

UNIFIED SCHOOL DISTRICT NO. 497

Lawrence, Kansas

Financial Statements

For the Year Ended June 30, 2017

UNIFIED SCHOOL DISTRICT NO. 497
Lawrence, Kansas
Financial Statements
For the Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 497
Lawrence, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 497, Lawrence, Kansas, (the District), as of and for the year ended June 30, 2017 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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, 2017, 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, 2017, 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.

Report on 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, the schedule of regulatory basis receipts, expenditures and unencumbered cash-trust funds, and the schedule of regulatory basis receipts, expenditures and unencumbered cash-district activity funds (Schedules 1, 2, 3, 4, and 5 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 **December 1, 2017**, 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.

Other Matter

The 2016 Actual column presented in the individual fund financial schedules of regulatory basis receipts and expenditures—actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2016 basic financial statement upon which we rendered an unmodified opinion dated November 21, 2016. The 2016 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://da.ks.gov/ar/muniserv>. Such 2016 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 2016 basic financial statements. The 2016 comparative information was subjected to auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statements or to the 2016 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 2016 comparative information is fairly presented in all material respects in relation to the 2016 basic financial statements as a whole, on the basis of accounting described in Note 1.

Myx Houser & Company PA

Certified Public Accountants

Lawrence, Kansas

December 1, 2017

UNIFIED SCHOOL DISTRICT NO. 497
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2017

<u>Funds</u>	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Types:							
General Funds:							
General Fund	\$ 19,404	\$ -	\$ 78,022,208	\$ 78,041,612	\$ -	\$ 4,368,785	\$ 4,368,785
Supplemental General	1,759,099	-	22,819,692	23,368,529	1,210,262	1,639,547	2,849,809
Special Purpose Funds:							
Adult Basic Education	753,769	-	418,960	396,684	776,045	20,147	796,192
At Risk (4 Year Old)	246,482	-	373,468	470,201	149,749	49,515	199,264
Adult Supplemental Education	25,982	-	-	-	25,982	-	25,982
At Risk (K-12)	-	-	4,874,179	4,874,179	-	428,506	428,506
Bilingual Education	-	-	1,756,769	1,756,769	-	160,142	160,142
Virtual Education	-	-	4,600,237	4,600,237	-	710,598	710,598
Capital Outlay	4,432,669	-	13,023,899	13,095,922	4,360,646	2,695,846	7,056,492
Driver Training	35,632	-	37,204	45,190	27,646	15,030	42,676
Food Service	1,026,940	-	4,751,725	4,785,498	993,167	69,364	1,062,531
Professional Development	-	-	421,468	421,468	-	70,840	70,840
Parent Education Program	62,427	-	164,335	179,938	46,824	2,963	49,787
Summer School	74,517	-	42,915	37,585	79,847	5,896	85,743
Special Education	5,512,746	-	23,387,070	23,472,506	5,427,310	1,779,292	7,206,602
Cost of Living	60,371	-	1,624,291	1,307,199	377,463	-	377,463
Vocational Education	-	-	1,896,349	1,876,477	19,872	195,864	215,736
KPERs Special Retirement Contribution	-	-	5,944,556	5,944,556	-	-	-
Contingency Reserve	6,408,308	26,879	-	2,763,590	3,671,597	110,650	3,782,247
Student Material Revolving	951,924	-	837,431	749,556	1,039,799	78,470	1,118,269
Grants	[240,588]	-	2,294,848	2,839,590	[785,330]	298,999	[486,331]
District Activity	6,480	-	581,227	587,527	180	-	180
Bond and Interest Funds:							
Bond and Interest	14,936,281	-	12,299,940	14,383,158	12,853,063	-	12,853,063
Special Assessment	434,954	-	74,358	14,462	494,850	-	494,850
Capital Projects Fund:							
Capital Projects	1,815,645	-	36,199	1,518,843	333,001	810,132	1,143,133
Business Funds:							
School Workers' Compensation							
Reserve	2,163,680	-	184,564	259,826	2,088,418	-	2,088,418
Health Care Services Reserve	4,542,515	-	9,027,028	11,149,612	2,419,931	-	2,419,931
Trust Fund:							
Trusts - Private Purpose	1,392,983	-	931,404	1,158,770	1,165,617	471,060	1,636,677
Total Reporting Entity (Excluding Agency Funds)	\$ 46,422,220	\$ 26,879	\$ 190,426,324	\$ 200,099,484	\$ 36,775,939	\$ 13,981,646	\$ 50,757,585

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

UNIFIED SCHOOL DISTRICT NO. 497
Summary Statement of Receipts, Expenditures and Unencumbered Cash (Continued)
Regulatory Basis
For the Year Ended June 30, 2017

Composition of Cash:

Commerce Bank		
Certificates of Deposit	\$ 3,921	
Checking Accounts	<u>2,860</u>	
Total Commerce Bank		6,781
Central Bank of the Midwest - Checking		27,083
U.S. Bank - Checking		44,525,075
United Missouri Bank - Checking		1,926,197
University National Bank - Checking		990
Kansas Municipal Investment Pool		3,552,907
Peoples Bank - Checking		718
Cash on Hand		<u>1,644</u>
Total Cash		50,041,395
Less Agency Funds per Schedule 4		<u>716,190</u>
Total Reporting Entity (Excluding Agency Funds)		<u>\$ 50,757,585</u>

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

UNIFIED SCHOOL DISTRICT NO. 497
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity

Unified School District No. 497 (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.

Reimbursed Expenses

Expenditures in the amount of \$689,961 and \$71,347 are classified as reimbursed expenses in the General Fund and Supplemental General Fund, respectively. The purpose of these expenditures is payment 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, 2017:

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

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific 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.

Capital Projects Fund - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund - funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.)

UNIFIED SCHOOL DISTRICT NO. 497
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Trust Fund - funds 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 fund, 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), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 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, 2017 was not amended.

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 capital project funds, business funds, trust funds, agency funds, and the following special purpose funds: Contingency Reserve, Textbook Rental, Student Material Revolving 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. 497
Notes to the Financial Statements
For the Year Ended June 30, 2017

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, 2017, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturity	Rating
		Less than 1 year	
Certificate of Deposit	\$ 3,921	\$ 3,921	NA
Kansas Municipal Investment Pool	3,552,907	3,552,907	S&P AAAf/S1+
Total fair value	\$ 3,556,828	\$ 3,556,828	

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, 2017, is as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
Certificate of Deposit	0.11%
Kansas Municipal Investment Pool	<u>99.89%</u>
	<u>100.00%</u>

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, 2017.

At June 30, 2017, the District's carrying amount of deposits was \$46,484,567 and the bank balance was \$42,486,893. The bank balance was held by six banks resulting in a concentration of credit risk. Of the bank balance, \$690,764 was covered by federal depository insurance and the balance of \$41,796,129 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

UNIFIED SCHOOL DISTRICT NO. 497
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 2 - Deposits and Investments (Continued)

Custodial credit risk – investments (continued). At June 30, 2017, the District had invested \$3,552,907 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.

NOTE 3 - Substance receipt in transit

The District received \$4,853,300 subsequent to June 30, 2017 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, 2017.

NOTE 4 - Long-Term Debt

Following is a detailed listing of the District long-term liabilities, including capital leases, at June 30, 2017:

<u>Debt Issue</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance June 30, 2017</u>
Paid for by revenues					
General Obligation Bonds					
2012A Refunding	12/15/2012	9/1/2025	2.00%	9,890,000	\$ 9,295,000
2013A Improvement	8/1/2013	9/1/2033	2.00 - 5.00%	36,000,000	33,775,000
2014A Improvement	12/18/2014	9/1/2034	2.00 - 5.00%	36,000,000	33,925,000
2016A Refunding & Improvement	1/28/2016	9/1/2035	3.378 - 5.00%	44,045,000	39,315,000
Capital Leases					
Energy Savings Equipment	7/12/2006	10/12/2025	4.90%	1,683,575	1,010,507
Athletics Fields/Equipment - Phase II	4/1/2009	1/15/2019	5.10%	4,250,000	1,010,000
Athletics Fields/Equipment - Phase I Refinancing	7/15/2014	1/15/2019	1.63%	2,521,898	1,143,616
Technology Equipment	3/24/2016	3/24/2016	0.99%	3,158,178	1,579,013
Technology Equipment	3/1/2017	3/1/2020	0.90%	2,826,012	2,109,986
Total					<u>\$ 123,163,122</u>

Following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Balance</u>	<u>Interest Paid</u>
Paid for by revenues					
General Obligation Bonds					
2012A Refunding	\$ 9,405,000	\$ -	\$ 110,000	\$ 9,295,000	\$ 187,000
2013A Improvement	34,750,000	-	975,000	33,775,000	1,314,488
2014A Improvement	34,775,000	-	850,000	33,925,000	1,240,000
2016A Refunding & Improvement	44,045,000	-	4,730,000	39,315,000	1,985,571
Capital Leases					
Energy Savings Equipment	1,100,579	-	90,072	1,010,507	53,928
Athletics Fields/Equipment - Phase II	1,475,000	-	465,000	1,010,000	72,652
Technology Equipment	543,123	-	543,123	-	5,377
Athletics Fields/Equipment - Phase I Refinancing	1,701,650	-	558,034	1,143,616	25,472
Technology Equipment	2,356,928	-	777,915	1,579,013	23,334
Technology Equipment	-	2,826,012	716,026	2,109,986	-
Total	<u>\$ 130,152,280</u>	<u>\$ 2,826,012</u>	<u>\$ 9,815,170</u>	<u>\$ 123,163,122</u>	<u>\$ 4,907,821</u>

