

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
VALLEY CENTER, KANSAS**

**FINANCIAL STATEMENT
JUNE 30, 2017**

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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JUNE 30, 2017

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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of **Valley Center Unified School District No. 262, Valley Center, 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 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. 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.

Auditors' 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 auditors' 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 auditors consider 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.

Board of Education
Valley Center Unified School District No. 262

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1 of the financial statement, the financial statement is prepared by **Valley Center Unified School District No. 262, Valley Center, 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 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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 **Valley Center Unified School District No. 262, Valley Center, 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 balance of **Valley Center Unified School District No. 262, Valley Center, 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 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, individual fund schedules of regulatory basis receipts and expenditures-actual, schedule of cash receipts and expenditures - capital projects, agency funds schedules of regulatory basis cash receipts and disbursements and district activity funds schedules of regulatory basis cash receipts, expenditures and unencumbered cash (Regulatory-Required Supplementary Information 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 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.

**Board of Education
Valley Center Unified School District No. 262**

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 financial statement as a whole, on the basis of accounting described in Note 1.

The 2016 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual (as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2016 basic financial statement upon which we rendered an unmodified opinion dated November 9, 2016. The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2016 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statement or to the 2016 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information is fairly stated in all material respects in relation to the 2016 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of **Valley Center Unified School District No. 262, Valley Center, Kansas**' 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 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 **Valley Center Unified School District No. 262, Valley Center, Kansas**' internal control over financial reporting and compliance.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
October 31, 2017

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Fund	Beginning	Prior Year	Cash Receipts	Expenditures	Ending	Add	Ending Cash
	Unencumbered	Canceled			Unencumbered	Encumbrances	
	Cash Balance	Encumbrances			Cash Balance	and Accounts Payable	Balance
General Fund	\$ 0	\$ 0	\$ 17,015,954	\$ 17,015,954	\$ 0	\$ 0	\$ 0
Special Purpose Funds							
Supplemental General	181,833	0	5,322,124	5,321,342	182,615	0	182,615
At Risk (4 Year Old)	50,012	0	109,000	98,980	60,032	0	60,032
At Risk (K-12)	452,715	0	1,096,225	1,117,332	431,608	0	431,608
Bilingual Education	18	0	142,011	132,008	10,021	0	10,021
Virtual Education	28,794	0	103,710	107,419	25,085	0	25,085
Capital Outlay	3,815,510	915	1,851,910	1,793,099	3,875,236	0	3,875,236
Driver Training	27,384	0	21,082	17,252	31,214	0	31,214
Food Service	339,998	7,194	1,271,109	1,211,830	406,471	0	406,471
Professional Development	118,164	0	77,400	74,882	120,682	0	120,682
Summer School	4,494	0	21,235	18,788	6,941	0	6,941
Special Education	1,386,383	0	4,020,411	3,958,511	1,448,283	0	1,448,283
Vocational Education	12,026	0	725,042	679,967	57,101	0	57,101
KPERS Contribution	0	0	1,105,151	1,105,151	0	0	0
Recreation Commission	16,638	0	569,462	564,207	21,893	0	21,893
Recreation Commission Employee							
Benefits	0	0	82,292	82,292	0	0	0
Federal Funds	(788)	0	407,030	406,030	212	0	212
Gifts and Grants	10,762	0	31,587	21,570	20,779	0	20,779
Contingency Reserve	1,406,491	0	0	0	1,406,491	0	1,406,491
Textbook and Student Material							
Revolving	131,878	178	180,206	106,999	205,263	0	205,263
District Activity Funds	80,792	0	557,366	540,759	97,399	0	97,399
Debt Service Funds							
Bond and Interest	3,732,422	0	5,841,893	5,554,587	4,019,728	0	4,019,728
Special Assessments	9,488	0	0	68	9,420	0	9,420
Capital Projects	0	0	23,550,052	13,733,593	9,816,459	5,829,428	15,645,887
	<u>\$ 11,805,014</u>	<u>\$ 8,287</u>	<u>\$ 64,102,252</u>	<u>\$ 53,662,620</u>	<u>\$ 22,252,933</u>	<u>\$ 5,829,428</u>	<u>\$ 28,082,361</u>

Composition of Cash:

Checking and Money Market Accounts	\$ 12,659,186
Investments	15,550,052
	<u>28,209,238</u>
Agency Funds	(126,877)
	<u>\$ 28,082,361</u>

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2017

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Valley Center Unified School District No. 262 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Valley Center, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

General Fund-The primary operating fund. Used to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds-To account for the proceeds of specific receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Capital Projects Fund-To account for the financial resources segregated for the acquisition or construction of major capital facilities and improvements.

Debt Service Fund-To account for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

Agency Funds-To account for resources held in a trustee or agency capacity for others which therefore cannot be used to support the government's own programs.

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 balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2017

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), and debt service funds. 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 on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

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 were no amendments to the budget for the year ended June 30, 2017.

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

Federal Funds	Gifts and Grants Fund
Contingency Reserve Fund	Textbook and Student Material Revolving Fund
District Activity Funds	

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

Note 2 - In Substance Receipt in Transit:

The District received \$1,394,500 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.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2017

Note 3 - Defined Benefit Pension Plan:

Plan Description

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

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 provided 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 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 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 \$1,105,151 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 \$19,384,010. 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.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2017

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

Note 4- Subsequent Events:

The District has evaluated subsequent events through October 31, 2017, the date which the financial statement was available to be issued.

