

UNIFIED SCHOOL DISTRICT NO. 373

NEWTON, KANSAS

FINANCIAL STATEMENT

For the Year Ended June 30, 2017

Unified School District No. 373

June 30, 2017

CONTENTS

| | | <u>Page</u> |
|---|-------------|-------------|
| Independent Auditor's Report | | 1-3 |
| <u>Financial Section</u> | | |
| Summary Statement of Regulatory Basis Receipts, Expenditures and Unencumbered Cash | Statement 1 | 4 |
| Notes to Financial Statement | | 5-13 |
| <u>Regulatory – Required Supplementary Information</u> | | |
| Summary of Regulatory Basis Expenditures – Actual and Budget | Schedule 1 | 14 |
| Schedules of Regulatory Basis Receipts and Expenditures – Actual and Budget | Schedule 2 | |
| General Funds | | 15-17 |
| Special Purpose Funds | | 18-28 |
| Bond and Interest Fund | | 29 |
| Schedules of Regulatory Basis Receipts and Expenditures – Actual | | |
| Special Purpose Funds | | 30-32 |
| Schedule of Regulatory Basis Receipts and Disbursements – Agency Funds | Schedule 3 | 33-35 |
| Schedule of Regulatory Basis Receipts, Expenditures and Unencumbered Cash – District Activity Funds | Schedule 4 | 36 |
| <u>Other Supplementary Information</u> | | |
| 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 <i>Government Auditing Standards</i> | | 37-38 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | | 39-40 |
| Schedule of Expenditures of Federal Awards | | 41-42 |
| Schedule of Audit Findings and Questioned Costs | | 43 |
| Summary Schedule of Prior Audit Findings | | 44 |

Knudsen Monroe & Company LLC

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 373
Newton, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 373, Newton, Kansas (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 Statement

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 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.

Other Matters
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2017 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and disbursements - agency funds, and schedule of regulatory basis receipts, expenditures and unencumbered cash - district activity funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the 2017 basic financial statement, but are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 information has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 supplementary information is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2016 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures - actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2017 basic financial statement upon which we rendered an unmodified opinion dated November 8, 2017. 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://admin.ks.gov/offices/chief-financial-officer/municipal-services>. 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 statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 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 2016 basic financial statement 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 stated in all material respects in relation to the 2016 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the District's financial statement as a whole. 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* (Uniform Guidance), and is not a required part of the financial statement of the District.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the 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 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 taken 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 reported dated November 8, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 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.

Krudson, Monroe & Company, LLC

Certified Public Accountants
November 8, 2017

Unified School District No. 373

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS

Year ended June 30, 2017

| Fund | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Encumbrances and Accounts Payable | Ending Cash Balance |
|--|---|---|------------|--------------|--|--|------------------------|
| General Funds | | | | | | | |
| General | \$ - | - | 23,312,555 | 23,312,555 | - | 48,571 | 48,571 |
| Supplemental General | 201,696 | - | 6,898,281 | 6,911,599 | 188,378 | 11,189 | 199,567 |
| Special Purpose Funds | | | | | | | |
| Adult Basic Education | 30,000 | - | 19,250 | 19,250 | 30,000 | - | 30,000 |
| Bilingual Education | 100,375 | - | 470,578 | 450,313 | 120,640 | - | 120,640 |
| Virtual Education | 32,997 | - | 51,970 | 56,072 | 28,895 | - | 28,895 |
| Professional Development | 200,030 | - | 250,000 | 193,735 | 256,295 | - | 256,295 |
| At Risk (K-12) | 200,000 | - | 3,448,061 | 3,398,061 | 250,000 | - | 250,000 |
| At Risk (4 year old) | 50,000 | - | 319,472 | 269,472 | 100,000 | - | 100,000 |
| Capital Outlay | 2,026,608 | - | 2,103,810 | 2,658,310 | 1,472,108 | 551,197 | 2,023,305 |
| Driver Training | 70,050 | - | 31,828 | 52,712 | 49,166 | - | 49,166 |
| Food Service | 554,884 | - | 1,807,409 | 1,833,066 | 529,227 | 45,987 | 575,214 |
| Parent Education | 39,552 | - | 103,016 | 101,982 | 40,586 | 1,000 | 41,586 |
| Summer School | 26,550 | - | 20,750 | 16,281 | 31,019 | - | 31,019 |
| Special Education | 600,000 | - | 4,725,639 | 4,422,468 | 903,171 | - | 903,171 |
| Special Education Cooperative | 707,785 | - | 7,654,569 | 7,913,202 | 449,152 | 16 | 449,168 |
| Vocational Education | 241,803 | - | 1,514,439 | 1,444,462 | 311,780 | - | 311,780 |
| KPERS Employer Contribution | - | - | 2,001,653 | 2,001,653 | - | - | - |
| Recreation Commission | 79,376 | - | 1,268,405 | 1,272,000 | 75,781 | - | 75,781 |
| Recreation Commission Employee I | 24,644 | - | 291,940 | 290,000 | 26,584 | - | 26,584 |
| Bond and Interest Fund | 3,496,879 | - | 4,069,525 | 3,913,338 | 3,653,066 | - | 3,653,066 |
| Non-Budgeted Funds | | | | | | | |
| Special Purpose Funds | | | | | | | |
| Contingency Reserve | 1,300,000 | - | - | - | 1,300,000 | - | 1,300,000 |
| Textbook and Material Revolving | 429,933 | - | 499,282 | 464,953 | 464,262 | 244,829 | 709,091 |
| Health Self-insurance Reserve | 273,046 | - | 20,398 | 293,444 | - | - | - |
| Employer Fixed Charges | - | - | 73,850 | 73,850 | - | 86,541 | 86,541 |
| Federal Grant Programs | (52,903) | - | 1,840,712 | 1,795,211 | (7,402) | 13,776 | 6,374 |
| Activity Funds | | | | | | | |
| Gate Receipts | 78,441 | - | 342,273 | 337,478 | 83,236 | - | 83,236 |
| School Projects | 32,492 | - | 101,215 | 102,865 | 30,842 | - | 30,842 |
| Total Reporting Entity | | | | | | | |
| (Excluding Agency Funds) | \$ 10,744,238 | - | 63,240,880 | 63,598,332 | 10,386,786 | 1,003,106 | 11,389,892 |
| Composition of Cash | | | | | | | |
| Bank of the West | | | | | | | |
| Money Market | | | | | | | \$ 457,514 |
| Certificate of Deposit | | | | | | | 25,000 |
| Midland National Bank | | | | | | | |
| Checking | | | | | | | 162,886 |
| First Bank | | | | | | | |
| Checking | | | | | | | 535,781 |
| Municipal Investment Pool | | | | | | | 10,650,414 |
| Total Cash | | | | | | | 11,831,595 |
| Less Agency Funds | | | | | | | 441,703 |
| Total Reporting Entity (Excluding Agency Funds) | | | | | | | \$ 11,389,892 |

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

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

Unified School District No. 373 is a municipal corporation governed by an elected seven-member board. This financial statement presents the Unified School District No. 373 (the District), a municipality.

Regulatory Basis Fund Types

General Funds – used to account for all resources except those required to be accounted for in another fund.

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

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

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

Agency Fund – used to report assets held by the District in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

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

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

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

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

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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), and bond and interest 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. There were no such budget amendments for this year.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for Capital Project funds, Trust funds or the following Special Purpose funds: Contingency Reserve, Textbook and Material Revolving, Health Self-Insurance Reserve, Employers Fixed Charges, Title I - Low Income, Title II - Part A Teacher Quality, Gifts and Grants, Title III - English Language, Head Start, After School Enhancement, and District Activity funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or the use of internal spending limits established by the governing body.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

Management is not aware of any statutory violations occurring in the year ending June 30, 2017.

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2017

3. DEPOSITS AND INVESTMENTS

As of June 30, 2017, the District had the following investment and maturity:

| Investment type | Fair Value | Maturity in Years Less than 1 | Rating U.S. |
|----------------------------------|---------------|-------------------------------------|--------------|
| Kansas Municipal Investment Pool | \$ 10,650,414 | \$ 10,650,414 | S&P AAAs/S1+ |

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

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

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. At June 30, 2017, the District held 100% of its investments in the Kansas Municipal Investment Pool.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2017.

At June 30, 2017, the District's carrying amount of deposits was \$1,181,181 and the bank balance was \$3,298,970. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$665,513 was covered by federal depository insurance, and \$2,633,457 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.

At June 30, 2017, the District had invested \$10,650,414 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2017

3. DEPOSITS AND INVESTMENTS (Continued)

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 ten 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.

4. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$1,742,005 subsequent to June 30, 2017 and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2017.

5. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2017, were as follows:

| Issue | Interest Rates | Date of Issue | Amount of Issue | Maturity Date | Balance 06/30/16 | Additions | Reductions Payments | Balance 06/30/17 | Interest Paid |
|---------------------------------------|----------------|---------------|-----------------|---------------|---------------------|-----------|---------------------|-------------------|------------------|
| General Obligation Bonds | | | | | | | | | |
| 1998 Refunding & Improvement | 3.0-5.0% | 11/01/1998 | \$ 16,560,000 | 09/01/2018 | \$ 1,425,000 | - | 1,425,000 | - | 35,625 |
| 2007 Refunding & Improvement | 4.0-5.0% | 12/01/2007 | 31,855,000 | 09/01/2026 | 10,165,000 | - | 100,000 | 10,065,000 | 460,400 |
| 2012 Refunding | 2.0% | 12/01/2012 | 9,885,000 | 09/01/2026 | 9,345,000 | - | 150,000 | 9,195,000 | 185,400 |
| 2013 Refunding | 2.0% | 06/01/2013 | 9,845,000 | 09/01/2024 | 7,800,000 | - | 1,000,000 | 6,800,000 | 146,000 |
| 2014 Refunding | 2.0-3.0% | 12/01/2014 | 9,635,000 | 09/01/2022 | 9,460,000 | - | 175,000 | 9,285,000 | 235,913 |
| | | | | | <u>38,195,000</u> | <u>-</u> | <u>2,850,000</u> | <u>35,345,000</u> | <u>1,063,338</u> |
| Capital Lease Payable | | | | | | | | | |
| Wireless radio upgrade | 4.09% | 03/15/2016 | 163,559 | 03/15/2019 | <u>120,132</u> | <u>-</u> | <u>38,421</u> | <u>81,711</u> | <u>5,006</u> |
| Total contractual indebtedness | | | | | <u>\$38,315,132</u> | <u>-</u> | <u>2,888,421</u> | <u>35,426,711</u> | <u>1,068,344</u> |

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

| | Year Ending June 30 | | | | | | Total |
|------------------------------|---------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 to 2027 | |
| Principal | | | | | | | |
| General obligation bonds | \$ 3,025,000 | 3,190,000 | 3,400,000 | 3,600,000 | 3,860,000 | 18,270,000 | 35,345,000 |
| Capital lease payable | <u>40,022</u> | <u>41,689</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>81,711</u> |
| Total principal | <u>3,065,022</u> | <u>3,231,689</u> | <u>3,400,000</u> | <u>3,600,000</u> | <u>3,860,000</u> | <u>18,270,000</u> | <u>35,426,711</u> |
| Interest | | | | | | | |
| General obligation bonds | 965,163 | 857,463 | 717,638 | 563,213 | 445,156 | 813,250 | 4,361,883 |
| Capital lease payable | <u>3,405</u> | <u>1,737</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,142</u> |
| Total interest | <u>968,568</u> | <u>859,200</u> | <u>717,638</u> | <u>563,213</u> | <u>445,156</u> | <u>813,250</u> | <u>4,367,025</u> |
| Total principal and interest | <u>\$ 4,033,590</u> | <u>4,090,889</u> | <u>4,117,638</u> | <u>4,163,213</u> | <u>4,305,156</u> | <u>19,083,250</u> | <u>39,793,736</u> |

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2017

6. INTERFUND TRANSFERS

Operating transfers were as follows:

| From | To | Regulatory Authority | Amount |
|-------------------------------|-------------------------------|----------------------|----------------------|
| General | Bilingual Education | K.S.A. 72-6478 | \$ 179,428 |
| General | Virtual Education | K.S.A. 72-6478 | 51,970 |
| General | Professional Development | K.S.A. 72-6478 | 250,000 |
| General | At Risk (K-12) | K.S.A. 72-6478 | 2,615,464 |
| General | At Risk Preschool | K.S.A. 72-6478 | 78,000 |
| General | Parent Education | K.S.A. 72-6478 | 30,000 |
| General | Summer School | K.S.A. 72-6478 | 10,000 |
| General | Special Education | K.S.A. 72-6478 | 3,082,797 |
| General | Vocational Education | K.S.A. 72-6478 | 20,000 |
| General | KPERS | K.S.A. 72-6478 | 2,001,653 |
| General | Textbook | K.S.A. 72-6478 | 350,000 |
| General | Health Self-Insurance Reserve | K.S.A. 72-6478 | 20,398 |
| Supplemental General | Adult Basic Education | K.S.A. 72-6478 | 19,250 |
| Supplemental General | Bilingual Education | K.S.A. 72-6478 | 291,150 |
| Supplemental General | At Risk (K-12) | K.S.A. 72-6478 | 832,597 |
| Supplemental General | At Risk (4 year old) | K.S.A. 72-6478 | 241,472 |
| Supplemental General | Special Education | K.S.A. 72-6478 | 1,546,659 |
| Supplemental General | Vocational Education | K.S.A. 72-6478 | 1,396,479 |
| Driver Training | General | K.S.A. 72-6478 | 29,853 |
| Summer School | General | K.S.A. 72-6478 | 6,466 |
| Health Self-Insurance Reserve | General | K.S.A. 72-6478 | 275,847 |
| | | | <u>\$ 13,329,483</u> |

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 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2017

7. DEFINED BENEFIT PENSION PLAN (Continued)

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 September 30, 2017 for the Death and Disability Program) 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 2017 Senate Substitute for Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 in fiscal year 2017. Section 43 (17) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million per year.

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 \$2,001,653 for the year ended June 30, 2017.

Net Pension Liability

At June 30, 2017, the District's proportionate share of the collective net pension liability reported by KPERS was \$35,647,633. 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 this financial statement.

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

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2017

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level 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 District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Sick Leave

Classified employees on a 12-month contract who work at least 20 hours per week are credited with 9 days of sick leave after 60 days of continuous service. After the initial 60 day period, classified employees accrue sick leave monthly and may accumulate 130 days of total compensated leave.

Certified teaching staff is credited with 16 days of temporary chargeable leave (due to illness, bereavement, etc.) on the first day of their employment with the District. After the first year, the teacher receives 11 days additional leave per year which may be accumulated to 120 days.

No compensation is paid for unused leave upon termination. The estimated liability for accrued leave has not been recorded in the financial statement.

Vacations

Classified 12-month employees who work at least 20 hours per week receive 10 days of paid vacation per year during the first 5 years of service. The employee is credited with 5 days of paid vacation after the completion of 6 months of service, then accrues 10/12 of a day's vacation for each month worked. After 5 years of service, the 12-month employee is credited with 5 additional days per year. Vacation time credited to an employee at July 1 of any year must be used by June 30 of the following year.

The estimated liability for accrued vacations has not been recorded in the financial statement.

Early Retirement Pension Plan

The District provides an early retirement program for certain eligible employees. The plan defines those eligible as employees who are "currently employed in licensed employment or administrative employment with the District." Eligible retirees under this program may receive benefits for up to 12 years. Payments to retired employees under this plan for the years ended June 30, 2017 and 2016, were \$604,408 and \$573,019, respectively.

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2017

9. RISK MANAGEMENT AND CLAIMS

Property, Liability and Employee Life Insurance

Losses under these programs are covered by commercial insurance policies, subject to deductibles in some cases. There have been no significant reductions in insurance coverage for these programs and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Workers' Compensation Coverage

The District is a member of the Kansas Association of School Boards Workers Compensation Fund (the Pool) for purposes of workers' compensation coverage. This program is similar to commercial insurance coverage because the Pool is liable for all claims. The District contributes to the Pool at the beginning of each coverage period based on experience and payroll factors. The District records a liability for estimated additional contributions that may be incurred because of adjustments made by the Pool. The cost of this workers' compensation coverage is charged to District funds based on payroll expenditures.

Employee Health Care Benefits

During the year ended June 30, 2015, employees of the District were covered by the Newton USD 373 Health Care Plan (the Plan). Under the Plan, the District retained a significant portion of the risk of loss for employee health benefits. Claims were paid by a third-party administrator acting on behalf of the District. Administrative fees and stop-loss premiums were included in the contractual provisions.

The District was protected against catastrophic loss by stop-loss coverage carried through a commercial insurance carrier. Stop-loss coverage was in effect for individual claims and for aggregate loss. The risk management activities under the Plan are recorded in the Health Insurance Reserve Fund. The District charged the cost of estimated benefits to funds in relation to personal services expenditures. The administrative contract between the District and the third-party administrator was not renewed for the year ended June 30, 2016. Run off claims were paid out of this fund during the year ended June 30, 2017.

The District currently provides a group plan administered by Aetna Insurance.

