

UNIFIED SCHOOL DISTRICT NO. 379

Clay Center, Kansas

Financial Statements

For the Year Ended June 30, 2017

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UNIFIED SCHOOL DISTRICT NO. 379
Clay Center, Kansas
Financial Statements
For the Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District No. 379
Clay Center, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 379, Clay Center, Kansas, (the District), as of and for the year ended June 30, 2017 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mike Houser: Company PA

Certified Public Accountants

August 16, 2017
Lawrence, KS

UNIFIED SCHOOL DISTRICT NO. 379
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2017

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
General Funds:							
General	\$ -	\$ -	\$ 9,251,679	\$ 9,251,679	\$ -	\$ 60,201	\$ 60,201
Supplemental General	129,845	-	2,888,763	2,880,460	138,148	10,484	148,632
Special Purpose Funds:							
At Risk (K-12)	202,183	-	585,000	590,215	196,968	-	196,968
Bilingual Education	9,258	-	-	-	9,258	-	9,258
Virtual Education	50,577	-	85,290	85,264	50,603	-	50,603
Capital Outlay	941,439	-	612,624	738,371	815,692	207,742	1,023,434
Driver Training	64,382	-	14,378	31,056	47,704	-	47,704
Contingency Reserve	309,707	-	-	-	309,707	-	309,707
Food Service	161,910	-	762,877	762,517	162,270	-	162,270
Professional Development	40,640	-	10,000	19,969	30,671	13	30,684
Parent Education	8,383	-	69,530	74,170	3,743	2,677	6,420
Special Education	775,851	-	1,743,509	1,797,464	721,896	-	721,896
Vocational Education	163,051	-	525,726	552,740	136,037	6,495	142,532
Special Education Cooperative	550,569	-	4,915,080	4,920,566	545,083	13,964	559,047
KPERS Retirement							
Contribution	-	-	844,491	844,491	-	-	-
Textbook Rental	275,975	-	160,085	230,595	205,465	187,191	392,656
Gifts and Grants	22,897	-	25,848	22,680	26,065	3,136	29,201
Grants	14,473	-	584,941	598,600	814	72,442	73,256
District Activity	35,568	-	176,267	173,836	37,999	-	37,999
Bond and Interest Fund:							
Bond and Interest	799,464	-	753,476	723,094	829,846	-	829,846
Capital Projects Funds:							
2015 Bond Proceeds	86,680	-	100,492	187,172	-	-	-
FEMA	9,009	-	12	9,021	-	-	-
Total Reporting Entity (Excluding Agency Funds)	\$ 4,651,861	\$ -	\$ 24,110,068	\$ 24,493,960	\$ 4,267,969	\$ 564,345	\$ 4,832,314

Composition of Cash

Union State Bank	Checking	\$ 4,956,177
	Total Union State Bank	4,956,177
United Bank & Trust	Checking	88,015
	Total United Bank & Trust	88,015
Farmers & Merchants Bank	Checking	31,750
	Total Farmers & Merchants Bank	31,750
	Total Cash	5,075,942
	Less Agency Funds per Schedule 3	[243,628]
	Total Reporting Entity (Excluding Agency Funds)	\$ 4,832,314

UNIFIED SCHOOL DISTRICT NO. 379
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Unified School District No. 379 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements include all the accounts for which the District is considered to be financially accountable. The District had no related municipal entities.

Reimbursed Expenses

Expenditures in the amount of \$42,470 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payments for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Basis of Accounting

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

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

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the District for the year ended June 30, 2017:

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

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

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

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

Agency Fund - used to report assets held by a municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, student organization fund, permanent trust funds, etc.).

UNIFIED SCHOOL DISTRICT NO. 379
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget for the year ended June 30, 2017 was not amended.

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

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

A legal operating budget is not required for capital project funds, agency funds, and the following special purpose funds: Contingency Reserve, Textbook Rental and District Activity.

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

UNIFIED SCHOOL DISTRICT NO. 379
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 2 - Deposits and Investments

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

Investments. K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. As of June 30, 2017, the District held no such investments.

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.

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

At June 30, 2017, the District's carrying amount of deposits was \$5,075,942 and the bank balance was \$5,209,971. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$471,824 was covered by federal depository insurance and the balance of \$4,738,147 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

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

NOTE 3 - In-Substance Receipt in Transit

The District received \$634,301 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 4 - Long-term Debt

General Obligation Bonds. The District issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities.

