

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF
SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

**Center of Academic Achievement
8200 W. 71st Street
Shawnee Mission, Kansas 66204**

**For the Fiscal Year Ended
June 30, 2018**

**Prepared by Business Services Division
of Shawnee Mission Unified School District No. 512**

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

Comprehensive Annual Financial Report
For the year ended June 30, 2018

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INTRODUCTORY SECTION

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October 19, 2018

**District Parents, Patrons and Board of Education
Shawnee Mission Unified School District No. 512
Shawnee Mission, Kansas**

The Comprehensive Annual Financial Report (CAFR) of Unified School District No. 512, Shawnee Mission, Kansas (district) for the fiscal year ended June 30, 2018, is hereby submitted for your use. The CAFR was prepared by the Business Services Division and includes the unmodified opinion of our independent auditors, Mize Houser & Company P.A.. Responsibility for both the accuracy of the information and the completeness and fairness of the presentation, including all disclosures, rests with the district, specifically the Business Services Division. The Business Services Division confirms that the accounting system and the budgetary and internal accounting controls of the district provide reasonable assurance that the district assets are safeguarded against loss and that financial records are reliable for preparing financial statements and maintaining accountability for assets. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the district.

The CAFR includes all funds as identified by the Governmental Accounting Standards Board (GASB) in its Codification of Governmental Accounting and Financial Reporting Standards, and all activities considered by Kansas statutes to be part of the district.

GENERAL INFORMATION ABOUT THE DISTRICT

The Shawnee Mission School District, which was established as Unified School District No. 512 in 1969, has been ranked consistently among the finest school districts in America, earning praise locally, regionally, and nationally for its commitment to providing excellent educational programs and services. U.S. News & World Report ranked all of the district's five high schools as among the best in the nation. Shawnee Mission offers a rigorous academic curriculum designed to prepare students for the future. The district is proud of the impressive achievement of its students as reflected on state and national assessments. The district has a graduation rate of approximately 87 percent. Shawnee Mission School District offers a 1:1 digital learning initiative providing a digital device for each student, pre-k through grade 12, to support learning.

Located in suburban northeast Johnson County, Kansas, ten miles from downtown Kansas City, Missouri, the district is the third largest school district in the state of Kansas. Covering 72 square miles, the district serves students living in all or a portion of 14 cities.

During the 2017-18 school year, the district was comprised of 33 elementary schools, five middle schools, five high schools, one alternative education school, one career and technical facility, four major athletic complexes, and three administrative and support facilities. This represents a physical plant in excess of nearly 5.4 million square feet, having a replacement value in excess of \$1.2 billion.

On September 20, 2017, enrollment was 27,586, up 70 from the 27,516 students on September 20, 2016. This enrollment represented 14,443 elementary school students, 3,914 middle school students, 8,160 high school students, 1,069 special education, preschool and other students.

Seven members of the board of education who are elected for staggered four-year terms govern the district. The board of education is responsible for making all policy decisions. The treasurer and clerk are appointed annually by the board.

The board of education appoints the superintendent of schools who is responsible for carrying out the policies set by the board. A deputy superintendent and associate superintendents assist the superintendent. The district employs a full-time staff of about 3,300 of which approximately 2,000 were teachers and other certified staff. Approximately 80 percent of the teachers in Shawnee Mission have a master's degree or higher.

ECONOMIC CONDITION AND OUTLOOK

Economic growth in Johnson County, within which the district is located, has been strong for over 25 years. The county has become a self-contained economic unit with its own employment and financial base. As a result, predictions continue to foresee Johnson County as the cornerstone to growth within the State of Kansas over the next ten years. The assessed valuation within the district increased approximately 6.4% to \$3.6 billion during 2017.

FINANCIAL POLICIES

The State of Kansas controls the amount of operating funds each district is entitled to receive. The State exercises this control in an effort to equalize funding between districts in the state. Funding decisions are typically made in late April or early May prior to the new fiscal year. District officials set budget priorities throughout the preceding year and then adjust the budget as funding decisions are made.

District officials have more flexibility regarding capital decisions. Ongoing capital purchases are made according to two tracks. First, the district has established replacement schedules for most large capital purchases such as roofs, heating/cooling, parking lots and technology. Other capital purchases are made twice during each year. Most departments are required to submit a list of capital needs prior to the fiscal year. School principals have an additional procurement period for unforeseen capital needs.

Other major capital purchases are financed using general obligation bonds. Historically, the district has used stakeholder committees to identify projects.

MAJOR INITIATIVES

Early Childhood Education

Early learning is essential to building strong foundational skills, to set the stage for success in life. The Shawnee Mission School District offers all-day kindergarten at no cost for families at all elementary schools, and a pre-kindergarten program at 17 of its elementary schools.

Jump Start to Learning is held in July, in order to provide additional support to incoming kindergarteners who have been identified in a screening process during Kindergarten Round-up as needing a boost to prepare for kindergarten, along with other families who are interested. Through this program they practice literacy, numeracy, and the skills of being a student. When the program began in 2014, it served 46 students at two schools. During summer 2018, the program served 370 students at 20 elementary schools.

Supporting Changing Demographics

With an increase in the number of English Language Learners (ELL) and students who receive free and reduced lunches, the district makes it a priority to meet every student's needs. In the Shawnee Mission School District, "All Means All". In addition to serving ELL students and students who live in poverty, the district serves a number of students who lack a fixed, permanent place to live. This year, there were approximately 400 students identified as homeless.

ELLevate is a summer program designed to elevate the language skills of elementary students who are English language learners. Students from specific schools with high ELL populations were served the ELLevate program, while students with significant language needs from the other elementary schools were invited to participate in an eight-week ELL summer tutoring program.

Sustainability Efforts Grow and Receive Recognition

The district is on track to have gardens or natural areas at 87 percent of its schools by spring of 2019. Food waste from school cafeterias returns to the district as compost for school gardens and the Center for Academic Achievement Urban Farm.

Students at all grade levels develop sustainability project-based learning capstone projects aligned to curriculum, identifying solutions to be shared with community members. This year, the district was invited to submit an article to the Green Schools Catalyst Quarterly, [Student Initiative Drives Sustainability in Shawnee Mission School District](#).