10. LEASE AGREEMENTS

Educational Facilities

On January 1, 2007, the District entered into an agreement with Axtell Education Building, LLC (Lessor) to lease facilities for classroom instruction. Under terms of the agreement, the District is required to make monthly rental payments to the Lessor of \$15,833.33 for the 120 month initial lease term, which ended June 30, 2017. The lease agreement provided the District the option to extend the lease for 3 additional terms of 10 years. The District elected not to extend this lease past June 30, 2017.

The District agreed to sublease a portion of the facility to Hutchinson Community College and Area Vocational School (Subtenant) in exchange for reimbursement to the District for a portion of the monthly rent. For the year ended June 30, 2017, the Subtenant reimbursed the District \$190,000 under the terms of the agreement.

Unified School District No. 373
NOTES TO FINANCIAL STATEMENT
June 30, 2017

11. RELATED PARTY TRANSACTIONS

The District is the taxing authority for the Newton Recreation Commission. During the year ended June 30, 2017, the District levied a total tax of 8.7 mills for the Newton Recreation Commission Fund, which in turn is appropriated to the Newton Recreation Commission for its operations.

12. CLAIMS AND JUDGMENTS

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

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2016 to 2017, and there were no settlements that exceeded insurance coverage in the past three years.

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

13. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to June 30, 2017, to determine the need for any adjustment to and/or disclosures within the audited financial statements. Management has performed their analysis through November 8, 2017, which is the date at which the financial statements were available to be issued.

UNIFIED SCHOOL DISTRICT NO. 373

REGULATORY REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

Unified School District No. 373

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS(Budgeted Funds Only)
For the Year ended June 30, 2017

| | Certified Budget | Adjustment to Comply with Legal Max | Adjustment for Qualifying Budget Credits | Total Budget for Comparison | Expenditures Chargeable to Current Year | Variance - Over (Under) |
|--|----------------------|---|--|-----------------------------------|---|-------------------------------|
| General Funds | | | | | | |
| General | \$ 23,312,966 | (780,278) | 779,867 | 23,312,555 | 23,312,555 | - |
| Supplemental General | 6,911,599 | - | - | 6,911,599 | 6,911,599 | - |
| Special Purpose Funds | | | | | | |
| Adult Basic Educaiton | 30,000 | - | - | 30,000 | 19,250 | (10,750) |
| Bilingual Education | 458,568 | - | - | 458,568 | 450,313 | (8,255) |
| Virtual Education | 111,563 | - | - | 111,563 | 56,072 | (55,491) |
| Professional Development | 204,281 | - | - | 204,281 | 193,735 | (10,546) |
| At Risk (K-12) | 3,565,464 | - | - | 3,565,464 | 3,398,061 | (167,403) |
| At Risk (4 year old) | 275,698 | - | - | 275,698 | 269,472 | (6,226) |
| Capital Outlay | 4,070,468 | - | - | 4,070,468 | 2,658,310 | (1,412,158) |
| Driver Training | 80,760 | - | - | 80,760 | 52,712 | (28,048) |
| Food Service | 2,430,901 | - | - | 2,430,901 | 1,833,066 | (597,835) |
| Parent Education | 138,809 | - | - | 138,809 | 101,982 | (36,827) |
| Summer School | 26,550 | - | - | 26,550 | 16,281 | (10,269) |
| Special Education | 4,596,070 | - | - | 4,596,070 | 4,422,468 | (173,602) |
| Special Education Cooperative | 8,314,047 | - | - | 8,314,047 | 7,913,202 | (400,845) |
| Vocational Education | 1,560,757 | - | - | 1,560,757 | 1,444,462 | (116,295) |
| KPERS Employer Contribution | 2,906,632 | - | - | 2,906,632 | 2,001,653 | (904,979) |
| Recreation Commission | 1,272,000 | - | - | 1,272,000 | 1,272,000 | - |
| Recreation Commission Employee Benefits | 290,000 | - | - | 290,000 | 290,000 | - |
| Bond and Interest Fund | | | | | | |
| Bond and interest | 3,913,838 | - | - | 3,913,838 | 3,913,338 | (500) |
| | <u>\$ 64,470,971</u> | <u>(780,278)</u> | <u>779,867</u> | <u>64,470,560</u> | <u>60,530,531</u> | <u>(3,940,029)</u> |

Unified School District No. 373

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | 2016 Actual | 2017 | | Variance - Over (Under) |
|------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | | Actual | Budget | |
| GENERAL | | | | |
| RECEIPTS | | | | |
| State Aid | | | | |
| General | \$ 17,138,976 | 17,147,764 | 17,174,827 | (27,063) |
| Supplemental General | 4,245,802 | - | - | - |
| Capital Outlay | 406,877 | - | - | - |
| KPERs | 2,021,333 | 2,001,653 | 2,906,632 | (904,979) |
| Special education state aid | 2,802,391 | 2,797,669 | 2,912,142 | (114,473) |
| Interest | - | 43,072 | 10,000 | 33,072 |
| Reimbursements | | | | |
| State aid reimbursements | 107,856 | 79,178 | - | 79,178 |
| Fees and other | 812,035 | 931,053 | - | 931,053 |
| Transfer from | | | | |
| Driver Training | 11,678 | 29,853 | 29,853 | - |
| Summer School | - | 6,466 | 6,466 | - |
| Health Self-insurance Reserve | - | 275,847 | 273,046 | 2,801 |
| | <u>27,546,948</u> | <u>23,312,555</u> | <u>23,312,966</u> | <u>(411)</u> |
| EXPENDITURES, page 16 | <u>27,546,948</u> | <u>23,312,555</u> | | |
| Receipts over (under) expenditures | - | - | | |
| UNENCUMBERED CASH, beginning | - | - | | |
| UNENCUMBERED CASH, ending | <u>\$ -</u> | <u>-</u> | | |

Unified School District No. 373

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | Variance - |
|---------------------------------|------------|------------|------------|------------|
| | 2016 | Actual | Budget | Over |
| | Actual | | | (Under) |
| EXPENDITURES | | | | |
| Instruction | 8,182,314 | 8,025,056 | 8,613,401 | (588,345) |
| Student support services | 920,930 | 935,008 | 930,292 | 4,716 |
| Instructional support staff | 718,374 | 707,681 | 714,842 | (7,161) |
| General administration | 173,778 | 177,683 | 162,723 | 14,960 |
| School administration | 1,803,945 | 1,948,131 | 1,895,509 | 52,622 |
| Other support services | (124,663) | 62,771 | 54,293 | 8,478 |
| Operations and maintenance | 2,024,987 | 2,060,183 | 1,933,440 | 126,743 |
| Student transportation | 491,703 | 537,719 | 446,534 | 91,185 |
| Community services | 140,429 | 168,613 | 21,700 | 146,913 |
| Transfer to | | | | |
| Supplemental General | 4,245,802 | - | - | - |
| Bilingual Education | 138,745 | 179,428 | 179,428 | - |
| Virtual Education | 45,927 | 51,970 | 78,566 | (26,596) |
| Professional Development | 142,980 | 250,000 | - | 250,000 |
| At Risk (K-12) | 2,167,500 | 2,615,464 | 2,365,464 | 250,000 |
| At Risk (4 year old) | 239,300 | 78,000 | 78,000 | - |
| Capital Outlay | 406,877 | - | - | - |
| Driver Training | 15,169 | - | - | - |
| Parent Education | 12,033 | 30,000 | - | 30,000 |
| Summer School | 9,500 | 10,000 | - | 10,000 |
| Special Education | 3,302,391 | 3,082,797 | 2,912,142 | 170,655 |
| KPERS Employer Contribution | 2,021,333 | 2,001,653 | 2,906,632 | (904,979) |
| Vocational Education | 86,364 | 20,000 | 20,000 | - |
| Contingency Reserve | - | - | - | - |
| Textbook and Material Revolving | 72,948 | 350,000 | - | 350,000 |
| Health Self-insurance Reserve | 308,282 | 20,398 | - | 20,398 |
| Legal maximum budget adjustment | - | - | (780,278) | 780,278 |
| | 27,546,948 | 23,312,555 | 22,532,688 | 779,867 |
| Budget adjustments: | | | | |
| Qualifying budget credits | - | - | 779,867 | (779,867) |
| TOTAL EXPENDITURES | 27,546,948 | 23,312,555 | 23,312,555 | - |