Note 5 - Postemployment 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 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 the 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 6 - Capital Projects:

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

	<u>Project Authorization</u>	<u>Expenditures to Date</u>
School Renovations and Improvements	\$ <u>23,550,052</u>	\$ <u>13,733,593</u>

Note 7 - Reimbursed Expenses:

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2017

Note 8 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:										
	At Risk (4 Year Old)	At Risk (K-12)	Bilingual Education	Virtual Education	Capital Outlay	Professional Development	Summer School	Special Education	Vocational Education	KPERS	Total
Transfer from:											
General Fund	\$ 0	\$ 0	\$ 0	\$ 103,500	\$ 173,401	\$ 0	\$ 0	\$ 3,231,929	\$ 0	\$ 1,105,151	\$ 4,613,981
Supplemental General Fund	109,000	1,024,700	140,820	0	0	76,000	2,000	721,771	645,130	0	2,719,421
	<u>\$ 109,000</u>	<u>\$ 1,024,700</u>	<u>\$ 140,820</u>	<u>\$ 103,500</u>	<u>\$ 173,401</u>	<u>\$ 76,000</u>	<u>\$ 2,000</u>	<u>\$ 3,953,700</u>	<u>\$ 645,130</u>	<u>\$ 1,105,151</u>	<u>\$ 7,333,402</u>

Note 9 - Termination Benefits:

The District had an early retirement program adopted on an annual basis. Under the program, a full-time employee must be at least 57 years of age with 15 or more years with the District and have 20 or more service credits under the KPERS to elect retirement under the program. Benefits include monthly payments of an amount equal to a percentage (25% to 27% depending on years of service with the District) of the employee's final basis contract annual salary and continues for a maximum of eight years or until the person becomes eligible for full social security benefits. The District discontinued the program on July 1, 2007, but is obligated to continue making payments to retirees through August of 2016.

It is the policy of the District to record these benefits as expenditures when paid. Payments under the program for the year ended June 30, 2017, were \$9,015.

Note 10 - Contingencies:

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2017

Note 11 - Deposits & Investments:

As of June 30, 2017, the District had the following investments and maturities:

Investment Type	Fair Value	Maturity Less Than One Year	Rating
U.S. Treasury Notes	\$ 15,550,052	\$ 15,550,052	S&P AAA/S 1+

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

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

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2017, is as follows:

Investment Type	Percentage of Investments
U.S. Treasury Notes	100%

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may 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%. All deposits were legally secured at June 30, 2017.

At June 30, 2017, the District's carrying amount of deposits was \$12,659,186 and the bank balance was \$13,092,540. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$12,842,540 was collateralized with securities held by the pledging financial institution's agent 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.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2017

Note 12 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

Note 13 - Advance Refunding of Bond Obligation:

On December 27, 2012, the District issued \$9,255,000 in General Obligation Bonds with interest rates ranging from 2.00% to 3.00%. Of the issue, \$9,440,283 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2008 bonds.

On October 28, 2015, the District issued \$42,125,000 in General Obligation Bonds with interest rates ranging from 4.00% to 5.00%. Of the issue, \$47,255,476 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2008 bonds.

As of June 30, 2017, \$51,295,000 of bonds outstanding are considered defeased and not included in long-term debt.

Note 14 - Long-Term Debt:

Principal payments are due annually for general obligation bonds on September 1. Interest payments are due semi-annually on March 1 and September 1.

Lease payments are due monthly and annually.

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

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
2008 Series	4.00 - 5.00	7/15/08	\$ 58,880,000	9/1/28
2012 Series	2.00 - 3.00	12/27/12	\$ 9,255,000	9/1/28
2013-A Series	3.00	10/1/13	\$ 3,015,000	9/1/17
2015 Series	4.00 - 5.00	10/28/15	\$ 42,125,000	9/1/33
2016 Series	2.00 - 5.00	7/6/16	\$ 18,000,000	9/1/36
Capital Leases				
Copiers	5.93	8/2/13	\$ 79,922	8/2/18
Computer Equipment	3.24	8/1/16	\$ 543,210	8/1/19

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2017

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
2008 Series	\$ 6,230,000	\$ 0	\$ 955,000	\$ 5,275,000	\$ 2,816,213
2012 Series	9,255,000	0	0	9,255,000	0
2013-A Series	2,525,000	0	1,225,000	1,300,000	57,375
2015 Series	42,125,000	0	0	42,125,000	0
2016 Series	0	18,000,000	0	18,000,000	499,799
	<u>60,135,000</u>	<u>18,000,000</u>	<u>2,180,000</u>	<u>75,955,000</u>	<u>3,373,387</u>
Capital Leases					
Copiers	37,549	0	16,733	20,816	1,777
Computer Equipment	0	543,210	142,365	400,845	0
	<u>37,549</u>	<u>543,210</u>	<u>159,098</u>	<u>421,661</u>	<u>1,777</u>
	<u>\$ 60,172,549</u>	<u>\$ 18,543,210</u>	<u>\$ 2,339,098</u>	<u>\$ 76,376,661</u>	<u>\$ 3,375,164</u>

