

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS**

July 1, 2017 to June 30, 2018

BOARD OF EDUCATION MEMBERS

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Tina Prunier, Vice President
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SCHOOL ADMINISTRATORS

Heather Bohaty, Superintendent
Dr. Andy Koenigs, Asst. Superintendent, Human Resources
Dr. Holly Putnam, Asst. Superintendent, Curriculum & Instruction

Prepared by District Administration

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INTRODUCTORY SECTION



January 24, 2019

To the Citizens of Unified School District No. 260:

This publication is a Comprehensive Annual Financial Report for Unified School District No. 260 (District) for the fiscal year ended June 30, 2018. Generally Accepted Accounting Principles require that these financial statements present the District (the primary government) and its component units. A component unit is a separate entity for which the District is financially accountable or the nature and significance of the relationship between the District and entity are such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has determined that the Derby Recreation Commission meets the criteria of a component unit and the financial data of the Derby Recreation Commission is included in the financial statements as a discretely presented component unit. The report has been prepared by the District administrative team to provide financial information, useful for making economic, political and social decisions and for demonstrating accountability and stewardship. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District administrative team.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Included in the report are all disclosures necessary to enable the reader to gain an understanding of the District's financial activities. Constituents who may find this report useful include voters, taxpayers, service beneficiaries, governing boards, oversight bodies, management, intergovernmental guarantors, investors, lenders and employees.

George, Bowerman and Noel, P.A., Certified Public Accountants, have issued an unmodified opinion on the District's financial statements for the year ended June 30, 2018. The independent auditor's report is located at the front of the Financial Section of this report.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors in the Financial Section of this report.

Profile of the District

The District is a diversified educational institution with about 7,000 students located in southern Sedgwick County. With a population of approximately 45,000 patrons, the District enjoys economic benefits and challenges of a large metropolitan area while maintaining a quality of life found in smaller cities. The 50 square miles of the District substantially covers all of the City of Derby and beyond the city limits into large portions of Sedgwick County, including the Oaklawn/Sunview area, McConnell Air Force Base, Towne Parc, Turtle Run, Rockford and Salem Townships. Spirit AeroSystems, Inc. and Mid Western Aircraft Systems, Inc. are the largest taxpayers located within the District's boundaries. The student population of the school district is expected to increase by about thirty students per year for the foreseeable future.

The District provides a full range of educational services. These services include educational programs for grades PreK-12, Special Education, Title 1 reading and math programs, professional development activities for educators, testing programs, extra- and co-curricular activities, transportation, food services,

maintenance and custodial services and general administrative services. The District also regulates community use of school facilities, which totaled 12,684 hours last year.

The District operates under a seven-member Board of Education (Board) that is elected to four-year terms on an at-large basis. The Board hires the Superintendent who appoints the remainder of the management team. All contracts and expenditures must be approved by the Board.

The District has twelve school buildings. Seven of the buildings are at least 50 years old including five of the nine elementary schools. Three years ago the district opened Derby North Middle School and closed the Derby Sixth Grade Center. We now have two grade 6-8 middle schools. The high school, the largest building in the District at 350,000 square feet, is twenty-four years old. The District has six buildings which are used for educational support functions.

The District recently passed a bond issue for upgrading and replacing several aging facilities. A bond issue not to exceed \$114,020,000 was given approval of the community on February 20, 2018. When all projects are completed, our three oldest elementary schools will be razed or sold, with one being completely replaced at a new location and two others being rebuilt on the same site. In addition, all schools will be complete with storm shelters and significant security upgrades will enhance the safety and security of students and staff. Several buildings, to include Derby High School and Derby Middle School will receive recapitalization of mechanical systems that will provide for the needs of the users for many years to come.

The local economy

The District is the largest employer in the City of Derby, employing approximately 1,150 individuals. The City of Derby has experienced consistent growth during the past ten years. While growth in the area showed a slowing over the past few years, both housing starts and commercial development are once again on the upswing. The area continues to show population growth due to a high quality of life in the community and the relatively low taxes combined with service and retail activity that meet most everyone's needs.

The economic condition and outlook of the District is ever changing. The District is located in the Wichita, Kansas Metropolitan Statistical Area (WMSA). In general, the local economy has been slower to recover in the WMSA than the national economy. Local employment has shown improvement in the WMSA. State revenue projections are once again on the upswing after several years of stagnant or negative trends. The aircraft industry has picked up with significant hiring occurring at the area's largest employer, Spirit AeroSystems. Spirit plans to increase production and hire several thousand more employees over the next five years, which could impact district enrollment.

McConnell Air Force Base is one of the few major air refueling wings in the United States Air Force. Since McConnell is located within the District boundaries; we continually adjust to the changing enrollment demands that the mobile military communities create for local school districts. Changes in military installation staffing have added families to the local area as jobs are moved from other bases around the country. This pattern is expected to continue over the next few years as the new KC-46X tanker is based here and the base serves as the maintenance training location for all KC-46X aircraft from around the Air Force.

The Legislature

Kansas school districts fall into three distinct enrollment categories, each one educating about one-third of the state's student population. Kansas has a uniform base budget per pupil and a uniform statewide mill levy. The District is considered a medium-size school district. Districts raise their operating funds through a Local Option Budget (LOB) resolution. The LOB allowed districts to levy local taxes up to 30% of their legal maximum general fund budget. While State Law allows for districts to seek approval for up to a 33% LOB, Derby has chosen not to pursue the increase. Derby's LOB authority for the 2017-18 school year amounted to \$13,374,198.

The 1997 State Legislature made significant changes in the LOB process. For the first time, school boards were able to adopt a portion of LOB authority without being subject to a protest petition. In districts where the per pupil budget is below the average of similar-sized districts – like Derby – boards are allowed to adopt LOBs that would allow them to spend at the average without that increase being subject to a protest

petition. The District's LOB authority for the 2017-18 school year was at the 30% maximum, which amounted to \$13,374,198.

The State Supreme Court continues to review the equitable distribution of funds and the adequacy of funding. A ruling was made in the spring of 2018 that said the funding from the state for Capital Outlay Funds and Supplemental General Funds was not equitable or adequate. Changes were made by the legislature in these areas that affected funding for the 2017-18 school year. The State Supreme Court has issued additional rulings since the end of the fiscal year that will require further legislative action for the 2018-2019 school year. The enrollment for the District increased slightly for 2017-18. Projections show that the enrollment should continue to show slight increases over the next few years. The total District budget authority for 2017-18 was \$95,359,266. This amount remained fairly consistent under the block grant system from the 2016-17 budget. At this time, the District has not projected additional financing needs above the annual budget approved by the Board of Education.

Relevant financial policies

The administrative team of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal accounting controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition to internal accounting controls, the District maintains budgetary controls. The District's budget is prepared on the modified accrual basis of accounting further modified by encumbrances. The Superintendent and the Board evaluate the budget proposals of the various District organizations to determine the funding level of the operating and public service programs. After giving due consideration to the input received from the citizens, the Board adopts the budget. The adopted budget thus becomes a document that places before the people of the District a clear and precise picture of the cost of public services which will be provided. The budget is appropriately controlled through an on-line accounting system to assure effective fiscal management and accountability. Management may amend the amount of a specific object or purpose appropriation without obtaining authorization from the Board of Education provided the amendments or transfers do not create a total budgeted expenditure amount for a specific fund in excess of that amount adopted by the Board of Education.

Major Initiatives

During the 2016-2017 school year, the District adopted a fourth strategic plan to guide the District actions for the subsequent five years. We feel that we followed the previous plans and were able to meet the vast majority of the action plans set forth within them. This new plan has five strategies along with specific results and action plans that were developed by teachers, administrators, patrons and community members.

The Curriculum Committee developed a document for all staff which outlines effective teaching strategies, responsibilities for administrators and teachers, and expectations for the delivery of the curriculum. The model, Marzano's Instructional Strategies, is being used to guide instructional practices. Staff members are provided in-service time throughout the year on these instructional strategies.

Our technology committee, working closely with our instructional coordinators, continues to integrate technology into our curriculum maps. This idea was based on feedback we received from staff on their level of technology proficiency and their desire to have samples of ways we can integrate technology into our curriculum maps. These strategies are shared with staff during grade level or department meetings conducted by our instructional coordinators. This technology allows teachers another tool in meeting the needs of our students.

USD 260 will continue to collect assessment data and share it with students, parents and the community. Articles were published in the District newsletter throughout the 2017-18 school year sharing assessment results and plans of action to improve student performance. Software has also been purchased to record

results and plans of action to improve student performance. Software has also been purchased to record data for easier access by teachers to help guide instruction. Follow up information on graduated seniors was also collected to determine what activities they are involved in after graduation. Each spring we also produce a year in review document identifying information about programs, staff, and assessments.

Long-Term Financial Planning

The District continues to follow the long-term planning process to fully address needed building improvements. The entire process has been identified as the "Process for Success." The completed master plan has identified the needed improvements into three categories – (1) priority needs; (2) short-term needs and (3) long-term needs. Financial resources for the planned projects will be financed through general obligation bonds and resources available through the District's Capital Outlay Fund. The District presented plans for over \$112 million in improvements to the Board of Education and passed by the community in February 2018.

Awards and Acknowledgements

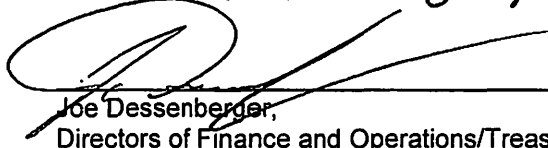
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Unified School District No. 260, Derby, Kansas for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The certificate is presented following this letter.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR on a timely basis was made possible by the dedicated service of the entire staff. Each member of the USD 260 staff who assisted and contributed to its preparation has our sincere appreciation. We also thank the USD 260 BOE members for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Sincerely,


Heather Bohaty, Superintendent


Joe Dessenberger,
Directors of Finance and Operations/Treasurer


Litona Hoyt, Clerk



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Derby Unified School District No. 260

Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

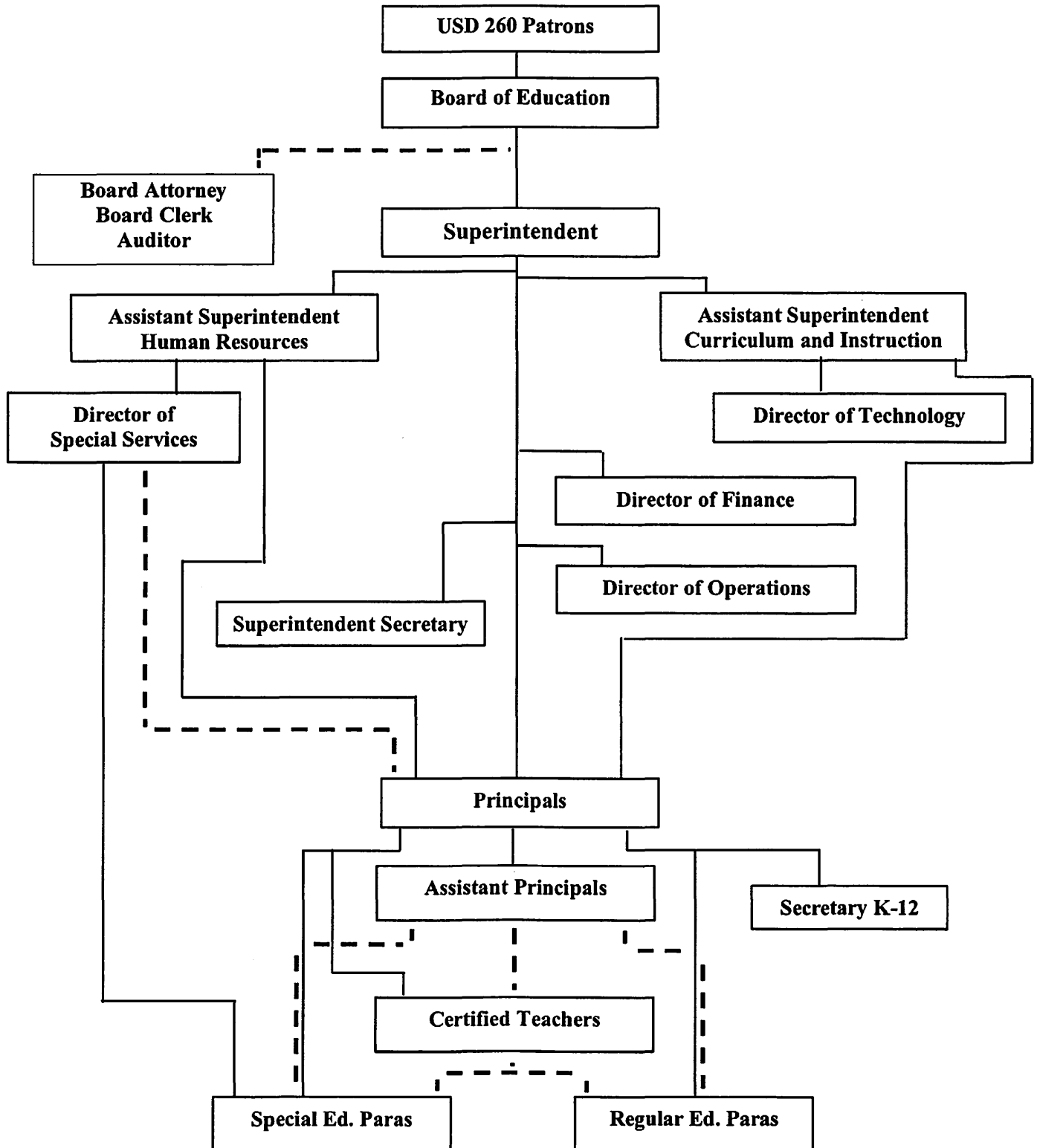
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Unified School District No. 260, Kansas for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. USD 260 has received a Certificate of Achievement for the last thirty-four consecutive years (fiscal years 1984-2017). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

DERBYUSD260
DISTRICT ORGANIZATIONAL CHART
2017-2018



LEGEND

Primary Supervisor
 Auxiliary Supervisor

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
LIST OF PRINCIPAL OFFICIALS
June 30, 2018

<u>Title</u>	<u>Name</u>
School Board President	R. Matthew Joyce
School Board Vice President	Tina Prunier
School Board Member	Rick Coleman
School Board Member	Matt Hoag
School Board Member	Jose' Martinez
School Board Member	Carolyn Muering
School Board Member	Janet Sprecker
Superintendent	Heather Bohaty
Asst. Supt. Human Resources	Dr. Andy Koenigs
Asst. Supt. Curriculum & Instruction	Dr. Holly Putnam
Director of Budget & Finance/Treasurer	Don Adkisson
Director of Operations	Joe Dessenberger
Director of Special Services	Vince Evans
Director of Technology	Dennis Elledge
Board Clerk	Litona Hoyt

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FINANCIAL SECTION

George, Bowerman & Noel, P.A.

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT

Board of Education
Derby Unified School District No. 260
Derby, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Derby Unified School District No. 260 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. The financial statements of the Derby Recreation Commission (component unit) were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Derby Unified School District No. 260, Derby, Kansas, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General and Special Education Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Derby Unified School District No. 260's basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of Derby Unified School District No. 260's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Derby Unified School District No. 260's internal control over financial reporting and compliance.

George, Bowerman & Noel, P.A.

Wichita, Kansas
January 18, 2019

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Unified School District No. 260, Derby, Kansas
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

This discussion and analysis of the Derby Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB). Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

The trends of prior years indicated that during the fiscal year 2017-2018, the Derby Unified School District would experience another year of increases in the cost for special education. The District continues to rely upon the Local Option Budget (LOB) to provide funding for these increases. Minimal increases in the base funding from the State of Kansas continues to force the District to make difficult choices in where to prioritize the funds.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This Comprehensive Annual Financial Report consists of management's discussion and analysis, the basic financial statements and required supplementary information. These statements are organized so the reader can understand the District as a whole, an entire operating entity. The basic financial statements include two kinds of statements that present different views of the District. The first series of statements are the district-wide financial statements. The second kind of financial statements are the fund financial statements.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

District-Wide Financial Statements

The district-wide financial statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting. This method of accounting is similar to how private sector companies report the results of their operations. These statements take into account all of the current year revenues and expenses regardless of when cash is received or paid.

The first of the district-wide statements is the Statement of Net Position. The Statement of Net Position presents balance information for the entire District operations at a given point in time (June 30, 2018). The assets include all cash and investments, receivables including taxes assessed that remain uncollected and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, claims payable and outstanding general obligation debt. This results in a statement that encompasses the entire operations of the Derby Unified School District.

Although the Statement of Net Position reports total net position of \$16.6 million deficit, the District has restrictions over the use of these funds. The investment in facilities and equipment is necessary to carry out the mission of the District. Kansas state laws segregate funds and place restrictions on spending. This should be considered when reviewing the report. The total net position deficit is the result of the implementation of GASB statements, which required the District to record unfunded pension liabilities of \$62,403,962, and \$2,960,432 of estimated other postemployment benefits other than pensions (OPEB) liabilities at June 30, 2018.

The second of the district-wide financial statements is the Statement of Activities. This statement shows the results of operations that caused the net position to change from the prior year to the amount reported on the Statement of Net Position as of June 30, 2018. This statement answers the question, "How did we do financially during fiscal year 2018?" This change in net position is important because it tells the reader that, for the school district as a whole, the financial position has improved or diminished. The statement for 2018 indicates an increase of \$7,234,051 in the District's financial position. The causes of this change may be the result of many factors. Most notably, the results are influenced by:

- ◆ the property tax base,
- ◆ the unfunded KPERS pension liability,
- ◆ the unfunded OPEB liabilities,
- ◆ operating expenditure limits imposed by Kansas law,
- ◆ building improvements,
- ◆ number of students served, and
- ◆ staff levels.

The Statement of Activities classifies expenses by functional area. The report also shows corresponding charges for services and restricted grants for each function that helps support the expenses. The resulting Net (Expenses) Revenue and Changes in Net Position shows the remaining expenses not supported by charges for services and restricted grants. General revenues are then applied to the remaining expenses resulting in the total change in net position for the year.

REPORTING THE SCHOOL DISTRICT'S MAJOR FUNDS

Fund Financial Statements

Financial statements by fund follow the district-wide statements. These statements provide more detail about the District according to the various funds established under Kansas law. The major funds are listed separately with all non-major funds aggregated in the column labeled "Other Governmental Funds." As shown on the reconciliations on pages 23 and 25 the fund statements differ from the district-wide statements (Statement of Net Position and Statement of Activities) by excluding the following:

- ◆ cost of capital assets less accumulated depreciation,
- ◆ deferred outflows of resources related to pension and OPEB liabilities,
- ◆ long-term liabilities and,
- ◆ deferred inflows of resources related to pension and OPEB liabilities.

The District's two kinds of funds are governmental and fiduciary funds.

Governmental Funds

Most of the District's activities are reported in the governmental funds, which focus on 1) how cash and other financial assets, that can be readily converted to cash, flow in and out and 2) the balances left at year end that are available for spending. The statements show revenue, expenditures and fund balances for each listed fund.

The fund classifications provide additional information about the entity. The General and Special Education funds encompass the major operating funds. The Capital Outlay fund is the primary source for the purchase of furniture, equipment and for major repairs and improvements to buildings and grounds. The Debt Service fund is used to pay outstanding general obligation bonds and related interest charges as they become due.

Fiduciary Funds

The District's fiduciary funds are comprised of agency funds. Agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds.

Agency funds include student activity monies at the various schools. The District's agency funds are reported on the Statement of Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was \$(16,620,633) on June 30, 2018.

DERBY UNIFIED SCHOOL DISTRICT NO. 260'S NET POSITION

	2018	2017	Change Increase (Decrease)
Current and other assets	\$ 132,890,233	\$ 17,426,983	\$ 115,463,250
Capital assets, net	91,332,002	94,893,639	(3,561,637)
Total assets	224,222,235	112,320,622	111,901,613
Deferred outflows of resources	26,525,845	29,581,952	(3,056,107)
Long-term liabilities	255,078,065	143,966,443	111,111,622
Other liabilities	2,811,163	1,616,587	1,194,576
Total liabilities	257,889,228	145,583,030	112,306,198
Deferred inflows of resources	9,479,485	18,067,810	(8,588,325)
Net position:			
Net investment in capital assets	27,660,299	29,956,187	(2,295,888)
Restricted for debt service	6,276,341	4,622,934	1,653,407
Restricted for educational purposes	3,078,872	2,408,982	669,890
Unrestricted	(53,636,145)	(58,736,369)	5,100,224
Total net position	\$(16,620,633)	\$(21,748,266)	\$ 5,127,633

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are amounts set aside by constraints placed on resources by creditors, grantors, laws or regulations, or enabling legislation. The unrestricted deficit is the result of recording unfunded KPERS pension liabilities attributed to the District's proportionate share of that unfunded pension liability and OPEB liabilities pertaining to the Districts benefit programs.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are grants and entitlements provided to the District and local property taxes assessed to community taxpayers. A condensed summary of the changes in the District's net position for the year ended June 30, 2018, with comparative amounts for 2017, is as follows:

DERBY UNIFIED SCHOOL DISTRICT No. 260'S CHANGES IN NET POSITION

	2018	2017	Change Increase (Decrease)
Revenues:			
Charges for services	\$ 2,669,147	\$ 2,790,166	\$ (121,019)
Operating grants and contributions	19,840,424	15,806,235	4,034,189
General revenues:			
Property taxes levied for:			
General purposes	11,430,170	10,299,333	1,130,837
Debt service	3,414,987	3,533,558	(118,571)
Capital outlay	3,622,927	3,453,605	169,322
Grants and entitlements not restricted to specific programs	41,414,326	41,695,281	(280,955)
Investment earnings	551,966	95,327	456,639
Total revenues	<u>82,943,947</u>	<u>77,673,505</u>	<u>5,270,442</u>
Expenses:			
Instruction	44,999,643	46,800,139	(1,800,496)
Student support services	4,504,614	4,926,226	(421,612)
Instructional support services	1,930,214	1,900,754	29,460
General administration	1,278,427	1,222,851	55,576
School administration	3,331,677	3,180,128	151,549
Operations and maintenance	7,268,413	6,930,089	338,324
Central support services	1,309,806	1,291,811	17,995
Student transportation services	1,712,342	1,786,908	(74,566)
Food service operations	3,387,659	3,407,964	(20,305)
Community service operations	137,648	137,451	197
Recreation	3,383,378	3,271,832	111,546
Interest on long-term debt	2,466,075	2,297,804	168,271
Total expenses	<u>75,709,896</u>	<u>77,153,957</u>	<u>(1,444,061)</u>
Increase (decrease) in net position	<u>7,234,051</u>	<u>519,548</u>	<u>6,714,503</u>
Net position at July 1, as previously reported	(21,748,266)	(22,267,814)	519,548
Prior period adjustments	(2,106,418)	-	(2,106,418)
As restated	<u>(23,854,684)</u>	<u>(22,267,814)</u>	<u>(1,586,870)</u>
Net position at June 30	<u>\$ (16,620,633)</u>	<u>\$ (21,748,266)</u>	<u>\$ 5,127,633</u>

The District's total revenues amounted to \$82.9 million with unrestricted grants and entitlements contributing 49.9%, property taxes contributing 22.3%, operating grants and contributions contributing 23.9% and all other revenue sources contributing the remaining 3.9% of revenues. The most significant changes from the preceding year include:

- ◆ Property taxes increased by \$1,181,588 for 2018 with the Supplemental General Fund reflecting an increase of \$1,296,924 due to the cash carryover being less than prior years. Decreases reflected in Debt Service and Special Assessment of \$118,571 and \$277,678 respectively. An increase in Capital Outlay was also realized in the amount of \$169,322. The taxes for the Derby Recreation

Commission increased by \$111,546 for 2018. The District's total mill levy increased from 59.433 to 60.684.

- ◆ Operating grants and contributions increased by \$4,034,189 which can be attributed to increases in allocations to KPERS Special Retirement of \$1,895,423, Supplemental General of \$1,269,877, Special Education of \$683,098, At Risk activities of \$514,269, Bilingual Education of \$166,178, Vocational Education of \$255,555 and Debt Service of \$215,456. Majors decreases occurred in the General, Title I, and Military Academic/Support Programs of \$733,361, \$139,423, and \$141,257 respectively.
- ◆ Grants and entitlements not restricted to specific programs decreased by \$280,955 for 2018 and can be principally attributed to the state finance formula funding received by the General Fund.
- ◆ Investment earnings increased by \$456,639 due to increased investment balances in the 2018 Bond Project Fund.

Total expenses for the District decreased by \$1,444,061 or 1.9% for 2018. Total salaries and benefits account for approximately 75% of total expenses for the District. Major expense changes compared to 2017 are as follows:

- ◆ Instruction functional expenses decreased by \$1,800,496 for 2018 with increases incurred for KPERS retirement contributions of \$1,304,155, General Fund of \$639,482, Bilingual Education of \$166,178, and At Risk activities of \$224,362. Major decreases for this functional area were textbook purchases of \$684,223, Title I of \$118,552 and Military Academic/Support Program of \$129,412. Allocations for OPEB accrued liabilities decreased \$120,494, compensated absences decreased \$75,944 and the allocation of the unfunded pension liability change decreased these functional expenses by \$5,149,755 however; early retirement benefit expenses increased by \$1,098,155. Depreciation increased by \$674,880 for 2018.
- ◆ Student support services functional expenses decreased by \$421,612 for 2018 with decreases incurred for Special Education of \$294,174, unfunded pension liability change of \$678,974 and OPEB accrued liabilities of \$15,887. Increases were incurred for the General Fund of \$297,605, KPERS retirement contribution of \$164,914 and accrued compensated absences of \$82,506.
- ◆ Recreation functional expenses increased \$111,546 representing increased appropriations to the District's component unit, the Derby Recreation Commission, which were anticipated during the annual budgeting process.
- ◆ Interest on long-term debt increased by \$168,271 which is related to general obligation bond issues and capital lease obligations.

DISTRICT FUNDS

As the District completed the year, its governmental funds reported combined fund balances of \$130.6 million. This is an increase of \$114.7 million with the 2018 Bond Project, Capital Outlay Fund, contributing to the increase by \$111.9 million and the Debt Service Fund contribution \$1.6 million to the increase and all other District funds resulted in a zero net change. The General and Special Education funds are the primary sources of operating revenues for the District. These funds account for \$50.9 million or 61.4% of the total revenues. The Debt Service fund and Capital Project fund represents 6.4% and 6.6%, respectively of the total with the remaining 25.6% in other governmental funds.

General Fund

The General Fund is the primary operating fund of the District and funding is provided principally from state aid and property taxes. The ending fund balance of \$3,387,143 is principally comprised of

Supplemental General (LOB) and Contingency Reserve balances of \$883,363 and \$2,393,881 respectively. The fund balance for the General Fund increased by \$349,705 for 2018, compared to a decrease of \$215,726 for 2017. Student fees and other reimbursements increased as well as an increase in State Aid as a result of going away from the block grant resulting in a net increase in revenues of \$1,881,695. Expenditures increased by \$2,124,531 from 2017 with the General and Supplemental General Funds showing an increase of \$905,002 and \$1,564,936, respectively while the Contingency Reserve Fund decreased by \$342,493. General Fund and Supplemental General Fund expenditures are limited as determined by the Kansas State Department of Education.

Special Education Fund

The Special Education Fund expenditures increased by \$537,361, or approximately 5.3%, as a result of services provided to the student population requiring these services. The ending fund balance amounted to \$934,429, which was the anticipated budget carryover into fiscal year 2019.