Unified School District No. 373

General Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | |
|------------------------------------|------------------|------------------|------------------|----------------|
| | 2016 | | | Variance - |
| | Actual | Actual | Budget | Over |
| | | | | (Under) |
| SUPPLEMENTAL GENERAL | | | | |
| RECEIPTS | | | | |
| Taxes | | | | |
| Tax in process | \$ 37,093 | 114,919 | 100,591 | 14,328 |
| Current tax | 2,198,992 | 2,237,257 | 2,086,484 | 150,773 |
| Delinquent tax | 42,161 | 49,570 | 35,541 | 14,029 |
| Motor vehicle tax | 394,492 | 277,695 | 268,446 | 9,249 |
| State aid | - | 4,218,840 | 4,218,840 | - |
| Transfer from General | 4,245,802 | - | - | - |
| | <u>6,918,540</u> | <u>6,898,281</u> | <u>6,709,902</u> | <u>188,379</u> |
| EXPENDITURES | | | | |
| Instruction | 643,128 | 111,861 | 587,481 | (475,620) |
| Student support services | - | 7,200 | - | 7,200 |
| Instructional support staff | 361,141 | 382,752 | 398,867 | (16,115) |
| General administration | 377,152 | 344,770 | 374,817 | (30,047) |
| Other support services | 436,220 | 440,470 | 436,957 | 3,513 |
| Operations and maintenance | 1,179,459 | 1,296,939 | 1,540,017 | (243,078) |
| Transfer to | | | | |
| Adult Basic Education | 19,250 | 19,250 | 19,250 | - |
| Bilingual Education | 310,409 | 291,150 | 178,765 | 112,385 |
| At Risk (K-12) | 981,604 | 832,597 | 1,000,000 | (167,403) |
| At Risk (4 year old) | - | 241,472 | 147,698 | 93,774 |
| Professional Development | 110,000 | - | 4,251 | (4,251) |
| Parent Education | 25,557 | - | 26,241 | (26,241) |
| Special Education | 1,101,222 | 1,546,659 | 1,013,928 | 532,731 |
| Vocational Education | 1,366,457 | 1,396,479 | 1,183,327 | 213,152 |
| | <u>6,911,599</u> | <u>6,911,599</u> | <u>6,911,599</u> | <u>-</u> |
| Receipts over (under) expenditures | 6,941 | (13,318) | | |
| UNENCUMBERED CASH, beginning | <u>194,755</u> | <u>201,696</u> | | |
| UNENCUMBERED CASH, ending | \$ 201,696 | 188,378 | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | Variance - |
|------------------------------------|------------|---------|---------|------------|
| | 2016 | Actual | Budget | Over |
| | Actual | | | (Under) |
| ADULT BASIC EDUCATION | | | | |
| RECEIPTS | | | | |
| Transfer from | | | | |
| Supplemental General | \$ 19,250 | 19,250 | 19,250 | - |
| EXPENDITURES | | | | |
| Instruction | 19,250 | 19,250 | 30,000 | (10,750) |
| Receipts over (under) expenditures | - | - | | |
| UNENCUMBERED CASH, beginning | 30,000 | 30,000 | | |
| UNENCUMBERED CASH, ending | \$ 30,000 | 30,000 | | |
| BILINGUAL EDUCATION | | | | |
| RECEIPTS | | | | |
| Transfer from | | | | |
| General | \$ 138,745 | 179,428 | 179,428 | - |
| Supplemental General | 310,409 | 291,150 | 178,765 | 112,385 |
| | 449,154 | 470,578 | 358,193 | 112,385 |
| EXPENDITURES | | | | |
| Instruction | 398,779 | 450,313 | 458,568 | (8,255) |
| Receipts over (under) expenditures | 50,375 | 20,265 | | |
| UNENCUMBERED CASH, beginning | 50,000 | 100,375 | | |
| UNENCUMBERED CASH, ending | \$ 100,375 | 120,640 | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | |
|-------------------------------------|-------------------|----------------|----------------|-------------------------------|
| | 2016 Actual | Actual | Budget | Variance - Over (Under) |
| VIRTUAL EDUCATION | | | | |
| RECEIPTS | | | | |
| Transfer from General | \$ 45,927 | 51,970 | 78,566 | (26,596) |
| EXPENDITURES | | | | |
| Instruction | 12,750 | 55,345 | 111,563 | (56,218) |
| Other | 180 | 727 | - | 727 |
| | <u>12,930</u> | <u>56,072</u> | <u>111,563</u> | <u>(55,491)</u> |
| Receipts over (under) expenditures | 32,997 | (4,102) | | |
| UNENCUMBERED CASH, beginning | - | 32,997 | | |
| UNENCUMBERED CASH, ending | <u>\$ 32,997</u> | <u>28,895</u> | | |
| PROFESSIONAL DEVELOPMENT | | | | |
| RECEIPTS | | | | |
| Transfer from | | | | |
| General | \$ 142,980 | 250,000 | - | 250,000 |
| Supplemental General | 110,000 | - | 4,251 | (4,251) |
| | <u>252,980</u> | <u>250,000</u> | <u>4,251</u> | <u>245,749</u> |
| EXPENDITURES | | | | |
| Instructional staff support | | | | |
| Salaries and benefits | 85,177 | 78,926 | 59,481 | 19,445 |
| Consultants | 61,845 | 75,535 | 60,000 | 15,535 |
| School administration | 10,160 | 2,131 | - | 2,131 |
| Registration and travel | 12,789 | 11,945 | 44,800 | (32,855) |
| Supplies and other | 32,979 | 25,198 | 40,000 | (14,802) |
| | <u>202,950</u> | <u>193,735</u> | <u>204,281</u> | <u>(10,546)</u> |
| Receipts over (under) expenditures | 50,030 | 56,265 | | |
| UNENCUMBERED CASH, beginning | 150,000 | 200,030 | | |
| UNENCUMBERED CASH, ending | <u>\$ 200,030</u> | <u>256,295</u> | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | Variance - |
|------------------------------------|-------------------|------------------|------------------|------------------|
| | 2016 Actual | Actual | Budget | Over (Under) |
| AT RISK FUND (K-12) | | | | |
| RECEIPTS | | | | |
| Summer school fees | \$ 15 | - | - | - |
| Transfer from | | | | |
| General | 2,167,500 | 2,615,464 | 2,365,464 | 250,000 |
| Supplemental General | 981,604 | 832,597 | 1,000,000 | (167,403) |
| | <u>3,149,119</u> | <u>3,448,061</u> | <u>3,365,464</u> | <u>82,597</u> |
| EXPENDITURES | | | | |
| Instruction | <u>2,999,119</u> | <u>3,398,061</u> | <u>3,565,464</u> | <u>(167,403)</u> |
| Receipts over (under) expenditures | 150,000 | 50,000 | | |
| UNENCUMBERED CASH, beginning | <u>50,000</u> | <u>200,000</u> | | |
| UNENCUMBERED CASH, ending | <u>\$ 200,000</u> | <u>250,000</u> | | |
| AT RISK FUND (4 Year Old) | | | | |
| RECEIPTS | | | | |
| Transfer from | | | | |
| General | \$ 239,300 | 78,000 | 78,000 | - |
| Supplemental General | - | 241,472 | 147,698 | 93,774 |
| | <u>239,300</u> | <u>319,472</u> | <u>225,698</u> | <u>93,774</u> |
| EXPENDITURES | | | | |
| Instruction | 167,812 | 195,605 | 192,840 | 2,765 |
| Student support services | 6,901 | 6,836 | 7,329 | (493) |
| School administration | 29,989 | 32,443 | 33,215 | (772) |
| Student transportation | 19,512 | 29,204 | 37,513 | (8,309) |
| Other supplemental services | <u>5,024</u> | <u>5,384</u> | <u>4,801</u> | <u>583</u> |
| | <u>229,238</u> | <u>269,472</u> | <u>275,698</u> | <u>(6,226)</u> |
| Receipts over (under) expenditures | 10,062 | 50,000 | | |
| UNENCUMBERED CASH, beginning | <u>39,938</u> | <u>50,000</u> | | |
| UNENCUMBERED CASH, ending | <u>\$ 50,000</u> | <u>100,000</u> | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | Variance - |
|---|---------------------|------------------|------------------|--------------------|
| | 2016 | Actual | Budget | Over |
| | Actual | | | (Under) |
| CAPITAL OUTLAY | | | | |
| RECEIPTS | | | | |
| Taxes | | | | |
| Tax in process | \$ 27,806 | 61,246 | 52,688 | 8,558 |
| Current tax | 1,171,072 | 1,193,922 | 1,146,019 | 47,903 |
| Delinquent tax | 11,756 | 18,890 | 18,929 | (39) |
| Motor vehicle tax | 94,399 | 168,261 | 164,080 | 4,181 |
| Capital outlay state aid | - | 659,355 | 662,144 | (2,789) |
| Interest | 14,181 | - | - | - |
| Sale of assets and other | 26,620 | 2,136 | - | 2,136 |
| Transfer from General | 406,877 | - | - | - |
| | <u>1,752,711</u> | <u>2,103,810</u> | <u>2,043,860</u> | <u>59,950</u> |
| EXPENDITURES | | | | |
| Instruction | 134,688 | 1,160,454 | 2,000,000 | (839,546) |
| Student support services | 112,721 | 260,459 | 150,000 | 110,459 |
| School administration | 52,879 | 7,201 | 100,000 | (92,799) |
| Operations and maintenance | 5,654 | 41,699 | 100,000 | (58,301) |
| Other support services | 91,690 | 133,994 | 185,000 | (51,006) |
| Transportation | 6,670 | 96,196 | 150,000 | (53,804) |
| Facilities acquisition and construction | 588,978 | 958,307 | 1,385,468 | (427,161) |
| | <u>993,280</u> | <u>2,658,310</u> | <u>4,070,468</u> | <u>(1,412,158)</u> |
| Receipts over (under) expenditures | 759,431 | (554,500) | | |
| UNENCUMBERED CASH, beginning | <u>1,267,177</u> | <u>2,026,608</u> | | |
| UNENCUMBERED CASH, ending | <u>\$ 2,026,608</u> | <u>1,472,108</u> | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | Variance - |
|------------------------------------|-------------------|------------------|------------------|------------------|
| | 2016 | Actual | Budget | Over |
| | Actual | | | (Under) |
| DRIVER TRAINING | | | | |
| RECEIPTS | | | | |
| State aid | \$ 7,888 | 13,568 | 10,710 | 2,858 |
| Fees and other | 19,529 | 18,260 | - | 18,260 |
| Transfer from General | 15,169 | - | - | - |
| | <u>42,586</u> | <u>31,828</u> | <u>10,710</u> | <u>21,118</u> |
| EXPENDITURES | | | | |
| Instruction | | | | |
| Salaries and benefits | 19,901 | 17,485 | 32,407 | (14,922) |
| Supplies and other | 334 | 203 | 3,500 | (3,297) |
| Vehicle operations and maintenance | 5,715 | 5,171 | 15,000 | (9,829) |
| Transfer to General | 11,678 | 29,853 | 29,853 | - |
| | <u>37,628</u> | <u>52,712</u> | <u>80,760</u> | <u>(28,048)</u> |
| Receipts over (under) expenditures | 4,958 | (20,884) | | |
| UNENCUMBERED CASH, beginning | <u>65,092</u> | <u>70,050</u> | | |
| UNENCUMBERED CASH, ending | <u>\$ 70,050</u> | <u>49,166</u> | | |
| FOOD SERVICE | | | | |
| RECEIPTS | | | | |
| Meal sales | \$ 652,974 | 642,128 | 722,319 | (80,191) |
| Federal aid | 1,125,932 | 1,109,142 | 1,118,424 | (9,282) |
| State aid | 17,496 | 17,267 | 15,271 | 1,996 |
| Other | 45,396 | 38,872 | 20,000 | 18,872 |