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

	Principal			Interest			Total Principal and Interest
	General Obligation Bonds	Capital Leases	Total Principal	General Obligation Bonds	Capital Leases	Total Interest	
2018	\$ 2,470,000	\$ 147,131	\$ 2,617,131	\$ 3,695,613	\$ 13,744	\$ 3,709,357	\$ 6,326,488
2019	2,895,000	136,632	3,031,632	3,410,875	8,818	3,419,693	6,451,325
2020	2,520,000	137,898	2,657,898	3,108,650	4,468	3,113,118	5,771,016
2021	2,640,000	0	2,640,000	2,983,675	0	2,983,675	5,623,675
2022	2,770,000	0	2,770,000	2,851,550	0	2,851,550	5,621,550
2023 - 2027	15,990,000	0	15,990,000	12,081,788	0	12,081,788	28,071,788
2028 - 2032	22,050,000	0	22,050,000	8,418,343	0	8,418,343	30,468,343
2033 - 2037	24,620,000	0	24,620,000	3,197,500	0	3,197,500	27,817,500
	<u>\$ 75,955,000</u>	<u>\$ 421,661</u>	<u>\$ 76,376,661</u>	<u>\$ 39,747,994</u>	<u>\$ 27,030</u>	<u>\$ 39,775,024</u>	<u>\$ 116,151,685</u>