General Obligation Bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued with equal amounts of principal maturing each year. General Obligation Bonds currently outstanding are as follows:

<u>Issue</u>	<u>Date Issued</u>	<u>Date of Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance June 30, 2017</u>
Paid for by revenues:					
General Obligation Bonds					
Series 2005-A Refunding	12/15/2005	2020	3.50 - 4.250%	\$ 3,795,000	\$ 1,505,000
Series 2015-A	4/1/2015	2031	2.00 - 3.00%	<u>7,600,000</u>	<u>7,600,000</u>
				<u>\$ 11,395,000</u>	<u>\$ 9,105,000</u>

UNIFIED SCHOOL DISTRICT NO. 379
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 4 - Long-term Debt (Continued)

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

General Obligation Bonds			
<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2017-18	\$ 545,000	\$ 240,077	\$ 785,077
2018-19	560,000	220,529	780,529
2019-20	585,000	199,980	784,980
2020-21	600,000	183,450	783,450
2021-22	615,000	171,300	786,300
2023-2027	3,260,000	651,638	3,911,638
2028-2031	2,940,000	179,850	3,119,850
Total	<u>\$ 9,105,000</u>	<u>\$ 1,846,824</u>	<u>\$ 10,951,824</u>

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

<u>Type of Issue</u>	<u>Principal Outstanding</u>	<u>to Principal</u>	<u>of Principal</u>	<u>Principal Balance</u>	<u>Interest Paid</u>
Paid for by revenues:					
General Obligation Bonds					
Series 2005-A Refunding	\$ 1,970,000	\$ -	\$ 465,000	\$ 1,505,000	\$ 64,944
Series 2015-A	<u>7,600,000</u>	<u>-</u>	<u>-</u>	<u>7,600,000</u>	<u>193,150</u>
Totals	<u>\$ 9,570,000</u>	<u>\$ -</u>	<u>\$ 465,000</u>	<u>\$ 9,105,000</u>	<u>\$ 258,094</u>

NOTE 5 - Capital Leases

The District has entered into lease agreements as lessee for financing the acquisition of equipment.

During the year ended June 30, 2017, the following changes occurred in capital leases:

	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Balance</u>	<u>Interest Paid</u>
Capital Leases					
Computers	\$ 334,538	\$ -	\$ 155,826	\$ 178,712	\$ 3,209
Totals	<u>\$ 334,538</u>	<u>\$ -</u>	<u>\$ 155,826</u>	<u>\$ 178,712</u>	<u>\$ 3,209</u>

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

Capital Leases			
<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total Due</u>
2017-18	\$ 93,542	\$ 2,450	\$ 95,992
2018-19	42,192	1,588	43,780
2019-20	<u>42,978</u>	<u>801</u>	<u>43,779</u>
Total	<u>\$ 178,712</u>	<u>\$ 4,839</u>	<u>\$ 183,551</u>

UNIFIED SCHOOL DISTRICT NO. 379
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 6 - Defined Benefit Pension Plan

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate through March 31, 2016 with a 0% moratorium until June 30, 2017 for the Death and Disability Program) and the and the statutory contribution rate was 16.00% and 10.91%, respectively, for the fiscal year ended June 30, 2016. The actuarially determined employer contribution rate and the statutory contribution rate was 16.03% and 10.81%, respectively, for the fiscal year ended June 30, 2017. Per 2016 House Substitute for Senate Bill 161, Section 98(a)(1), state general fund and expanded lottery act revenue funds for employer contributions to KPERS were deferred. The amount deferred for school contributions was \$92,917,091.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$844,491 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 \$16,235,059. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2016. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

UNIFIED SCHOOL DISTRICT NO. 379
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 7 - Interfund Transactions

Transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	At Risk (K-12)	K.S.A. 72-6478	\$ 95,000
General	Capital Outlay	K.S.A. 72-6478	19,489
General	Parent Education	K.S.A. 72-6478	23,600
General	KPERS	K.S.A. 72-6478	844,491
General	Food Service	K.S.A. 72-6478	14,841
General	Special Education	K.S.A. 72-6478	1,218,509
General	Vocational Education	K.S.A. 72-6478	49,000
Supplemental General	At Risk (K-12)	K.S.A. 72-6478	490,000
Supplemental General	Professional Development	K.S.A. 72-6478	10,000
Supplemental General	Food Service	K.S.A. 72-6478	55,000
Supplemental General	Textbook Rental	K.S.A. 72-6478	90,000
Supplemental General	Special Education	K.S.A. 72-6478	525,000
Supplemental General	Vocational Education	K.S.A. 72-6478	462,860
Supplemental General	Virtual Education	K.S.A. 72-6478	85,000
Special Education	Special Education Cooperative	K.S.A. 72-978(h)	1,703,895
FEMA	2015 Bond Proceeds	Fund Closeout	9,021
2015 Bond Proceeds	Bond and Interest	Fund Closeout	<u>95,907</u>
Total			<u>\$ 5,791,613</u>

NOTE 8 - Compensated Absences

Classified personnel employed on a twelve month full-time status are eligible for a paid two week vacation. Vacation days may not be carried over from one fiscal year to another.