Debt Service Fund

The Debt Service restricted fund balance of \$6.2 million is available only to pay the bond and interest payment in October 2018. The mill levy for the fund varies according to the payment schedule for the outstanding bonds.

Capital Outlay Fund

Capital Outlay Fund expenditures exceeded revenues by \$201,526 with proceeds from Capital leases and transfers resulting in an ending balance of \$3.9 million primarily for projects related to facility improvement, utility equipment updates, and technology purchases for student learning opportunities.

2012 Bond Project Fund

The final proceeds from the 2012 general obligation bond issues were expended during 2018 which included a transfer to the Capital Outlay Fund to reimburse that fund for expenditures originally charged to it related to the bond project.

2018 Bond Project Fund

The 2018 Bond Project Fund received \$106,725,705 of bond proceeds and \$5,055,309 of premium related to the sale of the General Obligation Refunding and School Improvement Bonds, Series 2018-B during 2018. Interest earnings on the bond investments totaled \$382,570 during 2018. The only bond projected expenditures incurred during 2018 were related to architectural fees of \$273,921, resulting in an ending fund balance of \$111,889,663.

Kansas Statutes require the use of a multitude of funds. Many of these funds do not have sufficient resources to pay the expenditures in the fund and therefore transfers must be made from other funds. Typically these transfers are made from the General fund. The following table categorizes the funds to simplify the analysis:

DERBY UNIFIED SCHOOL DISTRICT NO. 260
Governmental Funds Revenues, Expenditures, Transfers and Fund Balances
Year ended June 30, 2018

Fund	Revenue and Other Sources	Expenditures and Other Uses	Ending Fund Balance
General	\$ 40,204,218	\$ 39,854,513	\$ 3,387,143
Bilingual education	1,054,312	1,054,312	---
Special education	10,713,441	10,729,012	934,429
Vocational education	1,166,061	1,152,596	29,068
Textbook revolving	953,768	478,532	1,968,498
KPERS Special Contribution	5,271,590	5,271,590	---
At Risk education	4,612,236	4,517,001	95,235
Federal and state grants	1,318,799	1,318,870	67,034
Total basic education	65,294,425	64,376,426	6,481,407
Driver training	32,320	28,424	46,649
Parent education	257,670	261,577	101
Athletic and Activity	135,805	129,893	8,808
Total expanded education	425,795	419,894	55,558
Fund	Revenue and Other Sources	Expenditures and Other Uses	Ending Fund Balance
Capital outlay	\$ 6,329,510	\$ 5,647,593	\$ 3,975,252
Debt service	8,510,460	6,857,053	6,276,341
Special assessments	283,607	220,357	872,388
2012 Bond projects	471	533,092	0
2018 Bond Projects	112,163,584	273,921	111,889,663
Total capital	127,287,632	13,532,016	123,013,644
Recreation	3,383,378	3,383,378	---
Food service	3,190,567	3,072,243	1,046,543
Total	\$ 199,581,797	\$ 84,783,957	\$ 130,597,152

Overall, revenue exceeded total expenditures, leaving an ending fund balance of \$129.9 million. An analysis of the above table categories follows:

- ◆ Basic education revenues for 2018 exceeded expenditures by \$917,999 compared to an excess of expenditures over revenues for 2017 in the amount of \$193,246. The 2017 funding was based on a carryover block grant funding formula from 2016. For 2018, the state aid funding formula was revisited by the State Legislature resulting in additional funding to comply with the Kansas Supreme Court ruling determining that the Kansas School Equity and Enhancement Act (KSEEA) was unconstitutional because it was inadequately funded and certain components of the KSEEA were inequitable

- ♦ Any balance remaining in the General fund is used to support the subsequent year limit. Therefore, a remaining balance in this fund should not be considered as additional resources available to the District in excess of the expenditure limits. The General fund ending fund balance represents \$3.3 million (52.3%) of the basic education fund balances of \$6.5 million.
- ♦ As a whole the District's large increase in fund balance (\$114,797,840) is due to the issuance of \$109,775,000 in general obligation bonds. Over the next few years the fund balance will decrease as projects continue to progress.

Analysis of Budget Variations

Following the funding formula for schools in the State of Kansas, the District used the General fund to account for operating expenditures. The following table summarizes the budget variances in revenues (in millions of dollars) for the fund:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase/ (Decrease)</u>	<u>Actual Revenues</u>	<u>Over/(Under) Final Budget</u>
General	<u>\$ 41.1</u>	<u>\$ 40.4</u>	<u>\$ (0.7)</u>	<u>\$ 40.4</u>	<u>\$ ---</u>

The following table summarizes the budget variances in expenditures (in millions of dollars):

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase/ (Decrease)</u>	<u>Actual Expenditures</u>	<u>Over/(Under) Final Budget</u>
General	<u>\$ 41.1</u>	<u>\$ 40.4</u>	<u>\$ (0.7)</u>	<u>\$ 40.4</u>	<u>\$ ---</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2018, the District had invested \$91.3 million in a broad range of capital assets, including school buildings, athletic facilities, computer equipment, and administrative offices. This amount represents a net decrease of about \$3.5 million from the preceding year. The decrease was principally the result of certain buildings being demolished as planned under the 2012 bond issue. Total depreciation expense for the year approximated \$6.5 million which was added to the current year net decrease.

Capital Assets (Net of depreciation)

	<u>Assets as of June 30, 2018</u>
Land	\$ 2,399,997
Buildings and improvements	74,676,075
Improvements other than buildings	4,557,048
Furniture and equipment	9,424,961
Construction work in process	273,921
	<u>\$ 91,332,002</u>

Long-term Debt

Kansas statutes limit the amount of outstanding indebtedness. The District has \$165.1 million outstanding (subject to the debt limit) at June 30, 2018. See the Notes to the Financial Statements for detailed information about capital assets (Note 3) and long-term debt (Note 4).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Unified School District No. 260, 120 E. Washington, Derby, Kansas 67037.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

STATEMENT OF NET POSITION

June 30, 2018

	Total Governmental Activities	Component Unit
Cash and investments	\$ 128,699,391	\$ 3,724,739
Receivables:		
Property taxes	84,895	—
Other	5,037	43,081
Accrued interest	515,374	13,096
Due from other governmental units	3,083,503	—
Prepaid expenses	502,033	—
Capital assets:		
Land	2,399,997	—
Buildings and improvements	122,347,915	9,166,665
Improvements other than buildings	8,035,392	—
Furniture and equipment	33,207,583	2,516,766
Construction work in progress	273,921	—
Less accumulated depreciation	<u>(74,932,806)</u>	<u>(4,383,888)</u>
Total assets	<u>224,222,235</u>	<u>11,080,459</u>
Deferred outflows of resources:		
Deferred outflows of resources related to pensions	19,656,487	539,512
Deferred outflows of resources related to OPEB	99,851	—
Deferred outflows of resources for bond refunding costs	<u>6,769,507</u>	<u>—</u>
Total deferred outflows of resources	<u>26,525,845</u>	<u>539,512</u>
Liabilities:		
Accrued salaries and wages payable	1,275,710	179,059
Accounts payable	430,443	295,941
Accrued interest payable	1,105,010	6,852
Noncurrent liabilities:		
Due within one year	6,839,904	262,995
Due in more than one year	<u>248,238,161</u>	<u>5,097,971</u>
Total liabilities	<u>257,889,228</u>	<u>5,842,818</u>
Deferred inflows of resources:		
Property taxes receivable	84,895	—
Deferred inflows of resources related to OPEB	15,327	—
Deferred inflows of resources related to pensions	<u>9,379,263</u>	<u>7,0752</u>
Total deferred inflows of resources	<u>9,479,485</u>	<u>70,752</u>
Net Position (deficit):		
Net investment in capital assets	27,660,299	3,754,543
Restricted for debt service	6,276,341	—
Restricted for educational services	3,078,872	—
Restricted for benefits	—	29,245
Unrestricted	<u>(53,636,145)</u>	<u>1,922,613</u>
Total net position (deficit)	<u>\$ (16,620,633)</u>	<u>\$ 5,706,401</u>

The accompanying notes are an integral
part of the financial statements.

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Year ended June 30, 2018

The accompanying notes are an integral part of the financial statements.

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FUND FINANCIAL STATEMENTS

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

BALANCE SHEET - ALL GOVERNMENTAL FUNDS

June 30, 2018

ASSETS

	General	Special Education	Debt Service	Capital Outlay	2012 Bond Project	2018 Bond Project	Other Governmental Funds	Total Governmental Funds
Assets:								
Cash including investments	\$ 2,859,577	\$ 1,156,659	\$ 6,276,341	\$ 2,568,534	\$ -	\$ 111,379,944	\$ 4,458,336	\$ 128,699,391
Accrued interest receivable	-	-	-	-	-	515,374	-	515,374
Due from other funds	-	-	-	1,629,578	-	-	-	1,629,578
Due from other governments	3,021,263	-	-	-	-	-	62,240	3,083,503
Due from others	-	-	-	-	-	-	5,037	5,037
Property taxes receivable	35,797	-	15,605	16,696	-	-	16,797	84,895
Total assets	\$ 5,916,637	\$ 1,156,659	\$ 6,291,946	\$ 4,214,808	\$ -	\$ 111,895,318	\$ 4,542,410	\$ 134,017,778

**LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND FUND BALANCES**

Liabilities:								
Accrued salaries and wages payable	\$ 804,891	\$ 204,396	\$ -	\$ -	\$ -	\$ -	\$ 266,423	\$ 1,275,710
Accounts payable	109,492	17,834	-	222,860	-	5,655	74,602	430,443
Due to other funds	1,579,314	-	-	-	-	-	50,264	1,629,578
Total liabilities	2,493,697	222,230	-	222,860	-	5,655	391,289	3,335,731
Deferred inflows of resources:								
Unavailable revenue - property taxes receivable	35,797	-	15,605	16,696	-	-	16,797	84,895
Fund balances:								
Restricted	-	-	6,276,341	302,808	-	105,754,941	3,078,872	115,412,962
Committed	3,330,854	934,429	-	3,132,759	-	-	1,055,452	8,453,494
Assigned	31,082	-	-	539,685	-	6,134,722	-	6,705,489
Unassigned	25,207	-	-	-	-	-	-	25,207
Total fund balances	3,387,143	934,429	6,276,341	3,975,252	-	111,889,663	4,134,324	130,597,152
Total liabilities, deferred inflows of resources and fund balances	\$ 5,916,637	\$ 1,156,659	\$ 6,291,946	\$ 4,214,808	\$ -	\$ 111,895,318	\$ 4,542,410	\$ 134,017,778

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2018

Total Governmental Fund Balances		\$ 130,597,152
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Capital assets	\$ 166,264,808	
Accumulated depreciation	<u>(74,932,806)</u>	
Capital assets net of accumulated depreciation		91,332,002
Other assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Prepaid expenses		502,033
Deferred outflows of resources related to unamortized refunding bond costs are not due and payable in the current period and therefore are not reported as liabilities in the funds		
		6,769,507
Pension contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position		
		19,656,487
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position		
		(9,379,263)
Other than pension benefits (OPEB) payments are reported as expenditures in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position		
		(15,327)
Other than pension benefits (OPEB) funding are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position		
		99,851
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable	1,105,010	
Compensated absences payable	2,962,394	
Other postemployment benefits payable - retirees	2,331,270	
Other postemployment benefits payable - KPERS Disability	629,162	
Early retirement payable	4,930,123	
Net pension liability	62,403,962	
General obligation bonds payable	165,140,000	
Unamortized premium on general obligation bonds	12,995,934	
Capital lease obligations payable	<u>3,685,220</u>	
		<u>(256,183,075)</u>
Net Position (deficit) of Governmental Activities		<u>\$ (16,620,633)</u>

The accompanying notes are an integral part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2018

	General	Special Education	Debt Service	Capital Outlay	2012 Bond Project	2018 Bond Project	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	\$ 7,763,185	\$ -	\$ 3,414,987	\$ 3,622,927	\$ -	\$ -	\$ 3,666,985	\$ 18,468,084
Intergovernmental	31,250,598	10,674,354	1,884,955	1,432,951	-	-	15,610,252	60,853,110
Charges for services	517,200	39,087	-	-	-	-	1,566,961	2,123,248
Investment earnings	-	-	-	162,571	471	382,570	6,354	551,966
Miscellaneous	673,235	-	-	227,618	-	-	46,686	947,539
Total revenues	40,204,218	10,713,441	5,299,942	5,446,067	471	382,570	20,897,238	82,943,947
Expenditures:								
Current:								
Instruction	23,293,005	7,879,394	-	1,715,003	-	-	12,075,591	44,962,993
Student support services	2,293,868	2,036,419	-	1,342	-	-	766,813	5,098,442
Instructional support services	1,586,541	1,071	-	21,085	-	-	358,129	1,966,826
General administration	1,014,769	256,067	-	26,087	-	-	85,667	1,382,590
School administration	3,251,696	-	-	9,644	-	-	345,084	3,606,424
Operation and maintenance	5,018,458	-	-	2,205,215	-	-	279,156	7,502,829
Central support services	1,202,097	-	-	142,785	-	-	63,898	1,408,780
Student transportation services	968,776	556,061	-	733,048	-	-	155,946	2,413,831
Food service operation	-	-	-	-	-	-	3,154,754	3,154,754
Community service operations	137,648	-	-	-	-	-	-	137,648
Recreation	-	-	-	-	-	-	3,383,378	3,383,378
Capital Outlay:								
Facilities acquisition and construction	-	-	6,682	272	263,586	273,921	220,357	764,818
Debt service:								
Principal	245,913	-	2,495,000	769,982	-	-	-	3,510,895
Interest and other charges	78,867	-	2,338,218	23,130	-	-	-	2,440,215
Total expenditures	39,091,638	10,729,012	4,839,900	5,647,593	263,586	273,921	20,888,773	81,734,423
Revenues over (under) expenditures	1,112,580	(15,571)	460,042	(201,526)	(263,115)	108,649	8,465	1,209,524
Other financing sources (uses):								
Proceeds from capital lease obligations	-	-	-	613,937	-	-	-	613,937
General obligation bond issuance	-	-	2,000,000	-	-	-	-	2,000,000
Refunding bond issuance	-	-	1,049,295	-	-	106,725,705	-	107,775,000
Premium on bond issuance	-	-	161,223	-	-	5,055,309	-	5,216,532
Payment to refunded bonds escrow agent	-	-	(2,017,153)	-	-	-	-	(2,017,153)
Transfers in	-	-	-	269,506	-	-	762,875	1,032,381
Transfers out	(762,875)	-	-	-	(269,506)	-	-	(1,032,381)
Total other financing sources (uses)	(762,875)	-	1,193,365	883,443	(269,506)	111,781,014	762,875	113,588,316
Net change in fund balances	349,705	(15,571)	1,653,407	681,917	(532,621)	111,889,663	771,340	114,797,840
Fund balances, beginning of year	3,037,438	950,000	4,622,934	3,293,335	532,621	-	3,362,984	15,799,312
Fund balances, end of year	\$ 3,387,143	\$ 934,429	\$ 6,276,341	\$ 3,975,252	\$ -	\$ 111,889,663	\$ 4,134,324	\$ 130,597,152

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

Net Change in Fund Balances – Total Governmental Funds \$ 114,797,840

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense. In the current period, these
amounts are:

Capital outlay	\$ 3,422,779
Depreciation	<u>(6,557,825)</u>

Excess of depreciation over capital outlays	(3,135,046)
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In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due	(521,707)
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In the statement of activities, prepaid expenses are recognized as an asset, whereas in the governmental funds an expenditure is reported when paid	2,969
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In the statement of activities, the loss on the disposition of capital assets is reported as a functional expense whereas, in the governmental funds statement a loss on disposition of capital assets is not reported	(426,591)
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Pension contributions are reported as expenditures in the governmental funds when made; however, they are reported as deferred outflows of resources in the statement of net position	7,461,252
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In the statement of activities the issuance of debt is reported as a liability whereas, in the governmental funds statements the issuance of debt is reported as an other financing source for:	
General obligation school improvement and refunding bonds	(109,775,000)
Premium on issuance of general obligation school improvement and refunding bonds	(5,216,532)
Capital lease obligations	<u>(613,937)</u>

Total debt issuances	(115,605,469)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
General obligation bond payment	4,495,000
Capital lease payment	<u>1,015,895</u>

Total payments on long-term liabilities	5,510,895
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Some expenses reported in the statement of activities do
not require the use of current financial resources and
therefore are not reported as expenditures in the funds:

Early retirement payable	(1,578,094)
Compensated absences payable	40,422
Other postemployment benefits payable - retirees	(74,284)
Other postemployment benefits payable – KPERS Disability	248,864
Unamortized bond refunding costs	(608,316)
Amortization of premium on general obligation bonds	<u>1,121,316</u>

Total other expenses	<u>(850,092)</u>
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Change in Net Position of Governmental Activities	<u>\$ 7,234,051</u>
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The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

GENERAL FUND

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenue:				
Taxes	\$ 50	\$ 50	\$ 79	\$ 29
Intergovernmental	<u>41,124,562</u>	<u>40,412,295</u>	<u>40,414,326</u>	<u>2,031</u>
Total revenue	<u>41,124,612</u>	<u>40,412,345</u>	<u>40,414,405</u>	<u>2,060</u>
Expenditures and encumbrances:				
Instruction	22,343,413	21,631,146	20,203,437	1,427,709
Student support services	—	—	126,000	(126,000)
Instructional support services	32,677	32,677	18,447	14,230
General administration	—	—	7,151	(7,151)
School administration	3,109,662	3,109,662	3,107,107	2,555
Operation and maintenance	278,394	278,394	248,051	30,343
Central support services	931,181	931,181	1,043,235	(112,054)
Student transportation services	955,783	955,783	929,992	25,791
Community service operations	137,451	137,451	137,648	(197)
Transfers out	<u>13,336,051</u>	<u>13,336,051</u>	<u>14,593,337</u>	<u>(1,257,286)</u>
Total expenditures and encumbrances	41,124,612	40,412,345	40,414,405	(2,060)
Budget credit – Homeless Care Grant included in intergovern- mental revenue	<u>—</u>	<u>2,100</u>	<u>—</u>	<u>2,100</u>
Total expenditures for budgetary comparison	<u>41,124,612</u>	<u>40,414,445</u>	<u>40,414,405</u>	<u>40</u>
Revenue over expenditures and encumbrances	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SPECIAL EDUCATION FUND

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenue and other financing sources:				
Intergovernmental	\$ 1,827,466	\$ 1,827,466	\$ 2,060,020	\$ 232,554
Charges for services	—	—	39,087	39,087
Transfers from other funds	<u>8,008,674</u>	<u>8,008,674</u>	<u>8,614,334</u>	<u>605,660</u>
Total revenue and other financing sources	<u>9,836,140</u>	<u>9,836,140</u>	<u>10,713,441</u>	<u>877,301</u>
Expenditures and encumbrances:				
Instruction	7,455,987	7,455,987	7,879,394	(423,407)
Instructional support staff	6,400	6,400	1,071	5,329
Student support services	2,447,274	2,447,274	2,036,419	410,855
General administration	247,829	247,829	256,067	(8,238)
Transportation services	<u>628,650</u>	<u>628,650</u>	<u>556,061</u>	<u>72,589</u>
Total expenditures and encumbrances	<u>10,786,140</u>	<u>10,786,140</u>	<u>10,729,012</u>	<u>57,128</u>
Revenue and other financing sources over (under) expenditures and encumbrances	(950,000)	(950,000)	(15,571)	934,429
Fund balance, beginning of year	<u>950,000</u>	<u>950,000</u>	<u>950,000</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 934,429</u>	<u>\$ 934,429</u>

The accompanying notes are an integral
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
STATEMENT OF FIDUCIARY NET POSITION – ALL AGENCY FUNDS

June 30, 2018

	<u>Agency Funds</u>
 <u>ASSETS</u>	
Cash including investments	<u>\$ 2,290,141</u>
 <u>LIABILITIES</u>	
Liabilities:	
Payroll withholdings and taxes payable	\$ 1,778,924
Due to student organizations	<u>511,217</u>
 Total liabilities	 <u>\$ 2,290,141</u>

The accompanying notes are an integral
part of the financial statements.

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NOTES TO FINANCIAL STATEMENTS

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Derby Unified School District No. 260 (District) is a Kansas school district governed by an elected seven-member board. As required by generally accepted accounting principles, these financial statements present Derby Unified School District No. 260 (the primary government) and its component unit. The component unit discussed in the following paragraphs is included in the District's reporting entity because the primary government is considered financially accountable for it.

The component unit columns in the government-wide financial statements (see note below for description) include the financial data of the District's component unit. It is reported in a separate column to emphasize that it is legally separate from the District and to differentiate its financial position and results of operations from that of the primary government. The District's component unit is accounted for using the same principles as the governmental fund types of the District.

The Derby Recreation Commission was established pursuant to Kansas Statutes to operate a system of public recreation in Derby, Kansas. The District appoints two of the five members of the Board of Commissioners of the Derby Recreation Commission. The Derby Recreation Commission taxes are levied under the taxing authority of the District. These taxes are accounted for in the Recreation and Recreation - Employee Benefits special revenue funds of the District. The Derby Recreation Commission may not acquire real property or issue debt without the approval of the District. Any lease entered into by the Derby Recreation Commission may be subject to approval of the District. The Derby Recreation Commission is included in the financial statements of the District as a discretely presented component unit. Complete financial statements for the Derby Recreation Commission may be obtained at the Derby Recreation Commission, 801 East Market, Derby, Kansas 67037.

Implementation of GASB Statement No. 75

As of July 1, 2017, the District adopted Government Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of these standards requires governments to establish new accounting and financial reporting requirements for governments whose employees are provided with postemployment benefits other than pensions (OPEB), as well as for certain nonemployer

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

governments that have a legal obligation to provide financial support for OPEB provided to employees of other entities.

Basis of presentation

The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The statement of net position and the statement of activities display information about the District as a whole. The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements

During the year, the District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

The District's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, etc.) and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The District reports the following major governmental funds:

General Fund – used to account for all financial transactions not properly accounted for in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund. Under the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the following funds are combined to present the General Fund operations:

General Fund – the District's primary operating fund.

Supplemental General Fund – used to account for revenue received and expenditures incurred related to the District's Local Option Budget (LOB). Moneys available under the LOB may be used for any purpose for which expenditures from the General Fund are authorized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Professional Development Fund – used to account for revenue received and expenditures incurred for teacher inservice training programs.

Summer School Fund – used to account for summer school fees collected and expenditures associated with summer school programs.

Contingency Reserve Fund – used to account for moneys transferred from the General Fund, in accordance with Kansas statutes, and to provide resources for unforeseen and unplanned needs of the District.

Latchkey Program Fund – used to account for revenue and expenditures for childcare programs maintained by the District.

Special Education Fund – used to account for revenue and expenditures incurred in conjunction with the state supported supplemental education needs of selected students. Major resources include Federal and State Aid provided through the Kansas Department of Education.

Debt Service Fund – used to account for the payment of principal and interest on the District's general obligation bonds.

Capital Outlay Fund – used to account for tax revenues and other sources which are primarily utilized for the acquisition, construction, reconstruction, repair, remodeling, additions to, furnishing and equipping of District buildings.

2012 Bond Project Fund – used to account for the proceeds of the general obligation bonds issued July 1, 2012 in the principal amount of \$60,155,000 and \$3,300,000 issued June 1, 2014 that were approved by the voters in the District on April 3, 2012. The proceeds of the bonds are being used to (a) construct, equip and furnish a new grade 6-8 middle school; (b) construct, equip and furnish an addition to the existing middle school and make renovations and improvements to the existing facility; (c) construct, equip and furnish a new Central Kitchen facility; (d) replace roofing on existing District buildings; (e) construct improvements to certain District elementary schools to provide enhanced safety and security, improve support spaces, provide larger and more functional classrooms, and provide storm shelter areas; (f) construct, equip and furnish additions to the existing high school building to provide additional and improved space for music/orchestra education, improve locker room facilities, expand the existing lobby area, and expand and remodel food service areas; (g) demolish both the existing 6th Grade Center building and the existing Central Kitchen facility; and (h) make all other necessary improvements appurtenant thereto.

2018 Bond Project Fund – used to account for the proceeds of the general obligation bonds issued April 21, 2018 in the principal amount of \$2,000,000 and \$107,775,000 issued May 21, 2018 that were approved by the voters in the District on February 20, 2018. The proceeds of the bonds are being used to (a) construct, equip and furnish additions to and make renovations and other improvements, including storm shelters, to existing District

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

facilities: Tanglewood Elementary, Derby Hills Elementary, Park Hill Elementary, Swaney Elementary, El Paso Elementary, Wineteer Elementary, Derby Middle School and Derby High School for enhanced safety and security, improved teaching and learning environments, educational and building operating efficiencies, and ADA and other code compliance; (b) construct, equip and furnish a new 3-section Elementary School within the District; (c) construct, equip and furnish a new District facility for Education Support Services/Special Services/Administration and Storm Shelter to be located at the Tanglewood Elementary site; (d) demolish portions and construct, equip, and furnish replacement additions to the existing Oaklawn Elementary and Cooper Elementary Schools within the District; (e) remodel and make needed improvements to the District Maintenance and Transportation Buildings; (f) make needed improvements to District Athletic facilities; (g) make all other necessary improvements appurtenant thereto; and (h) pay the costs of issuance and interest on the general obligation bonds of the District issued to finance the project during the construction thereof.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

In addition, the District reports agency funds to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds include payroll withholding, sales tax collections and student activity monies at the various schools.

Cash and investments

The District pools all funds for the purpose of increasing income through investment activities except for the Bond Project Fund. Investments are reported at fair value, which are determined using market quotations for such securities. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at a carrying amount, which reasonably estimates fair value. Applicable State statutes allow the recording of investment income to certain funds of the District and, accordingly, investment earnings have been credited to the Food Service and Capital Outlay funds. Investment and deposit earnings related to the bond financing in the Bond Project Fund are recorded to that fund. Additional cash and investment disclosures are presented at Note 2.

Inventories

Inventories are considered to be immaterial and are not recorded.

Property taxes and other receivables

Property taxes are recognized in the period for which the taxes are levied, that is when the use of the property taxes is permitted. Property taxes are assessed on a calendar year basis, become a lien and are levied on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. At June 30 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the statement of net assets and the governmental fund financial statements for the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole. As of June 30, 2018 the County Treasurer has distributed to the District approximately 98% of the 2017 taxes levied. The remaining taxes from this levy plus a portion of the 2018 taxes levied will be used to finance the fiscal year ending June 30, 2019.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at year-end will be eliminated in the subsequent year. As a general rule the effect of all other interfund activity has been eliminated from the government-wide financial statements.

Capital assets

Capital assets, which include property, plant, equipment, infrastructure assets and construction work in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets of the District are defined as assets with an initial individual cost of more than \$5,000, except for musical instruments and assets funded by federal grant programs, and a useful life of more than one year. District capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are completed and placed into operation.

Property, plant and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	30
Improvements	15
Machinery and equipment	3-15

Assets acquired with funds received through federal grants, must be used in accordance with the terms of the grant. Federal regulations require, in some instances, the District to

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

reimburse the federal government for any assets that the District retains for its own use after the termination of the grant unless otherwise provided for by the grantor.

Compensated absences

All permanent full-time and part-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts. Vacation benefits accrue as payable at a rate from .42 days to 1.67 days per month depending on length of continuous full-time employment. Sick leave days accumulate as payable at a rate of 1.33 days per month to a maximum of 180 days. Sick leave accumulated beyond 180 days is payable annually at three-fourths the daily rate.

