

UNIFIED SCHOOL DISTRICT NO. 411

GOESSEL, KANSAS

Financial Statement

For the Year Ended June 30, 2019

Unified School District No. 411
For the Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 411
Goessel, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 411, Goessel, Kansas (District), as of and for the year ended June 30, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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 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, 2019, 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, 2019, 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 2019 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, schedule of regulatory basis receipts and disbursements-agency funds, and the 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 2019 basic financial statement, but 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 2019 basic financial statement. The 2019 information has been subjected to the auditing procedures applied in the audit of the 2019 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 2019 basic financial statement or to the 2019 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 2019 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated September 10, 2018, which contained an unmodified opinion on the basic financial statement. The 2018 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>. The 2018 actual column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2019 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2019 basic financial statement. Such 2018 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 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 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 2018 basic financial statement or to the 2018 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 2018 comparative information is fairly stated in all material respects in relation to the 2018 basic financial statement as a whole for the year ended June 30, 2018, on the basis of accounting described in Note 1.

Krudsen, Monroe & Company, LLC

Certified Public Accountants

Newton, Kansas

September 6, 2019

Unified School District No. 411

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds						
General	\$ -	2,565,224	2,565,224	-	-	-
Supplemental General	55,211	880,323	901,538	33,996	-	33,996
Special Purpose Funds						
At Risk (K-12)	45,411	147,004	131,812	60,603	-	60,603
At Risk (4 year old)	-	30,000	30,000	-	-	-
Bilingual	-	992	-	992	-	992
Capital Outlay	672,351	191,310	191,502	672,159	-	672,159
Driver Training	10,266	7,869	3,440	14,695	-	14,695
Food Service	49,429	186,878	186,016	50,291	-	50,291
Professional Development	11,926	7,545	6,552	12,919	-	12,919
Special Education	164,401	703,352	666,356	201,397	-	201,397
Career and Postsecondary Education	24,539	105,269	55,471	74,337	-	74,337
KPERS Employer Contribution	-	183,196	183,196	-	-	-
Recreation Commission	18,569	28,850	25,000	22,419	-	22,419
Contingency Reserve	246,849	-	-	246,849	-	246,849
Textbook & Student Material						
Revolving	20,661	1,234	260	21,635	-	21,635
Gifts and Grants	1,622	-	295	1,327	-	1,327
Preschool	-	21,154	21,154	-	-	-
Federal Government Programs	-	79,970	79,970	-	-	-
Bond and interest Fund	309,410	294,699	259,650	344,459	-	344,459
District Activity Funds						
Activity Gate Receipts	22,438	53,471	56,551	19,358	-	19,358
School Projects	4,095	3,253	3,046	4,302	-	4,302
Total Reporting Entity						
(Excluding Agency Funds)	<u>\$ 1,657,178</u>	<u>5,491,593</u>	<u>5,367,033</u>	<u>1,781,738</u>	<u>-</u>	<u>1,781,738</u>
Composition of Cash						
Cash on hand						\$ 3,000
Cash in Bank, The Citizens State Bank						
Checking						23,565
Money Market						1,731,513
Activity Funds - High School						47,175
Activity Funds - Grade School						1,744
Scholarship						<u>6</u>
Total Cash						1,807,003
Less Agency Funds (Schedule 3)						<u>25,265</u>
Total Reporting Entity (excluding Agency Funds)						<u>\$ 1,781,738</u>

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

Unified School District No. 411
NOTES TO FINANCIAL STATEMENT
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

Unified School District No. 411, Goessel, Kansas, is a municipal corporation governed by an elected seven-member board. This regulatory financial statement presents Unified School District No. 411 (District), a municipality.

Regulatory Basis Fund Types

General 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 regulatory receipt 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.

Agency 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.).

Activity Fund – under provisions of K.S.A. 72-8208a, the Board of Education adopted a resolution relating to the school activity funds which results in the activity funds being accounted for under policies and procedures of the Board. In this financial statement, school activity funds of the District are classified as special purpose funds.