Recycling, Water and Energy Efficiency and Transportation Alternatives:

- The district completed implementation of recycling and composting in all district schools, meeting and objective of the Board of Education Strategic Plan.
- US EPA recognized the Shawnee Mission School District with the [2017 Food Recovery Challenge Regional Award](#), just one of two entities recognized in the state of Kansas. During 2017 Shawnee Mission collected more than 600,000 pounds of food waste.
- The Johnson County Commission recognized the district and 16 facilities for standardizing recycling, along with the diversion of 70 percent of cafeteria waste from the landfill.
- Kansas Department of Health & Environment awarded 12 Shawnee Mission schools Green Schools grants totaling \$49,208.
- The Shawnee Mission School District and a coalition of partners received \$25,000 to improve crosswalks, signage and signals at Roseland Elementary, and to produce a regional resource for school communities, [The Roesland Elementary Safe Routes to School Case Study & Checklist](#).

District Growth

The district is building a new elementary school in response to rapid growth in Lenexa. Lenexa Hills Elementary School is nearing completion and will be ready to welcome students in August. It brings the number of elementary schools in our district to 34. Students will come from Sunflower and Broken Arrow elementary schools.

Along with 34 elementary schools, the district has five middle schools, five high schools, one alternative high school, an Early Childhood Center, and is creating a Career and Technical Career Campus.

During the 2017-18 school year, the district broke ground to build a district and community Aquatics Center in Lenexa. Brookwood Elementary School is being rebuilt and is scheduled to open this coming school year. Over the last four years, the district has rebuilt five elementary schools, one in each high school feeder pattern, as part of a bond issue approved by the community in 2015. In addition, many elementary schools received capital improvements.

Technology in Education

The district's Digital Learning Initiative provides each teacher in the district with a portable computer and a tablet device. Each student K-6 in the district receives a tablet device while each student 7-12 receives a portable computer. There are approximately 30,000 portable devices provided to students, teachers, and administrators in the district. In addition to those devices, the various business functions and support personnel in the district have access to computers to complete their daily tasks.

With the shift towards everyone having portable devices, the district moved focus away from traditional labs. The district does still maintain some traditional computer labs, mobile wireless labs, library workstations, and specialty labs. These labs are under regular review for relevance and need.

The student information system and library management systems both use modern, Web based applications to keep track of this critical district data. District programming staff ensures interfaces between the various databases are kept current and working so that all district data is stored securely and is accessible to those who need it.

Data transport is an essential function of technology in the district. The district has engaged in initiatives to make wireless networks widely available in all district buildings. These networks are regularly monitored, checked for quality and functionality, and routinely upgraded to provide highly efficient and reliable wireless connectivity. The district's data closet inter-connections, Wide Area Network, and Internet access all meet the current SETDA goals on bandwidth availability.

Every regular classroom, library, computer lab, and designated special purpose classroom in the district is outfitted with a permanently-mounted XGA projector or flat panel TV and an Apple TV.

All employees and students have electronic mail. Spam mitigation, anti-virus protection, and intrusion detection are essential components of the district's security stance as it pertains to electronic mail. A fiber-optic high speed integrated voice and data network provides connectivity between every building. Every classroom has a phone, and all teachers and administrative employees have access to voicemail. The district has a virtual meeting and collaboration platform available to all district employees. Teachers are able to use this platform when working with students as well. Additionally, all teachers and students in the district have access to GSuite from Google.

FINANCIAL INFORMATION

Internal Control Structure

Pursuant to state statute, the board of education annually appoints the district treasurer. The treasurer is the chief fiscal officer of the district and is responsible for receiving and maintaining custody of and disbursing all district funds. The Associate Superintendent of Organizational Support, Dr. Rick Atha, currently serves as the treasurer. Dr. Atha is assisted in this function by other fiscal management employees including the Chief Financial Officer, Financial Analyst, Budget Manager and Purchasing Supervisor.

The Cabinet, which consists of the superintendent, deputy superintendent, chief communications officer, three associate superintendents, two assistant superintendents, chief of student services, and three executive directors with assistance of the above fiscal management employees, is responsible for establishing and maintaining an internal control system to provide reasonable, but not absolute assurance, that district assets are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The concept of reasonable assurance recognizes that certain estimates and judgments are required in establishing controls and that the estimated cost of a control should not exceed the projected benefits likely to result from the control.

Budgetary Principles

In addition to internal accounting controls, the district maintains budgetary controls. The budget is prepared on the cash basis of accounting, as required by state statute.

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 subject to no statutory limitation. The statutes provide the following timeline in the adoption of the annual operating budget:

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

State statute prohibits the expenditure within a fund in excess of the legally adopted budget. An annual operating budget is not required for bond construction funds, agency funds, textbook funds, and student materials funds. However, internal budgets are prepared for each of these funds and adopted by the board of education. District policy prohibits the expenditure within a fund in excess of the adopted budget.

In accordance with the Kansas Accounting Handbook, all expenditures are accounted for by fund, function, and object. Further accountability is provided by cost center. This system allows effective monitoring of the expenditure of budget appropriations. Monthly reports of budget to actual revenues and expenditures are prepared for management use. Summarized reports are presented to the board of education. Statutory budget control is at the fund level. Internal budget control is at the account level. A comparison of actual to budget revenues and expenditures is included in the Financial Section of this report.

PROPERTY TAX COLLECTIONS

The determination of assessed valuation and the collection of taxes for all political subdivisions in the state of Kansas is the responsibility of the various counties. The Johnson County Appraiser annually determines the assessed valuation that is used as a basis for the mill levy on property located within the district. The appraiser's determination is based on criteria established by Kansas statute.

Ad valorem tax statements are mailed each November 1 and may be paid in full or one-half on or before December 20, with the remaining one-half due on or before the following May 10. Motor vehicles are assessed on January 1 of the current year, and the tax is due and payable by the end of the month in which the license plate expires. Taxes are distributed to the district as collected by the county treasurer five times per year.

In 1989, all property in the state of Kansas was re-evaluated as a result of a bill passed by the 1985 session of the Kansas legislature which required county appraisers to reassess property effective with January 1, 1991 property taxes. In addition, a November 1986 general election approved a proposition to modify the Kansas constitution with respect to the classification of property for ad valorem taxation.

Tables showing the district's assessed valuation for the most recent ten years, the district's tax collections for the most recent ten years, and the district's mill levy for the most recent ten years are included in the Statistical Section of this report.