The entire compensated absences liability is reported on the government-wide financial statements. The liability is based on current salary costs and the vested portion of accumulated benefits.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent that they are due for payment during the current year. The most significant portion of the compensated absence liability is liquidated from the General and Supplemental General Funds.

Early retirement

The District maintains a policy of paying early retirement salary to certain former employees, who qualify, for a period not to exceed ten years subsequent to their early retirement date. Early retirement is defined under the program as retirement in or after the school year in which the employee reaches the age of 55, but before the school year the employee reaches the age of 65. To qualify for early retirement, employees have to be at least 55 years of age within the next school year and have a minimum of ten years employment with the District and the Kansas Public Employer's Retirement System (KPERs). Retirement pay is computed based on predetermined factors applied to the employees highest salary of their last four years of employment and is paid either on a monthly basis or as a lump sum payment at the end of the fiscal year. The computations do not include life expectancy or any other actuarial factors. An employee taking early retirement has no claim to re-employment in the District once retirement goes into effect. All early retirement benefits terminate upon the death of the participant. The early retirement obligations were liquidated from the District's Supplemental General Fund during the fiscal year ended June 30, 2018 and the cost of the termination benefits for the year ended June 30, 2018 was \$1,233,842. At June 30, 2018, there were 121 former employees receiving early retirement benefit payments. The discount rate applied in the determination of the early retirement benefit liability at June 30, 2018 was 3.57%, the average interest rate on the most recent debt issued by the District.

The District amended the early retirement plan effective July 1, 2017 to extend the program two additional years or until an employee reaches age 67.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

Risk management

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Deferred inflows/deferred outflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and is not recognized as an outflow of resources (expense/expenditure) until the future period. The District reports amounts related to pensions, OPEB liabilities and for unamortized bond refunding costs on the government-wide statement of net position as a deferred outflow of resources.

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and is not recognized as an inflow of resources (revenue) until that time. The District reports amounts related to pensions, OPEB liabilities and property taxes receivable on the government-wide statement of net position and unavailable revenues on the governmental funds balance sheet as deferred inflows of resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net position flow assumption

The government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted – consisting of net position items with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – all other net position items that do not meet the definition of “restricted” or “investment in capital assets, net”.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

In the governmental funds financial statements, equity is classified into potentially five components:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted – constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – amounts that can only be used for specific purposes pursuant to constraints approved by formal action of the government's highest level of decision-making authority (the Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Education can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the governing body itself, or (b) a body (such as a budget or finance committee) or official (Superintendent) to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Board of Education has by resolution authorized the Director of Budget and Finance/Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating a fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not normally have to be taken for the removal of an assignment.

Unassigned – the amount that is the residual after amounts have been restricted, committed or assigned to specific purposes. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

Budgets and budgetary comparisons

Applicable Kansas statutes require that budgets be legally adopted for all governmental fund types on a 12-month basis, unless exempted by a specific statute. Specific funds exempted from legally adopted budgetary requirements include: Contingency Reserve, Latchkey Program, Textbook Revolving, Athletic and Activity, Special Grants, Kansas Beef Council Grant, Title II A, Title I, English Language Learners Title III, Kansas Coordinated School Health Grant, National Math & Science Initiative, Alcohol and Drug Prevention Grant – City of Derby, Derby Education Foundation/Boeing/Derby Community

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foundation Grant, Preschool Block Grant – The Opportunity Project, Military Academic/Support Program Grant and Title IV funds. In addition, the 2012 Bond Project and 2018 Bond Project funds are not subject to annual budgets.

The Capital Outlay Fund, included as a capital project fund type, is a budgeted fund and its appropriations lapse at the end of the year.

All agency funds are exempted from legally adopted budgetary requirements.

State 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 of the proposed budget and notice of public hearing on the budget on or before August 5th.
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.

All budgets are prepared utilizing the modified accrual basis, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances (that is, commitments, such as purchase orders and contracts). Encumbrances are reported as expenditures in the current year's budgetary presentation and as committed fund balances in the governmental fund financial statements. Accordingly, the actual expenditure data presented in the budgetary comparison statements differ from the data presented in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. All unencumbered appropriations lapse at the end of the year. Management may amend the amount of a specific object or purpose appropriation without obtaining authorization from the Board of Education provided the amendments or transfers do not create a total budgeted expenditure amount for a specific fund in excess of that amount adopted by the Board of Education. The statutes allow for the Board of Education to increase the originally adopted budget for previously unbudgeted increases in revenue, other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the Board of Education may amend the budget at that time. There were no individual fund budgets amended during the year ended June 30, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The General Fund and Supplemental General Fund amended budgets represent the legal maximum budgets for each fund as determined by the Kansas Department of Education.

In preparing a 12-month budget, the remaining taxes from the levy of the preceding calendar year are recognized as assets. All revenues and expenditures are estimated on a 12-month basis. The tax levy required to finance the budget is on a calendar year basis.

As discussed above, the actual data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in conformity with (GAAP). The following reconciliation is presented to provide a correlation between the "GAAP" basis of reporting and the budgetary basis of reporting:

	General Fund	Special Education Fund	Debt Service Fund	Capital Outlay Fund	Other Nonmajor and Nonbudgeted Governmental Funds	Total Governmental Funds
GAAP Fund Balance June 30, 2018	\$ 3,387,143	\$ 934,429	\$ 6,276,341	\$ 3,975,252	\$ 116,023,987	\$ 130,597,152
Adjustments:						
Reserved for encumbrances	(10,000)	-	-	(539,685)	(6,261,308)	(6,810,993)
Fund balance for individual funds						
Fund balance for individual funds combined for General Fund GAAP reporting purposes for:						
Supplemental General Fund	(883,363)	-	-	-	883,363	-
Professional Development Fund	(55,061)	-	-	-	55,061	-
Summer School Fund	(19,631)	-	-	-	19,631	-
Contingency Reserve Fund	(2,393,881)	-	-	-	2,393,881	-
Latchkey Program Fund	(25,207)	-	-	-	25,207	-
Fair market value of investments	-	-	-	-	(183,753)	(183,753)
Accrued interest receivable	-	-	-	-	(515,373)	(515,373)
Unreserved fund balances not subject to the Kansas budget law	-	-	-	-	(109,438,739)	(109,438,739)
Budgetary Fund Balance June 30, 2018	\$ -	\$ 934,429	\$ 6,276,341	\$ 3,435,567	\$ 1,001,957	\$ 13,648,294

2. DEPOSITS AND INVESTMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

At June 30, 2018, the District has the following investments and maturities:

Investment Type	Carrying Amount/ Fair Value	Cost	Weighted Average Months to Maturity	Rating	Fair Value Hierarchy
U.S. Government Treasury Securities (U.S. Treasury Bills and Notes)	\$ 104,354,336	\$ 104,179,522	19.68	S&P AA+	Level 1

2. DEPOSITS AND INVESTMENTS

<u>Investment Type</u>	<u>Carrying Amount/ Fair Value</u>	<u>Cost</u>	<u>Weighted Average Months to Maturity</u>	<u>Rating</u>	<u>Fair Value Hierarchy</u>
U.S. Government agency Securities	\$ 6,814,849	\$ 6,805,907	20.04	S&P AA+	Level 1
U.S. Government agency securities and mortgage- backed securities (overnight sweep account investments)	<u>1,397,445</u>	<u>1,397,445</u>	5.00	S&P AA+	Level 1
Total	<u>\$ 112,566,630</u>	<u>\$ 112,382,874</u>			

The U.S. Government agency securities and mortgage-backed securities related to the bond project have staggered maturities, which correspond with the estimated cash flow requirements for the bond project. These securities are reported at their fair value as determined by national security markets. The adjustment to fair value of \$183,756 is reflected in investment earnings. The calculation of realized and unrealized gains and losses is independent of the calculation of the change in fair value of investments and there are no realized gains and losses of the current period that include unrealized amounts from prior periods. The overnight U.S. Government agency securities and mortgage-backed securities are carried at cost, which approximates their market values due to the short-term duration of these investments.

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that 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 Federal Depository Insurance Corporation (FDIC) coverage. The District has no other policies that would further limit interest rate risk.

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

Concentration of credit risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The investments held by the District are related to the bond project and are authorized by the authorizing bond resolution. These investments are not subject to collateralization. The District's allocation of investments at June 30, 2018, is as follows:

2. DEPOSITS AND INVESTMENTS (continued)

<u>Investment</u>	<u>Percentage of Investments</u>
U.S. Government Treasury and Agency Securities	100%

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of 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.

At year-end, the carrying amount of the District's deposits was \$18,422,902 with the bank balances of such accounts being \$19,235,783. Of the bank balances, \$604,852 was covered by federal depository insurance and the remaining balance of \$18,630,931 was covered by collateral held by the District's custodial banks in joint custody in the name of the District and its banks. The fair value of those pledged securities held by the District's custodial banks was \$23,707,195 at June 30, 2018.

The District's component unit cash and investments at June 30, 2018 consisted of cash on hand, money market checking accounts and certificates of deposit. At year-end, the carrying amount of the District's component unit deposits was \$3,717,589 with the bank balances of such accounts being \$3,744,610. Of the bank balances, \$575,846 was covered by federal depository insurance and the remaining balance of \$3,168,764 was covered by pledged collateral held at its custodial banks in joint custody in the name of the Commission and its banks with a fair value of \$4,282,303 at June 30, 2018.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of 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.

A reconciliation of cash and investments as reported in the financial statements at June 30, 2018 is as follows:

Cash on hand – component unit	\$ 7,150
Carrying amount of deposits – primary government	18,422,902
Carrying amount of deposits – component unit	3,717,589
Carrying amount of investments – primary government	<u>112,566,630</u>
Total	<u>\$134,714,271</u>

2. DEPOSITS AND INVESTMENTS (continued)

Amounts per statements of net position:

Cash and investments – primary government	\$ 128,699,391
Cash and investments – component unit	3,724,739
Cash and investments held in fiduciary funds	<u>2,290,141</u>

Total	<u>\$ 134,714,271</u>
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3. CAPITAL ASSETS

A summary of changes in capital assets of the District for the year ended June 30, 2018 is as follows:

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 2,399,997	\$ –	\$ –	\$ 2,399,997
Construction work In process	<u>–</u>	<u>273,921</u>	<u>–</u>	<u>273,921</u>
Total capital assets not being depreciated	<u>2,399,997</u>	<u>273,921</u>	<u>–</u>	<u>2,673,918</u>
Capital assets being depreciated:				
Buildings and improvements	122,050,770	402,185	105,040	122,347,915
Improvements other than buildings	7,909,067	160,971	34,646	8,035,392
Furniture and equipment	<u>32,388,522</u>	<u>2,585,701</u>	<u>1,766,640</u>	<u>33,207,583</u>
Total capital assets being depreciated	<u>162,348,359</u>	<u>3,148,857</u>	<u>1,906,326</u>	<u>163,590,890</u>
Less accumulated depreciation for:				
Buildings and improvements	44,082,309	3,601,317	11,786	47,671,840

3. CAPITAL ASSETS (continued)

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Improvements other than buildings	\$ 3,089,387	\$ 388,957	\$ —	\$ 3,478,344
Furniture and equipment	<u>22,683,020</u>	<u>2,567,551</u>	<u>1,467,949</u>	<u>23,782,622</u>
Total accumulated depreciation	<u>69,854,716</u>	<u>6,557,825</u>	<u>1,479,735</u>	<u>74,932,806</u>
Total capital assets being depreciated, net	<u>92,493,643</u>	<u>(3,408,968)</u>	<u>426,591</u>	<u>88,658,084</u>
Governmental activities capital assets, net	<u>\$ 94,893,640</u>	<u>\$ (3,135,047)</u>	<u>\$ 426,591</u>	<u>\$ 91,332,002</u>

Depreciation expense was charged to functions/programs as follows:

Instruction	\$ 5,276,933
Student support services	7,792
Instructional support services	35,235
General administration	2,483
School administration	19,645
Operation/maintenance of plant	572,912
Central support services	4,922
Student transportation services	210,394
Food service operations	<u>427,509</u>
	<u>\$ 6,557,825</u>

The cost and accumulated amortization of computer and technology equipment under capital lease at June 30, 2018 is \$3,099,677 and \$1,664,641, respectively.

Capital asset activity for the Derby Recreation Commission (component unit) for the year ended June 30, 2018 was as follows:

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
<u>Governmental Activities:</u>				

Capital assets being depreciated:

Buildings and improvements	\$ 9,162,654	\$ 4,011	\$ —	\$ 9,166,665
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3. CAPITAL ASSETS (continued)

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Machinery and equipment	\$ 2,044,868	\$ 293,567	\$ 153,685	\$ 2,184,750
Vehicles	<u>303,149</u>	<u>28,867</u>	<u>—</u>	<u>332,016</u>
Total assets being depreciated	<u>11,510,671</u>	<u>326,445</u>	<u>153,685</u>	<u>11,683,431</u>
Less accumulated depreciation for:				
Buildings and improvements	2,671,141	186,453	—	2,858,794
Machinery and equipment	1,229,446	158,634	109,106	1,277,774
Vehicles	<u>206,477</u>	<u>40,843</u>	<u>—</u>	<u>247,320</u>
Total accumulated depreciation	<u>4,107,064</u>	<u>385,930</u>	<u>109,106</u>	<u>4,383,888</u>
Total capital assets, being depreciated, net	<u>\$ 7,403,607</u>	<u>\$ (59,485)</u>	<u>\$ 44,579</u>	<u>\$ 7,299,543</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the District for the year ended June 30, 2018:

	Balance at July 1, 2017	Increase	Decrease	Balance at June 30, 2018	Amounts Due Within One Year
General obligation bonds	\$ 59,860,000	\$109,775,000	\$ 4,495,000	\$ 165,140,000	\$ 2,630,000
Capital lease obligations	4,087,178	613,937	1,015,895	3,685,220	818,396
Early retirement	3,352,029	2,811,937	1,233,843	4,930,123	1,226,962
Premium on general obligation bonds	8,900,718	5,216,532	1,121,316	12,995,934	1,041,269
Other postemployment benefits - retirees	2,242,415	233,855	145,000	2,331,270	—
Other postemployment benefits - KPERS disability	808,073	90,356	269,267	629,162	—
Unfunded pension liability	63,819,632	3,905,949	5,321,619	62,403,962	—
Compensated absences	<u>3,002,816</u>	<u>1,098,182</u>	<u>1,138,604</u>	<u>2,962,394</u>	<u>1,123,277</u>
Total	<u>\$ 146,072,861</u>	<u>\$123,745,748</u>	<u>\$ 14,740,544</u>	<u>\$ 255,078,065</u>	<u>\$ 6,839,904</u>

4. LONG-TERM DEBT (continued)

Note – other postemployment benefits liabilities for the retirees health insurance plan and the KPERS disability plan were restated at July 1, 2017 increasing the liability amounts by \$1,298,345 and \$808,073, respectively.

General obligation bonds

General obligation bonds payable are serial bonds to be retired through the fiscal year ended June 30, 2044. Debt service on the general obligation bonds is recorded in the Debt Service Fund of the District. At June 30, 2018 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Refunding and School Improvement Bonds, Series 2012	2.0 – 5.0%	\$ 25,310,000
General Obligation Bonds, Series 2014, issued June 1, 2014	2.0 – 3.0%	2,795,000
General Obligation Refunding Bonds, Series 2016, issued March 30, 2016	2.0 – 5.0%	29,260,000
General Obligation Refunding and School Building Bonds, Series 2018-B, issued May 21, 2018	3.0–5.0%	<u>107,775,000</u>
		<u>\$165,140,000</u>

On July 1, 2012, the District issued \$61,750,000 of 2.0% to 5.0% General Obligation Refunding and School Improvement Bonds, Series 2012. \$1,595,000 principal amount of the Series 2012 bonds were issued to pay \$1,600,000 of principal due under the District's 2004 bonds due October 1, 2012. The remaining principal amount of \$60,155,000 was issued to provide permanent financing to (a) construct, equip and furnish a new grade 6-8 middle school; (b) construct, equip and furnish an addition to the existing middle school and make renovations and improvements to the existing facility; (c) construct, equip and furnish a new Central Kitchen facility; (d) replace roofing on existing District buildings; (e) construct improvements to certain District elementary schools to provide enhanced safety and security, improve support spaces, provide larger and more functional classrooms, and provide storm shelter areas; (f) construct, equip and furnish additions to the existing high school building to provide additional and improved space for music/orchestra education, improve locker room facilities, expand the existing lobby area, and expand and remodel food service areas; (g) demolish both the existing 6th Grade Center building and the existing Central Kitchen facility; and (h) make all other necessary improvements appurtenant thereto. The Series 2012 bonds maturing on October 1, 2023, and thereafter, are subject to redemption and payment prior to their stated maturity on October 1, 2022, and thereafter, as a whole or in part at any time at the redemption price of 100% of the principal amount plus accrued interest to the redemption date.

4. LONG-TERM DEBT (continued)

On June 1, 2014, the District issued \$3,300,000 of 2.0% to 3.0% General Obligation Bonds, Series 2014 to provide for the remaining costs related to the school improvements noted in the preceding paragraph. The Series 2014 bonds maturing on October 1, 2024, and thereafter, are subject to redemption and payment prior to maturity on October 1, 2023 and thereafter, as a whole or in part at any time at the redemption price of 100% of the principal amount plus accrued interest to the redemption date.

On March 30, 2016, the District issued \$29,430,000 of 2.0% to 5.0% General Obligation Refunding Bonds, Series 2016 to refund \$28,570,000 of Series 2012 Bonds maturing October 1, 2014 through October 1, 2031 which will be called for early redemption on October 1, 2022. The Series 2016 bonds received a rating of "Aa3" from Moody's Investors Service.

On April 26, 2018, the District issued \$2,000,000 of 3.25% General Obligation Bonds, Series 2018-A to provide funding for school building improvements authorized in the public vote for certain school improvements approved by the voters of the District on February 20, 2018. The Series 2018-A Bonds were called for early redemption on August 1, 2018.

On May 21, 2018, the District issued \$107,775,000 of 3.00% to 5.00% of General Obligation Refunding and School Building Bonds, Series 2018-B to provide funding for school building improvements authorized in the public vote on February 20, 2018. The total bonds authorized by the vote were to not exceed \$114,020,000. The Series 2018-B serial bonds maturing on October 1, 2027, and thereafter, are subject to redemption and payment prior to maturity on October 1, 2026 and thereafter, as a whole or in part at any time at the redemption price of 100% of the principal amount plus accrued interest to the redemption date. The term bonds with a stated maturity of October 1, 2043 in the principal amount of \$20,380,000 shall be subject to mandatory redemption and payment prior to their stated maturity date at a redemption price of 100% of the principal amount plus accrued interest to the redemption date. The mandatory redemption dates are October 1, 2042 in the principal amount of \$9,900,000 and October 1, 2043 in the principal amount of \$10,480,000. The Series 2018-B bonds received a rating of "Aa3" from Moody's Investors Service.

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

<u>Year ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,630,000	\$ 6,237,838	\$ 8,867,838
2020	2,875,000	6,789,718	9,664,718
2021	3,420,000	6,692,818	10,112,818
2022	3,670,000	6,565,892	10,235,892
2023	3,970,000	6,408,043	10,378,043
2024	4,280,000	6,228,552	10,508,552
2025	4,610,000	6,031,725	10,641,725

4. LONG-TERM DEBT (continued)

Year ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 4,960,000	\$ 5,822,750	\$ 10,782,750
2027	5,340,000	5,594,312	10,934,312
2028	5,760,000	5,379,694	11,139,694
2029	6,085,000	5,162,725	11,247,725
2030	6,415,000	4,893,700	11,308,700
2031	6,720,000	4,610,525	11,330,525
2032	7,080,000	4,334,625	11,414,625
2033	7,490,000	4,056,325	11,546,325
2034	6,290,000	3,793,825	10,083,825
2035	6,620,000	3,535,625	10,155,625
2036	6,960,000	3,264,025	10,224,025
2037	7,315,000	291,813	7,606,813
2038	7,660,000	2,722,000	10,382,000
2039	8,015,000	2,424,900	10,439,900
2040	8,415,000	2,096,300	10,511,300
2041	8,830,000	1,707,250	10,537,250
2042	9,350,000	1,252,750	10,602,750
2043	9,900,000	771,500	10,671,500
2044	<u>10,480,000</u>	<u>262,000</u>	<u>10,742,000</u>
	<u>\$ 165,140,000</u>	<u>\$ 106,931,230</u>	<u>\$ 272,071,230</u>

Applicable State statutes limit the outstanding bonded indebtedness of the District to 14% (before any exemption authority granted by the State Board of Education) of the assessed value of all tangible taxable property within the District. On November 14, 2017 the Kansas State Board of Education issued an order granting authority for the District to exceed the general obligation debt limitation for school districts. At June 30, 2018, the District's legal debt limit, adjusted for the Kansas State Board of Education order, was \$169,385,000.

Capital lease obligations

During 2014, the District entered into a lease agreement with a financing company for the purchase of computer equipment upgrades at the Education Service Center and for data recovery site upgrades. The lease requires annual payments in the amount of \$206,818, including interest, through August 2017. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets have been recorded at the present value of the net minimum lease payments (\$1,003,975). The lease payment for 2018 was financed from the Capital Outlay Fund.

During 2015, the District entered into a lease agreement with a financing company for the purchase of energy improvements to all District facilities. The lease requires monthly

4. LONG-TERM DEBT (continued)

payments in varying amounts ranging from \$27,215 to \$27,857, including interest, through January 2028. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets were recorded at the present value of the minimum lease payments at the inception of the lease (\$3,340,292). The lease payments for 2018 were financed from the Supplemental General Fund.

During 2016, the District entered into a lease agreement with a vendor for the purchase of notebook computers. The lease requires annual payments in the amount of \$227,249, including interest through July 2019. The lease qualifies as a capital lease obligation under generally accepted accounting principles and the assets have been recorded at the present value of the minimum lease payments at the inception of the lease (\$892,300). The lease payment for 2018 was financed from the Capital Outlay Fund.

During 2017, the District entered into two separate lease agreements with a vendor for the purchase of notebook computers. One lease agreement requires annual payments in the amount of \$61,744, including interest, through May 2019. The other lease agreement requires annual payments in the amount of \$140,838, including interest, through April 2019. The leases qualify as capital lease obligations under generally accepted accounting principles and the assets have been recorded at the present value of the minimum lease payments at the inception of the lease (\$181,800 and \$404,231, respectively). The lease payments for 2017 were financed from the Capital Outlay Fund.

During 2018, the District entered into three separate lease agreements with vendors for the purchase of computers and networking equipment. One lease agreement requires annual payments in the amount of \$51,958, including interest, through March 2022. The second lease agreement requires annual payments in the amount of \$61,365, including interest, through May 2020. The third lease agreement requires annual payments in the amount of \$43,023 through March 2022. The leases qualify as capital lease obligations under generally accepted accounting principles and the assets have been recorded at the present value of the minimum lease payments at the inception of the lease (\$177,414, \$197,728 and \$238,795, respectively). The lease payments for 2018 were financed from the Capital Outlay Fund.

The annual requirements to amortize the capital lease obligations outstanding at June 30, 2018, including imputed interest and maintenance charges, are as follows:

<u>Year ending June 30,</u>	<u>2018 Computer Equipment</u>	<u>2017 Computer Equipment</u>	<u>2016 Computer Equipment</u>	<u>Energy Facility Improvements</u>	<u>Total</u>
2019	\$ 156,346	\$ 202,582	\$ 227,249	\$ 333,900	\$ 920,077
2020	156,346	-	-	343,260	499,606
2021	94,980	-	-	337,200	432,180
2022	94,980	-	-	330,363	425,343
2023	-	-	-	334,303	334,303
2024	-	-	-	334,280	334,280
2025	-	-	-	334,280	334,280
2026	-	-	-	334,280	334,280

4. LONG-TERM DEBT (continued)

Year ending June 30,	2018 Computer Equipment	2017 Computer Equipment	2016 Computer Equipment	Energy Facility Improvements	Total
2027	\$ -	\$ -	\$ -	\$ 334,280	\$ 334,280
2028	-	-	-	166,682	166,682
Total minimum lease payments	502,652	202,582	227,249	3,182,828	4,115,311
Less amounts representing interest and maintenance ' charges	(45,061)	(7,336)	(2,805)	(374,889)	(430,091)
Present value of minimum lease payments	\$ 457,591	\$ 195,246	\$ 224,444	\$ 2,807,939	\$ 3,685,220

Component Unit debt

The following is a summary of changes in long-term debt transactions of the Derby Recreation Commission (component unit) for the year ended June 30, 2018:

	Balance at July 1, 2017	Increase	Decrease	Balance at June 30, 2018	Amounts Due Within One Year
Capital lease obligations	\$ 3,745,000	\$ -	\$ 200,000	\$ 3,545,000	\$ 205,000
Compensated absences	223,691	194,179	225,261	192,609	57,995
Net pension liability	1,441,955	352,078	170,676	1,623,357	-
Total	\$ 5,410,646	\$ 546,257	\$ 595,937	\$ 5,360,966	\$ 262,995

Compensated absences

Compensated absences are to be paid from various funds in the same proportion that those funds pay payroll costs. The District's projected liability for compensated absences at June 30, 2018 is \$2,962,394, which will primarily be liquidated from the General Fund.

5. INTERFUND RECEIVABLES/PAYABLES

Individual fund receivable/payable balances at June 30, 2018 are as follows:

Fund	Due To (Receivable)	Due From (Payable)
Major Funds:		
General	\$ -	\$ 1,579,314
Capital Outlay	1,629,578	-

5. INTERFUND RECEIVABLES/PAYABLES (continued)

<u>Fund</u>	<u>Due To</u> <u>(Receivable)</u>	<u>Due From</u> <u>(Payable)</u>
Nonmajor Funds:		
English Language Learners Title III	\$ —	\$ 765
National Math & Science Initiative	—	5,037
Preschool Block Grant – The Opportunity Project	—	1,204
Military Academic/Support Program Grant	—	39,826
Title IV	—	3,432
	<u>—</u>	<u>3,432</u>
Total all funds	<u>\$ 1,629,578</u>	<u>\$ 1,629,578</u>

The interfund receivable/payable balances are the result of commitments in the General Fund prior to year-end that are to be funded by general state aid that was due to be paid to the District during the month of June 2017. However, the District did not receive the general state aid payment until July 2017. The English Language Learners Title III, National Math & Science Initiative, Preschool Block Grant – The Opportunity Project, Military Academic/Support Program Grant and Title IV Funds had incurred unreimbursed expenditures at June 30, 2018 that were reimbursed subsequent to year-end by the grant programs.

6. INTERFUND TRANSFERS

With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the majority of transfers made under the statutory basis of accounting are now classified as state aid. GASB Statement No. 54 provides that “specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund. Those amounts should not be recognized as revenue in the fund initially receiving them; however, those inflows should be recognized as revenue in the special revenue fund in which they will be expended in accordance with specified purposes.” State aid is initially received in the General and Supplemental General Funds and various state statutes require the District to make transfers of this State Aid to other special revenue funds.

