

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

**Financial Statements
and Schedule of Expenditures of
Federal Awards**

**For the Fiscal Year Ended
June 30, 2019**

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BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

Financial Statements and Schedule
of Expenditures of Federal Awards
Year ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 11
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14 - 15
Reconciliation of the Total Governmental Fund Balance Sheet to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17 - 18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balances with the Government - Wide Statement of Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis)	
General Fund	20
Supplemental General Fund	21
Special Education Fund	22
KPERS Fund	23
Capital Outlay Fund	24
Statement of Fiduciary Net Position	25
Notes to the Basic Financial Statements	26 - 51
Required Supplementary Information:	
Other Post-Employment Benefits	
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	52
Other Post-Employment Benefits (KPERS)	
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	53
KPERS Pension Plan	
Schedule of District's Proportionate Share of the Net Pension Liability	54
Schedule of District Contributions	54

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

Financial Statements and Schedule
of Expenditures of Federal Awards
Year ended June 30, 2019

TABLE OF CONTENTS - CONTINUED

	<u>Page</u>
Combining Statements and Individual Fund Schedules	
Combining Statements - Nonmajor Funds	
Fund Descriptions	55 - 56
Combining Balance Sheet - Nonmajor Special Revenue Funds	57 - 60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	61 - 64
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis):	
Vocational Education Fund	65
At Risk (K-12) Fund	66
Professional Development Fund	67
Special Assessment Fund	68
Food Service Fund	69
Bilingual Education Fund	70
Virtual Education Fund	71
Summer School Fund	72
Parent Education Program Fund	73
Extraordinary School Program Fund	74
Federal Funds	75 - 76
Gifts and Grants Funds	77 - 78
Special Liability Fund	79
Debt Service Fund	80
Combining Statement of Net Position - Agency Funds	81
Statement of Changes in Assets and Liabilities	82
Schedule of Expenditures of Federal Awards	83
Notes to Schedule of Expenditures of Federal Awards	84
Schedule of Findings and Questioned Costs	85 - 86
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"	87 - 88
Independent Auditor's Report on Compliance for Each Major Program And on Internal Control over Compliance Required by the Uniform Guidance	89 - 90



INDEPENDENT AUDITOR'S REPORT

Board of Education
Blue Valley Unified School District No. 229

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, budgetary comparison information, and the aggregate remaining fund information of the Blue Valley Unified School District No. 229 (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, budgetary comparison information, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position, thereof and the respective budgetary comparison for the General, Supplemental General, Special Education, KPERs, and Capital Outlay Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

Prior Period Restatement

As discussed in Note 3. to the financial statements, certain errors in amounts previously reported as of June 30, 2018, were discovered by management of the District during the current year. Accordingly, these amounts have been restated in the June 30, 2019, financial statements now presented, and adjustments have been made to net position to correct the error. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the schedule of changes in the District's total OPEB liability and related ratios on pages 52 - 53, the schedule of the District's proportionate share of the net pension liability on page 54, and the schedule of District contributions on page 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, 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 statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with "Government Auditing Standards," we have also issued our report dated September 18, 2019, 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 solely 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 effectiveness of the District's 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.

Mize Houser & Company PA

Certified Public Accountants

Lawrence, KS
September 18, 2019

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

This section of the Blue Valley School District's annual financial report presents its discussion and analysis of the district's financial performance during the fiscal year ended June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Total net position increased by \$7.3 million and overall revenues were \$325.3 million.
- The District's current assets decreased by \$52.2 million which is primarily attributable to a \$50.7 million decrease in investments. Investments decreased due largely to construction expenditures paid during the 2018-19 fiscal year from bond proceeds that were authorized under the 2012 and 2005 referendums.
- The District's total outstanding non-current liabilities decreased by \$54.8 million during fiscal year 2018-19. The reason for this decrease was a decrease of the long-term general obligation bonds of \$53.5 million.
- In accordance with GASB Statements No. 74 & 75 – *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, the District had an actuarial evaluation completed as of July 1, 2017 to determine their obligation for other post-employment benefits. As a result of that evaluation, the District recorded a Total Other Post-Employment Benefits (OPEB) Liability of \$3.6 million as of June 30, 2019, which is an increase of \$0.2 million from the Total OPEB Liability of \$3.4 million recorded as of June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. These statements are organized so the reader can understand the District as a whole. The basic financial statements include two types of statements that present different views of the district. The first are the government-wide financial statements and the second are the fund financial statements.

Government-Wide Financial Statements

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

The first of the government-wide statements is the *Statement of Net Position*. The *Statement of Net Position* presents balance information for the entire district operations at a given point in time (June 30, 2019). The assets include all cash and investments, receivables including interest and taxes assessed that remain uncollected, materials inventory, bond issuance costs and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, accrued payroll earnings not yet paid, accrued interest payable, retainage payable, unearned revenue, compensated absences, net OPEB obligation, net pension liability and outstanding general obligation debt. Deferred Inflows of Resources recognize the pension differences between projected and actual investment earnings as well as expected and actual experience as of June 30, 2019. This results in a statement that encompasses the entire operations of the Blue Valley School District.

Although the *Statement of Net Position* reports total net position of \$228.1 million, the district has restrictions over the use of these funds. The investment in facilities and equipment is necessary to carry out the mission of the district. Kansas state law segregates funds and places restrictions on spending. This should be considered when reviewing the report.

The second of the government-wide financial statements is the *Statement of Activities*. This statement shows the results of operations that caused the net position to change from the prior year amount reported to the amount reported on the *Statement of Net Position* as of June 30, 2019. This statement answers the question, "How did we do financially during fiscal year 2019?" This change in net position is important because it tells the reader that, for the school district as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors. Most notably, the results are influenced by:

- The property tax base,
- Funding at local, state and federal levels
- Operating expenditure limits imposed by Kansas law,

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

- Building improvements,
- Number of students served,
- Staffing levels, and
- Changes in debt levels

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

Fund Financial Statements

Financial reports by fund follow the government-wide statements. The major funds are listed separately with all smaller funds aggregated in the column labeled "Other Governmental Funds." As shown on the reconciliations on pages 16 and 19, the fund statements differ from the government-wide statements (*Statement of Net Position* and *Statement of Activities*) by including due to/due from adjustments and excluding the following:

- Bond issuance costs, bonds payable and related accrued interest,
- Cost of capital assets less accumulated depreciation,
- Compensated absences,
- Net other post-employment benefit obligations, and
- Net pension liability

These reports provide more detail about the school district according to the various funds established under Kansas law. Due to the large number of funds, the major funds are listed separately with the remaining funds aggregated into the column labeled "Other Governmental Funds."

The district has two kinds of funds: governmental and fiduciary funds.

Governmental Funds

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

The fund classifications provide additional information about the entity. The general, supplemental general, special education and other governmental funds encompass the major operating funds. The capital outlay fund is used primarily to repair and remodel district buildings and for equipment and technology purchases. The debt service fund is used to pay outstanding general obligation bonds and related interest charges as they become due. The capital projects fund is the primary source for the purchase of sites, buildings and building improvements and technology projects.

Fiduciary Funds

The District's fiduciary funds are agency funds. Agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds include student organization monies at the various schools. The district accounts for these funds and students approve all of the expenditures. Also included is the Gift fund, which accounts for gifts from outside donors. Additionally, the Extraordinary Growth fund is included and this fund is used to account for collections of local taxes necessary to cover the additional costs of opening new facilities. These funds are then sent to the state as a reimbursement for the increased operating authority. Finally, the fiduciary funds include the Cost of Living fund which provides for a legal vehicle to levy taxes attributable to the weighting factor provided to school districts with high housing costs. This fund is used to channel the local tax revenues back to the state to offset the increased operating authority for districts which have residences that are higher than the statewide average value. The District's agency funds are reported on the *Combining Statement of Net Position - Agency Funds*.

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The district's net position was more on June 30, 2019 than it was the year before, increasing by \$7.3 million to \$228.1 million. The following are the major components of the district's net position. Due to rounding, the numbers provided below may vary slightly from the amounts presented in the basic financial statements.

Condensed Statement of Net Position

	<u>Balance As Of June 30, 2018</u>	<u>Prior Period Adjustment</u>	<u>Balance, Restated June 30, 2018</u>	<u>Balance As Of June 30, 2019</u>
Statement Classifications				
Current assets	\$300,190,651	\$ -	\$300,190,651	\$247,943,753
Capital assets	588,345,821	24,612	588,370,433	599,338,933
Total assets	<u>\$888,536,472</u>	<u>\$ 24,612</u>	<u>\$888,561,084</u>	<u>\$847,282,686</u>
Pension	\$ 42,945,085	\$ -	\$ 42,945,085	\$ 32,011,501
Total deferred outflows	<u>\$ 42,945,085</u>	<u>\$ -</u>	<u>\$ 42,945,085</u>	<u>\$ 32,011,501</u>
Current Liabilities	\$ 85,594,505	-	\$ 85,594,505	\$ 88,035,376
Non-current liabilities	590,666,524	-	590,666,524	535,842,497
Total liabilities	<u>\$676,261,029</u>	<u>\$ -</u>	<u>\$676,261,029</u>	<u>\$623,877,873</u>
Pension	\$34,429,238	\$ -	\$34,429,238	\$27,317,163
Total deferred inflows	<u>\$34,429,238</u>	<u>\$ -</u>	<u>\$34,429,238</u>	<u>\$27,317,163</u>
Net position				
Invested in capital assets, net of related debt	\$165,072,614	\$ 24,612	\$165,097,226	\$227,987,520
Restricted	64,149,804	-	64,149,804	63,310,982
Unrestricted	(8,431,128)	-	(8,431,128)	(63,199,351)
Total net position	<u>\$220,791,290</u>	<u>\$ 24,612</u>	<u>\$220,815,902</u>	<u>\$228,099,151</u>

The increase of \$7.3 million in total net position is due to several factors. It includes a decrease in current assets of \$52.2 million and an increase in capital assets of \$11 million. It also includes an increase in current liabilities of \$2.4 million and a decrease in non-current liabilities of \$54.8 million. In addition, deferred outflows decreased \$10.9 million and deferred inflows decreased \$7.1 million. Net position includes \$228 million invested in capital assets, \$63.3 million restricted for debt service and \$(63.2) million unrestricted.

The total costs of all programs and services amounted to \$318.1 million. The following table shows the breakdown of total costs by functional area:

<u>Expense Function</u>	<u>Percentage of Total</u>
Instruction	54.5%
Student support services	5.5%
Instructional support staff	3.5%
General administration	0.7%
School administration	4.2%
Central Services	1.8%
Operations and maintenance	17.5%
Student transportation services	2.8%
Food service operations	2.9%

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Other support services	2.8%
Interest on long-term debt	3.8%

The table below details the district's change in net position for the last two years.

Changes in Net Position from Operating Results (In millions of dollars)

<u>Revenues</u>	Totals For The Year Ended <u>June 30, 2018</u>	Totals For The Year Ended <u>June 30, 2019</u>
Program revenues		
Charges for services	\$10.4	\$10.6
Operating grants and contributions	48.1	45.1
General revenues		
Property taxes	139.7	142.8
Grants and entitlements*	118.7	118.2
Investment earnings	3.2	5.4
Miscellaneous	<u>2.4</u>	<u>3.2</u>
Total revenues	322.5	325.3
*not restricted to specific programs		
<u>Expenses</u>		
Instruction	166.5	173.4
Student support services	15.9	17.3
Instructional support staff	11.8	11.0
General administration	2.3	2.3
School administration	12.8	13.4
Central services	4.7	5.6
Operations and maintenance	40.6	55.7
Student transportation services	8.6	8.9
Food service operations	9.0	9.2
Other support services	7.4	9.1
Interest on long term debt	<u>13.3</u>	<u>12.2</u>
Total Expenses	<u>292.9</u>	<u>318.1</u>
Increase [decrease] in net position	<u>\$ 29.6</u>	<u>\$ 7.2</u>

Total revenues exceeded expenses during the fiscal year by \$7.2 million and the district's total revenues increased overall by \$2.8 million. The increase was attributable to one primary factor, an increase in property taxes of \$3.1 million, and many other smaller factors. Expenses increased by \$25.2 million due largely to a \$15.1 million increase in operations and maintenance, as well as a \$6.9 million increase in instruction expenses, and also various increases and decreases in all other functional areas. The increase in operations and maintenance was due largely to an increase in bond fund construction spend for the Flexible Learning Environment and 1 to Learner initiatives. The increase in instruction expenses was due largely to an increase in compensation and fringe benefits for teachers.

Blue Valley Unified School District No. 229
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2019

The table presented below presents the cost of eleven major district activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the district's taxpayers by each of these functions.

Net Cost of Governmental Activities (In millions of dollars)

<u>Expense Functions</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$173.4	\$132.3
Student support services	17.3	16.3
Instructional support staff	11.0	10.0
General administration	2.3	2.1
School administration	13.4	12.8
Central services	5.6	5.6
Operations and maintenance	55.7	53.5
Student transportation services	8.9	8.8
Food service operations	9.2	0.1
Other support services	9.1	8.6
Interest on long-term debt	<u>12.2</u>	<u>12.2</u>
Total	<u>\$318.1</u>	<u>\$262.3</u>

- Costs of \$10.6 million were financed by users of the district's programs.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$45.2 million.
- Most of the district's net cost of services of \$262.3 million was financed by district and state taxpayers.
- This portion of governmental activities was financed with \$142.8 million in property taxes, \$118.2 million of grants and entitlements not restricted to specific programs, \$5.4 million in investment earnings and \$3.2 million in miscellaneous sources.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the district completed the year, its governmental funds reported combined fund balances of \$217.4 million; a decrease of \$55 million from last year's ending fund balance. Expenditures of \$378.5 million exceeded revenues of \$323.5 million by \$55 million. The reason for this decrease in fund balance is detailed in the section below.

The general, supplemental general, special education and debt service funds are the primary source of revenues for the district. These funds account for \$251.8 million or 77.8% of the total revenues. Capital Outlay represents approximately 9.1% of the total and the KPERS fund represents approximately 3.2% of the total. The 2005 and 2012 Capital Projects funds represent 0.6% of the total with the remaining approximately 9.3% in other governmental funds.

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

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Governmental Funds Revenues, Expenditures, Transfers and Fund Balance
(In millions of dollars)

<u>Fund</u>	<u>Beginning Fund Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources/ Transfers</u>	<u>Ending Fund Balance</u>
Basic Education					
General	\$ 0.6	\$ 101.0	\$ 101.1	\$ -	\$ 0.5
Supplemental general	4.3	36.0	36.6	-	3.7
Special education	7.8	49.6	49.5	-	7.9
Vocational education	-	5.0	5.0	-	-
At Risk (K-12)	-	4.7	4.1	-	0.6
Professional development	0.2	1.4	1.6	-	-
Bilingual	-	1.7	1.7	-	-
Virtual education	0.4	0.7	0.6	-	0.5
Gate receipts	0.2	0.7	0.6	-	0.3
Student projects	0.3	1.1	1.1	-	0.3
Instructional materials	2.5	2.1	1.7	-	2.9
Contingency reserve	11.8	-	-	-	11.8
Special workers comp reserve	2.5	0.1	0.7	-	1.9
Special healthcare reserve	15.4	0.2	1.0	-	14.6
Special liability	0.9	0.4	0.4	-	0.9
KPERS	-	10.5	10.5	-	-
Federal and state grants*	0.7	1.8	2.0	-	0.5
Total Basic Education	47.6	217.0	218.2	-	46.4
Expanded Education					
Summer school	0.2	0.1	0.1	-	0.2
Parent education program	-	0.8	0.8	-	-
Extraordinary school program	0.9	-	0.1	-	0.8
Total Expanded Education	1.1	0.9	1.0	-	1.0
Capital					
Capital outlay	62.5	29.3	41.6	-	50.2
Debt service	64.1	65.2	66.0	-	63.3
Capital projects (2005)	1.3	-	1.3	-	-
Capital projects (2012)	92.7	1.7	40.8	-	53.6
Special assessment	0.5	0.5	0.6	-	0.4
Total Capital	221.1	96.7	150.3	-	167.5
Food Service	2.6	8.9	9.0	-	2.5
Total	<u>272.4</u>	<u>323.5</u>	<u>378.5</u>	<u>\$ -</u>	<u>217.4</u>

* Federal and state grants include the following funds: DAC Grant, Title I, Blue Valley Foundation Grant, Community Grants, Kauffman CAPS Networking Grant, Title II-A, Title III, Safe Schools Grant and other Federal Grants.

