

**UNIFIED SCHOOL DISTRICT NO. 253**

**Emporia, Kansas**

**Financial Statements**

**For the Year Ended June 30, 2018**

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UNIFIED SCHOOL DISTRICT NO. 253  
Emporia, Kansas  
Financial Statements  
For the Year Ended June 30, 2018

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Unified School District No. 253  
Emporia, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 253, Emporia, Kansas, (the District), as of and for the year ended June 30, 2018 and the related notes to the financial statement.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require 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 the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2018, or changes in financial position and cash flows thereof for the year then ended.

#### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

#### *Other Matters - Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the 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 the 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*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. 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.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Mike Houser: Company PA*

Certified Public Accountants

October 2, 2018  
Lawrence, KS

UNIFIED SCHOOL DISTRICT NO. 253  
Summary Statement of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2018

<u>Funds</u>	Beginning Unencumbered Cash <u>Balance</u>	Prior Year Cancelled Encumbrances	<u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered Cash <u>Balance</u>	Add Outstanding Encumbrances and Accounts Payable	Ending Cash <u>Balance</u>
General Funds:							
General	\$ -	\$ -	\$ 29,833,150	\$ 29,833,150	\$ -	\$ 113,732	\$ 113,732
Supplemental General	321,851	-	9,687,861	9,825,909	183,803	42,519	226,322
Special Purpose Funds:							
Adult Education	-	-	102,212	102,212	-	-	-
Bilingual Education	100,000	-	1,308,941	1,408,941	-	-	-
At Risk (K-12)	100,000	-	4,852,685	4,952,685	-	9,726	9,726
At Risk (4 Yr Old)	100,000	-	380,054	480,054	-	37	37
Capital Outlay	4,065,160	-	3,001,490	3,539,270	3,527,380	1,071,265	4,598,645
Driver Training	-	-	22,132	22,132	-	-	-
Extraordinary School Program	230,000	-	187,580	191,480	226,100	-	226,100
Food Service	163,270	-	2,597,313	2,696,813	63,770	11,436	75,206
Professional Development	347,113	-	72,156	137,045	282,224	17,148	299,372
Summer School	87,181	-	-	5,404	81,777	-	81,777
Special Education	1,174,608	-	6,092,382	5,927,102	1,339,888	-	1,339,888
Career and Postsecondary Education	160,000	-	533,810	693,810	-	9,502	9,502
KPERS Special Retirement Contribution	-	-	4,312,110	4,312,110	-	-	-
Virtual Education	21,605	-	-	6,524	15,081	-	15,081
Flint Hills Special Education Cooperative	57,065	-	10,723,899	10,780,180	784	2,363	3,147
Contingency Reserve	1,937,867	-	-	-	1,937,867	-	1,937,867
Textbook Rental	298,439	-	87	17,931	280,595	-	280,595
Grants	144,736	48	1,368,678	1,557,840	[44,378]	84,607	40,229
District Activity	72,688	-	290,655	294,305	69,038	-	69,038
Bond and Interest Fund:							
Bond and Interest	4,178,197	-	3,759,744	3,186,144	4,751,797	-	4,751,797
Trust Funds:							
Gifts and Grants	80,406	-	23,911	10,244	94,073	120	94,193
Other	32,870	-	4,592	2,505	34,957	-	34,957
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 13,673,056</u>	<u>\$ 48</u>	<u>\$ 79,155,442</u>	<u>\$ 79,983,790</u>	<u>\$ 12,844,756</u>	<u>\$ 1,362,455</u>	<u>\$ 14,207,211</u>

Composition of Cash:

Lyon County State Bank	Checking	88,200
	Petty Cash	6,500
	Total Lyon County State Bank	<u>94,700</u>
Emporia State Federal Credit Union	Checking	4,138
	Savings	9,607
	Total Emporia State Federal Credit Union	<u>13,745</u>
Emporia State Bank and Trust	Checking	1,286,388
	Savings	15,057
	Total Emporia State Bank and Trust	<u>1,301,445</u>
Kansas Municipal Investment Pool	Investment Pool	<u>12,925,441</u>
	Total Kansas Municipal Investment Pool	<u>12,925,441</u>
Bank of Oklahoma	Early Retirement Deferred Benefit Account	<u>6,910,378</u>
	Total Bank of Oklahoma	<u>6,910,378</u>
	Total Cash	21,245,709
	Less Agency Funds per Schedule 3	<u>[7,038,498]</u>
	Total Reporting Entity (Excluding Agency Funds)	<u>\$ 14,207,211</u>

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

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

NOTE 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 253 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District had no related municipal entities.

The Emporia Recreation Commission (the Commission) was established as a jointly governed organization between the City of Emporia, Kansas and Unified School District No. 253, Emporia, Kansas. The governing board consists of two members from the Emporia City Commission, two members from the Unified School District No. 253 Board of Education, two members appointed by the Emporia City Commission, two members appointed by the Unified School District No. 253 Board of Education and one at large board member appointed by the other eight appointed members of the Recreation Commission Board.

The Commission utilizes the tax authority and tax base of the Unified School District No. 253, Emporia, Kansas to levy ad valorem taxes to help fund its general fund and employee benefit fund budgets. The City of Emporia, Kansas has issued general obligation bonds, the proceeds of which were used to construct a portion of the facility used by the Commission.

Reimbursed Expenses

Expenditures in the amount of \$202,227 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

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

The municipality 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 municipality to use the regulatory basis of accounting.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the District for the 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.



UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

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

Trust Fund - used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Fund - used to report assets held by a municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, student organization funds, etc.).

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), principal 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 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget for the year ended June 30, 2018 was amended for the Driver Training Fund and the Food Service Fund.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for 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, agency funds, and the following special purpose funds: Contingency Reserve, Textbook Rental, and District Activity.