A summary of interfund transfers by individual fund reported as State Aid in the governmental funds financial statements but as transfers in the respective budgetary financial statements and schedules are as follows:

<u>Fund</u>	<u>Statutory</u> <u>authority</u>	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
Major Funds:			
General	72-6428	\$ —	\$ 14,593,337
Supplemental General	72-6433	—	1,561,539

6. INTERFUND TRANSFERS

<u>Fund</u>	<u>Statutory authority</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Special Education	72-6428	\$ 8,614,334	\$ —
Capital Outlay		269,506	—
2012 Bond Project		—	269,506
Nonmajor Funds:			
Professional Development	72-6428	107,449	—
Parent Education Program	72-6428	100,862	—
Vocational Education	72-6428	1,098,905	—
Bilingual Education	72-6428	1,054,312	—
Four Year Old At Risk	72-6428	160,240	—
At Risk	72-6428	4,356,761	—
Textbook Revolving	72-6428	<u>662,013</u>	<u>—</u>
Total transfers		<u>\$ 16,424,382</u>	<u>\$ 16,424,382</u>

7. PENSION PLAN

Plan description

The District participates in the Kansas Public Employees Retirement System (KPERs), a cost sharing multiple employer defined benefit pension plan. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERs), a body corporate and an instrumentality of the State of Kansas. KPERs provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74-4901 *et. seq.*:

Public employees, which includes:

- State/School employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the District are included in the State/School group.

KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, by calling 1-888-275-5737 or via KPERs website at www.kpers.org.

7. PENSION PLAN (continued)

Benefits provided

KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. Members with ten or more years of credited service may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85.

Monthly retirement benefits are based on statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current member and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015 and thereafter, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. 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 January 2, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas State law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member employee contributions are withheld by their employer

7. PENSION PLAN (continued)

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. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employees. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2017.

The actuarially determined employer contribution rates and the statutory contribution rates for school employees (not including the 1% contribution rate for the Death and Disability Program) is 16.03% and 10.81%, respectively, for the fiscal year ended June 30, 2017. The actuarially determined employer contribution rate (not including 1.00% contribution rate for Death and Disability program) and the statutory contribution rate was 16.38% and 12.01%, respectively, for the fiscal year ended June 30, 2018. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2017 are 6.00% for Public Employees, 7.15% for Police and Firemen, and 6.00% or 2.00% for Judges.

For public school districts, K.S.A. 74-7939 states that the State of Kansas shall budget for the transfer from the state general fund sufficient sums to satisfy the participating district's obligations for employer contributions. K.S.A. 74-4939a then establishes the procedures for the actual distribution by the state, and subsequent remittance to KPERS, of the district's employer contributions. Under this statute, the State Department of Education disburses to the school district an amount equal to the participating employer's obligation. Upon receipt of each quarterly disbursement from the Department of Education, the school district must remit an equal amount to KPERS to satisfy the school district's obligation as a participating employer. Under these statutes, the District received and remitted amounts equal to the statutory contribution rate. Contributions to the pension plan from the District (excluding contributions for the Death and Disability Program) were \$5,271,590 and \$3,376,167 for the periods ended June 30, 2018 and 2017, respectively. Since the statutes require the State of Kansas to set the KPERS employer rate and also to budget and transfer a sufficient amount for employer contributions, the statutes do not permit the District to contribute additional amounts to the retirement program for the purposes of improving the funding status and reducing the liability recorded on the District's financial statements.

Per 2017 Senate Substitute House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in

7. PENSION PLAN (continued)

fiscal year 2018. The level dollar amount was computed to be \$6.4 million per year. The first year payment of \$6.4 million was received in July 2017.

Employer Allocations

Although KPERS administers one cost sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions and fiduciary net position applicable to each group. The allocation percentages presented for each group as of June 30, 2017 are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017, the District's proportion of KPERS was .928773%, which is a decrease of .020774% from its proportion measured at June 30, 2016.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2018, the District reported a liability of \$62,403,962 for its proportionate share of the net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2017, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The District's proportion of the collective net pension liability was based on the ratio of the District's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of \$5,321,619. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

7. PENSION PLAN (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date	\$ 5,321,619	\$ —
Differences between expected and actual experience	—	3,103,509
Changes in assumptions	2,946,513	82,609
Net difference between projected and actual earnings on pension plan investments	1,338,344	—
Changes in proportion	<u>10,050,011</u>	<u>6,193,145</u>
Total	<u>\$19,656,487</u>	<u>\$ 9,379,263</u>

The District reported \$5,321,619 as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 124,908
2020	1,991,985
2021	2,055,711
2022	696,634
2023	86,367
Thereafter	—

Actuarial assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	— 2.75 percent
Wage inflation	— 3.50 percent
Salary increases, including wage increases	— 3.50 to 12.0 percent, including inflation
Long-term rate of return net of investment expense, and including price inflation	— 7.75 percent

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

7. PENSION PLAN (continued)

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the three-year period beginning January 1, 2013.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study were as follows:

- Price inflation assumption lowered from 3.0 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 to 3.50 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major assets class included in the pension plan's target asset allocations as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.80%
Fixed Income	13.00	1.25
Yield Driven	8.00	6.55
Real Return	11.00	1.71
Real Estate	11.00	5.05
Alternatives	8.00	9.85
Short-Term Investments	<u>2.00</u>	(.25)
Total	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate. The State/School subgroup of employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for this group may not increase by more than the statutory cap. The statutory

7. PENSION PLAN (continued)

cap for the fiscal year 2017 was 1.2%. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the District's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1.00% Decrease (6.75%)	Current Discount Rate (7.75%)	1.00% Increase (8.75%)
District's proportionate share of the collective net pension liability	\$ 83,198,424	\$ 62,403,962	\$ 44,857,348

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

Subsequent events

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194,022,683 for the fiscal year ended June 30, 2019. Section 56 (19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million per year.

It is unknown at this time whether these reductions will have a significant effect on the District's proportionate share of the KPERS collective net pension liability, or an effect on any actuarial assumptions used by KPERS to calculate the collective net pension liability.

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

District Plan

The District sponsors a single-employer defined benefit healthcare plan (the Plan)

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone audited GAAP basis financial report.

General information about the Plan

The Plan provides healthcare benefits, including medical and dental, to retirees and their dependents. Retiree health coverage is provided for under K.S.A. 12-5040. Employees who retire with at least 10 years of cumulative service with the District and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits. District retirees pay the same premiums charged to current employees for medical and dental coverage. The rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other post employment benefits (OPEB) under Government Accounting Standards Board Statement No. 75. Active and retirees pay 100% of the premium rates for dental insurance coverage so no employer implicit subsidy exists for the dental insurance coverage.

Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age or dies.

Coverage is provided through a fully insured group insurance program. Five medical plan options are available and consist of a \$1,500 POS plan, \$3,000 POS plan, \$5,000 POS plan, a \$6,000 POS plan and a \$2,700 High Deductible Health Plan.

Membership in the Plan comprised the following at February 1, 2018, the date of the most recent actuarial valuation:

Active employees	531
Retirees	30
Covered spouses of retirees	<u>5</u>
Total	<u>566</u>

Contributions

The contributions of the plan members and the District are established and may be amended by the Board of Education. The required contribution is based on pay-as-you-go financing requirements. District retirees pay 100% of their healthcare premiums; the District is not required to share costs of retiree premiums.

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Total OPEB liability

The District's total OPEB liability of \$2,331,270 was measured as of June 30, 2018, and was determined by an actuarial valuation as of February 1, 2018.

Changes in the total OPEB liability

The total OPEB liability in the February 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	– 2.50 percent
Salary increases	– 2.50 percent
Discount rate	– 3.30 percent
Healthcare cost trend rates	– 6.50 percent for 2018, decreasing .25 percent per year to an ultimate rate of 4.50 percent for 2025 and later years
Retirees share of benefit-related costs	– 6 percent of projected health insurance

The discount rate was based on the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes.

Mortality rates were based on the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2018 Full Generational Improvement.

Actuarial assumptions used in the June 30, 2018 valuation were based on the participant census as of February 1, 2018.

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 121,922
Interest cost	77,922
Changes in benefit terms	18,226
Differences between actual and expected experience	–
Changes in assumptions and other inputs	15,785
Benefit payments	<u>(145,000)</u>
Net changes	88,855
Net OPEB liability at beginning of year	<u>2,242,415</u>
Net OPEB liability at end of year	<u>\$ 2,331,270</u>

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Changes in assumptions and other inputs reflect a change in the discount rate from 3.40 percent in 2017 to 3.30 percent in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that are 1 percentage point lower (2.30 percent) or 1 percentage point higher (4.30 percent) than the current discount rate:

	1.00% Decrease (2.30%)	Current Discount Rate (3.30%)	1.00% Increase (4.30%)
District's total OPEB liability	\$ 2,507,435	\$ 2,331,270	\$ 2,139,100

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (2.30 percent) or 1 percentage point higher (4.30 percent) than the current discount rate:

	1.00% Decrease (5.50% decreasing to 3.50%)	Current Trend Assumption (6.50% decreasing to 4.50%)	1.00% Increase (7.50% decreasing to 5.50%)
District's total OPEB liability	\$ 2,072,991	\$ 2,331,270	\$ 2,603,828

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$219,284. At June 30, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 14,571	\$ -
Contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 14,571</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 1,214
2020	1,214
2021	1,214
2022	1,214
2023	1,214
Thereafter	8,501

KPERS Death and Disability OPEB Plan

Plan description

The District participates in an agent multiple-employer defined benefit other postemployment benefit (OPEB) plan which is administered by KPERS. The Plan provides long-term disability benefits and life insurance benefits for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. There is no stand-alone financial report for the Plan.

Benefits provided

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60% (prior to January 1, 2006, 66 2/3%) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver premium provision.

Long-term disability benefit

Monthly benefit is 60% of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

sources of income, which include Social Security primary disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of 5 years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of-living increase.

Group waiver of premium benefit

Upon the death of an employee who is receiving monthly disability benefits, the plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of the member's annual rate of compensation at the time of the disability or the member's previous 12 months of compensation at the time of the last date of payroll. If the member has been disabled for 5 or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefits rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual life insurance plan.

Members covered by benefit terms

At June 30, 2018, the following members were covered by the benefit terms:

Active employees	1,012
Disabled members	<u>7</u>
Total	<u>1,019</u>

Total OPEB liability

The District's total OPEB liability of \$629,162 was measured as of June 30, 2017, and was determined by an actuarial valuation as of December 31, 2016 and was rolled forward to the measurement date of June 30, 2017.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2016 actuarial valuation was determined

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

using the following actuarial assumptions and other inputs, applied to all period included measurement, unless otherwise noted:

Price inflation	– 2.75 percent
Payroll growth	– 3.00 percent
Discount rate	– 3.58 percent
Salary increases, including inflation	– 3.50 to 11.50 percent, including price inflation
Healthcare cost trend rates	– Not applicable for the coverage in this plan
Retiree share of benefit cost	– Not applicable for the coverage in this plan

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

The actuarial assumptions used in the June 30, 2017 valuation were based on an actuarial experience study for the period July 1, 2014 – June 30, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2016 KPERS pension valuation.

Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 85,784
Interest cost	21,665
Changes in benefit terms	–
Differences between actual and expected experience	–
Changes in assumptions and other inputs	(17,093)
Benefit payments	<u>(269,267)</u>
Net changes	(178,911)
Net OPEB liability at beginning of year	<u>808,073</u>
Net OPEB liability at end of year	<u>\$ 629,162</u>

Changes in assumptions

Changes in assumptions and other inputs reflect the effects of changes in the discount rate for each period. The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current discount rate:

	1.00% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1.00% Increase <u>(4.58%)</u>
District's total OPEB liability	\$ 651,351	\$ 629,162	\$
604,885			

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERs, but this exhibit is provided as it is a required disclosure under GASB Statement No. 75.

	1.00% Decrease <u></u>	Current Trend Assumption <u></u>	1.00% Increase <u></u>
District's total OPEB liability	\$ 629,162	\$ 629,162	\$ 629,162

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$190,963. At June 30, 2018 the District reported inferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources <u></u>	Deferred Inflows of Resources <u></u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	15,327
Contributions subsequent to the measurement date	<u>85,280</u>	<u>-</u>
Total	<u>\$ 85,280</u>	<u>\$ 15,327</u>

8. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$85,280 consist of payments made to KPERS for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ (1,766)
2020	(1,766)
2021	(1,766)
2022	(1,766)
2023	(1,766)
2024 and thereafter	(6,497)

Summary of OPEB Plans

As of June 30, 2018, the District's net OPEB liability, total OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense associated with the two OPEB plans are summarized as follows:

	<u>2018</u>
Total OPEB liability	\$ 2,960,432
Net OPEB liability	2,960,432
Deferred outflows of resources	99,851
Deferred inflows of resources	15,327
OPEB expense (credit)	(90,056)

9. OPERATING LEASES

The District leases certain postage metering equipment, duplicating and printing equipment under noncancelable operating leases. Total lease costs under these leases included in expenditures of the General, Supplemental General, Latchkey, Special Education, Food Service, and Parents As Teachers Funds for the year ended June 30, 2018 was \$69,842, \$5,186, \$2,307, \$1,509, \$1,507, \$1,509 and \$1,250, respectively. Future minimum lease payments under these noncancelable operating leases are as follows:

<u>Year ending June 30,</u>	<u>Postage Equipment</u>	<u>Duplicating and Printing Equipment</u>	<u>Total</u>
2019	\$ 4,951	\$ 75,989	\$ 80,940

9. OPERATING LEASES (continued)

<u>Year ending June 30,</u>	<u>Postage Equipment</u>	<u>Duplicating and Printing Equipment</u>	<u>Total</u>
2020	\$ 5,281	\$ 75,989	\$ 81,270
2021	5,611	56,992	62,603
2022	5,611	-	5,611
2023	<u>1,403</u>	<u>-</u>	<u>1,403</u>
	<u>\$ 22,857</u>	<u>\$ 208,970</u>	<u>\$ 231,827</u>

10. FUND BALANCE CLASSIFICATIONS

Fund balance classifications reported on the governmental funds balance sheet at June 30, 2018 were as follows:

	<u>General</u>	<u>Special Education</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>2012 Bond Project</u>	<u>2018 Bond Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:								
Restricted for:								
Debt Service	\$ -	\$ -	\$6,276,341	\$ -	\$ -	\$ -	\$ -	\$ 6,276,341
Capital Outlay	-	-	-	302,808	-	-	-	302,808
2018 Bond Project	-	-	-	-	-	105,754,941	-	105,754,941
Vocational Education	-	-	-	-	-	-	29,068	29,068
Driver Training	-	-	-	-	-	-	46,649	46,649
Special								
Assessment	-	-	-	-	-	-	872,388	872,388
Four Year Old At Risk	-	-	-	-	-	-	95,235	95,235
Textbook	-	-	-	-	-	-	-	-
Revolving	-	-	-	-	-	-	1,968,498	1,968,498
Special Grants	-	-	-	-	-	-	21,554	21,554
Kansas Beef	-	-	-	-	-	-	-	-
Council Grant	-	-	-	-	-	-	363	363
Title IIA	-	-	-	-	-	-	32,061	32,061
Kansas								
Coordinated	-	-	-	-	-	-	-	-
School Health	-	-	-	-	-	-	798	798
Grant	-	-	-	-	-	-	-	-
Alcohol and	-	-	-	-	-	-	-	-
Drug Preven-	-	-	-	-	-	-	2,364	2,364
tion Grant	-	-	-	-	-	-	-	-
Derby Education	-	-	-	-	-	-	-	-
Foundation/Boeing	-	-	-	-	-	-	-	-
Derby Community	-	-	-	-	-	-	-	-
Foundation Grant	-	-	-	-	-	-	9,894	9,894
Committed:								
Supplement General	862,281	-	-	-	-	-	-	862,281
Professional Development	55,061	-	-	-	-	-	-	55,061
Summer School	19,631	-	-	-	-	-	-	19,631
Contingency	2,393,881	-	-	-	-	-	-	2,393,881
Special Education	-	934,429	-	-	-	-	-	934,429
Capital Outlay	-	-	-	1,132,759	-	-	-	1,132,759
Food Service	-	-	-	-	-	-	1,046,543	1,046,543
Parent Education Program	-	-	-	-	-	-	101	101
Athletic and Activity	-	-	-	-	-	-	8,808	8,808
Assigned:								
General	10,000	-	-	-	-	-	-	10,000
Supplement General	21,082	-	-	-	-	-	-	21,082
Capital Outlay	-	-	-	539,685	-	-	-	539,685
2018 Bond Project	-	-	-	-	-	6,134,722	-	6,134,722
Unassigned:								
Latchkey program	25,207	-	-	-	-	-	-	25,207
Total Fund Balance	<u>\$ 3,387,143</u>	<u>\$ 934,429</u>	<u>\$6,276,341</u>	<u>\$ 1,975,252</u>	<u>\$ -</u>	<u>\$ 111,889,663</u>	<u>\$4,134,324</u>	<u>\$ 130,597,152</u>

11. CAPITAL PROJECT AUTHORIZATIONS

The District prepares annual operating budgets for the majority of the governmental funds; however, for the capital project funds project length budgets are prepared which are based on the project authorizations by the Board of Education. At June 30, 2018, individual project authorizations compared with project expenditures from inception are as follows:

	<u>Project authorizations</u>	<u>Expenditures project inception to June 30, 2018</u>
2012 Bond Project	\$ 71,485,500	\$ 71,485,500
2018 Bond Project	114,020,000	6,408,643

12. TAX ABATEMENTS

Derby USD No. 260 participates in tax abatement agreements entered into by the City of Derby, Kansas and Sedgwick County, Kansas. Those tax abatement programs include Economic Development Exemptions which Article 11, Section 13 of the Kansas Constitution gives counties and cities the authority to exempt from ad valorem taxation all or any portion of the valuation of buildings, land or other improvements used to facilitate business expansion and new employment creation. Kansas Statutes Annotated 79-213 et. seq. establishes procedures by which the taxable value of personal property being financed by industrial revenue bonds may be wholly or partially exempt.

The tax abatements granted by the City of Derby, Kansas and Sedgwick County, Kansas applicable to tax levied by the District were approximately \$951,343 for the year ended June 30, 2018.

13. ADVANCE REFUNDING

On March 30, 2016, the District entered into an advance refunding transaction whereby it issued \$29,430,000 of General Obligation Refunding Bonds, Series 2016, with interest rates from 2.00% to 5.00%, to advance refund \$28,570,000 of outstanding General Obligation Refunding and School Improvement Bonds, Series 2012 with an interest rate of 5.00%. Proceeds from the Series 2016 Bonds in the amount of \$34,849,862 were placed with the District's escrow agent, to provide for the principal amount and interest to the call date, October 1, 2022, to advance refund the General Obligation Refunding and School Improvement Bonds, Series 2012 maturing on October 1, 2024 to October 1, 2031. Included in the deposit with the escrow agent was \$87,000 of Series 2016 bond proceeds to pay for all costs of issuance related to the Series 2016 bonds.

The District entered into the refunding transaction for the General Obligation Refunding Bonds Series 2016 to reduce its total debt service payments over the next 17 years by

13. ADVANCE REFUNDING (continued)

\$1,343,534 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,075,160.

On May 21, 2018, the District entered into an advance refunding transaction whereby it issued \$107,775,000 of General Obligation Refunding and School Building Bonds, Series 2018-B with interest rates from 3.00% to 5.00%, to advance refund \$2,000,000 of outstanding General Obligation Bonds, Series 2018-A with an interest rate of 3.25% maturing on September 1, 2019. Proceeds from the Series 2018-B bonds in the amount of \$2,017,153 were placed with the District's escrow agent to provide for the principal amount and interest to the call date of August 1, 2018 for the Series 2018-A bonds.

The District entered into the refunding transaction for the General Obligation Bonds, Series 2018-A which increased its total debt service payments over the next 5 years by \$98,932 however, the District obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$43,415.

14. COMMITMENTS AND CONTINGENCIES

Commitments

At June 30, 2018, the District had outstanding commitments related to building and facility improvements, architectural engineering fees and equipment acquisitions in the amount of \$6,134,722 from the 2018 Bond Project Fund and \$222,861 from the Capital Outlay Fund.

Grant programs

The District participates in a number of federal and state assisted grant programs that are subject to financial and compliance audits by the grantor agencies or their designee. Accordingly, the District's compliance with applicable grant requirements and any disallowed costs resulting from such audits, if any, could become a liability of the District. It is management's opinion that any such disallowed costs will not have a material affect on the financial statements of the District at June 30, 2018.

Arbitrage

The District's general obligation bond issues are subject to the arbitrage provisions of Section 148 of the Internal Revenue Code. These provisions include the potential for rebates to the Federal Government of the earnings on the bond proceeds in excess of the yield on the bonds. The amounts of any future rebates due on the bonds have not been determined. The District does not expect that bond proceeds will be used in a manner that would cause any bond to be an "arbitrage bond" within the meaning of Code Section 148 and the regulations.

14. COMMITMENTS AND CONTINGENCIES (continued)

Continuing disclosure requirements

The Securities and Exchange Commission of the United States has adopted Rule 15c2-12 (the Rule) in order to regulate and improve the market for securities (generally Bonds) issued by state and local governmental bodies (Governmental Issuers). The Rule directly regulates only bond underwriters (the parties that purchase bonds with a view of reselling them), but indirectly requires persons committed to support payment of Bonds (Obligated Persons) to make continuing disclosure. The Rule requires that an underwriter, prior to purchasing or selling Bonds in connection with a covered Bond offering, determine that the Governmental Issuer, has undertaken in writing to provide every nationally recognized municipal securities information repository and to the appropriate State information depository, if any, the following:

- By a specified date, annual financial and operating information for the Governmental Issuer for whom financial information or operating data is presented in the official statement (an Annual Information Filing);
- When and if available, audited financial statements for Obligated Persons (Audits);
- In a timely manner, notice of the occurrence of one of eleven material events (a Material Event Filing); and
- In a timely manner, notice of a failure of any person required to provide the Annual Information Filing referred to above, on or before the date specified in the continuing disclosure agreement (Notice of Failure).

The specific continuing disclosure obligations required is set forth in the District's "Omnibus Continuing Disclosure Undertaking" as adopted by the District in 2014 and included with its bond issuance documents. Those documents require the District to provide the Annual Information Filing within 180 days after the end of the District's fiscal year.

During the past five years, the District may not have made timely filings of certain event notices. The District believes this information was disseminated or available through other sources.

15. RESTATEMENT

During 2018, the District implemented the provisions of Government Accounting Standards Board Statement No. 75 related to the accounting and disclosure of its employee benefit plans other than pensions (OPEB). Beginning net position was restated to report the effect on net position was as follows:

15. RESTATEMENT (continued)

	<u>Governmental Activities</u>
Net position (deficit) at June 30, 2017, as previously reported	\$ (21,748,266)
Prior period adjustment for:	
Net pension liability related to OPEB – retirees health insurance plan	(1,298,345)
Net pension liability related to OPEB – KPERS disability insurance plan	<u>(808,073)</u>
Net position (deficit), June 30, 2017, as restated	<u>\$ (23,854,684)</u>

16. SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the District entered into a Construction Manager At Risk (CMAR) agreement with McCown Gordon Construction, LLC to perform as the construction manager for the District's 2018 bond project. The basis of payment for the CMAR is the cost of the work plus a fee with a guaranteed maximum price. The total 2018 bond project costs was originally estimated at \$114,020,000. The CMAR fee is 1.75% of the guaranteed maximum price of the individual projects. The District had agreed to guaranteed maximum prices on two projects totaling \$6,766,751 as of January 18, 2018.

Subsequent events have been evaluated by management through January 18, 2019, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

Schedule of Changes in the
District's Net OPEB Liability and Related Ratios
Current Fiscal Year *

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 121,922
Interest	77,922
Changes in benefit terms	18,226
Assumption changes	15,785
Employee contributions	200,000
Benefit payments	<u>(345,000)</u>
Net change in total OPEB liability	88,855
Total OPEB liability – beginning of year	<u>2,242,415</u>
Total OPEB liability – end of year	<u>\$ 2,331,270</u>
Plan Fiduciary Net Position:	
Employer contributions	\$ 345,000
Net investment income	–
Benefit payments	<u>(345,000)</u>
Net change in plan fiduciary net position	–
Plan fiduciary net position – beginning of year	<u>–</u>
Plan fiduciary net position – end of year	<u>\$ –</u>
District's net OPEB liability – end of year	<u>\$ 2,331,270</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered employee payroll	\$ 22,609,222
District's net OPEB liability as a percentage of covered employee payroll	10.31%

* – Governmental Accounting Standards Board Statements No. 74 and 75 requires presentation of ten years. As of June 30, 2018, only one year of information is available.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

Schedule of District's Contributions
Retiree Benefit (OPEB)
Current Fiscal Year *

	<u>2018</u>
Actuarially/contractually required contribution	\$ -
Contributions in relation to the actuarially determine contribution	<u>345,000</u>
Contribution deficiency (excess)	<u>\$ 345,000</u>
District's covered employee payroll	\$ 22,609,222
Contributions as a percentage of covered employee payroll	1.53%

* – Governmental Accounting Standards Board Statements No. 74 and 75 requires presentation of ten years. As of June 30, 2018, only one year of information is available.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

**Schedule of Changes in the
District's Disability Total OPEB Liability and Related Ratios
Last Fiscal Year ***

	<u>2018</u>
Measurement Date	June 30, 2017
Total OPEB Liability:	
Service cost	\$ 85,784
Interest	21,665
Assumption changes	(17,093)
Benefit payments	<u>(269,267)</u>
Net change in total OPEB liability	(178,911)
Total OPEB liability – beginning of year	<u>808,073</u>
Total OPEB liability – end of year	<u>\$ 629,162</u>
Covered employee payroll	\$ 38,285,711
District's total OPEB liability as a percentage of covered employee payroll	1.64%

* – Governmental Accounting Standards Board Statements No. 75 requires presentation of ten years. As of June 30, 2018, only one year of information is available.

Changes in assumptions. Change in assumptions reflect the effects of change in the discount Rate each period. The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

KPERS PENSION PLAN

**Schedule of District's Proportionate Share of the Net Pension Liability
Last Five Years ***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Measurement date	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
District's proportionate share of the net pension liability	\$ 62,403,962	\$ 63,819,632	\$ 50,903,781	\$ 46,326,026	\$ 64,591,784
District's covered payroll	43,066,520	40,675,151	\$37,540,999	39,562,898	36,010,040
District's proportionate share of the net pension liability as a percentage of its covered payroll	144.90%	156.90%	135.60%	117.09%	179.37%
Plan fiduciary net position as a percentage of the total pension liability	64.90%	63.27%	61.32%	63.30%	57.13%

Note: The information on this schedule is measured as of the measurement date.

**Schedule of District's Contributions
Last Five Years ***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,321,619	\$3,558,899	\$3,720,313	\$ 3,912,771	\$ 3,966,428
Contributions in relation to the contractually required contribution	<u>(5,321,619)</u>	<u>(3,558,899)</u>	<u>(3,720,313)</u>	<u>(3,912,771)</u>	<u>(3,966,428)</u>
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
District's covered payroll	\$ 44,309,901	\$ 39,987,866	\$ 37,540,999	\$ 39,562,898	\$ 39,193,953
Contributions as a percentage of covered payroll	12.01%	8.90%	9.91%	9.25%	10.12%

* — Data became available with the inception of GASB Statement No. 68 during fiscal year 2014, therefore 10 years of data is unavailable.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

Changes in benefit terms for KPERS

Effective January 1, 2014, KPERS Tier 1 members' employee contribution rate increased to 5.0% and then on January 1, 2015, increased to 6.0% with an increase in benefit multiplier to 1.85% for future years of service. For Tier 2 members retiring after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85% multiplier for all years of service.

