

UNIFIED SCHOOL DISTRICT NUMBER 368

Paola, Kansas

FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2017

UNIFIED SCHOOL DISTRICT NUMBER 368

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 368
Paola, Kansas

Report on Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District Number 368 of Paola, Kansas, as of and for the year ended June 30, 2017 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

As described in Note C of the financial statement, the financial statement is prepared by Unified School District Number 368 of Paola, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District Number 368 of Paola, Kansas as of June 30, 2017, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the Unified School District Number 368 of Paola, Kansas as of June 30, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note C.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures - agency funds, and schedule of regulatory basis receipts and expenditures - district activity funds (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by *Title 2 U.S. code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note C.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2016, on our consideration of Unified School District Number 368’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District Number 368’s internal control over financial reporting and compliance.

Prior Year Comparative

The 2016 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2017 basic financial statement upon which we have rendered an unmodified opinion dated November 10, 2017. The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2016 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statement or to the basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information is fairly stated in all material respects in relation to the 2016 basic financial statement as a whole, on the basis of accounting described in Note C.



Agler & Gaeddert, Chartered
November 10, 2017

Unified School District Number 368
Paola, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
For the Year Ended June 30, 2017

	Beginning Unencumbered Cash and Investments	Prior Year Cancelled Encumbrances	Receipts	Expenditures
Governmental Type Funds				
General Funds				
General	\$ 0	\$ 0	\$ 13,197,400	\$ 13,197,400
Supplemental General	266,364	0	4,250,759	4,307,408
Special Purpose Funds				
Adult Education	11,374	0	221,621	221,621
Adult Supplementary Education	29,598	0	43,204	38,120
At Risk	759,844	0	570,000	556,756
Bilingual Education	29,618	0	0	342
Virtual Education	0	0	15,000	14,950
Capital Outlay	4,528,366	0	1,655,292	1,426,881
Driver Training	25,216	0	30,714	25,230
Food Service	432,218	0	941,170	899,435
Professional Development	137,934	0	35,000	29,636
Parent Education Program	13,715	0	234,562	234,561
Special Education	1,891,882	0	2,983,649	2,931,586
Vocational Education	796,944	0	647,068	462,449
Kansas Public Retirement System	0	0	1,622,915	1,622,915
Coop Special Education	2,135,861	0	13,463,933	13,400,506
Special Assessment	23,789	0	2,553	0
Title I	0	0	304,742	304,742
Title II A-Teacher Quality Improve	0	0	42,923	42,923
Vocational Education-Carl Perkins	0	0	31,976	31,976
Contingency Reserve	1,144,000	0	0	0
Student Material Revolving	353,365	0	299,337	116,554
Gate Receipts and User Charges	17,828	0	241,331	253,940
Bond & Interest Funds				
Bond and Interest	2,734,817	0	2,888,645	2,739,714
Capital Project Funds				
Construction	147,856	0	500,000	374,272
Business Type Funds				
Health Insurance	1,276,569	0	2,249,262	2,759,536
Trust Type Funds				
Expendable Trust Funds				
Scholarship and Other Trusts	95,337	0	59,419	48,099
Nonexpendable Trust Funds				
Scholarship	258,094	0	3,632	3,632
Related Municipal Entity				
Endowment Trusts	2,486,182	0	162,638	147,405
Bond Proceeds				
Bond proceeds	0	0	12,781,401	12,781,401
Total reporting entity (excluding agency funds)	\$ 19,596,771	\$ 0	\$ 46,698,745	\$ 46,192,589

The accompanying notes are an integral part of this statement.

Statement 1

Ending Unencumbered Cash and Investments	Add Encumbrances and Accounts Payable	Ending Cash and Investments		
\$ 0	\$ 306,721	\$ 306,721	Composition of ending cash and investments	
209,715	344,544	554,259	Demand Deposits	
11,374	17,407	28,781	First Option Bank	\$ 1,280,061
34,682	1,985	36,667	Citizens State Bank	2,168,618
773,088	68,673	841,761	Activity Fund Accounts	152,849
29,276	0	29,276		
50	0	50		
4,756,777	116,752	4,873,529	Time Deposits	
30,700	99	30,799	Landmark Bank	193,401
473,953	18,428	492,381	First Option Bank	23,650
143,298	3,830	147,128	First Option Bank	1,231,717
13,716	3,782	17,498	First Option Bank	13,640,883
1,943,945	5,371	1,949,316	First Option Bank	258,094
981,563	2,443	984,006	Security Bank	513,383
0	0	0		1,495
2,199,288	106,824	2,306,112	Less Agency funds	
26,342	0	26,342	per Schedule 3	<u>(146,542)</u>
0	0	0		
0	0	0		19,317,609
0	627	627	Investments	
1,144,000	0	1,144,000	Stocks and Bonds	
536,148	4,454	540,602	of Endowment Trust	<u>2,501,415</u>
5,219	2,583	7,802		
			Total cash and investments	<u>\$ 21,819,024</u>
2,883,748	0	2,883,748		
273,584	239,799	513,383		
766,295	465,422	1,231,717		
106,657	6,353	113,010		
258,094	0	258,094		
2,501,415	0	2,501,415		
<u>0</u>	<u>0</u>	<u>0</u>		
<u>\$ 20,102,927</u>	<u>\$ 1,716,097</u>	<u>\$ 21,819,024</u>		

The accompanying notes are an integral part of this statement.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2017

NOTE A. MUNICIPAL REPORTING ENTITY

Unified School District Number 368 is a municipal corporation governed by an elected seven member board. This financial statement presents the Unified School District Number 368 (the municipality). The financial statement includes the municipality and a related municipal entity known as the Endowment.

The Unified School District Number 368 Endowment governing board is a volunteer group. The Endowment receives donations from the public and disburses these funds to eligible students from Paola High School.

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the District are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The District potential could have the following types of funds.

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

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

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

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

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

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

Agency Funds – funds used to report assets held by the municipal reporting entity in purely a custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

NOTE C. BASIS OF ACCOUNTING

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

Unified School District Number 368 has approved a resolution that it is in compliance with K.S.A. 75-1120a (c) waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2017

NOTE D. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget.
3. Public hearing after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There was a budget amendment for the bond and interest fund this year.

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

Adjustment to Comply with Legal Max – Unified school districts use this line item (for use in the budget column only) to adjust the certified budget to comply with the “Legal Max” budget. The State Board of Education calculates the “Legal Max” budget using enrollment figures. The District’s budgeted expenditures are limited to the lower of the published budget or the “Legal Max” budget.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

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

A legal operating budget is not required for the following special purpose funds, capital project funds, business funds and trusts:

Virtual Education
Title I
Title II A
Vocational Education – Carl Perkins
Contingency Reserve
Student Materials Revolving
Health Insurance
Construction

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

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2017

NOTE E. DEPOSITS AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the District or in an adjoining District 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 bank to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

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

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2017.

At June 30, 2017, the carrying amount of the District's bank deposits was \$19,464,151 and the bank balance was \$20,769,233. The bank balance was held by four banks reducing concentration risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, \$750,809 was covered by federal depository insurance and \$20,018,424 was collateralized with securities held by the pledging financial institution's agents in the District's name.

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

Concentration of credit risk - State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District had the following investments and maturities as of June 30, 2017. Fair value is based upon quoted market values:

The Unified School District Number 368 Endowment has bank deposits of \$34,354 and the bank balance was \$157,241. The difference between carrying amount and bank balance is outstanding checks and deposits. The balance was held by one bank which increases concentration risk. Of the bank balance \$157,241 was covered by federal depository insurance.

Concentration of credit risk – Endowment investment policy places no limit on the amount the Endowment may invest in any one issuer. The Endowment had the following investments and maturities as of June 30, 2017. Fair value is based upon quoted market values:

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2017

NOTE E. DEPOSITS AND INVESTMENTS - continued

Investments - Endowment Investment Type		Cost	Fair Value	Investment Maturities		Percent of Investment	Rating U.S.
				Less than 1	2 years		
Money Market	\$	34,354	\$ 34,354	\$ 34,354	\$ 0	0.014	N/A
Mutual funds		<u>2,409,773</u>	<u>2,467,061</u>	<u>2,467,061</u>	<u>0</u>	<u>0.986</u>	<u>S&P A-1+</u>
Total	\$	<u>2,444,127</u>	<u>\$ 2,501,415</u>	<u>\$ 2,501,415</u>	<u>\$ 0</u>	<u>1.000</u>	

NOTE F. IN-SUBSTANCE PAYMENTS

The District received \$730,315 for general fund and \$189,964 for supplemental general fund subsequent to June 30, 2017 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2017.

NOTE G. CAPITAL PROJECTS

In June 2014, a bond issue was passed. The bond issue addressed the District needs for safety and security, tornado shelters, renovations and to make additions to Cottonwood Elementary, Sunflower Elementary, Paola Middle School, Adult Education Center and Paola High School and make improvements to other facilities throughout the District. The 2014 bonds also defeased \$1,245,000 in 2012 bonds. Many of these projects were completed over the last two fiscal years.