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

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Funds, Special Purpose Funds (unless specifically exempted by statute), and the Bond and Interest Fund. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding fiscal 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.

NOTES TO FINANCIAL STATEMENT

June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 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 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 certain Special Purpose Funds, Capital Project Funds and Agency Funds as noted in the presentation of the appropriate Schedules 2, 3 and 4.

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.

2. DEPOSITS AND INVESTMENTS

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

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

Concentration of Credit Risk

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

Unified School District No. 411

NOTES TO FINANCIAL STATEMENT

June 30, 2019

2. DEPOSITS AND INVESTMENTS (Continued)

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. All deposits were legally secured at June 30, 2019.

At June 30, 2019, the District's carrying amount of deposits was \$1,804,003 and the bank balance was \$1,712,433. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,462,433 was collateralized with securities held by the pledging financial institution's agents in the District's name.

3. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$151,006 subsequent to June 30, 2019, and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2019.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

Per K.S.A. 9-1402, the District's financial institution is required to pledge securities for deposits in excess of FDIC coverage. The District's financial institution did not maintain proper records of pledged securities, which resulted in the District's deposits being inadequately secured during the year ended June 30, 2019.

5. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2019, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reduction /Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds									
Refunding & School Building Bonds, Series 2013	2.0-3.5%	5/1/2013	\$ 3,760,000	9/1/2031	<u>\$ 2,985,000</u>	<u>-</u>	<u>185,000</u>	<u>2,800,000</u>	<u>74,650</u>

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

	<u>Year ended June 30</u>							<u>Total</u>
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025 - 2029</u>	<u>2030 - 2032</u>	
General Obligation Bonds								
Principal	\$ 185,000	190,000	195,000	200,000	205,000	1,095,000	730,000	2,800,000
Interest	<u>70,950</u>	<u>67,200</u>	<u>63,350</u>	<u>59,400</u>	<u>55,094</u>	<u>194,206</u>	<u>36,425</u>	<u>546,625</u>
Total Principal & Interest	<u>\$ 255,950</u>	<u>257,200</u>	<u>258,350</u>	<u>259,400</u>	<u>260,094</u>	<u>1,289,206</u>	<u>766,425</u>	<u>3,346,625</u>

Unified School District No. 411

NOTES TO FINANCIAL STATEMENT

June 30, 2019

6. OPERATING LEASES

The District entered into lease agreements for office equipment for periods up to 60 months. Payments, including overage charges of \$34,133 were made in fiscal year 2019. Operating lease obligations for subsequent years are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 37,121
2021	37,121
2022	37,121
2023	25,110
2024	224
	<u>\$ 136,697</u>

7. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	At-Risk (K-12)	K.S.A. 72-5167	\$ 102,107
General	At-Risk (4 year old)	K.S.A. 72-5167	30,000
General	Capital Outlay	K.S.A. 72-5167	10,000
General	Special Education	K.S.A. 72-5167	453,352
General	Career and Postsecondary Education	K.S.A. 72-5167	83,932
General	Preschool	K.S.A. 72-5167	8,973
Supplemental General	At Risk (K-12)	K.S.A. 72-5143	44,897
Supplemental General	Bilingual	K.S.A. 72-5143	992
Supplemental General	Professional Development	K.S.A. 72-5143	7,000
Supplemental General	Special Education	K.S.A. 72-5143	250,000
Supplemental General	Career and Postsecondary Education	K.S.A. 72-5143	20,000
			<u>\$ 1,011,253</u>

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2019.

Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the

NOTES TO FINANCIAL STATEMENT

June 30, 2019

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Compensated Absences

Full-time staff who work all twelve months of the year earn annual vacations of one to four weeks depending upon position and length of employment. Teachers and other staff working for the District less than twelve months each contract year do not receive paid vacations.

Full-time certified and classified personnel earn twelve days of sick leave per year cumulative to a maximum of seventy-five days. Regularly employed personnel working less than full time earn sick leave on a pro-rated basis per year cumulative to a maximum of forty-five days. Unused sick leave is not paid to terminating employees.