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.

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

NOTE 2 - Deposits and Investments

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

*Investments.* 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.

Some of the District's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, and various other investments as specified in K.S.A. 10-131.

As of June 30, 2018, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity</u>	<u>Rating</u>
		<u>Less than 1 year</u>	
Kansas Municipal Investment Pool	\$ 12,925,441	\$ 12,925,441	S&P AAA/S1+
Total fair value	<u>\$ 12,925,441</u>	<u>\$ 12,925,441</u>	

*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. The District's allocation of investments as of June 30, 2018, is as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
Kansas Municipal Investment Pool	100%

*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 no designated "peak periods". All deposits were legally secured at June 30, 2018.

At June 30, 2018, District's carrying amount of deposits was \$1,409,890 and the bank balance was \$4,398,218. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$365,398 was covered by federal depository insurance and the balance of \$4,032,820 was collateralized with securities held by the pledging financial institutions' agents in the District's name. Additionally, at June 30, 2018, the Bank of Oklahoma held as agent for the District a deposit of \$6,910,378 in an early retirement deferred benefit account.

*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.

At June 30, 2018, the District had invested \$12,925,441 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

NOTE 3 - Substance Receipt in Transit

The District received \$2,418,423 subsequent to June 30, 2018 and as required by K.S.A. 72-6466 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2018.

NOTE 4 - Long-Term Debt

Following is a detailed listing of the District's long-term liabilities at June 30, 2018:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance June 30, 2018</u>
Paid for by revenues:					
General Obligation Bonds					
2007 Refunding	5/1/2007	9/1/2018	5.50%	\$ 9,355,000	\$ 760,000
2010 Refunding	9/15/2010	9/1/2021	2.00 - 3.25%	14,890,000	5,170,000
2017 Refunding	6/7/2017	9/1/2021	3.00%	4,150,000	4,150,000
Certificates of Participation					
Series 2009 QSCB	10/29/2009	9/1/2025	2.23%	6,840,000	<u>6,840,000</u>
Total					<u>\$ 16,920,000</u>

Current maturities of general obligation bonds and interest for the next five years and in five year increments through maturity are as follows:

<u>Year ended June 30,</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2019	\$ 2,895,000	\$ 307,781	\$ 3,202,781
2020	2,915,000	188,525	3,103,525
2021	2,945,000	116,875	3,061,875
2022	<u>1,325,000</u>	<u>38,719</u>	<u>1,363,719</u>
Total	<u>\$ 10,080,000</u>	<u>\$ 651,900</u>	<u>\$ 10,731,900</u>

Following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid</u>
Paid for by revenues:					
General Obligation Bonds:					
2007 Refunding	\$ 1,470,000	\$ -	\$ 710,000	\$ 760,000	\$ 146,219
2010 Refunding	7,200,000	-	2,030,000	5,170,000	208,625
2017 Refunding	4,150,000	-	-	4,150,000	91,300
Certificates of Participation					
Series 2009 QSCB	<u>6,840,000</u>	<u>-</u>	<u>-</u>	<u>6,840,000</u>	<u>152,532</u>
Total	<u>\$ 19,660,000</u>	<u>\$ -</u>	<u>\$ 2,740,000</u>	<u>\$ 16,920,000</u>	<u>\$ 598,676</u>

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

NOTE 4 - Long-Term Debt (Continued)

*General Obligation Bonds.* The District issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities.

General Obligation Bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued with equal amounts of principal maturing each year.

*Certificates of Participation.* The Series 2009 QSCB Certificates of Participation (COPS) are payable in full on September 1, 2025 in the amount of \$6,840,000, with interest payable annually to that date of \$152,532. The District is required to make annual sinking fund deposits annually through September 1, 2025 of amounts necessary to satisfy the minimum required accumulated balance under the Lease and Declaration of Trust. The District's annual deposits will consist of (1) the District's expected annual cash deposit in the base amount of \$325,371 (the "Base Cash Deposit") plus (2) the estimated investment earnings on the accumulated balance (the "Investment Earnings"). In the event the District's Base Cash Deposit plus Investment Earnings is insufficient to meet the required accumulated balance on a given September 1<sup>st</sup>, the District is required to make up the difference with an additional cash deposit to the sinking fund. In the event the accumulated balance exceeds the required accumulated balance on a given September 1<sup>st</sup> the excess will be withdrawn from the sinking fund. During the year ended June 30, 2018 the District was required to make the annual base deposit, as well as an additional payment of \$393,192 in order to meet the required accumulated balance.

The District is subject to Kansas statutes and may issue general obligation bonds for capital improvements upon the approval of a majority of the voters. Remaining debt service requirements for general obligation bonds will be repaid from the Bond and Interest Fund with future tax assessments. Such general obligation indebtedness may not exceed the amount allowed for the District under K.S.A. 72-6761.

The District's statutory limit for such bonded indebtedness is approximately \$25 million at June 30, 2018. The District has received authorization from the State of Kansas to exceed this limit.

NOTE 5 - Capital Leases

The District has entered into lease agreements as lessee for financing the acquisition of equipment.

During the year ended June 30, 2018, the following changes occurred in capital leases:

	Beginning Principal Outstanding	Additions to Principal	Reductions of Principal	Ending Principal Outstanding	Interest Paid
Capital Leases					
Computers	\$ -	\$ 1,156,050	\$ 578,025	\$ 578,025	\$ -

Annual debt service requirements to maturity for capital leases are as follows:

<u>Year ended June 30,</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2019	\$ 578,025	\$ -	\$ 578,025

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

NOTE 6 - Compensated Absences

The District's policy is to recognize the costs of compensated absences when actually paid.