Payment for accumulated unused sick leave to a maximum of 60 days will be made upon retirement, death, or reduction in force. Payment will be based on the total number of full years of service in USD No. 379, less the number of prior years of service for which payment has been made. The rate of payment will be determined by the daily rate in effect at the time of retirement. The total number of full years of service and the reimbursement schedule is as follows:

<u>Number of Full Year of Service</u>	<u>Rate of Payment (Percentage of Daily Base Pay Rate)</u>
0 - 3	0%
4 - 9	15%
10 - 19	20%
20 - 29	25%
30 +	30%

The District has not recorded or computed this liability.

UNIFIED SCHOOL DISTRICT NO. 379
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 9 - Termination Benefits

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

NOTE 10 - Risk Management

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

NOTE 11 - Commitments and Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material negative effect on the financial statements of the District at June 30, 2017.

NOTE 12 - Related Party Transactions

During the year ended June 30, 2017, the District paid \$18,602 for fuel and \$3,355 for heating and air services to companies owned by District board members.

NOTE 13 - Other Post Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 14 - Capital Project

On April 1, 2015, USD 379 issued \$7,600,000 of Series 2015-A General Obligation Bonds to provide financing to construct, renovate, improve, equip, furnish, repair, remodel and update certain District education and sports facilities in Clay Center, Kansas, and Wakefield, Kansas, including, but not limited to, constructing a new tornado shelter; providing roofing, lighting, flooring, window and doorway replacements; providing certain high school auditorium improvements; providing new and upgraded air conditioning and heating systems for gymnasiums; constructing additional parking facilities; improving track and softball facilities; undertaking necessary site work and demolition work; and, all other things necessary and incidental thereto. The District also received a grant from FEMA for an additional \$464,031 for the design and construction of a safe room at Clay Center Community Middle School. As of June 30, 2017, the projects were completed and total expenditures incurred were \$8,236,526.

UNIFIED SCHOOL DISTRICT NO. 379
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Maximum Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Positive [Negative]</u>
General Funds:						
General Fund	\$ 9,966,560	\$ [753,986]	\$ 42,470	\$ 9,255,044	\$ 9,251,679	\$ 3,365
Supplemental General	2,880,460	-	-	2,880,460	2,880,460	-
Special Purpose Funds:						
At Risk (K-12)	712,626	-	-	712,626	590,215	122,411
Bilingual Education	14,258	-	-	14,258	-	14,258
Virtual Education	125,577	-	-	125,577	85,264	40,313
Capital Outlay	1,386,866	-	-	1,386,866	738,371	648,495
Driver Training	46,100	-	-	46,100	31,056	15,044
Food Service	845,650	-	-	845,650	762,517	83,133
Professional Development	27,801	-	-	27,801	19,969	7,832
Parent Education	77,937	-	-	77,937	74,170	3,767
Special Education	2,183,080	-	-	2,183,080	1,797,464	385,616
Vocational Education	563,050	-	-	563,050	552,740	10,310
Special Education Cooperative	5,410,050	-	-	5,410,050	4,920,566	489,484
KPERs Retirement Contribution	1,239,727	-	-	1,239,727	844,491	395,236
Gifts and Grants	42,000	-	-	42,000	22,680	19,320
Grants	563,134	-	-	563,134	598,600	[35,466]
Debt Service Fund:						
Bond and Interest	723,094	-	-	723,094	723,094	-

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Over [Under]
Receipts			
Federal aid	\$ 19,832	\$ -	\$ 19,832
State aid	9,172,742	9,946,560	[773,818]
Investment income	16,635	20,000	[3,365]
Reimbursements	42,470	-	42,470
Total Receipts	<u>9,251,679</u>	<u>\$ 9,966,560</u>	<u>\$ [714,881]</u>
Expenditures			
Instruction	3,719,546	\$ 3,805,000	\$ 85,454
Student support services	268,918	268,500	[418]
Instructional support services	271,174	215,000	[56,174]
General administration	262,346	284,000	21,654
School administration	852,433	830,000	[22,433]
Other support services - business and administration	135,794	128,500	[7,294]
Operations and maintenance	999,246	1,101,600	102,354
Student transportation services	477,292	529,200	51,908
Transfers	2,264,930	2,804,760	539,830
Adjustment to Comply with Legal Maximum Budget	-	[753,986]	[753,986]
Adjustment for Qualifying Budget Credits	-	42,470	42,470
Total Expenditures	<u>9,251,679</u>	<u>\$ 9,255,044</u>	<u>\$ 3,365</u>
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Supplemental General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Ad valorem taxes	\$ 1,340,006	\$ 1,231,505	\$ 108,501
Delinquent taxes	22,520	14,646	7,874
Motor vehicle taxes	154,850	152,076	2,774
State aid	<u>1,371,387</u>	<u>1,371,387</u>	<u>-</u>
Total Receipts	<u>2,888,763</u>	<u>\$ 2,769,614</u>	<u>\$ 119,149</u>
Expenditures			
Instruction	757,765	\$ 935,000	\$ 177,235
Student support services	100,000	100,000	-
Instructional support services	1,381	-	[1,381]
General administration	96,414	100,000	3,586
School administration	63,329	66,000	2,671
Other support services - business and administration	78,084	78,100	16
Operations and maintenance	65,627	105,150	39,523
Transfers	<u>1,717,860</u>	<u>1,496,210</u>	<u>[221,650]</u>
Total Expenditures	<u>2,880,460</u>	<u>\$ 2,880,460</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	8,303		
Unencumbered Cash, Beginning	<u>129,845</u>		
Unencumbered Cash, Ending	<u>\$ 138,148</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
At Risk (K-12) Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Transfers	\$ 585,000	\$ 510,443	\$ 74,557
Total Receipts	<u>585,000</u>	<u>510,443</u>	<u>74,557</u>
Expenditures			
Instruction	590,215	\$ 712,626	\$ 122,411
Total Expenditures	<u>590,215</u>	<u>712,626</u>	<u>122,411</u>
Total Expenditures	[5,215]		
Receipts Over [Under] Expenditures	<u>202,183</u>		
Unencumbered Cash, Ending	<u>\$ 196,968</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Bilingual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Transfers	\$ -	\$ 5,000	\$ [5,000]
Total Receipts	<u>-</u>	<u>\$ 5,000</u>	<u>\$ [5,000]</u>
Expenditures			
Instruction	-	\$ 14,258	\$ 14,258
Total Expenditures	<u>-</u>	<u>\$ 14,258</u>	<u>\$ 14,258</u>
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	<u>9,258</u>		
Unencumbered Cash, Ending	<u>\$ 9,258</u>		

