

**UNIFIED SCHOOL DISTRICT NO. 291
GRINNELL, KANSAS**

Financial Statement
With Independent Auditors' Report

For the Year Ended June 30, 2018

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Financial Statement With Independent Auditors' Report
For the Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Education

Unified School District No. 291 Grinnell, Kansas

Grinnell, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Unified School District No. 291 Grinnell, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from 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, the financial statement is prepared by **Unified School District No. 291 Grinnell, 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 matters 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. 291 Grinnell, 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 balance of **Unified School District No. 291 Grinnell, 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 regulatory basis receipts and disbursements – agency funds, and schedule of regulatory basis receipts, expenditures, and unencumbered cash – district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the 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.

The 2017 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2017 basic financial statement upon which we rendered an unmodified opinion dated September 18, 2017. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. Such 2017 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the

2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 comparative information is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole, on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

September 17, 2018

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the 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 Fund	\$ 59	-	1,083,318	1,083,377	-	3,773	3,773
Supplemental General Fund	10,269	-	222,340	225,000	7,609	6,549	14,158
Special Purpose Funds							
At Risk (4 Year Old) Fund	31,077	-	32,483	30,560	33,000	-	33,000
At Risk (K-12) Fund	1,092	-	28,600	29,410	282	-	282
Capital Outlay Fund	379,027	-	331,168	400,224	309,971	5,577	315,548
Food Service Fund	20,352	-	51,517	57,496	14,373	-	14,373
Professional Development Fund	5,443	-	1,693	338	6,798	-	6,798
Vocational Education Fund	-	-	2,804	2,804	-	-	-
Special Education Fund	136,662	-	187,226	176,279	147,609	-	147,609
KPERs Special Retirement Fund	-	-	79,000	79,000	-	-	-
Contingency Reserve Fund	104,368	-	56,811	-	161,179	-	161,179
REAP Grant Fund	-	-	8,500	8,500	-	-	-
Title I Low Income Fund	-	-	10,591	10,591	-	-	-
Gifts and Grants Fund	2,969	-	18,263	18,555	2,677	389	3,066
Title IIA (Reap) Fund	-	-	2,337	2,337	-	203	203
Title IVA Fund	-	-	315	315	-	-	-
District Activity Funds	18,381	-	34,006	31,652	20,735	-	20,735
Total Reporting Entity (Excluding Agency Funds) \$	<u>709,699</u>	<u>-</u>	<u>2,150,972</u>	<u>2,156,438</u>	<u>704,233</u>	<u>16,491</u>	<u>720,724</u>
Composition of Cash							
				Certificates of Deposit		\$	434,492
				Checking Accounts			287,226
				Cash on Hand			225
				Total Cash			721,943
				Agency Funds per Schedule 3			(1,219)
				Total Reporting Entity (Excluding Agency Funds)		\$	<u>720,724</u>

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statement

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 291 Grinnell, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from those estimates.

Financial Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. A related municipal entity is an entity established to benefit the District and/or its constituents. The District has no related municipal entities.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

Regulatory Basis Fund Types

General 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 tax 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 – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statement

June 30, 2018

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.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, and temporary notes are not presented in the financial statement.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the agency funds of the District for special purposes.

Reimbursements

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 KMAAG regulatory basis of accounting.

NOTE 2 – 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:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statement

June 30, 2018

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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which 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 capital project funds, trust funds, and the following special purpose funds: Contingency Reserve Fund, REAP Grant Fund, Title I Low Income Fund, Title IIA (Reap) Fund, Title IVA Fund, 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.

NOTE 3 – DEPOSITS AND INVESTMENTS

Unified School District No. 291 Grinnell, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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

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

Concentration of Credit Risk

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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statement

June 30, 2018

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 does not use "peak periods". All deposits were legally secured at June 30, 2018.