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Overall, total revenue plus other sources (issuance of bonds) exceeded expenditures, leaving an ending fund balance of \$217.4 million. An analysis of the above table's categories follows:

- Basic Education expenditures exceeded revenues by \$1.2 million. The general and supplemental general funds are subject to an expenditure limit. The limit is based upon a weighted number of students multiplied by the base state aid per pupil provided in the law. The number of students includes those who are enrolled and attending school on September 20. During the 2018-19 school year, the base state aid per pupil was budgeted at \$4,165. Additional weighting is provided for students receiving bilingual, vocational, at-risk or transportation services. Other weightings also apply, but are not discussed here in the interest of brevity. The school district has no ability to increase the resources in the general and supplemental general funds to cover inflationary increases in costs without annual changes in the statute. The textbook, student projects, student materials and gate receipts funds can be increased with school board approval, but are only a small part of the basic education group of funds.

Any balances remaining in the general and supplemental general funds are used to support the subsequent year limit. Therefore, remaining balances in these funds should not be considered as additional resources available to the district in excess of the expenditure limits. The general and supplemental general funds ending fund balances represent \$4.2 million (9.1%) of the basic education balance of \$46.4 million.

Kansas statutes allows school districts to carry a balance in the Special Education fund, the Vocational Education fund, the Professional Development fund, the Bilingual fund, the Contingency Reserve fund, the Special Reserve fund, the Special Liability fund and all other Special Revenue funds. During the 2018-19 school year, the Special Education fund revenues exceeded expenditures by \$0.1 million. The Special Reserve fund has historically been used to protect the district from insurable losses that are not otherwise insured. The district has been self-funding their workmen's compensation coverage from this fund. The district began self-insuring their health insurance plan on January 1, 2011 and all revenues and expenditures related to this plan are tracked in the Special Healthcare Reserve fund. The Special Liability fund is used to pay the cost of providing for the school district's defense pursuant to the Kansas tort claims act.

- Expanded Education expenditures exceeded revenues by \$0.1 million for the 2018-19 fiscal year. This group of funds had an ending fund balance of \$1.0 million at June 30, 2019. Tuition for the summer school program is collected prior to June 30th, but most of the expenditures are paid in July and August. The district can adjust revenue in the extraordinary schools and summer school programs as these are fee based programs supported by the users of the programs.
- Capital funds expenditures exceeded revenues and other sources by \$53.6 million, with ending fund balances totaling \$167.5 million. Construction funds accounted for \$53.6 million of the total ending fund balance. As of June 30, 2019 all proceeds from the 2005 Capital Project fund had been spent. In October 2015 the District sold the final installment of bonds of \$20.2 million approved in the 2005 referendum of \$279.9 million. In addition, the District also sold \$72 million in bonds from the 2012 referendum. This was the third sale from the \$271.3 referendum. In November 2017 the District sold the final installment of bonds of \$91.3 million approved in the 2012 referendum.

The capital outlay fund has a balance of \$50.2 million. The fund balance includes budgeted amounts for projects that are only partially completed and paid at June 30. The mill rate on this fund in 2018-19 is 7.995 mills which is below the statutory limit of 8 mills.

The debt service balance of \$63.3 million is available to pay the bond and interest payment in October 2019. The current mill rate is sufficient to pay the remaining bonds and interest as they become due.

- Food service expenditures exceeded revenues by \$0.1 million leaving an ending fund balance of \$2.5 million. Although transfers from other tax supported funds are allowed under Kansas law, Blue Valley's food service program operates without this support. The school board has the authority to adjust meal prices as necessary.

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

General Fund Budgetary Highlights

The following table summarizes the general fund budget variances (In millions of dollars):

	Original Budget	Final Budget	Increase/ [Decrease]	Actual Amounts	Over/[Under] Final Budget
<u>Revenue</u>					
Intergovernmental	\$ 142.8	\$ 142.5	\$ [0.3]	\$ 142.5	\$ -
Other Revenue	0.1	0.1	-	0.1	-
Total Revenue	142.9	142.6	[0.3]	142.6	-
<u>Expenditures</u>					
Instruction	57.6	57.6	-	56.9	[0.7]
Student Support	5.4	5.4	-	5.1	[0.3]
Instructional Support	8.3	8.3	-	7.8	[0.5]
General Admin	1.2	1.2	-	1.2	-
School Administration	8.9	8.9	-	9.1	0.2
Operations/Maint.	12.2	12.2	-	12.3	0.1
Other Support Serv.	8.1	8.1	-	7.4	[0.7]
Transportation	1.3	1.3	-	1.3	-
Transfers Out	39.9	39.6	[0.3]	41.5	1.9
Total Expenditures	\$ 142.9	\$ 142.6	\$ [0.3]	\$ 142.6	\$ -

The final general fund expenditures budget remained unchanged from the original budget. The final general fund budget is based on the total student FTE (with all applicable weightings) as of September 20th, multiplied by the Base Aid for Student Excellence (BASE). The BASE amount for 2018-19 was \$4,165.

Capital Asset and Debt Administration

Capital Assets

By the end of 2019, the district had invested \$918.9 million in a broad range of capital assets, including school buildings, athletic facilities, computer equipment, and administrative offices. The accumulated depreciation on the capital assets amounted to \$319.5 million, resulting in capital assets, net of depreciation of \$599.4 million. This amount represents an increase of \$11.1 million from last year. The value of additions and retirements in comparison to previous years were lower due largely to the construction costs of a new elementary school retired from construction in process in the previous year and placed into service as a depreciable asset.

Capital Assets (Net of depreciation, in millions of dollars)

	Assets As Of <u>June 30, 2018</u>	Assets As Of <u>June 30, 2019</u>	% <u>Depreciated</u>
Land	\$32.6	\$32.6	n/a
Construction in progress	10.9	23.0	n/a
Buildings and improvements	475.1	475.4	32.1%
Site improvements	41.8	39.9	49.6%
Infrastructure	12.1	11.3	38.6%
Furniture	0.4	0.4	86.9%
Technology	8.4	9.2	62.0%
Vehicles	2.4	2.8	42.8%
Food Service	1.0	0.8	86.4%
Equipment	3.6	4.1	85.1%
Total	\$588.3	\$599.5	34.8%

Blue Valley Unified School District No. 229
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

More information regarding the district's capital assets can be found in the notes to the financial statements (Note 4-C).

Long-Term Debt

Moody's Investors Services and Standard & Poor's have rated the Blue Valley School District at Aaa and AA+, respectively. Kansas law limits the amount of outstanding indebtedness. The statutory limit for the district on June 30, 2019 is at approximately \$443 million, but when necessary districts may be given permission to exceed the limit by the State of Kansas. As of June 30, 2019, the district has \$371.4 million of outstanding debt. The district continued to pay down its debt, retiring approximately \$53.3 million of outstanding bonds. The district has a high debt per capita because of its continued growth. Building expansion has been funded with debt, and district management does not feel that the amount of debt is a burden to taxpayers.

More information regarding the district's long-term debt can be found in the notes to the financial statements (Note 4-D).

Contacting the District's Financial Management

This financial report is designed to provide the district's citizens, taxpayers, customers and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business and Finance Department, Blue Valley School District, 15020 Metcalf, Overland Park, Kansas 66223.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF NET POSITION
June 30, 2019

	Primary Government	Component Unit
	Total Governmental Activities	Total Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:		
Current assets:		
Cash and investments	\$ 233,064,664	\$ 9,336,745
Receivables		
Interest	730,455	-
Other	13,768,621	2,242
Material and supplies inventory	380,013	-
Total current assets	<u>247,943,753</u>	<u>9,338,987</u>
Noncurrent assets:		
Capital assets		
Nondepreciable capital assets	55,541,339	466,823
Depreciable capital assets	863,329,771	58,052,294
Less: Accumulated depreciation	<u>[319,532,177]</u>	<u>[14,398,582]</u>
Total noncurrent assets	<u>599,338,933</u>	<u>44,120,535</u>
Total assets	<u>847,282,686</u>	<u>53,459,522</u>
Deferred outflow of resources		
Deferred KPERS OPEB amounts	342,432	-
Deferred pension amounts	31,669,069	-
Total deferred outflows of resources	<u>32,011,501</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 879,294,187</u>	<u>\$ 53,459,522</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current liabilities:		
Accounts payable	\$ 10,691,856	\$ 2,262
Accrued compensation, payroll withholdings and taxes	17,214,019	283,669
Current portion compensated absences	384,520	-
Accrued interest payable	3,592,870	229,789
Retainage payable	729,974	-
Unearned revenue	1,922,941	889,074
Long-term liabilities		
General obligation bonds due within one year	53,499,196	-
Certificates of participation due within one year	-	1,879,846
Total current liabilities	<u>88,035,376</u>	<u>3,284,640</u>
Noncurrent liabilities:		
Compensated absences	1,797,803	-
Net other post employment benefit liability (KPERS)	3,160,142	-
Net other post employment benefit liability	3,629,104	-
Net pension liability	209,403,231	-
Long-term liabilities		
General obligation bonds due in more than one year	317,852,217	-
Certificates of participation due in more than one year	-	23,856,390
Total noncurrent liabilities	<u>535,842,497</u>	<u>23,856,390</u>
Total liabilities	<u>623,877,873</u>	<u>27,141,030</u>
Deferred Inflows of Resources		
Deferred OPEB amounts	10,330,576	-
Deferred KPERS OPEB amounts	262,055	-
Deferred pension amounts	16,724,532	-
Total deferred inflows of resources	<u>27,317,163</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>\$ 651,195,036</u>	<u>\$ 27,141,030</u>
NET POSITION		
Net investment in capital assets	\$ 227,987,520	\$ 17,071,239
Restricted for:		
Debt service	63,310,982	-
Unrestricted	<u>[63,199,351]</u>	<u>9,247,253</u>
Total net position	<u>\$ 228,099,151</u>	<u>\$ 26,318,492</u>

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Program Revenues			Net [Expenses] Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government	Component Unit
				Total Governmental Activities	Total Governmental Activities
Governmental activities:					
Instruction	\$ 173,395,883	\$ 3,358,803	\$ 37,749,750	\$ [132,287,330]	\$ -
Student support services	17,333,890	-	996,382	[16,337,508]	-
Instructional support staff	10,979,448	-	956,567	[10,022,881]	-
General administration	2,245,283	-	99,857	[2,145,426]	-
School administration	13,443,424	-	682,473	[12,760,951]	-
Central services	5,585,444	-	33,598	[5,551,846]	-
Operations and maintenance	55,707,045	-	2,251,053	[53,455,992]	-
Student transportation services	8,874,214	-	67,687	[8,806,527]	-
Food service operations	9,227,762	7,239,749	1,856,126	[131,887]	-
Other support services	9,053,122	-	443,865	[8,609,257]	-
Interest on long-term debt	12,231,720	-	-	[12,231,720]	-
Total primary government	<u>\$ 318,077,235</u>	<u>\$ 10,598,552</u>	<u>\$ 45,137,356</u>	<u>[262,341,327]</u>	<u>-</u>
Component unit:					
Blue Valley Recreation Commission					
Culture and recreation	\$ 12,102,815	\$ 6,806,535	\$ -	-	[5,296,280]
Total component unit	<u>\$ 12,102,815</u>	<u>\$ 6,806,535</u>	<u>\$ -</u>	<u>-</u>	<u>[5,296,280]</u>
General Revenues:					
Property taxes levied for					
General purposes				50,390,409	7,639,383
Debt service				64,427,834	-
Capital outlay				27,972,927	-
Grants and entitlements not restricted to specific programs				118,229,592	-
Investments earnings				5,425,849	118,246
Miscellaneous				3,177,965	60,895
Subtotal general revenues				<u>269,624,576</u>	<u>7,818,524</u>
Change in net position				<u>7,283,249</u>	<u>2,522,244</u>
Net position - beginning				220,791,290	23,796,248
Prior period adjustment				<u>24,612</u>	<u>-</u>
Net position - beginning, restated				<u>220,815,902</u>	<u>23,796,248</u>
Net position - ending				<u>\$ 228,099,151</u>	<u>\$ 26,318,492</u>

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

BALANCE SHEET -
GOVERNMENTAL FUNDS
June 30, 2019

	<u>General</u>	Supplemental <u>General</u>	Special <u>Education</u>	<u>KPERS</u>	Capital <u>Outlay</u>
ASSETS					
Cash and investments	\$ 10,526,644	\$ 3,641,044	\$ 7,333,442	\$ -	\$ 50,259,964
Receivables					
Interest	-	-	588,464	-	-
Other	7,303,844	-	8,765	6,382,861	-
Due from other funds	73,151	-	-	-	-
Material and supplies inventory	<u>239,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 18,142,873</u>	<u>\$ 3,641,044</u>	<u>\$ 7,930,671</u>	<u>\$ 6,382,861</u>	<u>\$ 50,259,964</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 142,022	\$ -	\$ 17,681	\$ 6,382,861	\$ 15,202
Accrued liabilities	17,213,469	-	550	-	-
Due to other funds	-	-	-	-	-
Retainage payable	-	-	-	-	30,692
Unearned revenue	<u>270,504</u>	<u>-</u>	<u>16,972</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>17,625,995</u>	<u>-</u>	<u>35,203</u>	<u>6,382,861</u>	<u>45,894</u>
Fund balance:					
Nonspendable	277,644	-	-	-	-
Restricted	-	-	7,743,187	-	48,643,994
Assigned	239,234	-	152,281	-	1,570,076
Unassigned	<u>-</u>	<u>3,641,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>516,878</u>	<u>3,641,044</u>	<u>7,895,468</u>	<u>-</u>	<u>50,214,070</u>
Total liabilities and fund balances	<u>\$ 18,142,873</u>	<u>\$ 3,641,044</u>	<u>\$ 7,930,671</u>	<u>\$ 6,382,861</u>	<u>\$ 50,259,964</u>

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

<u>Debt Service</u>	<u>2005 Capital Projects</u>	<u>2012 Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 63,310,982	\$ -	\$ 58,302,587	\$ 39,690,001	\$ 233,064,664
-	-	141,991	-	730,455
-	-	-	73,151	13,768,621
-	-	-	-	73,151
-	-	-	140,779	380,013
<u>\$ 63,310,982</u>	<u>\$ -</u>	<u>\$ 58,444,578</u>	<u>\$ 39,903,931</u>	<u>\$ 248,016,904</u>
\$ -	\$ -	\$ 4,133,604	\$ 486	\$ 10,691,856
-	-	-	-	17,214,019
-	-	-	73,151	73,151
-	-	699,282	-	729,974
-	-	-	1,635,465	1,922,941
-	-	4,832,886	1,709,102	30,631,941
-	-	-	140,779	418,423
63,310,982	-	37,920,100	24,848,882	182,467,145
-	-	15,691,592	13,205,168	30,858,351
-	-	-	-	3,641,044
<u>63,310,982</u>	<u>-</u>	<u>53,611,692</u>	<u>38,194,829</u>	<u>217,384,963</u>
<u>\$ 63,310,982</u>	<u>\$ -</u>	<u>\$ 58,444,578</u>	<u>\$ 39,903,931</u>	<u>\$ 248,016,904</u>

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

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BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCE SHEET TO
NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2019

Total Governmental Fund Balances		\$ 217,384,963
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	918,871,110	
Accumulated depreciation is	<u>319,532,177</u>	599,338,933
Pension contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position.		
		32,011,501
Pension and OPEB fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position.		
		[27,317,163]
The following liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:		
Bonds payable	[371,351,413]	
Accrued compensation	[2,182,323]	
Net other post employment benefit liability	[6,789,246]	
Net pension liability	[209,403,231]	
Accrued interest on the bonds	<u>[3,592,870]</u>	<u>[593,319,083]</u>
Net Position of Governmental Activities		<u>\$ 228,099,151</u>