CASH MANAGEMENT

In accordance with Kansas statutes, idle funds during the year were invested in certificates of deposit, U.S. Treasury Bills, and Repurchase Agreements. Demand deposits are held in interest-bearing accounts. The rate earned on demand deposits was forty basis points under the 91-day T-bill rate. Rates earned on certificates of deposit and repurchase agreements were solicited by phone quotes. T-bill yields were based on current market conditions on the day of investment.

The average yield on maturing investments was approximately 1.5% in 2018. This is net of funds held in demand deposits and compensating balance requirements. In accordance with Kansas statutes, investment revenues for 2018 were recorded in the following funds:

Debt Service	\$ 38,675
Special Education	441,298
Capital Outlay	123,110
Capital Project	991,774
Health Care Reserve	25,791
Food Service	34,394
Special Liability	3,795
Total	<u>\$ 1,658,837</u>

The governmental funds account for all of this total (see page 17).

RISK MANAGEMENT

The district is insured for general property damage and liability coverage through various policies as follows:

Coverage	Limits	Deductible/ Retention
Property / Inland Marine /	\$1,230,603,491	
Automobile Physical Damage	(\$450,000,000 loss limit)	\$100,000
Boiler & Machinery	\$10,000,000	\$5,000
Liability (General, Employee	\$5,000,000 each	
Benefit, Law Enforcement,	occurrence /\$5,000,000	
Automobile)	annual aggregate	\$500,000
	\$5,000,000 each	
Liability (School Leaders E&O,	occurrence /\$5,000,000	
Employment Practices)	annual aggregate	\$500,000
Crime / Employee Dishonesty	\$2,750,000	\$25,000
Cyber Liability	\$1,000,000	\$25,000

It is the opinion of the district administration that property coverage is sufficient to replace lost or damaged items at current replacement value. Various liability policies extend coverage to all employees of the district, including members of the board of education, teachers, student teachers, and volunteer workers when they are acting within the scope of their duties for the district.

Effective July 1, 1992, workers' compensation insurance became self-insured. Based on projections, the district feels the self-insurance fund is adequately funded to cover future claims.

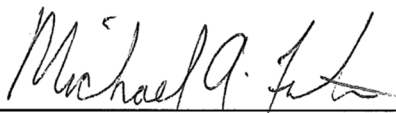
The district is occasionally involved in claims and lawsuits, including claims for unfair or discriminatory personnel practices and personal injury. While these cases may have future financial significance, district management, based on the advice of counsel, believes the ultimate outcome of those various actions will not significantly impact the district's financial position.

INDEPENDENT AUDIT

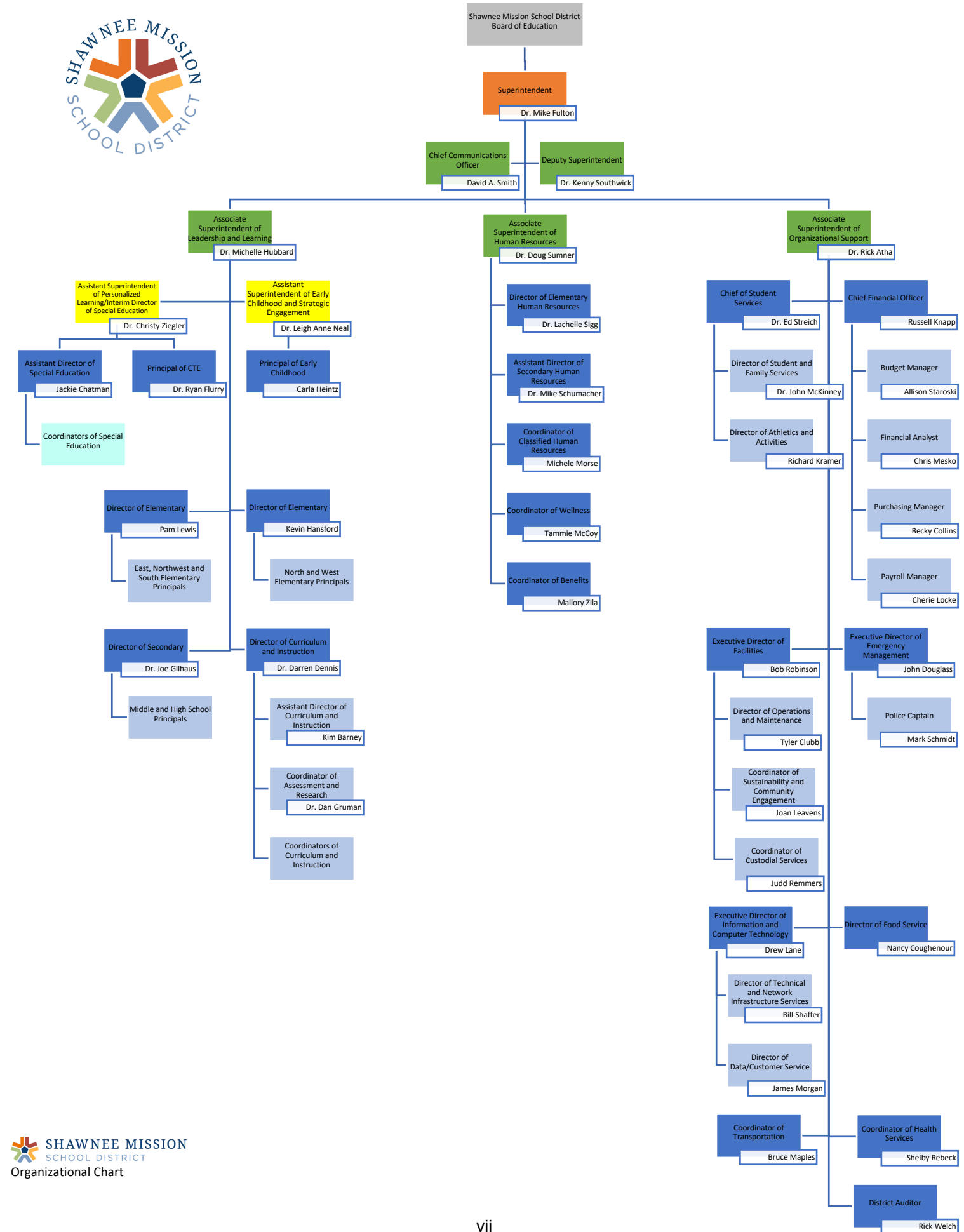
The district's policy is to require an annual, independent audit of the financial statements and in conjunction with that audit, a Single Audit is performed in accordance with federal requirements. For the fiscal year ended June 30, 2018, these audits were performed by the accounting firm of Mize Houser & Company P.A. Their unmodified opinion on the financial statements is included in the Financial Section of this report.