UNIFIED SCHOOL DISTRICT NO. 497
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 4 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for the general obligation bonds are as follows:

<u>Year ended June 30,</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2018	\$ 7,280,000	\$ 4,288,262	\$ 11,568,262
2019	5,620,000	4,052,388	9,672,388
2020	5,795,000	3,858,388	9,653,388
2021	6,030,000	3,644,088	9,674,088
2022	6,280,000	3,404,388	9,684,388
2023-2027	33,480,000	12,903,194	46,383,194
2028-2032	31,655,000	7,289,100	38,944,100
2033-2036	20,170,000	1,258,175	21,428,175
Total	<u>\$ 116,310,000</u>	<u>\$ 40,697,983</u>	<u>\$ 157,007,983</u>

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

<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2018	\$ 2,644,305	\$ 147,886	\$ 2,792,191
2019	2,696,515	92,969	2,789,484
2020	808,523	45,718	854,241
2021	103,729	34,485	138,214
2022	108,811	29,403	138,214
2023-2026	491,239	61,616	552,855
Total	<u>\$ 6,853,122</u>	<u>\$ 412,077</u>	<u>\$ 7,265,199</u>

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 is subject to statutes of the State of Kansas which limit the bonded debt outstanding to 14% of the assessed valuation. The District's ratio of outstanding bonded debt to the assessed valuation as of June 30, 2017 was 10.77%.

NOTE 5 - Capital Projects

At year-end, capital project authorizations compared with expenditures from inception are as follows:

	<u>Project Authorization</u>	<u>Expenditures To Date</u>
School Facilities & Technology Upgrade - Phase I	\$ 97,004,508	\$ 96,671,507

UNIFIED SCHOOL DISTRICT NO. 497
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 6 - Compensated Absences

It is the District's policy to pay employees' accrued vacation pay upon termination of employment. Administrative and classified employees are eligible for this compensation. As of June 30, 2017, the liability for accrued vacation pay was \$885,289. A current portion, ten days, is reflected in the financial statements as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 94,502
Supplemental General	257,416
Adult Basic Education	11,365
Virtual Education	11,534
Capital Outlay	16,147
Food Service	8,349
Bilingual	2,333
Special Education	18,512
Vocational Education	5,075
Total	<u>\$ 425,233</u>

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 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 through March 31, 2016 with a 0% moratorium until June 30, 2017 for the Death and Disability Program) and the and the statutory contribution rate was 16.00% and 10.91%, respectively, for the fiscal year ended June 30, 2016. The actuarially determined employer contribution rate and the statutory contribution rate was 16.03% and 10.81%, respectively, for the fiscal year ended June 30, 2017. 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.

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 \$5,944,556 for the year ended June 30, 2017.

UNIFIED SCHOOL DISTRICT NO. 497
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 7 - Defined Benefit Pension Plan (Continued)

Net Pension Liability. At June 30, 2017, the District's proportionate share of the collective net pension liability reported by KPERS was \$115,181,912. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. 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, 2016. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

NOTE 8 - Termination Benefits

The District also has a plan which covers District employees who voluntarily take early retirement. An employee is eligible for early retirement if such employee is a full time employee, not less than 57 years old and not more than 64 years old, has fifteen years or more of service with the District, and twenty years or more of service credit recognized by the Kansas Public Employees Retirement System (KPERS).

The benefits from this plan are computed using a formula based upon salary, age, and KPERS service credit and are payable over a five year period in January of each year. The cost of this plan in the fiscal year ended June 30, 2017, was \$1,138,877. The outstanding liability reflected in the financial statements for the retirees payable in January, 2018, is as follows:

<u>Funds</u>	<u>Amount</u>
Supplemental General	<u>\$ 1,138,877</u>
Total	<u>\$ 1,138,877</u>

The outstanding liability payable from January, 2018, through January, 2022, is \$3,323,115. Above, only the January, 2018 payment is reflected in the financial statements as an account payable.

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.

Workers' Compensation. The District has established a limited risk management program for workers' compensation. Premiums are paid into the School Workers' Compensation Reserve Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the School Workers' Compensation Reserve Fund. As of June 30, 2017, such interfund premiums did not exceed reimbursable expenditures.

UNIFIED SCHOOL DISTRICT NO. 497
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 9 - Risk Management (Continued)

Workers' Compensation (Continued). Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims over a certain amount. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Actual payment of claims and judgments is reported in the School Workers' Compensation Reserve Fund. Changes in the balance of claims liabilities during the past year are as follows:

Unpaid claims, July 1, 2016	\$ 618,403
Incurred claims (including IBNRs)	155,170
Claim payments and adjustments	<u>[207,859]</u>
 Unpaid claims, June 30, 2017	 <u>\$ 565,714</u>

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, 2017.

The District's general obligation bond issues are subject to the arbitrage provisions of Section 148 of the Internal Revenue Code. These provisions include the potential for rebates to the Federal Government of the earnings on the bond proceeds in excess of the yield on the bonds. The amounts of any future rebates due on other bonds or temporary notes have not been determined.

On September 24, 2015, the Universal Service Administrative Company (USAC) rescinded certain e-rate reimbursements received by the District for the 2011-2012 through 2013-2014 funding years and denied e-rate reimbursements for the 2014-2015 through 2015-2016 funding years because of competitive bidding violations. The amount of the District's potential liability due to these rescinded reimbursements is approximately \$500,000. The District has filed an appeal with the Federal Communication Commission, but a response to the appeal had not been received as of the date of the financial statements.

The District is a defendant in various other lawsuits. The outcome of these lawsuits is not presently determinable. However, the resolution of these matters will not likely have a material adverse effect on the financial condition of the District.

NOTE 11 - 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.

UNIFIED SCHOOL DISTRICT NO. 497
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 12 - Interfund Transactions

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Bilingual Education	K.S.A. 74-6478	\$ 634,225
General	Special Education	K.S.A. 74-6478	14,766,904
General	Vocational Education	K.S.A. 74-6478	102,924
General	Virtual Education	K.S.A. 74-6478	4,576,937
General	At Risk (4 Year Old)	K.S.A. 74-6478	10,000
General	At Risk (K-12)	K.S.A. 74-6478	3,645,190
General	Professional Development	K.S.A. 74-6478	23,468
General	KPERS Special Retirement Contribution	K.S.A. 74-6478	5,944,556
General	Health Care Services Reserve	K.S.A. 74-6478	3,177,384
General	School Workers' Compensation Reserve	K.S.A. 74-6478	84,960
Supplemental General	Bilingual Education	K.S.A. 74-6478	1,113,050
Supplemental General	Special Education	K.S.A. 74-6478	5,322,529
Supplemental General	Vocational Education	K.S.A. 74-6478	1,761,000
Supplemental General	Health Care Services Reserve	K.S.A. 74-6478	655,501
Supplemental General	School Workers' Compensation Reserve	K.S.A. 74-6478	21,834
Supplemental General	Professional Development	K.S.A. 74-6478	398,000
Supplemental General	Parent Education Program	K.S.A. 74-6478	18,000
Supplemental General	At Risk (4 Year Old)	K.S.A. 74-6478	140,000
Supplemental General	At Risk (K-12)	K.S.A. 74-6478	1,200,000
		2015 House Substitute for Senate Bill 7	
Contingency Reserve	General Fund		2,750,000
Capital Outlay	School Workers' Compensation Reserve	K.S.A. 44-505e	1,158
Capital Outlay	Health Care Services Reserve	K.S.A. 72-8415a	44,076
Adult Basic Education	School Workers' Compensation Reserve	K.S.A. 44-505e	790
Adult Basic Education	Health Care Services Reserve	K.S.A. 72-8415a	23,482
Grants	School Workers' Compensation Reserve	K.S.A. 44-505e	5,179
Grants	Health Care Services Reserve	K.S.A. 72-8415a	268,916
Parent Education Program	School Workers' Compensation Reserve	K.S.A. 44-505e	344
Parent Education Program	Health Care Services Reserve	K.S.A. 72-8415a	17,434
Summer School	School Workers' Compensation Reserve	K.S.A. 44-505e	86
Professional Development	School Workers' Compensation Reserve	K.S.A. 44-505e	77
Food Service	School Workers' Compensation Reserve	K.S.A. 44-505e	3,970
Food Service	Health Care Services Reserve	K.S.A. 72-8415a	253,733
Driver Training	School Workers' Compensation Reserve	K.S.A. 44-505e	86
Bilingual Education	School Workers' Compensation Reserve	K.S.A. 44-505e	3,589
Bilingual Education	Health Care Services Reserve	K.S.A. 72-8415a	143,094
At Risk (K-12)	School Workers' Compensation Reserve	K.S.A. 44-505e	10,011
At Risk (K-12)	Health Care Services Reserve	K.S.A. 72-8415a	444,302
At Risk (4 Year Old)	School Workers' Compensation Reserve	K.S.A. 44-505e	993
At Risk (4 Year Old)	Health Care Services Reserve	K.S.A. 72-8415a	36,886
Vocational Education	School Workers' Compensation Reserve	K.S.A. 44-505e	3,637
Vocational Education	Health Care Services Reserve	K.S.A. 72-8415a	125,587
Virtual Education	School Workers' Compensation Reserve	K.S.A. 44-505e	5,203
Virtual Education	Health Care Services Reserve	K.S.A. 72-8415a	153,982
Special Education	School Workers' Compensation Reserve	K.S.A. 44-505e	38,968
Special Education	Health Care Services Reserve	K.S.A. 72-8415a	2,004,931
Local Donations	School Workers' Compensation Reserve	K.S.A. 44-505e	100
Local Donations	Health Care Services Reserve	K.S.A. 72-8415a	2,609
Total			<u>\$ 49,939,685</u>

UNIFIED SCHOOL DISTRICT NO. 497
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 13 - Tax-Deferred 403(b) Retirement Plan

The District offers its employees a retirement plan ("Plan") created in accordance with Internal Revenue Code Section 403(b). The Plan, available to all District employees, permits them to save additional funds for retirement. The investment options under the Plan include annuity contracts and/or custodial accounts. Employees may elect to have make contributions of deferred salaries/wages to the Plan to the extent permitted by the Plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan participants are 100% vested in any elective deferral contributions made to the Plan as of the date such contribution is made.