See independent auditor's report on the financial statements.

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UNIFIED SCHOOL DISTRICT NO. 379
Virtual Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Transfers	\$ 85,000	\$ 75,000	\$ 10,000
Reimbursements	<u>290</u>	<u>-</u>	<u>290</u>
Total Receipts	<u>85,290</u>	<u>\$ 75,000</u>	<u>\$ 10,290</u>
Expenditures			
Instruction	85,056	\$ 125,077	\$ 40,021
School administration	<u>208</u>	<u>500</u>	<u>292</u>
Total Expenditures	<u>85,264</u>	<u>\$ 125,577</u>	<u>\$ 40,313</u>
Receipts Over [Under] Expenditures	26		
Unencumbered Cash, Beginning	<u>50,577</u>		
Unencumbered Cash, Ending	<u>\$ 50,603</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Capital Outlay Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Ad valorem taxes	\$ 323,047	\$ 302,742	\$ 20,305
Delinquent taxes	1,797	338	1,459
Motor vehicle taxes	36,312	36,522	[210]
Federal aid	14,243	-	14,243
State aid	119,080	123,388	[4,308]
Miscellaneous	98,656	-	98,656
Transfers	19,489	20,000	[511]
Total Receipts	<u>612,624</u>	<u>\$ 482,990</u>	<u>\$ 129,634</u>
Expenditures			
Instruction	195,188	\$ 300,000	\$ 104,812
General administration	15,208	50,000	34,792
Operations and maintenance	417,403	250,000	[167,403]
Student transportation services	86,031	200,000	113,969
Facility acquisition and construction services	24,541	586,866	562,325
Total Expenditures	<u>738,371</u>	<u>\$ 1,386,866</u>	<u>\$ 648,495</u>
Receipts Over [Under] Expenditures	[125,747]		
Unencumbered Cash, Beginning	<u>941,439</u>		
Unencumbered Cash, Ending	<u>\$ 815,692</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Driver Training Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
State aid	\$ 5,376	\$ 4,500	\$ 876
Charges for services	<u>9,002</u>	<u>-</u>	<u>9,002</u>
Total Receipts	<u>14,378</u>	<u>\$ 4,500</u>	<u>\$ 9,878</u>
Expenditures			
Instruction	12,509	\$ 25,600	\$ 13,091
Operations and maintenance	<u>18,547</u>	<u>20,500</u>	<u>1,953</u>
Total Expenditures	<u>31,056</u>	<u>\$ 46,100</u>	<u>\$ 15,044</u>
Receipts Over [Under] Expenditures	[16,678]		
Unencumbered Cash, Beginning	<u>64,382</u>		
Unencumbered Cash, Ending	<u>\$ 47,704</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Contingency Reserve Fund*
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2017

Receipts	
Transfers	\$ -
Total Receipts	-
Expenditures	
Instruction	-
Total Expenditures	-
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	309,707
Unencumbered Cash, Ending	\$ 309,707