ACKNOWLEDGMENTS

The preparation of this Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efficient and dedicated services of the accounting services staff. We wish to express our appreciation to all who assisted in its preparation. We especially thank the staff members of Mize Houser & Company P.A. for their assistance. We also thank the members of the board of education for their interest and support in planning and conducting the financial operations of the district in a responsible and progressive manner.



Michael Fulton, Ed.D., Superintendent of Schools



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Shawnee Mission Unified School District No. 512

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the Shawnee Mission Unified School District No. 512 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Kansas Municipal Audit and Accounting Guide*. 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, each major fund, budgetary comparison information, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Supplemental General, Special Education, At Risk (K-12) and the KPERS Special Retirement Contribution Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Prior Period Restatements

As described in Note 3.F. to the financial statements:

- The District implemented GASB 75 during the current year. As a result of the implementation, a restatement was made to the net position at June 30, 2017.
- The District implemented new depreciation software during the current year and elected to not carryforward any fully depreciated capital assets into the new software. Additionally, the estimated depreciation calculations made by the new software varied from calculations made by the old software. As a result of these changes, a restatement was made to the net position at June 30, 2017.
- The District determined there was an error in the value of inventory stated in the prior year. In order to correct the error, a restatement was made to the net position at June 30, 2017.

Our opinion is not modified with respect to these matters.

Other Matters

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2017, from which such partial information was derived.

The prior year partial comparative information has been derived from the District's financial statements for the year ended June 30, 2017 and, in our report dated October 11, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, 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 the District's 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 introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Mike Houser: Company PA

Certified Public Accountants
Lawrence, Kansas
October 19, 2018

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

This section of the Shawnee Mission Unified School District's annual financial report presents its discussion and analysis of the district's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

Using the Comprehensive Annual Financial Report (CAFR)

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

Reporting the School District as a Whole

District-Wide Financial Statements

The district-wide financial statements include all assets 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 district-wide statements is the Statement of Net Position. The Statement of Net Position presents balance information for the entire district operations at a given point in time (June 30, 2018). The assets include all cash and investments; receivables, including taxes assessed that remain uncollected; materials inventory; and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, accrued payroll earnings not yet paid, claims payable, net pension liability and outstanding general obligation debt. This results in a statement that encompasses the entire operations of the Shawnee Mission School District.

Although the Statement of Net Position reports total net position of \$121.8 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 laws segregate funds and place restrictions on spending. This should be considered when reviewing the report.

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

- ◆ the property tax base,
- ◆ operating expenditure limits imposed by Kansas law,
- ◆ building improvements,
- ◆ number of students served, and
- ◆ staffing 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.

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

Reporting the School District's Major Funds

Fund Financial Statements

Financial reports by fund follow the district-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 page 16, the fund statements differ from the district-wide statements (Statement of Net Position and Statement of Activities) by excluding the following:

- ◆ issuance costs and escrow payments on bonds issued during the year,
- ◆ cost of capital assets less accumulated depreciation,
- ◆ net position of the internal service fund,
- ◆ pension contributions and fundings reported as deferred outflow and inflows,
- ◆ long-term liabilities.

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

Governmental Funds

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

The fund classifications provide additional information about the entity. The general, supplemental general, special education, at-risk and other governmental funds encompass the major operating funds. The capital outlay and capital project funds are the primary source for the purchase of furniture, equipment, and for major repairs and improvements to buildings and grounds. The debt service fund is used to pay outstanding general obligation bonds and related interest charges as they become due. The KPERS special retirement contribution fund is used to account for the inflow and outflow of the State of Kansas' share of the public employee retirement system contributions.

Fiduciary Funds

The district's fiduciary fund is an agency fund. Agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds include student activity monies at the various schools. The district accounts for these funds with student approval of all expenditures. The district's agency fund is reported on the Statement of Fiduciary Assets and Liabilities – Agency Fund.

Financial Analysis of the District as a Whole

The district's net position was higher on June 30, 2018, than it was the year before, increasing \$19.3 million to \$121.8 million. The following are the major components of the district's net position.

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Condensed Statement of Net Position (in millions of dollars)

	Balance as of 6/30/2018	Balance as of 6/30/2017	Increase (Decrease) from 2017
<u>Statement Classifications</u>			
Current Assets	\$ 186.5	\$ 236.1	-21.01%
Non-Current Assets	639.9	597.5	7.10%
Deferred Outflow of Resources	60.4	35.4	70.62%
Total Assets & Deferred Outflow	\$ 886.8	\$ 869.0	2.05%
Current Liabilities	78.4	68.7	14.12%
Non-Current Liabilities	649.5	654.8	-0.81%
Deferred Inflow of Resources	37.1	43.0	-13.72%
Total Liabilities & Deferred Inflow	\$ 765.0	\$ 766.5	-0.20%
Net Position			
Invested in capital assets, net of related debt	\$ 278.9	\$ 263.2	5.97%
Restricted	23.3	20.2	15.35%
Unrestricted	-180.4	-180.9	-0.28%
Total Net Position	\$ 121.8	\$ 102.5	18.83%

Total assets and deferred outflows increased \$17.8 million from fiscal year 2017 and total liabilities and deferred inflows decreased \$1.5 million. The major changes in net position were due to the following:

1. The capital outlay balances decreased by \$9.2 million as prior year bond proceeds were expended to complete the construction of the Operation & Maintenance building, East Antioch kitchen and other projects.
2. The capital projects decreased \$51.4 million as the district continues construction projects funded from \$118.6 million and \$152.4 million in general obligation refunding and improvement bonds issued in fiscal year 2015 and fiscal year 2017, respectively.
3. The fund balance of twenty-six other funds had a net increase of \$2.0 million. The majority of this increase is due to debt service balance increasing \$3.0 million due to assessed valuation increasing 6.3%. This was offset by the special education balance decreasing \$1.2 million.
4. Capital assets increased \$42.5 million based on the completion and construction in progress of capital projects and capital purchases from the capital outlay fund.
5. The net change of deferred outflows and inflows of resources is an increase of \$30.8 million. Deferred outflows of resources related to pensions increased by \$25.0 million and deferred inflows of resources related to pensions increased \$5.8 million. These changes are referenced in footnote 4A.
6. Pension liability increased \$24.4 million as the district's proportion of covered employees decreased.
7. The net OPEB obligation liability decreased \$4.0 million according to the District's OPEB actuarial study.
8. Bonds payable and related accrued interest payable decreased by \$25.0 million as the district paid the bond debt schedule.