**REGULATORY REQUIRED
SUPPLEMENTARY INFORMATION**

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Fund	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Fund	\$ 17,714,128	\$ (754,628)	\$ 56,454	\$ 17,015,954	\$ 17,015,954	\$ 0
Special Purpose Funds						
Supplemental General	5,321,342	0	0	5,321,342	5,321,342	0
At Risk (4 Year Old)	103,700	0	0	103,700	98,980	(4,720)
At Risk (K-12)	1,182,610	0	0	1,182,610	1,117,332	(65,278)
Bilingual Education	139,000	0	0	139,000	132,008	(6,992)
Virtual Education	120,630	0	0	120,630	107,419	(13,211)
Capital Outlay	2,900,000	0	0	2,900,000	1,793,099	(1,106,901)
Driver Training	21,725	0	0	21,725	17,252	(4,473)
Food Service	1,612,300	0	0	1,612,300	1,211,830	(400,470)
Professional Development	129,050	0	0	129,050	74,882	(54,168)
Summer School	25,750	0	0	25,750	18,788	(6,962)
Special Education	4,206,801	0	0	4,206,801	3,958,511	(248,290)
Vocational Education	759,040	0	0	759,040	679,967	(79,073)
KPERS Contribution	1,578,590	0	0	1,578,590	1,105,151	(473,439)
Recreation Commission	564,207	0	0	564,207	564,207	0
Recreation Commission Employee Benefits	86,259	0	0	86,259	82,292	(3,967)
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	406,030	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	21,570	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Textbook and Student Material						
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	106,999	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	540,759	XXXXXXXXXX
Debt Service Funds						
Bond and Interest	5,559,887	0	0	5,559,887	5,554,587	(5,300)
Special Assessments	9,488	0	0	9,488	68	(9,420)
Capital Projects	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	13,733,593	XXXXXXXXXX
	<u>\$ 42,034,507</u>	<u>\$ (754,628)</u>	<u>\$ 56,454</u>	<u>\$ 41,336,333</u>	<u>\$ 53,662,620</u>	<u>\$ (2,482,664)</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 25,327	\$ 87,698	\$ 30,150	\$ 57,548
County Sources	0	4,171	0	4,171
State Sources	20,205,167	16,924,085	17,683,978	(759,893)
Transfers	25,000	0	0	0
	<u>20,255,494</u>	<u>17,015,954</u>	<u>\$17,714,128</u>	<u>\$ (698,174)</u>
Expenditures				
Instruction	7,154,257	7,338,883	\$ 7,875,150	\$ (536,267)
Student Support Services	548,705	627,974	650,000	(22,026)
Instructional Support Staff	459,901	446,599	469,470	(22,871)
General Administration	560,570	616,903	629,922	(13,019)
School Administration	1,254,509	1,285,406	1,286,200	(794)
Operations & Maintenance	874,777	982,353	1,006,060	(23,707)
Student Transportation Services	718,374	807,433	908,737	(101,304)
Other Supplemental Services	274,759	292,602	285,800	6,802
Architectural & Engineering Service	3,612	3,820	10,000	(6,180)
Transfers	8,406,030	4,613,981	4,592,789	21,192
Adjustment to Comply with Legal Max	0	0	(754,628)	754,628
Adjustment for Qualifying Budget Credits	0	0	56,454	(56,454)
	<u>20,255,494</u>	<u>17,015,954</u>	<u>\$17,015,954</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Supplemental General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 1,833,822	\$ 1,743,981	\$ 1,572,911	\$ 171,070
County Sources	313,292	231,551	220,005	11,546
State Sources	3,312,525	3,346,592	3,346,592	0
	<u>5,459,639</u>	<u>5,322,124</u>	<u>\$ 5,139,508</u>	<u>\$ 182,616</u>
Expenditures				
Instruction	869,933	382,268	\$ 754,300	\$ (372,032)
Student Support Services	8,009	10,841	8,000	2,841
Instructional Support Staff	154,390	64,093	105,000	(40,907)
General Administration	17,172	9,608	12,000	(2,392)
School Administration	175,957	175,270	190,000	(14,730)
Operations & Maintenance	1,429,962	1,377,596	1,602,500	(224,904)
Other Supplemental Services	506,925	582,245	654,750	(72,505)
Transfers	2,135,522	2,719,421	1,994,792	724,629
	<u>5,297,870</u>	<u>5,321,342</u>	<u>\$ 5,321,342</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	161,769	782		
Unencumbered Cash, Beginning	20,064	181,833		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 181,833</u>	<u>\$ 182,615</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>At Risk Fund (4 Year Old)</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers	\$ 129,350	\$ 109,000	\$ 70,000	\$ 39,000
	<u>129,350</u>	<u>109,000</u>	<u>\$ 70,000</u>	<u>\$ 39,000</u>
Expenditures				
Instruction	92,455	96,631	\$ 101,500	\$ (4,869)
Student Support Services	1,910	2,349	2,200	149
	<u>94,365</u>	<u>98,980</u>	<u>\$ 103,700</u>	<u>\$ (4,720)</u>
Receipts Over (Under) Expenditures	34,985	10,020		
Unencumbered Cash, Beginning	15,027	50,012		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 50,012</u>	<u>\$ 60,032</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>At Risk Fund (K-12)</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 57,556	\$ 71,525	\$ 60,000	\$ 11,525
Transfers	<u>1,330,101</u>	<u>1,024,700</u>	<u>750,000</u>	<u>274,700</u>
	<u>1,387,657</u>	<u>1,096,225</u>	<u>\$ 810,000</u>	<u>\$ 286,225</u>
Expenditures				
Instruction	1,036,847	1,036,905	\$ 1,066,600	\$ (29,695)
Student Support Services	131,747	77,702	109,000	(31,298)
Instructional Support Staff	2,818	0	0	0
Student Transportation Services	<u>5,780</u>	<u>2,725</u>	<u>7,010</u>	<u>(4,285)</u>
	<u>1,177,192</u>	<u>1,117,332</u>	<u>\$ 1,182,610</u>	<u>\$ (65,278)</u>
Receipts Over (Under) Expenditures	210,465	(21,107)		
Unencumbered Cash, Beginning	242,250	452,715		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 452,715</u>	<u>\$ 431,608</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Bilingual Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 1,191	\$ 0	\$ 1,191