The District's liability for compensated absences at June 30, 2019, has not been recorded in this financial statement.

9. DEFINED BENEFIT PENSION PLAN

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et. seq.* Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S. Kansas, 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 and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.38%

NOTES TO FINANCIAL STATEMENT

June 30, 2019

9. DEFINED BENEFIT PENSION PLAN (Continued)

and 12.01%, respectively, for the fiscal year ended June 30, 2018. The actuarially determined employer contribution rate and statutory contribution rate was 14.59% and 13.21% for the fiscal year ended June 30, 2019.

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 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year. The first year payment of \$6.4 million was received in July 2017.

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194,022,683 for the fiscal year ended June 30, 2019. Section 56(19) 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 2020. The level dollar amount was computed to be \$19.4 million 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 \$183,196 for the year ended June 30, 2019.

Net Pension Liability

At June 30, 2019, the District's proportionate share of the collective net pension liability reported by KPERS was \$2,361,958. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. 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, 2018. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

10. RELATED PARTY TRANSACTIONS

The District is the taxing authority for the Goessel Recreation Commission which operates recreational programs within the District. The District and the City of Goessel each appoint two members of the recreation commission board. During the fiscal year ended June 30, 2019, the District levied a total tax of 1.81 mills for the Recreation Commission Fund, which in turn is appropriated to the Goessel Recreation Commission for its operations. The financial activity of the Goessel Recreation Commission is not included in this financial statement.

The District contracted electrical maintenance services with a company for which a board member is the owner. The contracted amount during the year ended June 30, 2019 was \$10,576.

NOTES TO FINANCIAL STATEMENT

June 30, 2019

11. CLAIMS AND JUDGMENTS

The District participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of the date of this report, grant expenditures have not been audited, but the District believes that any disallowed expenditures or overpayments, if any, will not have a material effect on the individual governmental funds or the overall financial position of the District.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from June 30, 2018 to June 30, 2019, and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations, the District is exposed to various claims, legal actions and complaints. It is the opinion of the District's management and legal counsel that these matters are not anticipated to have a material financial impact on the District.

12. SUBSEQUENT EVENT

In August, 2019 the board approved the purchase of a new bus in the amount of \$114,859.

13. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to June 30, 2019, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through September 6, 2019, which is the date at which the financial statement was available to be issued.

UNIFIED SCHOOL DISTRICT NO. 411
GOESSEL, KANSAS
REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Unified School District No. 411

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2019

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)
GENERAL FUNDS						
General	\$ 2,678,928	113,704	-	2,565,224	2,565,224	-
Supplemental General	939,750	38,212	-	901,538	901,538	-
SPECIAL PURPOSE FUNDS						
At Risk (K-12)	147,567	-	-	147,567	131,812	(15,755)
At Risk (4 year old)	30,000	-	-	30,000	30,000	-
Bilingual	1,032	-	-	1,032	-	(1,032)
Capital Outlay	450,000	-	-	450,000	191,502	(258,498)
Driver Training	13,256	-	-	13,256	3,440	(9,816)
Food Service	233,998	-	-	233,998	186,016	(47,982)
Professional Development	14,676	-	-	14,676	6,552	(8,124)
Special Education	879,574	-	-	879,574	666,356	(213,218)
Career and Postsecondary Education	59,539	-	-	59,539	55,471	(4,068)
KPERS Employer Contribution	280,724	-	-	280,724	183,196	(97,528)
Recreation Commission	25,000	-	-	25,000	25,000	-
BOND AND INTEREST FUND	259,650	-	-	259,650	259,650	-