The District's policies regarding professional leaves and absences permit employees to accumulate a maximum of 9 to 108 days of chargeable leave depending on the number of days worked per year. Policies require the cancellation of accumulated leave pay on the date of employment termination if the employee has less than ten years of service.

Classified personnel retiring or resigning from the District with ten years or more of service in the District will be compensated for unused accumulated leave at the rate of \$15 per day up to a maximum of 90 days.

Certified personnel retiring from the District with ten years or more of service in the District will be compensated for unused accumulated leave at the rate of .4 times the current substitute rate per day up to a maximum of 90 days.

Twelve-month administrative personnel may accumulate a maximum of 40 days vacation leave and classified personnel may accumulate a maximum of 30 days vacation leave depending upon the years of service. Policies permit payment of vacation pay upon termination of employment if sufficient notice of termination is given. The cost of accumulated unpaid vacation was \$444,320.

NOTE 7 - 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 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 ended June 30, 2017, received as of June 30<sup>th</sup> was \$304,596,361. Per 2017 Senate Substitution 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 per year.

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

NOTE 7 - Defined Benefit Pension Plan (Continued)

*Contributions (Continued).* 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 \$4,312,110 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 \$49,968,630. 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](http://www.kpers.org) or can be obtained as described above.

NOTE 8 - Flexible Benefit Plan

The Board adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All non-certified employees of the District who work a minimum of 20 hours per week and all certified employees with a .5 full-time equivalency are eligible to participate in the Plan. Each participant may elect to reduce his or her salary by an elected amount per month to purchase benefits offered through the Plan.

In addition, on average, the District contributes \$402 per month for both certified and classified employees working greater than 30 hours per month to the fringe benefit package for employees electing to participate. Alternatively, employees may elect to enroll in a low premium high deductible option where the District also contributes \$402 per month. Currently, benefits offered through the Plan include health insurance coverage.

NOTE 9 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past fiscal years.

NOTE 10 - Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material negative effect on the financial statements of the District at June 30, 2018.

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

NOTE 11 - Interfund Transactions

Transfers were as follows:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
General	At Risk (K-12)	K.S.A. 72-6478	\$ 4,852,685
General	At Risk (4 Yr Old)	K.S.A. 72-6478	380,054
General	Bilingual Education	K.S.A. 72-6478	1,308,941
General	Professional Development	K.S.A. 72-6478	50,000
General	Special Education	K.S.A. 72-6478	4,908,091
General	Career and Postsecondary Education	K.S.A. 72-6478	421,927
General	Driver Training	K.S.A. 72-6478	3,932
General	Extraordinary School Program	K.S.A. 72-6478	186,000
General	Food Service	K.S.A. 72-6478	100,000
Supplemental General	Special Education	K.S.A. 72-6478	1,160,525
Total			<u>\$ 13,372,155</u>

NOTE 12 - Termination Benefits

The District has obligations to make payments as follows to employees who retired early:

<u>Year</u>	<u>Amount</u>
2018-19	\$ 644,721
2019-20	416,844
2020-21	303,109
2021-22	143,192
2022-23	<u>71,364</u>
	<u>\$ 1,579,230</u>

The total payment made to early retirees in the fiscal year ended June 30, 2018, was \$578,767.

NOTE 13 - Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

## SCHEDULE 1

UNIFIED SCHOOL DISTRICT NO. 253  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2018

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Positive [Negative]</u>
General Funds:						
General	\$ 30,169,379	\$ [538,456]	\$ 202,227	\$ 29,833,150	\$ 29,833,150	\$ -
Supplemental General	9,997,949	[172,040]	-	9,825,909	9,825,909	-
Special Purpose Funds:						
Adult Education	139,184	-	-	139,184	102,212	36,972
Bilingual Education	1,450,700	-	-	1,450,700	1,408,941	41,759
At-Risk (K-12)	5,157,174	-	-	5,157,174	4,952,685	204,489
At-Risk (4 Yr Old)	572,970	-	-	572,970	480,054	92,916
Capital Outlay	6,282,846	-	-	6,282,846	3,539,270	2,743,576
Driver Training	25,000	-	-	25,000	22,132	2,868
Extraordinary School Program	253,160	-	-	253,160	191,480	61,680
Food Service	2,911,641	-	-	2,911,641	2,696,813	214,828
Professional Development	377,809	-	-	377,809	137,045	240,764
Summer School	87,181	-	-	87,181	5,404	81,777
Special Education	5,947,035	-	-	5,947,035	5,927,102	19,933
Career and Postsecondary Education	718,685	-	-	718,685	693,810	24,875
KPERs Special Retirement Contribution	4,424,093	-	-	4,424,093	4,312,110	111,983
Virtual Education	21,605	-	-	21,605	6,524	15,081
Flint Hills Special Education Cooperative	10,900,000	-	-	10,900,000	10,780,180	119,820
Grants	1,564,429	-	-	1,564,429	1,557,840	6,589
Bond and Interest Fund:						
Bond and Interest	3,186,144	-	-	3,186,144	3,186,144	-

See independent auditor's report on the financial statements.



UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
General Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
State aid	\$ 29,630,923	\$ 30,169,379	\$ [538,456]
Reimbursed expenses	<u>202,227</u>	<u>-</u>	<u>202,227</u>
Total Receipts	<u>29,833,150</u>	<u>\$ 30,169,379</u>	<u>\$ [336,229]</u>
Expenditures			
Instruction	9,192,907	\$ 10,166,855	\$ 973,948
Student support services	16,201	17,914	1,713
Instructional support staff	886,071	763,457	[122,614]
General administration	705,191	709,594	4,403
School administration	2,040,483	2,090,276	49,793
Operations and maintenance	3,126,318	3,491,042	364,724
Other supplemental service	328,317	334,557	6,240
Student transportation	1,326,032	1,235,568	[90,464]
Transfers out	12,211,630	11,360,116	[851,514]
Adjustment to comply with legal max budget	-	[538,456]	[538,456]
Adjustment for qualifying budget credits:			
Reimbursed expenses	<u>-</u>	<u>202,227</u>	<u>202,227</u>
Total Expenditures	<u>29,833,150</u>	<u>\$ 29,833,150</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Supplemental General Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes and Shared Revenues:			
Ad valorem property taxes			
Current taxes	\$ 2,963,225	\$ 2,800,429	\$ 162,796
Delinquent taxes	69,346	41,892	27,454
Motor vehicle tax	346,419	326,340	20,079
Recreational vehicle tax	4,334	4,050	284
Commercial vehicle tax	-	13,850	[13,850]
State aid	6,304,537	6,304,537	-
Transfers in	-	185,000	[185,000]
Total Receipts	<u>9,687,861</u>	<u>\$ 9,676,098</u>	<u>\$ 11,763</u>
Expenditures			
Instruction	3,934,982	\$ 4,240,980	\$ 305,998
Student support services	1,178,644	1,157,049	[21,595]
Instructional support services	1,260,232	1,449,083	188,851
General administration	141,426	161,000	19,574
School administration	499,826	579,242	79,416
Operations and maintenance	901,013	907,342	6,329
Other supplemental service	749,261	723,253	[26,008]
Transfers out	1,160,525	780,000	[380,525]
Adjustment to comply with legal max budget	-	[172,040]	[172,040]
Total Expenditures	<u>9,825,909</u>	<u>\$ 9,825,909</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[138,048]		
Unencumbered Cash, Beginning	<u>321,851</u>		
Unencumbered Cash, Ending	<u>\$ 183,803</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Adult Education Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes and Shared Revenues:			
Ad valorem property taxes			
Current taxes	\$ 89,702	\$ 87,483	\$ 2,219
Delinquent taxes	1,890	1,338	552
Motor vehicle tax	10,489	9,824	665
Recreational vehicle tax	131	122	9
Commercial vehicle tax	-	417	[417]
Transfers in	-	40,000	[40,000]
Total Receipts	<u>102,212</u>	<u>\$ 139,184</u>	<u>\$ [36,972]</u>
Expenditures			
Instruction	<u>102,212</u>	<u>\$ 139,184</u>	<u>\$ 36,972</u>
Total Expenditures	<u>102,212</u>	<u>\$ 139,184</u>	<u>\$ 36,972</u>
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Bilingual Education Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Transfers in	\$ 1,308,941	\$ 1,350,700	\$ [41,759]
Total Receipts	<u>1,308,941</u>	<u>\$ 1,350,700</u>	<u>\$ [41,759]</u>
Expenditures			
Instruction	<u>1,408,941</u>	\$ 1,450,700	\$ 41,759
Total Expenditures	<u>1,408,941</u>	<u>\$ 1,450,700</u>	<u>\$ 41,759</u>
Receipts Over [Under] Expenditures	[100,000]		
Unencumbered Cash, Beginning	<u>100,000</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
At Risk (K-12) Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Transfers in	\$ 4,852,685	\$ 5,057,174	\$ [204,489]
Total Receipts	<u>4,852,685</u>	<u>\$ 5,057,174</u>	<u>\$ [204,489]</u>
Expenditures			
Instruction	4,534,273	\$ 4,835,612	\$ 301,339
Student support services	86,456	51,612	[34,844]
Instructional support	295,022	234,000	[61,022]
School administration	36,934	35,950	[984]
Total Expenditures	<u>4,952,685</u>	<u>\$ 5,157,174</u>	<u>\$ 204,489</u>
Receipts Over [Under] Expenditures	[100,000]		
Unencumbered Cash, Beginning	<u>100,000</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
At Risk (4 Yr Old) Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Transfers in	\$ 380,054	\$ 472,970	\$ [92,916]
Total Receipts	<u>380,054</u>	<u>\$ 472,970</u>	<u>\$ [92,916]</u>
Expenditures			
Instruction	365,746	\$ 414,820	\$ 49,074
School administration	150	-	[150]
Student transportation	<u>114,158</u>	<u>158,150</u>	<u>43,992</u>
Total Expenditures	<u>480,054</u>	<u>\$ 572,970</u>	<u>\$ 92,916</u>
Receipts Over [Under] Expenditures	[100,000]		
Unencumbered Cash, Beginning	<u>100,000</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Capital Outlay Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes and Shared Revenues:			
Ad valorem property taxes			
Current taxes	\$ 1,434,375	\$ 1,398,435	\$ 35,940
Delinquent taxes	23,391	21,386	2,005
Motor vehicle tax	167,791	156,922	10,869
Recreational vehicle tax	2,099	1,948	151
Commercial vehicle tax	-	6,660	[6,660]
State aid	877,673	888,783	[11,110]
Miscellaneous	321,140	-	321,140
Investment income	175,021	25,000	150,021
Total Receipts	<u>3,001,490</u>	<u>\$ 2,499,134</u>	<u>\$ 502,356</u>
Expenditures			
Instruction	657,563	\$ 2,100,000	\$ 1,442,437
Student support services	12,251	50,000	37,749
Instructional support staff	369,381	100,000	[269,381]
General administration	-	100,000	100,000
School administration	-	50,000	50,000
Other supplemental service	-	50,000	50,000
Operations and maintenance	280,938	100,000	[180,938]
Student transportation	313,693	250,000	[63,693]
Debt service	548,974	545,000	[3,974]
Facility acquisition and construction	<u>1,356,470</u>	<u>2,937,846</u>	<u>1,581,376</u>
Total Expenditures	<u>3,539,270</u>	<u>\$ 6,282,846</u>	<u>\$ 2,743,576</u>
Receipts Over [Under] Expenditures	[537,780]		
Unencumbered Cash, Beginning	<u>4,065,160</u>		
Unencumbered Cash, Ending	<u>\$ 3,527,380</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Driver Training Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges for services	\$ 18,200	\$ 25,000	\$ [6,800]
Transfers in	<u>3,932</u>	<u>-</u>	<u>3,932</u>
Total Receipts	<u>22,132</u>	<u>\$ 25,000</u>	<u>\$ [2,868]</u>
Expenditures			
Instruction	21,940	\$ 21,400	\$ [540]
Operations and maintenance	<u>192</u>	<u>3,600</u>	<u>3,408</u>
Total Expenditures	<u>22,132</u>	<u>\$ 25,000</u>	<u>\$ 2,868</u>
Receipts Over [Under] Expenditures	\$ -		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		



UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Extraordinary School Program Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Miscellaneous	\$ 1,580	\$ -	\$ 1,580
Transfers in	<u>186,000</u>	<u>23,160</u>	<u>162,840</u>
Total Receipts	<u>187,580</u>	<u>\$ 23,160</u>	<u>\$ 164,420</u>
Expenditures			
Instruction	2,982	\$ 3,160	\$ 178
Student support services	<u>188,498</u>	<u>250,000</u>	<u>61,502</u>
Total Expenditures	<u>191,480</u>	<u>\$ 253,160</u>	<u>\$ 61,680</u>
Receipts Over [Under] Expenditures	[3,900]		
Unencumbered Cash, Beginning	<u>230,000</u>		
Unencumbered Cash, Ending	<u>\$ 226,100</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Food Service Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Federal aid	\$ 1,844,417	\$ 1,813,676	\$ 30,741
State aid	22,869	21,580	1,289
Charges for services	628,119	911,615	[283,496]
Investment income	1,908	1,500	408
Tranfers in	100,000	-	100,000
Total Receipts	<u>2,597,313</u>	<u>\$ 2,748,371</u>	<u>\$ [151,058]</u>
Expenditures			
Food service operation	2,595,101	\$ 2,817,564	\$ 222,463
Operations and maintenance	101,712	94,077	[7,635]
Total Expenditures	<u>2,696,813</u>	<u>\$ 2,911,641</u>	<u>\$ 214,828</u>
Receipts Over [Under] Expenditures	[99,500]		
Unencumbered Cash, Beginning	<u>163,270</u>		
Unencumbered Cash, Ending	<u>\$ 63,770</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Professional Development Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
State aid	\$ 22,156	\$ 30,696	\$ [8,540]
Transfers in	50,000	-	50,000
Total Receipts	<u>72,156</u>	<u>\$ 30,696</u>	<u>\$ 41,460</u>
Expenditures			
Instructional support	137,045	\$ 377,809	\$ 240,764
Total Expenditures	<u>137,045</u>	<u>\$ 377,809</u>	<u>\$ 240,764</u>
Receipts Over [Under] Expenditures	[64,889]		
Unencumbered Cash, Beginning	<u>347,113</u>		
Unencumbered Cash, Ending	<u><u>\$ 282,224</u></u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Summer School Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges for services	\$ -	\$ -	\$ -
Total Receipts	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Instruction	<u>5,404</u>	<u>\$ 87,181</u>	<u>\$ 81,777</u>
Total Expenditures	<u>5,404</u>	<u>\$ 87,181</u>	<u>\$ 81,777</u>
Receipts Over [Under] Expenditures	[5,404]		
Unencumbered Cash, Beginning	<u>87,181</u>		
Unencumbered Cash, Ending	<u>\$ 81,777</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Special Education Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Federal aid	\$ 23,766	\$ -	\$ 23,766
Transfers in	<u>6,068,616</u>	<u>4,772,427</u>	<u>1,296,189</u>
Total Receipts	<u>6,092,382</u>	<u>\$ 4,772,427</u>	<u>\$ 1,319,955</u>
Expenditures			
Instruction	5,432,000	\$ 5,491,714	\$ 59,714
Student transportation services	<u>495,102</u>	<u>455,321</u>	<u>[39,781]</u>
Total Expenditures	<u>5,927,102</u>	<u>\$ 5,947,035</u>	<u>\$ 19,933</u>
Receipts Over [Under] Expenditures	165,280		
Unencumbered Cash, Beginning	<u>1,174,608</u>		
Unencumbered Cash, Ending	<u>\$ 1,339,888</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Career and Postsecondary Education Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Federal aid	\$ 38,124	\$ 40,000	\$ [1,876]
Miscellaneous	73,759	95,000	[21,241]
Transfers in	<u>421,927</u>	<u>423,685</u>	<u>[1,758]</u>
Total Receipts	<u>533,810</u>	<u>\$ 558,685</u>	<u>\$ [24,875]</u>
Expenditures			
Instruction	670,294	\$ 649,833	\$ [20,461]
Instructional support services	22,481	67,892	45,411
School administration	<u>1,035</u>	<u>960</u>	<u>[75]</u>
Total Expenditures	<u>693,810</u>	<u>\$ 718,685</u>	<u>\$ 24,875</u>
Receipts Over [Under] Expenditures	[160,000]		
Unencumbered Cash, Beginning	<u>160,000</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
KPERS Special Retirement Contribution Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
State aid	\$ 4,312,110	\$ 4,424,093	\$ [111,983]
Total Receipts	<u>4,312,110</u>	<u>\$ 4,424,093</u>	<u>\$ [111,983]</u>
Expenditures			
Instruction	2,753,395	\$ 2,995,785	\$ 242,390
Student support services	230,933	243,940	13,007
Instructional support staff	282,889	245,842	[37,047]
General administration	92,381	80,032	[12,349]
School administration	302,041	264,737	[37,304]
Other supplemental services	128,184	110,438	[17,746]
Operations and maintenance	250,091	217,443	[32,648]
Student transportation services	154,580	151,108	[3,472]
Food service	117,616	114,768	[2,848]
Total Expenditures	<u>4,312,110</u>	<u>\$ 4,424,093</u>	<u>\$ 111,983</u>
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Virtual Education Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Transfers in	\$ -	\$ -	\$ -
Total Receipts	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Instruction	<u>6,524</u>	<u>\$ 21,605</u>	<u>\$ 15,081</u>
Total Expenditures	<u>6,524</u>	<u>\$ 21,605</u>	<u>\$ 15,081</u>
Receipts Over [Under] Expenditures	[6,524]		
Unencumbered Cash, Beginning	<u>21,605</u>		
Unencumbered Cash, Ending	<u>\$ 15,081</u>		