Transfers	133,082	140,820	145,000	(4,180)
	<u>133,082</u>	<u>142,011</u>	<u>\$ 145,000</u>	<u>\$ (2,989)</u>
Expenditures				
Instruction	133,108	130,818	\$ 139,000	\$ (8,182)
Instruction Support Staff	0	1,190	0	1,190
	<u>133,108</u>	<u>132,008</u>	<u>\$ 139,000</u>	<u>\$ (6,992)</u>
Receipts Over (Under) Expenditures	(26)	10,003		
Unencumbered Cash, Beginning	44	18		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 18</u>	<u>\$ 10,021</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Virtual Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 2,040	\$ 210	\$ 0	\$ 210
Transfers	0	103,500	100,000	3,500
	<u>2,040</u>	<u>103,710</u>	<u>\$ 100,000</u>	<u>\$ 3,710</u>
Expenditures				
Instruction	136,829	93,777	\$ 104,200	\$ (10,423)
Student Support Services	0	90	0	90
Instructional Support Staff	0	120	0	120
School Administration	13,179	11,832	10,930	902
Operations & Maintenance	<u>3,588</u>	<u>1,600</u>	<u>5,500</u>	<u>(3,900)</u>
	<u>153,596</u>	<u>107,419</u>	<u>\$ 120,630</u>	<u>\$ (13,211)</u>
Receipts Over (Under) Expenditures	(151,556)	(3,709)		
Unencumbered Cash, Beginning	180,350	28,794		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 28,794</u>	<u>\$ 25,085</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Capital Outlay Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 1,181,854	\$ 1,148,543	\$ 925,195	\$ 223,348
County Sources	33,458	112,536	106,502	6,034
State Sources	0	417,430	417,454	(24)
Transfers	250,240	173,401	0	173,401
	<u>1,465,552</u>	<u>1,851,910</u>	<u>\$ 1,449,151</u>	<u>\$ 402,759</u>
Expenditures				
Instruction	30,505	117,914	\$ 125,000	\$ (7,086)
Student Support Services	243,765	54,669	200,000	(145,331)
Instructional Support Staff	11,912	0	100,000	(100,000)
General Administration	0	0	50,000	(50,000)
School Administration	167,813	34	50,000	(49,966)
Central Services	259,763	4,054	75,000	(70,946)
Operations & Maintenance	256,490	51,865	800,000	(748,135)
Transportation	290,986	128,373	300,000	(171,627)
Other Support Services	181,744	0	0	0
Facility Acquisition & Construction Services	0	1,436,190	1,200,000	236,190
	<u>1,442,978</u>	<u>1,793,099</u>	<u>\$ 2,900,000</u>	<u>\$ (1,106,901)</u>
Receipts Over (Under) Expenditures	22,574	58,811		
Unencumbered Cash, Beginning	3,780,793	3,815,510		
Prior Year Canceled Encumbrances	<u>12,143</u>	<u>915</u>		
Unencumbered Cash, Ending	<u>\$ 3,815,510</u>	<u>\$ 3,875,236</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Driver Training Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 12,670	\$ 12,250	\$ 12,000	\$ 250
State Sources	4,692	8,832	6,210	2,622
	<u>17,362</u>	<u>21,082</u>	<u>\$ 18,210</u>	<u>\$ 2,872</u>
Expenditures				
Instruction	17,194	17,193	\$ 21,725	\$ (4,532)
Operations & Maintenance	106	59	0	59
Transfers	25,000	0	0	0
	<u>42,300</u>	<u>17,252</u>	<u>\$ 21,725</u>	<u>\$ (4,473)</u>
Receipts Over (Under) Expenditures	(24,938)	3,830		
Unencumbered Cash, Beginning	52,322	27,384		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 27,384</u>	<u>\$ 31,214</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Food Service Fund</u>	<u>Prior Year</u>		<u>Current Year</u>		Variance - Over (Under)
	<u>Actual</u>		<u>Actual</u>	<u>Budget</u>	
Cash Receipts					
Local Sources	\$ 569,748		\$ 567,486	\$ 599,480	\$ (31,994)
State Sources	13,799		13,630	11,842	1,788
Federal Sources	697,901		689,993	665,683	24,310
Transfers	0		0	100,000	(100,000)
	<u>1,281,448</u>		<u>1,271,109</u>	<u>\$ 1,377,005</u>	<u>\$ (105,896)</u>
Expenditures					
Operations & Maintenance	57,425		70,455	\$ 194,050	\$ (123,595)
Food Service Operation	<u>1,222,635</u>		<u>1,141,375</u>	<u>1,418,250</u>	<u>(276,875)</u>
	<u>1,280,060</u>		<u>1,211,830</u>	<u>\$ 1,612,300</u>	<u>\$ (400,470)</u>
Receipts Over (Under) Expenditures	1,388		59,279		
Unencumbered Cash, Beginning	338,610		339,998		
Prior Year Canceled Encumbrances	<u>0</u>		<u>7,194</u>		
Unencumbered Cash, Ending	<u>\$ 339,998</u>		<u>\$ 406,471</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Professional Development Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 0	\$ 1,400	\$ 0	\$ 1,400
Transfers	<u>78,000</u>	<u>76,000</u>	<u>40,000</u>	<u>36,000</u>
	<u>78,000</u>	<u>77,400</u>	<u>\$ 40,000</u>	<u>\$ 37,400</u>
Expenditures				
Instruction	10,199	14,019	\$ 24,050	\$ (10,031)
Instructional Support Staff	65,591	59,537	103,000	(43,463)
Other Support Services	<u>1,570</u>	<u>1,326</u>	<u>2,000</u>	<u>(674)</u>
	<u>77,360</u>	<u>74,882</u>	<u>\$ 129,050</u>	<u>\$ (54,168)</u>
Receipts Over (Under) Expenditures	640	2,518		
Unencumbered Cash, Beginning	117,524	118,164		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 118,164</u>	<u>\$ 120,682</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Summer School Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources	\$ 17,972	\$ 19,235	\$ 20,000	\$ (765)
Transfer	<u>2,000</u>	<u>2,000</u>	<u>5,000</u>	<u>(3,000)</u>
	<u>19,972</u>	<u>21,235</u>	<u>\$ 25,000</u>	<u>\$ (3,765)</u>
Expenditures				
Instruction	<u>22,407</u>	<u>18,788</u>	<u>\$ 25,750</u>	<u>\$ (6,962)</u>
	<u>22,407</u>	<u>18,788</u>	<u>\$ 25,750</u>	<u>\$ (6,962)</u>
Receipts Over (Under) Expenditures	(2,435)	2,447		