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>General</u>	<u>Supplemental General</u>	<u>Special Education</u>	<u>KPERS</u>	<u>Capital Outlay</u>
REVENUES:					
Taxes	\$ -	\$ 35,974,161	\$ 1,872,618	\$ -	\$ 27,972,927
Intergovernmental	100,951,005	-	44,582,632	10,455,147	-
Charges for services	62,300	-	-	-	-
Use of money and property	-	-	2,115,651	-	1,154,319
Other local sources	-	-	1,045,031	-	219,407
Total revenues	101,013,305	35,974,161	49,615,932	10,455,147	29,346,653
EXPENDITURES:					
Current					
Instruction	56,990,091	31,014,248	33,770,615	7,018,111	10,912,316
Student support services	5,082,971	1,624,712	8,018,719	892,115	33,591
Instructional support staff	7,801,868	920,644	466,588	556,554	551,649
General administration	1,186,626	-	793,636	86,351	8,307
School administration	9,039,636	2,949,431	198,164	601,608	-
Central services	-	-	-	-	4,535,303
Operations and maintenance	12,300,476	114,148	7,615	719,588	13,327,266
Student transportation services	1,254,718	-	6,253,776	-	966,841
Food service operations	-	-	-	191,411	-
Other support services	7,403,959	-	5,944	389,409	255,159
Capital outlay	43,019	-	-	-	11,020,959
Debt service					
Principal retirement	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	101,103,364	36,623,183	49,515,057	10,455,147	41,611,391
Excess [deficiency] of revenues over [under] expenditures	[90,059]	[649,022]	100,875	-	[12,264,738]
OTHER FINANCING SOURCES [USES]					
Bond issuance costs	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers [out]	[819]	-	-	-	-
Total other financing sources [uses]	[819]	-	-	-	-
Net change in fund balances	[90,878]	[649,022]	100,875	-	[12,264,738]
Fund balance - Beginning of year	607,756	4,290,066	7,794,593	-	62,478,808
Fund balance - End of year	\$ 516,878	\$ 3,641,044	\$ 7,895,468	\$ -	\$ 50,214,070

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

<u>Debt Service</u>	<u>2005 Capital Projects</u>	<u>2012 Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 64,427,834	\$ -	\$ -	\$ 12,543,630	\$ 142,791,170
780,545	-	-	4,757,899	161,527,228
-	-	-	10,536,252	10,598,552
-	8,412	1,795,684	351,783	5,425,849
-	-	-	1,913,527	3,177,965
<u>65,208,379</u>	<u>8,412</u>	<u>1,795,684</u>	<u>30,103,091</u>	<u>323,520,764</u>
-	-	-	15,928,187	155,633,568
-	-	-	1,011,139	16,663,247
-	-	-	2,587,218	12,884,521
-	-	-	-	2,074,920
-	-	-	328,810	13,117,649
-	-	-	-	4,535,303
-	-	-	716,644	27,185,737
-	-	-	34,934	8,510,269
-	-	-	8,958,157	9,149,568
-	-	-	808,983	8,863,454
-	1,354,311	40,837,131	574,980	53,830,400
50,465,031	-	-	-	50,465,031
<u>15,582,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,582,170</u>
<u>66,047,201</u>	<u>1,354,311</u>	<u>40,837,131</u>	<u>30,949,052</u>	<u>378,495,837</u>
<u>[838,822]</u>	<u>[1,345,899]</u>	<u>[39,041,447]</u>	<u>[845,961]</u>	<u>[54,975,073]</u>
-	-	[57,557]	-	[57,557]
-	-	-	819	819
-	-	-	-	[819]
-	-	<u>[57,557]</u>	<u>819</u>	<u>[57,557]</u>
[838,822]	[1,345,899]	[39,099,004]	[845,142]	[55,032,630]
<u>64,149,804</u>	<u>1,345,899</u>	<u>92,710,696</u>	<u>39,039,971</u>	<u>272,417,593</u>
<u>\$ 63,310,982</u>	<u>\$ -</u>	<u>\$ 53,611,692</u>	<u>\$ 38,194,829</u>	<u>\$ 217,384,963</u>

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT - WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Total Net Change In Fund Balances - Governmental Funds		\$ [55,032,630]
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capitalizable capital outlays exceeds depreciation in the period.		
Loss on sale of assets	[92,545]	
Capital outlays	34,926,544	
Depreciation expense	<u>[23,865,499]</u>	10,968,500
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased.		605,344
In the statement of activities, certain operating expenses - compensated absences and other post employment benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This year, other post employment benefits netted with related deferred inflows decreased by \$2,026,074. Compensated absences used were less than the amounts earned by \$142,137.		1,883,937
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities		[6,249,316]
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,839,720
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		<u>53,267,694</u>
Changes In Net Position of Governmental Activities		<u>\$ 7,283,249</u>

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND
For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental:						
State and local	\$ 100,951,005	\$ 17,278,587	\$ 118,229,592	\$ 118,367,837	\$ 118,029,466	\$ 200,126
Special education aid	-	24,231,974	24,231,974	24,432,100	24,432,100	[200,126]
Total intergovernmental	100,951,005	41,510,561	142,461,566	142,799,937	142,461,566	-
Fees and charges	62,300	-	62,300	62,300	62,300	-
Total revenues	101,013,305	41,510,561	142,523,866	142,862,237	142,523,866	-
EXPENDITURES:						
Instruction	56,990,091	[76,521]	56,913,570	57,632,034	57,632,034	718,464
Student support services	5,082,971	[2,519]	5,080,452	5,336,836	5,336,836	256,384
Instructional support staff	7,801,868	30,335	7,832,203	8,298,555	8,298,555	466,352
General administration	1,186,626	[32,175]	1,154,451	1,134,467	1,134,467	[19,984]
School administration	9,039,636	4,440	9,044,076	8,889,334	8,889,334	[154,742]
Operations and maintenance	12,300,476	[16,183]	12,284,293	12,224,052	12,224,052	[60,241]
Other support services	7,403,959	1,745	7,405,704	8,092,036	8,092,036	686,332
Transportation	1,254,718	-	1,254,718	1,295,228	1,295,228	40,510
Transfers [in]	43,019	-	43,019	-	-	[43,019]
Total expenditures	101,103,364	[90,878]	101,012,486	102,902,542	102,902,542	1,890,056
Excess [deficiency] of revenues over [under] expenditures	[90,059]	41,601,439	41,511,380	39,959,695	39,621,324	1,890,056
OTHER FINANCING SOURCES [USES]:						
Transfers [out]	[819]	[41,510,561]	[41,511,380]	[39,959,695]	[39,959,695]	[1,551,685]
Adjustments for legal max	-	-	-	-	338,371	[338,371]
Total other financing sources [uses]	[819]	[41,510,561]	[41,511,380]	[39,959,695]	[39,621,324]	[1,890,056]
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[90,878]	90,878	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	607,756	[607,756]	-			
FUND BALANCE - End of year	\$ 516,878	\$ [516,878]	\$ -			

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SUPPLEMENTAL GENERAL FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes:						
In process	\$ 428,405	\$ -	\$ 428,405	\$ 318,507	\$ 318,507	\$ 109,898
Current	29,910,836	13,515,583	43,426,419	43,220,278	43,178,091	248,328
Delinquent	1,295,892	-	1,295,892	1,287,872	1,287,872	8,020
Motor vehicle	4,304,974	-	4,304,974	4,365,394	4,365,394	[60,420]
Rental excise	34,054	-	34,054	-	-	34,054
Total revenues	35,974,161	13,515,583	49,489,744	49,192,051	49,149,864	339,880
EXPENDITURES:						
Instruction	31,014,248	-	31,014,248	31,660,033	31,660,033	645,785
Student support services	1,624,712	-	1,624,712	1,712,720	1,712,720	88,008
Instructional support staff	920,644	-	920,644	935,499	935,499	14,855
School administration	2,949,431	-	2,949,431	2,965,563	2,965,563	16,132
Operations and maintenance	114,148	-	114,148	115,818	115,818	1,670
Total expenditures	36,623,183	-	36,623,183	37,389,633	37,389,633	766,450
Excess [deficiency] of revenues over [under] expenditures	[649,022]	13,515,583	12,866,561	11,802,418	11,760,231	1,106,330
OTHER FINANCING SOURCES [USES]:						
Transfers out	-	[13,515,583]	[13,515,583]	[12,791,320]	[12,791,320]	[724,263]
Adjustments for legal max	-	-	-	-	42,187	[42,187]
Total other financing sources [uses]	-	[13,515,583]	[13,515,583]	[12,791,320]	[12,749,133]	[766,450]
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[649,022]	-	[649,022]	\$ [988,902]	\$ [988,902]	\$ 339,880
FUND BALANCE - Beginning of year	4,290,066	-	4,290,066			
FUND BALANCE - End of year	\$ 3,641,044	\$ -	\$ 3,641,044			

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes						
Current	\$ 1,872,618	\$ [1,872,618]	\$ -	\$ -	\$ -	\$ -
Total taxes	<u>1,872,618</u>	<u>[1,872,618]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental:						
Federal	3,458,071	-	3,458,071	4,218,387	4,218,387	[760,316]
State and local	<u>41,124,561</u>	<u>[40,342,814]</u>	<u>781,747</u>	<u>-</u>	<u>-</u>	<u>781,747</u>
Total intergovernmental	<u>44,582,632</u>	<u>[40,342,814]</u>	<u>4,239,818</u>	<u>4,218,387</u>	<u>4,218,387</u>	<u>21,431</u>
Use of money and property	2,115,651	-	2,115,651	696,017	696,017	1,419,634
Other local sources	<u>1,045,031</u>	<u>-</u>	<u>1,045,031</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>[154,969]</u>
Total revenues	<u>49,615,932</u>	<u>[42,215,432]</u>	<u>7,400,500</u>	<u>6,114,404</u>	<u>6,114,404</u>	<u>1,286,096</u>
EXPENDITURES:						
Instruction	33,770,615	[95,083]	33,675,532	34,822,212	34,822,212	1,146,680
Student support services	8,018,719	[1,516]	8,017,203	7,861,714	7,861,714	[155,489]
Instructional support staff	466,588	-	466,588	475,566	475,566	8,978
General administration	793,636	-	793,636	841,961	841,961	48,325
School administration	198,164	-	198,164	198,323	198,323	159
Other support services	5,944	-	5,944	6,000	6,000	56
Operations and maintenance	7,615	-	7,615	7,860	7,860	245
Transportation	<u>6,253,776</u>	<u>[4,408]</u>	<u>6,249,368</u>	<u>6,587,993</u>	<u>6,587,993</u>	<u>338,625</u>
Total expenditures	<u>49,515,057</u>	<u>[101,007]</u>	<u>49,414,050</u>	<u>50,801,629</u>	<u>50,801,629</u>	<u>1,387,579</u>
Excess [deficiency] of revenues over [under] expenditures	<u>100,875</u>	<u>[42,114,425]</u>	<u>[42,013,550]</u>	<u>[44,687,225]</u>	<u>[44,687,225]</u>	<u>2,673,675</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>-</u>	<u>42,215,432</u>	<u>42,215,432</u>	<u>39,797,265</u>	<u>39,797,265</u>	<u>2,418,167</u>
Total other financing sources [uses]	<u>-</u>	<u>42,215,432</u>	<u>42,215,432</u>	<u>39,797,265</u>	<u>39,797,265</u>	<u>2,418,167</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	100,875	101,007	201,882	\$ <u>[4,889,960]</u>	\$ <u>[4,889,960]</u>	\$ <u>5,091,842</u>
FUND BALANCE - Beginning of year	<u>7,794,593</u>	<u>[253,288]</u>	<u>7,541,305</u>			
FUND BALANCE - End of year	\$ <u>7,895,468</u>	\$ <u>[152,281]</u>	\$ <u>7,743,187</u>			

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
KPERS FUND

For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental	\$ 10,455,147	\$ -	\$ 10,455,147	\$ 25,234,104	\$ 25,234,104	\$ [14,778,957]
Total revenues	10,455,147	-	10,455,147	25,234,104	25,234,104	[14,778,957]
EXPENDITURES:						
Instruction	7,018,111	-	7,018,111	16,938,617	16,938,617	9,920,506
Student support services	892,115	-	892,115	2,153,171	2,153,171	1,261,056
Instructional support staff	556,554	-	556,554	1,343,275	1,343,275	786,721
General administration	86,351	-	86,351	208,413	208,413	122,062
School administration	601,608	-	601,608	1,452,016	1,452,016	850,408
Operations and maintenance	719,588	-	719,588	1,736,768	1,736,768	1,017,180
Transportation	-	-	-	7,450	7,450	7,450
Other support services	389,409	-	389,409	932,412	932,412	543,003
Food service operations	191,411	-	191,411	461,982	461,982	270,571
Total expenditures	10,455,147	-	10,455,147	25,234,104	25,234,104	14,778,957
Excess [deficiency] of revenues over [under] expenditures	-	-	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	-	-	-			
FUND BALANCE - End of year	\$ -	\$ -	\$ -			

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
CAPITAL OUTLAY FUND
For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes:						
In process	\$ 222,505	\$ -	\$ 222,505	\$ 165,420	\$ 165,420	\$ 57,085
Current	24,779,596	-	24,779,596	24,046,972	24,046,972	732,624
Delinquent	699,328	-	699,328	76,724	76,724	622,604
Motor vehicle	2,253,610	-	2,253,610	2,266,129	2,266,129	[12,519]
Rental excise	17,888	-	17,888	18,369	18,369	[481]
Total taxes	27,972,927	-	27,972,927	26,573,614	26,573,614	1,399,313
Use of money and property	1,154,319	-	1,154,319	800,000	800,000	354,319
Other local sources	219,407	-	219,407	165,000	165,000	54,407
Total revenues	29,346,653	-	29,346,653	27,538,614	27,538,614	1,808,039
EXPENDITURES:						
Instruction	10,912,316	[7,778,182]	3,134,134	16,496,881	16,496,881	13,362,747
Student support services	33,591	5,145	38,736	-	-	[38,736]
Instructional support staff	551,649	13,241	564,890	557,430	557,430	[7,460]
General administration	8,307	-	8,307	11,000	11,000	2,693
Central services	4,535,303	-	4,535,303	10,702,806	10,702,806	6,167,503
Operations and maintenance	13,327,266	[1,179,033]	12,148,233	16,139,661	16,139,661	3,991,428
Transportation	966,841	-	966,841	995,000	995,000	28,159
Other support services	255,159	[700,683]	[445,524]	12,280	12,280	457,804
Capital outlay	11,020,959	[2,941,686]	8,079,273	22,991,531	22,991,531	14,912,258
Total expenditures	41,611,391	[12,581,198]	29,030,193	67,906,589	67,906,589	38,876,396
Excess [deficiency] of revenues over [under] expenditures	[12,264,738]	12,581,198	316,460	\$ [40,367,975]	\$ [40,367,975]	\$ 40,684,435
FUND BALANCE - Beginning of year	62,478,808	[14,151,274]	48,327,534			
FUND BALANCE - End of year	\$ 50,214,070	\$ [1,570,076]	\$ 48,643,994			

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	Agency Funds
ASSETS:	
Cash and investments	\$ 3,344,665
Total assets	<u>\$ 3,344,665</u>
LIABILITIES:	
Liabilities:	
Other liabilities	\$ 1,967,909
Due to student organizations	<u>1,376,756</u>
Total liabilities	<u>\$ 3,344,665</u>
NET POSITION:	
Held in trust for pension benefits	\$ -
Total net position	<u>\$ -</u>

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Blue Valley Unified School District No. 229 (the District) is a municipal corporation governed by an elected seven-member board. These financial statements present the District and its component unit.

As required by generally accepted accounting principles (GAAP), the financial statements present data for all funds of the District and a component unit, an entity for which the District is considered to be financially accountable.

The determination of financial accountability includes consideration of a number of criteria including (1) the appointment of a voting majority of an entity's governing authority and the ability of the primary government to impose its will on the entity, (2) the potential for the entity to provide specific financial benefits to, or impose specific financial burdens on, the primary government and (3) the entity's fiscal dependency on the primary government.

Discretely Presented Component Unit. The following component unit is reported discretely to emphasize that it is legally separated from the District.

Recreation Commission: Blue Valley Recreation Commission is governed by a seven-member board appointed by the District and oversees recreational activities. The recreation commission can sue and be sued, but acquisition of real property by the commission must be approved by the District. The District levies taxes for the recreation commission. Bond issuances must be approved by the District.

Complete financial statements for the Blue Valley Recreation Commission are available from its office at 8026 W. 151st Street, Overland Park, Kansas 66223.

B. Government-wide and fund financial statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the District as a whole. For the most part, the effect of interfund activity has been removed from these statements. All activities of the District are governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the school district.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement focus, basis of accounting, and financial statement presentation (Continued)

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met.

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

The District reports the following major governmental funds:

The General Fund is used to account for the general operations of the District and all unrestricted revenues and expenditures not provided for in other funds.

The Supplemental General Fund is used to account for revenues and expenditures as authorized by the local option tax budget for the District.

The Special Education Fund is used to account for federal and state aid revenues received and used for the education of students with special needs.

The KPERS Fund is used to account for the inflow and outflow of the State of Kansas's share of the public employee retirement system contributions.

The Capital Outlay Fund is used to account for tax revenues which are primarily utilized for the acquisition, construction, and repair and remodeling of school district buildings.

The Debt Service Fund is used to account for the accumulation of resources for and the payments of interest and principal on general long-term debt, which are general obligations of the District.

The 2005 Capital Projects Fund is used to account for the acquisition, construction, and renovation of major capital facilities financed by the District's general obligation bond issues.