January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

Changes in assumptions

The major items of impact in the actuarial valuation dated December 31, 2014 relative to the prior valuation are as follows:

- Reduce disability rates by 20% for all three KPERS groups.
- Increase the termination of employment rates for State-Males and Local Males and Females.
- Modify the election of a deferred benefit by Local vested members who terminate employment in future years.
- Modify the retirement rates for the C60 group.
- Increase the load for the impact of final average salary positions for Local, C55 and C60 members hired before July 1, 1993.
- Establish an interest crediting rate of 6.50% for KPERS 3 members.

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumption and methods since the prior valuation are as follows:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.
- The post-retirement health mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

**COMBINING FINANCIAL STATEMENTS
AND INDIVIDUAL FUND SCHEDULES**

GENERAL FUND

The General Fund is used to account for all financial transactions not properly accounted for in another fund. It receives a greater variety and number of taxes and other general revenues than any other fund and these resources also finance a wider range of activities than any other fund. Under the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds established by statute are required to be included within the General Fund for financial reporting in accordance with generally accepted accounting principles (GAAP). Those combined funds for GAAP basis reporting are as follows:

General Fund – the fund of the District from which operating expenditures are paid and in which taxes levied, all general state aid, payments of federal funds made available under the provisions of Title I of Public Law 874 and such other moneys as provided by law are deposited.

Supplemental General Fund – used to account for revenue received and expenditures incurred related to the District's Local Option Budget (LOB). Moneys available under the LOB may be used for any purpose for which expenditures from the General Fund are authorized or may be transferred to the General Fund or any program weighted fund or categorical fund (as defined by Kansas statute) of the District.

Professional Development Fund – used to account for revenue received and expenditures incurred for teacher inservice training programs.

Summer School Fund – used to account for summer school fees collected and expenditures for summer school.

Contingency Reserve Fund – used to account for moneys transferred from the General Fund in accordance with Kansas statutes. The balance of this fund is limited to 10% of the General Fund budget of expenditures for the 2011-2012 school year and 6% for the 2012-2013 school year and thereafter.

Latchkey Program Fund – used to account for moneys received for childcare provided by the District and moneys expended for such childcare.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

COMBINING BALANCE SHEET - GENERAL FUND

June 30, 2018

	<u>General</u>	<u>Supplemental General</u>	<u>Professional Development</u>	<u>Summer School</u>	<u>Contingency Reserve</u>	<u>Latchkey Program</u>	<u>Total</u>
<u>ASSETS</u>							
Assets:							
Cash including investments	\$ -	\$ 348,107	\$ 55,927	\$ 27,068	\$ 2,393,881	\$ 34,594	\$ 2,859,577
Due from other governments	2,394,440	626,823	-	-	-	-	3,021,263
Property taxes receivable	-	35,797	-	-	-	-	35,797
Total assets	<u>\$ 2,394,440</u>	<u>\$ 1,010,727</u>	<u>\$ 55,927</u>	<u>\$ 27,068</u>	<u>\$ 2,393,881</u>	<u>\$ 34,594</u>	<u>\$ 5,916,637</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>							
Liabilities:							
Accrued salaries and wages payable	\$ 743,124	\$ 52,893	\$ -	\$ 7,437	\$ -	\$ 1,437	\$ 804,891
Accounts payable	62,002	38,674	866	-	-	7,950	109,492
Due to other funds	1,579,314	-	-	-	-	-	1,579,314
Total liabilities	<u>2,384,440</u>	<u>91,567</u>	<u>866</u>	<u>7,437</u>	<u>-</u>	<u>9,387</u>	<u>2,493,697</u>
Deferred inflows of resources:							
Property taxes receivable	-	35,797	-	-	-	-	35,797
Fund balances:							
Committed	-	862,281	55,061	19,631	2,393,881	-	3,330,854
Assigned	10,000	21,082	-	-	-	-	31,082
Unassigned	-	-	-	-	-	25,207	25,207
Total fund balances	<u>10,000</u>	<u>883,363</u>	<u>55,061</u>	<u>19,631</u>	<u>2,393,881</u>	<u>25,207</u>	<u>3,387,143</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,394,440</u>	<u>\$ 1,010,727</u>	<u>\$ 55,927</u>	<u>\$ 27,068</u>	<u>\$ 2,393,881</u>	<u>\$ 34,594</u>	<u>\$ 5,916,637</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

GENERAL FUND

Year Ended June 30, 2018

	<u>General</u>	<u>Supplemental General</u>	<u>Professional Development</u>	<u>Summer School</u>	<u>Contingency Reserve</u>	<u>Latchkey Program</u>	<u>Total</u>
Revenues:							
Taxes	\$ 79	\$ 7,763,106	\$ -	\$ -	\$ -	\$ -	\$ 7,763,185
Intergovernmental	26,022,325	5,085,032	143,241	-	-	-	31,250,598
Charges for services	-	-	-	13,155	-	504,045	517,200
Miscellaneous	<u>672,732</u>	<u>197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>306</u>	<u>673,235</u>
Total revenues	<u>26,695,136</u>	<u>12,848,335</u>	<u>143,241</u>	<u>13,155</u>	<u>-</u>	<u>504,351</u>	<u>40,204,218</u>
Expenditures:							
Current:							
Instruction	20,900,257	2,376,448	-	16,300	-	-	23,293,005
Student support services	126,000	1,653,413	-	-	-	514,455	2,293,868
Instructional support services	18,447	1,474,862	93,232	-	-	-	1,586,541
General administration	7,151	1,007,618	-	-	-	-	1,014,769
School administration	3,107,107	144,589	-	-	-	-	3,251,696
Operation and maintenance	363,251	4,650,936	-	1,435	-	2,836	5,018,458
Central support services	1,043,235	158,862	-	-	-	-	1,202,097
Student transportation services	929,992	5,569	-	-	-	33,215	968,776
Community service operations	137,648	-	-	-	-	-	137,648
Debt Service	<u>-</u>	<u>324,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,780</u>
Total expenditures	<u>26,633,088</u>	<u>11,797,077</u>	<u>93,232</u>	<u>17,735</u>	<u>-</u>	<u>550,506</u>	<u>39,091,638</u>
Revenues over (under) expenditures	62,048	1,051,258	50,009	(4,580)	-	(46,155)	1,112,580
Other financing sources (uses):							
Transfers out	<u>(201,336)</u>	<u>(561,539)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(762,875)</u>
Net change in fund balances	(139,288)	489,719	50,009	(4,580)	-	(46,155)	349,705
Fund balances, beginning of year	<u>149,288</u>	<u>393,644</u>	<u>5,052</u>	<u>24,211</u>	<u>2,393,881</u>	<u>71,362</u>	<u>3,037,438</u>
Fund balances, end of year	<u>\$ 10,000</u>	<u>\$ 883,363</u>	<u>\$ 55,061</u>	<u>\$ 19,631</u>	<u>\$ 2,393,881</u>	<u>\$ 25,207</u>	<u>\$ 3,387,143</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SUPPLEMENTAL GENERAL FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 7,459,875	\$ 7,459,875	\$ 7,763,106	\$ 303,231
Intergovernmental	6,085,032	6,085,032	6,085,032	—
Miscellaneous	<u>—</u>	<u>—</u>	<u>197</u>	<u>197</u>
Total revenue	<u>13,544,907</u>	<u>13,544,907</u>	<u>13,848,335</u>	<u>303,428</u>
Expenditures and encumbrances:				
Instruction	2,471,925	2,471,925	2,397,530	74,395
Student support services	1,636,019	1,636,019	1,653,413	(17,394)
Instructional support services	1,360,255	1,360,255	1,474,862	(114,607)
School administration	152,863	152,863	144,589	8,274
General administration	919,917	919,917	1,002,118	(82,201)
Operations and maintenance	4,589,260	4,589,260	4,650,936	(61,676)
Central support services	153,495	153,495	158,862	(5,367)
Student transportation services	3,440	3,440	5,569	(2,129)
Debt service	—	—	324,780	(324,780)
Transfers out	<u>2,313,191</u>	<u>2,087,024</u>	<u>1,561,539</u>	<u>525,485</u>
Total expenditures and encumbrances	<u>13,600,365</u>	<u>13,374,198</u>	<u>13,374,198</u>	<u>—</u>
Revenue over (under) expenditures and encumbrances	(55,458)	170,709	474,137	303,428
Fund balance, beginning of year	<u>388,144</u>	<u>388,144</u>	<u>388,144</u>	<u>—</u>
Fund balance, end of year	<u>\$ 332,686</u>	<u>\$ 558,853</u>	<u>\$ 862,281</u>	<u>\$ 303,428</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

PROFESSIONAL DEVELOPMENT FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Intergovernmental	\$ 12,500	\$ 12,500	\$ 35,792	\$ 23,292
Transfers from other funds	<u>107,449</u>	<u>107,449</u>	<u>107,449</u>	<u>—</u>
Total revenues and other Financing sources	119,949	119,949	143,241	23,292
Expenditures and encumbrances:				
Instructional support services	<u>125,000</u>	<u>125,000</u>	<u>93,232</u>	<u>31,768</u>
Revenue and other financing sources over (under) expenditures and encumbrances	(5,051)	(5,051)	50,009	55,060
Fund balance, beginning of year	<u>5,051</u>	<u>5,051</u>	<u>5,052</u>	<u>1</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 55,061</u>	<u>\$ 55,061</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SUMMER SCHOOL FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Charges for services	\$ 20,000	\$ 20,000	\$ 13,155	\$ (6,845)
Expenditures:				
Instruction	42,203	42,203	16,300	25,903
Operations and maintenance	<u>2,155</u>	<u>2,155</u>	<u>1,435</u>	<u>720</u>
Total expenditures	<u>44,358</u>	<u>44,358</u>	<u>17,735</u>	<u>26,623</u>
Revenue and other financing sources over (under) expenditures	(24,358)	(24,358)	(4,580)	19,778
Fund balance, beginning of year	<u>24,358</u>	<u>24,358</u>	<u>24,211</u>	<u>(147)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,631</u>	<u>\$ 19,631</u>

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following nonmajor Special Revenue Funds are reported:

Kansas Public Employees Retirement System Special Retirement Contribution Fund – used to account for the employer contributions to the Kansas Public Employees Retirement System (KPERS). These contributions are made by the State of Kansas to the District and then remitted by the District to KPERS.

Parent Education Program Fund – used to account for state aid received and expenditures incurred to operate a program of education of parents in the District regarding pre-school and selected educational problems of students.

Vocational Education Fund – used to account for revenue received and expenditures incurred for state and federal vocational aid programs and the District's efforts to increase access to advance placement classes and tests for low-income students and account for vocational programs administered in conjunction with the Carl Perkins Vocational Education Act.

Driver Training Fund – used to account for revenue and expenditures of moneys utilized in conducting driver education within the school system.

Recreation Fund – used to account for the receipt and disbursement of taxes levied on behalf of the Derby Recreation Commission as provided for by applicable state statutes.

Recreation Employee Benefits Fund – used to account for the receipt and disbursement of taxes levied on behalf of the Derby Recreation Commission for employee benefit expenditures as provided for by applicable State Statutes.

Food Service Fund – established pursuant to state law to account for all moneys received and expended attributable to the food service program. The program is administered according to the state plan of child nutrition operations under which federal funds are received pursuant to federal acts relating to child nutrition. The programs are administered and meals are served on a nonprofit basis.

Special Assessment Fund – used to account for tax moneys collected and expended to other taxing municipalities to pay the District's portion of special assessment taxes on District owned property. The fund is established and maintained in accordance with applicable state statutes.

Bilingual Education Fund – used to account for moneys received and expended to operate a program of bilingual education.

Four Year Old At Risk Fund – used to account for moneys allocated specifically for programs developed for four year olds identified as at risk pupils.

At Risk Fund – used to account for moneys allocated specifically for programs developed for kindergarten through 12th grade pupils who have been identified as at risk pupils.

Textbook Revolving Fund – used to account for textbook fees collected and expenditures incurred in conjunction with the purchase and maintenance of textbooks.

Athletic and Activity Fund – used to account for athletic and other activity gate receipts and the expenditures incurred related to those functions.

Special Grants Fund – used to account for revenue and expenditures of programs administered in conjunction with non-governmental grants awarded the District.

Kansas Beef Council Grant Fund – to account for special food service and nutrition related grants and contributions.

Title II A Fund – used to account for revenue and expenditures of programs in mathematics, science, computer learning or foreign language administered in conjunction with the Dwight D. Eisenhower Mathematics and Science Act.

Title I Fund – used to account for revenue and expenditures of programs administered in conjunction with the ESEA Chapter I (Low Income) Aid.

English Language Learners Title III Fund – used to account for revenues and expenditures related to the English Language Acquisition grant to assist children with limited English proficiency.

Kansas Coordinated School Health Grant Fund – used to account for revenues and expenditures related to the Coordinated School Health Program funded by the State of Kansas to help youth establish healthful behaviors and attitudes.

National Math & Science Initiative Fund – used to account for grant moneys received through the National Math & Science Institute College Readiness Program. The program is designed to elevate public education rigor and student performance in the educational disciplines of science, technology, engineering and math utilizing performance-based accountability and rigorous demand for results in expanding the number of students enrolled and achieving qualifying scores on Advance Placement® math, science and English exams, especially among economically disadvantaged and minority students.

Alcohol and Drug Prevention Grant – City of Derby Fund – used to account for the appropriation of resources from the City of Derby for alcohol and drug education programs.

Derby Education Foundation/Boeing/Derby Community Foundation Grant Fund – used to account for grant moneys received from a collaboration of supporters to provide financial literacy education for K-12 students and teachers of the District.

Preschool Block Grant – The Opportunity Project Fund – used to account for grant moneys received through The Opportunity Project (TOP) Early Learning Centers which was awarded by the Kansas Department of Children and Families to support working families and offer full and half-day learning opportunities to TOP kids through a variety of learning activities and programs.

Military Academic/Support Program Grant Fund – used to account for grant moneys received through Department of Defense Education Activity DoDEA Educational Partnership Program. The grant program specifically provides resources to military-connected local education agencies to develop and implement projects that are designed to increase academic performance based on college and career ready outcomes, support social emotional needs of military connected students, enhance and integrate technology through instruction and student work, and promote advanced placement and expanded learning opportunities.

Title IV Fund – used to account for revenues and expenditures related to the Student Support and Academic Enrichment Program Grant to provide all students with access to a well-rounded education, improve school conditions for student learning, and improve the use of technology in order to improve the academic achievement and digital literacy for all students.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(continued on next page)

June 30, 2018

	<u>KPERS Special Retirement Contribution</u>	<u>Parent Education Program</u>	<u>Vocational Education</u>	<u>Driver Training</u>	<u>Recreation</u>
<u>ASSETS</u>					
Cash and investments	\$ -	\$ 101	\$ 56,300	\$ 59,354	\$ -
Due from other governments	-	-	3,140	-	-
Due from others	-	-	-	-	-
Property taxes receivable	-	-	-	-	11,660
Total assets	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 59,440</u>	<u>\$ 59,354</u>	<u>\$ 11,660</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>					
Liabilities:					
Accrued salaries and wages payable	\$ -	\$ -	\$ 27,665	\$ 12,705	\$ -
Accounts payable	-	-	2,707	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>30,372</u>	<u>12,705</u>	<u>-</u>
Deferred inflows of resources:					
Property taxes receivable	-	-	-	-	11,660
Fund balances:					
Restricted	-	-	29,068	46,649	-
Committed	-	101	-	-	-
Total fund balances	<u>-</u>	<u>101</u>	<u>29,068</u>	<u>46,649</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 59,440</u>	<u>\$ 59,354</u>	<u>\$ 11,660</u>

<u>Recreation- Employee Benefits</u>	<u>Food Service</u>	<u>Special Assessment</u>	<u>Bilingual Education</u>	<u>Four Year Old At Risk</u>	<u>At Risk</u>	<u>Textbook Revolving</u>
\$ -	\$ 1,061,258	\$ 872,388	\$ 40,664	\$ 95,235	\$ 154,394	\$ 1,980,514
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>3,987</u>	<u>-</u>	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,987</u>	<u>\$ 1,061,258</u>	<u>\$ 873,538</u>	<u>\$ 40,664</u>	<u>\$ 95,235</u>	<u>\$ 154,394</u>	<u>\$ 1,980,514</u>

\$ -	\$ -	\$ -	\$ 35,664	\$ -	\$ 147,935	\$ -
-	14,715	-	5,000	-	6,459	12,016
-	-	-	-	-	-	-
-	14,715	-	40,664	-	154,394	12,016
<u>3,987</u>	<u>-</u>	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	872,388	-	95,235	-	1,968,498
-	1,046,543	-	-	-	-	-
-	1,046,543	872,388	-	95,235	-	1,968,498
<u>\$ 3,987</u>	<u>\$ 1,061,258</u>	<u>\$ 873,538</u>	<u>\$ 40,664</u>	<u>\$ 95,235</u>	<u>\$ 154,394</u>	<u>\$ 1,980,514</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
(continued from previous page)

June 30, 2018

	<u>Athletic and Activity</u>	<u>Special Grants</u>	<u>Kansas Beef Council Grant</u>	<u>Title IIA</u>	<u>Title I</u>	<u>English Language Learners Title III</u>
<u>ASSETS</u>						
Cash and investments	\$ 8,808	\$ 22,146	\$ 485	\$ 69,684	\$ 15,022	\$ 1,474
Due from other governments	-	-	-	-	5,189	765
Due from others	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Total assets	<u>\$ 8,808</u>	<u>\$ 22,146</u>	<u>\$ 485</u>	<u>\$ 69,684</u>	<u>\$ 20,211</u>	<u>\$ 2,239</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>						
Liabilities:						
Accrued salaries and wages payable	\$ -	\$ -	\$ -	\$ 18,973	\$ 20,211	\$ -
Accounts payable	-	592	122	18,650	-	1,474
Due to other funds	-	-	-	-	-	765
Total liabilities	<u>-</u>	<u>592</u>	<u>122</u>	<u>37,623</u>	<u>20,211</u>	<u>2,239</u>
Deferred inflows of resources:						
Property taxes receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted	-	21,554	363	32,061	-	-
Committed	<u>8,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>8,808</u>	<u>21,554</u>	<u>363</u>	<u>32,061</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 8,808</u>	<u>\$ 22,146</u>	<u>\$ 485</u>	<u>\$ 69,684</u>	<u>\$ 20,211</u>	<u>\$ 2,239</u>

<u>Kansas Coordinated School Health Grant</u>	<u>National Math & Science Initiative</u>	<u>Alcohol And Drug Prevention Grant – City of Derby</u>	<u>Derby Education Foundation/ Boeing/Derby Community Foundation Grant</u>	<u>Preschool Block Grant – The Opportunity Project</u>	<u>Military Academic/ Support Program Grant</u>	<u>Title IV</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 798	\$ -	\$ 9,817	\$ 9,894	\$ -	\$ -	\$ -	\$ 4,458,336
-	-	-	-	1,315	44,117	7,714	62,240
-	5,037	-	-	-	-	-	5,037
-	-	-	-	-	-	-	16,797
<u>\$ 798</u>	<u>\$ 5,037</u>	<u>\$ 9,817</u>	<u>\$ 9,894</u>	<u>\$ 1,315</u>	<u>\$ 44,117</u>	<u>\$ 7,714</u>	<u>\$ 4,542,410</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,270	\$ -	\$ 266,423
-	-	7,453	-	111	1,021	4,282	74,602
-	5,037	-	-	1,204	39,826	3,432	50,264
-	5,037	7,453	-	1,315	44,117	7,714	391,289
-	-	-	-	-	-	-	16,797
798	-	2,364	9,894	-	-	-	3,078,872
-	-	-	-	-	-	-	1,055,452
798	-	2,364	9,894	-	-	-	4,134,324
<u>\$ 798</u>	<u>\$ 5,037</u>	<u>\$ 9,817</u>	<u>\$ 9,894</u>	<u>\$ 1,315</u>	<u>\$ 44,117</u>	<u>\$ 7,714</u>	<u>\$ 4,542,410</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
(continued on next page)

Year ended June 30, 2018

	KPERS Special Retirement Contribution	Parent Education Program	Vocational Education	Driver Training	Recreation
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 2,532,614
Intergovernmental	5,271,590	154,493	1,159,908	8,320	-
Charges for services	-	-	-	24,000	-
Use of money and property	-	-	-	-	-
Contributions	-	-	-	-	-
Miscellaneous	-	2,315	6,153	-	-
Total revenues	<u>5,271,590</u>	<u>156,808</u>	<u>1,166,061</u>	<u>32,320</u>	<u>2,532,614</u>
Expenditures:					
Current:					
Instruction	3,806,336	-	1,114,524	27,515	-
Student support services	405,699	260,432	-	-	-
Instructional support services	104,216	-	-	-	-
General administration	79,985	-	-	-	-
School administration	345,084	-	-	-	-
Operations and maintenance	267,527	-	-	909	-
Central support services	58,033	1,145	-	-	-
Student transportation services	112,571	-	38,072	-	-
Food service operation	92,139	-	-	-	-
Recreation	-	-	-	-	2,532,614
Facilities acquisition and construction	-	-	-	-	-
Total expenditures	<u>5,271,590</u>	<u>261,577</u>	<u>1,152,596</u>	<u>28,424</u>	<u>2,532,614</u>
Revenues over (under) expenditures	-	(104,769)	13,465	3,896	-
Other financing uses – transfers in	-	100,862	-	-	-
Net change in fund balances	-	(3,907)	13,465	3,896	-
Fund balances, beginning of year	-	4,008	15,603	42,753	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 29,068</u>	<u>\$ 46,649</u>	<u>\$ -</u>

<u>Recreation- Employee Benefits</u>	<u>Food Service</u>	<u>Special Assessment</u>	<u>Bilingual Education</u>	<u>Four Year Old At Risk</u>	<u>At Risk</u>	<u>Textbook Revolving</u>
\$ 850,764	\$ -	\$ 283,607	\$ -	\$ -	\$ -	\$ -
-	2,068,812	-	1,054,312	255,475	4,356,761	-
-	1,115,401	-	-	-	-	291,755
-	6,354	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>850,764</u>	<u>3,190,567</u>	<u>283,607</u>	<u>1,054,312</u>	<u>255,475</u>	<u>4,356,761</u>	<u>291,755</u>
-	-	-	1,054,312	160,240	4,351,458	478,532
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	10,720	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,303	-
-	3,061,523	-	-	-	-	-
850,764	-	-	-	-	-	-
-	-	220,357	-	-	-	-
<u>850,764</u>	<u>3,072,243</u>	<u>220,357</u>	<u>1,054,312</u>	<u>160,240</u>	<u>4,356,761</u>	<u>478,532</u>
-	118,324	63,250	-	95,235	-	(186,777)
-	-	-	-	-	-	662,013
-	118,324	63,250	-	95,235	-	475,236
-	928,219	809,138	-	-	-	1,493,262
<u>\$ -</u>	<u>\$ 1,046,543</u>	<u>\$ 872,388</u>	<u>\$ -</u>	<u>\$ 95,235</u>	<u>\$ -</u>	<u>\$ 1,968,498</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
 IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
 (continued from previous page)

Year ended June 30, 2018

	<u>Athletic and Activity</u>	<u>Special Grants</u>	<u>Kansas Beef Council Grant</u>	<u>Title II A</u>	<u>Title I</u>	<u>English Language Learners Title III</u>
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	230,793	730,479	57,850
Charges for services	135,805	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Contributions	-	29,792	1,020	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>135,805</u>	<u>29,792</u>	<u>1,020</u>	<u>230,793</u>	<u>730,479</u>	<u>57,850</u>
Expenditures:						
Current:						
Instruction	129,893	31,388	-	51	657,649	62,222
Student support services	-	-	-	-	77,483	-
Instructional support services	-	-	-	192,999	-	500
General administration	-	-	-	5,682	-	-
School administration	-	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	-
Central support services	-	4,720	-	-	-	-
Student transportation services	-	-	-	-	-	-
Food service operation	-	-	1,092	-	-	-
Recreation	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total expenditures	<u>129,893</u>	<u>36,108</u>	<u>1,092</u>	<u>198,732</u>	<u>735,132</u>	<u>62,722</u>
Revenues over (under) expenditures	5,912	(6,316)	(72)	32,061	(4,653)	(4,872)
Other financing sources – transfers in	-	-	-	-	-	-
Net change in fund balances	5,912	(6,316)	(72)	32,061	(4,653)	(4,872)
Fund balances, beginning of year	<u>2,896</u>	<u>27,870</u>	<u>435</u>	<u>-</u>	<u>4,653</u>	<u>4,872</u>
Fund balances, end of year	<u>\$ 8,808</u>	<u>\$ 21,554</u>	<u>\$ 363</u>	<u>\$ 32,061</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Kansas Coordinated School Health Grant</u>	<u>National Math & Science Initiative</u>	<u>Alcohol And Drug Prevention Grant – City of Derby</u>	<u>Derby Education Foundation/ Boeing/Derby Community Foundation Grant</u>	<u>Preschool Block Grant – The Opportunity Project</u>	<u>Military Academic/ Support Program Grant</u>	<u>Title IV</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,666,985
-	-	-	-	88,763	164,874	7,822	15,610,252
-	-	-	-	-	-	-	1,566,961
-	-	-	-	-	-	-	6,354
-	7,406	-	-	-	-	-	38,218
-	-	-	-	-	-	-	8,468
-	7,406	-	-	88,763	164,874	7,822	20,897,238
51	-	-	-	88,763	104,835	7,822	12,075,591
-	-	15,793	-	-	-	-	766,813
-	7,406	271	-	-	60,143	-	358,129
-	-	-	-	-	-	-	85,667
-	-	-	-	-	-	-	345,084
-	-	-	-	-	-	-	279,156
-	-	-	-	-	-	-	63,898
-	-	-	-	-	-	-	155,946
-	-	-	-	-	-	-	3,154,754
-	-	-	-	-	-	-	3,383,378
-	-	-	-	-	-	-	220,357
51	7,406	16,064	-	88,763	164,978	7,822	20,888,773
(51)	-	(16,064)	-	-	(104)	-	8,465
-	-	-	-	-	-	-	762,875
(51)	-	(16,064)	-	-	(104)	-	771,340
849	-	18,428	9,894	-	104	-	3,362,984
\$ 798	\$ -	\$ 2,364	\$ 9,894	\$ -	\$ -	\$ -	\$ 4,134,324

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

DEBT SERVICE FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS**

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 3,221,566	\$ 3,221,566	\$ 3,414,987	\$ 193,421
Intergovernmental	1,836,623	1,836,623	1,884,955	48,332
Proceeds from general obligation bonds	<u> —</u>	<u> —</u>	<u>3,210,518</u>	<u>3,210,518</u>
Total revenue	<u>5,058,189</u>	<u>5,058,189</u>	<u>8,510,460</u>	<u>3,452,271</u>
Expenditures:				
Principal	2,495,000	2,495,000	2,495,000	—
Interest and fiscal charges	2,338,218	2,338,218	2,338,218	—
Payment to refunding bond escrow agent	<u> —</u>	<u> —</u>	<u>2,017,153</u>	<u>(2,017,153)</u>
Bond issuance costs	<u> —</u>	<u> —</u>	<u>6,682</u>	<u>(6,682)</u>
Total expenditures	<u>4,833,218</u>	<u>4,833,218</u>	<u>6,857,053</u>	<u>(2,023,835)</u>
Budget credit for debt issuance	<u> —</u>	<u>3,210,518</u>	<u> —</u>	<u>3,210,518</u>
Total expenditures for budgetary comparison	<u>4,833,218</u>	<u>8,043,736</u>	<u>6,857,053</u>	<u>1,186,683</u>
Revenue over (under) expenditures	224,971	224,971	1,653,407	1,428,436
Fund balance, beginning of year	<u>4,622,933</u>	<u>4,622,933</u>	<u>4,622,934</u>	<u>1</u>
Fund balance, end of year	<u>\$ 4,847,904</u>	<u>\$ 4,847,904</u>	<u>\$ 6,276,341</u>	<u>\$ 1,428,437</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