See independent auditor's report on the financial statements.



UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Flint Hills Special Education Cooperative Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Federal aid	\$ 1,665,907	\$ 1,854,774	\$ [188,867]
State aid	5,471,945	6,517,227	[1,045,282]
Local revenue	3,338,385	2,140,934	1,197,451
Medicaid reimbursement	<u>247,662</u>	<u>330,000</u>	<u>[82,338]</u>
Total Receipts	<u>10,723,899</u>	<u>\$ 10,842,935</u>	<u>\$ [119,036]</u>
Expenditures			
Instruction	8,155,629	\$ 8,526,230	\$ 370,601
Student support services	1,943,456	1,699,222	[244,234]
Instructional support staff	428,900	431,293	2,393
General administration	199,910	192,414	[7,496]
School administration	49,701	49,241	[460]
Operations and maintenance	<u>2,584</u>	<u>1,600</u>	<u>[984]</u>
Total Expenditures	<u>10,780,180</u>	<u>\$ 10,900,000</u>	<u>\$ 119,820</u>
Receipts Over [Under] Expenditures	[56,281]		
Unencumbered Cash, Beginning	<u>57,065</u>		
Unencumbered Cash, Ending	<u>\$ 784</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual  
Contingency Reserve Fund\*  
Regulatory Basis  
For the Year Ended June 30, 2018

Receipts	
Transfers in	\$ -
Total Receipts	-
Expenditures	
Operations and maintenance	-
Total Expenditures	-
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	<u>1,937,867</u>
Unencumbered Cash, Ending	<u>\$ 1,937,867</u>

\* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual  
Textbook Rental Fund\*  
Regulatory Basis  
For the Year Ended June 30, 2018

Receipts	
Charges for services	\$ 87
Total Receipts	<u>87</u>
Expenditures	
Instruction	<u>17,931</u>
Total Expenditures	<u>17,931</u>
Receipts Over [Under] Expenditures	[17,844]
Unencumbered Cash, Beginning	<u>298,439</u>
Unencumbered Cash, Ending	<u>\$ 280,595</u>

\* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Grants Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Title I</u>	<u>Migrant</u>	<u>Title III</u>	<u>21st Century Community Learning</u>	<u>Title II-A</u>
Receipts					
Federal aid	\$ 861,324	\$ 160,170	\$ 111,180	\$ -	\$ 219,912
Donations	<u>92</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>861,416</u>	<u>160,170</u>	<u>111,180</u>	<u>-</u>	<u>219,912</u>
Expenditures					
Instruction	732,903	46,953	95,773	-	-
Student support services	5,539	102,292	-	-	-
Instructional support staff	9,753	-	12,301	-	237,457
General administration	113,129	18,016	2,190	-	7,045
Transportation	<u>-</u>	<u>689</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>861,324</u>	<u>167,950</u>	<u>110,264</u>	<u>-</u>	<u>244,502</u>
Receipts Over [Under] Expenditures	92	[7,780]	916	-	[24,590]
Unencumbered Cash, Beginning	-	[8,206]	[262]	3,778	[16,980]
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48</u>
Unencumbered Cash, Ending	<u>\$ 92</u>	<u>\$ [15,986]</u>	<u>\$ 654</u>	<u>\$ 3,778</u>	<u>\$ [41,522]</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Grants Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	Mobilizing <u>Literacy</u>	Kansas Masonic <u>Literacy</u>	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts					
Federal aid	\$ -	\$ -	\$ 1,352,586	\$ 1,372,571	\$ [19,985]
Donations	-	16,000	16,092	159,935	[143,843]
Total Receipts	-	16,000	1,368,678	<u>\$ 1,532,506</u>	<u>\$ [163,828]</u>
Expenditures					
Instruction	74,900	10,537	961,066	\$ 919,792	\$ [41,274]
Student support services	68,365	-	176,196	113,207	[62,989]
Instructional support staff	19,998	-	279,509	408,265	128,756
General administration	-	-	140,380	122,265	[18,115]
Transportation	-	-	689	900	211
Total Expenditures	<u>163,263</u>	<u>10,537</u>	<u>1,557,840</u>	<u>\$ 1,564,429</u>	<u>\$ 6,589</u>
Receipts Over [Under] Expenditures	[163,263]	5,463	[189,162]		
Unencumbered Cash, Beginning	166,406	-	144,736		
Prior Year Cancelled Encumbrances	-	-	48		
Unencumbered Cash, Ending	<u>\$ 3,143</u>	<u>\$ 5,463</u>	<u>\$ [44,378]</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Receipts and Expenditures - Actual and Budget  
Bond and Interest Fund  
Regulatory Basis  
For the Year Ended June 30, 2018