In addition to the elective deferral plan described above, the District offers a Non-Elective Contribution Employer Paid Deferred Benefit 403(b) Plan ("Employer Paid Plan") for each professional employee employed at least half time in the District. This account is separate from any professional employee paid deferred benefit account, and no employee contributions, via salary reduction or otherwise, shall be allowed into the account.

The district will contribute \$60 per month (\$720 annually) into each full time professional employee's Employer Paid Plan. Professional employees employed on a less than half time basis during a contract year are not eligible to receive contributions into his/her Employer Paid Plan. Contributions will be prorated for professional employees who work less than full time in a certified position.

<u>FTE</u>	<u>Contribution</u>
.95 - 1.00	\$ 60
.85 - .94	54
.75 - .84	48
.65 - .74	42
.55 - .64	36
.50 - .54	30
Less than .50	-

A professional employee's ownership interest in his or her Employer Paid Plan shall vest in yearly increments. A professional employee will receive one year of vesting credit for each contract year completed, starting with the 2008-09 contract year, in which the professional employee is employed at least half time with the district. The following vesting schedule will be used to determine the professional employee's ownership interest in the funds in the account:

Year 1	0%
Year 2	20%
Year 3	40%
Year 4	60%
Year 5	80%
Year 6	100%

District contributions to employees' Employer Paid Plans for the years ending June 30, 2017 and 2016 were \$1,374,700 and \$966,640, respectively.

SCHEDULE 1

UNIFIED SCHOOL DISTRICT NO. 497
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

<u>Funds</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 Fund	\$ 81,421,861	\$ [4,336,768]	\$ 956,519	\$ 78,041,612	\$ 78,041,612	\$ -
Supplemental General	23,297,182	-	71,347	23,368,529	23,368,529	-
Special Purpose Funds:						
Adult Basic Education	700,000	-	-	700,000	396,684	303,316
At Risk (4 Year Old)	630,000	-	-	630,000	470,201	159,799
Adult Supplemental Education	25,981	-	-	25,981	-	25,981
At Risk (K-12)	5,000,000	-	-	5,000,000	4,874,179	125,821
Bilingual Education	2,250,000	-	-	2,250,000	1,756,769	493,231
Virtual Education	6,000,000	-	-	6,000,000	4,600,237	1,399,763
Capital Outlay	16,000,000	-	-	16,000,000	13,095,922	2,904,078
Driver Training	105,000	-	-	105,000	45,190	59,810
Food Service	6,000,000	-	-	6,000,000	4,785,498	1,214,502
Professional Development	690,000	-	-	690,000	421,468	268,532
Parent Education Program	280,000	-	-	280,000	179,938	100,062
Summer School	132,000	-	-	132,000	37,585	94,415
Special Education	25,500,000	-	-	25,500,000	23,472,506	2,027,494
Cost of Living	1,700,000	-	-	1,700,000	1,307,199	392,801
Vocational Education	2,600,000	-	-	2,600,000	1,876,477	723,523
KPERS Special Retirement Contribution	8,495,838	-	-	8,495,838	5,944,556	2,551,282
Grants	2,669,795	-	-	2,669,795	2,839,590	[169,795]
Bond and Interest Funds:						
Bond and Interest	14,384,159	-	-	14,384,159	14,383,158	1,001
Special Assessment	250,000	-	-	250,000	14,462	235,538

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
General Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State Aid:				
Equalization aid	\$ 60,975,724	\$ 56,200,787	\$ 57,039,273	\$ [838,486]
Juvenile detention center	305,849	266,558	-	266,558
KPERS aid	6,090,694	5,944,556	8,495,838	[2,551,282]
Special education aid	12,325,306	12,156,285	12,996,000	[839,715]
Investment income	-	-	10,000	[10,000]
Miscellaneous	19,404	14,061	130,750	[116,689]
Reimbursed expenses	421,431	689,961	-	689,961
Transfers in	150,602	2,750,000	2,750,000	-
Total Receipts	<u>80,289,010</u>	<u>78,022,208</u>	<u>\$ 81,421,861</u>	<u>\$ [3,399,653]</u>
Expenditures				
Instruction	29,712,779	28,690,911	\$ 33,611,823	\$ 4,920,912
Student support services	2,660,735	2,688,528	2,913,000	224,472
Instructional support	1,892,222	1,923,759	2,036,700	112,941
General administration	117,368	220,228	119,500	[100,728]
School administration	333,336	340,820	327,000	[13,820]
Operations and maintenance	8,152,000	7,916,492	7,685,000	[231,492]
Transportation	278,777	392,340	300,000	[92,340]
Other supplemental services	2,620,329	2,901,986	1,227,000	[1,674,986]
Transfers out	34,509,875	32,966,548	33,201,838	235,290
Adjustment to comply with legal max budget	-	-	[4,336,768]	[4,336,768]
Adjustment for qualifying budget credits	-	-	956,519	956,519
Total Expenditures	<u>80,277,421</u>	<u>78,041,612</u>	<u>\$ 78,041,612</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	11,589	[19,404]		
Unencumbered Cash, Beginning	<u>7,815</u>	<u>19,404</u>		
Unencumbered Cash, Ending	<u>\$ 19,404</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Supplemental General Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year	Current Year		Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Positive [Negative]
Receipts				
Taxes and Shared Revenues:				
Ad valorem property taxes	\$ 17,577,279	\$ 14,849,934	\$ 14,063,394	\$ 786,540
Delinquent tax	174,915	174,473	91,350	83,123
Motor vehicle tax	2,021,488	1,948,567	1,607,870	340,697
Reimbursed expenses	122,445	71,347	-	71,347
State aid	-	5,775,371	5,775,371	-
Transfer in	4,203,557	-	-	-
Total Receipts	<u>24,099,684</u>	<u>22,819,692</u>	<u>\$ 21,537,985</u>	<u>\$ 1,281,707</u>
Expenditures				
Instruction	1,170,286	1,268,890	\$ 1,100,938	\$ [167,952]
Student support services	242,642	201,378	249,500	48,122
Instructional support	1,781,669	1,852,431	1,870,000	17,569
General administration	424,182	345,789	430,000	84,211
School administration	4,454,753	4,419,392	4,555,000	135,608
Operations and maintenance	59,278	47,364	60,000	12,636
Transportation	1,543,629	1,871,436	1,465,000	[406,436]
Other supplemental services	2,740,540	2,731,935	3,075,000	343,065
Transfers out	11,002,648	10,629,914	10,491,744	[138,170]
Adjustment for qualifying budget credits	-	-	71,347	71,347
Total Expenditures	<u>23,419,627</u>	<u>23,368,529</u>	<u>\$ 23,368,529</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	680,057	[548,837]		
Unencumbered Cash, Beginning	<u>1,079,042</u>	<u>1,759,099</u>		
Unencumbered Cash, Ending	<u>\$ 1,759,099</u>	<u>\$ 1,210,262</u>		