At June 30, 2018, the District's carrying amount of deposits was \$721,943 and the bank balance was \$765,314. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$684,955 was covered by federal depository insurance and \$80,359 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.

NOTE 4 – IN-SUBSTANCE RECEIPT IN TRANSIT

Unified School District No. 291 Grinnell, Kansas received \$55,905 subsequent to June 30, 2018 and as required by K.S.A. 72-6417, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2018.

NOTE 5 – 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. **Unified School District No. 291 Grinnell, Kansas'** interfund transfers and regulatory authority for the year ended June 30, 2018 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Capital Outlay Fund	K.S.A. 72-5167	\$ 36,056
General Fund	Special Education Fund	K.S.A. 72-5167	103,148
General Fund	At Risk (K-12) Fund	K.S.A. 72-5167	16,060
General Fund	Vocational Education Fund	K.S.A. 72-5167	2,804
General Fund	Contingency Reserve Fund	K.S.A. 72-5167	56,811
Supplemental General Fund	At Risk (4 Year) Old Fund	K.S.A. 72-5143	29,003
Supplemental General Fund	Food Service Fund	K.S.A. 72-5143	2,860
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	83,424
Supplemental General Fund	Professional Development Fund	K.S.A. 72-5143	1,286
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-5143	12,540

NOTE 6 – LITIGATION

Unified School District No. 291 Grinnell, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the District.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statement

June 30, 2018

NOTE 7 – RISK MANAGEMENT

Unified School District No. 291 Grinnell, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, workers compensation, data compromise, public officials, and employment liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – GRANTS AND SHARED REVENUES

Unified School District No. 291 Grinnell, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 9 – DEFERRED COMPENSATION PLAN

Unified School District No. 291 Grinnell, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

NOTE 10- SALARY REDUCTION PLAN

\$50 per month will be contributed by the District for each part-time employee to the District's Section 125 Plan. In addition, part-time employees also will receive a prorated increase up to \$350 annually to the District's Section 125 Plan. \$104.17 per month will be contributed by the District for each full-time employee to the District's Section 125 Plan. The employer contribution may be made up of non-elective contributions and/or elective contributions authorized by each participant on a salary reduction basis or taken as cash as designated by the employee. Payments to employees under this plan were \$22,148 for the year ended June 30, 2018.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

Unified School District No. 291 Grinnell, Kansas 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, 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

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statement

June 30, 2018

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 at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

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

The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2017, received as of June 30th was \$304,596,361. Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulates that repayments of the reduced contributions are to be amortized over 20 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 \$79,000 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 \$1,138,193. 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 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 publicly available on the website at www.kpers.org or can be obtained as described above.

NOTE 12 – COMPENSATED ABSENCES

Sick Leave

All full-time employees are entitled to 10 days of sick leave per year. Any unused sick leave shall be allowed to accumulate to a total of 75 days, which can be carried forward to the new contract year. Any teacher who has taught in the school district for at least 5 years and resigns prior to May 1 of the current

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Notes to Financial Statement

June 30, 2018

school year will be entitled to receive \$35 per day for each day of accumulated sick leave with a maximum of \$2,625. Teachers with less than 5 years that resign prior to May 1 of the current school year will be entitled to receive \$17.50 per day of accumulated sick leave.

Any full-time classified staff that has worked for the District at least 5 years and gives at least a 4 week notice of resignation will be entitled to receive \$35 per day for each day of accumulated sick leave with a maximum of \$2,625. Any full-time staff member with less than 5 years that gives 4 weeks notice of resignation will be entitled to payment of \$17.50 per day of accumulated sick leave. The potential liability for sick leave at June 30, 2018 was \$11,012. This is not reflected in the financial statement.

Personal Leave

Each full-time employee shall be entitled to two days of personal leave. If the two days are not used, the employee will be allowed to carry over one day to the following year, making a total of not more than three days available in one year. Any unused personal leave will be forfeited upon termination.