The 2012 Capital Projects Fund is used to account for the acquisition, construction, and renovation of major capital facilities financed by the District's general obligation bond issues.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose. The Special Reserve and the Special Healthcare Reserve Funds reported separately in these financial statements are combined for State of Kansas reporting purposes.

The agency funds are used to account for assets held as an agent for individuals, other governmental units, private organizations and/or other funds.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Material and Supplies Inventory

Material and supplies inventory is valued using the first in/first out cost method. For fund financial statements the cost is recorded as an expenditure in the year consumed. For fund financial statement reporting the reserve for material and supplies inventory is equal to the amount of inventories on hand to indicate that a portion of fund balance is not available for future expenditures.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000. District capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Site Improvements	20
Furniture	10
Technology	5
Vehicles	15
Equipment	5

Assets which have been acquired with funds received through federal grants must be used in accordance with the terms of the grant. Federal regulations require, in some cases, that the District must reimburse the federal government for any assets which the District retains for its own use after the termination of the grant unless otherwise provided for by the grantor.

F. Compensated Absences Liabilities

Under terms of the District's personnel policy, District employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is not paid for accumulated sick days. However, if an employee retires, is KPERS eligible and has at least ten years of service with the district, they are entitled to a payout in accordance with the Negotiated Agreement between the Blue Valley National Education Association and the Blue Valley Board of Education. The same benefit is also afforded to all classified personnel. Vacation earned by administrators may be accumulated to a maximum of 20 days. Vacation earned by full-time classified employees with less than six years of employment in the District may accumulate to a maximum of fifteen days. Vacation earned by classified employees with six or more years of employment in the District may accumulate to a maximum of 20 days. Compensated absences are recorded as a liability on the statement of net position until actually expended; once expended, the amount is recorded as an expenditure in the governmental funds.

The General Fund, Supplemental General Fund, Special Education Fund, and Other Governmental have been used in prior years to liquidate the liability for compensated absences.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. Fund Balance Reserves

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. Assigned fund balances include amounts that are constrained by the District management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds									
	General Fund	Supplemental General Fund	Special Education Fund	KPERS Fund	Capital Outlay Fund	Bond and Interest Fund	2005 Capital Projects Fund	2012 Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:										
Nonspendable										
Inventory	\$ 277,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,779	\$ 418,423
Restricted for:										
Special education instruction	-	-	7,743,187	-	-	-	-	-	-	7,743,187
Debt retirement	-	-	-	-	-	63,310,982	-	-	-	63,310,982
School construction and equipment	-	-	-	-	48,643,994	-	37,920,100	504,710	-	87,068,804
Instruction	-	-	-	-	-	-	-	5,556,881	-	5,556,881
Healthcare and general liabilities	-	-	-	-	-	-	-	16,470,642	-	16,470,642
Food service operations	-	-	-	-	-	-	-	2,316,649	-	2,316,649
Assigned for:										
Special education instruction	-	-	152,281	-	-	-	-	-	-	152,281
School construction and equipment	-	-	-	-	1,570,076	-	15,691,592	-	-	17,261,668
Instruction	239,234	-	-	-	-	-	-	-	13,201,488	13,440,722
Healthcare and general liabilities	-	-	-	-	-	-	-	-	3,680	3,680
Unassigned:										
	-	3,641,044	-	-	-	-	-	-	-	3,641,044
Total Fund Balances	<u>\$ 516,878</u>	<u>\$ 3,641,044</u>	<u>\$ 7,895,468</u>	<u>\$ -</u>	<u>\$ 50,214,070</u>	<u>\$ 63,310,982</u>	<u>\$ -</u>	<u>\$ 53,611,692</u>	<u>\$ 38,194,829</u>	<u>\$ 217,384,963</u>

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports changes in the pension liability proportion, changes in assumptions, net difference between projected and actual earnings on pension plan investments, and contributions made to the pension plan after the measurement date of the net pension liability as deferred outflows of resources in the government activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from one source: property taxes. Differences between expected and actual experience, changes in assumptions, and changes in proportion are reported as deferred inflows for governmental activities.

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require that an operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute) and debt service funds. The General Fund and Supplemental General Fund are subject to budgetary limitation by state statute. Other funds are not subject to statutory limitation. 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 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.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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.

Management may not amend the budget without the approval of the board of education. However, state statutes permit management to transfer budgeted amounts between line items within an individual fund without this approval. In addition, the District has policies that require that department heads obtain business office approval prior to making any such transfers. The legal level of budgetary control is at the fund level.

If the board of education elects to amend the budget, it must publish a notice of public hearing in the local newspaper. At least ten days after publication the hearing may be held and the budget may be amended at that time. The budget for the June 30, 2019 school year was not amended.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and 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 lapse at year end, except for capital project funds which are carried forward until such time as the project is completed or terminated. Encumbered appropriations (encumbrances) are reported as expenditures in the current year's budgetary presentation and as reservations of fund balances in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America. Accordingly, the actual expenditure data presented in the budgetary comparison statements differ from the data presented in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

A legal operating budget is not required for capital projects funds, agency funds, and certain special revenue funds. Legal operating budgets are required for the following funds: General, Supplemental General, Bilingual Education, Virtual Education, Capital Outlay, Food Service, Professional Development, Parent Education Program, Summer School, Special Education, Extraordinary School Program, Vocational Education, Special Assessment, Federal Funds, Gifts and Grants Funds, Special Liability, At Risk (K-12), KPERS and the Debt Service Fund.

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

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

	Major Governmental Funds							Other Nonmajor Governmental Funds	Total Budgeted Governmental Funds	
	General Fund	Supplemental General Fund	Special Education Fund	KPERs Fund	Capital Outlay Fund	Debt Service Fund	2005 Capital Projects Fund			2012 Capital Projects Fund
GAAP FUND BALANCE June 30, 2019	\$ 516,878	\$ 3,641,044	\$ 7,895,468	\$ -	\$ 50,214,070	\$ 63,310,982	\$ -	\$ 53,611,692	\$ 38,194,829	\$ 217,384,963
Adjustments:										
Unreserved fund balances not subject to the Kansas Budget Law:										
Capital Projects	-	-	-	-	-	-	-	[37,920,100]	-	[37,920,100]
Contingency Reserve	-	-	-	-	-	-	-	-	[11,779,726]	[11,779,726]
Instructional Materials	-	-	-	-	-	-	-	-	[2,725,462]	[2,725,462]
Gate Receipts	-	-	-	-	-	-	-	-	[267,959]	[267,959]
Student Projects	-	-	-	-	-	-	-	-	[311,795]	[311,795]
Special Reserve	-	-	-	-	-	-	-	-	[1,859,353]	[1,859,353]
Special Healthcare Reserve	-	-	-	-	-	-	-	-	[14,611,289]	[14,611,289]
Gifts Fund	-	-	-	-	-	-	-	-	970,291	970,291
Current year encumbrances	[239,234]	-	[152,281]	-	[1,570,076]	-	-	[15,691,592]	[902,987]	[18,556,170]
Reserve for material and supplies inventory	[277,644]	-	-	-	-	-	-	-	[140,779]	[418,423]
Total deductions	[516,878]	-	[152,281]	-	[1,570,076]	-	-	[53,611,692]	[31,629,059]	[87,479,986]
BUDGETARY FUND BALANCE June 30, 2019	\$ -	\$ 3,641,044	\$ 7,743,187	\$ -	\$ 48,643,994	\$ 63,310,982	\$ -	\$ -	\$ 6,565,770	\$ 129,904,977

B. Property Taxes

The tax levy per \$1,000 of the assessed valuation of tangible taxable property was as follows:

Fund	Levy (\$ per thousand)
General	\$ 20.000
Special revenue:	
Supplemental General	14.011
Capital Outlay	7.995
Special Assessment	0.156
Cost of Living	1.968
Extraordinary Growth Facilities	2.177
Special Liability	0.106
Bond and Interest	18.586
Total tax levy	\$ 64.999

Taxes are assessed on a calendar year basis, and are levied and become a lien on the property on November 1st in the year of assessment.

The taxes are due upon receipt of the billing, although taxpayers may elect to pay installments on December 20 and May 10. Taxes are distributed to the District as collected by the County Treasurer five times per year.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 3. RESTATEMENT OF EQUITY

The District identified assets that were not properly capitalized for the year ended June 30, 2018. The capitalization of those assets caused a restatement of net position as follows:

	Total Governmental Funds
Net Assets - Beginning	\$ 220,791,290
Prior Period Adjustments:	
Capital Asset Additions	<u>24,612</u>
Net Assets - Beginning, Restated	<u>\$ 220,815,902</u>

Note 4. DETAILED NOTES ON ALL FUNDS

A. Investments

The District's cash is considered to be active funds by management and is invested according to District policy and K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the County in which the District is located or an adjacent county and that the bank provide an acceptable rate for active funds.

The District's investments are considered to be idle funds by management and are invested according to District policy and K.S.A. 12-1675. The statute requires that the District invest its idle funds in only temporary notes of the District, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury Bills or Notes and the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the District's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the obligations of the Federal National Mortgage Association, federal home loan banks or the Federal Home Loan Mortgage Corporation, repurchase agreements collateralized by direct obligations of the United States government or any agency thereof, investment agreements with a financial institution, which at the time of investment are rated in either of the three highest rating categories by Moody's Investors Service or Standard and Poor's Corporation, investments in shares or units of a money market fund or trust, the portfolio of which is comprised entirely of securities in direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, federal home loan banks or Federal Home Loan Mortgage Corporation, receipts evidencing ownership interests in securities or portions thereof in direct obligations of the United States government or any agency thereof or obligations of the Federal National Mortgage Association, federal home loan banks or the Federal Home Loan Mortgage Corporation, and municipal bonds or other obligations issued by a municipality of the State of Kansas. K.S.A. 10-131 prohibits investment in derivatives.

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

A. Investments (Continued)

At June 30, 2019, the District had the following investments:

<u>Investment Type</u>	<u>Level 1</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Investments by fair value level			
U.S. Treasury Notes	\$ 33,328,844	S&P AA+	Maturing 7/15/2019 - 1/15/2020
U.S. Treasury Bill	8,010,988	S&P A1+	Maturing 10/3/2019
Federal Agency Notes	<u>9,539,820</u>	S&P AA+	Maturing 8/15/2019
Total investments measured at fair value level	<u>50,879,652</u>		
Investments measured at the net asset value (NAV)			
Money Market:			
Goldman Sachs Financial Square Government Fund	8,643,631	S&P AAAm2	24 Days
Fidelity Government Money Market Fund	185,907	NA	25 Days
Kansas Municipal Investment Pool	<u>12,960,142</u>	S&P AAAf/S1+	1 Day
Total investments measured at NAV	<u>21,789,680</u>		
Total investments measured at fair value	<u>\$ 72,669,332</u>		

The above investments are measured at the net asset value, have an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments. The money market investments are composed of U.S. Government securities that are fully collateralized.

At June 30, 2019, the District had certificates of deposit in the amount of \$162,900,000.

The District's investment policy provides direction on concentration risk. The District policy states that adequate diversification of investments shall be met by security type and institution wherever possible in order to eliminate the risk of loss resulting from the over concentration of assets in a specific maturity, issuer or class of securities. In establishing specific diversification strategies the following guidelines will apply; portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide stability of income and reasonable liquidity. Liquidity practices shall be used at all times to ensure that the next disbursement date and payroll date are covered through maturing investments, marketable United States treasuries or cash on hand.

The District's formal investment policy does not provide limits on interest rate risks.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. All District deposits shall be held in third party safekeeping. The District shall maintain a listing of the specific instruments, rates, maturities and other pertinent information. In terms of collateralization, the following must apply:

1. Securities pledged to secure the deposits of the District must be deposited with a bank, trust company, or national bank authorized to do business in Kansas, the Federal Reserve Bank of Kansas City, the Federal Home Loan Bank of Topeka or the State Treasurer. Such securities must be deposited under a joint custody receipt and must equal at least 105% of the market value of the secured deposits.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

A. Investments (Continued)

No securities pledged may be left for safekeeping in any bank, trust company or national bank which is owned directly or indirectly by any parent corporation of the depository bank, or with any bank, trust company or national bank having common controlling shareholders, having a common majority of the board of directors or having common directors with the ability to control or influence directly or indirectly the acts or policies of the bank, state or federally chartered savings and loan association, or federally chartered savings bank securing public deposits.

2. Certificates of deposit shall be collateralized as required by Kansas statutes for any amount exceeding FDIC coverage.
3. Collateral underlying repurchase agreements is limited to United States government and agency obligations which are eligible for wire transfer to the District's safekeeping agent through the Federal Reserve System.
4. Collateral is valued at current market plus interest accrued through the date of valuation. Repurchase agreement collateral must be maintained at the following level, with respect to repurchase agreement par value plus accrued interest: United States treasury securities, with maturities of one year or less at 101% and United States treasury securities with maturities of one to five years at 102%.

At year end, the Blue Valley Recreation Commission's investment balances, at fair value, were as follows:

	<u>6/30/2019</u>	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)	<u>Rating</u>	Weighted Average <u>Maturity</u>
Investments by fair value level				
U.S. Treasury Securities	\$ 77,928	\$ 77,928	NA	1 Day
Total investments measured at fair value level	<u>77,928</u>	<u>\$ 77,928</u>		
Investments measured at the net asset value (NAV)				
Kansas Municipal Investment Pool	<u>8,259</u>		S&P AAAf/S1+	1 Day
Total investments measured at NAV	<u>8,259</u>			
Total investments measured at fair value	<u>\$ 86,187</u>			

B. Receivables

Receivables as of June 30, 2019 are as follows:

	<u>General</u>	<u>Special Education</u>	<u>KPERS</u>	<u>2012 Capital Projects</u>	<u>Other Governmental</u>	<u>Total</u>
District governmental activities:						
Receivables:						
Accounts	\$ 7,303,844	\$ 8,765	\$ 6,382,861	\$ -	\$ 73,151	\$ 13,768,621
Interest	<u>-</u>	<u>588,464</u>	<u>-</u>	<u>141,991</u>	<u>-</u>	<u>730,455</u>
Total	<u>\$ 7,303,844</u>	<u>\$ 597,229</u>	<u>\$ 6,382,861</u>	<u>\$ 141,991</u>	<u>\$ 73,151</u>	<u>\$ 14,499,076</u>

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2019</u>
District governmental activities:				
Nondepreciable assets:				
Land	\$ 32,554,884	\$ -	\$ -	\$ 32,554,884
Construction in progress	10,927,033	17,942,228	[5,882,806]	22,986,455
Depreciable assets:				
Buildings and improvements	685,433,007	15,028,436	-	700,461,443
Site improvements	77,771,199	1,448,210	-	79,219,409
Infrastructure	18,452,496	-	-	18,452,496
Furniture	2,874,595	23,790	[3,255]	2,895,130
Technology	20,850,953	3,967,468	[681,811]	24,136,610
Vehicles	4,386,192	569,138	[150,068]	4,805,262
Food service equipment	5,812,281	27,644	[1,800]	5,838,125
Equipment	<u>25,812,667</u>	<u>1,802,435</u>	<u>[93,806]</u>	<u>27,521,296</u>
Totals at historical cost	<u>884,875,307</u>	<u>40,809,349</u>	<u>[6,813,546]</u>	<u>918,871,110</u>
Less accumulated depreciation for:				
Buildings and improvements	210,375,857	14,712,346	-	225,088,203
Site improvements	35,967,980	3,343,617	-	39,311,597
Infrastructure	6,367,555	757,938	-	7,125,493
Furniture	2,440,803	77,888	[3,255]	2,515,436
Technology	12,430,976	3,151,960	[608,780]	14,974,156
Vehicles	1,938,878	258,468	[142,939]	2,054,407
Food service equipment	4,819,046	227,618	[1,800]	5,044,864
Equipment	<u>22,163,778</u>	<u>1,335,663</u>	<u>[81,420]</u>	<u>23,418,021</u>
Total accumulated depreciation	<u>296,504,873</u>	<u>23,865,498</u>	<u>[838,194]</u>	<u>319,532,177</u>
Governmental activities capital assets, net	<u>\$ 588,370,434</u>	<u>\$ 16,943,851</u>	<u>\$ [5,975,352]</u>	<u>\$ 599,338,933</u>