Unencumbered Cash, Beginning	6,929	4,494		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 4,494</u>	<u>\$ 6,941</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Special Education Fund</u>	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Local Sources	\$ 48,494	\$ 66,711	\$ 0	\$ 66,711
Transfers	4,143,412	3,953,700	3,098,991	854,709
	<u>4,191,906</u>	<u>4,020,411</u>	<u>\$ 3,098,991</u>	<u>\$ 921,420</u>
Expenditures				
Instruction	3,706,043	3,621,354	\$ 3,863,801	\$ (242,447)
Student Transportation Services	228,913	337,157	343,000	(5,843)
	<u>3,934,956</u>	<u>3,958,511</u>	<u>\$ 4,206,801</u>	<u>\$ (248,290)</u>
Receipts Over (Under) Expenditures	256,950	61,900		
Unencumbered Cash, Beginning	1,129,433	1,386,383		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,386,383</u>	<u>\$ 1,448,283</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Vocational Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 88,493	\$ 72,625	\$ 100,000	\$ (27,375)
State Sources	0	7,287	12,852	(5,565)
Federal Sources	0	0	16,108	(16,108)
Transfers	612,650	645,130	700,000	(54,870)
	<u>701,143</u>	<u>725,042</u>	<u>\$ 828,960</u>	<u>\$ (103,918)</u>
Expenditures				
Instruction	612,296	585,087	\$ 659,000	\$ (73,913)
Student Support Services	1,720	1,716	0	1,716
Instruction Support Staff	84,349	88,412	89,040	(628)
Transportation	3,560	4,752	11,000	(6,248)
	<u>701,925</u>	<u>679,967</u>	<u>\$ 759,040</u>	<u>\$ (79,073)</u>
Receipts Over (Under) Expenditures	(782)	45,075		
Unencumbered Cash, Beginning	12,665	12,026		
Prior Year Canceled Encumbrances	<u>143</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 12,026</u>	<u>\$ 57,101</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>KPERS Contribution Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfer	\$ 1,110,039	\$ 1,105,151	\$ 1,578,590	\$ (473,439)
	<u>1,110,039</u>	<u>1,105,151</u>	<u>\$ 1,578,590</u>	<u>\$ (473,439)</u>
Expenditures				
Instruction	694,979	704,587	\$ 1,006,427	\$ (301,840)
Student Support Services	52,140	48,064	68,654	(20,590)
Instructional Support Staff	39,530	33,438	47,763	(14,325)
General Administration	27,970	28,855	41,216	(12,361)
School Administration	91,831	99,143	141,615	(42,472)
Other Supplemental Services	38,640	40,734	58,185	(17,451)
Operations & Maintenance	68,550	69,069	98,658	(29,589)
Student Transportation Services	62,447	51,377	73,386	(22,009)
Food Service Operation	33,952	29,884	42,686	(12,802)
	<u>1,110,039</u>	<u>1,105,151</u>	<u>\$ 1,578,590</u>	<u>\$ (473,439)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Recreation Commission Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 486,371	\$ 500,320	\$ 482,790	\$ 17,530
County Sources	66,082	69,142	65,422	3,720
	<u>552,453</u>	<u>569,462</u>	<u>\$ 548,212</u>	<u>\$ 21,250</u>
Expenditures				
Community Service Operations	<u>553,611</u>	<u>564,207</u>	<u>\$ 564,207</u>	<u>\$ 0</u>
	<u>553,611</u>	<u>564,207</u>	<u>\$ 564,207</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(1,158)	5,255		
Unencumbered Cash, Beginning	17,796	16,638		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 16,638</u>	<u>\$ 21,893</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Recreation Commission Employee</u> <u>Benefit Fund</u>		<u>Current Year</u>		<u>Variance -</u> <u>Over (Under)</u>
	<u>Prior Year</u> <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 40,212	\$ 73,309	\$ 78,610	\$ (5,301)
County Sources	9,648	8,983	8,383	600
	<u>49,860</u>	<u>82,292</u>	<u>\$ 86,993</u>	<u>\$ (4,701)</u>
Expenditures				
Community Service Operations	<u>49,860</u>	<u>82,292</u>	<u>\$ 86,259</u>	<u>\$ (3,967)</u>
	<u>49,860</u>	<u>82,292</u>	<u>\$ 86,259</u>	<u>\$ (3,967)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Bond and Interest Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 2,522,601	\$ 2,590,655	\$ 2,416,938	\$ 173,717
County Sources	333,988	359,664	340,170	19,494
State Sources	<u>2,400,063</u>	<u>2,891,574</u>	<u>2,891,574</u>	<u>0</u>
	<u>5,256,652</u>	<u>5,841,893</u>	<u>\$ 5,648,682</u>	<u>\$ 193,211</u>
Expenditures				
Debt Service	<u>4,898,087</u>	<u>5,554,587</u>	<u>\$ 5,559,887</u>	<u>\$ (5,300)</u>
	<u>4,898,087</u>	<u>5,554,587</u>	<u>\$ 5,559,887</u>	<u>\$ (5,300)</u>
Receipts Over (Under) Expenditures	358,565	287,306		
Unencumbered Cash, Beginning	3,373,857	3,732,422		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 3,732,422</u>	<u>\$ 4,019,728</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Special Assessments Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Site Improvement Services	<u>68</u>	<u>68</u>	\$ <u>9,488</u>	\$ <u>(9,420)</u>
	<u>68</u>	<u>68</u>	\$ <u>9,488</u>	\$ <u>(9,420)</u>
Receipts Over (Under) Expenditures	(68)	(68)		
Unencumbered Cash, Beginning	9,556	9,488		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>9,488</u>	\$ <u>9,420</u>		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Federal Funds</u>		
	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	\$ 349,811	\$ 407,030
	<u>349,811</u>	<u>407,030</u>
Expenditures		
Instruction	338,270	393,139
Student Support Services	239	4,625
Instructional Support Staff	5,966	8,266
General Administration	6,036	0
	<u>350,511</u>	<u>406,030</u>
Receipts Over (Under) Expenditures	(700)	1,000
Unencumbered Cash, Beginning	(88)	(788)
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ (788)</u>	<u>\$ 212</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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)

