

Regulatory Basis

For the Fiscal Year Ended June 30, 2018

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Athletics:							
High School	\$ 1,157	0	20,296	20,499	954	0	954
Junior High	<u>72</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>72</u>	<u>0</u>	<u>72</u>
 Total District Activity Funds	 \$ <u>1,229</u>	 <u>0</u>	 <u>20,296</u>	 <u>20,499</u>	 <u>1,026</u>	 <u>0</u>	 <u>1,026</u>