Unified School District No. 411

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
GENERAL				
RECEIPTS				
Mineral production tax	\$ 54	53	-	53
General state aid	2,028,919	2,136,607	2,163,755	(27,148)
Special Education state aid	392,654	428,564	515,173	(86,609)
Total receipts	<u>2,421,627</u>	<u>2,565,224</u>	<u>2,678,928</u>	<u>(113,704)</u>
EXPENDITURES				
Instruction	968,743	838,327	1,012,398	(174,071)
Student support services	46,186	57,436	58,688	(1,252)
Instructional support	6,560	2,423	2,950	(527)
General administration	170,343	169,082	182,899	(13,817)
School administration	219,194	230,668	232,596	(1,928)
Operation and maintenance	344,899	338,747	354,200	(15,453)
Student transportation services	157,070	179,457	162,875	16,582
Other support services	54,511	60,720	62,149	(1,429)
Transfer to				
At-Risk (K-12)	5,000	102,107	50,000	52,107
At-Risk (4 year old)	-	30,000	30,000	-
Capital Outlay	-	10,000	-	10,000
Food Service	15,000	-	15,000	(15,000)
Special Education	405,613	453,352	515,173	(61,821)
Career and Postsecondary Education	-	83,932	-	83,932
Preschool	28,508	8,973	-	8,973
	<u>2,421,627</u>	<u>2,565,224</u>	<u>2,678,928</u>	<u>(113,704)</u>
Adjustment to comply with legal max	-	-	(113,704)	113,704
Total expenditures	<u>2,421,627</u>	<u>2,565,224</u>	<u>2,565,224</u>	<u>-</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	<u>\$ -</u>	<u>-</u>		

Unified School District No. 411

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
SUPPLEMENTAL GENERAL				
RECEIPTS				
Ad valorem tax	\$ 367,632	321,780	353,925	(32,145)
Delinquent tax	6,887	6,150	5,670	480
Vehicle tax	44,811	45,458	42,666	2,792
State aid	464,497	506,935	528,421	(21,486)
Total receipts	<u>883,827</u>	<u>880,323</u>	<u>930,682</u>	<u>(50,359)</u>
EXPENDITURES				
Instruction	542,876	578,649	641,560	(62,911)
Transfer to				
At Risk (K-12)	85,000	44,897	52,156	(7,259)
Bilingual	-	992	1,034	(42)
Food Service	-	-	10,000	(10,000)
Professional Development	-	7,000	-	7,000
Special Education	225,000	250,000	200,000	50,000
Career and Postsecondary Education	27,181	20,000	35,000	(15,000)
	880,057	901,538	939,750	(38,212)
Adjustment to comply with legal max	-	-	(38,212)	38,212
Total expenditures	<u>880,057</u>	<u>901,538</u>	<u>901,538</u>	<u>-</u>
Receipts over (under) expenditures	3,770	(21,215)		
Unencumbered cash, beginning	51,441	55,211		
Unencumbered cash, ending	<u>\$ 55,211</u>	<u>33,996</u>		

Unified School District No. 411

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
AT RISK (K-12)				
RECEIPTS				
Transfer from				
General	\$ 5,000	102,107	50,000	52,107
Supplemental General	85,000	44,897	52,156	(7,259)
Total receipts	90,000	147,004	102,156	44,848
EXPENDITURES				
Salaries and benefits	88,415	131,449	122,047	9,402
Other	1,173	363	25,520	(25,157)
Total expenditures	89,588	131,812	147,567	(15,755)
Receipts over (under) expenditures	412	15,192		
Unencumbered cash, beginning	44,999	45,411		
Unencumbered cash, ending	\$ 45,411	60,603		
AT RISK (4 YEAR OLD)				
RECEIPTS				
Transfer from				
General	\$ -	30,000	30,000	-
EXPENDITURES				
Salaries and benefits	-	30,000	30,000	-
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	\$ -	-		