Shawnee Mission Unified School District No. 512**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

The total costs of all programs and services amounted to \$334.9 million. The following table shows the breakdown of total costs by functional area:

	Fiscal Year	Fiscal Year	Increase
	2018	2017	(Decrease)
<u>Expense Function</u>			from 2017
Instruction	50.7%	47.7%	3.0%
Student Support Services	4.9%	4.5%	0.4%
Instructional Support	3.3%	3.0%	0.3%
General Administration	0.8%	0.8%	0.0%
School Administration	4.4%	4.2%	0.2%
Operations and Maintenance	16.5%	21.1%	-4.6%
Student Transportation Services	4.1%	3.2%	0.9%
Food Service Operations	3.2%	3.2%	0.0%
Student Activities	1.3%	1.3%	0.0%
Business Services	4.0%	3.9%	0.1%
State Payments	2.4%	2.8%	-0.4%
Interest on Long-Term Debt	4.4%	4.3%	0.1%
Total	100%	100%	0%

The district provided a salary increase in 2017-18 which increased most program cost however the cost was offset by turnover savings from retirements, terminations, and vacant positions during the year. In addition, the KPERS Special Retirement Contribution Fund expense increased \$7.5 million which is allocated proportionately to each expense function. The operations and maintenance program decreased 4.6%. Capital outlay decreased in fiscal year 2018 as the Center for Academic Achievement building and other projects were completed at the end of fiscal year 2017. Student transportation services increased 0.9% due to a contractual increase in fees. State payments decreased 0.4% as a result of the Declining Enrollment Fund being phased out with a 50% reduction in fiscal year 2018 and the remaining 50% reduction in fiscal year 2019. The increase in interest on long-term debt is due to a higher outstanding debt amount as 2016B bond issuance debt was added to the schedule in fiscal year 2017.

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

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

	Fiscal Year 2018	Fiscal Year 2017	Increase (Decrease) from 2017
Revenues:			
Program revenues			
Charges for services	\$9.7	\$9.3	4.3%
Operating grants and contributions	60.8	86.0	-29.3%
General revenues			
Property taxes	129.6	130.9	-1.0%
Grants and entitlements not restricted to specific programs	145.3	133.2	9.1%
Investment earnings	1.7	0.8	112.5%
Miscellaneous	4.9	2.9	69.0%
Total Revenues	\$352.0	\$363.1	-3.1%
Expenses:			
Instruction	\$169.5	\$155.9	8.7%
Student Support Services	16.4	14.6	12.3%
Instructional Support	11.2	9.7	15.5%
General Administration	2.7	2.8	-3.6%
School Administration	14.8	13.7	8.0%
Operations and Maintenance	55.4	68.7	-19.4%
Student Transportation Services	13.6	10.4	30.8%
Food Service Operations	10.8	10.4	3.8%
Student Activities	4.4	4.2	4.8%
Business and Central Support	13.5	12.8	5.5%
State Payment	7.9	9.2	-14.1%
Interest on Long-Term Debt	14.7	14.0	5.0%
Total Expenses	\$334.9	\$326.4	2.6%
Special item - Capital Asset Impairment	0	(6.9)	
Increase (decrease) in net position	\$17.1	\$29.8	
Net Position – Beginning	\$102.5	\$76.1	
Restatement	2.2	(3.4)	
Net Position - Ending	\$121.8	\$102.5	

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

The table, shown above, details the district's changes in net position for the year. Total receipts exceeded expenditures, increasing net position \$19.3 million over fiscal year 2017. The district's total revenues were \$352.0 million. Property taxes and grants and entitlements not restricted to specific programs accounted for most of the district's revenue, with property taxes contributing 36.8%, and unrestricted grants and entitlements contributing 41.3%. Another 17.3% came from operating grants and contributions, and the remaining 4.6% from fees for charges for services, investment earnings and miscellaneous sources. The most notable changes from the preceding year (on a total dollar basis) include:

- Property taxes decreased 1.0%. The overall tax rate decreased from 54.940 mills to 53.663, a 2.3% decrease, however the assessed valuation increased 6.3%. In addition, the Declining Enrollment Fund is being phased out over a two-year period with a 50% reduction in fiscal year 2018 and a 50% reduction in fiscal year 2019. This resulted in \$2.1 million less in taxes in fiscal year 2018.
- Charges for services increased 4.3% due to the addition of Pre-K programs.
- Operating grants and contributions decreased 29.3%. The adjustment for actual non-employer contributions per KPERS GASB 68 report decreased \$27.1 million from fiscal year 2017.
- In 2017-18, the district provided a salary increase of 4% - 6.5% for each functional area except for General and School Administration which received 2.5% - 3%. In addition, the KPERS Special Retirement Contribution Fund expense increased \$7.5 million which is allocated proportionately to each expense function.
- Instructional expenditures increased 8.7%. In addition to the salary and KPERS increases noted above, \$1.5 million in certified positions were added for fiscal year 2018.
- Student support services and instructional support increased due to adding additional positions for social workers, psychologists and a nurse.
- General administration decreased 3.6% due to salary savings from the district having an interim superintendent in fiscal year 2018.
- The operations and maintenance program decreased 19.4%. Capital outlay decreased in fiscal year 2018 as the construction of Center for Academic Achievement building and other projects were completed in fiscal year 2017.
- Student transportation services increased 30.8%. For the beginning of fiscal year 2018, the district did a RFP for transportation services which resulted in receiving bids that more reflected current market rates. Transportation contractual fees are higher than the previous year.
- State payment decreased 14.1% as a result of the Declining Enrollment Fund being phased out over a two-year period with a 50% reduction in fiscal year 2018 and a 50% reduction in fiscal year 2019.
- The increase in interest on long-term debt is due to a higher outstanding debt amount as 2016B bond issuance debt was added to the schedule in fiscal year 2017.