		Projected Cost	Actual Cost
USD #368 Capital Projects			
Phase 1	Completed in prior year	\$ 1,200,000	\$ 1,179,022
Phase 2	Includes bond proceeds, transfer & gains	<u>18,606,490</u>	<u>18,368,993</u>
		<u>\$ 19,806,490</u>	<u>\$ 19,548,015</u>

NOTE H. LONG-TERM DEBT

General Long-Term Debt

Long-term obligations consisted of the following during the year:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds:				
Series 2012	1% to 2.2%	06/26/12	3,460,000	09/01/18
Series 2014	2% to 5.00%	06/05/14	18,225,000	09/01/28
Series 2016	3% to 4%	11/30/16	6,975,000	09/01/26
Series 2017	3.00%	03/30/17	4,710,000	09/01/26

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2017

NOTE H. LONG-TERM DEBT - continued

General Long-Term Debt - continued

Changes in long-term liabilities for the Unified School District Number 368 for the year ended June 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions/ Payments	Net Change	Ending Balance	Interest Paid
General Obligation Bonds:						
Series 2012	\$ 2,215,000	\$ 0	\$ 1,515,000	\$ (1,515,000)	\$ 700,000	\$ 26,358
Series 2014	17,620,000	0	11,640,000	(11,640,000)	5,980,000	516,350
Series 2016	0	6,975,000	0	6,975,000	6,975,000	62,006
Series 2017	0	4,710,000	0	4,710,000	4,710,000	0
	<u>\$ 19,835,000</u>	<u>\$ 11,685,000</u>	<u>\$ 13,155,000</u>	<u>\$ (1,470,000)</u>	<u>\$ 18,365,000</u>	<u>\$ 604,714</u>

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

	2018	2019	2020	2021	2022	2023-2027	2028-2029	Total
Principal								
G. O. bonds	\$ 1,220,000	\$ 1,675,000	1,715,000	\$ 1,770,000	\$ 1,825,000	\$ 10,115,000	\$ 45,000	\$ 18,365,000
Interest								
G. O. bonds	<u>549,032</u>	<u>529,434</u>	<u>481,512</u>	<u>426,063</u>	<u>372,137</u>	<u>854,660</u>	<u>3,193</u>	<u>3,216,031</u>
Total principal & interest	<u>\$ 1,769,032</u>	<u>\$ 2,204,434</u>	<u>\$ 2,196,512</u>	<u>\$ 2,196,063</u>	<u>\$ 2,197,137</u>	<u>\$ 10,969,660</u>	<u>\$ 48,193</u>	<u>\$ 21,581,031</u>

The District is subject to the municipal finance laws of the State of Kansas which limits the net bonded debt (exclusive of revenue bonds and special assessment bonds) the District may have outstanding to 14% of the assessed value of all tangible taxable property within the District, as certified to the County Clerk on the preceding August 25. Additional authority may be granted by the Kansas State Board of Education. At June 30, 2017, the statutory limit for the District was \$18,793,780. The District has received approval from the State to exceed this amount.

Operating Leases

The District conducts a portion of its operations utilizing leases for copiers. Lease terms expire at various times. Current year rental payments under operating leases were \$29,040. Minimum future rental payments under operating leases as of June 30, 2017 are \$29,040. Subsequent payments are as follows:

2018	\$ 29,040
2019	<u>19,360</u>
Total	<u>\$ 48,400</u>

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2017

NOTE I. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Special Education	K.S.A. 72-6428	\$ 1,818,261
General Fund	Vocational Education	K.S.A. 72-6428	135,000
General Fund	Professional Development	K.S.A. 72-6428	35,000
General Fund	Capital Outlay	K.S.A. 72-6428	67,218
General Fund	At-Risk (K-12)	K.S.A. 72-6428	570,000
General Fund	KPERS	K.S.A. 72-6428	1,622,915
General Fund	Virtual Education	K.S.A. 72-6428	15,000
General Fund	Student Material Revolving	K.S.A. 72-6428	100,000
Supplemental General Local Option	Parent Education	K.S.A. 72-6433	26,340
Supplemental General Local Option	Special Education	K.S.A. 72-6433	1,063,276
Supplemental General Local Option	Textbooks	K.S.A. 72-6433	40,000
Supplemental General Local Option	Vocational education	K.S.A. 72-6433	508,000
Capital outlay	Construction	K.S.A. 72-6433	500,000

NOTE J. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Health Insurance

During the year ended June 30, 2017, employees of the District were covered by the District's medical self-insurance plan ("the plan"). The plan was established October 1, 2004. The District's contribution is \$400 per month for a single policy up to \$450 per month for a family policy per employee. All District employees, at their option, can authorize payroll withholdings to pay non-District provided contributions. Claims are paid by a third party administrator acting on behalf of the District. The plan is documented by contractual agreement.

The administrative contract between the District and the third party administrator is renewable annually and stop-loss premiums are included in the contractual provisions. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer licensed and eligible to do business in Kansas in accordance with Kansas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$85,000 and for aggregate loss, which is limited to \$1,000,000 annually. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Liabilities are reported when it is probable that claims have been incurred and the amount of liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources. The IBNR has not been recorded in the Health Insurance Fund

	2017
Unpaid Claims, July 1	\$ 0
Incurred claims (including IBNR's)	1,138,911
Claim payments	673,489
Unpaid claims, June 30	\$ <u>465,422</u>

Other Post Employment Benefits

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

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2017

NOTE J. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS – continued

Other Post Employment Benefits - continued

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

Flexible Benefit Plan (I.R.C. Section 125)

The District adopted by resolution a salary-reduction flexible benefit plan (Plan) under section 125 of the Internal Revenue Service Code. All employees of the District are eligible to participate in the plan beginning the first day of the month following their employment. Each participant may elect to reduce his or her salary to purchases benefits offered through the Plan. Currently, benefits offered through the Plan include health insurance, dependent care coverage and medical reimbursement.

Compensated Absences

The District's policy is to recognize the cost of compensated absences when actually paid. The District's policies regarding sick pay permits employees to accumulate sick leave of 12 days per year or one day per month for those employees whose contract is for 10, 11, or 12 months up to a total accumulation of 100 days. Upon retirement at age 62 (or at age 60 with at least 12 years of experience within the District), certified and classified personnel will be paid for the unused sick leave at the rate of \$65 per day. The District's policy also requires reimbursement to staff of \$65 per day for each day over the 100 days at the end of the school year.

The costs of accumulated sick leave are not recorded at the time the benefits are accrued. At June 30, 2017 the District paid sick leave pay for employees who will be 62 or older on or before June 30, 2017 or have accumulated in excess of 100 days in the amount of \$50,205. The District has not estimated the dollar amount of accumulated sick leave pay for any other group of employees.

NOTE K. DEFINED BENEFIT PENSION PLANS

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A 74-4901, et. seq. Kansas Law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www/kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A 74-49.210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the internal Revenue Code.

State law provides that employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate through March 31,

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2017

NOTE K. DEFINED BENEFIT PENSION PLANS – continued

2016 with a 0% moratorium until June 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 16.00% and 10.91%, respectively, for the fiscal year ended June 30, 2016. The actuarially determined employer contribution rate and the statutory contribution rate was 16.03% and 10.81%, respectively, for the fiscal year ended June 30, 2017. Per 2016 House substitute for Senate Bill 161, Section 98(a)(1), state general fund and expanded lottery act revenue funds for employer contributions to KPERS were deferred. The amount deferred for school contributions was \$92,917,091.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$1,622,915 for the year ended June 30, 2017.

Net Pension Liability

At June 30, 2017, the District's proportionate share of the collective net pension liability reported by KPERS was \$31,027,038. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2016. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

NOTE L. 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; and natural disasters for which the District carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE M. OTHER INFORMATION

Reimbursed Expenses

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as revenue in the same fund. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

Ad valorem tax revenues

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20, and distributed to the District by January 20. The second half is due May 10 and distributed to the District by June 5. The District Treasurer draws other available funds from the County Treasurer at designated times throughout the year.

**Unified School District Number 368
Paola, Kansas**

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2017

NOTE M. OTHER INFORMATION – continued

Compliance with Kansas Statute

The District is not aware of any violations.

Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the District at June 30, 2015.

NOTE O. SUBSEQUENT EVENTS

Subsequent Events: The District evaluated subsequent events through November 10, 2017, the date the financial statement was available to be issued.