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes and Shared Revenues:			
Ad valorem property taxes:			
Current	\$ 1,622,921	\$ 1,578,662	\$ 44,259
Delinquent	42,058	25,754	16,304
Motor vehicle tax	183,079	177,028	6,051
State aid	<u>1,911,686</u>	<u>1,912,159</u>	<u>[473]</u>
Total Receipts	<u>3,759,744</u>	<u>\$ 3,693,603</u>	<u>\$ 66,141</u>
Expenditures			
Principal	2,740,000	\$ 2,740,000	\$ -
Interest	<u>446,144</u>	<u>446,144</u>	<u>-</u>
Total Expenditures	<u>3,186,144</u>	<u>\$ 3,186,144</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	573,600		
Unencumbered Cash, Beginning	<u>4,178,197</u>		
Unencumbered Cash, Ending	<u>\$ 4,751,797</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Agency Funds  
Summary of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended June 30, 2018

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Emporia High School				
AMPED	\$ -	\$ 1,763	\$ 1,393	\$ 370
Art	1,179	380	404	1,155
Business Sponsors-Athletic	9,391	3,600	4,593	8,398
Thespian Club	7	5,358	3,713	1,652
Class of 2017	1,956	-	1,956	-
Class of 2018	1,031	1,224	855	1,400
Class of 2019	459	1,679	1,588	550
Class of 2020	127	4,341	2,884	1,584
Class of 2021	-	115	-	115
Creative Writing	749	-	-	749
Debate	1	4,816	4,816	1
Drama	31	23,003	23,034	-
Drill Team	515	16,561	14,390	2,686
Echo	207	-	-	207
E-Vision	154	-	-	154
FBLA	6,167	29,621	28,440	7,348
FCA	642	-	-	642
FCCLA	616	2,187	1,830	973
FFA	3,172	9,925	6,745	6,352
Orchestra	3,702	941	2,173	2,470
Future Educators	106	60	93	73
German Club	461	55	192	324
Guidance/Testing	4,122	7,649	7,142	4,629
FACS	751	-	52	699
French Club	905	1,374	1,222	1,057
JAG	2,061	4,666	6,025	702
Key Club	757	488	767	478
Landscaping Club	14	-	-	14
Latinos Unidos	780	1,818	2,111	487
Model U.N.	108	472	9	571
Multicultural Youth Organization	1,475	375	1,475	375
Musical Production	1,204	8,350	8,817	737
National Honor Society	618	860	1,248	230
Recycling Club	-	167	-	167
Re-Echo	5,013	21,932	8,253	18,692
Science Club	981	-	-	981
Wildlife/Backpacking Club	725	447	1,000	172
Scholars Bowl	399	-	-	399
Spartans	5,221	6,446	5,226	6,441
Special Education TMR	1,422	2,637	3,042	1,017
Stage Band	2,424	13,343	12,271	3,496
State Sales	328	14,829	15,146	11
STUCO	1,763	13,999	12,201	3,561
TSA	2,411	-	86	2,325
Total High School	64,155	203,718	183,799	84,444

See independent auditor's report on the financial statements.

## SCHEDULE 3

2 of 2

UNIFIED SCHOOL DISTRICT NO. 253  
Agency Funds  
Summary of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended June 30, 2018

	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Emporia Middle School				
Student Activity	\$ 14,372	\$ 15,210	\$ 9,230	\$ 20,352
Fundraising	242	3,409	3,567	84
Junior Spartan Extra	5,569	100	3,424	2,245
Student Council	8,921	7,559	8,217	8,263
AVID	1,759	-	-	1,759
Sales Tax	-	1,790	1,474	316
Teaching Supplies	47	-	-	47
Yearbook	<u>7,042</u>	<u>7,120</u>	<u>6,777</u>	<u>7,385</u>
Total Middle School	<u>37,952</u>	<u>35,188</u>	<u>32,689</u>	<u>40,451</u>
District				
Early Retirement Funding Account	6,151,868	1,812,801	1,054,291	6,910,378
Clearing Account	<u>7,364</u>	<u>40</u>	<u>4,179</u>	<u>3,225</u>
Total District	<u>6,159,232</u>	<u>1,812,841</u>	<u>1,058,470</u>	<u>6,913,603</u>
Total Agency Funds	<u>\$ 6,261,339</u>	<u>\$ 2,051,747</u>	<u>\$ 1,274,958</u>	<u>\$ 7,038,498</u>

See independent auditor's report on the financial statements.



UNIFIED SCHOOL DISTRICT NO. 253  
District Activity Funds  
Schedule of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2018