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

The table presented below presents the cost of twelve 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 Function</u>	Total Cost of Services	Net Cost
Instruction	\$169.5	\$132.6
Student Support Services	16.4	11.2
Instructional Support	11.2	9.6
General Administration	2.7	2.1
School Administration	14.8	14.7
Operations and Maintenance	55.4	54.9
Student Transportation Services	13.6	8.2
Food Service Operations	10.8	-1.3
Student Activities	4.4	3.6
Business and Central Support	13.5	12.5
State Payment	7.9	1.6
Interest on Long-Term Debt	14.7	14.7
Total	\$334.9	\$264.4

- ◆ Costs of \$9.7 million were financed by users of the district's programs.
- ◆ Federal and state governments subsidized certain programs with grants and contributions totaling \$60.8 million.
- ◆ Most of the district's net cost of services of \$264.4 million was financed by district and state taxpayers.
- ◆ The governmental activities portion was financed with \$129.6 million in property taxes, \$145.3 million of grants and entitlements not restricted to specific programs and \$6.6 million in investment earnings and miscellaneous sources.

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

Financial Analysis of the District's Funds

As the district completed the year, its governmental funds reported combined fund balances of \$138.9 million; a decrease from last year's ending fund balance of \$198.0 million. Expenditures of \$410.4 million exceeded revenues of \$351.1 million.

	Revenues	Expenditures	Other Financing	End Bal
General	\$114.1	(\$114.1)	\$0.0	\$0.4
Supplemental General	48.7	(32.3)	(17.1)	3.6
AtRisk	39.9	(39.9)	0.0	0.0
AtRisk 4 yr old	0.6	(0.6)	0.0	0.0
Bilingual	2.3	(2.3)	0.0	0.0
In-Service	0.1	(0.1)	0.0	0.0
Special Education	27.0	(45.2)	16.9	14.3
Vocational	3.1	(3.1)	0.0	0.0
Student Materials	0.7	(0.7)	0.0	0.3
Textbook Rental	0.9	(0.6)	0.0	4.0
Special Liability	0.4	(0.4)	0.0	2.0
KPERS Retirement	21.7	(21.7)	0.0	0.0
Health Care Reserve	1.2	(1.1)	0.0	0.1
Gate Receipts	0.7	(0.8)	0.0	0.2
Contingency Reserve	0.0	(0.0)	0.0	5.6
Cost of Living	6.0	(6.3)	0.0	0.5
Federal and State Grants	6.7	(6.5)	0.0	1.5
Total Basic Education	\$274.1	(\$275.7)	(\$0.2)	\$32.5
Parent education	\$0.4	(\$0.6)	\$0.2	\$0.0
Summer School	0.4	(0.4)	0.0	0.9
Adult Supplemental	0.0	0.0	0.0	0.0
Declining Enrollment	1.4	(1.6)	0.0	0.1
Extraordinary School	0.1	0.0	0.0	0.4
Total Expanded Education	\$2.3	(\$2.6)	\$0.2	\$1.4
Capital Outlay	\$32.9	(\$42.2)	\$0.0	\$19.2
Capital Projects	1.0	(52.4)	0.0	57.9
Debt Service	28.6	(25.6)	0.0	23.3
Special Assessments	0.8	(0.7)	0.0	0.6
Total Capital	\$63.3	(\$120.9)	\$0.0	\$101.0
Food service	11.4	(11.2)	0.0	4.0
Total	\$351.1	(\$410.4)	\$0.0	\$138.9

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

The major changes in fund balances were:

1. The special education fund balance decreased \$1.2 million. The school finance law permits operating balances to be carried over in this fund. Operating expenditures exceeded revenue during 2018 primarily due to an increase in student transportation and certified substitute cost.
2. The capital outlay balance decreased by \$9.3 million as prior year bond proceeds were expended to complete the construction of the Operation & Maintenance building, East Antioch kitchen and other projects.
3. The capital projects balance decreased \$51.4 million as the district continues construction projects funded from \$118.6 million and \$152.4 million in general obligation refunding and improvement bonds issued in fiscal year 2015 and fiscal year 2017, respectively.

Analysis of Budget Variations

The original budget for general fund revenues was \$167.3 million, and the final budget was \$164.9 million. Actual general fund revenue exceeded the final budget by \$36.

The original general fund expenditure budget including transfers was \$167.3 million and the final budget was \$164.9 million. The actual expenditure matched the final budget.

Capital Asset and Debt Administration

Capital Assets

By the end of 2018, the district had invested \$639.9 million in a broad range of capital assets, including school buildings, athletic facilities, computer equipment, and administrative offices. This amount represents a net increase of \$42.4 million, net of depreciation. **See Notes to the Basic Financial Statements – Note 3B for further information.**

	Assets As Of June 30, 2018
Land	\$ 11.7
Art work	0.3
Construction in progress	134.4
Buildings and improvements	606.1
Equipment	23.2
Accumulated Depreciation	<u>[135.8]</u>
Total	<u>\$ 639.9</u>

Long-Term Debt

Moody's Investors Services had rated the Shawnee Mission School District effective May 9, 2017 at a rating of Aaa. Kansas law limits the amount of outstanding indebtedness. The current limit is approximately \$556 million, and the district has \$406.7 million outstanding at June 30, 2018. **See Notes to the Basic Financial Statements – Note 3C for further information.**

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 Services Division, Shawnee Mission School District, Center for Academic Achievement, 8200 W. 71st Street, Shawnee Mission, Kansas 66204.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF NET POSITION
June 30, 2018