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2019</u>
Component unit governmental activities:				
Nondepreciable assets:				
Construction in progress	\$ 577,763	\$ 420,029	\$ [530,969]	\$ 466,823
Depreciable assets:				
Buildings and improvements	53,820,279	937,474	-	54,757,753
Equipment	<u>3,018,836</u>	<u>275,705</u>	-	<u>3,294,541</u>
Totals at historical cost	<u>57,416,878</u>	<u>1,633,208</u>	<u>[530,969]</u>	<u>58,519,117</u>
Less accumulated depreciation for:				
Buildings and improvements	10,782,950	1,085,780	-	11,868,730
Equipment	<u>2,328,259</u>	<u>201,593</u>	-	<u>2,529,852</u>
Total accumulated depreciation	<u>13,111,209</u>	<u>1,287,373</u>	<u>-</u>	<u>14,398,582</u>
Governmental activities capital assets, net	<u>\$ 44,305,669</u>	<u>\$ 345,835</u>	<u>\$ [530,969]</u>	<u>\$ 44,120,535</u>

The District's depreciation expense was charged to governmental functions as follows:

Instruction	\$ 17,735,240
Student support	310,283
Instructional support	51,405
General administration	447,428
School administration	82,762
Operations and maintenance	2,180,053
Central services	2,815,030
Other support services	<u>243,297</u>
Total depreciation	<u>\$ 23,865,498</u>

The Recreation Commission component unit's depreciation expense was charged to governmental functions as follows:

Culture and recreation	<u>\$ 1,287,373</u>
Total depreciation	<u>\$ 1,287,373</u>

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long - Term Liabilities

The changes in the District's long-term obligations during the year consist of the following:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
District Governmental Activities					
General Obligation Bonds	\$ 424,619,106	\$ -	\$ [53,267,693]	\$ 371,351,413	\$ 53,499,196
Net Other Post Employment Benefit Liability	3,387,441	405,857	[164,194]	3,629,104	-
Net Other Post Employment Benefit Liability - KPERS	3,358,601	422,676	[621,135]	3,160,142	-
Compensated Absences	2,040,186	526,658	[384,521]	2,182,323	384,520
Total governmental activities					
Long-term liabilities	<u>\$ 433,405,334</u>	<u>\$ 1,355,191</u>	<u>\$ [54,437,543]</u>	<u>\$ 380,322,982</u>	<u>\$ 53,883,716</u>
Component Unit Governmental Activities					
Certificates of Participation	\$ 27,576,082	\$ -	\$ [1,839,846]	\$ 25,736,236	\$ 1,879,846
Total governmental activities					
Long-term liabilities	<u>\$ 27,576,082</u>	<u>\$ -</u>	<u>\$ [1,839,846]</u>	<u>\$ 25,736,236</u>	<u>\$ 1,879,846</u>

Long-term obligations of the District consists of the following:

General Obligation Bonds	Date Issued	Maturity Date	Interest Rate	Original Amount	Outstanding June 30, 2019
2009A	06/01/09	10/01/29	1.25% to 5.75%	\$ 73,011,532	\$ 42,405,766
2010A	09/15/10	10/01/21	2.0% to 4.0%	23,109,417	8,126,825
2011A	03/15/11	10/01/30	2.0% to 4.125%	33,038,066	14,138,717
2012A	04/19/12	10/01/31	2.0% to 5.0%	51,324,904	40,609,145
2014A	01/15/14	10/01/33	3.0% to 5.0%	63,933,704	47,825,278
2014B	07/02/14	10/01/25	3.0% to 5.0%	32,607,328	25,950,630
2015A	10/01/15	10/01/35	3.0% to 5.0%	98,713,702	65,591,647
2015B	10/01/15	10/01/27	2.0% to 5.0%	74,560,040	49,102,530
2017A	12/06/17	10/01/37	2.5% to 5.0%	97,791,215	77,600,875
Total general obligation bonds payable				<u>\$ 548,089,908</u>	<u>\$ 371,351,413</u>

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long - Term Liabilities (Continued)

Long-term obligations of the Recreation Commission consists of the following:

	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding June 30, 2019</u>
Certificates of Participation				
2014A	12/18/14	2.0% to 5.0%	\$ 8,819,719	\$ 5,898,458
2014B	12/18/14	2.0% to 5.0%	4,606,041	3,073,844
2015	06/16/15	3.0% to 4.0%	<u>18,614,628</u>	<u>16,763,934</u>
Total certificates of participation payable			<u>\$ 32,040,388</u>	<u>\$ 25,736,236</u>

The annual debt service requirements to maturity for the District general obligation bonds, including interest, are as follows:

Year Ended <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 53,499,196	\$ 13,170,881	\$ 66,670,077
2021	24,249,196	11,436,100	35,685,296
2022	25,359,196	10,350,113	35,709,309
2023	26,445,254	9,214,269	35,659,523
2024	27,610,254	8,101,050	35,711,304
2025 - 2029	124,637,067	24,971,381	149,608,448
2030 - 2034	67,273,644	8,288,259	75,561,903
2035 - 2038	<u>22,277,606</u>	<u>1,000,188</u>	<u>23,277,794</u>
Total	<u>\$ 371,351,413</u>	<u>\$ 86,532,241</u>	<u>\$ 457,883,654</u>

The annual debt service requirements to maturity for the Commission's certificates of participation, including interest, are as follows:

Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2020	\$ 1,879,846	\$ 907,775	\$ 2,787,621
2021	1,934,846	850,000	2,784,846
2022	2,004,846	786,650	2,791,496
2023	2,069,846	713,125	2,782,971
2024	2,144,846	620,750	2,765,596
2025 - 2029	7,500,386	2,088,525	9,588,911
2030 - 2034	5,631,157	1,050,900	6,682,057
2035 - 2036	<u>2,570,463</u>	<u>101,400</u>	<u>2,671,863</u>
Total	<u>\$ 25,736,236</u>	<u>\$ 7,119,125</u>	<u>\$ 32,855,361</u>

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long - Term Liabilities (Continued)

Long-term liabilities on the Statement of Net Position are reported net of the applicable bond premium and discount. The District is subject to Kansas statutes and may issue general obligation bonds for capital improvements upon the approval of a majority of the voters. Remaining debt service requirements for general obligation bonds will be repaid from the Debt Service Fund. Such general obligation indebtedness may not exceed the amount allowed for the District under K.S.A. 72-6761. The District's statutory limit for such bonded indebtedness is about \$443 million at June 30, 2019. The District has received authorization from the State of Kansas to exceed this limit.

E. Operating Leases

The District leases copiers under an operating lease. Total costs for this lease was \$691,012 for the year ended June 30, 2019. The future minimum lease payments for the lease are \$589,577 for the next fiscal year.

The District leases busses under an operating lease. Total costs for this lease was \$604,172 for the year ended June 30, 2019. The future minimum lease payments for the lease are \$635,490 for the next fiscal year.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION

A. Defined Benefit Pension Plan

Description of Pension Plan. The District participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERs), a body corporate and an instrumentality of the State of Kansas. KPERs provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

Public employees, which includes:

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

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

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

KPERs issues a stand-alone comprehensive annual financial report, which is available on the KPERs website at www.kpers.org.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Members with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership

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

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERs 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERs 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Contributions. Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2018.

The actuarially determined employer contribution rate for school employees are 16.38%. The statutory contribution rate for school employees was 12.01%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2018 are 6.00% for State/School employees.

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

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

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The allocation percentages for the District's share of the collective pension amounts as of June 30, 2018, was based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2018. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2018, the District's proportion was 3.21%, which was an increase of .07% from its proportion measured at June 30, 2017.

Net Pension Liability. At June 30, 2019 and 2018, the School District reported a liability of \$209,403,231 and \$210,884,423, respectively, for its proportionate share of the net pension liability.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions:

<u>Assumption</u>	<u>Rate</u>
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.50 to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.75%

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of an actuarial experience study conducted for the period of January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47.00%	6.85%
Fixed income	13.00%	1.25%
Yield return	8.00%	6.55%
Real return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	<u>2.00%</u>	-0.25%
Total	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 1610) provided for the delay of up to \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Legislature removed the repayment provisions included in SB 161. In addition, 2017 Senate Sub for Sub HB 2052 delayed \$64.1 million in Fiscal Year 2017 State/School contributions, to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made at the statutory contribution rate of 12.01 percent for the State/School group. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20 year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2018 Legislature passed House Sub for Sen Bill 109, that provided additional funds for the school group of \$56 million in Fiscal Year 2018 and \$138 million in Fiscal Year 2019. Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that the contribution rates will be made within the same range as have been seen in the past few years, between 11 to 12 percent. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

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

<u>1% Decrease (6.75%)</u>	<u>Discount rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
\$282,010,165	\$209,403,231	\$147,988,862

Pension Expense. For the year ended June 30, 2019, the School District recognized pension expense of \$16,927,307, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ -	\$ 9,090,223
Net differences between projected and actual earnings on investments	3,592,031	-
Changes of assumptions	7,879,638	180,928
Pension contributions subsequent to the measurement date	10,492,138	-
Changes in proportion	<u>9,705,262</u>	<u>7,453,381</u>
Total	<u>\$ 31,669,069</u>	<u>\$ 16,724,532</u>

\$10,492,138 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Year ended June 30,	Deferred	
	[Inflows]	Outflows
	Amount	
2019	\$	4,582,893
2020		912,895
2021		[1,720,851]
2022		570,007
2023		107,455
Total	\$	<u>4,452,399</u>

B. Interfund Transfers and Due To/From Other Funds

K.S.A. 72-6478 allows the transfer of monies between funds. Interfund transfers occurred during the year and were made between the funds identified in the following table to provide sufficient resources to pay the expenditures in the funds receiving the transfer. The due to and due from between funds were recorded to eliminate negative cash in any individual funds.

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major:				
General	\$ -	\$ 819	\$ 73,151	\$ -
Nonmajor:				
Special Revenue	<u>819</u>	<u>-</u>	<u>-</u>	<u>73,151</u>
Total	<u>\$ 819</u>	<u>\$ 819</u>	<u>\$ 73,151</u>	<u>\$ 73,151</u>

C. Contingent Liabilities

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 effect on the financial statements of the District at June 30, 2019.

The District's general obligation bond issues are subject to the arbitrage provisions of Section 148 of the Internal Revenue Code. These provisions include the potential for rebates to the Federal Government of the earnings on the bond proceeds in excess of the yield on the bonds. The amounts of any future rebates due on other bonds have not been determined.

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. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in insurance coverage from the previous fiscal year. During the past three fiscal years, settlements have not exceeded insurance coverage.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION (Continued)

C. Contingent Liabilities (Continued)

The District is also a party in a number of lawsuits as a result of the ordinary course of school activities. District management and legal counsel anticipate that the potential claims against the District not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the District.

The District provides self-funded health insurance through a cost plus arrangement with Blue Cross Blue Shield of Kansas City. Under the contract, the District pays the lower amount between actual monthly claims plus any carryforward deficit or a monthly premium plus any carryforward surplus. A carryforward surplus represents an unused maximum claims liability, while a carryforward deficit represents a funding shortage. The amount of carryforward surplus at June 30, 2019, was \$928,009.

D. Capital Project Funds Expenditures - Budget and Actual (Budgetary Basis)

The District prepares annual operating budgets for the majority of the governmental funds; however, for the capital projects funds, project-length budgets are prepared. The projects budgeted, approved budgets, and cumulative expenditures, as of June 30, 2019, are as follows:

<u>Project Name</u>	<u>Project Budget</u>	<u>Cumulative expenditures through June 30, 2019</u>
Construction Projects 2005	<u>\$ 295,700,729</u>	<u>\$ 295,700,729</u>
Construction Projects 2012	<u>\$ 290,922,214</u>	<u>\$ 234,388,710</u>

E. Postemployment Healthcare Plan

Plan Description. The District operates a single employer defined benefit healthcare plan administered by the District. The Employee Benefit Plan (the Plan) provides medical, dental and vision insurance benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Employees covered by benefit terms. At June 30, 2019, the following employees were covered by the benefit terms:

Active employees	2,708
Retirees and covered spouses	<u>77</u>
Total	<u>2,785</u>

Total OPEB Liability. The District's total OPEB liability of \$3,629,104 was measured as of July 1, 2017, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION (Continued)

E. Postemployment Healthcare Plan (Continued)

Valuation date	July 1, 2017
Actuarial cost method	Entry age normal as a level percentage of payroll
Inflation	2.50%
Salary increases	3.00%
Discount rate	3.10%
Healthcare cost trend rates	9.00% for 2018, decreasing 0.50% per year to an ultimate rate of 4.50% for 2027 and later years
Retiree's share of benefit related costs	100% of projected health insurance premiums for retirees

The discount rate was based on the municipal bond index rate provided by Bloomberg.

Mortality rates were based on the SOA RPH-2014 White Collar Headcount-Weighted Mortality Margin for mortality improvements: Scale MP-2017.

The changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance 7/01/2018	\$ 3,387,441
Service cost	303,391
Interest	102,466
Benefit paid	<u>[164,194]</u>
Balance 6/30/2019	<u>\$ 3,629,104</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presented the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.1%) or 1-percentage-point higher (4.1%) than the current discount rate:

	1% Decrease (2.1%)	Discount Rate (3.1%)	1% increase (4.1%)
Total OPEB Liability	\$ 3,994,073	\$ 3,629,104	\$ 3,301,716

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.50% decreasing to 3.50%) or 1-percentage-point higher (9.50% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (7.50% decreasing to 3.5%)	Healthcare Cost Trend Rates (8.50% decreasing to 4.5%)	1% increase (9.50% decreasing to 5.5%)
Total OPEB Liability	\$ 3,228,139	\$ 3,629,104	\$ 4,097,251

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION (Continued)

E. Postemployment Healthcare Plan (Continued)

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,482,731. At June 30, 2019, the District reported deferred inflows of resources related to OPEB of \$2,335,308 for differences between expected and actual experience and \$7,995,268 for changes in assumptions. The District did not have any deferred outflows of resources related to OPEB at year end.

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

Year ended	Deferred	
	[Inflows]	Outflows
<u>June 30,</u>	<u>Amount</u>	
2020	\$	[1,888,588]
2021		[1,888,588]
2022		[1,888,588]
2023		[1,888,588]
2024		[1,888,588]
2025+		[887,636]
Total	\$	<u>[10,330,576]</u>

F. Other Postemployment Benefit Plan (KPERs)

Plan Description. The District participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERs). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERs members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. However because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

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

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION (Continued)

F. Other Postemployment Benefit Plan (KPERs) (Continued)

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees covered by benefit terms. At June 30, 2019, the following employees were covered by the benefit terms:

Active members	3,198
Disabled members	<u>26</u>
Total	<u>3,224</u>

Total OPEB Liability. The District's total OPEB liability of \$3,358,601 reported as of June 30, 2019, was measured as of June 30, 2018, and was determined by an actuarial valuation as of December 31, 2017 which was rolled forward to June 30, 2018, using the following actuarial assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	3.50%
Payroll growth	3.00%
Discount rate	3.58%

The discount rate was based on the bond buyer general obligation 20-bond municipal index.

Mortality rates used for the death benefits were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using Scale AA. Mortality rates used for the disability benefits were based on the RP-2000 Disabled Life Table with generational mortality improvement using Scale AA.

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

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION (Continued)

F. Other Postemployment Benefit Plan (KPERs) (Continued)

The changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance 7/01/2018	\$ 3,358,601
Service cost	299,315
Interest	123,361
Benefit paid	[427,894]
Changes in assumptions	<u>[193,241]</u>
Balance 6/30/2019	<u>\$ 3,160,142</u>

Sensitivity of the total KPERs OPEB liability to changes in the discount rate. The following presented the total KPERs OPEB liability of the District, as well as what the District's total KPERs OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1% Decrease <u>(2.87%)</u>	Discount Rate <u>(3.87%)</u>	1% increase <u>(4.87%)</u>
Total OPEB Liability	\$ 3,300,300	\$ 3,160,142	\$ 3,021,062

Sensitivity of the total KPERs OPEB liability to changes in the healthcare cost trend rates. The following presented the total KPERs OPEB liability of the District calculated using the current healthcare cost trend rates as well as what the District's total KPERs OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERs, but this exhibit is provided as it is a required disclosure under GASB 75.

	1% Decrease	Healthcare Cost Trend Rates	1% increase
Total OPEB Liability	\$ 3,160,142	\$ 3,160,142	\$ 3,160,142

For the year ended June 30, 2019, the District recognized OPEB expense of \$391,177. At June 30, 2019, the District reported deferred inflows of resources related to OPEB of \$136,707 for differences between expected and actual experience and \$125,348 for changes in assumptions. The District did not have any deferred outflows of resources related to OPEB at year end.