| | <u>1,841,798</u> | <u>1,807,409</u> | <u>1,876,014</u> | <u>(68,605)</u> |
| EXPENDITURES | | | | |
| Food service operation | | | | |
| Salaries and benefits | 803,457 | 827,277 | 816,280 | 10,997 |
| Food and supplies | 763,145 | 734,845 | 1,192,871 | (458,026) |
| Capital outlay and other | 183,298 | 238,878 | 381,750 | (142,872) |
| Operations and maintenance | 33,891 | 32,066 | 40,000 | (7,934) |
| | <u>1,783,791</u> | <u>1,833,066</u> | <u>2,430,901</u> | <u>(597,835)</u> |
| Receipts over (under) expenditures | 58,007 | (25,657) | | |
| UNENCUMBERED CASH, beginning | <u>496,877</u> | <u>554,884</u> | | |
| UNENCUMBERED CASH, ending | <u>\$ 554,884</u> | <u>529,227</u> | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | Variance - |
|------------------------------------|------------------|----------------|----------------|-----------------|
| | 2016 | Actual | Budget | Over |
| | Actual | | | (Under) |
| PARENT EDUCATION | | | | |
| RECEIPTS | | | | |
| State aid | \$ 60,120 | 60,120 | 60,120 | - |
| Other district contributions | 12,896 | 12,896 | 12,896 | - |
| Transfer from | | | | |
| General | 12,033 | 30,000 | - | 30,000 |
| Supplemental General | 25,557 | - | 26,241 | (26,241) |
| | <u>110,606</u> | <u>103,016</u> | <u>99,257</u> | <u>3,759</u> |
| EXPENDITURES | | | | |
| Student support services | | | | |
| Salaries and benefits | 85,228 | 83,669 | 88,856 | (5,187) |
| Supplies and travel | 11,782 | 8,936 | 8,278 | 658 |
| Other | - | - | 35,675 | (35,675) |
| Instructional staff support | 2,044 | 7,377 | 4,000 | 3,377 |
| Operations and maintenance | 2,000 | 2,000 | 2,000 | - |
| | <u>101,054</u> | <u>101,982</u> | <u>138,809</u> | <u>(36,827)</u> |
| Receipts over (under) expenditures | 9,552 | 1,034 | | |
| UNENCUMBERED CASH, beginning | <u>30,000</u> | <u>39,552</u> | | |
| UNENCUMBERED CASH, ending | <u>\$ 39,552</u> | <u>40,586</u> | | |
| SUMMER SCHOOL | | | | |
| RECEIPTS | | | | |
| Student fees | \$ 7,860 | 10,750 | - | 10,750 |
| Transfer from General | 9,500 | 10,000 | - | 10,000 |
| | <u>17,360</u> | <u>20,750</u> | <u>-</u> | <u>20,750</u> |
| EXPENDITURES | | | | |
| Instruction | 9,559 | 9,815 | 18,784 | (8,969) |
| School administration | - | - | 1,300 | (1,300) |
| Transfer to General | - | 6,466 | 6,466 | - |
| | <u>9,559</u> | <u>16,281</u> | <u>26,550</u> | <u>(10,269)</u> |
| Receipts over (under) expenditures | 7,801 | 4,469 | | |
| UNENCUMBERED CASH, beginning | <u>18,749</u> | <u>26,550</u> | | |
| UNENCUMBERED CASH, ending | <u>\$ 26,550</u> | <u>31,019</u> | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | Variance - |
|------------------------------------|-------------------|------------------|------------------|------------------|
| | 2016 | Actual | Budget | Over |
| | Actual | | | (Under) |
| SPECIAL EDUCATION | | | | |
| RECEIPTS | | | | |
| Transfer from | | | | |
| General | \$ 3,302,391 | 3,082,797 | 2,912,142 | 170,655 |
| Supplemental General | 1,101,222 | 1,546,659 | 1,013,928 | 532,731 |
| Medicaid | 63,652 | 91,662 | 70,000 | 21,662 |
| Other | (563) | 4,521 | - | 4,521 |
| | <u>4,466,702</u> | <u>4,725,639</u> | <u>3,996,070</u> | <u>729,569</u> |
| EXPENDITURES | | | | |
| Cooperative expense | 4,116,860 | 4,195,476 | 4,236,720 | (41,244) |
| Instruction | 60,618 | 35,977 | 159,332 | (123,355) |
| School administration | - | - | - | - |
| Transportation | 189,224 | 191,015 | 200,018 | (9,003) |
| | <u>4,366,702</u> | <u>4,422,468</u> | <u>4,596,070</u> | <u>(173,602)</u> |
| Receipts over (under) expenditures | 100,000 | 303,171 | | |
| UNENCUMBERED CASH, beginning | <u>500,000</u> | <u>600,000</u> | | |
| UNENCUMBERED CASH, ending | <u>\$ 600,000</u> | <u>903,171</u> | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | Variance - |
|--------------------------------------|------------------|------------------|------------------|------------------|
| | 2016 | | | Over |
| | Actual | Actual | Budget | (Under) |
| SPECIAL EDUCATION COOPERATIVE | | | | |
| RECEIPTS | | | | |
| Title VI and other federal aid | \$ 1,150,000 | 1,241,014 | 1,263,215 | (22,201) |
| Medicaid reimbursements | 200,910 | 396,407 | 250,000 | 146,407 |
| District contributions | 4,116,860 | 4,195,476 | 4,236,720 | (41,244) |
| Other District contributions | 1,840,724 | 1,795,590 | 1,814,027 | (18,437) |
| Other income | 20,926 | 26,082 | 42,300 | (16,218) |
| | <u>7,329,420</u> | <u>7,654,569</u> | <u>7,606,262</u> | <u>48,307</u> |
| EXPENDITURES | | | | |
| Instruction | 5,637,914 | 5,986,158 | 6,326,824 | (340,666) |
| Student support services | 1,342,074 | 1,502,608 | 1,530,049 | (27,441) |
| Instructional staff support | 25,190 | 88,978 | 92,149 | (3,171) |
| General administration | 263,813 | 253,337 | 283,380 | (30,043) |
| School administration | 20,756 | 22,029 | 21,695 | 334 |
| Operation and maintenance | 11,156 | 6,507 | 11,750 | (5,243) |
| Student transportation | 3,245 | 26,535 | 3,200 | 23,335 |
| Other supplemental services | 45,201 | 27,050 | 45,000 | (17,950) |
| | <u>7,349,349</u> | <u>7,913,202</u> | <u>8,314,047</u> | <u>(400,845)</u> |
| Receipts over (under) expenditures | (19,929) | (258,633) | | |
| UNENCUMBERED CASH, beginning | <u>727,714</u> | <u>707,785</u> | | |
| UNENCUMBERED CASH, ending | \$ 707,785 | 449,152 | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | Variance - |
|------------------------------------|-------------------|------------------|------------------|------------------|
| | 2016 | Actual | Budget | Over |
| | Actual | | | (Under) |
| VOCATIONAL EDUCATION | | | | |
| Receipts | | | | |
| Tuition | \$ 53,116 | 61,901 | 75,000 | (13,099) |
| Federal vocational grant | 36,184 | 34,435 | 34,812 | (377) |
| Other | 3,172 | 1,624 | 8,000 | (6,376) |
| Transfer from | | | | |
| General | 86,364 | 20,000 | 20,000 | - |
| Supplemental General | 1,366,457 | 1,396,479 | 1,183,327 | 213,152 |
| | <u>1,545,293</u> | <u>1,514,439</u> | <u>1,321,139</u> | <u>193,300</u> |
| Expenditures | | | | |
| Instruction | 1,201,007 | 1,249,198 | 1,355,550 | (106,352) |
| Instructional staff support | 140,158 | 145,927 | 142,483 | 3,444 |
| Student support services | 4,604 | 1,744 | 1,744 | - |
| School administration | 5,637 | 3,446 | 7,300 | (3,854) |
| Operations and maintenance | 28,965 | 35,456 | 43,000 | (7,544) |
| Other support services | 11,624 | 8,691 | 10,680 | (1,989) |
| | <u>1,391,995</u> | <u>1,444,462</u> | <u>1,560,757</u> | <u>(116,295)</u> |
| Receipts over (under) expenditures | 153,298 | 69,977 | | |
| UNENCUMBERED CASH, beginning | <u>88,505</u> | <u>241,803</u> | | |
| UNENCUMBERED CASH, ending | <u>\$ 241,803</u> | <u>311,780</u> | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | |
|------------------------------------|--------------|-----------|-----------|------------|
| | 2016 | | | Variance - |
| | Actual | Actual | Budget | Over |
| | | | | (Under) |
| KPERS EMPLOYER CONTRIBUTION | | | | |
| Receipts | | | | |
| Transfer from General | \$ 2,021,333 | 2,001,653 | 2,906,632 | (904,979) |
| Expenditures | | | | |
| Instruction | 1,311,643 | 1,306,078 | 1,896,401 | (590,323) |
| Student support services | 188,186 | 173,543 | 251,858 | (78,315) |
| Instructional support services | 93,183 | 86,872 | 126,152 | (39,280) |
| General administration | 45,076 | 40,233 | 58,557 | (18,324) |
| School administration | 135,227 | 133,711 | 194,280 | (60,569) |
| Other supplemental services | 34,767 | 37,231 | 54,001 | (16,770) |
| Operations and maintenance | 113,195 | 115,095 | 167,152 | (52,057) |
| Student transportation services | 39,214 | 45,037 | 65,431 | (20,394) |
| Food service operations | 53,161 | 54,845 | 79,743 | (24,898) |
| Community service operations | 7,681 | 9,008 | 13,057 | (4,049) |
| | 2,021,333 | 2,001,653 | 2,906,632 | (904,979) |
| Receipts over (under) expenditures | - | - | | |
| UNENCUMBERED CASH, beginning | - | - | | |
| UNENCUMBERED CASH, ending | \$ - | - | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | Variance - |
|--|-----------|-----------|-----------|------------|
| | 2016 | Actual | Budget | Over |
| | Actual | | | (Under) |
| RECREATION COMMISSION | | | | |
| RECEIPTS | | | | |
| Tax in process | \$ 23,400 | 50,462 | 44,627 | 5,835 |
| Current tax | 965,362 | 1,057,973 | 1,014,853 | 43,120 |
| Delinquent tax | 15,790 | 20,089 | 15,616 | 4,473 |
| Motor vehicle tax | 137,496 | 139,881 | 136,542 | 3,339 |
| | 1,142,048 | 1,268,405 | 1,211,638 | 56,767 |
| EXPENDITURES | | | | |
| Appropriation to Recreation Commission | 1,168,000 | 1,272,000 | 1,272,000 | - |
| Receipts over (under) expenditures | (25,952) | (3,595) | | |
| UNENCUMBERED CASH, beginning | 105,328 | 79,376 | | |
| UNENCUMBERED CASH, ending | \$ 79,376 | 75,781 | | |
| RECREATION COMMISSION EMPLOYEE BENEFITS | | | | |
| RECEIPTS | | | | |
| Tax in process | \$ 5,294 | 12,553 | 10,880 | 1,673 |
| Current tax | 240,105 | 241,307 | 231,567 | 9,740 |
| Delinquent tax | 3,438 | 4,613 | 3,881 | 732 |
| Motor vehicle tax | 29,882 | 33,467 | 32,569 | 898 |
| | 278,719 | 291,940 | 278,897 | 13,043 |
| EXPENDITURES | | | | |
| Appropriations to Recreation Commission | 286,000 | 290,000 | 290,000 | - |
| Receipts over (under) expenditures | (7,281) | 1,940 | | |
| UNENCUMBERED CASH, beginning | 31,925 | 24,644 | | |
| UNENCUMBERED CASH, ending | \$ 24,644 | 26,584 | | |