**Required Regulatory Basis
Supplementary Information**

Unified School District Number 368

Paola, Kansas

**SUMMARY OF EXPENDITURES-ACTUAL AND BUDGET
BUDGETED FUNDS
For the year ended June 30, 2017**

	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>
General Funds		
General Fund	\$ 14,334,082	\$ (1,155,676)
Supplemental general local option	4,307,408	0
Special Purpose Funds		
Adult education	232,082	0
Adult supplementary education	75,977	0
At risk	1,489,194	0
Bilingual education	29,618	0
Capital outlay	5,155,156	0
Driver training	48,976	0
Food service	1,430,273	0
Professional development	167,934	0
Parent education program	264,705	0
Special education	3,827,861	0
Vocational education	798,076	0
Kansas Public Retirement System	2,356,313	0
Co-op special education	15,495,071	0
Special assessment	20,029	0
Bond & Interest Funds		
Bond and interest	2,739,714	0

See Independent Auditor's Report.

Schedule 1

Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
\$ 18,994	\$ 13,197,400	\$ 13,197,400	\$ 0
0	4,307,408	4,307,408	0
0	232,082	221,621	(10,461)
0	75,977	38,120	(37,857)
0	1,489,194	556,756	(932,438)
0	29,618	342	(29,276)
0	5,155,156	1,426,881	(3,728,275)
0	48,976	25,230	(23,746)
0	1,430,273	899,435	(530,838)
0	167,934	29,636	(138,298)
0	264,705	234,561	(30,144)
0	3,827,861	2,931,586	(896,275)
0	798,076	462,449	(335,627)
0	2,356,313	1,622,915	(733,398)
0	15,495,071	13,400,506	(2,094,565)
0	20,029	0	(20,029)
0	2,739,714	2,739,714	0

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		<u>2017</u>		Variance Over (Under)
	<u>2016 Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local sources				
Interest	\$ 42,443	\$ 67,217	\$ 75,000	\$ (7,783)
Reimbursed expenses	22,929	18,994	0	18,994
State sources				
General fund equalization aid	9,528,282	9,670,013	9,720,882	(50,869)
Supplemental general equalization aid	1,370,766	0	0	0
Special education equalization aid	1,867,478	1,818,261	2,181,887	(363,626)
KPERS equalization aid	1,704,543	1,622,915	2,356,313	(733,398)
Capital outlay equalization aid	92,603	0	0	0
Total cash receipts	<u>14,629,044</u>	<u>13,197,400</u>	<u>\$ 14,334,082</u>	<u>\$ (1,136,682)</u>
Expenditures				
Instruction				
Salaries	4,845,982	4,825,379	\$ 4,443,447	\$ 381,932
Employee benefits	759,467	777,742	1,024,200	(246,458)
Supplies	199,396	210,326	197,090	13,236
Student activities	78,621	82,513	80,175	2,338
Student support services				
Salaries	220,033	219,193	228,500	(9,307)
Employee benefits	27,876	24,958	33,150	(8,192)
Supplies	3,147	3,276	3,000	276
Instruction support staff				
Salaries	356,241	363,037	371,000	(7,963)
Employee benefits	29,836	30,024	31,600	(1,576)
Supplies	9,164	10,859	11,326	(467)
General administration				
Salaries	346,814	359,622	359,000	622
Employee benefits	64,621	65,666	70,200	(4,534)
Purchased professional services	19,171	22,217	20,000	2,217
Other	43,440	46,837	46,000	837
School administration				
Salaries	750,948	754,818	763,000	(8,182)
Employee benefits	141,326	144,434	154,500	(10,066)

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Expenditures (continued)				
Operations and maintenance				
Salaries	\$ 420,124	\$ 423,654	\$ 439,000	\$ (15,346)
Employee benefits	85,248	89,963	98,900	(8,937)
Purchased Property Services	0	171,277	0	171,277
Other supplemental services				
Salaries	202,007	208,211	210,000	(1,789)
Operating transfers				
Special education	1,873,348	1,818,261	2,181,887	(363,626)
Vocational education	440,749	135,000	0	135,000
Professional development	0	35,000	30,000	5,000
Capital outlay	129,176	67,218	192,600	(125,382)
At risk (K-12)	507,000	570,000	989,194	(419,194)
KPERS	1,704,543	1,622,915	2,356,313	(733,398)
Supplemental general	1,370,766	0	0	0
Virtual Education	0	15,000	0	15,000
Student material	0	100,000	0	100,000
Adjustment to comply with				
legal maximum	0	0	(1,155,676)	1,155,676
Legal fund budget & expenditures	14,629,044	13,197,400	13,178,406	18,994
Adjustments for qualifying				
budget credits	0	0	18,994	(18,994)
 Total expenditures	 14,629,044	 13,197,400	 \$ 13,197,400	 \$ 0
 Receipts over (under) expenditures	 0	 0		
 Unencumbered cash (deficit), July 1,	 0	 0		
 Unencumbered cash (deficit), June 30,	 \$ 0	 \$ 0		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 2,747,092	\$ 2,008,760	\$ 1,982,066	\$ 26,694
Delinquent	32,738	42,417	32,224	10,193
County sources				
Motor vehicle	298,607	303,328	302,178	1,150
Recreational vehicle tax	11,379	7,464	6,999	465
Commercial vehicle tax	12,536	7,602	9,188	(1,586)
In lieu of taxes IRBs	4,695	4,113	7,971	(3,858)
State sources				
Supplemental state aid	0	1,872,861	1,872,861	0
Other Revenues				
Reimbursements	0	4,214	0	4,214
Operating transfers				
General fund	1,370,766	0	0	0
Total cash receipts	4,477,813	4,250,759	\$ 4,213,487	\$ 37,272
Expenditures				
Instruction				
Supplies	78,795	84,950	\$ 155,000	\$ (70,050)
Student activities	30,533	19,234	0	19,234
Equipment	251,277	44,153	11,100	33,053
Other	0	0	20,000	(20,000)
General administration				
Purchased professional services	1,124	0	1,995	(1,995)
Purchased property services	129,448	120,156	100,000	20,156
Other purchased services	236,227	199,155	300,000	(100,845)
Operations and maintenance				
Salaries	182,185	185,854	188,000	(2,146)
Employee Benefits	32,768	33,314	37,450	(4,136)
Purchased property services	847,699	430,024	380,000	50,024
Other purchased services	27,286	28,864	38,700	(9,836)
Supplies	656,893	739,776	738,500	1,276
Vehicle operating services				
Other purchased services	549,549	579,324	600,000	(20,676)
Motor fuel	63,786	68,011	100,000	(31,989)
Other supplemental services				
Other purchased services	87,222	95,989	80,000	15,989
Supplies	1,987	505	5,000	(4,495)
Property	43,081	40,483	25,000	15,483

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Operating transfers				
Professional Development	\$ 27,746	\$ 0	\$ 0	0
Parent education program	26,340	26,340	26,340	0
Special education	933,462	1,063,276	995,974	67,302
Textbooks	0	40,000	0	40,000
Vocational education	100,000	508,000	504,349	3,651
Adjustment to comply with legal maximum	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Legal fund budget & expenditures	<u>4,307,408</u>	<u>4,307,408</u>	<u>\$ 4,307,408</u>	<u>\$ 0</u>
Receipts over (under) expenditures	170,405	(56,649)		
Unencumbered cash, July 1	<u>95,959</u>	<u>266,364</u>		
Unencumbered cash, June 30	<u>\$ 266,364</u>	<u>\$ 209,715</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2c

SPECIAL PURPOSE FUNDS
ADULT EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over (Under)
Cash Receipts				
Local sources				
Miscellaneous	\$ 0	\$ 0	\$ 0	\$ 0
State sources				
Adult basic aid	67,174	66,324	65,936	388
Federal sources				
Adult education aid	141,783	155,297	154,772	525
Total cash receipts	208,957	221,621	\$ 220,708	\$ 913
Expenditures				
Instruction				
Salaries	97,711	99,352	\$ 113,630	\$ (14,278)
Employee benefits	29,081	29,260	30,875	(1,615)
Other purchased services	5,618	7,370	7,370	0
Teaching supplies	7,133	12,786	12,471	315
Property	0	10,080	0	10,080
Student support services				
Salaries	38,747	30,845	29,409	1,436
Other purchased services	2,541	3,056	5,000	(1,944)
General administration				
Salaries	19,732	20,196	20,127	69
Supplies	3,447	2,743	8,000	(5,257)
Operation and maintenance				
Purchased property services	0		1,300	(1,300)
Supplies	4,947	5,933	3,900	2,033
Total expenditures	208,957	221,621	\$ 232,082	\$ (10,461)
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	11,374	11,374		
Unencumbered cash, June 30	\$ 11,374	\$ 11,374		