Unified School District No. 411

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
BILINGUAL				
RECEIPTS				
Transfer from				
Supplemental General	\$ -	992	1,034	(42)
EXPENDITURES				
Instruction	-	-	1,032	(1,032)
Receipts over (under) expenditures	-	992		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	\$ -	992		
CAPITAL OUTLAY				
RECEIPTS				
Ad valorem tax	\$ 60,364	103,163	101,140	2,023
Delinquent tax	1,034	1,014	930	84
Vehicle tax	7,219	7,523	7,064	459
State Aid	27,983	53,541	54,382	(841)
Interest	2,813	3,771	-	3,771
Transfer from				
General	-	10,000	-	10,000
Other	7,124	12,298	-	12,298
Total receipts	106,537	191,310	163,516	27,794
EXPENDITURES				
Student transportation services	-	-	450,000	(450,000)
Building improvements	340,122	191,502	-	191,502
Total expenditures	340,122	191,502	450,000	(258,498)
Receipts over (under) expenditures	(233,585)	(192)		
Unencumbered cash, beginning	905,936	672,351		
Unencumbered cash, ending	\$ 672,351	672,159		

Unified School District No. 411

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
DRIVER TRAINING				
RECEIPTS				
State aid	\$ 2,304	3,969	2,990	979
Other	<u>4,200</u>	<u>3,900</u>	<u>-</u>	<u>3,900</u>
Total receipts	<u>6,504</u>	<u>7,869</u>	<u>2,990</u>	<u>4,879</u>
EXPENDITURES				
Salaries and benefits	<u>3,215</u>	<u>3,440</u>	<u>13,256</u>	<u>(9,816)</u>
Receipts over (under) expenditures	3,289	4,429		
Unencumbered cash, beginning	<u>6,977</u>	<u>10,266</u>		
Unencumbered cash, ending	<u>\$ 10,266</u>	<u>14,695</u>		
FOOD SERVICE				
RECEIPTS				
Lunch sales	\$ 91,396	107,899	84,940	22,959
Federal aid	68,329	76,924	73,016	3,908
State aid	1,865	2,055	1,613	442
Transfer from				
General	15,000	-	15,000	(15,000)
Supplemental General	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>(10,000)</u>
Total receipts	<u>176,590</u>	<u>186,878</u>	<u>184,569</u>	<u>2,309</u>
EXPENDITURES				
Salaries and benefits	84,274	85,069	100,213	(15,144)
Food	93,415	94,954	123,785	(28,831)
Supplies and other	<u>5,146</u>	<u>5,993</u>	<u>10,000</u>	<u>(4,007)</u>
Total expenditures	<u>182,835</u>	<u>186,016</u>	<u>233,998</u>	<u>(47,982)</u>
Receipts over (under) expenditures	(6,245)	862		
Unencumbered cash, beginning	<u>55,674</u>	<u>49,429</u>		
Unencumbered cash, ending	<u>\$ 49,429</u>	<u>50,291</u>		

Unified School District No. 411

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
PROFESSIONAL DEVELOPMENT				
RECEIPTS				
Other Revenue	\$ 699	545	2,750	(2,205)
Transfer from				
Supplemental General	-	7,000	-	7,000
Total receipts	699	7,545	2,750	4,795
EXPENDITURES				
Salaries and benefits	2,881	6,552	14,676	(8,124)
Receipts over (under) expenditures	(2,182)	993		
Unencumbered cash, beginning	14,108	11,926		
Unencumbered cash, ending	\$ 11,926	12,919		
SPECIAL EDUCATION				
RECEIPTS				
State Aid	\$ 2,599	-	-	-
Transfer from				
General	405,613	453,352	515,173	(61,821)
Supplemental General	225,000	250,000	200,000	50,000
Total receipts	633,212	703,352	715,173	(11,821)
EXPENDITURES				
Salaries and benefits	10,124	9,614	19,375	(9,761)
Vehicle expense and other	2,647	3,000	4,500	(1,500)
Payments to Special Education Coop	604,941	653,742	855,699	(201,957)
Total expenditures	617,712	666,356	879,574	(213,218)
Receipts over (under) expenditures	15,500	36,996		
Unencumbered cash, beginning	148,901	164,401		
Unencumbered cash, ending	\$ 164,401	201,397		