Unified School District No. 373

Bond and Interest Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | | 2017 | | |
|------------------------------------|------------------|------------------|------------------|---------------|
| | 2016 | | | Variance - |
| | Actual | Actual | Budget | Over |
| | | | | (Under) |
| BOND AND INTEREST | | | | |
| Receipts | | | | |
| Taxes | | | | |
| Tax in process | \$ 42,233 | 90,622 | 78,893 | 11,729 |
| Current tax | 1,733,823 | 1,654,573 | 1,587,564 | 67,009 |
| Delinquent tax | 30,401 | 37,652 | 28,025 | 9,627 |
| Motor vehicle tax | 266,672 | 251,742 | 245,681 | 6,061 |
| State aid | 1,920,769 | 2,034,936 | 2,034,936 | - |
| | <u>3,993,898</u> | <u>4,069,525</u> | <u>3,975,099</u> | <u>94,426</u> |
| Expenditures | | | | |
| Debt service | | | | |
| Principal | 2,680,000 | 2,850,000 | 2,850,000 | - |
| Interest | 1,161,537 | 1,063,338 | 1,063,338 | - |
| Other | - | - | 500 | (500) |
| | <u>3,841,537</u> | <u>3,913,338</u> | <u>3,913,838</u> | <u>(500)</u> |
| Receipts over (under) expenditures | 152,361 | 156,187 | | |
| UNENCUMBERED CASH, beginning | <u>3,344,518</u> | <u>3,496,879</u> | | |
| UNENCUMBERED CASH, ending | \$ 3,496,879 | 3,653,066 | | |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | 2016 Actual | 2017 Actual |
|--|---------------------|------------------|
| CONTINGENCY RESERVE | | |
| RECEIPTS | \$ - | - |
| EXPENDITURES | - | - |
| Receipts over (under) expenditures | - | - |
| UNENCUMBERED CASH, beginning | 1,300,000 | 1,300,000 |
| UNENCUMBERED CASH, ending | <u>\$ 1,300,000</u> | <u>1,300,000</u> |
| TEXTBOOK AND MATERIAL REVOLVING | | |
| RECEIPTS | | |
| Fees and other | \$ 139,843 | 149,282 |
| Transfer from General | 72,948 | 350,000 |
| | 212,791 | 499,282 |
| EXPENDITURES | | |
| Instruction | 209,352 | 464,953 |
| Receipts over (under) expenditures | 3,439 | 34,329 |
| UNENCUMBERED CASH, beginning | 426,494 | 429,933 |
| UNENCUMBERED CASH, ending | <u>\$ 429,933</u> | <u>464,262</u> |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | 2016 Actual | 2017 Actual |
|--------------------------------------|-------------------|----------------|
| HEALTH SELF-INSURANCE RESERVE | | |
| RECEIPTS | | |
| Employee contributions | \$ 84,007 | - |
| Employer contributions | 24,873 | - |
| Interest | 1 | - |
| Other | 100,437 | - |
| Transfer from General | 308,282 | 20,398 |
| | <u>517,600</u> | <u>20,398</u> |
| EXPENDITURES | | |
| Health care costs | 1,071,974 | 17,597 |
| Administrative fees | 176,755 | - |
| Transfer to General | - | 275,847 |
| | <u>1,248,729</u> | <u>293,444</u> |
| Receipts over (under) expenditures | (731,129) | (273,046) |
| UNENCUMBERED CASH, beginning | <u>1,004,175</u> | <u>273,046</u> |
| UNENCUMBERED CASH, ending | <u>\$ 273,046</u> | <u>-</u> |
| EMPLOYERS FIXED CHARGES | | |
| RECEIPTS | \$ 203,798 | 73,850 |
| EXPENDITURES | | |
| Workers Compensation Insurance | <u>343,156</u> | <u>73,850</u> |
| Receipts over (under) expenditures | (139,358) | - |
| UNENCUMBERED CASH, beginning | <u>139,358</u> | <u>-</u> |
| UNENCUMBERED CASH, ending | <u>\$ -</u> | <u>-</u> |