CAPITAL OUTLAY FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other sources:				
Taxes	\$ 3,426,980	\$ 3,426,980	\$ 3,622,927	\$ 195,947
Intergovernmental	1,323,401	1,323,401	1,432,951	109,550
Use of money and property	–	–	162,571	162,571
Miscellaneous	–	–	227,618	227,618
Transfers in	–	–	269,506	269,506
Total revenue and other sources	<u>4,750,381</u>	<u>4,750,381</u>	<u>5,715,573</u>	<u>965,192</u>
Expenditures and encumbrances:				
Instruction	3,305,997	3,305,997	1,610,805	1,695,192
Student support services	–	–	1,342	(1,342)
Instructional support staff	–	–	21,085	(21,085)
General administration	–	–	26,087	(26,087)
School administration	–	–	9,644	(9,644)
Operation/maintenance of plant	2,145,585	2,145,585	2,159,640	(14,055)
Central support services	101,700	101,700	142,785	(41,085)
Student transportation services	484,044	484,044	663,809	(179,765)
Facilities acquisition and improvement	–	–	272	(272)
Interest and fiscal charges	–	–	23,130	(23,130)
Principal	–	–	769,982	(769,982)
Total expenditures and encumbrances	<u>6,037,326</u>	<u>6,037,326</u>	<u>5,428,581</u>	<u>608,745</u>
Revenue and other sources over (under) expenditures and encumbrances	(1,286,945)	(1,286,945)	286,992	1,573,937
Fund balance, beginning of year	<u>2,903,869</u>	<u>2,903,869</u>	<u>3,148,575</u>	<u>244,706</u>
Fund balance, end of year	<u>\$ 1,616,924</u>	<u>\$ 1,616,924</u>	<u>\$ 3,435,567</u>	<u>\$ 1,818,643</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
SPECIAL RETIREMENT CONTRIBUTION FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenue:				
Intergovernmental	\$5,570,676	\$5,570,676	\$5,271,590	\$ (299,086)
Expenditures:				
Instruction	4,265,211	4,265,211	3,806,336	458,875
Student support services	349,127	349,127	405,699	(56,572)
Instructional support services	82,660	82,660	104,216	(21,556)
General administration	72,678	72,678	79,985	(7,307)
School administration	300,000	300,000	345,084	(45,084)
Central support services	66,000	66,000	58,033	7,967
Operations and maintenance	259,000	259,000	267,527	(8,527)
Transportation services	93,000	93,000	112,571	(19,571)
Food service	83,000	83,000	92,139	(9,139)
Total expenditures	<u>5,570,676</u>	<u>5,570,676</u>	<u>5,271,590</u>	<u>299,086</u>
Revenue over expenditures	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

PARENT EDUCATION PROGRAM FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Intergovernmental	\$ 136,770	\$ 136,770	\$ 154,493	\$ 17,723
Miscellaneous	32,000	32,000	2,315	(29,685)
Transfers from other funds	<u>88,901</u>	<u>88,901</u>	<u>100,862</u>	<u>11,961</u>
Total revenue and other financing sources	<u>257,671</u>	<u>257,671</u>	<u>257,670</u>	<u>(1)</u>
Expenditures and encumbrances:				
Student support services	258,678	258,678	260,432	(1,754)
Central support services	<u>3,000</u>	<u>3,000</u>	<u>1,145</u>	<u>1,855</u>
Total expenditures and encumbrances	<u>261,678</u>	<u>261,678</u>	<u>261,577</u>	<u>101</u>
Revenue and other financing sources over (under) expenditures and encumbrances	(4,007)	(4,007)	(3,907)	100
Fund balance, beginning of year	<u>4,007</u>	<u>4,007</u>	<u>4,008</u>	<u>1</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 101</u>	<u>\$ 101</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

VOCATIONAL EDUCATION FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Intergovernmental	\$ 76,232	\$ 76,232	\$ 61,003	\$ (15,229)
Miscellaneous	-	-	6,153	6,153
Transfers from other funds	<u>1,080,507</u>	<u>1,080,507</u>	<u>1,098,905</u>	<u>18,398</u>
Total revenue and other financing sources	<u>1,156,739</u>	<u>1,156,739</u>	<u>1,166,061</u>	<u>9,322</u>
Expenditures:				
Instruction	1,138,695	1,138,695	1,114,524	24,171
Transportation services	<u>24,197</u>	<u>24,197</u>	<u>38,072</u>	<u>(13,875)</u>
Total expenditures	<u>1,162,892</u>	<u>1,162,892</u>	<u>1,152,596</u>	<u>10,296</u>
Revenue and other financing sources over (under) expenditures	(6,153)	(6,153)	13,465	19,618
Fund balance, beginning of year	<u>6,153</u>	<u>6,153</u>	<u>15,603</u>	<u>9,450</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,068</u>	<u>\$ 29,068</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

DRIVER TRAINING FUND

**SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS**

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Intergovernmental	\$ 8,400	\$ 8,400	\$ 8,320	\$ (80)
Charges for services	9,050	9,050	24,000	14,950
Interest earnings	<u>25,000</u>	<u>25,000</u>	<u>—</u>	<u>(25,000)</u>
Total revenue and other financing sources	<u>42,450</u>	<u>42,450</u>	<u>32,320</u>	<u>(10,130)</u>
Expenditures and encumbrances:				
Instruction	36,947	36,947	27,515	9,432
Operation and maintenance of plant	<u>4,050</u>	<u>4,050</u>	<u>909</u>	<u>3,141</u>
Total expenditures and encumbrances	<u>40,997</u>	<u>40,997</u>	<u>28,424</u>	<u>12,573</u>
Revenues and other financing sources over expenditures and encumbrances	1,453	1,453	3,896	2,443
Fund balance, beginning of year	<u>42,753</u>	<u>42,753</u>	<u>42,753</u>	<u>—</u>
Fund balance, end of year	<u>\$ 44,206</u>	<u>\$ 44,206</u>	<u>\$ 46,649</u>	<u>\$ 2,443</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

RECREATION FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 2,628,604	\$ 2,628,604	\$ 2,532,614	\$ (95,990)
Charges for services	<u>206,800</u>	<u>206,800</u>	<u>—</u>	<u>(206,800)</u>
Total revenue	2,835,404	2,835,404	2,532,614	(302,790)
Expenditures and other financing uses:				
Appropriation to recreation commission	<u>2,835,404</u>	<u>2,835,404</u>	<u>2,532,614</u>	<u>302,790</u>
Revenue over expenditures and other financing uses	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

RECREATION - EMPLOYEE BENEFITS FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETARY BASIS

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 870,710	\$ 870,710	\$ 850,764	\$ (19,946)
Miscellaneous	<u>49,215</u>	<u>49,215</u>	<u>-</u>	<u>(49,215)</u>
Total revenue	919,925	919,925	850,764	(69,161)
Expenditures and other financing uses:				
Appropriation to recreation commission	<u>919,925</u>	<u>919,925</u>	<u>850,764</u>	<u>69,161</u>
Revenue over expenditures and other financing uses	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

FOOD SERVICE FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Intergovernmental	\$ 2,012,096	\$ 2,012,096	\$2,068,812	\$ 56,716
Charges for services	1,042,388	1,042,388	1,115,401	73,013
Use of money and property	<u>5,000</u>	<u>5,000</u>	<u>6,354</u>	<u>1,354</u>
Total revenue	<u>3,059,484</u>	<u>3,059,484</u>	<u>3,190,567</u>	<u>131,083</u>
Expenditures and encumbrances:				
Operation and maintenance of plant	18,200	18,200	10,720	7,480
Food service operations	<u>3,082,951</u>	<u>3,082,951</u>	<u>3,086,523</u>	<u>(3,572)</u>
Total expenditures and encumbrances	<u>3,101,151</u>	<u>3,101,151</u>	<u>3,097,243</u>	<u>3,908</u>
Revenue over (under) expenditures and encumbrances	(41,667)	(41,667)	93,324	134,991
Fund balance, beginning of year	<u>928,217</u>	<u>928,217</u>	<u>928,219</u>	<u>2</u>
Fund balance, end of year	<u>\$ 886,550</u>	<u>\$ 886,550</u>	<u>\$ 1,021,543</u>	<u>\$ 134,993</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

SPECIAL ASSESSMENT FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue:				
Taxes	\$ 341,819	\$ 341,819	\$ 283,607	\$ (58,212)
Expenditures:				
Facilities acquisition	<u>1,153,728</u>	<u>1,153,728</u>	<u>220,357</u>	<u>933,371</u>
Revenues over (under) expenditures	(811,909)	(811,909)	63,250	875,159
Fund balance, beginning of year	<u>811,909</u>	<u>811,909</u>	<u>809,138</u>	<u>(2,771)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 872,388</u>	<u>\$ 872,388</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

BILINGUAL EDUCATION FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other financing sources:				
Transfers from other funds	\$1,084,604	\$1,084,604	\$1,054,312	\$ (30,292)
Expenditures and encumbrances:				
Instruction	<u>1,084,604</u>	<u>1,084,604</u>	<u>1,054,312</u>	<u>30,292</u>
Expenditures and encumbrances over revenues and other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

FOUR YEAR OLD AT RISK FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Positive (Negative)
Revenue and other sources:				
Intergovernmental	\$ —	\$ —	\$ 95,235	\$ 95,235
Transfers in	<u>160,240</u>	<u>160,240</u>	<u>160,240</u>	<u>—</u>
Total revenues and other sources	160,240	160,240	255,475	95,235
Expenditures:				
Instruction	<u>160,240</u>	<u>160,240</u>	<u>160,240</u>	<u>—</u>
Revenue and other sources over expenditures	—	—	95,235	95,235
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 95,235</u>	<u>\$ 95,235</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

AT RISK FUND

SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGETARY BASIS

Year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenue and other sources:				
Transfers in	\$ 5,118,867	\$ 5,118,867	\$ 4,356,761	\$ (762,106)
Expenditures and encumbrances:				
Instruction	5,110,268	5,110,268	4,351,458	758,810
Operations and maintenance	600	600	—	600
Student transportation services	<u>7,999</u>	<u>7,999</u>	<u>5,303</u>	<u>2,696</u>
Total expenditures and encumbrances	<u>5,118,867</u>	<u>5,118,867</u>	<u>4,356,761</u>	<u>762,106</u>
Revenue and other sources over expenditures and encumbrances	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS

Payroll Deductions Fund – to account for the various taxes and other elected withholdings from employees of the District.

Sales Tax Payable Fund – to account for the collection of State and local sales tax on miscellaneous taxable sales of the District, generally fund raising activities of the student activity funds.

Student Activity Funds – to account for moneys held on behalf of the various student organizations.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS
(continued on next page)**

Year ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<u>Payroll Deductions Fund</u>				
Assets:				
Cash and investments	\$1,164,067	\$ 26,270,299	\$ 25,657,399	\$1,776,967
Accounts receivable	<u>214,486</u>	<u>—</u>	<u>214,486</u>	<u>—</u>
Total assets	<u>\$1,378,553</u>	<u>\$ 26,270,299</u>	<u>\$ 25,871,885</u>	<u>\$1,776,967</u>
Liabilities:				
Payroll withholdings payable	<u>\$1,378,553</u>	<u>\$ 26,270,299</u>	<u>\$ 25,871,885</u>	<u>\$1,776,967</u>
<u>Sales Tax Payable Fund</u>				
Assets:				
Cash and investments	\$ —	\$ 26,263	\$ 24,306	\$ 1,957
Liabilities:				
Sales tax payable	<u>\$ —</u>	<u>\$ 26,263</u>	<u>\$ 24,306</u>	<u>\$ 1,957</u>
<u>Student Activity Funds</u>				
Assets:				
Cash and investments	\$ 467,804	\$ 598,306	\$ 554,893	\$ 511,217
Liabilities:				
Due to student organizations	<u>\$ 467,804</u>	<u>\$ 598,306</u>	<u>\$ 554,893</u>	<u>\$ 511,217</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS
AND LIABILITIES – ALL AGENCY FUNDS

(continued from previous page)

Year ended June 30, 2018

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2018</u>
<u>Totals – All Agency Funds</u>				
Assets:				
Cash and investments	\$1,631,871	\$ 26,894,868	\$ 26,236,598	\$2,290,141
Accounts receivable	<u>214,486</u>	<u>—</u>	<u>214,486</u>	<u>—</u>
	<u>\$1,846,357</u>	<u>\$ 26,894,868</u>	<u>\$ 26,451,084</u>	<u>\$2,290,141</u>
Liabilities:				
Payroll withholdings and taxes payable	\$1,378,553	\$ 26,296,562	\$ 25,896,191	\$1,778,924
Due to student organizations	<u>467,804</u>	<u>598,306</u>	<u>554,893</u>	<u>511,217</u>
Total liabilities	<u>\$1,846,357</u>	<u>\$ 26,894,868</u>	<u>\$ 26,451,084</u>	<u>\$2,290,141</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the Derby Unified School District No. 260's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents	Page
Financial Trends.....	110
<i>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	
Revenue Capacity	116
<i>These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.</i>	
Debt Capacity	120
<i>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	124
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	
Operating Information	128
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
NET POSITION BY COMPONENT OF GOVERNMENTAL ACTIVITIES
LAST TEN YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Position										
Net investment in capital assets	\$24,968,016	\$26,150,495	\$30,108,339	\$32,137,347	\$33,680,814	\$40,266,732 3,497,704	\$39,027,456	\$29,360,735	\$29,956,187	\$27,660,299
Restricted for debt service	3,270,419	3,118,073	2,986,754	2,864,462	3,340,724	-	4,035,190	4,178,872	4,622,934	6,276,341
Restricted for construction	-	-	-	-	-	-	-	1,125,275	-	-
Restricted for educational services	-	-	-	7,598,700	3,449,022	1,309,607	9,996,247	956,759	2,408,982	3,078,872
Unrestricted	<u>721,626</u>	<u>3,340,187</u>	<u>3,344,898</u>	<u>(4,563,609)</u>	<u>(1,957,913)</u>	<u>(60,425,382)*</u>	<u>(59,166,086)</u>	<u>(60,163,051)</u>	<u>(58,736,369)</u>	<u>(53,636,145)</u>
	<u>\$28,960,061</u>	<u>\$32,608,755</u>	<u>\$36,439,991</u>	<u>\$38,036,900</u>	<u>\$38,512,647</u>	<u>\$(15,351,339)</u>	<u>\$(6,107,931)</u>	<u>\$(24,541,410)</u>	<u>\$(21,748,266)</u>	<u>\$(16,620,633)</u>

Source: School District Financial Records.

* 2014 Restated for implementation of GASB Statement No. 68

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(continued on next page)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Primary Government:										
Instruction	\$ 45,933,218	\$ 39,935,084	\$ 41,938,811	\$ 42,403,455	\$ 42,459,420	\$ 43,209,151	\$ 38,743,590	\$ 55,309,078	\$ 46,800,139	\$ 44,999,643
Student support services	4,342,434	3,859,961	3,599,410	4,109,789	4,262,776	3,935,280	1,736,163	5,580,918	4,926,226	4,504,614
Instructional support services	2,840,379	2,076,912	2,079,879	2,140,007	1,990,559	2,177,544	1,598,306	1,629,933	1,900,754	1,930,214
General administration	1,006,524	856,771	695,498	903,615	967,197	1,135,450	811,350	1,209,878	1,222,851	1,278,427
School administration	3,156,013	2,905,464	2,955,668	2,957,498	3,009,629	3,000,687	2,452,295	3,866,916	3,180,128	3,331,677
Operations and maintenance	6,962,041	6,169,698	6,349,247	5,813,514	6,651,140	5,972,752	7,340,050	9,526,429	6,930,089	7,268,413
Central support services	1,180,981	754,074	847,771	777,962	889,976	1,182,908	718,140	1,037,219	1,291,811	1,309,806
Student transportation	1,332,155	1,325,848	1,290,689	1,384,395	1,448,386	1,239,101	1,171,892	1,804,271	1,786,908	1,712,342
Food service operations	2,761,920	2,739,409	2,769,580	2,903,048	3,005,371	2,992,931	2,845,582	3,451,869	3,407,964	3,387,659
Community service operations	102,471	168,897	171,640	127,363	133,609	127,268	142,172	137,403	137,451	137,648
Recreation	2,711,556	2,836,889	2,964,864	2,973,777	3,015,576	2,978,234	2,994,068	2,955,061	3,271,832	3,383,378
Interest on long-term debt	<u>1,117,003</u>	<u>741,001</u>	<u>308,101</u>	<u>288,688</u>	<u>2,390,052</u>	<u>2,296,571</u>	<u>2,286,167</u>	<u>8,192,087</u>	<u>2,297,804</u>	<u>2,466,075</u>
Total Primary Government	\$ 73,446,695	\$ 64,370,008	\$ 65,971,158	\$ 66,783,111	\$ 70,223,691	\$ 70,247,877	\$ 62,839,775	\$ 94,701,062	\$ 77,153,957	\$ 75,709,896
Program revenues										
Governmental Activities										
Charges for Services										
Instruction	\$ 1,007,684	\$ 968,107	\$ 1,075,769	\$ 1,235,358	\$ 1,000,939	\$ 1,150,115	\$ 1,070,933	\$ 1,091,760	\$ 1,055,587	\$ 1,034,929
Student support services	436,712	439,278	483,125	499,399	465,285	544,375	504,755	553,653	540,025	481,054
Instructional support services	75	3,008	376	-	-	-	-	-	-	-
General administration	596	472	443	682	494	300	315	370	2,371	782
School administration	3,490	5,973	2,122	5,579	1,687	-	1,256	-	-	-
Operations and maintenance	82,743	16,275	47,969	49,833	56,215	12,095	7,519	3,980	39,189	4,383
Central support services	16	20	-	183	38	53	41	28	365	10
Student transportation	1,192	687	37,223	44,815	28,571	1,010	631	1,096	52,357	32,588
Food service operations	1,314,903	1,256,137	1,176,783	1,224,796	1,144,688	1,117,775	1,085,195	1,078,712	1,100,272	1,115,401
Recreation	-	214	-	-	-	-	-	-	-	-
Operating grants and contributions	14,930,044	16,586,878	15,933,077	15,198,486	14,794,195	15,790,525	12,711,896	7,311,644	15,806,235	19,840,424
Capital grants and contributions	<u>579,954</u>	<u>384,380</u>	<u>1,694,573</u>	<u>213,427</u>	<u>719,548</u>	<u>-</u>	<u>122,948</u>	<u>678,221</u>	<u>-</u>	<u>-</u>
Total Government program revenues	\$ 16,351,947	\$ 18,357,409	\$ 19,661,429	\$ 20,451,460	\$ 18,472,558	\$ 18,211,660	\$ 18,616,248	\$ 5,505,489	\$ 10,719,464	\$ 22,509,571
NET (Expense)/Revenue										
Total Government net expense	\$ (55,089,286)	\$ (44,708,579)	\$ (45,519,698)	\$ (48,310,553)	\$ (52,012,031)	\$ (51,631,629)	\$ (47,334,286)	\$ (83,981,598)	\$ (58,557,556)	\$ (53,200,325)

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES
LAST TEN FISCAL YEARS
(continued from previous page)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues										
Property taxes levied for:										
General purposes	\$ 15,743,009	\$ 16,560,040	\$ 18,157,499	\$ 18,413,459	\$ 18,248,040	\$ 18,520,372	\$ 9,700,407	\$ 11,028,407	\$ 10,299,333	\$ 11,430,170
10,299,333 Debt service	2,408,125	2,460,306	2,755,003	2,262,488	3,308,340	3,287,031	3,384,849	3,343,214	3,533,558	3,414,987
Capital Outlay	1,552,364	1,621,083	2,457,491	2,494,718	2,575,411	2,551,930	2,566,778	3,286,823	3,453,605	3,622,927
Grants and entitlements not restricted										
to specific programs	31,722,462	27,693,319	25,953,157	26,535,940	27,966,231	28,675,797	40,868,543	47,841,847	41,695,281	41,414,326
Investment earnings	119,885	22,525	27,784	200,857	389,756	263,941	57,855	47,090	95,327	551,966
Total General Revenue	<u>\$ 51,545,845</u>	<u>\$ 48,357,273</u>	<u>\$ 49,350,934</u>	<u>\$ 49,907,462</u>	<u>\$ 52,487,778</u>	<u>\$ 53,299,071</u>	<u>\$ 56,578,432</u>	<u>\$ 65,547,381</u>	<u>\$ 59,077,104</u>	<u>\$ 60,434,376</u>
Change in Net Position										
Total Government change in net position	<u>\$ (3,543,441)</u>	<u>\$ 3,648,694</u>	<u>\$ 3,831,236</u>	<u>\$ 1,596,909</u>	<u>\$ 475,747</u>	<u>\$ 1,667,442</u>	<u>\$ 9,244,146</u>	<u>\$ (18,434,217)</u>	<u>\$ 519,548</u>	<u>\$ 7,234,051</u>

Source: School District Financial Records

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UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2009	2010	2011(I)	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved for Encumbrances	\$ 125,113	\$ 218,379	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved :										
Designated for subsequent years' expenditures	-	-	-	-	-	-	-	-	-	-
Committed	-	-	2,802,617	2,228,647	2,124,720	1,357,772	1,384,473	2,736,374	2,811,288	3,330,854
Assigned	-	-	557,396	684,160	509,451	404,623	-	-	154,788	31,082
Unassigned	-	-	566,685	191,890	234,610	194,227	367,370	516,790	71,362	25,207
Total General Fund	\$ 125,113	\$ 218,379	\$ 3,926,698	\$ 3,104,697	\$ 2,868,781	\$ 1,956,622	\$ 1,751,843	\$ 3,253,164	\$ 3,037,438	\$ 3,387,143
All Other Governmental Funds										
Reserved for Encumbrances	\$ 1,031,879	\$ 581,224	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for debt service	7,618,102	3,118,078	-	-	-	-	-	-	-	-
Unreserved:										
Designated for subsequent years' expenditures, reported in:										
Special revenue funds	2,322,736	2,533,078	-	-	-	-	-	-	-	-
Debt service fund	3,270,419	-	-	-	-	-	-	-	-	-
Capital project funds	4,611,569	4,816,542	-	-	-	-	-	-	-	-
Undesignated, reported in:										
Special revenue funds	2,314,034	2,769,992	-	-	-	-	-	-	-	-
Capital project fund	(129,427)	212,000	-	-	-	-	-	-	-	-
Restricted	-	-	10,327,764	10,463,162	62,641,858	13,903,316	9,996,247	7,386,181	7,564,537	115,412,962
Committed	-	-	231,571	2,550,013	13,892,282	38,458,136	12,423,968	4,000,633	4,788,992	5,122,640
Assigned	-	-	-	684,160	509,451	-	-	-	408,345	6,674,407
Unassigned	-	-	-	111,965	234,610	-	-	-	-	-
Total All other Governmental funds	\$ 21,039,312	\$ 14,030,914	\$ 10,559,335	\$ 13,809,300	\$ 77,278,201	\$ 52,361,452	\$ 22,420,215	\$ 11,386,814	\$ 12,833,236	\$ 127,210,009

Source: School District Financial Records.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(continued on next page)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 19,703,498	\$ 20,641,429	\$ 23,369,993	\$ 23,170,665	\$ 24,131,791	\$ 24,359,333	\$ 15,652,034	\$ 17,658,444	\$ 17,286,496	\$ 18,468,084
Intergovernmental	46,614,421	44,192,227	43,216,064	41,779,453	42,980,912	43,728,185	53,097,552	55,380,859	56,581,430	60,853,110
Charges for services	2,791,509	2,687,571	2,005,805	2,159,566	2,190,719	2,150,389	2,048,765	2,119,376	2,242,433	2,123,248
Investment earnings	383,091	154,128	27,784	200,857	390,110	266,142	57,855	47,090	95,327	551,966
Miscellaneous	<u>410,735</u>	<u>343,347</u>	<u>1,182,748</u>	<u>1,069,479</u>	<u>1,005,906</u>	<u>1,411,270</u>	<u>1,227,715</u>	<u>1,061,076</u>	<u>1,835,424</u>	<u>947,539</u>
Total revenues	<u>69,903,254</u>	<u>68,018,702</u>	<u>69,802,394</u>	<u>68,380,020</u>	<u>70,699,438</u>	<u>71,915,319</u>	<u>72,083,921</u>	<u>76,266,845</u>	<u>78,041,110</u>	<u>82,943,947</u>
Expenditures:										
Current:										
Instruction	42,513,077	39,656,482	39,570,228	41,771,951	41,765,390	42,813,960	43,091,186	42,592,186	42,792,370	44,962,993
Student support services	4,220,304	3,955,435	3,919,397	4,118,082	4,259,160	3,925,523	2,413,503	4,677,940	4,921,942	5,098,442
Instructional support services	2,710,522	2,121,946	2,084,755	2,205,393	1,998,625	2,141,407	1,848,770	1,544,471	1,885,754	1,966,826
General administration	980,411	872,883	694,673	908,345	972,555	1,122,754	964,026	1,006,881	1,210,316	1,382,590
School administration	3,074,288	2,964,923	2,955,482	2,995,354	3,053,698	2,947,060	3,062,375	3,168,578	3,228,101	3,606,424
Operation and maintenance of plant	6,694,590	5,289,981	5,926,274	5,718,185	6,168,075	5,784,833	7,162,348	8,299,040	6,556,107	7,502,829
Central support services	1,041,982	783,855	845,223	822,798	901,632	1,178,639	812,842	1,161,682	1,286,168	1,408,780
Student transportation services	1,426,213	1,287,725	1,202,028	1,352,093	1,547,737	1,420,995	1,231,607	1,524,142	1,761,566	2,413,831
Food service operation	2,714,007	2,675,670	2,814,143	2,925,108	3,008,205	3,033,077	2,985,507	3,093,242	3,053,327	3,154,754
Community service operations	107,087	168,897	171,640	127,363	133,609	127,268	206,816	137,403	137,451	137,648
Recreation	2,711,556	2,836,889	2,964,864	2,973,777	3,015,576	2,978,234	2,994,068	2,955,061	3,271,832	3,383,378
Capital Outlay										
Facilities acquisition and construction	2,680,271	445,506	2,159,968	385,953	3,407,328	27,404,330	33,342,792	10,246,432	969,657	764,818
Debt service:										
Principal	3,143,696	11,069,803	3,813,062	3,526,358	2,655,753	2,970,199	2,684,881	3,470,665	3,838,880	3,510,895
Interest	<u>1,141,758</u>	<u>803,839</u>	<u>443,917</u>	<u>308,225</u>	<u>2,212,392</u>	<u>2,769,491</u>	<u>2,769,508</u>	<u>2,817,471</u>	<u>2,554,336</u>	<u>2,440,215</u>
Total expenditures	<u>75,159,762</u>	<u>74,933,834</u>	<u>69,565,654</u>	<u>70,138,985</u>	<u>75,099,735</u>	<u>100,617,770</u>	<u>105,570,229</u>	<u>86,695,194</u>	<u>77,467,807</u>	<u>81,734,423</u>
Excess (deficiency) of revenues over Expenditures	<u>(5,256,508)</u>	<u>(6,915,132)</u>	<u>236,740</u>	<u>(1,758,965)</u>	<u>(4,400,297)</u>	<u>(28,702,451)</u>	<u>(33,486,308)</u>	<u>(10,428,349)</u>	<u>573,303</u>	<u>1,209,524</u>

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(continued from previous page)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses):										
Proceeds from sale of general obligation refunding bonds	\$ -	\$ -	\$ -	\$ -	\$ 61,750,000	\$ 3,300,000	\$ -	\$ 29,430,000	\$ -	\$ 109,775,000
Premium on general obligation refunding bonds	-	-	-	-	6,525,822	-	-	5,423,831	-	5,216,532
Premium from sale of general obligation bonds	-	-	-	-	-	44,550	-	-	-	-
Proceeds from sale of certificates of Participation	1,500,000	-	-	-	-	-	-	-	-	-
Proceeds from capitalized lease obligations	1,549,096	-	-	1,082,232	1,193,376	2,397,774	3,340,292	892,300	586,031	613,937
Payment to refunded bonds escrow agent	-	-	-	-	(1,600,000)	-	-	(34,849,862)	-	(2,017,153)
Transfers in	13,976,501	12,959,209	-	-	-	-	300,000	909,805	1,571,142	1,032,381
Transfers out	(13,976,501)	(12,959,209)	-	-	-	-	(300,000)	(909,805)	(1,571,142)	(1,032,381)
Total other financing sources (uses)	3,049,096	-	-	1,082,232	67,869,198	5,742,324	3,340,292	896,369	586,031	113,588,316
Net change in fund balance	(2,207,412)	(6,915,132)	236,740	(676,733)	63,468,901	(22,960,127)	(30,146,016)	(9,532,080)	1,159,334	114,797,840
Fund balance, beginning of year	23,371,837	21,164,425	14,249,293	14,486,033	13,809,300	77,278,201	54,318,074	24,172,058	14,639,978	15,799,312
Fund balance, end of year	\$ 21,164,425	\$ 14,249,293	\$ 14,486,033	\$ 13,809,300	\$ 77,278,201	\$ 54,318,074	\$ 24,172,058	\$ 14,639,978	\$ 15,799,312	\$ 130,597,152
Ratio of total debt service expenditures to total non-capital expenditures (1)	6.10%	15.88%	6.35%	5.78%	6.96%	8.25%	7.56%	8.49%	8.49%	7.60%

Source: School District Financial Reports.