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

Year ended <u>June 30,</u>	Deferred [Inflows] Amount
2020	\$ [31,499]
2021	[31,499]
2022	[31,499]
2023	[31,499]
2024	[31,499]
Thereafter	<u>[104,560]</u>
Total	<u>\$ [262,055]</u>

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2019

Note 5. OTHER INFORMATION (Continued)

F. Other Postemployment Benefit Plan (KPERs) (Continued)

\$342,432 reported as deferred outflows of resources related to OPEB - KPERs resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

G. Tax Abatements

Tax Increment Financing

Tax revenues for the District are impacted by property tax abatements authorized by outside governmental entities. Specifically, the City of Overland Park has authorized the property tax abatements listed below that effect the District's tax revenue for the fiscal year ending June 30, 2019. Property tax abatements reduce ad valorem property taxes by reducing the assessed value of the property.

Outside Governmental Entity	Property Description	Type & % Abatement in FY2018	Tax Revenue Reduction for the Fiscal Year
City of Overland Park	Teva Pharmaceuticals, 11100 Nall Ave	Real Property Taxes, 50%	\$179,560
City of Overland Park	5700 W 112 th St	Real Property Taxes, 30%	\$79,745
City of Overland Park	Black & Veatch, 5885 W 112 th St	Real Property Taxes, 75%	\$7,465
City of Overland Park	Black & Veatch, 11401 Lamar Ave	Real Property Taxes, 75%	\$858,110
City of Overland Park	6860 W 115 th St	Real Property Taxes, 15%	\$73,692
City of Overland Park	Tower Properties Company, 6601 College Blvd	Real Property Taxes, 15%	\$11,148
		Total	\$1,209,720

H. Related Party Transaction

During the year ended June 30, 2019, the District paid \$266,143 for architectural services to a firm for which a District board member is one of the principal owners. During Board of Education meetings, the District board member recuses himself from any votes of approval for contracts or agreements between the District and his firm. Also, he does not serve as a member of the Design & Construction Committee, which has input on projects and selecting vendors.

REQUIRED SUPPLEMENTARY INFORMATION

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BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 June 30, 2019

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

Total OPEB liability	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Service cost	\$ 1,347,578	\$ 1,388,005	\$ 294,555	\$ 303,391
Interest	537,870	585,771	95,110	102,466
Benefit paid	[519,655]	[696,471]	[140,585]	[164,194]
Differences between expected and actual experience	-	-	[3,189,168]	-
Changes in assumptions	-	-	[10,918,584]	-
Net change in total OPEB liability	1,365,793	1,277,305	[13,858,672]	241,663
Total OPEB liability - beginning	<u>14,603,015</u>	<u>15,968,808</u>	<u>17,246,113</u>	<u>3,387,441</u>
Total OPEB liability - ending	<u>\$ 15,968,808</u>	<u>\$ 17,246,113</u>	<u>\$ 3,387,441</u>	<u>\$ 3,629,104</u>
Covered-employee payroll	<u>\$ 127,139,073</u>	<u>\$ 127,139,073</u>	<u>\$ 122,726,074</u>	<u>\$ 126,407,856</u>
Total OPEB liability as a percentage of covered-employee payroll	12.56%	13.56%	2.76%	2.87%
Actuarially determined contribution	<u>\$ [519,655]</u>	<u>\$ [696,471]</u>	<u>\$ [140,585]</u>	<u>\$ [164,194]</u>
Actual contribution	<u>\$ 519,655</u>	<u>\$ 696,471</u>	<u>\$ 140,585</u>	<u>\$ 164,194</u>
Contributions as a percentage of covered payroll	0.41%	0.55%	0.11%	0.13%

* - Data became available with the inception of GASB 75 during fiscal year 2016, therefore 10 years of data is unavailable.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
 OTHER POST-EMPLOYMENT BENEFITS (KPERS)
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 June 30, 2019

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

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 314,313	\$ 299,315
Interest	100,430	123,361
Benefit paid	[305,465]	[427,894]
Changes in assumptions	<u>[111,870]</u>	<u>[193,241]</u>
Net change in total OPEB liability	[2,592]	[198,459]
Total OPEB liability - beginning	<u>3,361,193</u>	<u>3,358,601</u>
Total OPEB liability - ending	<u>\$ 3,358,601</u>	<u>\$ 3,160,142</u>
Covered-employee payroll	<u>\$ 134,352,936</u>	<u>\$ 139,266,722</u>
Total OPEB liability as a percentage of covered-employee payroll	2.50%	2.27%
Actuarially determined contribution	<u>\$ 305,465</u>	<u>\$ 427,894</u>
Actual contribution	<u>\$ 305,465</u>	<u>\$ 427,894</u>
Contributions as a percentage of covered payroll	0.23%	0.31%

* - Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is unavailable.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
 KPERS PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 June 30, 2019

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

	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
District's proportion of the net pension liability	3.209%	3.139%	3.175%	3.074%	3.345%
District's proportionate share of the net pension liability	\$ 209,403,231	\$ 210,884,423	\$ 213,374,529	\$ 212,823,063	\$ 213,745,582
District's covered employee payroll	\$ 140,825,876	\$ 136,376,600	\$ 134,026,134	\$ 135,921,572	\$ 134,039,068
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	148.70%	154.63%	159.20%	156.58%	159.47%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	67.12%	65.10%	64.95%	63.30%

* - The amounts presented for each fiscal year were determined as of 12/31. Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

Schedule of the District's Contributions
 Last Ten Fiscal Years*

	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
Contractually required contribution	\$ 10,492,138	\$ 18,228,783	\$ 12,276,064	\$ 10,799,867	\$ 12,977,983
Contributions in relation to the contractually required contribution	<u>10,492,138</u>	<u>18,228,783</u>	<u>12,276,064</u>	<u>10,799,867</u>	<u>12,977,983</u>
Contribution deficiency [excess]	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 145,755,485	\$ 140,771,775	\$ 136,288,913	\$ 133,997,294	\$ 130,615,478
Contributions as a percentage of covered employee payroll	7.20%	12.95%	9.01%	8.06%	9.94%

* - Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

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COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

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BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING STATEMENTS - NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

BUDGETED FUNDS:

Vocational Education Fund: This fund is used to account for revenues received and expenditures incurred for state and federal vocational education programs, administered in accordance with established guidelines and statutes.

At Risk (K-12) Fund: This fund is used to account for the expenditures associated with at-risk students to provide them with additional educational opportunities and instructional services to assist in closing the achievement gap.

Professional Development Fund: This fund is used to account for state aid revenues that are provided for teacher inservice training programs.

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

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

Bilingual Education Fund: This fund is used to account for monies received and expended to operate an English as a Second Language (ESL) program.

Virtual Education Fund: This fund is used to account for monies received and expended for virtual, online courses.

Summer School Fund: This fund is used to account for user fees derived from summer school education programs and the expenditures necessary to carry out these programs.

Parent Education Program Fund: This fund is used to account for state aid revenues which are used to provide educational training and assistance programs to parents in the District regarding pre-school and selected educational problems of students.

Extraordinary School Program Fund: This fund is used to account for revenues and expenditures relating to a contract for credit program, a PSAT program, and an all day multi-age kindergarten program.

Federal Funds: A number of grant funds including; Title I, Title II-A, Title III Grant and the Other Federal Grants Funds, have been established to account for the revenues and expenditures associated with Federal grants that have been awarded to the District for specific purposes.

Grant Funds: A number of grant funds including; DAC Grant, Blue Valley Foundation Grant, Community Grants, Kauffman CAPS Networking Grant and the Safe Schools Grant have been established to account for the revenues and expenditures associated with State and local grants that have been awarded to the District for specific purposes.

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BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

BUDGETED FUNDS (Continued):

Special Liability Fund: This fund is used to account for property tax revenues used to pay the cost of providing for the school district's defense and the defense of employees pursuant to the Kansas tort claims act for payment of claims and other direct and indirect costs resulting from such act and to pay judgments rendered against the school district.

NON - BUDGETED FUNDS:

Gate Receipts Fund: Unexpended gate receipts from athletic and performing arts events at the schools are recorded in the District Gate Receipts Fund at year end.

Student Projects Fund: Unexpended funds collected for schools are recorded in the District Students Projects Fund at year-end.

Instructional Materials Fund: This fund is used to account for monies collected for student instructional materials, supplies and to purchase and maintain textbooks.

Contingency Reserve Fund: This fund is used to account for monies transferred from the General Fund in accordance with Kansas statutes and expended for contingency purposes.

Special Workers Comp Reserve Fund: This fund is used to account for monies transferred from the General Fund in accordance with Kansas statutes and expended to cover the cost of insurable losses not otherwise insured.

Special Healthcare Reserve Fund: This fund is used to account for monies transferred from the General Fund and premiums collected from District employees in accordance with Kansas statutes and expended to cover the cost of healthcare for the District employees.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
June 30, 2019

	Vocational Education	At Risk	Professional Development	Special Assessment	Food Service	DAC Grant	Bilingual Education
ASSETS							
Cash and investments	\$ 14,612	\$600,000	\$ 11,840	\$ 504,710	\$ 2,754,433	\$ 34,892	\$ 419
Other receivable	-	-	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	140,779	-	-
Total assets	<u>\$ 14,612</u>	<u>\$600,000</u>	<u>\$ 11,840</u>	<u>\$ 504,710</u>	<u>\$ 2,895,212</u>	<u>\$ 34,892</u>	<u>\$ 419</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 67	\$ -	\$ 419
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	437,618	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,685</u>	<u>-</u>	<u>419</u>
Fund balances:							
Nonspendable	-	-	-	-	140,779	-	-
Restricted	-	-	-	504,710	2,316,649	34,892	-
Assigned	14,612	600,000	11,840	-	99	-	-
Total fund balances	<u>14,612</u>	<u>600,000</u>	<u>11,840</u>	<u>504,710</u>	<u>2,457,527</u>	<u>34,892</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 14,612</u>	<u>\$600,000</u>	<u>\$ 11,840</u>	<u>\$ 504,710</u>	<u>\$ 2,895,212</u>	<u>\$ 34,892</u>	<u>\$ 419</u>

<u>Virtual Education</u>	<u>Summer School</u>	<u>Parent Education Program</u>	<u>Extraordinary School Program</u>	<u>Gate Receipts</u>	<u>Student Projects</u>	<u>Instructional Materials</u>	<u>Contingency Reserve</u>	<u>Title I</u>
\$ 506,706	\$ 175,646	\$ 35,578	\$ 800,944	\$ 267,959	\$ 311,795	\$ 4,113,264	\$ 11,779,726	\$ -
-	-	-	-	-	-	-	-	17,084
-	-	-	-	-	-	-	-	-
<u>\$ 506,706</u>	<u>\$ 175,646</u>	<u>\$ 35,578</u>	<u>\$ 800,944</u>	<u>\$ 267,959</u>	<u>\$ 311,795</u>	<u>\$ 4,113,264</u>	<u>\$ 11,779,726</u>	<u>\$ 17,084</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	17,084
-	-	-	-	-	-	1,197,847	-	-
-	-	-	-	-	-	1,197,847	-	17,084
-	-	-	-	-	-	-	-	-
506,706	175,643	35,578	800,944	-	-	2,725,462	-	-
-	3	-	-	267,959	311,795	189,955	11,779,726	-
<u>506,706</u>	<u>175,646</u>	<u>35,578</u>	<u>800,944</u>	<u>267,959</u>	<u>311,795</u>	<u>2,915,417</u>	<u>11,779,726</u>	<u>-</u>
<u>\$ 506,706</u>	<u>\$ 175,646</u>	<u>\$ 35,578</u>	<u>\$ 800,944</u>	<u>\$ 267,959</u>	<u>\$ 311,795</u>	<u>\$ 4,113,264</u>	<u>\$ 11,779,726</u>	<u>\$ 17,084</u>

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
June 30, 2019

	Blue Valley Foundation <u>Grant</u>	Community <u>Grants</u>	Kauffman CAPS Networking <u>Grant</u>	Special Workers Comp <u>Reserve</u>	Special Healthcare <u>Reserve</u>
ASSETS					
Cash and investments	\$ 219,413	\$ 22,120	\$ 208,372	\$ 1,859,353	\$ 14,614,969
Other receivable	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Total assets	<u>\$ 219,413</u>	<u>\$ 22,120</u>	<u>\$ 208,372</u>	<u>\$ 1,859,353</u>	<u>\$ 14,614,969</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	-	-	-	-	-
Restricted	195,914	22,120	206,372	1,859,353	14,611,289
Assigned	23,499	-	2,000	-	3,680
Total fund balances	<u>219,413</u>	<u>22,120</u>	<u>208,372</u>	<u>1,859,353</u>	<u>14,614,969</u>
Total liabilities and fund balances	<u>\$ 219,413</u>	<u>\$ 22,120</u>	<u>\$ 208,372</u>	<u>\$ 1,859,353</u>	<u>\$ 14,614,969</u>

<u>Title II-A</u>	<u>Title III</u>	<u>Special Liability</u>	<u>Safe Schools Grant</u>	<u>Other Federal Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 853,250	\$ -	\$ -	\$ 39,690,001
28,361	3,201	-	-	24,505	73,151
-	-	-	-	-	140,779
<u>\$ 28,361</u>	<u>\$ 3,201</u>	<u>\$ 853,250</u>	<u>\$ -</u>	<u>\$ 24,505</u>	<u>\$ 39,903,931</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 486
28,361	3,201	-	-	24,505	73,151
-	-	-	-	-	1,635,465
<u>28,361</u>	<u>3,201</u>	<u>-</u>	<u>-</u>	<u>24,505</u>	<u>1,709,102</u>
-	-	-	-	-	140,779
-	-	853,250	-	-	24,848,882
-	-	-	-	-	13,205,168
-	-	853,250	-	-	38,194,829
<u>\$ 28,361</u>	<u>\$ 3,201</u>	<u>\$ 853,250</u>	<u>\$ -</u>	<u>\$ 24,505</u>	<u>\$ 39,903,931</u>

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended June 30, 2019

	Vocational Education	At Risk	Professional Development	Special Assessment	Food Service	DAC Grant	Bilingual Education
REVENUES:							
Taxes	\$ 4,757,241	\$ 4,670,445	\$ -	\$ 535,251	\$ -	\$ -	\$ 1,696,699
Intergovernmental	87,940	27,625	1,353,261	-	1,609,208	-	-
Charges for services	-	-	-	-	7,239,749	-	-
Use of money and property	-	-	-	-	1,655	-	-
Other local sources	182,358	-	-	-	-	69,269	-
Total revenues	5,027,539	4,698,070	1,353,261	535,251	8,850,612	69,269	1,696,699
EXPENDITURES:							
Current							
Instruction	4,771,107	2,888,692	-	-	-	-	1,614,261
Student support services	-	1,000,242	2,152	-	-	-	-
Instructional support staff	202,833	43,526	1,158,798	-	-	51,147	61,811
School administration	40,750	166,905	-	-	-	-	-
Student transportation services	-	-	-	-	-	-	20,627
Operations and maintenance	-	-	-	-	-	-	-
Other support services	-	-	369,365	-	-	-	-
Food service operations	-	-	-	-	8,958,157	-	-
Capital outlay							
Facility acquisition and construction	-	-	-	574,980	-	-	-
Total expenditures	5,014,690	4,099,365	1,530,315	574,980	8,958,157	51,147	1,696,699
Excess [deficiency] of revenues over [under] expenditures	12,849	598,705	[177,054]	[39,729]	[107,545]	18,122	-
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	-	-	819	-	-
Total other financing sources [uses]	-	-	-	-	819	-	-
Net change in fund balances	12,849	598,705	[177,054]	[39,729]	[106,726]	18,122	-
Fund balance - Beginning of year	1,763	1,295	188,894	544,439	2,564,253	16,770	-
Fund balance - End of year	\$ 14,612	\$ 600,000	\$ 11,840	\$ 504,710	\$ 2,457,527	\$ 34,892	\$ -

See independent auditor's report on the financial statements.