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2d

SPECIAL PURPOSE FUNDS
ADULT SUPPLEMENTARY EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		
	2016			Variance
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local sources				
Class fees	\$ 1,450	\$ 3,068	\$ 2,000	\$ 1,068
Miscellaneous	1,529	10,120	44,380	(34,260)
Reimbursements	<u>27,915</u>	<u>30,016</u>	<u>0</u>	<u>30,016</u>
Total cash receipts	<u>30,894</u>	<u>43,204</u>	\$ <u>46,380</u>	\$ <u>(3,176)</u>
Expenditures				
Instruction				
Salaries	3,287	2,209	\$ 31,597	\$ (29,388)
Employee benefits	256	171	270	(99)
Purchased Professional & Tech Services	0	0	13,510	(13,510)
Other purchased services	9,281	8,878	2,000	6,878
Supplies	<u>20,460</u>	<u>26,862</u>	<u>28,600</u>	<u>(1,738)</u>
Total expenditures	<u>33,284</u>	<u>38,120</u>	\$ <u>75,977</u>	\$ <u>(37,857)</u>
Receipts over (under) expenditures	(2,390)	5,084		
Unencumbered cash, July 1	<u>31,988</u>	<u>29,598</u>		
Unencumbered cash, June 30	\$ <u>29,598</u>	\$ <u>34,682</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2e

SPECIAL PURPOSE FUNDS
AT RISK FUND (K-12)

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating transfers				
General fund	\$ 507,000	\$ 570,000	\$ 989,194	\$ (419,194)
Total cash receipts	507,000	570,000	<u>989,194</u>	<u>(419,194)</u>
Expenditures				
Instruction				
Salaries	384,293	434,586	\$ 1,273,294	\$ (838,708)
Employee benefits	50,514	54,879	56,400	(1,521)
Purchased professional services	2,250	7,300	0	7,300
Supplies	199,991	58,346	159,500	(101,154)
Transportation				
Other	0	1,645	0	1,645
Total expenditures	637,048	556,756	<u>\$ 1,489,194</u>	<u>\$ (932,438)</u>
Receipts over (under) expenditures	(130,048)	13,244		
Unencumbered cash, July 1	<u>889,892</u>	<u>759,844</u>		
Unencumbered cash, June 30	\$ <u>759,844</u>	\$ <u>773,088</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2f

SPECIAL PURPOSE FUNDS
BILINGUAL EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating transfers				
General fund	\$ 0	\$ 0	\$ 0	\$ 0
Total cash receipts	0	0	0	0
Expenditures				
Instruction				
Salaries	3,467	342	\$ 29,618	\$ (29,276)
Total expenditures	3,467	342	\$ 29,618	\$ (29,276)
Receipts over (under) expenditures	(3,467)	(342)		
Unencumbered cash, July 1	33,085	29,618		
Unencumbered cash, June 30	\$ 29,618	\$ 29,276		

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2g

**SPECIAL PURPOSE FUNDS
VIRTUAL EDUCATION**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS**

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	<u>2016 Actual</u>	<u>2017 Actual</u>
Cash Receipts		
Operating transfers		
General fund	\$ <u>0</u>	\$ <u>15,000</u>
Total cash receipts	<u>0</u>	<u>15,000</u>
Expenditures		
Instruction		
Other Purchased Services	<u>0</u>	<u>14,950</u>
Total expenditures	<u>0</u>	<u>14,950</u>
Receipts over (under) expenditures	0	50
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	\$ <u><u>0</u></u>	\$ <u><u>50</u></u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2h

SPECIAL PURPOSE FUNDS
CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 1,021,604	\$ 1,068,061	\$ 1,003,268	\$ 64,793
Delinquent	14,764	17,826	11,945	5,881
Interest	4,242	0	50,000	(50,000)
Lease	25,000	0	0	0
Other revenue	1,744	0	0	0
Miscellaneous	343,415	22,103	75,000	(52,897)
County sources				
Motor vehicle	135,995	139,314	142,285	(2,971)
Recreational vehicle	5,557	3,408	3,295	113
Commercial vehicle	6,434	3,106	4,326	(1,220)
In Lieu of Taxes IRBs	0	2,217	3,754	(1,537)
State Sources				
State aid	0	332,038	332,918	(880)
Operating Transfers				0
General fund	129,176	67,218	192,600	(125,382)
Total cash receipts	<u>1,687,931</u>	<u>1,655,291</u>	<u>\$ 1,819,391</u>	<u>\$ (164,100)</u>
Expenditures				
Instruction				
Property	55,362	261,319	\$ 875,000	\$ (613,681)
Operation and maintenance				
Property	15,224	117,510	235,000	(117,490)
Facility acquisition & construction services				
Architectural and Engineering services	0	0	10,000	(10,000)
New building acquisition				
& construction	0	548,052	3,435,156	(2,887,104)
Reconstruction/repair/remodel	56,917	0		
Transfers to construction	<u>1,500,000</u>	<u>500,000</u>	<u>600,000</u>	<u>(100,000)</u>
Total expenditures	<u>1,627,503</u>	<u>1,426,881</u>	<u>\$ 5,155,156</u>	<u>\$ (3,728,275)</u>
Receipts over (under) expenditures	60,428	228,410		
Unencumbered cash, July 1	<u>4,467,938</u>	<u>4,528,366</u>		
Unencumbered cash, June 30	<u>\$ 4,528,366</u>	<u>\$ 4,756,776</u>		

See Independent Auditor's Report.

Unified School District Number 368, Paola
Paola, Kansas

Schedule 2i

SPECIAL PURPOSE FUNDS
DRIVER TRAINING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Driver's ed fees	\$ 17,290	\$ 21,370	\$ 17,280	\$ 4,090
State Sources				
State safety aid	4,488	9,344	6,480	2,864
Total cash receipts	<u>21,778</u>	<u>30,714</u>	<u>\$ 23,760</u>	<u>\$ 6,954</u>
Expenditures				
Instruction				
Salaries	3,650	4,450	\$ 3,600	\$ 850
Employee benefits	37	(29)	300	(329)
Other Purchased Services	14,760	19,580	14,760	4,820
Supplies	369	512	28,316	(27,804)
Operations and maintenance				
Supplies	926	717	2,000	(1,283)
Total expenditures	<u>19,742</u>	<u>25,230</u>	<u>\$ 48,976</u>	<u>\$ (23,746)</u>
Receipts over (under) expenditures	2,036	5,484		
Unencumbered cash, July 1	<u>23,180</u>	<u>25,216</u>		
Unencumbered cash, June 30	<u>\$ 25,216</u>	<u>\$ 30,700</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2j

SPECIAL PURPOSE FUNDS
FOOD SERVICE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Student meal receipts	\$ 333,567	\$ 329,147	\$ 332,570	\$ (3,423)
Adult meal receipts	14,404	14,752	0	14,752
Ala Carte meals	108,075	93,477	202,442	(108,965)
Interest	62	279	0	279
Reimbursements	18,153	16,717	0	16,717
State sources				
Equalization aid	9,618	9,640	8,225	1,415
Federal sources				
Child nutrition programs	467,074	477,159	454,818	22,341
Total cash receipts	950,953	941,170	\$ 998,055	\$ (56,884)
Expenditures				
Food service operation				
Salaries	432,249	437,552	\$ 452,500	\$ (14,948)
Employee benefits	39,226	38,004	67,255	(29,251)
Other purchased services	3,434	3,324	4,500	(1,176)
Supplies	395,403	387,666	873,718	(486,052)
Property	19,943	28,492	23,000	5,492
Other	4,358	4,397	9,300	(4,903)
Total expenditures	894,613	899,435	\$ 1,430,273	\$ (530,838)
Receipts over (under) expenditures	56,340	41,735		
Unencumbered cash, July 1	375,878	432,218		
Unencumbered cash, June 30	\$ 432,218	\$ 473,953		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2k

SPECIAL PURPOSE FUNDS
PROFESSIONAL DEVELOPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		<u>2017</u>		
	<u>2016</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
	<u>Actual</u>			<u>Over</u>
				<u>(Under)</u>
Cash Receipts				
Operating transfers				
General	\$ 0	\$ 35,000	\$ 30,000	\$ 5,000
Supplemental General	<u>27,746</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total cash receipts	<u>27,746</u>	<u>35,000</u>	<u>\$ 30,000</u>	<u>\$ 5,000</u>
Expenditures				
Student support services				
Purchased professional and technical services	\$ <u>27,585</u>	\$ <u>29,636</u>	\$ <u>167,934</u>	\$ <u>(138,298)</u>
Total expenditures	<u>27,585</u>	<u>29,636</u>	<u>\$ 167,934</u>	<u>\$ (138,298)</u>
Receipts over (under) expenditures	161	5,364		
Unencumbered cash, July 1	<u>137,773</u>	<u>137,934</u>		
Unencumbered cash, June 30	<u>\$ 137,934</u>	<u>\$ 143,298</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 21