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Adult Basic Education Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year	Current Year		Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Positive [Negative]
Receipts				
Taxes and Shared Revenues:				
Ad valorem property taxes	\$ 110,936	\$ 253,679	\$ 244,402	\$ 9,277
Delinquent tax	3,913	3,103	521	2,582
Motor vehicle tax	33,906	41,215	35,952	5,263
Federal aid	-	-	65,890	[65,890]
State aid	112,680	115,084	47,581	67,503
Reimbursed expenses	2,401	2,797	-	2,797
Miscellaneous	2,631	3,082	10,006	[6,924]
Total Receipts	<u>266,467</u>	<u>418,960</u>	<u>\$ 404,352</u>	<u>\$ 14,608</u>
Expenditures				
Instruction	335,310	307,910	\$ 613,350	\$ 305,440
Student support services	20,640	20,035	25,120	5,085
Instructional support staff	41,531	44,467	61,530	17,063
Transfers out	28,953	24,272	-	[24,272]
Total Expenditures	<u>426,434</u>	<u>396,684</u>	<u>\$ 700,000</u>	<u>\$ 303,316</u>
Receipts Over [Under] Expenditures	[159,967]	22,276		
Unencumbered Cash, Beginning	<u>913,736</u>	<u>753,769</u>		
Unencumbered Cash, Ending	<u>\$ 753,769</u>	<u>\$ 776,045</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
At Risk (4 Year Old) Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Tuition	\$ -	\$ -	\$ 40,000	\$ [40,000]
Miscellaneous	251,631	220,871	200,000	20,871
Reimbursed expenses	-	2,597	-	2,597
Transfers in	150,000	150,000	150,000	-
Total Receipts	<u>401,631</u>	<u>373,468</u>	<u>\$ 390,000</u>	<u>\$ [16,532]</u>
Expenditures				
Instruction	335,389	356,879	\$ 466,000	\$ 109,121
Student support services	48,651	-	56,000	56,000
Instructional support staff	-	-	12,000	12,000
School administration	80,720	75,443	96,000	20,557
Transfers out	43,454	37,879	-	[37,879]
Total Expenditures	<u>508,214</u>	<u>470,201</u>	<u>\$ 630,000</u>	<u>\$ 159,799</u>
Receipts Over [Under] Expenditures	[106,583]	[96,733]		
Unencumbered Cash, Beginning	<u>353,065</u>	<u>246,482</u>		
Unencumbered Cash, Ending	<u>\$ 246,482</u>	<u>\$ 149,749</u>		

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Adult Supplemental Education Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-
Expenditures				
Instruction	-	-	\$ 25,981	\$ 25,981
Total Expenditures	-	-	\$ 25,981	\$ 25,981
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	25,982	25,982		
Unencumbered Cash, Ending	\$ 25,982	\$ 25,982		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
At Risk (K-12) Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 4,015,457	\$ 4,845,190	\$ 4,750,000	\$ 95,190
Miscellaneous	-	-	250,000	[250,000]
Reimbursed expenses	-	28,989	-	28,989
Total Receipts	<u>4,015,457</u>	<u>4,874,179</u>	<u>\$ 5,000,000</u>	<u>\$ [125,821]</u>
Expenditures				
Instruction	3,599,633	4,384,551	\$ 4,959,750	\$ 575,199
Instructional support staff	34,482	35,315	40,250	4,935
Transfers out	381,342	454,313	-	[454,313]
Total Expenditures	<u>4,015,457</u>	<u>4,874,179</u>	<u>\$ 5,000,000</u>	<u>\$ 125,821</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Bilingual Education Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 1,769,649	\$ 1,747,275	\$ 2,000,000	\$ [252,725]
Miscellaneous	-	-	250,000	[250,000]
Reimbursed expenses	-	9,494	-	9,494
Total Receipts	<u>1,769,649</u>	<u>1,756,769</u>	<u>\$ 2,250,000</u>	<u>\$ [493,231]</u>
Expenditures				
Instruction	1,395,257	1,380,477	\$ 1,952,280	\$ 571,803
Student support services	103,446	110,035	121,500	11,465
Instructional support	115,447	119,574	176,220	56,646
Transfers out	155,499	146,683	-	[146,683]
Total Expenditures	<u>1,769,649</u>	<u>1,756,769</u>	<u>\$ 2,250,000</u>	<u>\$ 493,231</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Virtual Education Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Reimbursed expenses	\$ -	\$ 23,300	\$ -	\$ 23,300
Transfers in	<u>4,284,297</u>	<u>4,576,937</u>	<u>6,000,000</u>	<u>[1,423,063]</u>
Total Receipts	<u>4,284,297</u>	<u>4,600,237</u>	<u>\$ 6,000,000</u>	<u>\$ [1,399,763]</u>
Expenditures				
Instruction	3,563,652	3,842,525	\$ 5,377,235	\$ 1,534,710
Student support services	-	-	-	-
Instructional support	9,295	7,680	25,000	17,320
School administration	495,974	543,893	539,625	[4,268]
Operations and maintenance	34,630	40,382	55,640	15,258
Transportation	-	1,730	-	[1,730]
Other supplemental services	3,560	4,842	2,500	[2,342]
Transfers out	<u>177,186</u>	<u>159,185</u>	<u>-</u>	<u>[159,185]</u>
Total Expenditures	<u>4,284,297</u>	<u>4,600,237</u>	<u>\$ 6,000,000</u>	<u>\$ 1,399,763</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Capital Outlay Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenues:				
Ad valorem property taxes	\$ 8,014,816	\$ 8,213,077	\$ 7,976,426	\$ 236,651
Delinquent tax	78,032	78,575	41,560	37,015
Motor vehicle tax	932,075	959,360	775,841	183,519
Investment income	17,855	13,410	15,000	[1,590]
Reimbursed expenses	91,676	144,186	-	144,186
Lease proceeds	3,001,151	2,705,916	-	2,705,916
Miscellaneous	231,810	212,246	3,015,129	[2,802,883]
State aid	-	678,091	678,400	[309]
Flood control	1,452	19,038	-	19,038
Total Receipts	<u>12,368,867</u>	<u>13,023,899</u>	<u>\$ 12,502,356</u>	<u>\$ 521,543</u>
Expenditures				
Instruction	6,527,935	4,618,924	\$ 4,046,600	\$ [572,324]
Student support services	3,748	2,095	25,000	22,905
Instructional support	370,493	43,395	135,000	91,605
General administration	-	23,492	25,000	1,508
School administration	44,720	55,782	25,000	[30,782]
Operations and maintenance	412,536	406,944	300,000	[106,944]
Central support services	554,482	1,051,907	625,000	[426,907]
Other support services	168,789	175,232	100,000	[75,232]
Facility acquisition and construction services	6,321,194	6,672,917	10,718,400	4,045,483
Transfers out	-	45,234	-	[45,234]
Total Expenditures	<u>14,403,897</u>	<u>13,095,922</u>	<u>\$ 16,000,000</u>	<u>\$ 2,904,078</u>
Receipts Over [Under] Expenditures	[2,035,030]	[72,023]		
Unencumbered Cash, Beginning	<u>6,467,699</u>	<u>4,432,669</u>		
Unencumbered Cash, Ending	<u>\$ 4,432,669</u>	<u>\$ 4,360,646</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Driver Training Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 9,384	\$ 16,534	\$ 15,750	\$ 784
Charges for services	20,200	20,670	53,618	[32,948]
Total Receipts	<u>29,584</u>	<u>37,204</u>	<u>\$ 69,368</u>	<u>\$ [32,164]</u>
Expenditures				
Instruction	31,239	31,212	\$ 86,500	\$ 55,288
Instructional support	7,634	6,506	2,500	[4,006]
Operations and maintenance	5,027	7,386	16,000	8,614
Transfers out	172	86	-	[86]
Total Expenditures	<u>44,072</u>	<u>45,190</u>	<u>\$ 105,000</u>	<u>\$ 59,810</u>
Receipts Over [Under] Expenditures	[14,488]	[7,986]		
Unencumbered Cash, Beginning	<u>50,120</u>	<u>35,632</u>		
Unencumbered Cash, Ending	<u>\$ 35,632</u>	<u>\$ 27,646</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Food Service Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal aid	\$ 2,839,313	\$ 2,746,732	\$ 2,779,542	\$ (32,810)
State aid	45,113	46,516	46,440	76
Charges for services	1,861,495	1,958,403	3,142,813	[1,184,410]
Investment income	59	74	100	[26]
Total Receipts	<u>4,745,980</u>	<u>4,751,725</u>	<u>\$ 5,968,895</u>	<u>\$ [1,217,170]</u>
Expenditures				
Food service operation	4,469,485	4,527,795	\$ 6,000,000	\$ 1,472,205
Transfers out	265,568	257,703	-	[257,703]
Total Expenditures	<u>4,735,053</u>	<u>4,785,498</u>	<u>\$ 6,000,000</u>	<u>\$ 1,214,502</u>
Receipts Over [Under] Expenditures	10,927	[33,773]		
Unencumbered Cash, Beginning	<u>1,016,013</u>	<u>1,026,940</u>		
Unencumbered Cash, Ending	<u>\$ 1,026,940</u>	<u>\$ 993,167</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Professional Development Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Miscellaneous	\$ 300	\$ -	\$ -	\$ -
Donations	300	-	-	-
Transfers in	<u>308,975</u>	<u>421,468</u>	<u>690,000</u>	<u>[268,532]</u>
Total Receipts	<u>309,575</u>	<u>421,468</u>	<u>\$ 690,000</u>	<u>\$ [268,532]</u>
Expenditures				
Instructional support	309,037	409,359	\$ 690,000	\$ 280,641
Student support services	400	169	-	[169]
School administration	-	11,863	-	[11,863]
Transfers out	<u>138</u>	<u>77</u>	<u>-</u>	<u>[77]</u>
Total Expenditures	<u>309,575</u>	<u>421,468</u>	<u>\$ 690,000</u>	<u>\$ 268,532</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Parent Education Program Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year	Current Year		Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Positive [Negative]
Receipts				
Federal aid	\$ 138,000	\$ 121,271	\$ 141,538	\$ [20,267]
Miscellaneous	43,500	25,064	75,000	[49,936]
Transfers in	18,000	18,000	18,000	-
Total Receipts	<u>199,500</u>	<u>164,335</u>	<u>\$ 234,538</u>	<u>\$ [70,203]</u>
Expenditures				
Support services	184,065	161,115	\$ 275,000	\$ 113,885
Instructional support staff	3,912	1,045	5,000	3,955
Transfers out	22,211	17,778	-	[17,778]
Total Expenditures	<u>210,188</u>	<u>179,938</u>	<u>\$ 280,000</u>	<u>\$ 100,062</u>
Receipts Over [Under] Expenditures	[10,688]	[15,603]		
Unencumbered Cash, Beginning	<u>73,115</u>	<u>62,427</u>		
Unencumbered Cash, Ending	<u>\$ 62,427</u>	<u>\$ 46,824</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Summer School Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services	\$ 39,588	\$ 42,915	\$ 57,484	\$ [14,569]
Total Receipts	<u>39,588</u>	<u>42,915</u>	<u>\$ 57,484</u>	<u>\$ [14,569]</u>
Expenditures				
Instruction	37,453	37,499	\$ 132,000	\$ 94,501
Transfers out	<u>125,168</u>	<u>86</u>	<u>-</u>	<u>[86]</u>
Total Expenditures	<u>162,621</u>	<u>37,585</u>	<u>\$ 132,000</u>	<u>\$ 94,415</u>
Receipts Over [Under] Expenditures	[123,033]	5,330		
Unencumbered Cash, Beginning	<u>197,550</u>	<u>74,517</u>		
Unencumbered Cash, Ending	<u>\$ 74,517</u>	<u>\$ 79,847</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Special Education Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State aid	\$ 5,949	\$ 30,252	\$ 10,000	\$ 20,252
Federal aid	2,385,343	2,304,376	3,137,000	[832,624]
Charges for services	-	-	25,000	[25,000]
Reimbursed expenses	747,718	963,009	-	963,009
Transfers in	18,466,701	20,089,433	18,996,000	1,093,433
Total Receipts	<u>21,605,711</u>	<u>23,387,070</u>	<u>\$ 22,168,000</u>	<u>\$ 1,219,070</u>
Expenditures				
Instruction	13,729,076	14,041,670	\$ 16,989,000	\$ 2,947,330
Student support services	3,409,752	3,599,893	3,895,000	295,107
Instructional support staff	1,044,966	1,005,415	1,433,000	427,585
General administration	-	-	5,000	5,000
Operations and maintenance	6,189	12,934	13,000	66
Vehicle operating services	2,768,147	2,763,539	3,155,000	391,461
Other supplemental services	-	5,156	10,000	4,844
Transfers out	2,211,191	2,043,899	-	[2,043,899]
Total Expenditures	<u>23,169,321</u>	<u>23,472,506</u>	<u>\$ 25,500,000</u>	<u>\$ 2,027,494</u>
Receipts Over [Under] Expenditures	[1,563,610]	[85,436]		
Unencumbered Cash, Beginning	<u>7,076,356</u>	<u>5,512,746</u>		
Unencumbered Cash, Ending	<u>\$ 5,512,746</u>	<u>\$ 5,427,310</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Cost of Living Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	<u>[Negative]</u>
Receipts				
Taxes and Shared Revenues:				
Ad valorem property taxes	\$ 1,456,751	\$ 1,454,533	\$ 1,504,876	\$ [50,343]
Delinquent tax	11,802	12,498	7,603	4,895
Motor vehicle tax	144,969	157,260	124,553	32,707
Total Receipts	<u>1,613,522</u>	<u>1,624,291</u>	<u>\$ 1,637,032</u>	<u>\$ [12,741]</u>
Expenditures				
State payment	<u>1,571,491</u>	<u>1,307,199</u>	<u>\$ 1,700,000</u>	<u>\$ 392,801</u>
Total Expenditures	<u>1,571,491</u>	<u>1,307,199</u>	<u>\$ 1,700,000</u>	<u>\$ 392,801</u>
Receipts Over [Under] Expenditures	42,031	317,092		
Unencumbered Cash, Beginning	<u>18,340</u>	<u>60,371</u>		
Unencumbered Cash, Ending	<u>\$ 60,371</u>	<u>\$ 377,463</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Vocational Education Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year	Current Year		Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Positive [Negative]
Receipts				
Reimbursed expenses	\$ 914	\$ 24,862	\$ -	\$ 24,862
State aid	-	3,768	3,335	433
Miscellaneous	100	3,795	-	3,795
Transfers in	1,913,080	1,863,924	2,593,744	[729,820]
Total Receipts	<u>1,914,094</u>	<u>1,896,349</u>	<u>\$ 2,597,079</u>	<u>\$ [700,730]</u>
Expenditures				
Instruction	1,568,734	1,462,564	\$ 2,348,000	\$ 885,436
Student support services	-	7,316	-	[7,316]
Instructional support	164,657	235,781	212,000	[23,781]
Central services	-	-	1,000	1,000
Operations and maintenance	30,786	41,592	39,000	[2,592]
Transfers out	149,917	129,224	-	[129,224]
Total Expenditures	<u>1,914,094</u>	<u>1,876,477</u>	<u>\$ 2,600,000</u>	<u>\$ 723,523</u>
Receipts Over [Under] Expenditures	-	19,872		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 19,872</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
KPERs Special Retirement Contribution Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Transfers in	\$ 6,090,694	\$ 5,944,556	\$ 8,495,838	\$ [2,551,282]
Total Receipts	<u>6,090,694</u>	<u>5,944,556</u>	<u>\$ 8,495,838</u>	<u>\$ [2,551,282]</u>
Expenditures				
Instruction	4,238,185	4,155,945	\$ 5,939,592	\$ 1,783,647
Student support services	467,953	416,389	595,095	178,706
Instructional support	362,614	318,962	455,854	136,892
General administration	30,865	35,765	51,114	15,349
School administration	373,774	370,129	528,981	158,852
Operations and maintenance	219,030	258,990	370,143	111,153
Other supplemental services	239,131	207,735	296,891	89,156
Food service	159,142	180,641	258,168	77,527
Total Expenditures	<u>6,090,694</u>	<u>5,944,556</u>	<u>\$ 8,495,838</u>	<u>\$ 2,551,282</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual
Contingency Reserve Fund *
Regulatory Basis
For the Year Ended June 30, 2017 and 2016