	Total Governmental Activities
Assets and Deferred Outflows of Resources	
Current assets:	
Cash and cash equivalents	\$ 72,851,012
Investments	102,526,969
Receivables	
Taxes	1,454,838
Interest	175,809
Other	9,063,385
Material and supplies inventory	408,827
Total current assets	<u>186,480,840</u>
Noncurrent assets:	
Nondepreciable capital assets	146,449,913
Depreciable capital assets	629,304,143
Less: Accumulated depreciation	<u>[135,888,036]</u>
Total noncurrent assets	<u>639,866,020</u>
Total assets	<u>826,346,860</u>
Deferred outflows of resources	
Pension contributions subsequent to the measurement date	23,918,656
Pension - net difference between projected and actual earnings on pension plan investments	5,366,027
Pension - changes in assumption	11,813,909
Pension - changes in proportion	19,102,721
OPEB - changes in assumption	52,101
Deferred charge on bond issuance	<u>202,272</u>
Total deferred outflows of resources	<u>60,455,686</u>
Total assets and deferred outflows of resources	<u>\$ 886,802,546</u>
Liabilities and Deferred Inflows of Resources	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 18,224,491
Accrued payroll, payroll withholdings and taxes	22,607,420
Accrued interest payable	3,526,792
Claims payable	387,838
Long-term liabilities	
Due within one year	<u>33,619,298</u>
Total current liabilities	<u>78,365,839</u>
Noncurrent liabilities:	
Claims payable	525,787
Health care reserve	2,693,782
Net OPEB obligation (KPERS)	3,993,999
Net OPEB obligation	6,886,788
Net pension liability	250,205,840
Long-term liabilities	
Due in more than one year	<u>385,171,256</u>
Total noncurrent liabilities	<u>649,477,452</u>
Total liabilities	<u>727,843,291</u>
Deferred Inflows of Resources	
Unavailable revenue - property taxes	1,454,838
Unavailable revenue - fees	1,647
Pension - differences between expected and actual experience	12,443,377
Pension - changes in assumption	331,217
Pension - changes in proportion	22,825,548
OPEB - changes in assumption (KPERS)	<u>93,859</u>
Total deferred inflows of resources	<u>37,150,486</u>
Total liabilities and deferred inflows of resources	<u>\$ 764,993,777</u>
Net Position	
Net investment in capital assets	\$ 278,936,435
Restricted for:	
Debt service	23,255,043
Unrestricted	<u>[180,382,709]</u>
Total net position	<u>\$ 121,808,769</u>

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

		Program Revenues		Net [Expenses] Revenue and Changes in Net Position
			Operating	Total
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction	\$ 169,572,000	\$ 4,443,172	\$ 32,575,627	\$ [132,553,201]
Student support services	16,415,633	-	5,225,303	[11,190,330]
Instructional support	11,178,682	-	1,632,047	[9,546,635]
General administration	2,653,293	-	513,043	[2,140,250]
School administration	14,799,416	-	131,655	[14,667,761]
Operations and maintenance	55,402,518	-	529,706	[54,872,812]
Student transportation services	13,610,782	-	5,409,830	[8,200,952]
Food service operations	10,800,040	5,236,531	6,837,881	1,274,372
Student activities	4,439,012	-	802,618	[3,636,394]
Business and central support services	13,464,636	-	933,514	[12,531,122]
State payment	7,890,632	-	6,252,440	[1,638,192]
Interest on long-term debt	14,655,707	-	-	[14,655,707]
Total school district	<u>\$ 334,882,351</u>	<u>\$ 9,679,703</u>	<u>\$ 60,843,664</u>	<u>[264,358,984]</u>
General Revenues:				
Property taxes levied for				
General purposes				70,308,259
Debt service				28,572,319
Capital outlay				30,722,180
Grants and entitlements not restricted to specific programs				145,290,056
Investments earnings				1,658,837
Miscellaneous				4,905,744
Subtotal general revenues				<u>281,457,395</u>
Change in net position				<u>17,098,411</u>
Net position - beginning, as originally stated				102,528,946
Restatements to beginning net position				<u>2,181,412</u>
Net position - beginning, as restated				<u>104,710,358</u>
Net position - ending				<u>\$ 121,808,769</u>

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	Debt Service	Supplemental General	Special Education	Capital Outlay	At Risk (K-12)	KPERS Special Retirement Contribution	Capital Project	Other Governmental Funds	Total Governmental Funds
ASSETS										
Cash and cash equivalents	\$ 19,003,364	\$ 11,755,043	\$ [11,135,326]	\$ 16,836,285	\$ 14,758,028	\$ 346,578	\$ -	\$ 428,218	\$ 18,258,822	\$ 70,251,012
Investments	-	11,500,000	15,042,164	-	5,018,034	-	-	65,466,771	5,500,000	102,526,969
Receivables										
Taxes	-	321,510	693,863	-	345,709	-	-	-	93,756	1,454,838
Interest	-	-	-	-	-	-	-	175,809	-	175,809
Other	-	-	-	-	-	-	9,063,385	-	-	9,063,385
Material and supplies inventory	408,827	-	-	-	-	-	-	-	-	408,827
Total assets	\$ 19,412,191	\$ 23,576,553	\$ 4,600,701	\$ 16,836,285	\$ 20,121,771	\$ 346,578	\$ 9,063,385	\$ 66,070,798	\$ 23,852,578	\$ 183,880,840
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 9,328	\$ -	\$ 293,703	\$ 380	\$ 583,837	\$ -	\$ 9,063,385	\$ 8,209,829	\$ 64,029	\$ 18,224,491
Health care reserve	-	-	-	-	-	-	-	-	2,693,782	2,693,782
Accrued payroll, payroll withholdings and taxes	18,990,356	-	-	2,556,208	-	346,578	-	-	714,278	22,607,420
Total liabilities	18,999,684	-	293,703	2,556,588	583,837	346,578	9,063,385	8,209,829	3,472,089	43,525,693
Deferred inflows of resources:										
Unavailable revenue - student fees	-	-	-	-	-	-	-	-	1,647	1,647
Unavailable revenue - property taxes	-	321,510	693,863	-	345,709	-	-	-	93,756	1,454,838
Total deferred inflows of resources	-	321,510	693,863	-	345,709	-	-	-	95,403	1,456,485
Total liabilities and deferred inflows of resources	18,999,684	321,510	987,566	2,556,588	929,546	346,578	9,063,385	8,209,829	3,567,492	44,982,178
Fund balance:										
Nonspendable	408,827	-	-	-	-	-	-	-	-	408,827
Restricted	-	23,255,043	-	14,279,697	17,202,324	-	-	57,860,969	20,055,572	132,653,605
Assigned	3,644	-	46,846	-	1,989,901	-	-	-	229,514	2,269,905
Unassigned	36	-	3,566,289	-	-	-	-	-	-	3,566,325
Total fund balances	412,507	23,255,043	3,613,135	14,279,697	19,192,225	-	-	57,860,969	20,285,086	138,898,662
Total liabilities, deferred inflows of resources and fund balances	\$ 19,412,191	\$ 23,576,553	\$ 4,600,701	\$ 16,836,285	\$ 20,121,771	\$ 346,578	\$ 9,063,385	\$ 66,070,798	\$ 23,852,578	\$ 183,880,840