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 379
Food Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Federal aid	\$ 374,229	\$ 374,471	\$ [242]
State aid	7,395	6,840	555
Charges for services	311,159	376,180	[65,021]
Investment income	253	1,000	[747]
Transfers	<u>69,841</u>	<u>15,000</u>	<u>54,841</u>
Total Receipts	<u>762,877</u>	<u>\$ 773,491</u>	<u>\$ [10,614]</u>
Expenditures			
Food service operation	762,517	\$ 795,000	\$ 32,483
Operations and maintenance	<u>-</u>	<u>50,650</u>	<u>50,650</u>
Total Expenditures	<u>762,517</u>	<u>\$ 845,650</u>	<u>\$ 83,133</u>
Receipts Over [Under] Expenditures	360		
Unencumbered Cash, Beginning	<u>161,910</u>		
Unencumbered Cash, Ending	<u>\$ 162,270</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Professional Development Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Transfers	\$ 10,000	\$ 10,000	\$ -
Total Receipts	<u>10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Expenditures			
Instruction	9,217	\$ -	\$ [9,217]
Instructional support services	10,388	25,301	14,913
Other support services - business and administration	364	2,500	2,136
Total Expenditures	<u>19,969</u>	<u>\$ 27,801</u>	<u>\$ 7,832</u>
Receipts Over [Under] Expenditures	[9,969]		
Unencumbered Cash, Beginning	<u>40,640</u>		
Unencumbered Cash, Ending	<u>\$ 30,671</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Parent Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Federal aid	\$ 42,154	\$ 42,154	\$ -
Miscellaneous	3,776	3,800	[24]
Transfers	<u>23,600</u>	<u>23,600</u>	<u>-</u>
Total Receipts	<u>69,530</u>	<u>\$ 69,554</u>	<u>\$ [24]</u>
Expenditures			
Instruction	92	\$ -	\$ [92]
Student support services	72,975	77,937	4,962
Instructional support services	<u>1,103</u>	<u>-</u>	<u>[1,103]</u>
Total Expenditures	<u>74,170</u>	<u>\$ 77,937</u>	<u>\$ 3,767</u>
Receipts Over [Under] Expenditures	[4,640]		
Unencumbered Cash, Beginning	<u>8,383</u>		
Unencumbered Cash, Ending	<u>\$ 3,743</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Special Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Transfers	\$ 1,743,509	\$ 2,002,200	\$ [258,691]
Total Receipts	<u>1,743,509</u>	<u>\$ 2,002,200</u>	<u>\$ [258,691]</u>
Expenditures			
Instruction	786	\$ -	\$ [786]
Instructional support services	243	1,000	757
Operations and maintenance	-	5,000	5,000
Student transportation services	92,540	111,600	19,060
Transfers	<u>1,703,895</u>	<u>2,065,480</u>	<u>361,585</u>
Total Expenditures	<u>1,797,464</u>	<u>\$ 2,183,080</u>	<u>\$ 385,616</u>
Receipts Over [Under] Expenditures	[53,955]		
Unencumbered Cash, Beginning	<u>775,851</u>		
Unencumbered Cash, Ending	<u>\$ 721,896</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Vocational Education Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Federal aid	\$ 2,050	\$ -	\$ 2,050
Miscellaneous	11,816	-	11,816
Transfers	<u>511,860</u>	<u>400,000</u>	<u>111,860</u>
Total Receipts	<u>525,726</u>	<u>\$ 400,000</u>	<u>\$ 125,726</u>
Expenditures			
Instruction	539,392	\$ 508,050	\$ [31,342]
Instructional support services	<u>13,348</u>	<u>55,000</u>	<u>41,652</u>
Total Expenditures	<u>552,740</u>	<u>\$ 563,050</u>	<u>\$ 10,310</u>
Receipts Over [Under] Expenditures	[27,014]		
Unencumbered Cash, Beginning	<u>163,051</u>		
Unencumbered Cash, Ending	<u>\$ 136,037</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Special Education Cooperative Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Federal aid	\$ 560,642	\$ 604,570	\$ [43,928]
State aid and contributions	2,356,413	2,444,218	[87,805]
Reimbursements	284,972	220,000	64,972
Miscellaneous	9,158	-	9,158
Transfers	<u>1,703,895</u>	<u>1,848,878</u>	<u>[144,983]</u>
Total Receipts	<u>4,915,080</u>	<u>\$ 5,117,666</u>	<u>\$ [202,586]</u>
Expenditures			
Instruction	3,461,968	\$ 3,815,000	\$ 353,032
Student support services	1,086,640	1,179,000	92,360
Instructional support services	68,978	59,250	[9,728]
General administration	262,257	291,500	29,243
School administration	-	26,000	26,000
Operations and maintenance	40,723	24,300	[16,423]
Student transportation services	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Total Expenditures	<u>4,920,566</u>	<u>\$ 5,410,050</u>	<u>\$ 489,484</u>
Receipts Over [Under] Expenditures	[5,486]		
Unencumbered Cash, Beginning	<u>550,569</u>		
Unencumbered Cash, Ending	<u>\$ 545,083</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
KPERs Retirement Contribution Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Transfers	\$ 844,491	\$ 1,239,727	\$ [395,236]
Total Receipts	<u>844,491</u>	<u>\$ 1,239,727</u>	<u>\$ [395,236]</u>
Expenditures			
Instruction	582,698	\$ 855,412	\$ 272,714
Student support services	76,004	111,575	35,571
Instructional support services	16,890	24,795	7,905
General administration	25,335	37,192	11,857
School administration	50,669	74,384	23,715
Other support services	8,445	12,397	3,952
Operations and maintenance	33,780	49,589	15,809
Student transportation services	25,335	37,192	11,857
Food service	25,335	37,191	11,856
Total Expenditures	<u>844,491</u>	<u>\$ 1,239,727</u>	<u>\$ 395,236</u>
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Textbook Rental Fund*
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2017