(1) Debt service expenditures for 2010 includes debt retired through the District's escrow agent of \$7,749,700. Ratio without escrow agent debt service is 5.52%.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

<u>REAL PROPERTY</u>			<u>PERSONAL PROPERTY</u>		
<u>FISCAL YEAR</u>	<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	
2009	\$ 284,999,905	\$ 1,876,895,374	\$ 83,905,254	\$ 311,305,274	
2010	294,688,482	1,940,700,467	88,163,845	327,105,498	
2011	294,894,411	1,943,354,168	88,556,759	328,545,576	
2012	297,976,708	1,963,666,506	91,398,158	339,087,166	
2013	296,622,010	1,954,739,046	91,188,333	338,308,715	
2014	297,228,060	1,958,732,915	86,804,666	322,045,311	
2015	294,858,714	1,943,118,925	83,660,057	310,378,811	
2016	309,859,771	2,041,975,891	85,000,520	315,351,929	
2017	318,553,382	2,101,097,604	85,634,998	317,705,842	
2018	335,527,273	2,213,053,099	84,665,205	314,107,909	

<u>UTILITIES</u>			<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>	<u>RATIO OF TOTAL</u>
<u>FISCAL YEAR</u>	<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	<u>ASSESSED VALUE</u>	<u>DIRECT TAX RATE</u>	<u>ESTIMATED ACTUAL VALUE</u>	<u>ASSESSED TO TOTAL ESTIMATED ACTUAL VALUE</u>
2009	\$ 7,814,371	\$ 23,901,035	\$ 376,719,530	54.12	\$ 2,212,101,683	17.0%
2010	8,243,613	25,208,969	391,095,940	58.32	2,293,014,934	17.1%
2011	8,422,396	25,772,532	391,873,566	57.63	2,297,672,276	17.1%
2012	8,566,016	26,181,409	397,940,882	59.31	2,328,935,081	17.1%
2013	8,609,541	26,345,195	396,419,884	60.08	2,319,392,956	17.1%
2014	8,694,827	26,606,171	392,727,553	56.29	2,307,384,397	17.0%
2015	9,711,509	29,717,218	388,230,280	62.156	2,283,214,954	17.0%
2016	9,962,515	30,485,296	404,822,806	59.433	2,387,813,116	17.0%
2017	11,579,888	35,434,457	415,768,268	60.684	2,454,237,903	16.9%
2018	13,364,874	40,896,514	433,557,352	65.699	2,568,057,522	17.0%

Source: The above information was obtained from the office of the Sedgwick County Clerk.

Assessed value is calculated by the appraised value times the state assessment percentage by property class. Property class assessment percentages are set by the State Constitution and cannot be adjusted by the county. Classifications of property are appraised at "market value", i.e., estimated actual value, except for Agricultural Land which is appraised at "use value". Property classes and their assessment percentages are as follows: Residential – 11.5%; Vacant Lots – 12.0%; Not For Profit Organizations – 12.0%; Commercial – 25.0%; Agricultural Improvements – 25.0%; Agricultural Land – 30.0%; and Other Not Elsewhere Classified – 30.0%.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN YEARS

FISCAL YEAR	GENERAL FUND	SUPPLE- MENTAL GENERAL FUND	CAPITAL OUTLAY	BOND & INTEREST	RECREATION COMMISSION GENERAL FUND	EMPLOYEE BENEFIT	SPECIAL ASSMT	TOTAL	STATE, COUNTY & OTHER DIST	CITY	TOTAL
2009	20.000	16.771	4.000	6.128	5.589	1.414	.220	54.122	31.368	47.773	133.263
2010	20.000	18.525	6.000	6.578	5.589	1.412	.220	58.324	31.995	47.818	138.137
2011	20.000	19.265	6.000	5.273	5.589	1.412	.092	57.631	31.968	47.340	136.939
2012	20.000	18.297	5.998	7.949	5.587	1.411	.063	59.305	31.987	47.153	138.445
2013	20.000	19.211	5.959	7.897	5.551	1.402	.063	60.083	31.935	47.054	139.072
2014	20.000	15.127	6.014	7.946	5.600	1.415	.192	56.294	32.035	46.790	135.119
2015	20.000	17.897	7.992	7.918	5.581	1.409	1.359	62.156	31.951	47.009	141.116
2016	20.000	14.518	8.000	8.054	5.588	1.912	1.361	59.433	31.946	48.021	139.400
2017	20.000	17.170	7.997	7.478	5.585	1.910	.544	60.684	31.929	48.075	140.688
2018	20.000	13.853	8.000	15.795	5.587	1.918	.546	65.699	31.908	48.063	145.670

Source: The above information was obtained from the office of the Sedgwick County Clerk.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS PRIOR**

TAXPAYER	2009 ASSESSED VALUATION	2018 ASSESSED VALUATION	JUNE 30, 2018 % OF TOTAL ASSESSED VALUATION
Spirit AeroSystems, Inc	47,469,430	58,070,500	13.4%
Mid-Western Aircraft Systems Inc	46,934,061	48,972,087	11.3%
The Boeing Company	49,260,370	34,332,122	7.9%
Kansas Gas & Electric – A Westar Energy Co	2,750,135	6,164,951	1.4%
Derby Marketplace	4,738,345	5,019,500	1.2%
The Greens at Derby	3,770,242	3,772,002	.87%
Walmart Real Estate Business	2,842,012	3,673,730	.85%
Cole Mt Derby Ks LLC	-	2,580,475	.60%
Dillon Companies Inc	-	2,192,113	.51%
Kansas Gas Service – A division on One Gas	-	2,162,611	.50%
Kohl's Illinois Inc	2,402,075	-	-
Target Corporation	2,367,900	-	-
Southwestern Bell Telephone	2,096,115	-	-
All Others	<u>212,088,845</u>	<u>266,617,261</u>	<u>61.5%</u>
TOTAL	<u>\$ 376,719,530</u>	<u>\$ 433,557,352</u>	<u>100%</u>

Source: Provided by Sedgwick County Clerk's Office.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR	TOTAL TAX LEVY (2)	CURRENT TAX COLLECTIONS (2)	PERCENT OF LEVY COLLECTED	DELINQUENT TAX COLLECTIONS (1)	TOTAL TAX COLLECTIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY	TOTAL CURRENT YR OUTSTANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TAX LEVY
2009	18,787,638	18,361,649	97.73%	258,956	18,620,605	99.11%	425,989	2.27%
2010	19,893,495	19,235,085	96.69%	414,153	19,649,238	98.77%	658,410	3.31%
2011	22,278,485	21,613,916	97.02%	229,974	21,843,890	98.05%	664,569	2.98%
2012	22,067,209	21,738,070	98.50%	183,278	21,921,348	99.33%	329,139	1.40%
2013	22,482,841	22,338,881	99.36%	180,700	22,514,581	100.00%	143,960	.64%
2014	23,269,560	22,460,503	96.52%	140,227	22,600,730	97.13%	809,057	3.48%
2015	14,253,668	14,012,474	98.31%	151,569	14,164,043	99.37%	241,194	1.69%
2016	16,366,032	16,033,107	97.97%	180,249	16,213,356	99.07%	332,925	2.03%
2017	16,382,800	15,572,844	95.06%	1,310,920	16,883,764	105.76%	809,956	4.94%
2018	16,930,396	16,845,501	99.50%	-	16,845,501	99.50%	84,895	.50%

Source: The above information was obtained from Sedgwick County Treasurer's Office.

(1) County Treasurer's records do not provide a determination of which year the collections in subsequent years is applied to. For this schedule all collections of delinquent taxes are applied to the preceding year.

(2) Excludes tax levy and collections for the General Fund. General Fund tax collections are distributed directly to the State of Kansas by the County Treasurer and then re-distributed to Kansas school districts under the State Aid formula.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
RATIOS OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
TOTAL BONDED DEBT PER CAPITA
NET BONDED DEBT PER PUPIL
LAST TEN YEARS

FISCAL YEAR	POPULA- TION (1)	TOTAL DISTRICT ENROLL- MENT	ASSESSED VALUE	GROSS BONDED DEBT		CAPITAL LEASES AND CERTIFICATES OF PARTICIPATION	UNAMORTIZED PREMIUM ON GENERAL OBLIGATION BONDS	TOTAL DEBT	AMOUNT AVAILABLE FROM DEBT SERVICE FUND	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	TOTAL DEBT PER CAPITA	NET BONDED DEBT PER PUPIL	TOTAL DEBT AS A PERCENTAGE OF PERSONAL INCOME
2009	43,992	6,483	376,719,530	13,765,000	(2)	2,799,774		16,564,774	3,270,419	10,494,581	2.8%	377	1,619	.09%
2010	44,437	6,624	391,095,940	10,745,000		2,359,971		13,104,971	3,118,078	7,626,922	2.0%	295	1,151	.07%
2011	44,500	6,790	391,873,566	7,390,000		1,901,909		9,291,909	2,978,266	4,411,734	1.1%	209	650	.05%
2012	44,525	6,717	397,940,882	4,620,000		2,227,783		6,847,783	2,864,462	1,755,538	0.4%	154	261	.33%
2013	45,860	6,866	396,419,884	63,175,000		2,360,406	6,069,015	71,604,421	3,340,724	65,903,291	16.6%	1,561	9,598	.31%
2014	47,236	6,953	392,727,553	64,820,000		3,442,981	5,652,525	73,915,506	3,497,704	66,974,821	17.1%	1,565	9,633	.31%
2015	48,653	6,998	388,230,280	63,455,000		5,463,392	5,187,475	74,105,867	4,035,190	64,607,285	16.6%	1,523	9,232	.29%
2016	50,112	7,071	404,822,806	62,190,000		5,010,027	9,758,017	76,958,044	4,178,872	67,769,145	16.7%	1,536	9,584	.31%
2017	51,615	7,073	415,768,268	59,860,000		4,087,178	8,900,718	72,847,896	4,622,934	64,137,784	15.4%	1,411	9,068	*
2018	53,163	7,211	443,557,352	165,140,000		3,685,220	12,995,934	181,821,154	6,276,341	171,859,593	38.7%	3,420	23,833	*

Source : The above information was obtained from the Unified School District No. 260 financial records and the office of the Sedgwick County Clerk.

(1) Estimate of district population.

(2) Excludes crossover refunded debt of \$7,610,000.

*Information not available.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
RATIOS OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
AND GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

FISCAL YEAR	PRINCIPAL		INTEREST		TOTAL DEBT SERVICE	GENERAL BONDED DEBT	TOTAL GENERAL EXPENDITURES (1)	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES	RATIO OF GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
2009	2,820,000		763,298	(2)	3,583,298	13,765,000	75,159,762	.05	.18
2010	3,020,000	(3)	558,975	(2)	3,578,975	10,745,000	74,933,834	.05	.14
2011	3,355,000		356,295		3,711,295	7,390,000	69,565,654	.05	.11
2012	2,770,000		237,965		3,007,965	4,620,000	70,138,985	.04	.07
2013	3,195,000		2,133,728		5,328,728	69,244,015	75,099,735	.07	.92
2014	1,655,000		2,697,038		4,352,038	70,472,525	100,617,770	.04	.70
2015	2,684,881		2,769,508		5,454,389	68,642,475	105,570,229	.05	.70
2016	3,470,665		2,817,471		6,288,136	71,948,017	86,695,194	.07	.83
2017	3,838,880		2,554,336		6,393,216	68,760,718	77,467,807	.08	.89
2018	4,495,000	(4)	2,355,371	(4)	6,850,371	178,135,934	81,196,916	.08	2.19

Source: The above information was obtained from Unified School District No. 260 financial records.

(1) Includes general, special revenue, debt service and capital project funds of primary government only.

(2) Excludes payments by escrow agent totaling \$114,202 in 2005, \$279,400 in 2006, 2007, 2008, 2009 and \$139,700 in 2010.

(3) Excludes payments by escrow agent totaling \$7,610,000 in 2010.

(4) Includes payments to escrow agent of \$2,000,000 in principal and \$17,153 in interest.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT COMPARISON
CURRENT YEAR AND NINE YEARS AGO**

GOVERNMENT UNITS	JUNE 30, 2009			JUNE 30, 2018		
	PRINCIPAL AMOUNT OF DEBT OUTSTANDING	% APPLICABLE TO TAXPAYERS OF USD NO 260 (1)	TOTAL DIRECT AND OVERLAPPING DEBT	PRINCIPAL AMOUNT OF DEBT OUTSTANDING	% APPLICABLE TO TAXPAYERS OF USD NO 260 (1)	TOTAL DIRECT AND OVERLAPPING DEBT
Sedgwick County, KS	\$ 82,730,000	8.87%	\$ 7,338,151	39,915,000	8.92%	3,560,418
City of Derby, KS	62,925,000	100.00%	62,925,000	51,835,000	99.28%	51,461,788
City of Wichita, KS	421,111,285	.86%	3,621,557	546,835,000	0.67%	3,663,795
Total Other Government Agencies	<u>566,766,285</u>		<u>73,884,708</u>	<u>638,585,000</u>	-	<u>58,686,001</u>
Unified School District, Derby, KS	<u>13,765,000</u>	100.00%	<u>13,765,000</u>	<u>181,821,154</u>	100.00%	<u>181,821,154</u>
Total	<u>\$580,531,285</u>		<u>\$ 87,649,708</u>	<u>820,406,154</u>		<u>240,507,155</u>

Source: The above information was obtained from the Sedgwick County, Kansas Clerk's Office.

(1) Allocation based on assessed valuation of Derby USD 260 portion of the total assessed valuation for the governmental unit.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2018**

2018 Assessed valuation of taxable tangible property	\$ 443,557,352
Assessed valuation of motor vehicles	<u>41,995,225</u>
Equalized assessed tangible valuation for computation of bonded debt limit	<u>\$ 485,552,577</u>
2018 debt limit – 14%	\$ 67,977,361
State Board of Education Exemption Authority	<u>101,407,639</u>
Total legal debt authority	169,385,000
Less:	
Total bonded debt	<u>165,140,000</u>
Legal additional debt limit	<u>\$ 4,245,000</u>

Source: Assessed valuation obtained from Sedgwick County Treasurer

KSA 72-6761; 1997 Suppl. establishes authority for USD's to have bonded indebtedness of 14% of their equalized assessed valuation (total assessed valuation plus assessed motor vehicle valuation). USD's may apply to the Kansas State Board of Education to exceed the 14% limitation.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 51,564,398	\$ 59,964,520	\$ 60,000,592	\$ 60,777,687	\$ 71,970,295	\$ 71,624,084	\$ 71,071,275	\$ 73,500,527	\$ 75,253,887	169,385,000
Total net debt applicable to limit	<u>13,765,000</u>	<u>10,745,000</u>	<u>7,390,000</u>	<u>4,620,000</u>	<u>63,175,000</u>	<u>64,820,000</u>	<u>63,455,000</u>	<u>62,190,000</u>	<u>59,860,000</u>	<u>165,140,000</u>
Legal Debt Margin	<u>\$ 37,799,398</u>	<u>\$ 49,219,520</u>	<u>\$ 52,610,592</u>	<u>\$ 56,157,687</u>	<u>\$ 8,795,295</u>	<u>\$ 6,804,084</u>	<u>\$ 7,616,275</u>	<u>\$ 11,310,527</u>	<u>\$ 15,393,887</u>	<u>\$ 4,245,000</u>
Total net debt applicable to the limit As a percentage of debt limit	26.69%	17.92%	12.32%	7.60%	87.78%	90.50%	89.28%	84.61%	79.54%	97.49%

Source: Prior year annual reports, Derby Unified School District No 260.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
DEMOGRAPHIC STATISTICS (1)
LAST TEN FISCAL YEARS

Site (Year Opened 19(XX))	2009	2010	2011	2012	2013	2014	2015 (3)	2016	2017	2018
Derby High School (93)										
Square Feet	350,000	350,000	350,000	350,000	350,000	351,277	381,808	381,808	381,808	381,808
Capacity (students)	2,400	2,400	2,400	2,400	2,400	2,400	2,234	2,234	2,234	2,234
Enrollment	2,040	1,958	1,831	1,891	1,900	1,916	1,953	1,935	1,912	1,973
Derby Middle School (59)										
Square Feet	179,141	179,141	179,141	179,141	179,141	193,300	195,417	195,471	195,471	195,471
Capacity (students)	1,200	1,200	1,200	1,200	1,200	1,200	948	1,008	1,008	1,008
Enrollment	987	943	959	966	1,029	1,056	1,029	862	823	879
Derby North Middle School (2015)										
Square Feet	-	-	-	-	-	-	-	195,000	195,000	195,000
Capacity (students)	-	-	-	-	-	-	-	900	900	900
Enrollment	-	-	-	-	-	-	-	790	832	820
Alternative High School (54)										
Square Feet	49,349	49,349	49,349	49,349	49,349	49,349	49,349	49,349	49,349	49,349
Capacity (students)	80	80	80	80	80	80	80	80	80	80
Enrollment	-	-	-	-	-	-	-	-	-	-
Carlton Learning Center (92)										
Square Feet	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Capacity (students)	300	300	300	300	300	300	300	300	300	300
Enrollment (2)	-	-	-	-	-	-	-	-	-	-
Cooper Elementary (54)										
Square Feet	39,449	39,449	48,819	48,819	48,819	48,819	48,819	48,819	48,819	48,819
Capacity (students)	304	304	304	304	304	304	388	388	388	388
Enrollment	311	316	309	346	321	348	365	372	335	318
Derby Hills Elementary (85)										
Square Feet	52,800	52,800	52,800	52,800	52,800	59,735	59,735	59,735	59,735	59,735
Capacity (students)	456	456	456	456	456	596	596	596	596	596
Enrollment	386	401	382	415	404	421	430	490	527	557
El Paso Elementary (66)										
Square Feet	53,195	53,195	53,195	53,195	53,195	49,960	49,960	49,960	49,960	49,960
Capacity (students)	456	456	456	456	456	484	484	484	484	484
Enrollment	348	394	411	402	392	425	440	274	263	273
Oaklawn Elementary (55)										
Square Feet	42,957	42,957	42,957	42,957	42,957	49,149	49,149	49,149	49,149	49,149
Capacity (students)	304	304	304	304	304	416	416	416	416	416
Enrollment	232	282	239	205	237	283	282	272	291	301
Park Hill Elementary (2002)										
Square Feet	52,000	52,000	52,000	52,000	52,000	52,000	58,110	58,110	58,110	58,110
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	345	411	406	379	383	380	370	351	355	374
Pleasantview Elementary (55)										
Square Feet	43,559	43,559	43,559	43,559	43,559	43,559	43,559	43,559	43,559	43,559
Capacity (students)	304	304	304	304	304	304	360	360	360	360
Enrollment	305	338	290	284	280	275	261	288	295	280
Swaney Elementary (55)										
Square Feet	67,645	67,645	67,645	67,645	67,645	64,773	64,773	77,045	77,045	77,045
Capacity (students)	456	456	456	456	456	444	444	507	507	507
Enrollment	307	311	315	313	342	315	304	398	441	439
Tanglewood Elementary (81)										
Square Feet	56,890	56,890	56,890	56,890	56,890	56,890	56,890	56,890	56,890	56,890
Capacity (students)	456	456	456	456	456	456	360	360	360	360
Enrollment	339	361	401	428	634	690	692	636	599	587
Wineteer Elementary (59)										
Square Feet	61,330	61,330	61,330	61,330	61,330	61,330	61,330	61,330	61,330	61,330
Capacity (students)	512	512	512	512	512	512	568	568	568	568
Enrollment	412	414	411	407	447	438	433	464	453	463
Administration Center (63)										
Square Feet	8,901	8,901	8,901	8,901	8,901	8,901	8,901	8,901	8,901	8,901
Educational Support Center (75)										
Square Feet	18,225	18,225	18,225	18,225	18,225	18,225	18,225	18,225	18,225	18,225
Service Center (68)										
Square Feet	31,336	31,336	31,336	31,336	31,336	31,336	31,336	31,336	31,336	31,336

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions.

Source: The above information was obtained from USD No. 260 State Audit and the District Facilities Office.

(1) Based on September 20th head count at district attendance centers.

(2) Carlton Learning Center closed June 30, 2002 with the opening of Park Hill Elementary.

(3) 2015 capacities were adjusted based on a study from an outside consulting group.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Major Employers	Product/Service	2009			2018		
		Employees	Rank	%	Employees	Rank	%
Spirit AeroSystems	Aircraft	-	-	-	12,362	1	80.5%
USD #260	Education	1,083	1	38.6%	1,054	2	7.0%
Dillons	Grocery	325	5	11.6%	360	3	2.3%
Derby Recreation Commission	Recreation	-	-	-	308	4	2.0%
Walmart	Retail Sales	425	2	15.1%	280	5	1.8%
City of Derby	Government	170	4	6.1%	208	6	1.4%
Lowe's Home Improvement	Retail Sales	150	5	5.3%	140	7	0.9%
Kohl's	Retail Sales	100	7	3.6%	120	8	0.8%
Target	Retail Sales	100	7	3.6%	100	9	0.7%
Derby Health & Rehab, LLC	Health Care	-	-	-	100	10	0.7%
Westview Manor	Senior Housing	85	9	3.0%	83	11	0.5%
Derby Family Medical Center	Health Care	96	8	3.4%	61	12	0.4%
Walmart Neighborhood Market	Grocery	-	-	-	59	13	0.4%
Mid-Continent Controls	Manufacturing	45	11	1.6%	47	14	0.3%
BRG Precision Products	Manufacturing	53	10	1.9%	45	15	0.3%
Verus Bank	Banking	36	12	1.2%	36	16	0.2%
Data Net	Insurance Claims	140	6	5.0%	-	-	-

Major Restaurant Employers	Product/Service	2009			2018		
		Employees	Rank	%	Employees	Rank	%
McDonald's	Restaurant	115	1	29.0%	118	1	15.4%
Olive Garden	Restaurant	-	-	-	92	2	12.0%
Village Inn	Restaurant	85	2	22.0%	75	3	9.8%
Buffalo Wild Wings	Restaurant	58	5	15.0%	65	4	8.5%
Chick-Fil-A	Restaurant	-	-	-	65	5	8.5%
Applebees	Restaurant	70	3	18.0%	63	6	8.2%
Rib Crib	Restaurant	65	4	16.0%	51	7	6.7%
Freddy's Frozen Custard	Restaurant	-	-	-	44	8	5.8%
Panera	Restaurant	-	-	-	32	10	4.2%
Riverside Café	Restaurant	-	-	-	30	11	3.9%
Pizza Johns	Restaurant	-	-	-	29	11	3.8%
Los Cocos	Restaurant	-	-	-	25	12	3.3%
La Hacienda	Restaurant	-	-	-	25	12	3.3%
Spangles	Restaurant	-	-	-	21	13	2.7%
Hog Wild Pit BBQ	Restaurant	-	-	-	15	14	2.0%
Little Busters	Restaurant	-	-	-	14	15	1.8%

Source: City Clerk, Derby, Kansas.