At the end of the school term, employees may apply to have the District buy up to two days of unused personal leave at \$30 per day. The potential liability for personal leave at June 30, 2018 was \$325. This is not reflected in the financial statement.

Compensatory Time

Classified personnel may elect to earn compensatory time for work over 40 hours in a work week at a rate of not less than 1.5 hours for each hour worked over 40 hours in lieu of overtime. At the end of each contract year, unused compensatory time will be paid at the employee's current hourly rate of pay. There was no unused compensatory time at year end.

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Regulatory-Required Supplementary Information

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Summary of Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2018

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds						
General Funds						
General Fund	\$ 947,419	(29,244)	165,202	1,083,377	1,083,377	-
Supplemental General Fund	225,000	-	-	225,000	225,000	-
Special Purpose Funds						
At Risk (4 Year Old) Fund	46,076	-	-	46,076	30,560	(15,516)
At Risk (K-12) Fund	54,626	-	-	54,626	29,410	(25,216)
Capital Outlay Fund	655,822	-	-	655,822	400,224	(255,598)
Food Service Fund	83,092	-	-	83,092	57,496	(25,596)
Professional Development Fund	5,943	-	-	5,943	338	(5,605)
Vocational Education Fund	8,012	-	-	8,012	2,804	(5,208)
Special Education Fund	265,425	-	-	265,425	176,279	(89,146)
KPERs Special Retirement Fund	85,272	-	-	85,272	79,000	(6,272)
Gifts and Grants Fund	32,969	-	-	32,969	18,555	(14,414)

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended June 30, 2018

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental Revenues				
Mineral Severance Tax	\$ 3,001	4,556	4,000	556
Grants/Reimbursements	133,174	165,202	-	165,202
State Aid	786,273	810,412	832,097	(21,685)
State Aid - Special Education Aid	95,527	103,148	111,263	(8,115)
KPERs Aid	55,733	-	-	-
Interest	2,636	-	-	-
Total Receipts	1,076,344	1,083,318	947,360	135,958
Expenditures				
Instruction	581,492	611,129	525,669	85,460
Student Support Services	6,137	6,108	6,175	(67)
Instructional Support Services	-	1,292	19,100	(17,808)
General Administration	83,009	52,169	61,050	(8,881)
School Administration	58,429	62,728	60,225	2,503
Operations and Maintenance	39,784	38,270	39,021	(751)
Transportation	31,802	32,124	34,320	(2,196)
Other Support Services	41,596	64,678	35,050	29,628
Transfers Out	234,098	214,879	166,809	48,070
Adjustment to Comply With Legal Max	-	-	(29,244)	29,244
Legal General Fund Budget	1,076,347	1,083,377	918,175	165,202
(a) Adjustment for Qualifying Budget Credits	-	-	165,202	(165,202)
Total Expenditures	1,076,347	1,083,377	1,083,377	-
Receipts Over (Under) Expenditures	(3)	(59)		
Unencumbered Cash - Beginning	62	59		
Unencumbered Cash - Ending	\$ 59	-		
(a) Adjustment for Qualifying Budget Credits				
Grants/Reimbursements Over Amount Budgeted			\$ 165,202	

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2018
(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 211,815	208,772	203,849	4,923
Delinquent Tax	532	1,629	-	1,629
Motor Vehicle Tax	10,522	11,821	10,762	1,059
Recreational Vehicle Tax	139	118	119	(1)
Total Receipts	<u>223,008</u>	<u>222,340</u>	<u>214,730</u>	<u>7,610</u>
Expenditures				
Instruction	20,144	17,567	77,500	(59,933)
General Administration	24,212	18,346	28,000	(9,654)
Operations and Maintenance	43,765	45,188	50,000	(4,812)
Transportation	12,633	14,786	17,500	(2,714)
Transfers Out	119,266	129,113	52,000	77,113
Total Expenditures	<u>220,020</u>	<u>225,000</u>	<u>225,000</u>	<u>-</u>
Receipts Over (Under) Expenditures	2,988	(2,660)		
Unencumbered Cash - Beginning	<u>7,281</u>	<u>10,269</u>		
Unencumbered Cash - Ending	<u>\$ 10,269</u>	<u>7,609</u>		