Unified School District No. 411

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
CAREER AND POSTSECONDARY EDUCATION				
RECEIPTS				
State aid	\$ -	1,337	-	1,337
Transfer from				
General	-	83,932	35,000	48,932
Supplemental General	27,181	20,000	-	20,000
Total receipts	27,181	105,269	35,000	70,269
EXPENDITURES				
Salaries and benefits	44,407	55,471	59,539	(4,068)
Receipts over (under) expenditures	(17,226)	49,798		
Unencumbered cash, beginning	41,765	24,539		
Unencumbered cash, ending	\$ 24,539	74,337		
KPERS EMPLOYER CONTRIBUTION				
RECEIPTS				
State aid	\$ 207,552	183,196	280,724	(97,528)
EXPENDITURES				
Instruction	143,211	126,405	193,699	(67,294)
General administration	16,604	14,655	26,687	(12,032)
School administration	14,529	12,824	19,651	(6,827)
Other supplemental services	6,227	5,496	14,422	(8,926)
Operations and maintenance	12,453	10,992	16,843	(5,851)
Student transportation services	6,226	5,496	9,422	(3,926)
Food service	8,302	7,328	-	7,328
Total expenditures	207,552	183,196	280,724	(97,528)
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning	-	-		
Unencumbered cash, ending	\$ -	-		

Unified School District No. 411

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
RECREATION COMMISSION				
RECEIPTS				
Current tax	\$ 18,101	26,777	26,272	505
Delinquent tax	352	349	283	66
Vehicle tax	<u>2,008</u>	<u>1,724</u>	<u>1,608</u>	<u>116</u>
Total receipts	20,461	28,850	<u>28,163</u>	<u>687</u>
EXPENDITURES				
Appropriation to recreation commission	<u>20,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Receipts over (under) expenditures	461	3,850		
Unencumbered cash, beginning	<u>18,108</u>	<u>18,569</u>		
Unencumbered cash, ending	<u>\$ 18,569</u>	<u>22,419</u>		

Unified School District No. 411

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	<u>2018</u>	<u>2019</u>
CONTINGENCY RESERVE		
RECEIPTS	\$ -	-
EXPENDITURES	-	-
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	<u>246,849</u>	<u>246,849</u>
Unencumbered cash, ending	<u>\$ 246,849</u>	<u>246,849</u>
 TEXTBOOK AND STUDENT MATERIAL REVOLVING		
RECEIPTS	\$ -	1,234
EXPENDITURES		
Materials	<u>1,428</u>	<u>260</u>
Receipts over (under) expenditures	(1,428)	974
Unencumbered cash, beginning	<u>22,089</u>	<u>20,661</u>
Unencumbered cash, ending	<u>\$ 20,661</u>	<u>21,635</u>
 GIFTS AND GRANTS		
RECEIPTS	\$ -	-
EXPENDITURES	<u>334</u>	<u>295</u>
Receipts over (under) expenditures	(334)	(295)
Unencumbered cash, beginning	<u>1,956</u>	<u>1,622</u>
Unencumbered cash, ending	<u>\$ 1,622</u>	<u>1,327</u>
 PRESCHOOL		
RECEIPTS		
Tuition	\$ 9,100	10,516
Grant income	-	1,665
Transfers from General	<u>28,508</u>	<u>8,973</u>
Total receipts	37,608	21,154
EXPENDITURES	<u>37,608</u>	<u>21,154</u>
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	<u>\$ -</u>	<u>-</u>