<u>Virtual Education</u>	<u>Summer School</u>	<u>Parent Education Program</u>	<u>Extraordinary School Program</u>	<u>Gate Receipts</u>	<u>Student Projects</u>	<u>Instructional Materials</u>	<u>Contingency Reserve</u>	<u>Title I</u>
\$ 232,147	\$ -	\$ 286,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	487,800	-	-	-	-	-	421,806
397,802	102,305	-	-	733,351	-	2,063,045	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,128,856	-	-	-
<u>629,949</u>	<u>102,305</u>	<u>774,234</u>	<u>-</u>	<u>733,351</u>	<u>1,128,856</u>	<u>2,063,045</u>	<u>-</u>	<u>421,806</u>
495,616	81,433	745,609	120,165	659,443	1,111,026	1,606,016	-	372,961
-	136	-	-	-	-	-	-	-
57,502	10,100	28,625	-	-	-	-	-	34,538
5,385	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	14,307
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>558,503</u>	<u>91,669</u>	<u>774,234</u>	<u>120,165</u>	<u>659,443</u>	<u>1,111,026</u>	<u>1,606,016</u>	<u>-</u>	<u>421,806</u>
<u>71,446</u>	<u>10,636</u>	<u>-</u>	<u>[120,165]</u>	<u>73,908</u>	<u>17,830</u>	<u>457,029</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
71,446	10,636	-	[120,165]	73,908	17,830	457,029	-	-
<u>435,260</u>	<u>165,010</u>	<u>35,578</u>	<u>921,109</u>	<u>194,051</u>	<u>293,965</u>	<u>2,458,388</u>	<u>11,779,726</u>	<u>-</u>
<u>\$ 506,706</u>	<u>\$ 175,646</u>	<u>\$ 35,578</u>	<u>\$ 800,944</u>	<u>\$ 267,959</u>	<u>\$ 311,795</u>	<u>\$ 2,915,417</u>	<u>\$ 11,779,726</u>	<u>\$ -</u>

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended June 30, 2019

	Blue Valley Foundation <u>Grant</u>	Community <u>Grants</u>	Kauffman CAPS Networking <u>Grant</u>	Special Workers Comp <u>Reserve</u>	Special Healthcare <u>Reserve</u>
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	-	-	-	50,319	282,498
Other local sources	<u>394,270</u>	<u>32,771</u>	<u>106,003</u>	<u>-</u>	<u>-</u>
Total revenues	<u>394,270</u>	<u>32,771</u>	<u>106,003</u>	<u>50,319</u>	<u>282,498</u>
EXPENDITURES:					
Current					
Instruction	-	-	-	374,930	1,031,931
Student support services	-	-	-	8,609	-
Instructional support staff	478,645	52,386	106,041	1,835	-
School administration	-	-	109,453	6,317	-
Student transportation services	-	-	-	-	-
Operations and maintenance	-	-	-	300,813	-
Other support services	-	-	-	6,241	-
Food service operations	-	-	-	-	-
Capital outlay	Facility acquisition and construction				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>478,645</u>	<u>52,386</u>	<u>215,494</u>	<u>698,745</u>	<u>1,031,931</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[84,375]</u>	<u>[19,615]</u>	<u>[109,491]</u>	<u>[648,426]</u>	<u>[749,433]</u>
OTHER FINANCING SOURCES [USES]:					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources [uses]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	[84,375]	[19,615]	[109,491]	[648,426]	[749,433]
Fund balance - Beginning of year	<u>303,788</u>	<u>41,735</u>	<u>317,863</u>	<u>2,507,779</u>	<u>15,364,402</u>
Fund balance - End of year	<u>\$ 219,413</u>	<u>\$ 22,120</u>	<u>\$ 208,372</u>	<u>\$ 1,859,353</u>	<u>\$ 14,614,969</u>

See independent auditor's report on the financial statements.

<u>Title II-A</u>	<u>Title III</u>	<u>Special Liability</u>	<u>Safe Schools Grant</u>	<u>Other Federal Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ 365,413	\$ -	\$ -	\$ 12,543,630
261,235	58,954	-	415,831	34,239	4,757,899
-	-	-	-	-	10,536,252
-	-	17,311	-	-	351,783
-	-	-	-	-	1,913,527
<u>261,235</u>	<u>58,954</u>	<u>382,724</u>	<u>415,831</u>	<u>34,239</u>	<u>30,103,091</u>
-	54,997	-	-	-	15,928,187
-	-	-	-	-	1,011,139
261,235	3,957	-	-	34,239	2,587,218
-	-	-	-	-	328,810
-	-	-	-	-	34,934
-	-	-	415,831	-	716,644
-	-	433,377	-	-	808,983
-	-	-	-	-	8,958,157
-	-	-	-	-	574,980
<u>261,235</u>	<u>58,954</u>	<u>433,377</u>	<u>415,831</u>	<u>34,239</u>	<u>30,949,052</u>
-	-	[50,653]	-	-	[845,961]
-	-	-	-	-	819
-	-	-	-	-	819
-	-	[50,653]	-	-	[845,142]
-	-	903,903	-	-	39,039,971
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 853,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,194,829</u>

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 VOCATIONAL EDUCATION FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes						
Current	\$ 4,757,241	\$ [4,757,241]	\$ -	\$ -	\$ -	\$ -
Total taxes	<u>4,757,241</u>	<u>[4,757,241]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental:						
Federal	<u>87,940</u>	<u>-</u>	<u>87,940</u>	<u>87,940</u>	<u>87,940</u>	<u>-</u>
Total intergovernmental	<u>87,940</u>	<u>-</u>	<u>87,940</u>	<u>87,940</u>	<u>87,940</u>	<u>-</u>
Miscellaneous	<u>182,358</u>	<u>-</u>	<u>182,358</u>	<u>475,000</u>	<u>475,000</u>	<u>[292,642]</u>
Total revenues	<u>5,027,539</u>	<u>[4,757,241]</u>	<u>270,298</u>	<u>562,940</u>	<u>562,940</u>	<u>[292,642]</u>
EXPENDITURES:						
Instruction	4,771,107	12,849	4,783,956	5,016,697	5,016,697	232,741
Instructional support staff	202,833	-	202,833	190,776	190,776	[12,057]
School administration	<u>40,750</u>	<u>-</u>	<u>40,750</u>	<u>41,899</u>	<u>41,899</u>	<u>1,149</u>
Total expenditures	<u>5,014,690</u>	<u>12,849</u>	<u>5,027,539</u>	<u>5,249,372</u>	<u>5,249,372</u>	<u>221,833</u>
Excess [deficiency] of revenues over [under] expenditures	<u>12,849</u>	<u>[4,770,090]</u>	<u>[4,757,241]</u>	<u>[4,686,432]</u>	<u>[4,686,432]</u>	<u>[70,809]</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>-</u>	<u>4,757,241</u>	<u>4,757,241</u>	<u>4,686,432</u>	<u>4,686,432</u>	<u>70,809</u>
Total other financing sources [uses]	<u>-</u>	<u>4,757,241</u>	<u>4,757,241</u>	<u>4,686,432</u>	<u>4,686,432</u>	<u>70,809</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>12,849</u>	<u>[12,849]</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE - Beginning of year	<u>1,763</u>	<u>[1,763]</u>	<u>-</u>			
FUND BALANCE - End of year	<u>\$ 14,612</u>	<u>\$ [14,612]</u>	<u>\$ -</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 AT RISK (K-12) FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes						
Current	\$ 4,670,445	\$ [4,670,445]	\$ -	\$ -	\$ -	\$ -
Total taxes	<u>4,670,445</u>	<u>[4,670,445]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental:						
Federal	<u>27,625</u>	<u>-</u>	<u>27,625</u>	<u>150,000</u>	<u>150,000</u>	<u>[122,375]</u>
Total revenues	<u>4,698,070</u>	<u>[4,670,445]</u>	<u>27,625</u>	<u>150,000</u>	<u>150,000</u>	<u>[122,375]</u>
EXPENDITURES:						
Instruction	2,888,692	[565]	2,888,127	3,076,190	3,076,190	188,063
Student support services	1,000,242	600,000	1,600,242	1,594,618	1,594,618	[5,624]
Instructional support staff	43,526	[730]	42,796	59,756	59,756	16,960
School administration	166,905	-	166,905	170,466	170,466	3,561
Operations and maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>4,099,365</u>	<u>598,705</u>	<u>4,698,070</u>	<u>4,901,030</u>	<u>4,901,030</u>	<u>202,960</u>
Excess [deficiency] of revenues over [under] expenditures	<u>598,705</u>	<u>[5,269,150]</u>	<u>[4,670,445]</u>	<u>[4,751,030]</u>	<u>[4,751,030]</u>	<u>80,585</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>-</u>	<u>4,670,445</u>	<u>4,670,445</u>	<u>4,751,030</u>	<u>4,751,030</u>	<u>[80,585]</u>
Total other financing sources [uses]	<u>-</u>	<u>4,670,445</u>	<u>4,670,445</u>	<u>4,751,030</u>	<u>4,751,030</u>	<u>[80,585]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>598,705</u>	<u>[598,705]</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE - Beginning of year	<u>1,295</u>	<u>[1,295]</u>	<u>-</u>			
FUND BALANCE - End of year	<u>\$ 600,000</u>	<u>\$ [600,000]</u>	<u>\$ -</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 PROFESSIONAL DEVELOPMENT FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Intergovernmental:						
State and local	\$ 1,353,261	\$ [1,167,746]	\$ 185,515	\$ 263,163	\$ 263,163	\$ [77,648]
Total revenues	<u>1,353,261</u>	<u>[1,167,746]</u>	<u>185,515</u>	<u>263,163</u>	<u>263,163</u>	<u>[77,648]</u>
EXPENDITURES:						
Student support services	2,152	-	2,152	-	-	[2,152]
Instructional support staff	1,158,798	[177,054]	981,744	1,496,176	1,496,176	514,432
Central services	<u>369,365</u>	<u>-</u>	<u>369,365</u>	<u>-</u>	<u>-</u>	<u>[369,365]</u>
Total expenditures	<u>1,530,315</u>	<u>[177,054]</u>	<u>1,353,261</u>	<u>1,496,176</u>	<u>1,496,176</u>	<u>142,915</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[177,054]</u>	<u>[990,692]</u>	<u>[1,167,746]</u>	<u>[1,233,013]</u>	<u>[1,233,013]</u>	<u>65,267</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	-	1,167,746	1,167,746	1,233,013	1,233,013	[65,267]
Total other financing sources [uses]	<u>-</u>	<u>1,167,746</u>	<u>1,167,746</u>	<u>1,233,013</u>	<u>1,233,013</u>	<u>[65,267]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[177,054]</u>	<u>177,054</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE - Beginning of year	<u>188,894</u>	<u>[188,894]</u>	<u>-</u>			
FUND BALANCE - End of year	<u>\$ 11,840</u>	<u>\$ [11,840]</u>	<u>\$ -</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SPECIAL ASSESSMENT FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes:						
In process	\$ 6,925	\$ -	\$ 6,925	\$ 5,026	\$ 5,026	\$ 1,899
Current	483,513	-	483,513	468,336	468,336	15,177
Delinquent	21,199	-	21,199	2,388	2,388	18,811
Motor vehicle	23,610	-	23,610	23,156	23,156	454
Rental excise	4	-	4	188	188	[184]
Total revenues	<u>535,251</u>	<u>-</u>	<u>535,251</u>	<u>499,094</u>	<u>499,094</u>	<u>36,157</u>
EXPENDITURES:						
Capital outlay	<u>574,980</u>	<u>-</u>	<u>574,980</u>	<u>712,251</u>	<u>712,251</u>	<u>137,271</u>
Total expenditures	<u>574,980</u>	<u>-</u>	<u>574,980</u>	<u>712,251</u>	<u>712,251</u>	<u>137,271</u>
Excess [deficiency] of revenues over [under] expenditures	[39,729]	-	[39,729]	<u>\$ [213,157]</u>	<u>\$ [213,157]</u>	<u>\$ 173,428</u>
FUND BALANCE - Beginning of year	<u>544,439</u>	<u>-</u>	<u>544,439</u>			
FUND BALANCE - End of year	<u>\$ 504,710</u>	<u>\$ -</u>	<u>\$ 504,710</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 FOOD SERVICE FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget
				Original	Final	Positive [Negative]
REVENUES:						
Intergovernmental:						
Federal	\$ 1,533,826	\$ -	\$ 1,533,826	\$ 1,572,218	\$ 1,572,218	\$ [38,392]
State and local	<u>75,382</u>	<u>-</u>	<u>75,382</u>	<u>62,944</u>	<u>62,944</u>	<u>12,438</u>
Total intergovernmental	1,609,208	-	1,609,208	1,635,162	1,635,162	[25,954]
Charges for services	7,239,749	-	7,239,749	7,215,948	7,215,948	23,801
Investment revenue	1,655	-	1,655	-	-	1,655
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,681</u>	<u>50,681</u>	<u>[50,681]</u>
Total revenues	<u>8,850,612</u>	<u>-</u>	<u>8,850,612</u>	<u>8,901,791</u>	<u>8,901,791</u>	<u>[51,179]</u>
EXPENDITURES:						
Operations and maintenance	-	-	-	475,000	475,000	475,000
Food service operations	<u>8,958,157</u>	<u>2,924</u>	<u>8,961,081</u>	<u>9,302,894</u>	<u>9,302,894</u>	<u>341,813</u>
Total expenditures	<u>8,958,157</u>	<u>2,924</u>	<u>8,961,081</u>	<u>9,777,894</u>	<u>9,777,894</u>	<u>816,813</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[107,545]</u>	<u>[2,924]</u>	<u>[110,469]</u>	<u>[876,103]</u>	<u>[876,103]</u>	<u>765,634</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>819</u>	<u>-</u>	<u>819</u>	<u>-</u>	<u>-</u>	<u>819</u>
Total other financing sources [uses]	<u>819</u>	<u>-</u>	<u>819</u>	<u>-</u>	<u>-</u>	<u>819</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[106,726]</u>	<u>[2,924]</u>	<u>[109,650]</u>	<u>\$ [876,103]</u>	<u>\$ [876,103]</u>	<u>\$ 766,453</u>
FUND BALANCE - Beginning of year	<u>2,564,253</u>	<u>[137,954]</u>	<u>2,426,299</u>			
FUND BALANCE - End of year	<u>\$ 2,457,527</u>	<u>\$ [140,878]</u>	<u>\$ 2,316,649</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 BILINGUAL EDUCATION FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes						
Current	\$ 1,696,699	\$ [1,696,699]	\$ -	\$ -	\$ -	\$ -
Total taxes	<u>1,696,699</u>	<u>[1,696,699]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other revenue from local source	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>[60,000]</u>
Total revenues	<u>1,696,699</u>	<u>[1,696,699]</u>	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>[60,000]</u>
EXPENDITURES:						
Instruction	1,614,261	-	1,614,261	1,723,551	1,723,551	109,290
Instructional support staff	61,811	-	61,811	82,435	82,435	20,624
Student transportation services	<u>20,627</u>	<u>-</u>	<u>20,627</u>	<u>22,769</u>	<u>22,769</u>	<u>2,142</u>
Total expenditures	<u>1,696,699</u>	<u>-</u>	<u>1,696,699</u>	<u>1,828,755</u>	<u>1,828,755</u>	<u>132,056</u>
Excess [deficiency] of revenues over [under] expenditures	<u>-</u>	<u>[1,696,699]</u>	<u>[1,696,699]</u>	<u>[1,768,755]</u>	<u>[1,768,755]</u>	<u>72,056</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>-</u>	<u>1,696,699</u>	<u>1,696,699</u>	<u>1,768,755</u>	<u>1,768,755</u>	<u>[72,056]</u>
Total other financing sources [uses]	<u>-</u>	<u>1,696,699</u>	<u>1,696,699</u>	<u>1,768,755</u>	<u>1,768,755</u>	<u>[72,056]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>			
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 VIRTUAL EDUCATION FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes						
Current	\$ 232,147	\$ [232,147]	\$ -	\$ -	\$ -	\$ -
Total taxes	<u>232,147</u>	<u>[232,147]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Charges for services	397,802	-	397,802	487,500	487,500	[89,698]
Interest on idle funds	-	-	-	-	-	-
Total revenues	<u>629,949</u>	<u>[232,147]</u>	<u>397,802</u>	<u>487,500</u>	<u>487,500</u>	<u>[89,698]</u>
EXPENDITURES:						
Instruction	495,616	-	495,616	600,528	600,528	104,912
Instructional support staff	57,502	-	57,502	99,937	99,937	42,435
School administration	5,385	-	5,385	-	-	[5,385]
Total expenditures	<u>558,503</u>	<u>-</u>	<u>558,503</u>	<u>700,465</u>	<u>700,465</u>	<u>141,962</u>
Excess [deficiency] of revenues over [under] expenditures	<u>71,446</u>	<u>[232,147]</u>	<u>[160,701]</u>	<u>[212,965]</u>	<u>[212,965]</u>	<u>52,264</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	-	232,147	232,147	232,367	232,367	[220]
Total other financing sources [uses]	<u>-</u>	<u>232,147</u>	<u>232,147</u>	<u>232,367</u>	<u>232,367</u>	<u>[220]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>71,446</u>	<u>-</u>	<u>71,446</u>	<u>\$ 19,402</u>	<u>\$ 19,402</u>	<u>\$ 52,044</u>
FUND BALANCE - Beginning of year	<u>435,260</u>	<u>-</u>	<u>435,260</u>			
FUND BALANCE - End of year	<u>\$ 506,706</u>	<u>\$ -</u>	<u>\$ 506,706</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SUMMER SCHOOL FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Charges for services	\$ 102,305	\$ -	\$ 102,305	\$ 125,275	\$ 125,275	\$ [22,970]
Total revenues	<u>102,305</u>	<u>-</u>	<u>102,305</u>	<u>125,275</u>	<u>125,275</u>	<u>[22,970]</u>
EXPENDITURES:						
Instruction	81,433	[1,842]	79,591	199,127	199,127	119,536
Student support services	136	-	136	-	-	[136]
Instructional support staff	<u>10,100</u>	<u>-</u>	<u>10,100</u>	<u>7,785</u>	<u>7,785</u>	<u>[2,315]</u>
Total expenditures	<u>91,669</u>	<u>[1,842]</u>	<u>89,827</u>	<u>206,912</u>	<u>206,912</u>	<u>117,085</u>
Excess [deficiency] of revenues over [under] expenditures	10,636	1,842	12,478	\$ <u>[81,637]</u>	\$ <u>[81,637]</u>	\$ <u>94,115</u>
FUND BALANCE - Beginning of year	<u>165,010</u>	<u>[1,845]</u>	<u>163,165</u>			
FUND BALANCE - End of year	<u>\$ 175,646</u>	<u>\$ [3]</u>	<u>\$ 175,643</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 PARENT EDUCATION PROGRAM FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes						
Current	\$ 286,434	\$ [286,434]	\$ -	\$ -	\$ -	\$ -
Total taxes	<u>286,434</u>	<u>[286,434]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental:						
State and local	<u>487,800</u>	<u>-</u>	<u>487,800</u>	<u>485,534</u>	<u>485,534</u>	<u>2,266</u>
Total intergovernmental	<u>487,800</u>	<u>-</u>	<u>487,800</u>	<u>485,534</u>	<u>485,534</u>	<u>2,266</u>
Other local sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,258</u>	<u>76,258</u>	<u>[76,258]</u>
Total revenues	<u>774,234</u>	<u>[286,434]</u>	<u>487,800</u>	<u>561,792</u>	<u>561,792</u>	<u>[73,992]</u>
EXPENDITURES:						
Instruction	745,609	-	745,609	-	-	[745,609]
Student support services	-	-	-	809,134	809,134	809,134
Instructional support staff	<u>28,625</u>	<u>-</u>	<u>28,625</u>	<u>34,811</u>	<u>34,811</u>	<u>6,186</u>
Total expenditures	<u>774,234</u>	<u>-</u>	<u>774,234</u>	<u>843,945</u>	<u>843,945</u>	<u>69,711</u>
Excess [deficiency] of revenues over [under] expenditures	<u>-</u>	<u>[286,434]</u>	<u>[286,434]</u>	<u>[282,153]</u>	<u>[282,153]</u>	<u>[4,281]</u>
OTHER FINANCING SOURCES [USES]:						
Transfers in	<u>-</u>	<u>286,434</u>	<u>286,434</u>	<u>282,153</u>	<u>282,153</u>	<u>4,281</u>
Total other financing sources [uses]	<u>-</u>	<u>286,434</u>	<u>286,434</u>	<u>282,153</u>	<u>282,153</u>	<u>4,281</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE - Beginning of year	<u>35,578</u>	<u>-</u>	<u>35,578</u>			
FUND BALANCE - End of year	<u>\$ 35,578</u>	<u>\$ -</u>	<u>\$ 35,578</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 EXTRAORDINARY SCHOOL PROGRAM FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Other local sources	\$ -	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ [50,000]
Total revenues	-	-	-	50,000	50,000	[50,000]
EXPENDITURES:						
Instruction	120,165	-	120,165	249,915	249,915	129,750
Total expenditures	120,165	-	120,165	249,915	249,915	129,750
Excess [deficiency] of revenues over [under] expenditures	[120,165]	-	[120,165]	\$ [199,915]	\$ [199,915]	\$ 79,750
FUND BALANCE - Beginning of year	921,109	-	921,109			
FUND BALANCE - End of year	\$ 800,944	\$ -	\$ 800,944			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 FEDERAL FUNDS