SPECIAL PURPOSE FUNDS
PARENT EDUCATION PROGRAM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Other district payments	\$ 62,777	\$ 68,045	\$ 68,045	\$ 0
Other revenue from Local	18,124	3,500	4,490	(990)
State sources				
Parent education aid	153,310	136,677	152,115	(15,438)
Operating transfers				
Supplemental general	26,340	26,340	26,340	0
Total cash receipts	260,551	234,562	\$ 250,990	\$ (16,428)
Expenditures				
Student support services				
Salaries	156,019	169,312	\$ 163,200	\$ 6,112
Employee benefits	26,186	24,036	30,700	(6,664)
Purchased prof & tech services	202	1,357	200	1,157
Other purchased services	17,520	17,436	26,500	(9,064)
Supplies	13,000	1,461	3,000	(1,539)
Property	13,142	2,813	2,000	813
Other	24,697	18,147	39,105	(20,958)
Total expenditures	250,766	234,562	\$ 264,705	\$ (30,143)
Receipts over (under) expenditures	9,785	0		
Unencumbered cash, July 1	3,930	13,715		
Unencumbered cash, June 30	\$ 13,715	\$ 13,715		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2m

SPECIAL PURPOSE FUNDS
SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Other	\$ 79,176	\$ 102,112	\$ 150,000	\$ (47,888)
Operating transfers				
General	1,873,348	1,818,261	2,181,887	(363,626)
Supplemental general	933,462	1,063,276	995,974	67,302
Total cash receipts	<u>2,885,986</u>	<u>2,983,649</u>	<u>\$ 3,327,861</u>	<u>\$ (344,212)</u>
Expenditures				
Instruction				
Salaries	23,357	17,870	\$ 41,000	\$ (23,130)
Other purchased services	2,527,567	2,558,116	2,897,861	(339,745)
Supplies	297	270	505,000	(504,730)
Vehicle operating services				
Salaries	667	829	5,000	(4,171)
Employee benefits	1,838	1,431	2,500	(1,069)
Purchased property services	316,783	343,990	350,000	(6,010)
Other purchased services	8,551	9,080	15,000	(5,920)
Supplies	0	0	11,500	(11,500)
Total expenditures	<u>2,879,060</u>	<u>2,931,586</u>	<u>\$ 3,827,861</u>	<u>\$ (896,275)</u>
Receipts over (under) expenditures	6,926	52,063		
Unencumbered cash, July 1	<u>1,884,956</u>	<u>1,891,882</u>		
Unencumbered cash, June 30	<u>\$ 1,891,882</u>	<u>\$ 1,943,945</u>		

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2n

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		<u>2017</u>		Variance Over (Under)	
	<u>2016 Actual</u>	<u>Actual</u>	<u>Budget</u>		
Cash Receipts					
Local sources					
Reimbursements	\$ 836	\$ 803	\$ 5,000	\$ (4,197)	
Miscellaneous	0	0	5,000	(5,000)	
State sources					
State aid	2,336	3,265	1,751	1,514	
Federal sources					
Vocational aid	0	0	31,976	(31,976)	
Operating transfers					
General	440,749	135,000	0	135,000	
Supplemental general	<u>100,000</u>	<u>508,000</u>	<u>504,349</u>	<u>3,651</u>	
Total cash receipts	<u>543,921</u>	<u>647,068</u>	\$ <u>548,076</u>	\$ <u>98,992</u>	
Expenditures					
Instruction					
Salaries	357,285	363,628	\$ 642,551	\$ (278,923)	
Employee benefits	55,025	55,957	69,450	(13,493)	
Purchased professional & technical services	0	0	7,380	(7,380)	
Other purchased services	4,976	3,858	5,149	(1,291)	
Supplies	33,030	29,630	37,511	(7,881)	
Property	0	0	16,035	(16,035)	
Other	0	0	1,000	(1,000)	
Operations and maintenance					
Purchased property services	2,383	1,287	4,000	(2,713)	
Student transportation					
Other	<u>9,773</u>	<u>8,089</u>	<u>15,000</u>	<u>(6,911)</u>	
Total expenditures	<u>462,472</u>	<u>462,449</u>	\$ <u>798,076</u>	\$ <u>(335,627)</u>	
Receipts over (under) expenditures	81,449	184,619			
Unencumbered cash, July 1	<u>715,495</u>	<u>796,944</u>			
Unencumbered cash, June 30	\$ <u>796,944</u>	\$ <u>981,563</u>			

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2o

SPECIAL PURPOSE FUNDS
KANSAS PUBLIC RETIREMENT SYSTEM

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
State sources				
State aid	\$ 0	\$ 0	\$ 0	\$ 0
Operating transfers				
General	1,704,543	1,622,915	2,356,313	(733,398)
Total cash receipts	1,704,543	1,622,915	2,356,313	(733,398)
Expenditures				
Instruction				
Employee benefits	1,368,588	1,290,639	\$ 1,892,442	\$ (601,803)
Student support				
Employee benefits	89,662	91,825	127,966	(36,141)
Instructional support				
Employee benefits	31,049	30,724	42,312	(11,588)
General administration				
Employee benefits	46,698	48,689	64,160	(15,471)
School administration				
Employee benefits	64,989	63,425	89,193	(25,768)
Other supplemental services				
Employee benefits	18,228	16,501	23,993	(7,492)
Maintenance				
Employee benefits	52,140	52,441	65,021	(12,580)
Student transportation services				
Employee benefits	105	0	0	0
Food service				
Employee benefits	33,084	28,671	51,226	(22,555)
Total expenditures	1,704,543	1,622,915	\$ 2,356,313	\$ (733,398)
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	0	0		
Unencumbered cash, June 30	\$ 0	\$ 0		

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2p

SPECIAL PURPOSE FUNDS
CO-OP SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance Over (Under)
	2016 Actual	Actual	Budget	
Cash Receipts				
Local sources				
Other districts payments	\$ 8,530,786	\$ 8,435,892	\$ 8,886,387	\$ (450,495)
USD 368 payments	2,226,601	2,243,969	3,397,861	(1,153,892)
Interest	2,358	9,235	10,000	(765)
Reimbursements	555,841	305,432	0	305,432
State sources				
Greenbush	240,966	238,947	0	238,947
Federal sources				
Title VI B	1,726,096	1,774,750	1,750,823	23,927
Medicaid	414,452	455,708	450,000	5,708
Total cash receipts	<u>13,697,100</u>	<u>13,463,933</u>	<u>\$ 14,495,071</u>	<u>\$ (1,031,138)</u>
Expenditures				
Instruction				
Salaries	9,962,196	9,871,692	\$ 10,650,571	\$ (778,879)
Employee benefits	1,624,039	1,660,895	1,841,000	(180,105)
Purchased professional services	10,773	0	235,000	(235,000)
Other purchased services	717,429	712,036	530,000	182,036
Supplies	98,334	85,253	1,087,000	(1,001,747)
Student support services				
Salaries	666,958	690,302	690,000	302
Special area administrative services				
Salaries	178,237	182,391	184,500	(2,109)
Operations and maintenance				
Purchased professional services	8,719	7,566	15,000	(7,434)
Purchased property services	4,304	1,247	7,000	(5,753)
Other purchased services	88,299	74,782	115,000	(40,218)
Vehicle operating service				
Other purchased services	117,739	107,704	130,500	(22,796)
Supplies	5,852	6,638	9,500	(2,862)
Total expenditures	<u>13,482,879</u>	<u>13,400,506</u>	<u>\$ 15,495,071</u>	<u>\$ (2,094,565)</u>
Receipts over (under) expenditures	214,221	63,427		
Unencumbered cash, July 1	<u>1,921,640</u>	<u>2,135,861</u>		
Unencumbered cash, June 30	\$ <u>2,135,861</u>	\$ <u>2,199,288</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2q

SPECIAL PURPOSE FUNDS
SPECIAL ASSESSMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2017
(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016			Over
	Actual	Actual	Budget	(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 422	\$ 0	\$ 73	\$ (73)
Delinquent tax	199	138	1	137
County sources				
Motor vehicle	1,335	2,334	2,633	(299)
Recreational vehicle tax	98	56	61	(5)
Commercial vehicle tax	145	25	80	(55)
In Lieu of Taxes IRBs	0	0	69	(69)
Special assessment	2,000	0	0	0
Total cash receipts	4,199	2,553	\$ 2,917	\$ (364)
Expenditures				
Facilities acquisition				
Site improvement services	0	0	\$ 20,029	\$ (20,029)
Receipts over (under) expenditures	4,199	2,553		
Unencumbered cash, July 1	19,590	23,789		
Unencumbered cash, June 30	\$ 23,789	\$ 26,342		

County sources

Unified School District Number 368**Paola, Kansas**Schedule 2r

SPECIAL PURPOSE FUNDS

TITLE I

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	2016 Actual	2017 Actual
Cash Receipts		
Federal sources		
Grant	\$ 307,614	\$ 304,742
Expenditures		
Instruction		
Salaries	263,686	256,638
Employee benefits	37,704	41,985
Supplies	0	1,649
Purchased professional services	1,500	1,500
Student support services		
Other purchased services	4,724	2,970
Total expenditures	307,614	304,742
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	0	0
Unencumbered cash, June 30	\$ 0	\$ 0

See Independent Auditor's Report.