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
At Risk (4 Year Old) Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended June 30, 2018

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Federal Aid	\$ -	3,480	-	3,480
Transfers In	29,791	29,003	15,000	14,003
Total Receipts	29,791	32,483	15,000	17,483
Expenditures				
Instruction	19,563	30,560	46,076	(15,516)
Receipts Over (Under) Expenditures	10,228	1,923		
Unencumbered Cash - Beginning	20,849	31,077		
Unencumbered Cash - Ending	\$ 31,077	33,000		

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
At Risk (K-12) Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended June 30, 2018

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfers In	\$ 49,600	28,600	53,534	(24,934)
Expenditures				
Instruction	50,285	29,410	54,626	(25,216)
Receipts Over (Under) Expenditures	(685)	(810)		
Unencumbered Cash - Beginning	1,777	1,092		
Unencumbered Cash - Ending	\$ 1,092	282		

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Capital Outlay Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended June 30, 2018

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 89,280	95,193	93,141	2,052
Delinquent Tax	212	769	-	769
Motor Vehicle Tax	6,070	7,009	4,809	2,200
Recreational Vehicle Tax	73	67	54	13
Transfers In	28,135	36,056	-	36,056
Other Local Revenue	203	192,074	178,791	13,283
Total Receipts	<u>123,973</u>	<u>331,168</u>	<u>276,795</u>	<u>54,373</u>
Expenditures				
Instruction	17,015	51,095	135,562	(84,467)
Operations and Maintenance	87,078	72,407	351,500	(279,093)
Transportation	-	50,268	88,760	(38,492)
Facility Acquisition and Construcion	-	226,454	80,000	146,454
Total Expenditures	<u>104,093</u>	<u>400,224</u>	<u>655,822</u>	<u>(255,598)</u>
Receipts Over (Under) Expenditures	19,880	(69,056)		
Unencumbered Cash - Beginning	<u>359,147</u>	<u>379,027</u>		
Unencumbered Cash - Ending	<u>\$ 379,027</u>	<u>309,971</u>		

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Food Service Fund

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended June 30, 2018

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Intergovernmental Revenues				
State Aid	\$ 562	570	470	100
Federal Aid	26,082	23,899	26,080	(2,181)
Services	19,883	21,499	19,941	1,558
Interest	-	2,689	2,750	(61)
Transfers In	13,996	2,860	13,500	(10,640)
Total Receipts	60,523	51,517	62,741	(11,224)
Expenditures				
Operations and Maintenance	1,033	420	6,750	(6,330)
Food Service Operation	60,126	57,076	76,342	(19,266)
Total Expenditures	61,159	57,496	83,092	(25,596)
Receipts Over (Under) Expenditures	(636)	(5,979)		
Unencumbered Cash - Beginning	20,988	20,352		
Unencumbered Cash - Ending	\$ 20,352	14,373		

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Professional Development Fund

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

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid	\$ -	407	500	(93)
Transfers In	-	1,286	-	1,286
Total Receipts	-	1,693	<u>500</u>	<u>1,193</u>
Expenditures				
Instructional Support Services	233	338	<u>5,943</u>	<u>(5,605)</u>
Receipts Over (Under) Expenditures	(233)	1,355		
Unencumbered Cash - Beginning	<u>5,676</u>	<u>5,443</u>		
Unencumbered Cash - Ending	\$ <u>5,443</u>	<u>6,798</u>		

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Vocational Education Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended June 30, 2018