Receipts	
Charges for services	\$ 70,085
Transfers	<u>90,000</u>
Total Receipts	<u>160,085</u>
Expenditures	
Instruction	<u>230,595</u>
Total Expenditures	<u>230,595</u>
Receipts Over [Under] Expenditures	[70,510]
Unencumbered Cash, Beginning	<u>275,975</u>
Unencumbered Cash, Ending	<u>\$ 205,465</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 379
Gifts and Grants Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Miscellaneous	\$ 25,848	\$ 65,000	\$ [39,152]
Total Receipts	<u>25,848</u>	<u>\$ 65,000</u>	<u>\$ [39,152]</u>
Expenditures			
Instruction	22,068	\$ 36,000	\$ 13,932
Instructional support services	<u>612</u>	<u>6,000</u>	<u>5,388</u>
Total Expenditures	<u>22,680</u>	<u>\$ 42,000</u>	<u>\$ 19,320</u>
Receipts Over [Under] Expenditures	3,168		
Unencumbered Cash, Beginning	<u>22,897</u>		
Unencumbered Cash, Ending	<u>\$ 26,065</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Grant Funds
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Title I</u>	<u>Title II-A Teacher Quality</u>	<u>ECSE</u>
Receipts			
Federal aid	\$ 202,208	\$ 60,098	\$ 28,806
Other local receipts	-	-	-
Total Receipts	<u>202,208</u>	<u>60,098</u>	<u>28,806</u>
Expenditures			
Instruction	202,208	60,098	28,806
Student support services	-	-	-
Instructional support services	-	-	-
General administration	-	-	-
School administration	-	-	-
Total Expenditures	<u>202,208</u>	<u>60,098</u>	<u>28,806</u>
Receipts Over [Under] Expenditures	-	-	-
Unencumbered Cash, Beginning	-	-	-
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Title VI-B</u>	<u>Title IV Project Lead</u>	<u>Total Actual</u>	<u>Budget</u>	<u>Variance Positive [Negative]</u>
\$ 25,846	\$ 235,000	\$ 551,958	\$ 548,660	\$ 3,298
-	32,983	32,983	-	32,983
<u>25,846</u>	<u>267,983</u>	<u>584,941</u>	<u>\$ 548,660</u>	<u>\$ 36,281</u>
12,811	261,884	565,807	\$ 545,434	\$ [20,373]
-	19,348	19,348	15,000	[4,348]
-	-	-	1,200	1,200
-	410	410	1,500	1,090
<u>13,035</u>	<u>-</u>	<u>13,035</u>	<u>-</u>	<u>[13,035]</u>
<u>25,846</u>	<u>281,642</u>	<u>598,600</u>	<u>\$ 563,134</u>	<u>\$ [35,466]</u>
-	[13,659]	[13,659]		
<u>-</u>	<u>14,473</u>	<u>14,473</u>		
<u>\$ -</u>	<u>\$ 814</u>	<u>\$ 814</u>		

See independent auditor's report on the financial statements.

UNIFIED SCHOOL DISTRICT NO. 379
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Ad valorem taxes	\$ 344,992	\$ 325,919	\$ 19,073
Delinquent taxes	6,588	5,706	882
Motor vehicle taxes	45,675	46,743	[1,068]
State aid	260,314	226,513	33,801
Investment income	-	1,000	[1,000]
Transfers	95,907	95,774	133
Total Receipts	<u>753,476</u>	<u>\$ 701,655</u>	<u>\$ 51,821</u>
Expenditures			
Interest	258,094	\$ 258,094	\$ -
Principal	465,000	465,000	-
Total Expenditures	<u>723,094</u>	<u>\$ 723,094</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	30,382		
Unencumbered Cash, Beginning	<u>799,464</u>		
Unencumbered Cash, Ending	<u>\$ 829,846</u>		

UNIFIED SCHOOL DISTRICT NO. 379
2015 Bond Proceeds Fund*
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2017

Receipts	
Reimbursements	\$ 91,179
Interest income	292
Transfers	<u>9,021</u>
Total Receipts	<u>100,492</u>
Expenditures	
Facility acquisition and construction services	91,265
Transfers	<u>95,907</u>
Total Expenditures	<u>187,172</u>
Receipts Over [Under] Expenditures	[86,680]
Unencumbered Cash, Beginning	<u>86,680</u>
Unencumbered Cash, Ending	<u>\$ -</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 379
FEMA Fund*
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended June 30, 2017

Receipts	
Interest income	\$ 12
Total Receipts	<u>12</u>
Expenditures	
Transfers	<u>9,021</u>
Total Expenditures	<u>9,021</u>
Receipts Over [Under] Expenditures	[9,009]
Unencumbered Cash, Beginning	<u>9,009</u>
Unencumbered Cash, Ending	<u>\$ -</u>

* This fund is not required to be budgeted.