For the Year Ended June 30, 2019

	<u>Title I</u>	<u>Title II-A</u>	<u>Other Federal Grants</u>	<u>Title III</u>
REVENUES:				
Intergovernmental:				
Federal	\$ 421,806	\$ 261,235	\$ 34,239	\$ 58,954
Total revenues	<u>421,806</u>	<u>261,235</u>	<u>34,239</u>	<u>58,954</u>
EXPENDITURES:				
Instruction	372,961	-	-	54,997
Instructional support staff	34,538	261,235	34,239	3,957
Student transportation services	14,307	-	-	-
Total expenditures	<u>421,806</u>	<u>261,235</u>	<u>34,239</u>	<u>58,954</u>
Excess [deficiency] of revenues over [under] expenditures	-	-	-	-
FUND BALANCE - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report on the financial statements.

Total GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
			Original	Final	
\$ 776,234	\$ -	\$ 776,234	\$ 835,160	\$ 835,160	\$ [58,926]
<u>776,234</u>	<u>-</u>	<u>776,234</u>	<u>835,160</u>	<u>835,160</u>	<u>[58,926]</u>
427,958	-	427,958	438,242	438,242	10,284
333,969	-	333,969	394,418	394,418	60,449
<u>14,307</u>	<u>-</u>	<u>14,307</u>	<u>2,500</u>	<u>2,500</u>	<u>[11,807]</u>
<u>776,234</u>	<u>-</u>	<u>776,234</u>	<u>835,160</u>	<u>835,160</u>	<u>58,926</u>
-	-	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>-</u>	<u>-</u>	<u>-</u>			
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 GIFTS AND GRANTS FUNDS
 For the Year Ended June 30, 2019

	DAC Grant	Blue Valley Foundation Grant	Community Grants	Kauffman CAPS Networking Grant	Gift
REVENUES:					
Other local sources	\$ 69,269	\$ 394,270	\$ 32,771	\$ 106,003	\$ 885,653
Total revenues	<u>69,269</u>	<u>394,270</u>	<u>32,771</u>	<u>106,003</u>	<u>885,653</u>
EXPENDITURES:					
Instruction	-	-	-	-	894,110
Student support services	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	109,453	-
Transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Instructional support staff	51,147	478,645	52,386	106,041	-
Food service operation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>51,147</u>	<u>478,645</u>	<u>52,386</u>	<u>215,494</u>	<u>894,110</u>
Excess [deficiency] of revenues over [under] expenditures	18,122	[84,375]	[19,615]	[109,491]	[8,457]
FUND BALANCE - Beginning of year	<u>16,770</u>	<u>303,788</u>	<u>41,735</u>	<u>317,863</u>	<u>978,748</u>
FUND BALANCE - End of year	<u>\$ 34,892</u>	<u>\$ 219,413</u>	<u>\$ 22,120</u>	<u>\$ 208,372</u>	<u>\$ 970,291</u>

See independent auditor's report on the financial statements.

Total GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
			Original	Final	
\$ 1,487,966	\$ -	\$ 1,487,966	\$ 415,831	\$ 415,831	\$ 1,072,135
<u>1,487,966</u>	<u>-</u>	<u>1,487,966</u>	<u>415,831</u>	<u>415,831</u>	<u>1,072,135</u>
894,110	16,419	910,529	1,135,055	1,135,055	224,526
-	-	-	2,130	2,130	2,130
-	-	-	5,683	5,683	5,683
109,453	[12,950]	96,503	76,291	76,291	[20,212]
-	-	-	27,896	27,896	27,896
-	[24,950]	[24,950]	2,915	2,915	27,865
688,219	[18,000]	670,219	156,985	156,985	[513,234]
-	-	-	3,300	3,300	3,300
-	-	-	423,051	423,051	423,051
<u>1,691,782</u>	<u>[39,481]</u>	<u>1,652,301</u>	<u>1,833,306</u>	<u>1,833,306</u>	<u>181,005</u>
[203,816]	39,481	[164,335]	<u>\$ [1,417,475]</u>	<u>\$ [1,417,475]</u>	<u>\$ 1,253,140</u>
<u>1,658,904</u>	<u>[122,279]</u>	<u>1,536,625</u>			
<u>\$ 1,455,088</u>	<u>\$ [82,798]</u>	<u>\$ 1,372,290</u>			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SPECIAL LIABILITY FUND
 For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes:						
In process	\$ 7,454	\$ -	\$ 7,454	\$ 5,421	\$ 5,421	\$ 2,033
Current	328,191	-	328,191	318,858	318,858	9,333
Delinquent	-	-	-	2,570	2,570	[2,570]
Motor vehicle	29,768	-	29,768	29,820	29,820	[52]
Total taxes	365,413	-	365,413	356,669	356,669	8,744
Use of money and property	17,311	-	17,311	6,000	-	17,311
Total revenues	382,724	-	382,724	362,669	356,669	26,055
EXPENDITURES:						
General administration	-	-	-	856,615	856,615	856,615
Other support services	433,377	-	433,377	-	-	[433,377]
Total expenditures	433,377	-	433,377	856,615	856,615	423,238
Excess [deficiency] of revenues over [under] expenditures	[50,653]	-	[50,653]	\$ [493,946]	\$ [499,946]	\$ 449,293
FUND BALANCE - Beginning of year	903,903	-	903,903			
FUND BALANCE - End of year	\$ 853,250	\$ -	\$ 853,250			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
DEBT SERVICE FUND
For the Year Ended June 30, 2019

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
REVENUES:						
Taxes:						
In process	\$ 490,261	\$ -	\$ 490,261	\$ 364,550	\$ 364,550	\$ 125,711
Current	57,606,399	-	57,606,399	55,903,662	55,903,662	1,702,737
Delinquent	1,329,627	-	1,329,627	169,050	169,050	1,160,577
Motor vehicle	4,962,153	-	4,962,153	4,991,350	4,991,350	[29,197]
Rental excise	39,394	-	39,394	40,460	40,460	[1,066]
Total taxes	64,427,834	-	64,427,834	61,469,072	61,469,072	2,958,762
Intergovernmental	780,545	-	780,545	833,967	833,967	[53,422]
Total revenues	65,208,379	-	65,208,379	62,303,039	62,303,039	2,905,340
EXPENDITURES:						
Debt Service						
Principal	50,465,031	-	50,465,031	50,465,031	50,465,031	-
Interest and other charges	15,582,170	-	15,582,170	15,582,170	15,582,170	-
Total expenditures	66,047,201	-	66,047,201	66,047,201	66,047,201	-
Excess [deficiency] of revenues over [under] expenditures	[838,822]	-	[838,822]	\$ [3,744,162]	\$ [3,744,162]	\$ 2,905,340
FUND BALANCE - Beginning of year	64,149,804	-	64,149,804			
FUND BALANCE - End of year	\$ 63,310,982	\$ -	\$ 63,310,982			

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

COMBINING STATEMENT OF NET POSITION
 AGENCY FUNDS
 June 30, 2019

	Student Organization Funds	Extraordinary Growth	Cost of Living	Gift Fund	Totals
ASSETS:					
Cash and investments	\$ 1,376,756	\$ 545,274	\$ 452,924	\$ 969,711	\$ 3,344,665
Total assets	<u>\$ 1,376,756</u>	<u>\$ 545,274</u>	<u>\$ 452,924</u>	<u>\$ 969,711</u>	<u>\$ 3,344,665</u>
LIABILITIES:					
Liabilities:					
Other liabilities	\$ -	\$ 545,274	\$ 452,924	\$ 969,711	\$ 1,967,909
Due to student organizations	<u>1,376,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,376,756</u>
Total liabilities	<u>\$ 1,376,756</u>	<u>\$ 545,274</u>	<u>\$ 452,924</u>	<u>\$ 969,711</u>	<u>\$ 3,344,665</u>

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended June 30, 2019

	Balance June 30, <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2019</u>
Gift Fund	\$ 994,468	\$ 885,653	\$ 910,410	\$ 969,711
Extraordinary Growth Fund	562,766	7,860,070	7,877,562	545,274
Cost of Living Fund	369,576	6,880,492	6,797,144	452,924
Student Organization Funds	<u>1,396,143</u>	<u>3,177,653</u>	<u>3,197,040</u>	<u>1,376,756</u>
 Assets - cash and investments	 <u>\$ 3,322,953</u>	 <u>\$ 18,803,868</u>	 <u>\$ 18,782,156</u>	 <u>\$ 3,344,665</u>
 Gift Fund	 \$ 994,468	 \$ 885,653	 \$ 910,410	 \$ 969,711
Extraordinary Growth Fund	562,766	7,860,070	7,877,562	545,274
Cost of Living Fund	369,576	6,880,492	6,797,144	452,924
Due to student organizations	<u>1,396,143</u>	<u>3,177,653</u>	<u>3,197,040</u>	<u>1,376,756</u>
 Total liabilities	 <u>\$ 3,322,953</u>	 <u>\$ 18,803,868</u>	 <u>\$ 18,782,156</u>	 <u>\$ 3,344,665</u>

See independent auditor's report on the financial statements.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Cash	Budgetary Basis Receipts	Adjustments to GAAP Basis	GAAP Receipts	Expenditures	Ending Cash
<u>U.S. Department of Education</u>							
Passed Through State Department of Education:							
Special Education Cluster:							
Title VI-B Special Education	84.027	\$ -	\$ 3,372,365	\$ 8,765	\$ 3,381,130	\$ 3,381,130	\$ -
Early Childhood Act	84.173	-	74,441	-	74,441	74,441	-
Total Special Education Cluster			3,446,806	8,765	3,455,571	3,455,571	
Title I	84.010	-	404,723	17,084	421,807	421,807	-
C.P. Prog. Impr. Sec.	84.048	-	88,079	-	88,079	88,079	-
Title III English Language	84.365	-	55,753	3,201	58,954	58,954	-
Title II-A Teacher Quality	84.367	-	232,874	28,361	261,235	261,235	-
Title VI State Assessments	84.369	-	138	-	138	138	-
ED Student Support and Academic Enrichment Program	84.424	-	28,889	-	28,889	28,889	-
Hurricane Education Recovery	84.938	-	30,125	-	30,125	30,125	-
Total U.S. Department of Education			4,287,387	57,411	4,344,798	4,344,798	
<u>U.S. Department of Health and Human Services</u>							
Passed Through State Department of Education:							
Youth Risk Behavior Survey	93.079	-	314	-	314	314	-
Cooperative Agreements to Support Comprehensive School Health Programs	93.938	-	2,000	-	2,000	2,000	-
Total U.S. Department of Health and Human Services			2,314	-	2,314	2,314	
<u>U.S. National Security Administration</u>							
STARTALK	12.900	-	9,734	24,505	34,239	34,239	-
Total U.S. National Security Administration			9,734	24,505	34,239	34,239	
<u>U.S. Department of Agriculture</u>							
Passed Through State Department of Education:							
Child Nutrition Cluster:							
School Breakfast Program	10.553	-	68,115	-	68,115	68,115	-
National School Lunch Program	10.555	-	1,465,710	-	1,465,710	1,465,710	-
Total Child Nutrition Cluster			1,533,825	-	1,533,825	1,533,825	-
Total U.S. Department of Agriculture			1,533,825	-	1,533,825	1,533,825	
Total Expenditures of Federal Awards			\$ 5,833,260	\$ 81,916	\$ 5,915,176	\$ 5,915,176	

The accompanying notes are an integral part of this schedule.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

1. Organization

Blue Valley Unified School District No. 229 (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, 2019.

5. Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2019.

6. Pass Through Entity Numbers

Grant numbers are not listed for several grants on the Schedule of Expenditures of Federal Awards. For those grants, pass through grantors have not assigned passthrough numbers to the passthrough grants noted in the schedule of expenditures of federal awards.

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: _____ Unmodified _____

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: _____ Unmodified _____

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: _____ \$750,000 _____

Auditee qualified as low-risk auditee? _____ X Yes _____ No

BLUE VALLEY UNIFIED SCHOOL DISTRICT NO. 229
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2019

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

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
Blue Valley Unified School District No. 229

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the budgetary comparison information and the aggregate remaining fund information of Blue Valley Unified School District No. 229 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 18, 2019.

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 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 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*.

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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

Lawrence, KS
September 18, 2019



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

Board of Education
Blue Valley Unified School District No. 229

Report on Compliance for Each Major Federal Program

We have audited the compliance of Blue Valley Unified School District No. 229 (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 its major federal programs for the year ended June 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (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, 2019.

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. 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

Lawrence, KS
September 18, 2019