Unified School District Number 368**Paola, Kansas**Schedule 2s

SPECIAL PURPOSE FUNDS

TITLE II A TEACHER QUALITY IMPROVEMENT GRANT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	2016 Actual	2017 Actual
Cash Receipts		
Federal sources		
Grants	\$ 43,995	\$ 42,923
Expenditures		
Instruction		
Salaries	27,942	24,946
Purchased professional & technical services	16,053	17,977
Total expenditures	43,995	42,923
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	0	0
Unencumbered cash, June 30	\$ 0	\$ 0

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2t

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION - CARL PERKINS GRANT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	2016 Actual	2017 Actual
Cash Receipts		
Federal sources		
Grant	\$ 32,987	\$ 31,976
Expenditures		
Instruction		
Salaries	1,645	1,551
Supplies	16,411	7,010
Professional development	2,672	7,380
Property	12,259	16,035
Total expenditures	32,987	31,976
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	0	0
Unencumbered cash, June 30	\$ 0	\$ 0

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2u

SPECIAL PURPOSE FUNDS
CONTINGENCY RESERVE

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	2016 Actual	2017 Actual
Cash Receipts		
Operating transfers		
General Fund	\$ 0	\$ 0
Expenditures	<u>0</u>	<u>0</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>1,144,000</u>	<u>1,144,000</u>
Unencumbered cash, June 30	\$ <u><u>1,144,000</u></u>	\$ <u><u>1,144,000</u></u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2v

SPECIAL PURPOSE FUNDS
STUDENT MATERIAL REVOLVING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the year ended June 30, 2017
(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Cash Receipts		
Local sources		
Rental fees	\$ 120,838	\$ 159,337
Operating transfers		
General	0	100,000
Supplemental general	<u>0</u>	<u>40,000</u>
 Total revenue	 <u>120,838</u>	 <u>299,337</u>
 Expenditures		
Instruction		
Textbook purchases	<u>433,149</u>	<u>116,554</u>
 Receipts over (under) expenditures	 (312,311)	 182,783
 Unencumbered cash, July 1	 <u>665,676</u>	 <u>353,365</u>
 Unencumbered cash, June 30	 <u>\$ 353,365</u>	 <u>\$ 536,148</u>

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2w

BOND & INTEREST FUNDS BOND & INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

		2017		Variance
	2016	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 1,156,976	\$ 1,815,348	\$ 1,646,505	\$ 168,843
Delinquent	21,890	24,308	13,506	10,802
Other	30	0	0	0
County sources				
Motor vehicle	189,042	184,346	186,675	(2,329)
Recreational vehicle	7,728	7,767	4,323	3,444
Commercial vehicle	8,948	3,754	5,676	(1,922)
In lieu of taxes IRBs	1,983	3,811	4,924	(182,864)
State sources				
Equalization aid	796,701	849,311	876,105	844,387
Total cash receipts	2,183,298	2,888,645	\$ 2,737,714	\$ 840,361
Expenditures				
Debt service				
Bond principal	2,195,000	2,135,000	\$ 2,135,000	\$ 0
Interest	755,743	604,714	604,714	0
Total expenditures	2,950,743	2,739,714	\$ 2,739,714	\$ 0
Receipts over (under) expenditures	(767,445)	148,931		
Unencumbered cash, July 1,	3,502,262	2,734,817		
Unencumbered cash, June 30,	\$ 2,734,817	\$ 2,883,748		

See Independent Auditor's Report.

Unified School District Number 368**Paola, Kansas**Schedule 2x**CAPITAL PROJECT FUNDS
CONSTRUCTION****SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS**

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	2016 Actual	2017 Actual
Cash Receipts		
Local sources		
Gain on investments	\$ 306,490	\$ 0
Transfers from capital outlay	1,500,000	500,000
Other Income	0	0
	<hr/>	<hr/>
Total cash receipts	1,806,490	500,000
	<hr/>	<hr/>
Expenditures		
Construction		
Cost of issuance	3,000	0
Electrical safety & security - phase 1	0	(2,222)
Construction contingency - phase 1	0	(6,083)
Management fees - phase 2	318,267	60,578
Architect fees - phase 2	0	26,716
Concrete - phase 2	220,595	0
Steel fabrication - phase 2	4,407	0
Carpentry & doors - phase 2	0	40,886
Roofing/sheet metal - phase 2	0	(27,640)
Glass & glazing - phase 2	308	650
Gypsum assemblies - phase 2	0	(120,614)
Acoustical ceilings - phase 2	2,668	0
Wood athletic floor - phase 2	1,200	0
Resinous flooring - phase 2	3,500	0
Carpet & flooring - phase 2	691	0
Painting - phase 2	0	(4,103)
Gym equipment - phase 2	110,181	(17,605)
Telescoping bleachers - phase 2	8,730	0
Plumbing - phase 2	78,911	0
Mechanical/HVAC - phase 2	4,689	0
Electrical & communications - phase 2	20,107	3,138
Asphalt paving - phase 2	1,250	0
Synthetic turf - phase 2	9,612	(135)
Sports landscaping - phase 2	636,782	202,052
General landscaping - phase 2	11,520	0
Construction allowance - phase 2	96,203	0
Construction contingency - phase 2	13,140	0
Insurance - phase 2	193,505	2,223
Construction management fee - phase 2	424,746	(12,614)
General expenses - phase 2	44,936	5,576
Owner Provided Equipment - phase 2	39,366	0
Owner Contingency	0	(18,015)

See Independent Auditor's Report.

Unified School District Number 368**Paola, Kansas**Schedule 2x**CAPITAL PROJECT FUNDS
CONSTRUCTION****SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS**

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	2016 Actual	2017 Actual
Expenditures - continued		
Construction - continued		
Fences & gates - phase 2	\$ 47,909	\$ 0
Earthwork & utilities - phase 2	71,898	2,999
Biology Lab/Greenhouse	0	213,485
Industrial Park Building	0	25,000
Final Construction cleaning - phase 2	(496)	0
	<u>2,367,625</u>	<u>374,272</u>
Total expenditures		
	<u>2,367,625</u>	<u>374,272</u>
Receipts over (under) expenditures	(561,135)	125,728
Unencumbered cash, July 1	427,851	147,856
Cancelled Purchase Orders	<u>281,140</u>	<u>0</u>
Unencumbered cash, June 30	\$ <u><u>147,856</u></u>	\$ <u><u>273,584</u></u>

See Independent Auditor's Report.

Unified School District Number 368**Paola, Kansas**Schedule 2y**BUSINESS TYPE FUNDS
HEALTH INSURANCE****SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS**

For the year ended June 30, 2017

(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	<u>2016 Actual</u>	<u>2017 Actual</u>
Cash Receipts		
Local sources		
Interest	\$ 6,002	\$ 6,649
Miscellaneous income	96	0
Reimbursements	<u>2,034,677</u>	<u>2,242,613</u>
Total cash receipts	<u>2,040,775</u>	<u>2,249,262</u>
Expenditures		
General		
Claims	1,251,622	1,900,586
Administrative fees	<u>399,799</u>	<u>393,528</u>
Total expenditures	<u>1,651,421</u>	<u>2,294,114</u>
Receipts over (under) expenditures	389,354	(44,852)
Unencumbered cash, July 1	<u>887,215</u>	<u>1,276,569</u>
Unencumbered cash, June 30	<u>\$ 1,276,569</u>	<u>\$ 1,231,717</u>

See Independent Auditor's Report.

Unified School District Number 368

Paola, Kansas

Schedule 2z

TRUST TYPE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2017

<u>Expendable Scholarship Trust Funds</u>	Beginning Unencumbered Cash	Cash Receipts	Expenditures	Ending Unencumbered Cash
Greason Scholarship	\$ 1,850	\$ 52	\$ 0	\$ 1,902
Humphrey Scholarship	10,010	161	160	10,011
Darland Scholarship	4,488	107	90	4,505
Hileman Scholarship	7,502	116	150	7,468
Charitable Foundation Scholarship	<u>71,487</u>	<u>58,983</u>	<u>47,699</u>	<u>82,771</u>
Total Expendable Scholarship Trust Funds	<u>\$ 95,337</u>	<u>\$ 59,419</u>	<u>\$ 48,099</u>	<u>\$ 106,657</u>
	Beginning Unencumbered Cash	Cash Receipts	Expenditures	Ending Unencumbered Cash
<u>Permanent Trust Funds</u>				
Cook Scholarship	\$ 258,094	\$ 3,632	\$ 3,632	\$ 258,094
Total Permanent Scholarship Trust Funds	<u>258,094</u>	<u>3,632</u>	<u>3,632</u>	<u>258,094</u>
Total Trust Funds	<u>\$ 353,431</u>	<u>\$ 63,051</u>	<u>\$ 51,731</u>	<u>\$ 364,751</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2017