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Transfers In	\$ 3,467	2,804	<u>8,012</u>	<u>(5,208)</u>
Expenditures				
Instruction	<u>3,467</u>	<u>2,804</u>	<u>8,012</u>	<u>(5,208)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash - Ending	<u>\$ -</u>	<u>-</u>		

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Special Education Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended June 30, 2018

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Federal Aid	\$ -	654	-	654
Transfers In	172,642	186,572	128,763	57,809
Total Receipts	172,642	187,226	128,763	58,463
Expenditures				
Instruction	158,420	176,279	265,425	(89,146)
Receipts Over (Under) Expenditures	14,222	10,947		
Unencumbered Cash - Beginning	122,440	136,662		
Unencumbered Cash - Ending	\$ 136,662	147,609		

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
KPERS Special Retirement Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended June 30, 2018

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid	\$ -	79,000	85,272	(6,272)
Transfers In	55,733	-	-	-
Total Receipts	55,733	79,000	85,272	(6,272)
Expenditures				
Instruction	39,385	55,828	61,700	(5,872)
General Administration	4,386	6,217	5,000	1,217
School Administration	3,429	4,861	5,298	(437)
Other Supplemental Services	2,552	3,617	3,943	(326)
Operations and Maintenance	2,871	4,069	4,479	(410)
Food Service Operation	3,110	4,408	4,852	(444)
Total Expenditures	55,733	79,000	85,272	(6,272)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Contingency Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Transfer In	\$ -	56,811
Expenditures	-	-
Receipts Over (Under) Expenditures	-	56,811
Unencumbered Cash - Beginning	104,368	104,368
Unencumbered Cash - Ending	\$ 104,368	161,179

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
REAP Grant Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 20,713	8,500
Expenditures		
Instruction	20,713	8,500
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Title I Low Income Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 11,768	10,591
Expenditures		
Instruction	11,768	10,591
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Gifts and Grants Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended June 30, 2018

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Donations	\$ 6,049	3,859	30,000	(26,141)
Grants	10,000	14,404	-	14,404
Total Receipts	16,049	18,263	<u>30,000</u>	<u>(11,737)</u>
Expenditures				
Instruction	16,035	18,555	<u>32,969</u>	<u>(14,414)</u>
Receipts Over (Under) Expenditures	14	(292)		
Unencumbered Cash - Beginning	<u>2,955</u>	<u>2,969</u>		
Unencumbered Cash - Ending	\$ <u>2,969</u>	<u>2,677</u>		

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Title IIA (Reap) Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 3,437	2,337
Expenditures		
Instruction	3,437	2,337
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
Title IVA Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental Revenue		
Federal Aid	\$ -	315
Expenditures		
Instruction	-	315
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS

Agency Funds

Summary of Receipts and Disbursements

Regulatory Basis

For the Year Ended June 30, 2018

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Student Organizations				
JH Cheerleaders	\$ 371	447	609	209
JH Student Council	914	-	633	281
Total Student Organizations	1,285	447	1,242	490
Non-Student Organizations				
Flower Fund	145	20	-	165
Greenhouse Fund	446	327	227	546
Board Flower Fund	18	-	-	18
Total Non-Student Organizations	609	347	227	729
Total	\$ 1,894	794	1,469	1,219

UNIFIED SCHOOL DISTRICT NO. 291 GRINNELL, KANSAS
District Activity Funds

Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis

For the Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Middle School							
Athletics	\$ 9,005	-	8,225	9,539	7,691	-	7,691
Concessions	4,205	-	12,860	11,666	5,399	-	5,399
Total Middle school	13,210	-	21,085	21,205	13,090	-	13,090
School Projects							
Annual	300	-	375	26	649	-	649
Accelerated Reader	223	-	5,751	4,578	1,396	-	1,396
Grade School	4,648	-	6,795	5,843	5,600	-	5,600
Total School Projects	5,171	-	12,921	10,447	7,645	-	7,645
Total District Activity Funds	\$ 18,381	-	34,006	31,652	20,735	-	20,735