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 18,971	\$ 31,587
	<u>18,971</u>	<u>31,587</u>
Expenditures		
Instruction	23,732	21,557
Instructional Support Staff	<u>3,382</u>	<u>13</u>
	<u>27,114</u>	<u>21,570</u>
Receipts Over (Under) Expenditures	(8,143)	10,017
Unencumbered Cash, Beginning	18,895	10,762
Prior Year Canceled Encumbrances	<u>10</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 10,762</u>	<u>\$ 20,779</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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)

Contingency Reserve Fund

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Transfers	\$ 180,000	\$ 0
	<u>180,000</u>	<u>0</u>
Expenditures		
Transfers	<u>180,000</u>	<u>0</u>
	<u>180,000</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	1,406,491	1,406,491
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 1,406,491</u>	<u>\$ 1,406,491</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH 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>Textbook and Student Material</u> <u>Revolving Fund</u>		Prior Year	Current Year
		<u>Actual</u>	<u>Actual</u>
Cash Receipts			
Local Sources		\$ 185,284	\$ 180,206
		<u>185,284</u>	<u>180,206</u>
Expenditures			
Instruction		170,007	81,017
Student Support Services		10,109	25,982
		<u>180,116</u>	<u>106,999</u>
Receipts Over (Under) Expenditures		5,168	73,207
Unencumbered Cash, Beginning		126,237	131,878
Prior Year Canceled Encumbrances		<u>473</u>	<u>178</u>
Unencumbered Cash, Ending		<u>\$ 131,878</u>	<u>\$ 205,263</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - CAPITAL PROJECTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Actual Totals for the Prior Year Ended June 30, 2016)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest	\$ 0	\$18,049,811
Bond Proceeds	0	1,500,241
Bond Proceeds Transfer	0	4,000,000
	<u>0</u>	<u>23,550,052</u>
Expenditures		
New Building Acquisition and Construction	0	9,733,593
Debt Service	0	4,000,000
	<u>0</u>	<u>13,733,593</u>
Receipts Over (Under) Expenditures	0	9,816,459
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 9,816,459</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Revolving	\$ 0	\$ 233	\$ 233	\$ 0
Concessions	0	8,130	8,130	0
Class of 2016	976	0	976	0
Class of 2017	1,430	1,940	1,939	1,431
Class of 2018	1,543	6,552	6,909	1,186
Class of 2019	568	2,581	423	2,726
Class of 2020	0	984	262	722
Student Services	1,950	1,529	2,050	1,429
Pepsi	2,414	1,561	1,994	1,981
Library/Media	334	331	363	302
Sales Tax	365	2,682	2,403	644
Band Activity	600	2,180	2,371	409
Broadcasting	658	0	9	649
Buzz Barn	998	2	0	1,000
Choir Activities	3,926	6,623	7,938	2,611
Counselor Activity	2,705	3,456	4,478	1,683
Crime Stoppers	685	0	50	635
Field Trip	597	344	268	673
Fine Arts	495	73	568	0
Gifted	1,074	0	262	812
Girls Club	240	0	233	7
Journalism	389	0	389	0
Kansas Beef Council	0	250	250	0
Math Department	109	511	366	254
Musical	3,653	6,167	6,246	3,574
Vending DECA	3,995	7,612	5,654	5,953
Auto Parts	425	1,780	1,786	419
Band Cleaning/Rental	0	1,408	1,408	0
Woods Project	1,394	5,054	5,599	849
Yearbook	5,017	2,426	3,808	3,635
	36,540	64,409	67,365	33,584

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School (Continued)				
PE Uniforms	(1,658)	0	0	\$ (1,658)
Art Club	819	475	617	677
Chess Club	3,073	877	3,044	906
DECA	621	8,479	8,907	193
Drama Club	403	5,330	4,507	1,226
FBLA	865	3,073	1,820	2,118
FCA	528	10	173	365
FCCLA	3,109	245	727	2,627
Friendship Club	1,507	327	659	1,175
HOSA	212	1,997	944	1,265
Letterwomen's Club	1,757	805	914	1,648
National Forensics	5,656	9,570	9,036	6,190
National Honor Society	505	921	735	691
Robotics	3,009	2,350	1,261	4,098
SADD	977	652	850	779
Scholars Bowl	44	1,026	353	717
Science Club	569	0	150	419
Skills USA/TSA	101	2,793	1,400	1,494
Spanish Club	226	672	496	402
Student Council	995	5,729	6,187	537
Varsity Club	205	0	0	205
Spanish Travels	510	4,152	4,662	0
SHOW	203	109	0	312
GSA	100	113	0	213
SAFE	0	1,800	200	1,600
Environment Club	0	597	285	312
	<u>60,876</u>	<u>116,511</u>	<u>115,292</u>	<u>62,095</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Fund</u>	<u>Beginning</u> <u>Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Ending Cash</u> <u>Balance</u>
Middle School				
Student Services	\$ 0	\$ 6,514	\$ 5,140	\$ 1,374
Sales Tax	46	503	523	26
Fundraiser	2,232	4,947	6,965	214
Student Council	0	3,144	2,567	577
Video Yearbook	8	1,871	1,700	179
Academic Activities	0	90	105	(15)
Leadership Program	1	5,263	5,264	0
Band Fundraiser	2,498	5,879	7,211	1,166
SHOW Account	0	2,791	1,995	796
Concessions	0	7,195	6,601	594
	<u>4,785</u>	<u>38,197</u>	<u>38,071</u>	<u>4,911</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Intermediate School				
Faculty Services	\$ 221	\$ 1,242	\$ 1,073	\$ 390
Revolving	0	3,084	3,084	0
Student Services	3,212	6,752	8,339	1,625
PE Account	3,651	3,562	3,035	4,178
Stuco	2,873	3,746	3,906	2,713
Sales Tax	0	232	232	0
	<u>9,957</u>	<u>18,618</u>	<u>19,669</u>	<u>8,906</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Abilene Elementary				
Revolving Acct	\$ 0	\$ 1,554	\$ 1,554	\$ 0
Faculty Services	5,644	842	928	5,558
Student Services	8,420	154	572	8,002
Gifts & Grants	1,261	250	185	1,326
	<u>15,325</u>	<u>2,800</u>	<u>3,239</u>	<u>14,886</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
West Elementary				
Revolving	\$ 0	\$ 0	\$ 57	\$ (57)
Faculty Account	255	795	1,004	46
Student	7,209	7,816	3,641	11,384
PE	852	2,228	2,313	767
Sales Tax	50	43	78	15
Owls	154	0	0	154
	<u>8,520</u>	<u>10,882</u>	<u>7,093</u>	<u>12,309</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Wheatland Elementary				
Revolving	\$ 6	\$ 0	\$ 0	\$ 6
Faculty Services	1,811	1,939	1,283	2,467
Student Services	18,065	9,452	12,433	15,084
Sales Tax	334	113	334	113
	<u>20,216</u>	<u>11,504</u>	<u>14,050</u>	<u>17,670</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Scholarship and Memorials				
Ireland Scholarship	\$ 2,016	\$ 234	\$ 750	\$ 1,500
Dawson Scholarship	5,196	4	600	4,600
	<u>7,212</u>	<u>238</u>	<u>1,350</u>	<u>6,100</u>
 Total Agency Funds	 <u>\$ 126,891</u>	 <u>\$ 198,750</u>	 <u>\$ 198,764</u>	 <u>\$ 126,877</u>