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Sunflower Elementary School				
Yearbook	\$ 213	\$ (69)	\$ 0	\$ 144
Field Trips	0	1,857	1,857	0
Student Council (vending)	1,006	1,118	1,659	465
Endowment Grant-Roman Barn	0	3,100	3,100	0
Miscellaneous	2,174	6,253	5,965	2,462
PTO	1,779	3,000	1,298	3,481
Donations	5,124	2,247	3,741	3,630
Teacher Grant	0	1,370	1,370	0
Teacher of the Year	1,206	0	1,206	0
T-shirts	49	0	49	0
Library	0	223	223	0
Total Sunflower Elementary	<u>\$ 11,551</u>	<u>\$ 19,099</u>	<u>\$ 20,468</u>	<u>\$ 10,182</u>
Paola Middle School				
Box Tops for Education	\$ 2,161	\$ 261	\$ 10	\$ 2,412
Student Council	2,500	718	985	2,233
Target (rebates)	307	961	1,211	57
Band	121	3,375	1,323	2,173
Drama/Scholarship	1,884	0	500	1,384
Donations	3,434	4,984	4,471	3,947
Teacher of the Year	10	0	0	10
Promotions	193	2,905	2,740	358
PMS Vocal Music	5	3,432	1,356	2,081
Magazine Sales	18,972	10,600	11,831	17,741
Miscellaneous	3,137	7,846	10,494	489
Roman-B Mini-Grant	0	2,411	2,411	0
Yearbook	165	7,519	7,684	0
School Book Fair	435	3,454	3,471	418
Love to Learn	0	250	250	0
Concessions	250	7,529	7,529	250
F.I.R.S.T. LEGO	1,221	0	0	1,221
Kansas Association	2,228	2,592	2,692	2,128
Cheerleaders	2,337	4,968	3,884	3,421
Students Against Drunk Drivers	202	340	200	342
Chromebook	0	539	539	0
Athletic Donations	3,917	0	0	3,917
Total Paola Middle School	<u>\$ 43,479</u>	<u>\$ 64,684</u>	<u>\$ 63,581</u>	<u>\$ 44,582</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2017

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Paola High School				
Athletic Donations	\$ 2,582	\$ 4,167	\$ 5,151	\$ 1,598
F.B.L.A.	561	164	180	545
Band	177	5,020	2,466	2,731
Concessions	1,000	16,559	16,906	653
Class of 2012	933	0	933	0
Class of 2014	189	0	189	0
Class of 2016	19	0	19	0
Class of 2017	2,298	2,375	4,383	290
Class of 2018	2,265	8,495	9,667	1,093
Class of 2019	1,152	1,179	0	2,331
Class of 2020	0	1,762	27	1,735
F.C.A.	67	0	0	67
F.F.A.	2,788	25,291	24,850	3,229
FCCLA	427	1,169	1,254	342
Advertising	0	8,400	3,903	4,497
Kansas Associates	709	185	189	705
Madrigals Club	0	4,070	448	3,622
National Honor Society	252	1,424	605	1,071
Rat Pack	264	1,157	1,357	64
Robotics	19,171	11,360	10,440	20,091
Scholar Bowl	888	3,505	3,731	662
Scholarships	338	0	0	338
Spirit Squad	1,410	9,703	4,406	6,707
S.A.D.D.	1,229	90	505	814
Student Council	1,440	6,621	6,682	1,379
Counseling Donations	0	826	90	736
Drama Club	559	4,125	4,204	480
Strength Club	978	754	1,732	0
Flag Team Club	257	0	0	257
ACE/Football	8,450	9,673	9,437	8,686
Thespian Club	211	11,305	11,200	316
Drill Team	1,236	2,924	2,870	1,290
Leadership Class	1	7,894	7,128	767
IHT	214	2,350	2,564	0
Reporter	0	3,694	2,532	1,162
Grant/Ward	625	0	203	422
Photography	54	0	0	54
Miscellaneous	676	7,709	7,072	1,313
Baseball	0	5,083	3,730	1,353
Cross Country	5	256	256	5

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2017

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Paola High School - continued				
Softball	\$ 2,804	\$ 3,418	\$ 2,275	\$ 3,947
Girls Basketball	14	12,714	9,460	3,268
Boys Basketball	0	1,110	0	1,110
Volleyball	1,264	4,739	3,503	2,500
Wrestling	73	3,776	3,849	0
Culinary Arts	1,103	1,875	2,650	328
Breakfast Club	348	427	561	214
SKILLSUSA Club	891	2,611	2,694	808
Donations	1,135	14,452	14,236	1,351
	<u>1,135</u>	<u>14,452</u>	<u>14,236</u>	<u>1,351</u>
 Total Paola High School	 \$ <u>61,057</u>	 \$ <u>214,411</u>	 \$ <u>190,537</u>	 \$ <u>84,931</u>
 Cottonwood Elementary School				
Donations	\$ 494	\$ 3,162	\$ 2,249	\$ 1,407
Field Trips	0	6,485	6,485	0
PTO	761	3,499	2,746	1,514
Night at the Museum	1,873	8,304	7,371	2,806
Roman-B Mini-Grant	0	3,200	3,200	0
Teacher of the Year	0	1,298	1,298	0
Library	0	55	55	0
Yearbook	0	3,273	3,273	0
Miscellaneous	0	639	639	0
Science Department	14	0	0	14
Lowes Education	\$ 1,025	0	764	261
	<u>1,025</u>	<u>0</u>	<u>764</u>	<u>261</u>
 Total Cottonwood Elementary	 \$ <u>4,167</u>	 \$ <u>29,915</u>	 \$ <u>28,080</u>	 \$ <u>6,002</u>
 Adult Education Center				
Miscellaneous	\$ 37	0	0	37
	<u>37</u>	<u>0</u>	<u>0</u>	<u>37</u>
 Panther Robotics	 \$ 1,140	 \$ 100	 \$ 432	 \$ 808
	<u>1,140</u>	<u>100</u>	<u>432</u>	<u>808</u>
 Total All Schools	 \$ <u>121,431</u>	 \$ <u>328,209</u>	 \$ <u>303,098</u>	 \$ <u>146,542</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 4

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2017

	Unencumbered Cash Balance Beginning	Cash Receipts	Expenditures	Unencumbered Cash Balance Ending	Outstanding Encumbrances and Accounts Payable	Cash Balance Ending
Sunflower Elementary School						
Fees and User Charges						
Activity	\$ 0	\$ 4,855	\$ 4,855	\$ 0	\$ 0	\$ 0
Sales Tax	0	266	266	0	0	0
Petty Cash	0	1,551	1,551	0	0	0
	<u>0</u>	<u>6,672</u>	<u>6,672</u>	<u>0</u>	<u>0</u>	<u>0</u>
Paola Middle School						
Gate Receipts						
Athletics	2,500	32,106	32,105	2,501	0	2,501
Fees and User Charges						
Vending	0	2,139	2,139	0	0	0
Activities	0	6,582	6,582	0	0	0
Petty Cash	0	104	104	0	0	0
Sales Tax	0	1,840	1,840	0	0	0
Pay to Participate	0	11,061	11,061	0	0	0
	<u>0</u>	<u>21,726</u>	<u>21,726</u>	<u>0</u>	<u>0</u>	<u>0</u>
Paola High School						
Fes and User Charges						
D-Art Fees	0	6,237	6,237	0	0	0
Book	0	3,649	3,649	0	0	0
Drivers Education	0	14,790	14,790	0	0	0
Pay to Participate	0	12,777	12,777	0	0	0
Vending	395	849	1,149	95	193	288
Lab	0	63	63	0	0	0
Vocational Ag	0	453	453	0	0	0
Woodworking	0	8,108	8,108	0	0	0
Sales Tax	0	9,532	9,532	0	0	0
Roman Barnard	0	2,775	2,775	0	0	0
Media Center	0	284	284	0	0	0
Teacher of the Year	822	0	822	0	0	0
Yearbook Fees	0	36,525	36,525	0	0	0
Athletics	0	7,057	7,057	0	0	0
Drama/Play	0	8,785	7,657	1,128	0	1,128
Petty Cash	0	1,174	1,174	0	0	0
	<u>1,217</u>	<u>113,058</u>	<u>113,052</u>	<u>1,223</u>	<u>193</u>	<u>1,416</u>
Gate Receipts	<u>10,155</u>	<u>60,361</u>	<u>70,516</u>	<u>0</u>	<u>2,390</u>	<u>2,390</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 4

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
REGULATORY BASIS

For the year ended June 30, 2017

	Unencumbered Cash Balance Beginning	Cash Receipts	Expenditures	Unencumbered Cash Balance Ending	Outstanding Encumbrances and Accounts Payable	Cash Balance Ending
Cottonwood Elementary School						
Fes and User Charges						
Petty Cash	\$ 0	\$ 440	\$ 440	\$ 0	\$ 0	\$ 0
Vending	0	847	847	0	0	0
Sales Tax	0	291	291	0	0	0
Activities	0	2,530	2,530	0	0	0
	<u>0</u>	<u>4,108</u>	<u>4,108</u>	<u>0</u>	<u>0</u>	<u>0</u>
Administration Activity Fund						
Fees and charges	3,956	3,300	5,761	1,495	0	1,495
	<u>3,956</u>	<u>3,300</u>	<u>5,761</u>	<u>1,495</u>	<u>0</u>	<u>1,495</u>
Total All Schools	\$ <u>17,828</u>	\$ <u>241,331</u>	\$ <u>253,940</u>	\$ <u>5,219</u>	\$ <u>2,583</u>	\$ <u>7,802</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 5