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Reimbursements	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Instruction	53,190	-
Instructional support	250	-
Other supplemental services	42,700	13,590
Transfers out	25,602	2,750,000
Total Expenditures	121,742	2,763,590
Receipts Over [Under] Expenditures	[121,742]	[2,763,590]
Unencumbered Cash, Beginning	6,471,093	6,408,308
Prior Year Cancelled Encumbrances	58,957	26,879
Unencumbered Cash, Ending	\$ 6,408,308	\$ 3,671,597

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual
Student Material Revolving Fund *
Regulatory Basis
For the Year Ended June 30, 2017 and 2016

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Charges for services	\$ 824,546	\$ 837,431
Total Receipts	<u>824,546</u>	<u>837,431</u>
Expenditures		
Instruction	<u>779,099</u>	<u>749,556</u>
Total Expenditures	<u>779,099</u>	<u>749,556</u>
Receipts Over [Under] Expenditures	45,447	87,875
Unencumbered Cash, Beginning	<u>906,477</u>	<u>951,924</u>
Unencumbered Cash, Ending	<u>\$ 951,924</u>	<u>\$ 1,039,799</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Grants Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Federal Aid:				
Title I	\$ 1,975,242	\$ 1,732,625	\$ 2,069,980	\$ [337,355]
Title II A - Improving Teacher Quality	331,942	274,656	379,559	[104,903]
Carl Perkins Vocational Act Program Improvement	87,503	93,233	-	93,233
Title III-English as a Second Language	87,666	30,825	65,328	[34,503]
Johnson O'Malley Grant	150,055	146,896	-	146,896
Total Federal Aid	2,632,408	2,278,235	2,514,867	(236,632)
Other Receipts:				
Other grants and donations	68,746	16,613	417,075	[400,462]
Total Receipts	2,701,154	2,294,848	\$ 2,931,942	\$ [637,094]
Expenditures				
Instruction	2,046,266	2,123,352	\$ 1,825,595	\$ [297,757]
Student support services	111,771	118,249	138,000	19,751
Instructional support staff	239,165	224,043	693,000	468,957
General administration	6,597	7,869	12,200	4,331
Transportation	136,168	91,982	1,000	[90,982]
Transfers out	244,501	274,095	-	[274,095]
Total Expenditures	2,784,468	2,839,590	\$ 2,669,795	\$ [169,795]
Receipts Over [Under] Expenditures	[83,314]	[544,742]		
Unencumbered Cash, Beginning	[157,274]	[240,588]		
Unencumbered Cash, Ending	\$ [240,588]	\$ [785,330]		

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Bond and Interest Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Ad valorem property taxes	\$ 10,217,895	\$ 9,874,937	\$ 9,598,993	\$ 275,944
Delinquent tax	107,409	104,855	52,966	51,889
Motor vehicle tax	1,216,601	1,220,052	997,974	222,078
State aid	473,501	1,099,822	1,150,653	[50,831]
Investment income	32	264	-	264
Bond proceeds	75,949	-	-	-
Miscellaneous	-	10	-	10
Transfers in	285,869	-	-	-
Total Receipts	<u>12,377,256</u>	<u>12,299,940</u>	<u>\$ 11,800,586</u>	<u>\$ 499,354</u>
Expenditures				
Bond principal	7,050,000	9,595,000	\$ 9,595,000	\$ -
Interest	3,914,619	4,788,158	4,789,159	1,001
Total Expenditures	<u>10,964,619</u>	<u>14,383,158</u>	<u>\$ 14,384,159</u>	<u>\$ 1,001</u>
Receipts Over [Under] Expenditures	1,412,637	[2,083,218]		
Unencumbered Cash, Beginning	<u>13,523,644</u>	<u>14,936,281</u>		
Unencumbered Cash, Ending	<u>\$ 14,936,281</u>	<u>\$ 12,853,063</u>		