UNIFIED SCHOOL DISTRICT NO. 379
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2017

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
ELEMENTARY SCHOOLS				
Lincoln Elementary				
Student fundraiser	\$ 544	\$ 3,194	\$ 3,658	\$ 80
Library book	1,533	3,892	2,662	2,763
Watch D.O.G.S.	582	754	1,261	75
Petty cash	434	269	203	500
District monies	35	-	35	-
Total Lincoln Elementary	<u>3,128</u>	<u>8,109</u>	<u>7,819</u>	<u>3,418</u>
Garfield Elementary				
Book fair	317	1,992	1,899	410
Yearbook	811	-	811	-
Student Incentives	-	22	-	22
Miscellaneous	87	2,361	2,343	105
Watch D.O.G.S.	34	835	594	275
Petty cash	500	150	150	500
District Monies	-	320	-	320
Total Garfield Elementary	<u>1,749</u>	<u>5,680</u>	<u>5,797</u>	<u>1,632</u>
TOTAL ELEMENTARY SCHOOL ACTIVITY FUNDS	<u>4,877</u>	<u>13,789</u>	<u>13,616</u>	<u>5,050</u>
MIDDLE SCHOOL FUNDS				
Clay Center Community Middle School				
Student council	5,406	3,266	4,343	4,329
Library	273	118	108	283
Yearbook	-	5,711	4,725	986
Literacy	148	1,631	1,737	42
Jazz band	119	-	119	-
Petty cash	750	1,024	1,024	750
Sales tax	-	2,899	2,168	731
Student incentive	164	4,048	3,835	377
Mentor program	96	3,600	3,599	97
District Monies	-	206	-	206
Total Clay Center Community Middle School	<u>6,956</u>	<u>22,503</u>	<u>21,658</u>	<u>7,801</u>
Wakefield School				
Cheerleaders	7,622	9,782	10,894	6,510
Jr. High cheerleaders	1,508	-	1,410	98
Class of 2017	400	251	651	-
Class of 2018	1,311	3,520	3,489	1,342
Class of 2019	610	934	-	1,544
Class of 2020	15	691	-	706
Class of 2021	40	-	-	40
Book fair	34	814	814	34
Drama	140	233	286	87
Girls basketball	166	3,046	3,212	-
Envirothon	1,137	-	135	1,002
Miscellaneous	322	707	859	170
Music	1,810	1,013	2,081	742
P.L.A.Y.S.	907	16	507	416
Cross country	311	-	298	13
National honor society	-	498	497	1
Petty cash	1,250	827	827	1,250
Photo club	89	238	-	327
Quiz bowl	143	-	-	143
SADD	889	-	244	645
Yearbook	6,847	3,896	9,154	1,589
Renaissance	1,485	1,420	1,795	1,110
FCA	7	-	-	7
Library	530	1,378	882	1,026
Concessions	1,571	12,607	9,582	4,596
Volleyball	125	959	1,084	-
Spanish club	65	-	-	65
Shop	1,403	310	310	1,403
Track	156	1,032	744	444
Sales tax	-	2,694	2,681	13
Total Wakefield School	<u>30,893</u>	<u>46,866</u>	<u>52,436</u>	<u>25,323</u>
TOTAL MIDDLE SCHOOL ACTIVITY FUNDS	<u>37,849</u>	<u>69,369</u>	<u>74,094</u>	<u>33,124</u>

UNIFIED SCHOOL DISTRICT NO. 379
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended June 30, 2017

<u>FUND</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
HIGH SCHOOL FUNDS				
Clay Center Community High School				
ACT	\$ 1,195	\$ 1,751	\$ 2,055	\$ 891
Art society	58	-	20	38
Class of 2017	-	583	583	-
Class of 2018	-	8,524	7,505	1,019
Drama club	794	9,436	7,590	2,640
FBLA	150	-	-	150
FFA	6,503	42,155	41,497	7,161
FCCLA	1,808	169	315	1,662
Envirothon	818	3,850	3,243	1,425
Cheerleaders	1,807	8,766	9,436	1,137
National Honor Society	479	792	677	594
Stardusters	8,492	13,885	12,268	10,109
Student council	1,106	6,577	5,859	1,824
SADD	601	-	-	601
Renaissance	392	6,372	6,489	275
Yearbook	19,613	10,535	9,784	20,364
Library	2,449	100	410	2,139
Petty cash	750	12,158	12,158	750
Tiger prints	4,839	19,444	20,161	4,122
Humanities	1,034	1,421	1,435	1,020
TNT	2,176	908	-	3,084
Sales tax	116	9,580	9,653	43
Total Clay Center Community High School	<u>55,180</u>	<u>157,006</u>	<u>151,138</u>	<u>61,048</u>
TOTAL HIGH SCHOOL ACTIVITY FUNDS	<u>55,180</u>	<u>157,006</u>	<u>151,138</u>	<u>61,048</u>
OTHER AGENCY FUNDS				
Payroll Clearing Fund	<u>104,697</u>	<u>194,744</u>	<u>155,035</u>	<u>144,406</u>
TOTAL OTHER AGENCY FUNDS	<u>104,697</u>	<u>194,744</u>	<u>155,035</u>	<u>144,406</u>
TOTAL AGENCY FUNDS	<u>\$ 202,603</u>	<u>\$ 434,908</u>	<u>\$ 393,883</u>	<u>\$ 243,628</u>