Unified School District No. 373

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS

For the Year ended June 30, 2017

(With comparative actual totals for the prior year ended June 30, 2016)

| | 2017 | | | | | | Total |
|---|--------------------|-----------------|-------------------------------------|--|----------------|-----------------------------|------------------|
| | 2016 Total | Title I | Title II Quality & Technology | Title III Eng. Lang. Acquisition | Head Start | After School Enhance. | |
| FEDERAL & STATE GRANT PROGRAMS | | | | | | | |
| RECEIPTS | | | | | | | |
| Federal and state aid | \$ 1,576,157 | 809,941 | 147,775 | 13,664 | 857,121 | 12,211 | 1,840,712 |
| EXPENDITURES | | | | | | | |
| Instruction | 1,029,728 | 682,997 | 45 | 13,664 | 408,942 | 12,211 | 1,117,859 |
| Student support services | 152,457 | - | - | - | 143,977 | - | 143,977 |
| Instructional support staff | 168,842 | 73,747 | 154,909 | - | 6,040 | - | 234,696 |
| School administration | 83,456 | - | - | - | 91,243 | - | 91,243 |
| Other support services | 26,378 | - | - | - | 28,264 | - | 28,264 |
| Operations and maintenance | 3,000 | - | - | - | 1,500 | - | 1,500 |
| Student transportation | 116,886 | 517 | - | - | 138,991 | - | 139,508 |
| Food service | 36,695 | - | - | - | 38,164 | - | 38,164 |
| | <u>1,617,442</u> | <u>757,261</u> | <u>154,954</u> | <u>13,664</u> | <u>857,121</u> | <u>12,211</u> | <u>1,795,211</u> |
| Receipts over (under) expenditures | (41,285) | 52,680 | (7,179) | - | - | - | 45,501 |
| UNENCUMBERED CASH, beginning | <u>(11,618)</u> | <u>(45,442)</u> | <u>(7,461)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(52,903)</u> |
| UNENCUMBERED CASH, ending | <u>\$ (52,903)</u> | <u>7,238</u> | <u>(14,640)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(7,402)</u> |

Unified School District No. 373

Agency Funds

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

REGULATORY BASIS

For the Year ended June 30, 2017

| Student Organizations | <u>Beginning Balance</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Ending Balance</u> |
|-----------------------------------|------------------------------|-----------------|----------------------|---------------------------|
| Newton High School | | | | |
| Class of 2016 | \$ - | 392 | 392 | - |
| Class of 2017 | 1,083 | 9,433 | 9,090 | 1,426 |
| AD Food Club - Food 4 Life | 2,841 | 217 | - | 3,058 |
| Art Club | 1,119 | 858 | 1,120 | 857 |
| Auto Mechanics | 28 | - | - | 28 |
| Auto Mechanics VICA | 703 | 1,229 | 866 | 1,066 |
| Azteca | 3,117 | 720 | 2,103 | 1,734 |
| Azteca Dance Troupe | 1,317 | 3,956 | 4,685 | 588 |
| Broadcasting | 440 | - | - | 440 |
| Brothers & Sisters For Life | 31 | - | - | 31 |
| BTC Weld VICA | 970 | 4,173 | 2,004 | 3,139 |
| Business Professionals of America | 503 | 16,607 | 16,638 | 472 |
| BPA Printing - Railer Ink | 324 | 1,162 | 1,454 | 32 |
| BPA Train Stop Store | 255 | 339 | 254 | 340 |
| Cheerleaders Special | 3,868 | 22,667 | 23,678 | 2,857 |
| Chemistry/Physics | 269 | 1,232 | 977 | 524 |
| CTE Scholarships | - | 500 | - | 500 |
| Debate | 1,347 | 2,619 | 3,966 | - |
| D.E.C.A. | 5,563 | 5,854 | 2,704 | 8,713 |
| EPC Greenhouse | 231 | 958 | 406 | 783 |
| ELP Contests | 6 | - | - | 6 |
| F.C.A. | 237 | 186 | 259 | 164 |
| F.E.A. | 211 | - | 80 | 131 |
| F.F.A. | 14,375 | 12,742 | 13,903 | 13,214 |
| F.F.A. Vending | 6,657 | 1,714 | 1,284 | 7,087 |
| F.F.A. Equipment | - | - | - | - |
| F.C.C.L.A. | 321 | 8,379 | 7,181 | 1,519 |
| Forensics | 86 | 3,360 | 3,446 | - |
| French Club | 113 | 186 | 232 | 67 |
| French Club Honor Society | 21 | 86 | 57 | 50 |
| German Club | 83 | 2,801 | 2,371 | 513 |
| German Club Honor Society | - | 514 | 514 | - |
| G.S.A. | - | 100 | 20 | 80 |
| Hall of Fame | 7,784 | - | 493 | 7,291 |
| HIRE - Helping Individual Reach | 23 | 22 | - | 45 |

Unified School District No. 373

Agency Funds

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

REGULATORY BASIS

For the Year ended June 30, 2017

| Student Organizations (Continued) | Beginning Balance | Receipts | Disbursements | Ending Balance |
|--|------------------------------|-----------------|----------------------|---------------------------|
| SOSO -Student Owned Student | 18 | 478 | 438 | 58 |
| Hobby Club | 323 | - | - | 323 |
| H.O.S.A. | 112 | 1,929 | 1,981 | 60 |
| Job for Americas' Graduates | 332 | 170 | 322 | 180 |
| Jazz Club | 5,345 | 6,751 | 1,260 | 10,836 |
| Key Club | 958 | - | 958 | - |
| Laser Works-Markit | 2,998 | 5,030 | 5,595 | 2,433 |
| Law Enforcement (LERO) | - | 355 | 294 | 61 |
| M & M Railer Embroidery | 988 | 657 | 395 | 1,250 |
| Model U.N. | 640 | 526 | 944 | 222 |
| Native Speaker Club | 45 | - | - | 45 |
| National Honor Society | 223 | 1,208 | 1,319 | 112 |
| Nutrition Advisory Council | 48 | - | - | 48 |
| OFACS | 4 | - | - | 4 |
| Peace Club | 51 | - | - | 51 |
| Perkins Student Activity | 25 | - | 25 | - |
| Railer Ambassadors | 973 | 322 | 450 | 845 |
| Railer Connections | 117 | - | 117 | - |
| Railer Designs | 105 | - | - | 105 |
| Railiners Special | 5,370 | 10,173 | 14,248 | 1,295 |
| Railrooters/Do Crew Pep Club | 1,835 | 1,279 | 1,370 | 1,744 |
| Rotary Interact Club | 1,511 | 402 | 800 | 1,113 |
| S.A.D.D. | 49 | - | - | 49 |
| SCABS | 133 | - | - | 133 |
| Scholars Bowl | 72 | 1,260 | 806 | 526 |
| Spanish Club | 54 | - | 6 | 48 |
| Spanish Club Honor Society | 55 | 255 | 210 | 100 |
| Student Council | 1,398 | 7,276 | 5,633 | 3,041 |
| Student Athlete Letter Jacket/PFP | - | 1,051 | 910 | 141 |
| Team NHS | 13 | - | 13 | - |
| Thespians | 1,191 | 8,318 | 9,132 | 377 |
| Tri-M Society | 126 | 1,158 | 1,006 | 278 |
| V.I.C.A. Machine | 56 | 764 | 484 | 336 |
| WE | 611 | 170 | 29 | 752 |
| We Can | - | 1,388 | 1,095 | 293 |