Unified School District No. 411

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Total	Current Year				Total
		Title I Low Income	Title II-A Class Size Reduction	Title IVA Support and Academic Enrichment	Small Rural Schools	
FEDERAL GOVERNMENT PROGRAMS						
RECEIPTS						
Federal and state grants	\$ 48,778	23,638	5,276	10,808	24,164	63,886
Reallocation of grant proceeds	-	16,084	-	-	-	16,084
Total receipts	<u>48,778</u>	<u>39,722</u>	<u>5,276</u>	<u>10,808</u>	<u>24,164</u>	<u>79,970</u>
EXPENDITURES						
Salaries and benefits	23,887	39,722	-	-	-	39,722
Equipment and supplies	24,891	-	-	-	24,164	24,164
Reallocation of grant proceeds	-	-	5,276	10,808	-	16,084
Total expenditures	<u>48,778</u>	<u>39,722</u>	<u>5,276</u>	<u>10,808</u>	<u>24,164</u>	<u>79,970</u>
Receipts over (under) expenditures	-	-	-	-	-	-
Unencumbered cash, beginning	-	-	-	-	-	-
Unencumbered cash, ending	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Unified School District No. 411

Bond and Interest Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
BOND AND INTEREST				
RECEIPTS				
Ad Valorem	\$ 149,210	146,224	143,734	2,490
Delinquent tax	3,049	2,641	2,300	341
Vehicle tax	17,761	18,605	17,475	1,130
State aid	118,818	127,229	127,229	-
Total receipts	<u>288,838</u>	<u>294,699</u>	<u>290,738</u>	<u>3,961</u>
EXPENDITURES				
Principal	180,000	185,000	185,000	-
Interest	78,300	74,650	74,650	-
Total expenditures	<u>258,300</u>	<u>259,650</u>	<u>259,650</u>	<u>-</u>
Receipts over (under) expenditures	30,538	35,049		
Unencumbered cash, beginning	<u>278,872</u>	<u>309,410</u>		
Unencumbered cash, ending	<u>\$ 309,410</u>	<u>344,459</u>		

Unified School District No. 411

Agency Funds

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

Regulatory Basis

For the Year Ended June 30, 2019

	<u>Beginning Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance</u>
STUDENT ORGANIZATIONS				
HIGH SCHOOL				
Student councils	\$ 714	9,051	6,978	2,787
Class of 2019	2,294	2,300	4,565	29
Class of 2020	1,569	6,105	2,945	4,729
Class of 2021	1,153	849	79	1,923
Class of 2022	-	1,892	284	1,608
FFA	6,152	13,742	19,811	83
FCCLA	1,137	12,356	11,007	2,486
Elbiata	388	2,776	453	2,711
Concessions	1,329	9,524	9,926	927
Trip fund	-	9,915	3,571	6,344
SEE	374	-	-	374
Model UN	74	-	-	74
Other	1,505	10,494	12,125	(126)
Total High School Student Organizations	<u>16,689</u>	<u>79,004</u>	<u>71,744</u>	<u>23,949</u>
GRADE SCHOOL				
Student council	515	287	346	456
4th, 5th and 6th Grade	37	-	37	-
Nature grant	118	-	-	118
Computer	518	234	-	752
Other	-	1,212	1,222	(10)
Total Grade School Student Organizations	<u>1,188</u>	<u>1,733</u>	<u>1,605</u>	<u>1,316</u>
Total Agency Funds	<u>\$ 17,877</u>	<u>80,737</u>	<u>73,349</u>	<u>25,265</u>

Unified School District No. 411

District Activity Funds

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended June 30, 2019

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
ACTIVITY GATE RECEIPTS						
HIGH SCHOOL						
Athletics	\$ 21,027	49,794	54,195	16,626	-	16,626
Plays	1,411	3,677	2,356	2,732	-	2,732
Total Activity Gate Receipts	<u>\$ 22,438</u>	<u>53,471</u>	<u>56,551</u>	<u>19,358</u>	<u>-</u>	<u>19,358</u>
SCHOOL PROJECTS						
HIGH SCHOOL						
Yearbooks	\$ 3,740	129	334	3,535	-	3,535
Other	316	1,080	1,057	339	-	339
GRADE SCHOOL						
Other	39	2,044	1,655	428	-	428
Total School Projects	<u>\$ 4,095</u>	<u>3,253</u>	<u>3,046</u>	<u>4,302</u>	<u>-</u>	<u>4,302</u>