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual and Budget
Special Assessment Fund
Regulatory Basis
For the Year Ended June 30, 2017
(With Comparative Actual Amounts for the Year Ended June 30, 2016)

	Prior Year	Current Year		Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Positive [Negative]
Receipts				
Taxes and Shared Revenues:				
Ad valorem property taxes	\$ 12,622	\$ 59,337	\$ 56,834	\$ 2,503
Delinquent tax	775	505	58	447
Motor vehicle tax	4,959	5,932	4,629	1,303
Reimbursed expenses	-	8,584	-	8,584
Total Receipts	<u>18,356</u>	<u>74,358</u>	<u>\$ 61,521</u>	<u>\$ 12,837</u>
Expenditures				
Capital outlay	<u>14,605</u>	<u>14,462</u>	<u>\$ 250,000</u>	<u>\$ 235,538</u>
Total Expenditures	<u>14,605</u>	<u>14,462</u>	<u>\$ 250,000</u>	<u>\$ 235,538</u>
Receipts Over [Under] Expenditures	3,751	59,896		
Unencumbered Cash, Beginning	<u>431,203</u>	<u>434,954</u>		
Unencumbered Cash, Ending	<u>\$ 434,954</u>	<u>\$ 494,850</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual
Capital Projects Fund *
Regulatory Basis
For the Year Ended June 30, 2017 and 2016

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Investment income	\$ 2,165,987	\$ 36,199
Bond proceeds	<u>20,500,000</u>	<u>-</u>
Total Receipts	<u>22,665,987</u>	<u>36,199</u>
Expenditures		
Instruction	-	-
General administration	1,716	-
Operations and maintenance	688,387	443,399
Business services	115,313	-
Food service operation	17,839	162,792
Building repair and remodeling	24,657,716	912,652
Transfers out	<u>285,869</u>	<u>-</u>
Total Expenditures	<u>25,766,840</u>	<u>1,518,843</u>
Receipts Over [Under] Expenditures	[3,100,853]	[1,482,644]
Unencumbered Cash, Beginning	<u>4,916,498</u>	<u>1,815,645</u>
Unencumbered Cash, Ending	<u>\$ 1,815,645</u>	<u>\$ 333,001</u>

* These funds are not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual
School Workers' Compensation Reserve Fund *
Regulatory Basis
For the Year Ended June 30, 2017 and 2016

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfers in	\$ 352,968	\$ 180,985
Reimbursed expenses	<u>1,161</u>	<u>3,579</u>
Total Receipts	<u>354,129</u>	<u>184,564</u>
Expenditures		
Instruction	260,102	246,666
General administration	121,949	13,101
Operations and maintenance	<u>-</u>	<u>59</u>
Total Expenditures	<u>382,051</u>	<u>259,826</u>
Receipts Over [Under] Expenditures	[27,922]	[75,262]
Unencumbered Cash, Beginning	<u>2,191,602</u>	<u>2,163,680</u>
Unencumbered Cash, Ending	<u>\$ 2,163,680</u>	<u>\$ 2,088,418</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Receipts and Expenditures - Actual
Health Care Services Reserve Fund *
Regulatory Basis
For the Year Ended June 30, 2017 and 2016

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Charges for services	\$ 1,744,326	\$ 1,675,111
Transfers in	<u>7,619,496</u>	<u>7,351,917</u>
Total Receipts	<u>9,363,822</u>	<u>9,027,028</u>
Expenditures		
Group insurance	11,012,778	11,149,612
Other insurance services	<u>50,485</u>	<u>-</u>
Total Expenditures	<u>11,063,263</u>	<u>11,149,612</u>
Receipts Over [Under] Expenditures	[1,699,441]	[2,122,584]
Unencumbered Cash, Beginning	<u>6,241,956</u>	<u>4,542,515</u>
Unencumbered Cash, Ending	<u>\$ 4,542,515</u>	<u>\$ 2,419,931</u>

* This fund is not required to be budgeted.

SCHEDULE 3

UNIFIED SCHOOL DISTRICT NO. 497
Trust Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2017

FUNDS	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Central Middle School							
Tom Olin Memorial	\$ 105	\$ -	\$ -	\$ 105	\$ -	\$ -	\$ -
Teresa Lail Memorial	258	-	-	258	-	-	-
Duver Memorial	736	-	-	736	-	-	-
South Middle School							
Haskell CoOp	-	-	298	298	-	-	-
West Middle School							
Opportunity West	7,927	-	4,025	11,952	-	-	-
Carson Memorial	948	-	2	950	-	-	-
Cunningham Memorial	1,406	-	-	1,406	-	-	-
Lawrence Public Schools							
Memorial Funds	223,974	-	-	2,650	221,324	-	221,324
Local Donations Fund	<u>1,157,629</u>	<u>-</u>	<u>927,079</u>	<u>1,140,415</u>	<u>944,293</u>	<u>471,060</u>	<u>1,415,353</u>
Total Other Private Purpose							
Trust Funds	<u>\$ 1,392,983</u>	<u>\$ -</u>	<u>\$ 931,404</u>	<u>\$ 1,158,770</u>	<u>\$ 1,165,617</u>	<u>\$ 471,060</u>	<u>\$ 1,636,677</u>

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2017

FUNDS	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
ELEMENTARY SCHOOLS				
Broken Arrow Elementary				
Lost Library Books	\$ -	\$ 112	\$ 112	\$ -
Total Broken Arrow Activity Funds	-	112	112	-
Cordley Elementary				
Library Media	13	82	95	-
Instructional Enhancement	-	531	494	37
Chess Club	200	-	200	-
Yearbook	-	1,799	1,799	-
Total Cordley Activity Funds	213	2,412	2,588	37
Deerfield Elementary				
Library Funds	-	135	135	-
Coke Machine	-	290	290	-
Yearbook	-	2,950	2,950	-
Total Deerfield Activity Funds	-	3,375	3,375	-
Hillcrest Elementary				
Field Trips	-	860	860	-
Library Media	-	190	190	-
Pop Machine	-	643	643	-
Total Hillcrest Activity Funds	-	1,693	1,693	-
Kennedy Elementary				
Library Media	-	67	67	-
Total Kennedy Activity Funds	-	67	67	-
Langston Hughes Elementary				
Field Trips	-	4,717	4,717	-
Library Media	-	150	150	-
Recorder Fund	-	265	265	-
Total Langston Hughes Activity Funds	-	5,132	5,132	-
Prairie Park Elementary				
Student Council	1,308	3,207	4,515	-
Music	-	41	41	-
Chess Club	-	2,458	2,458	-
Total Prairie Park Activity Funds	1,308	5,706	7,014	-
Quail Run Elementary				
Yearbook	-	2,206	2,206	-
Coke Machine	-	677	677	-
Field Trips	-	2,382	2,382	-
Library	-	69	69	-
Total Quail Run Activity Funds	-	5,334	5,334	-
Schwegler Elementary				
Yearbook	-	1,784	1,784	-
Picture Fund	-	843	843	-
Library	-	33	33	-
Total Schwegler Activity Funds	-	2,660	2,660	-
Sunflower Elementary				
Student Council	3,207	2,100	5,307	-
Library Fund	-	1,531	1,531	-
Pop Machine Money	-	559	559	-
Picture Fund	-	2,409	2,409	-
Total Sunflower Activity Funds	3,207	6,599	9,806	-
Sunset Hill Elementary				
Lost Library Books	-	105	105	-
Field Trips	-	22	22	-
Total Sunset Hill Activity Funds	-	127	127	-
Total Elementary School Activity Funds	4,728	33,217	37,908	37

UNIFIED SCHOOL DISTRICT NO. 497
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2017