Unified School District No. 373

Agency Funds

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

REGULATORY BASIS

For the Year ended June 30, 2017

| | <u>Beginning Balance</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------|----------------------|---------------------------|
| Student Organizations (Continued) | | | | |
| Young Entrepreneurs of Kansas | 407 | - | - | 407 |
| Weight Room Equipment | <u>170</u> | <u>-</u> | <u>-</u> | <u>170</u> |
| | <u>80,282</u> | <u>153,926</u> | <u>150,017</u> | <u>84,191</u> |
| Santa Fe Middle School | | | | |
| Book fair | 39 | - | - | 39 |
| Yearbook | 7 | - | 5 | 2 |
| Social | <u>17</u> | <u>-</u> | <u>17</u> | <u>-</u> |
| | <u>63</u> | <u>-</u> | <u>22</u> | <u>41</u> |
| Chisholm Middle School | | | | |
| Book fair | 241 | 725 | 725 | 241 |
| Yearbook | 2,522 | 3,364 | 5,846 | 40 |
| Student Council | 13,830 | 2,867 | 7,676 | 9,021 |
| Social | <u>602</u> | <u>-</u> | <u>-</u> | <u>602</u> |
| | <u>17,195</u> | <u>6,956</u> | <u>14,247</u> | <u>9,904</u> |
| Total Student Organization Funds | <u>97,540</u> | <u>160,882</u> | <u>164,286</u> | <u>94,136</u> |
| High School Activity Fund Sales Tax | - | 21,514 | 21,514 | - |
| Pension Trust Fund | - | 604,408 | 604,408 | - |
| Gift Funds | <u>343,514</u> | <u>154,096</u> | <u>150,043</u> | <u>347,567</u> |
| Total Agency Funds | <u>\$ 441,054</u> | <u>940,900</u> | <u>940,251</u> | <u>441,703</u> |

Unified School District No. 373

District Activity Funds

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year ended June 30, 2017

| | Beginning Unencumbered Cash Balance | Receipts | Expenditures | Ernding Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|--------------------------------------|---|----------------|----------------|---|---|---------------------------|
| Activity Gate Receipts | | | | | | |
| Newton High School | \$ 78,441 | 342,273 | 337,478 | 83,236 | - | 83,236 |
| School Projects | | | | | | |
| Santa Fe Middle School | | | | | | |
| Miscellaneous | 3,183 | 1,978 | 1,662 | 3,499 | - | 3,499 |
| Chisholm Middle School | | | | | | |
| Pencil Machine | 308 | 77 | - | 385 | - | 385 |
| Pride Squad | 1,703 | 132 | 529 | 1,306 | - | 1,306 |
| Concessions | - | 10,077 | 6,930 | 3,147 | - | 3,147 |
| Miscellaneous | 5,065 | 2,055 | 4,723 | 2,397 | - | 2,397 |
| Newton High School | | | | | | |
| Fund Raising | 1,717 | 5,880 | 7,126 | 471 | - | 471 |
| Staff Issues | 63 | - | - | 63 | - | 63 |
| American Red Cross Donations | 11 | - | - | 11 | - | 11 |
| Art Booster | 119 | 600 | 434 | 285 | - | 285 |
| Band Booster | 20 | 600 | 142 | 478 | - | 478 |
| Drama Booster | 1,182 | 600 | 274 | 1,508 | - | 1,508 |
| Orchestra Booster | 2,065 | 600 | - | 2,665 | - | 2,665 |
| Vocal Booster | 1,608 | 602 | 844 | 1,366 | - | 1,366 |
| Concessions | 3,454 | 43,640 | 46,447 | 647 | - | 647 |
| Faculty Flower | 116 | 360 | 211 | 265 | - | 265 |
| FABC Supplemental | 469 | 500 | - | 969 | - | 969 |
| State Assessment | 224 | - | - | 224 | - | 224 |
| Milk Vending | 4,828 | 8,652 | 7,398 | 6,082 | - | 6,082 |
| Fine Arts Technology Special | 357 | - | 120 | 237 | - | 237 |
| Site Council/Student Directories | 2 | - | - | 2 | - | 2 |
| Special Revolving Accounts | 5,998 | 24,862 | 26,025 | 4,835 | - | 4,835 |
| Total school projects | <u>32,492</u> | <u>101,215</u> | <u>102,865</u> | <u>30,842</u> | <u>-</u> | <u>30,842</u> |
| Total District Activity Funds | <u>\$ 110,933</u> | <u>443,488</u> | <u>440,343</u> | <u>114,078</u> | <u>-</u> | <u>114,078</u> |

UNIFIED SCHOOL DISTRICT NO. 373
OTHER SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Knudsen Monroe & Company LLC

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. 373
Newton, Kansas 67114

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 statement of the Unified School District No. 373, Newton, Kansas (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statement, which collectively comprise the District's basic financial statement and have issued our report thereon dated November 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, 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 opinion on the financial statement, 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 control 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statement 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 statement is free from 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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Knudsen, Monroe & Company, LLC

Certified Public Accountants
November 8, 2017

Knudsen Monroe & Company LLC

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. 373
Newton, Kansas 67114

Report on Compliance for Each Major Program

We have audited the Unified School District No. 373, Newton, Kansas' (the District) compliance 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 programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United 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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 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

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 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 internal control over compliance that might be material weaknesses or significant deficiencies. 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.

Krudsen, Monroe & Company, LLC

Certified Public Accountants
November 8, 2017

Unified School District No. 373
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

| Federal Grantor / Pass-through Grantor / Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Total Federal Expenditures |
|--|---------------------------|---|----------------------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| Passed through Kansas Department of Education | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program | 10.553 | DO373 | \$ 223,195 |
| National School Lunch Program | 10.555 | DO373 | 852,601 |
| Summer Food Service Program for Children | 10.559 | DO373 | 33,346 |
| Total Child Nutrition Cluster | | | 1,109,142 |
| Team Nutrition Grant | 10.574 | DO373 | 1,134 |
| Total U.S. Department of Agriculture | | | 1,110,276 |
| <u>U.S. Department of Education</u> | | | |
| Passed through Kansas Department of Education | | | |
| Special Education Cluster (IDEA) | | | |
| Special Education, Grants to States, IDEA Part B | 84.027 | DO373 | 1,074,119 |
| Special Education, Grants to States, Incentive Grant | 84.027 | DO373 | 41,127 |
| Special Education, Preschool Grants | 84.173 | DO373 | 35,625 |
| Total Special Education Cluster (IDEA) | | | 1,150,871 |
| Career and Technical Education - Carl Perkins Vocational Education | 84.048 | DO373 | 38,230 |
| Title I, Grants to Local Educational Agencies | 84.010 | DO373 | 757,261 |
| Title II-A - Improving Teacher Quality | 84.367 | DO373 | 154,954 |
| Title III - English Language Acquisition | 84.365 | DO373 | 13,664 |
| Passed through Kansas Department of Health & Environment: | | | |
| Grants for Infant & Families | 84.181 | DO373 | 90,143 |
| Total U.S. Department of Education | | | 2,205,123 |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Head Start | 93.600 | | 857,121 |
| Passed through Kansas Department of Education | | | |
| Temporary Assistance for Needy Families | 93.558 | DO373 | 60,120 |
| Youth Risk Behavior Survey | 93.079 | DO373 | 150 |
| Total U.S. Department of Health and Human Services | | | 917,391 |
| Total Expenditures of Federal Awards | | | \$ 4,232,790 |

Unified School District No. 373
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2017
Notes to the Schedule of Expenditures of Federal Awards

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Unified School District No. 373, Newton, Kansas (the District) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District. The Schedule is presented using a regulatory basis of accounting prescribed by the Kansas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported on the Schedule are reported on the regulatory basis of accounting described in Note A. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. The District has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an adverse opinion on whether the basic financial statement of Unified School District No. 373, Newton, Kansas was prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statement are reported in the 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*.
3. No instances of noncompliance material to the financial statement of Unified School District No. 373, Newton, Kansas were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Unified School District No. 373, Newton, Kansas expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs include:

| | |
|--|--------|
| Special Education Cluster (IDEA) | |
| Special Education, Grants to States, IDEA Part B | 84.027 |
| Special Education, Grants to States, Incentive Grant | 84.027 |
| Special Education, Preschool Grants | 84.173 |
| Title I, Grants to Local Educational Agencies | 84.010 |
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Unified School District No. 373, Newton, Kansas was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

Unified School District No. 373

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2017

A. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.