UNIFIED SCHOOL DISTRICT NO. 379
District Activity Funds
Schedule of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2017

	Beginning Unencumbered <u>Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered <u>Cash Balance</u>	Add Outstanding Encumbrances and Accounts <u>Payable</u>	Ending Cash <u>Balance</u>
District Activity Funds						
Clay Center Community						
High School						
Gate Receipts	\$ 23,199	\$ 133,877	\$ 130,106	\$ 26,970	\$ -	\$ 26,970
Clay Center Community						
Middle School						
Gate Receipts	3,481	24,883	23,761	4,603	-	4,603
Wakefield School						
Gate Receipts	8,888	17,507	19,969	6,426	-	6,426
Total District Activity Funds	<u>\$ 35,568</u>	<u>\$ 176,267</u>	<u>\$ 173,836</u>	<u>\$ 37,999</u>	<u>\$ -</u>	<u>\$ 37,999</u>

UNIFIED SCHOOL DISTRICT NO. 379
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Beginning Unencumbered Cash</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash</u>
<u>U.S. Department of Education</u>					
Direct U.S. Department of Education					
Impact Aid (P.L. 81-874)	84.041	\$ -	\$ 34,075	\$ 34,075	\$ -
Total Direct U.S. Department of Education		-	34,075	34,075	-
Passed Through State Department of Education:					
Special Education (IDEA) Cluster					
Title VI - Special Education	84.027	-	586,488	586,488	-
Special Education - Preschool Grants	84.173	-	28,806	28,806	-
Title I	84.010	-	202,208	202,208	-
Vocational Education - Carl Perkins	84.048	-	2,050	2,050	-
Title IV Project Lead	84.287	-	235,000	235,000	-
Title II-A Teacher Quality	84.367	-	60,098	60,098	-
Total Passed Through State Department of Education		-	1,114,650	1,114,650	-
Total Department of Education		-	1,148,725	1,148,725	-
<u>U.S. Department Health and Human Services</u>					
Passed Through State Department of Education:					
Temporary Assistance for Needy Families	93.558	-	42,154	42,154	-
Total Department of Health and Human Services		-	42,154	42,154	-
<u>U.S. Department of Agriculture</u>					
Passed Through State Department of Education:					
Child Nutrition Cluster					
Breakfast	10.553	-	66,710	66,710	-
National School Lunch Program	10.555	-	305,122	305,122	-
Cash for Commodities	10.558	-	2,137	2,137	-
Team Nutrition Training Grant	10.574	-	260	260	-
Total Department of Agriculture		-	374,229	374,229	-
Total		\$ -	\$ 1,565,108	\$ 1,565,108	\$ -

The accompanying notes are an integral part of this schedule.

UNIFIED SCHOOL DISTRICT NO. 379
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

1. Organization

Unified School District No. 379, Clay Center, Kansas, (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies, as well as those awards that are passed through other government agencies, are included on the schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District, and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2017.

5. Outstanding Loans

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

UNIFIED SCHOOL DISTRICT NO. 379
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified (Regulatory Basis) <u>Adverse (GAAP)</u>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
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 Uniform Guidance	_____ Yes <u> X </u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173 84.041	Title VI - Special Education Cluster Impact Aid (P.L. 81-874)

Dollar threshold used to distinguish between type A and type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No

UNIFIED SCHOOL DISTRICT NO. 379
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section II - Financial Statement Findings

Current Year Findings

None Noted

Prior Year Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

None Noted

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

Board of Education
Unified School District No. 379
Clay Center, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of the Unified School District No. 379, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 16, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted certain other matters that we reported to management of the District in a separate letter dated August 16, 2017.

Purpose of this Report

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

Mike Houser: Company PA

Certified Public Accountants

August 16, 2017
Lawrence, KS



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

Board of Education
Unified School District No. 379
Clay Center, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Unified School District No. 379, (the District) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Mike Houser: Company PA

Certified Public Accountants

August 16, 2017
Lawrence, KS