FUNDS	Beginning Cash			Ending Cash
	Balance	Receipts	Disbursements	Balance
MIDDLE SCHOOLS				
Central Middle School				
Chess Club	\$ 235	\$ -	\$ 177	\$ 58
Excalibur	5,554	2,137	1,180	6,511
Freshman Fund	197	-	-	197
Garden Club	810	-	50	760
Builder's Club	8	-	-	8
History Day	1,393	-	-	1,393
Pep Club	61	-	-	61
Black Leadership Group	148	-	-	148
Science Olympiad	247	-	-	247
Model UN / Gifted	82	730	630	182
Math Olympiad	22	-	-	22
Music Department	-	26	26	-
P.E. Department	-	53	53	-
Volleyball Program	-	19	19	-
Wrestling Program	-	207	207	-
Boys Basketball Program	-	627	627	-
Girls Basketball Program	-	241	241	-
Football Program	-	885	885	-
Opportunity Central	-	35,254	35,254	-
Central Development Funds	-	123	123	-
Awards and Recognitions	-	34	34	-
Speech and Drama	2,532	2,206	2,072	2,666
Student Council	1,128	1,798	1,502	1,424
Red Ribbon	310	-	-	310
National Junior Honor Society	329	-	-	329
Yearbook	2,520	3,513	2,569	3,464
Total Central Middle School Activity Funds	15,576	47,853	45,649	17,780
South Middle School				
Junior Players	5,182	4,091	4,832	4,441
International Club	754	-	41	713
Adventure Club	2,725	2,927	4,852	800
Physical Education	273	-	273	-
Student Council	10,959	11,739	12,621	10,077
Yearbook	24	4,453	3,362	1,115
South Singers	939	3,081	3,006	1,014
Cheerleaders	102	4,791	2,206	2,687
Band	51	-	-	51
Orchestra	2,955	5,205	5,905	2,255
Black Male Brothers	467	-	-	467
Women of Color	188	-	-	188
Garden Club	570	-	224	346
Cougar Grrrr! Power	213	-	-	213
Honor the Circle	158	-	-	158
S4EE (Students for Equity Excellence)	4	637	141	500
Cougar Fun Run-Elective	-	2,013	1,548	465
6th Grade Titans	-	749	663	86
6th Grade Olympians	-	749	571	178
7th Grade Explorers	-	795	703	92
7th Grade Navigators	-	524	518	6
8th Grade Super 8	-	4,415	4,133	282
Art	-	915	298	617
Total South Middle School Activity Funds	25,564	47,084	45,897	26,751

UNIFIED SCHOOL DISTRICT NO. 497
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2017

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
FUNDS				
MIDDLE SCHOOLS (Continued)				
Southwest Middle School				
Student Council	\$ 15,507	\$ 10,132	\$ 12,891	\$ 12,748
Stuco-Bulldog Help	375	-	15	360
CIT3 Rewards	378	1,500	1,009	869
Ike's Inventory	-	2,000	83	1,917
Chess Club	1,555	-	20	1,535
Math Club	544	-	100	444
Garden Fund	1,484	10,762	8,367	3,879
Future City Group	851	1,450	246	2,055
AVID	106	197	197	106
Cheerleaders	-	250	250	-
International Club	-	79	79	-
Volleyball/Girls BB	-	321	321	-
Game Shirts/Athletic Programs	-	457	457	-
BelCanto	-	20,564	20,564	-
Yearbook	-	20,564	20,564	-
6th Grade Activities	-	1,247	1,247	-
Seventh Grade Activities	-	452	452	-
Drama	-	8,550	8,550	-
Eighth Grade Activities	-	11,103	11,103	-
Enrichment	-	6,379	6,379	-
ER	-	1,248	1,248	-
Newspaper	-	22	22	-
SPED project	-	174	174	-
SW Business Partners	-	2,946	2,946	-
Band	-	5,176	5,176	-
Orchestra	-	598	598	-
Library Book Fair/fines	-	2,129	2,129	-
Global Studies	-	563	563	-
ID Supplies	-	2,890	2,890	-
Total Southwest Middle School Activity Funds	20,800	111,753	108,640	23,913
West Middle School				
Cheerleading Club	\$ 347	\$ 1,406	\$ 1,658	\$ 95
Speech and Drama	5,264	10,806	11,640	4,430
Student Council	3,813	4,758	5,754	2,817
Yearbook	-	5,850	4,202	1,648
Chorale	5,609	6,075	8,759	2,925
Instrumental Music	664	1,055	1,332	387
Morgenroth Band	40	2,198	2,172	66
Library Book Fund	14	-	-	14
Track	346	268	86	528
Gifted	62	250	-	312
Principal's Fund	157	-	57	100
8th Grade Boys Basketball Fund	410	-	-	410
8th Grade Football Fund	100	-	-	100
Magazine Fundraiser	16	8,089	8,105	-
8th Grade Team Activities	470	-	25	445
7th Grade Team Activities	1,522	1,501	2,049	974
6th Grade Team Activities	224	750	237	737
Scholastic Book Fair	-	882	882	-
Concessions	-	3,351	3,351	-
8th Grade Volleyball	274	-	113	161
8th Grade Worlds of Fun	337	9,321	8,123	1,535
7th Grade Fundraising	24	-	-	24
Written and Illustrated	45	-	-	45
Tennis	14	-	-	14
Craft Club	-	150	100	50
Total West Middle School Activity Funds	19,752	56,710	58,645	17,817
Total Middle School Activity Funds	81,692	263,400	258,831	86,261
HIGH SCHOOLS				
Lawrence High School				
American Indian Club	500	120	529	91
At Risk	-	400	-	400
Auto/Power Mech Club	-	941	-	941
AVID	237	205	441	1
Chess Club	1,253	-	71	1,182
DECA Club	215	269	244	240
Environmental/Recycle Club	354	-	-	354
Facility Improvement	-	1,726	205	1,521
FCCLA	263	150	36	377
French Club	115	224	23	316
French Chicago Trip	250	-	-	250
Future Farmers of America	73	234	-	307
Gay & Straight/Total Equality Alliance	214	126	-	340
GCTL/FYI	910	1,552	196	2,266
Geography Club	115	20	-	135
Habitat for Humanity Club	447	677	650	474
HALO - Hispanic American Leadership Org	1,020	18	603	435
International Club	1,402	-	-	1,402
Jewelry Shop	952	-	363	589
Latin Club	58	816	858	16
Media Club	-	455	-	455
Mud Volleyball	-	1,580	1,580	-
Musical Festival	-	5,099	5,099	-
National Art Honor Society	6	100	-	106
Subtotals to Schedule 4, page 4 of 5	8,384	14,712	10,898	12,198

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2017

FUNDS	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
HIGH SCHOOLS (Continued)				
Lawrence High School				
Subtotals from Schedule 4, page 3 of 5	\$ 8,384	\$ 14,712	\$ 10,898	\$ 12,198
National Honor Society	328	1,010	1,338	-
Pink Out	324	1,292	1,316	300
Rome Trip	7,060	4,100	9,368	1,792
Slam/Spoken Word Poetry Club	45	-	-	45
Spanish Club	7	-	-	7
SPED-ED Room	244	-	198	46
Spirit Squad Booster	-	596	-	596
Student Council	1,841	17,183	13,025	5,999
Walt Whitman Fund	277	-	-	277
Young Feminists	121	290	411	-
Harry Potter Club	-	204	2	202
Young Democrats	63	-	-	63
After Prom	-	5,113	5,113	-
Baseball Program	-	21,577	21,577	-
Boys Basketball Program	-	5,890	5,890	-
Boys Soccer Program	-	14,760	14,760	-
Cap N Gown	-	8,319	8,319	-
Cross Country Program	-	1,875	1,875	-
Culinary	-	260	260	-
French IV Trip	-	246	246	-
Gala	-	12,348	12,348	-
Girls Basketball Program	-	7,624	7,624	-
Girls Soccer Program	-	3,573	3,573	-
Heart of a Lion/Parking	-	3,020	3,020	-
History Day Competition	-	3,142	3,142	-
Intramurals	-	234	234	-
LHS Strength and Conditioning	-	2,271	2,271	-
Link Crew	-	557	557	-
Model UN	-	9,887	9,887	-
Music Student Accounts	-	91,275	91,275	-
Paws for Pals/Can We Talk	-	2,625	2,625	-
Softball Program	-	15,360	15,360	-
Tennis Program	-	2,720	2,720	-
Testing	-	43,910	43,910	-
Volleyball Program	-	9,090	9,090	-
Welding Projects	-	242	242	-
Woodshop Projects	-	1,077	1,077	-
Total Lawrence High Activity Funds	18,694	306,382	303,551	21,525
Free State High School				
Advanced Placement/Knowledge Master	1,000	-	-	1,000
Anime	136	-	-	136
Badminton Club	4	-	-	4
Bike Club	42	-	-	42
Book Club	140	-	-	140
Business Professionals	791	-	-	791
Chess Club	522	-	-	522
Class of 2001	500	-	-	500
Class of 2006	500	-	-	500
Class of 2007	500	-	500	-
Class of 2008	500	-	-	500
Class of 2009	500	-	-	500
Class of 2010	500	-	-	500
Class of 2012	500	-	-	500
Class of 2013	500	-	-	500
Class of 2014	103	-	-	103
Class of 2015	734	-	234	500
Class of 2016	29	471	-	500
Class of 2017	-	450	450	-
Class of 2019	243	-	-	243
Class of 2020	-	535	-	535
Computer Club	344	-	-	344
Cup Cake Club	213	488	134	567
Diversity Club	223	761	830	154
Environmental Club	69	209	209	69
Family Career & Community Leaders of America	1,048	4,520	5,148	420
Fellowship of Christian Athletes	264	-	-	264
Film Club/Firebird Productions	3,908	1,748	948	4,708
Free State Yoga Club	42	-	32	10
French Club	198	-	-	198
Future Farmers of America	1,010	10,931	8,024	3,917
FYI	340	301	395	246
Geography Club	2	-	-	2
JAG - Jobs for American's Graduate	-	252	130	122
Key Club	1,008	1,296	1,479	825
Latin Club	-	466	460	6
Lawrence Free Poetry Club	48	3,911	1,080	2,879
Math Team	11	120	131	-
National Honor Society	8,751	9,846	7,135	11,462
Native American Club	41	115	-	156
Philosophy Club	17	-	-	17
Pre-Med Club	100	-	-	100
Subtotals to Schedule 4, page 5 of 5	25,381	36,420	27,319	34,482