<u>Fund</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 Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Emporia High School							
Athletics Gate Receipts	\$ 3,293	\$ -	\$ 66,330	\$ 68,659	\$ 964	\$ -	\$ 964
Basketball	1,706	-	12,667	11,531	2,842	-	2,842
Baseball	4,621	-	4,114	3,793	4,942	-	4,942
Bowling	-	-	1,007	-	1,007	-	1,007
Cheerleaders	3,922	-	25,964	29,260	626	-	626
Concessions	350	-	2,075	1,997	428	-	428
Cross Country	2,222	-	2,011	2,150	2,083	-	2,083
Boys Golf	-	-	3,933	3,417	516	-	516
Girls Golf	-	-	608	286	322	-	322
Boys Soccer	30	-	5,595	5,625	-	-	-
Girls Soccer	4,244	-	4,722	8,105	861	-	861
Boys Tennis	55	-	4,764	4,585	234	-	234
Girls Tennis	181	-	7,136	7,275	42	-	42
Football Fundraiser	4,273	-	24,005	26,126	2,152	-	2,152
Girls Basketball	51	-	9,041	7,531	1,561	-	1,561
Library	426	-	41	-	467	-	467
Parking Tickets	4,540	-	1,310	276	5,574	-	5,574
Renaissance	804	-	1,250	2,000	54	-	54
Student Activities	11,775	-	69,533	65,835	15,473	-	15,473
Softball	5,175	-	6,502	10,805	872	-	872
Swim Team	975	-	7,045	7,045	975	-	975
Textbook and fees	381	-	-	-	381	-	381
Volleyball	1,832	-	-	190	1,642	-	1,642
Wrestling	1,229	-	200	116	1,313	-	1,313
Sports	1,750	-	9,304	10,658	396	-	396
Emporia Middle School							
Athletics	9,727	-	12,527	7,894	14,360	-	14,360
Drug Free Walk	8,032	-	8,152	8,421	7,763	-	7,763
Textbook and fees	1,094	-	819	725	1,188	-	1,188
Total District Activity Funds	<u>\$ 72,688</u>	<u>\$ -</u>	<u>\$ 290,655</u>	<u>\$ 294,305</u>	<u>\$ 69,038</u>	<u>\$ -</u>	<u>\$ 69,038</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Agriculture/KSDE</u>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$ -	\$ 350,238	\$ 350,238	\$ -
National School Lunch Program	10.555	-	1,127,716	1,127,716	-
Cash for Commodities	10.555	-	108,286	108,286	-
After School Snacks	10.555	-	80,513	80,513	-
Summer Food Service Program	10.559	-	85,785	85,785	-
Subtotal Child Nutrition Cluster		-	1,752,538	1,752,538	-
Child and Adult Care Food Program	10.558	-	42,840	42,840	-
Federal School Food Service	10.560	-	200	200	-
Fresh Fruits & Vegetables	10.582	-	48,839	48,839	-
Total U.S. Department of Agriculture/KSDE		-	1,844,417	1,844,417	-
<u>U.S. Department of Education/KSDE</u>					
Title I-Low Income 17-18	84.010	-	721,426	721,426	-
Title I-Carryover 17-18	84.010	-	139,898	139,898	-
Migrant 17-18	84.011	-	135,000	135,000	-
Migrant Summer School 2017	84.011	[8,206]	25,170	16,964	-
Migrant Summer School 2018	84.011	-	-	15,986	[15,986]
21st Century Learning Communities STREAM 14-15	84.287	3,778	-	-	3,778
Title III-English Language Acquisition 16-17	84.365	[259]	259	-	-
Title III-English Language Acquisition-Carryover 16-17	84.365	[3]	3	-	-
Title III-English Language Acquisition 17-18	84.365	-	107,331	106,677	654
Title III-English Language Acquisition-Carryover 17-18	84.365	-	3,587	3,587	-
Student Support Academic Enrichment	84.424A	-	24,935	24,935	-
Title II-A-Teacher Quality 16-17	84.367	[16,980]	16,980	-	-
Title II-A-Teacher Quality 17-18	84.367	-	51,930	93,501	[41,571]
Title II-A-Teacher Quality-Carryover 17-18	84.367	-	126,067	126,018	49
Vocation Education-Carl Perkins 16-17	84.048	754	-	754	-
Vocation Education-Carl Perkins 17-18	84.048	-	36,424	36,424	-
Carl Perkins Reserve	84.048	-	1,700	5,007	[3,307]
Subtotal U.S. Department of Education/KSDE		[20,916]	1,390,710	1,426,177	[56,383]
<u>U.S. Department of Education to Flint Hills</u>					
<u>Special Education Cooperative</u>					
<u>Pass Through KSDE</u>					
Special Education (IDEA) Cluster:					
Title VI-B Special Education-EHC Flow-Thru Disc.	84.027	-	1,487,517	1,467,794	19,723
Title VI-B Special Education-EHC Flow-Thru Disc. Cont. Improv.	84.027	[10,050]	70,263	60,213	-
Title VI-B Special Education Preschool-EC Flow-Thru	84.173	-	32,033	31,008	1,025
Subtotal Special Education (IDEA) Cluster		[10,050]	1,589,813	1,559,015	20,748
<u>Pass Through KDHE</u>					
Special Education of Infants and Families with Disabilities	84.181A	[1,319]	99,860	119,279	[20,738]
Subtotal U.S. Department of Education to Cooperative		[11,369]	1,689,673	1,678,294	10
Total U.S. Department of Education		[32,285]	3,080,383	3,104,471	[56,373]
Total Federal Awards		\$ [32,285]	\$ 4,924,800	\$ 4,948,888	\$ [56,373]

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 253  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

1. Organization

Unified School District No. 253, Emporia, Kansas, (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District, and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2018.

5. Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2018.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified (Regulatory Basis)  
Adverse (GAAP)

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency (ies) identified that are not  
considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency (ies) identified that are not  
considered to be material weaknesses? \_\_\_\_\_ Yes   X   None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be  
reported in accordance with Uniform Guidance \_\_\_\_\_ Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.027, 84.173	Special Education (IDEA) Cluster

Dollar threshold used to distinguish between  
type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

UNIFIED SCHOOL DISTRICT NO. 253  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2018

Section II - Financial Statement Findings

Current Year Findings

None Noted

Prior Year Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

None Noted

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

Board of Education  
Unified School District No. 253  
Emporia, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of the Unified School District No. 253, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

However, we noted certain other matters that we reported to management of the District in a separate letter dated October 2, 2018.

Purpose of this Report

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

Mize Houser & Company PA

Certified Public Accountants

October 2, 2018  
Lawrence, KS



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Education  
Unified School District No. 253  
Emporia, Kansas

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the Unified School District No. 253, (the District) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.



### Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mike Houser: Company PA*

Certified Public Accountants

October 2, 2018  
Lawrence, KS