RELATED MUNICIPAL ENTITY
ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
REGULATORY BASIS
For the year ended June 30, 2017

Endowment Fund Scholarships	Beginning Balance	Cash Receipts	Cash Expenditures	Ending Balance
Bea Mount	\$ 92,931	\$ 5,273	\$ 11,250	\$ 86,954
Carl Gump	153,717	24,616	27,598	150,735
William & Carol Young	243,565	11,568	33,000	222,133
Derek Leis	12,332	1,567	3,000	10,899
Edna Patterson	267,493	13,022	30,000	250,515
McLaughlin/Boyd/Emery	46,407	2,219	6,000	42,626
Myrtle Haug	32,924	1,607	3,900	30,631
Evening Lions	20,694	2,231	3,000	19,925
Rotary Scholars	25,004	5,098	9,000	21,102
McNelly Scholars	5,192	249	650	4,791
Nettie Hook	81,606	3,228	6,443	78,391
Walter and Lucille Smith	20,123	995	1,950	19,168
Danny Locke	875	125	1,000	0
Schwartz Family	59,377	2,812	8,200	53,989
Vivian Kircher	10,675	520	1,200	9,995
Hillsdale Elementary	11,359	541	1,500	10,400
USD #368 Endowment	60,494	67,511	89,600	38,405
Jesse Barker	31,265	1,502	3,900	28,867
Quincy Hipp	9,152	444	1,050	8,546
Tracy Kohl	6,378	319	1,000	5,697
Stockwell	20,534	1,967	2,700	19,801
Frances Balocca	2,000	8,000	10,000	0
Roman/Barnard	216,178	9,307	11,200	214,285
Ralph and Ersa Wilcox Rossman	29,804	1,474	2,900	28,378
Ellyn Reynolds	332,534	17,962	35,500	314,996
Chloe Hays	2,805	116	540	2,381
Darrel Hurlbut	16,143	771	2,100	14,814
Kevin Armstrong	6,795	324	900	6,219
Diana Green	5,927	926	1,200	5,653
Lyman & Ingram Smith	4,571	(4,571)	0	0
Kirk Wilson	18,965	1,466	2,250	18,181
W.C. Hartley	17,480	836	2,250	16,066
Carl Buchman	51,891	2,349	7,500	46,740
Vest Family	457,554	21,835	60,000	419,389
E. J. Meeks	59,758	3,424	7,000	56,182
Paola County	7,963	183	4,000	4,146
5 for 5	5	495	500	0
Dr Robert Banks	4,257	6,759	972	10,044
PEO Sisterhood	0	19,005	2,000	17,005
Nada Thoden Memorial	0	12,218	1,000	11,218
Wendell & Louses Winkler	0	10,981	500	10,481
Steffff (Knecht)	0	500	500	0

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 5

RELATED MUNICIPAL ENTITY
ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
REGULATORY BASIS
For the year ended June 30, 2017

Endowment Fund Scholarships	Beginning Balance	Cash Receipts	Cash Expenditures	Ending Balance
Dennis A Kurteng	\$ 0	\$ 49,899	\$ 0	\$ 49,899
Interest	889	1,406	1,694	601
Dividends	39,861	107,973	109,662	38,172
Stock Gains/Losses	(2,697)	(261,857)	(367,858)	103,304
Administration	1,402	3,443	5,154	(309)
	<u>\$ 2,486,182</u>	<u>\$ 162,638</u>	<u>\$ 147,405</u>	<u>\$ 2,501,415</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 6

BOND & INTEREST FUNDS
BOND PROCEEDS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the year ended June 30, 2017
(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	2016 Actual	2017 Actual
Cash Receipts		
Local sources		
Bond proceeds 2016	\$ 0	\$ 6,975,000
Reofferring premium on 2016 series	0	837,650
Bond proceeds 2017	0	4,710,000
Reofferring premium on 2016 series	0	258,751
	<hr/>	<hr/>
Total cash receipts	0	12,781,401
	<hr/>	<hr/>
Expenditures		
Debt service		
Escrow deposit	0	12,612,671
Bond counsel	0	28,000
Rating agency fee	0	15,000
Paying agent	0	2,500
Escrow trustee	0	2,000
Escrow verification	0	2,000
CUSIP fee	0	1,000
State treasurer setup fee	0	300
AG transcript approval fee	0	250
Bond certification expense	0	270
Bond registration fee	0	30
Bond redemption fee	0	30
Miscellaneous	0	500
Underwriter's discount	0	116,850
	<hr/>	<hr/>
Total expenditures	0	12,781,401
	<hr/>	<hr/>
Receipts over (under) expenditures	0	0
	<hr/>	<hr/>
Unencumbered cash, July 1,	0	0
	<hr/>	<hr/>
Unencumbered cash, June 30,	\$ 0	\$ 0
	<hr/> <hr/>	<hr/> <hr/>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Federal Grant Pass Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Revenues	Expenditures
<u>U.S. Department of Education</u>				
<u>Pass Through Kansas Department of Education</u>				
Special Ed Cluster				
Special Education Grants to States	84.027	N/A	\$ 1,719,788	\$ 1,719,788
Special Education Preschool	84.173	N/A	55,650	55,650
			<u>1,775,438</u>	<u>1,775,438</u>
Title I Grants to Local Education Agencies	84.010	DO368	304,742	304,742
Vocational Education	84.048	N/A	31,976	31,976
Title IIA Improving Teacher Quality	84.367	DO368	42,923	42,923
Youth Risk Behavior Survey	84.000	N/A	0	0
<u>Pass Through Kansas Board of Regents</u>				
Adult Education	84.002	N/A	155,297	155,297
			<u>534,938</u>	<u>534,938</u>
Total U.S. Department of Education			<u>2,310,376</u>	<u>2,310,376</u>
<u>U.S. Department of Agriculture</u>				
<u>Pass Through Kansas Department of Education</u>				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A	92,253	92,253
National School Lunch Program	10.555	N/A	380,993	380,993
Summer Food Program for Chikldren	10.559	N/A	3,855	3,855
			477,101	477,101
Other	10.547	N/A	108	108
State Administration Expense	10.560		50	50
			<u>477,259</u>	<u>477,259</u>
Total U.S. Department of Agriculture				
<u>U.S. Department of Health and Human Services</u>				
Temporary Assistnace for Needy Famlies	93.558	N/A	136,677	136,677
Total revenues and expenditures of federal awards			<u>\$ 2,924,312</u>	<u>\$ 2,924,312</u>

The District did not provide federal awards to subrecipients for the year ended June 30, 2017

See accompanying notes to this schedule.

Unified School District Number 368
Paola, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2017

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Unified School District Number 368 under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of Unified School District Number 368, it is not intended to and does not present the summary of receipts, expenditures and unencumbered cash of Unified School District Number 368.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule of Expenditures of Federal Awards are reported based upon the Kansas Municipal Audit and Accounting Guide.

NOTE C. INDIRECT COST RATE

Unified School District Number 368 did not use the standard indirect cost rate of 10%.

SPECIAL REPORTS

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

Board of Education
Unified School District Number 368
Paola, Kansas

We have audited, in accordance with 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 statement of Unified School District Number 368 as of and for the year ended June 30, 2017, and the related notes to the financial statement, which comprise the District's regulatory basis financial statements and have issued our report thereon dated November 10, 2017. The District prepares its financial statements on a regulatory basis of accounting which demonstrates compliance with *Kansas Municipal Audit and Accounting Guide*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free 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*.

Purpose of this Report

The purpose of this report is intended 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.

Gyler & Guddert, Chartered

November 10, 2017
Ottawa, Kansas

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

Board of Education
Unified School District Number 368
Paola, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District Number 368'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 District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on each Major Federal Program

In our opinion, the District complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 upon requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Opfer & Goodert, Chartered

November 10, 2017
Ottawa, Kansas

Unified School District Number 368
Paola, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP	<u>Adverse</u>
Type of report the auditor issued on whether the financial statement audited was prepared in accordance with regulatory basis	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses:	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses:	<u>None noted</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal awards	<u>No</u>

Identification of major programs:

<u>CFDA Number's</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
Special Ed Cluster		
84.027	Special Education EHC Flo-thru	\$ 1,719,788
84.173	Special Education Preschool	55,650
		<u>\$ 1,775,438</u>
Dollar threshold used to distinguish between Type A and Type B programs		750,000
Auditee qualified as a low-risk auditee?		No