UNIFIED SCHOOL DISTRICT NO. 497
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2017

FUNDS	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
HIGH SCHOOLS (Continued)				
Free State High School				
Subtotals from Schedule 4, page 4 of 5	\$ 25,381	\$ 36,420	\$ 27,319	\$ 34,482
Random Acts of Kindness	495	-	-	495
Science Olympiad	71	1,279	698	652
Spanish Club	6	-	-	6
STEP	16	-	-	16
Student Council	11,391	36,285	34,233	13,443
Sweater Club	34	-	-	34
Thespians	2,652	4,126	4,628	2,150
Tolkien Club	620	21	329	312
VICA/CIT	1,228	-	-	1,228
Writers Club	551	-	-	551
YARC-Youth Against Rape Culture	46	-	-	46
Young Democrats Club	97	-	-	97
Young Explorers Club	-	38	26	12
Baseball Account	23,280	15,426	38,706	-
Cap & Gown Rental	-	11,601	11,601	-
Camera Rental & Repair	1,557	190	1,747	-
Model UN	302	15,160	15,462	-
Free State Football	5,609	11,749	17,358	-
Free State Boys Soccer	2,240	16,278	18,518	-
Firebird Fund	183	4,065	4,248	-
Engineering Club - Special Projects	1,835	2,240	4,075	-
Free State Girls Soccer	2,946	10,918	13,864	-
Free State Girls Basketball	2,152	3,629	5,781	-
Parking Fines	1,455	2,592	4,047	-
Free State Boys Basketball	610	14,675	15,285	-
Student Planners	2,675	35	2,710	-
Free State Cross Country/Track	1,667	66,344	68,011	-
Special Education	3,597	-	3,597	-
Free State Boys Tennis	367	64	431	-
Free State Girls Tennis	593	128	721	-
Kelly Petry - Firebird Brick Fund	200	-	200	-
Golf	975	2,720	3,695	-
Girls Golf	683	1,078	1,761	-
Battle of the Bands	773	-	773	-
Grounds Beautification	721	-	721	-
Green & Silver	244	1,000	1,244	-
LINK	621	611	1,232	-
Autism	147	-	147	-
Freddie's Friends	43	-	43	-
SLEIPS	1,267	1,826	3,093	-
Can We Talk	175	-	175	-
LEAP	232	-	232	-
Shop Projects/Schwager	726	1,113	1,839	-
Free State Football (Additional)	74	-	74	-
Free State Softball	18,404	15,613	34,017	-
Testing Fund	2,694	46,977	49,671	-
Jewelry/Metal	2,297	290	2,587	-
Band Program (Additional)	1,991	43,375	45,366	-
Baseball (Additional)	1,769	-	1,769	-
Gay/Straight Alliance	111	-	111	-
Welding/Industrial Technology	56	-	56	-
Work Books	2,080	3,511	5,591	-
Free State Wrestling	173	1,350	1,523	-
Cartridge Recyclers	253	-	253	-
Volleyball	5,558	5,346	10,904	-
Winter Game Intramurals	449	-	449	-
Winter Classic Program	-	2,876	2,876	-
Firebird Pride	467	-	467	-
The Early Bird	302	482	784	-
Renaissance Committee	361	2,064	2,425	-
Faculty FS Gear	-	2,417	2,417	-
Guidance Team Special Account	-	3,040	3,040	-
Bowling	3,437	3,280	6,717	-
Photo Enrichment	620	-	620	-
Girls Swim/Dive	-	7,600	7,600	-
Boys Swim/Dive	1,330	6,933	8,263	-
River City Baseball	2,875	20,843	23,718	-
Band Trip 2016-2017	-	94,072	94,072	-
Orchestra Trip 2018-2019	-	2,300	2,300	-
CORE/DUB Club	400	-	400	-
Total Free State High Activity Funds	146,164	523,980	616,620	53,524
Total High School Activity Funds	164,858	830,362	920,171	75,049
Total Student Activity Funds	251,278	1,126,979	1,216,910	161,347
OTHER AGENCY FUNDS				
Sales Tax Fund	7,055	51,659	53,412	5,302
School and District Accounts	[3,866]	94,106	83,762	6,478
Payroll Clearing Fund	[1,355,307]	86,722,188	86,263,013	[896,132]
Concessions Fund	6,250	916	351	6,815
Total Other Agency Funds	[1,345,868]	86,868,869	86,400,538	[877,537]
Total Agency Funds	\$ [1,094,590]	\$ 87,995,848	\$ 87,617,448	\$ [716,190]

SCHEDULE 5

UNIFIED SCHOOL DISTRICT NO. 497
 District Activity Funds
 Schedule of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended June 30, 2017

FUNDS	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Lawrence High School							
Activity Tickets and Other	\$ -	\$ -	\$ 22,604	\$ 22,604	\$ -	\$ -	\$ -
Athletics	-	-	113,128	113,128	-	-	-
Band	-	-	11,599	11,599	-	-	-
Theater/Showtime	-	-	32,287	32,287	-	-	-
Free State High School							
Activity Tickets and Other	-	-	42,187	42,187	-	-	-
Athletics	1,800	-	207,579	209,199	180	-	180
Band	-	-	15,282	15,282	-	-	-
Encore	-	-	61,143	61,143	-	-	-
Vocal	-	-	52,587	52,587	-	-	-
Central Middle School							
Gate Receipts	-	-	109	109	-	-	-
South Middle School							
Gate Receipts	-	-	9,850	9,850	-	-	-
Southwest Middle School							
Gate Receipts	-	-	9,002	9,002	-	-	-
West Middle School							
Gate Receipts	4,680	-	3,870	8,550	-	-	-
Total District Activity Funds	\$ 6,480	\$ -	\$ 581,227	\$ 587,527	\$ 180	\$ -	\$ 180

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Restated Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
<u>U.S. Department of Interior</u>					
Indian Education Assistance to Schools	15.130	\$ 3,548	\$ 146,896	\$ 141,244	\$ 9,200
Total Direct U.S. Department of Interior		3,548	146,896	141,244	9,200
<u>U.S. Department of Education</u>					
Passed Through Kansas State Department of Education					
Special Education (IDEA) Cluster:					
Special Education Grants to States	84.027	-	2,188,806	2,188,806	-
Special Education Discretionary	84.027	-	54,037	79,744	[25,707]
Special Education Preschool Grants	84.173	-	61,533	61,533	-
Title I Grants to Local Educational Agencies	84.010	[222,078]	1,732,625	2,205,963	[695,416]
Vocational Education Basic Grants to States	84.048	929	93,233	81,368	12,794
English Language Acquisition Grants	84.365	[2,886]	30,825	40,284	[12,345]
Improving Teacher Quality State Grants	84.367	[33,325]	274,656	343,798	[102,467]
Total U.S. Department of Education Passed Through Kansas State Department of Education		[257,360]	4,435,715	5,001,496	[823,141]
<u>U.S. Department of Health and Human Services</u>					
Passed Through Kansas State Department of Education					
Youth Risk Behavior Survey	93.079	-	1,000	1,000	-
Temporary Assistance for Needy Families	93.558	-	121,271	121,271	-
Total U.S. Department of Health and Human Services Passed Through Kansas Department of Education		-	122,271	122,271	-
<u>U.S. Department of Agriculture</u>					
Passed Through Kansas State Department of Education					
Child Nutrition Cluster:					
School Breakfast Program	10.553	-	467,720	467,720	-
National School Lunch Program	10.555	-	2,121,011	2,121,011	-
Summer Food Service Program for Children	10.559	-	156,351	156,351	-
Team Nutrition Training Grant	10.574	-	1,650	1,650	-
Total U.S. Department of Agriculture Passed Through Kansas Department of Education		-	2,746,732	2,746,732	-
Total		\$ [253,812]	\$ 7,451,614	\$ 8,011,743	\$ [813,941]

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 497
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

1. Organization

Unified School District No. 497, Lawrence, 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, 2017.

5. Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2017

UNIFIED SCHOOL DISTRICT NO. 497
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

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 84.010	Child Nutrition Cluster Title I

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. 497
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

None Noted

Preliminary Draft

**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. 497
Lawrence, 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. 497, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **December 1, 2017**.

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 December 1, 2017.

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.

Mike Houser: Company PA

Lawrence, KS

December 1, 2017

**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. 497
Lawrence, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Unified School District No. 497, (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, 2017. 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 the requirements of laws, regulations, contracts, and grants 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, 2017.

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. However, material weaknesses may exist that have not been identified.

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

Mike Houser: Company PA

Lawrence, KS

December 1, 2017



AUDITOR'S COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Education
Unified School District No. 497
Lawrence, Kansas

We have audited the financial statements of the Unified School District No. 497 (the District), Lawrence, Kansas for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards* and the Uniform Guidance

As stated in our engagement letter dated February 6, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the regulatory basis and budget laws of the State of Kansas. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

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 grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on September 18, 2017.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated **December 1, 2017**.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Other Matters

We were engaged to report on regulatory required supplementary information which accompanies the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting policies used by the District as described in Note 1 to the financial statements, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction of Use

This information is intended solely for the use of the board of education and management of Unified School District No. 497 and is not intended to be, and should not be, used by anyone other than these specified parties.

Mike Houser: Company PA

Certified Public Accountants

December 1, 2017

Lawrence, KS