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
STAFF/STUDENT INFORMATION BY BUILDING
LAST TEN FISCAL YEARS
(continued on next page)

Site	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Derby High School										
Certified Instructional Staff FTE	110.7	102.7	98.7	98.1	100.8	97.2	110.45	96.74	100.14	99.14
Special Education Instructional FTE	20.0	19.5	18.9	17.3	16.5	16.5	15.8	17.8	14.8	14.3
Certified Non-Instructional Staff FTE	18.5	17.0	16.0	11.0	5.5	5.0	6.0	7.0	8.0	7.0
Enrollment	2,051	1,983	1,842	1,891	1,900	1,916	1,953	1,935	1,912	1,973
Number Free and Reduced Students	584	635	642	695	762	920	893	878	854	852
Percent of Free/Reduced to Total Students	28.5%	32.0%	34.9%	37.0%	40.1%	48.0%	45.7%	45.4%	44.7%	43.2%
Student Teacher Ratio	19:1	19:1	19:1	19:1	19:1	20:1	18:1	20:1	19:1	20:1
Derby Middle School										
Certified Instructional Staff FTE	60.9	56.9	62.5	56.4	58.4	60.4	58.4	45.42	45.32	45.32
Special Education Instructional FTE	17.0	14.0	13.0	13.0	9.0	8.0	8.9	6.5	5.5	6.5
Certified Non-Instructional Staff FTE	6.0	6.0	6.1	5.0	3.3	3.0	3.0	4.25	5.25	3.0
Enrollment	989	947	959	966	1,029	1,056	1,029	862	823	879
Number Free and Reduced Students	331	381	444	452	457	498	506	427	419	442
Percent of Free/Reduced to Total Students	33.5%	40.2%	46.3%	46.8%	44.4%	47.2%	49.2%	49.5%	50.9%	50.3%
Student Teacher Ratio	16:1	17:1	15:1	17:1	18:1	17:1	18:1	19:1	18:1	19:1
Derby North Middle School										
Certified Instructional Staff FTE	-	-	-	-	-	-	-	44.32	44.32	44.90
Special Education Instructional FTE	-	-	-	-	-	-	-	8.5	7.5	8.5
Certified Non-Instructional Staff FTE	-	-	-	-	-	-	-	4.25	5.25	3.0
Enrollment	-	-	-	-	-	-	-	790	832	820
Number Free and Reduced Students	-	-	-	-	-	-	-	358	379	375
Percent of Free/Reduced to Total Students	-	-	-	-	-	-	-	45.3%	45.5%	45.7%
Student Teacher Ratio	-	-	-	-	-	-	-	18:1	19:1	18:1
Cooper Elementary										
Certified Instructional Staff FTE	28.7	26.5	26.5	25.3	28.4	31.37	29.37	29.4	29.4	26.4
Special Education Instructional FTE	3.0	3.0	3.0	6.2	3.1	3.1	3.0	3.0	3.0	2.0
Certified Non-Instructional Staff FTE	2.0	2.0	1.5	1.5	1.1	1.0	3.0	2.0	1.0	1.0
Enrollment	312	317	309	346	321	348	365	372	335	318
Number Free and Reduced Students	263	294	270	281	283	294	300	311	273	255
Percent of Free/Reduced to Total Students	84.3%	92.74%	87.4%	88.4%	88.2%	84.5%	82.2%	83.6%	81.5%	80.2%
Student Teacher Ratio	11:1	12:1	12:1	13:1	11:1	11:1	12:1	13:1	11:1	12:1
Derby Hills Elementary										
Certified Instructional Staff FTE	21.7	22.1	22.1	21.6	23.7	22.8	23.36	33.36	28.46	29.3
Special Education Instructional FTE	3.9	3.9	3.9	4.7	3.6	3.6	3.0	5.0	2.5	2.5
Certified Non-Instructional Staff FTE	2.0	2.0	1.5	1.5	.9	1.0	2.0	1.5	1.0	1.0
Enrollment	387	402	382	415	404	421	430	490	527	557
Number Free and Reduced Students	95	104	101	133	133	106	142	147	151	139
Percent of Free/Reduced to Total Students	24.6%	25.9%	26.4%	28.0%	32.9%	25.2%	33.0%	30.0%	28.7%	25.0%
Student Teacher Ratio	18:1	18:1	17:1	19:1	17:1	18:1	18:1	15:1	19:1	19:1
El Paso Elementary										
Certified Instructional Staff FTE	25.7	23.0	23.0	24.5	25.5	26.5	25.54	20.44	16.44	16.94
Special Education Instructional FTE	1.4	2.4	1.9	2.3	2.2	2.2	2.0	1.3	1.0	1.0
Certified Non-Instructional Staff FTE	2.0	2.0	2.0	1.5	1.1	1.1	2.5	1.0	1.0	1.0
Enrollment	376	394	411	402	392	425	440	274	263	273
Number Free and Reduced Students	153	174	200	203	203	208	251	138	117	94
Percent of Free/Reduced to Total Students	40.7%	44.2%	48.7%	50.5%	51.8%	48.9%	57.0%	50.4%	44.5%	34.4%
Student Teacher Ratio	15:1	17:1	18:1	16:1	15:1	16:1	17:1	13:1	16:1	16:1

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
STAFF/STUDENT INFORMATION BY BUILDING
LAST TEN FISCAL YEARS
(continued from previous page)

Site	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Oaklawn Elementary										
Certified Instructional Staff FTE	22.6	20.7	21.6	21.6	21.4	22.0	22.7	19.79	19.79	21.29
Special Education Instructional FTE	3.0	4.0	3.0	4.0	4.2	2.7	3.7	4.0	4.2	4.2
Certified Non-Instructional Staff FTE	2.0	3.0	2.0	1.5	2.5	.9	1.0	2.0	2.0	1.0
Enrollment	217	233	289	240	238	237	283	272	291	301
Number Free and Reduced Students	183	195	221	211	205	206	221	247	257	265
Percent of Free/Reduced to Total Students	84.3%	83.7%	76.5%	87.9%	86.1%	86.9%	78.1%	90.8%	88.3%	88.0%
Student Teacher Ratio	10:1	11:1	13:1	11:1	10:1	11:1	12:1	14:1	15:1	14:1
Park Hill Elementary										
Certified Instructional Staff FTE	20.2	21.2	21.2	21.1	22.1	24.1	22.1	20.01	20.51	21.51
Special Education Instructional FTE	4.6	2.6	3.4	3.4	2.4	3.6	3.6	3.0	4.0	4.0
Certified Non-Instructional Staff FTE	2.0	2.0	2.0	1.5	1.5	1.3	2.0	1.4	1.0	2.0
Enrollment	340	345	411	406	379	383	380	351	355	374
Number Free and Reduced Students	51	49	94	89	82	66	81	79	88	114
Percent of Free/Reduced to Total Students	15.0%	14.2%	22.9%	21.9%	21.9%	17.2%	21.3%	22.5%	24.8%	30.5%
Student Teacher Ratio	16:1	17:1	19:1	19:1	18:1	17:1	16:1	18:1	17:1	17:1
Pleasantview Elementary										
Certified Instructional Staff FTE	19.2	19.1	20.1	20.1	19.9	19.1	19.1	19.69	18.79	19.79
Special Education Instructional FTE	3.1	2.2	3.7	3.7	1.4	1.7	2.7	1.0	1.3	1.3
Certified Non-Instructional Staff FTE	2.0	2.0	2.0	1.5	1.5	.9	.9	2.0	2.0	1.0
Enrollment	278	305	339	290	284	280	275	288	295	280
Number Free and Reduced Students	109	143	172	171	184	181	174	209	193	188
Percent of Free/Reduced to Total Students	39.2%	46.9%	50.7%	59.0%	64.8%	64.6%	63.3%	72.6%	65.4%	67.1%
Student Teacher Ratio	15:1	16:1	16:1	14:1	14:1	15:1	14:1	14:1	16:1	14:1
Swaney Elementary										
Certified Instructional Staff FTE	19.9	20.1	19.0	19.0	18.4	18.6	18.5	22.39	24.49	24.49
Special Education Instructional FTE	5.4	4.4	5.4	5.4	5.3	5.2	4.2	4.5	4.5	4.5
Certified Non-Instructional Staff FTE	2.0	2.0	2.0	1.5	1.5	.7	.7	1.0	1.0	1.0
Enrollment	306	307	311	315	313	342	315	398	441	439
Number Free and Reduced Students	128	135	148	159	153	176	165	220	237	209
Percent of Free/Reduced to Total Students	41.8%	44.0%	47.6%	50.4%	48.9%	51.5%	52.4%	55.3%	53.7%	47.6%
Student Teacher Ratio	15:1	15:1	16:1	16:1	17:1	18:1	17:1	18:1	18:1	18:1
Tanglewood Elementary										
Certified Instructional Staff FTE	16.8	20.2	20.1	20.1	22.1	22.1	21.1	20.59	19.59	18.59
Special Education Instructional FTE	3.8	3.7	3.7	3.7	4.4	4.6	4.6	4.0	3.7	2.7
Certified Non-Instructional Staff FTE	2.0	2.0	2.0	1.5	1.0	.7	1.0	1.0	1.0	2.0
Enrollment	300	340	363	401	428	634	690	636	599	587
Number Free and Reduced Students	61	83	97	129	153	136	151	162	161	119
Percent of Free/Reduced to Total Students	20.3%	24.4%	26.7%	32.2%	35.7%	21.5%	21.9%	25.5%	26.9%	20.3%
Student Teacher Ratio	18:1	17:1	18:1	19:1	19:1	29:1	33:1	31:1	31:1	32:1
Winetear Elementary										
Certified Instructional Staff FTE	29.8	31.3	30.8	30.8	26.8	30.3	29.3	32.15	31.15	31.55
Special Education Instructional FTE	3.0	3.2	3.2	3.2	5.5	4.2	5.2	4.0	4.0	4.0
Certified Non-Instructional Staff FTE	2.0	2.0	2.0	1.5	2.0	.9	2.0	1.0	1.0	1.0
Enrollment	396	412	417	412	407	447	438	464	453	463
Number Free and Reduced Students	164	178	191	212	219	243	247	270	265	268
Percent of Free/Reduced to Total Students	41.4%	43.2%	45.8%	51.4%	53.8%	54.4%	56.4%	58.2%	58.5%	57.9%
Student Teacher Ratio	15:1	13:1	13:1	14:1	13:1	15:1	15:1	14:1	15:1	15:1

Source: Kansas State Department of Education.

- (1) Park Hill Elementary opened with the closing of Carlton Learning Center, June 30, 2002.
- (2) Derby North Middle School opened with the closing of Derby Sixth Grade Center, June 30, 2015

UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
MISCELLANEOUS STATISTICS
JUNE 30, 2018

Date of organization	1872
Form of Government	Seven Member Board
Area	50 square miles

Education

Pre-kindergarten through fifth	171.5 days
Sixth through twelfth	172.5 days
Special Education	172.5 days
Vocational Education	172.5 days
English Speakers of Other Languages	172.5 days
Driver Training	Summer School
Summer School	4 weeks

Support Centers

Laundry	1
Warehouse	1
Service Center	1
Maintenance Center	1
Central Kitchen	1
Educational Support Center	1
Administrative Center	1

Athletic Facilities

Stadiums	2
Tennis Courts	2
Baseball Diamond	1
Gymnasiums	5
Track	2

Employees

Administration	44
Certified	531
Classified	497
Bus Drivers	48

Transportation

Buses	67
Vans	22
Trucks	23
Automobiles	2

Source: The above information was obtained from Unified School District No. 260 Business Office.

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
OTHER OPERATING STATISTICS
LAST TEN FISCAL YEARS**

YEAR	EXPENSES	ENROLLMENT	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF	PUPIL/ TEACHER RATIO (1)	STUDENT ATTENDANCE PERCENTAGE
2009	\$ 75,159,762	6,483	\$ 11,593	10.74%	544	12:1	94%
2010	74,933,834	6,624	11,312	(2.4)%	549	12:1	94%
2011	69,565,654	6,790	10,245	(9.1)%	537	13:1	94%
2012	70,138,985	6,717	10,442	1.92%	538	12:1	94%
2013	75,099,735	6,866	10,938	4.75%	545	13:1	94%
2014	100,617,770	6,953	14,471	32.30%	528	13:1	93%
2015	105,570,229	6,998	15,086	4.25%	516	14:1	93%
2016	86,695,194	7,071	12,261	(18.73)%	537	14:1	93%
2017	77,467,807	7,073	10,953	(10.67)%	534	13:1	93%
2018	81,196,916	7,211	11,260	2.80%	531	14:1	93%

Source: School District Financial Records, KSDE

(1) Enrollment divided by pupil/teacher ratio rounded to the nearest whole number

**UNIFIED SCHOOL DISTRICT NO. 260, DERBY, KANSAS
ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	SEDGWICK COUNTY POPULATION		PERSONAL INCOME (1)	PER CAPITA PERSONAL INCOME	SEDGWICK COUNTY UNEMPLOYMENT RATE
2009	485,863	*	\$ 19,296,648	\$ 39,847	8.7%
2010	490,864	*	18,695,650	39,312	8.8%
2011	494,241	*	19,368,100	38,653	8.0%
2012	498,365	*	20,671,720	41,024	7.0%
2013	503,889	*	21,127,032	41,801	6.4%
2014	505,415	*	23,516,335	46,219	5.4%
2015	508,803	*	25,807,971	50,448	4.8%
2016	511,574	*	25,197,029	49,213	4.8%
2017	511,995	*	(2)	(2)	4.2%
2018	513,687	*	(2)	(2)	(2)

Source: Kansas Statistical Abstract, State of Kansas. All information based on Sedgwick County statistics.

* Designates an estimate

(1) Expressed in thousands of dollars.

(2) 2016 and 2017 information not available at this time.

UNIFIED SCHOOL DISTRICT NO 260, DERBY KANSAS
BACHELOR'S TEACHERS SALARIES SCHEDULE AND FTE
BY RANGE AND STEP FOR 2017-18

<i>STEP</i>	<i>B</i>	<i>FTE</i>	<i>B+10</i>	<i>FTE</i>	<i>STEP</i>	<i>B+20</i>	<i>FTE</i>	<i>B+30</i>	<i>FTE</i>	<i>B+40</i>	<i>FTE</i>
1.0	40,684	24.0	41,327	0.0	1	42,030.0	0	42,673.0	1	43,269.0	0
2.0	41,264	14.0	41,993	1.0	2	42,834.0	0	43,563.0	0	44,204.0	0
3.0	41,843	27.0	42,659	11.0	3	43,637.0	4	44,453.0	3	45,141.0	1
4.0	42,423	8.0	43,326	14.0	4	44,441.0	6	45,343.0	3	46,076.0	1
5.0	43,003	0.0	43,992	4.0	5	45,244.0	4	46,233.0	3	47,012.0	3
6.0	43,583	1.0	44,658	1.0	6	46,048.0	1	47,123.0	0	47,948.0	1
7.0	44,163	0.0	45,325	0.0	7	46,852.0	0	48,012.0	3	48,884.0	5
8.0	44,743	0.0	45,991	0.0	8	47,655.0	2	48,902.0	0	49,820.0	0
9.0	45,322	1.0	46,657	1.0	9	48,459.0	1	49,792.0	3	50,755.0	5
10.0	45,902	0.0	47,323	0.0	10	49,262.0	0	50,682.0	1	51,692.0	6
11.0	46,482	0.0	47,990	0.0	11	50,066.0	1	51,572.0	0	52,627.0	6
12.0	47,062	0.0	48,656	0.0	12	50,869.0	0	52,463.0	1	53,563.0	6
13.0	47,642	0.0	49,322	0.0	13	51,673.0	0	53,353.0	0	54,499.0	4
14.0	48,222	1.0	49,989	4.0	14	52,476.0	3	54,245.0	1	55,435.0	18
Total FTE by Range:		76.0		36.0			22.0		19.0		56.0

Average Teacher's Salary **\$52,696.36**

UNIFIED SCHOOL DISTRICT NO 260, DERBY KANSAS
MASTER'S TEACHERS SALARIES SCHEDULE AND FTE
BY RANGE AND STEP FOR 2017-18

STEP	M	FTE	M+10	FTE	M+20	FTE	STEP	M+30	FTE	M+40	FTE	M+50	FTE	M+60	FTE	Doctorate	FTE
1.0	44,690	5.0	45,444	0.0	46,045	0.0	1	46,587.0	4	47,193.0	0	47,735.0	0	48,534.0	0	49,333.0	0
2.0	45,935	2.0	46,747	1.0	47,399	0.0	2	47,940.0	1	48,602.0	0	49,144.0	0	50,161.0	0	51,180.0	0
3.0	47,180	9.0	48,049	4.0	48,751	2.0	3	49,293.0	2	50,012.0	1	50,552.0	0	51,789.0	0	53,026.0	0
4.0	48,425	8.0	49,351	7.0	50,105	5.0	4	50,646.0	1	51,421.0	1	51,962.0	0	53,417.0	0	54,873.0	1
5.0	49,670	4.0	50,654	6.0	51,457	11.0	5	51,999.0	3	52,830.0	1	53,370.0	1	55,045.0	4	56,719.0	1
6.0	50,915	4.0	51,956	5.0	52,810	3.0	6	53,352.0	2	54,239.0	1	54,779.0	0	56,672.0	3	58,566.0	1
7.0	52,160	1.0	53,258	3.0	54,164	4.0	7	54,705.0	3	55,648.0	5	56,188.0	3	58,300.0	6	60,412.0	1
8.0	53,404	1.0	54,561	2.0	55,516	2.0	8	56,058.0	1	57,057.0	2	57,597.0	1	59,927.0	0	62,259.0	0
9.0	54,649	3.0	55,863	1.0	56,870	4.0	9	57,411.0	3	58,466.0	0	59,006.0	3	61,556.0	5	64,106.0	0
10.0	55,894	1.0	57,166	2.0	58,222	0.0	10	58,764.0	1	59,875.0	0	60,415.0	3	63,183.0	13	65,952.0	0
11.0	57,139	0.0	58,468	2.0	59,576	0.0	11	60,117.0	1	61,285.0	8	61,824.0	6	64,811.0	5	67,799.0	0
12.0	58,384	1.0	59,770	3.0	60,929	1.0	12	61,470.0	2	62,694.0	1	63,233.0	1	66,438.0	13	69,645.0	0
13.0	59,629	1.0	61,072	0.0	62,282	2.0	13	62,823.0	2	64,103.0	1	64,641.0	2	68,066.0	15	71,492.0	0
14.0	60,875	4.0	62,373	3.0	63,635	6.0	14	64,176.0	6	65,510.0	6	66,051.0	2	69,693.0	38	73,337.0	2
Total FTE by Range:		44.000		39.000		40.000			32.000		27.000		22.000		102.000		6.000

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SINGLE AUDIT SECTION

DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(continued on next page)

Year ended June 30, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Education:		
Direct programs:		
Impact Aid - School Assistance in Federally Affected Areas	84.041	\$ 220,004
U.S. Department of Defense:		
Direct programs:		
Competitive Grants: Promoting K-12 Student Achievement		
Military Connected Schools	12.556	<u>164,978</u>
Passed Through Kansas State Department of Education:		
U.S. Department of Education:		
Special Education Cluster:		
Special Education - Grants to States (IDEA, Part B):		
FY 17-18	84.027	933,927
FY 16-17	84.027	444,447
Special Education - Preschool Grants (IDEA Preschool):		
FY 17-18	84.173	16,371
FY 16-17	84.173	<u>9,431</u>
Total U.S. Department of Education Special Education Cluster		<u>1,404,176</u>
Elementary and Secondary Education Act:		
Title I Grants to Local Educational Agencies:		
FY 17-18	84.010	735,130
Individuals with Disabilities Education Act, Part B:		
Carl Perkins Vocational Education Act:		
Vocational Education - Basic Grants to States:		
Secondary, Postsecondary and Adult – Title II Part C:		
Program Improvement:		
FY 17-18	84.048	16,481
FY 16-17	84.048	23,801
FY 16-17 (Perkins Reserve Grant)	84.048	3,140
Education for Homeless Children and Youth	84.196	2,100
English Language Acquisition FY 17-18	84.365	40,945
English Language Acquisition FY 16-17	84.365	21,777
Supporting Effective Instruction State Grants – Title II Part A		
FY 17-18	84.367	163,484
FY 16-17	84.367	35,378
Student Support and Academic Enrichment Program	84.424	<u>7,822</u>
Total U.S. Department of Education passed through Kansas State Department of Education		<u>2,454,234</u>

DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(continued from previous page)

Year ended June 30, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Passed through Kansas State Department of Education:		
Centers For Disease Control and Prevention:		
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School- Based Surveillance	93.079	\$ 445
Youth Risk Behavior	93.079	<u>300</u>
 Total Centers For Disease Control and Prevention passed through Kansas State Department of Education		 <u>745</u>
 Passed through Kansas State Department of Education:		
Department of Housing and Urban Development:		
Temporary Assistance for Needy Families (Parent Education)	93.558	6,635
Temporary Assistance for Needy Families (Early Learning)	93.558	<u>50,458</u>
 Total Department of Housing and Urban Development Passed through Kansas State Department of Education		 <u>57,093</u>
 Passed through Kansas Board of Regents:		
Department of Education:		
Carl Perkins Vocational Education Act:		
Vocational Education - Basic Grants to States:		
Carl D. Perkins Career and Technical Education Act of 2006 (Perkins IV):		
Career Ready Kansas – Perkins Reserve Funds 15-16	84.048	<u>—</u>
 U.S. Department of Agriculture:		
Passed Through Kansas State Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	286,831
National School Lunch Program	10.555	1,660,281
Summer Food Service Program for Children	10.559	<u>42,144</u>
 Total U.S. Department of Agriculture Child Nutrition Cluster		 <u>1,989,256</u>
 State Administrative Expenses for Child Nutrition	10.560	34,948
Team Nutrition Training – FY 15	10.574	1,020
Fresh Fruits and Vegetables	10.582	<u>42,516</u>
 Total U.S. Department of Agriculture		 <u>2,067,740</u>
 Total Expenditures of Federal Awards		 <u>4,964,794</u>

DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(continued from previous page)

Year ended June 30, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Kansas State Department of Education:		
Parent Education Program	N/A	\$ 147,858
School Food Assistance	N/A	37,043
State Safety Program	N/A	8,320
Technical Education Transportation	N/A	6,035
Governor's Teaching Excellence Awards	N/A	1,000
Discretionary Grants	N/A	60
Incentive for Teacher Education	N/A	404
Mentor Teacher	N/A	14,850
Kansas Health Foundation – School Wellness Policy Project	N/A	300
Kansas Health Foundation – Let's Move Active Kansas Schools	N/A	1,000
Kansas Department for Children and Families:		
Passed Through The Opportunity Project Early Learning Centers (TOP Grant #CC-ECBG-2015-09) 1-1-18 to 12-31-18	N/A	<u>88,763</u>
Total Expenditures of State Awards		<u>305,633</u>
Total Expenditures of Federal and State Awards		<u>\$ 5,270,427</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

1. Basis of Presentation

This schedule is presented on the modified accrual basis of accounting which is the basis used by the District to present its basic financial statements for governmental funds. Under the modified accrual basis of accounting, expenditures are generally recognized when the fund liability is incurred. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. Indirect Cost Rate

The District did not elect to use the 10 percent de minimis indirect cost rate.

3. Outstanding Loans

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

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George, Bowerman & Noel, P.A.

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

**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
Derby Unified School District No. 260
Derby, Kansas

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, the financial statements of governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Derby Unified School District No. 260 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Derby Unified School District No. 260's basic financial statements and have issued a report thereon dated January 18, 2019. The financial statements of the Derby Recreation Commission were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Derby Recreation Commission.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Derby Unified School District No. 260's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Derby Unified School District No. 260's internal control. Accordingly, we do not express an opinion on the effectiveness of Derby Unified School District No. 260'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider significant deficiencies.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether Derby Unified School District No. 260's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Derby Unified School District No. 260's Response to Findings

The Derby Unified School District No. 260's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Derby Unified School District No. 260's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "George, Bowerman & Noel, P.A." The signature is written in dark ink and is positioned above the printed name and date.

Wichita, Kansas
January 18, 2019

George, Bowerman & Noel, P.A.

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

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

Board of Education
Derby Unified School District No. 260
Derby, Kansas

Report on Compliance for Each Major Federal Program

We have audited Derby Unified School District No. 260's 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 Derby Unified School District No. 260's major federal programs for the year ended June 30, 2018. Derby Unified School District No. 260'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 Derby Unified School District No. 260'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), and the *Kansas Municipal Audit and Accounting Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Derby Unified School District No. 260'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 of Derby Unified School District No. 260's compliance.

Opinion on Each Major Federal Program

In our opinion, Derby Unified School District No. 260 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Derby Unified School District No. 260 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 Derby Unified School District No. 260'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 Derby Unified School District No. 260'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.

George, Bowerman & Noel, P.A.

Wichita, Kansas
January 18, 2019

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DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued on next page)

Year ended June 30, 2018

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Derby Unified School District No. 260 were prepared in accordance with Generally Accepted Accounting Principles (GAAP).
2. One significant deficiency relating to the audit of the financial statements is 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 statements of Derby Unified School District No. 260, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies 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 Derby Unified School District No. 260 expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs included:

<u>Program Name</u>	<u>CFDA No.</u>
Title I Grants to Local Education Agencies (LEA's) – Title I, Part A	84.010
Special Education Cluster (IDEA):	
Special Education - Grants to States (IDEA, Part B)	84.027
Special Education – Preschool Grants (IDEA Preschool)	84.173
Impact Aid Cluster:	
Impact Aid (Title VIII of ESEA)	84.041

DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued from previous page)

Year ended June 30, 2018

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Derby Unified School District No. 260 was not determined to be a low risk auditee.

Findings – Financial Statement Audit

Significant Deficiency

2018-001 *Condition:* Payroll withholdings for employee pensions, insurances and other withholdings are not being reconciled to the general ledger control accounts on a timely basis.

Criteria: Internal controls should be in place to determine that payroll withholdings are accurate, corrections are processed and properly included in reconciliations, and that timely remittance of payroll withholdings are being processed by District personnel.

Cause: There are ineffective procedures in place to determine the accuracy of payroll withholding postings and that related remittances are being completed by District personnel.

Effect: Because of the failure to review the status of the remittances of payroll withholdings by an appropriate level of management, certain withholdings have not been timely remitted and/or excess remittances have been transmitted by the District.

Recommendation: Procedures should be implemented requiring the review of payroll tax deposits, pension withholdings, insurance and other withholdings to the appropriate level of management, including the reconciliation of the related amounts in the District's Payroll Tax Withholding Fund.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the recommended procedures are being formulated for immediate implementation. The District has appointed a new Director of Finance and Operations and established a new Finance Business Manager position. The District has also added personnel and re-aligned certain payroll duties within the Finance Department to improve this payroll reporting deficiency.

DERBY UNIFIED SCHOOL DISTRICT NO. 260

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(continued from previous page)

Year ended June 30, 2018

Findings and Questioned Costs – Major Federal Award Programs Audit

2018-002 Impact Aid – School Assistance in Federally Affected Areas – CFDA 84.041; Impact Aid Number: 26-KS-2018-1713; Grant Period – Year Ended June 30, 2018

Condition: The Impact Aid Application filed for the 2017-2018 school year improperly reported the “Total Additional Expenditures of all Children with Disabilities” at Table 7, Item number 1. The original Impact Aid Application reported an amount of \$10,786,140 however; the proper amount that should have been reported was \$9,766,089, a difference of \$1,020,051.

Criteria: Procedures should be in place to determine that amounts as reported in the Impact Aid Application are accurate.

Cause: The amount reported was the result of using the 2018 budgeted expenditures for the Special Education Fund instead of the 2017 actual expenditure amount. In addition, the Impact Aid Application instructions require that gifted program expenditures be deducted from the total amount being reported. Those gifted expenditures were not deducted from the total expenditures reported.

Effect: The error in reporting amounts on the Impact Air Application may have caused the District to received excess Impact Aid allocations.

Recommendations: The District should file an amended Impact Aid Application for the 2017-2018 school year and an individual other than the preparer of the Impact Aid Application should review future applications for accuracy.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and the District has contacted the Office of Impact Aid Programs regarding the error in reporting on its 2017-2018 Impact Aid Application and has been informed that this reporting error does not have any bearing on the amount of Federal Impact Aid received by the District. Further, such information is updated from information provided by the Kansas Department of Education and no amendment of the District’s application is necessary. In addition, the recommended procedures will be implemented for future Impact Aid Applications.

DERBY UNIFIED SCHOOL DISTRICT NO. 260
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2018

Findings – Financial Statement Audit

Significant Deficiency

2017-001 *Condition:* Payroll withholdings for all employees for taxes, pensions, insurances and other withholdings are not being remitted to the proper agencies on a timely basis.

Recommendation: Procedures should be implemented requiring the review of payroll tax deposits, pension withholdings, insurance and other withholdings to the appropriate level of management, including the reconciliation of the related amounts in the District's Payroll Tax Withholding Fund.

Current Status: The recommendation was partially implemented however; procedures to determine that payroll withholdings are being remitted on a timely basis and reconciliation of the related amounts in the District's Payroll Tax Withholding Fund have not been fully implemented. (See Finding 2018-001 in the Schedule of Findings and Questioned Costs.)

Findings and Questioned Costs – Major Federal Award Programs Audit

None