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2017

Fund	Beginning	Prior Year	Cash Receipts	Expenditures	Ending	Add	Ending Cash
	Unencumbered	Canceled			Unencumbered	Encumbrances	
	Cash Balance	Encumbrances			Cash Balance	and Accounts Payable	Balance
School Projects							
High School Athletics	\$ 59,284	\$ 0	\$ 477,161	\$ 483,184	\$ 53,261	\$ 0	\$ 53,261
Middle School	1	0	82	47	36	0	36
Middle School Athletics	9,630	0	57,151	42,588	24,193	0	24,193
Intermediate School	1,030	0	3,064	3,030	1,064	0	1,064
Abilene Elementary	1,267	0	5,996	5,667	1,596	0	1,596
West Elementary	6,797	0	5,123	4,589	7,331	0	7,331
Wheatland Elementary	2,783	0	1,871	1,654	3,000	0	3,000
Activity Advertising	0	0	6,918	0	6,918	0	6,918
Total District Activity Funds	<u>\$ 80,792</u>	<u>\$ 0</u>	<u>\$ 557,366</u>	<u>\$ 540,759</u>	<u>\$ 97,399</u>	<u>\$ 0</u>	<u>\$ 97,399</u>

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**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**

INDEPENDENT AUDITORS' REPORT

**Board of Education
Valley Center Unified School District No. 262
Valley Center, 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 **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of and for the year ended **June 30, 2017**, and the related notes to the financial statement, which collectively comprise **Valley Center Unified School District No. 262, Valley Center, Kansas'** basic financial statement, and have issued our report thereon dated October 31, 2017. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 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 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.

**Board of Education
Valley Center Unified School District No. 262**

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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
October 31, 2017



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITORS' REPORT

**Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas**

Report on Compliance for Each Major Federal Program

We have audited the compliance of **Valley Center Unified School District No. 262, Valley Center, Kansas**, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs for the year ended **June 30, 2017**. **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal financial programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 (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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance.

**Board of Education
Valley Center Unified School District No. 262**

Opinion on Each Major Federal Program

In our opinion, **Valley Center Unified School District No. 262, Valley Center, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2017**.

Report on Internal Control Over Compliance

Management of **Valley Center Unified School District No. 262, Valley Center, Kansas** 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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 weakness 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.

Busby Ford & Reimer, LLC

Busby Ford & Reimer, LLC
October 31, 2017

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Grant Title	Federal CFDA No.	Program Amount	Unencumbered Cash 7-1-16	Receipts	Expenditures	Unencumbered Cash 6-30-17
<u>(Passes Through Kansas Department of Education)</u>						
Department of Agriculture						
Child Nutrition Cluster-Cluster						
National School Breakfast Program	10.553	\$ 121,847				
National School Lunch Program	10.555	548,960				
Summer Food Service Program	10.559	19,186				
		<u>689,993</u>	<u>\$ 0</u>	<u>\$ 689,993</u>	<u>\$ 689,993</u>	<u>\$ 0</u>
Department of Education						
Title I Grants to Local Education Agencies	84.010	335,091	0	335,091	335,091	0
Career and Technical Education-Basic Grants to States	84.048	18,308	(1,000)	18,308	17,308	0
Improving Teacher Quality State Grants	84.367	53,631	0	53,631	53,631	0
		<u>407,030</u>	<u>(1,000)</u>	<u>407,030</u>	<u>406,030</u>	<u>0</u>
Total Federal Financial Assistance		<u>\$ 1,097,023</u>	<u>\$ (1,000)</u>	<u>\$ 1,097,023</u>	<u>\$ 1,096,023</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this schedule.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Valley Center Unified School District No. 262, Valley Center, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Indirect Cost Rate:

The District has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for **Valley Center Unified School District No. 262, Valley Center, Kansas**, expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **Valley Center Unified School District No. 262, Valley Center, Kansas**.
7. The programs tested as major programs were:

Child Nutrition Cluster-Cluster	
National School Breakfast Program	10.553
National School Lunch Program	10.555
National Summer Food Service Program	10.559
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. **Valley Center Unified School District No. 262, Valley Center, Kansas**, was determined not to be a low-risk auditee.

**VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

There are no prior audit findings.