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

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

June 30, 2018

Total Governmental Fund Balances		\$ 138,898,662
Amounts reported for governmental activities in the statement of net position are different because		
Issuance costs and escrow payments are shown as current year expenditures in the funds.		202,272
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	775,754,056	
Accumulated depreciation is	<u>135,888,036</u>	639,866,020
An internal service fund is used by the District's management to charge the costs of the workers' compensation program. The assets and liabilities of the internal service fund are included with governmental activities.		
		1,686,375
Pension and OPEB contributions are reported as an expense in the funds and as deferred outflows of resources in the governmental activities in the statement of net position.		
		60,253,414
Pension and OPEB fundings are reported as a revenue in the funds and as deferred inflows of resources in the governmental activities in the statement of net position.		
		[35,694,001]
The following liabilities, including bonds and leases 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 and leases payable	418,790,554	
Net OPEB obligation	10,880,787	
Net pension liability	250,205,840	
Accrued interest on the bonds	<u>3,526,792</u>	<u>[683,403,973]</u>
Net Position of Governmental Activities		<u>\$ 121,808,769</u>

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2018

	General	Debt Service	Supplemental General	Special Education	Capital Outlay	At Risk (K-12)	KPERS Special Retirement Contribution	Capital Project	Other Governmental Funds	Total Governmental Funds
REVENUES:										
Taxes	\$ -	\$ 28,572,319	\$ 48,703,519	\$ -	\$ 30,722,180	\$ -	\$ -	\$ -	\$ 8,581,258	\$ 116,579,276
Intergovernmental	111,849,852	-	-	26,603,918	-	39,759,140	21,699,348	-	17,810,986	217,723,244
Charges for services	2,251,167	-	-	-	-	-	-	-	7,428,536	9,679,703
Investment revenue	-	38,675	-	441,298	123,110	-	-	991,774	63,980	1,658,837
Other local sources	-	-	-	70	2,087,147	107,433	-	-	3,290,585	5,485,235
Total revenues	<u>114,101,019</u>	<u>28,610,994</u>	<u>48,703,519</u>	<u>27,045,286</u>	<u>32,932,437</u>	<u>39,866,573</u>	<u>21,699,348</u>	<u>991,774</u>	<u>37,175,345</u>	<u>351,126,295</u>
EXPENDITURES:										
Current										
Instruction	55,410,426	-	18,802,259	32,854,438	1,460,219	38,660,305	15,183,034	-	10,213,560	172,584,241
Student support services	8,023,990	-	10,800	5,354,527	33,595	399,460	1,449,516	-	1,536,826	16,808,714
Instructional support staff	8,040,290	-	-	235,068	49,994	89,567	772,497	-	2,206,236	11,393,652
General administration	1,833,292	-	445,971	-	20,455	-	162,745	-	238,892	2,701,355
School administration	13,426,212	-	-	88,637	-	198,200	1,403,948	-	94,296	15,211,293
Operations and maintenance	10,743,119	-	10,769,623	-	3,855,902	247,497	1,538,484	304	807,697	27,962,626
Student transportation services	6,416,303	-	-	6,639,021	-	271,544	6,510	-	275,528	13,608,906
Food service operations	-	-	-	-	-	-	483,895	-	10,426,422	10,910,317
Student activities	3,033,822	-	-	-	138,625	-	-	-	1,223,834	4,396,281
Business and central support services	7,212,373	-	2,237,860	8,558	2,011,540	-	698,719	1,500	1,413,147	13,583,697
State payment	-	-	-	-	-	-	-	-	7,890,632	7,890,632
Capital outlay	-	-	-	-	11,502,371	-	-	52,441,910	710,944	64,655,225
Debt service										
Principal retirement	-	12,405,000	-	-	21,477,931	-	-	-	-	33,882,931
Interest and other charges	-	13,212,003	-	-	1,599,530	-	-	-	-	14,811,533
Total expenditures	<u>114,139,827</u>	<u>25,617,003</u>	<u>32,266,513</u>	<u>45,180,249</u>	<u>42,150,162</u>	<u>39,866,573</u>	<u>21,699,348</u>	<u>52,443,714</u>	<u>37,038,014</u>	<u>410,401,403</u>
Excess [deficiency] of revenue over [under] expenditures	<u>[38,808]</u>	<u>2,993,991</u>	<u>16,437,006</u>	<u>[18,134,963]</u>	<u>[9,217,725]</u>	<u>-</u>	<u>-</u>	<u>[51,451,940]</u>	<u>137,331</u>	<u>[59,275,108]</u>
OTHER FINANCING SOURCES [USES]										
Transfers in	-	-	-	16,932,420	-	-	-	-	219,624	17,152,044
Transfers out	-	-	[17,152,044]	-	-	-	-	-	-	[17,152,044]
Total other financing sources [uses]	<u>-</u>	<u>-</u>	<u>[17,152,044]</u>	<u>16,932,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,624</u>	<u>-</u>
Net change in fund balance	<u>[38,808]</u>	<u>2,993,991</u>	<u>[715,038]</u>	<u>[1,202,543]</u>	<u>[9,217,725]</u>	<u>-</u>	<u>-</u>	<u>[51,451,940]</u>	<u>356,955</u>	<u>[59,275,108]</u>
Fund balance - Beginning of year, as originally stated	356,101	20,261,052	4,328,173	15,482,240	28,409,950	-	-	109,312,909	19,882,595	198,033,020
Restatement to beginning fund balance	95,214	-	-	-	-	-	-	-	45,536	140,750
Fund balance - Beginning of year, as restated	<u>451,315</u>	<u>20,261,052</u>	<u>4,328,173</u>	<u>15,482,240</u>	<u>28,409,950</u>	<u>-</u>	<u>-</u>	<u>109,312,909</u>	<u>19,928,131</u>	<u>198,173,770</u>
FUND BALANCE - End of year	<u>\$ 412,507</u>	<u>\$ 23,255,043</u>	<u>\$ 3,613,135</u>	<u>\$ 14,279,697</u>	<u>\$ 19,192,225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,860,969</u>	<u>\$ 20,285,086</u>	<u>\$ 138,898,662</u>

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

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, 2018

Total Net Change In Fund Balances - Governmental Funds		\$ [59,275,108]
Amounts reported for governmental activities in the statement of activities are different because		
Bond issuance costs and payments to escrow for advance refunding are recorded as expenditures in the fund financial statements. However, for the statement of net position, these costs are shown as assets and amortized over the life of the bonds.		1,644,870
Capital outlays to purchase or build assets are reported in governmental funds as expenditures either under the heading Capital Outlay or their appropriate functional category. 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 capital outlays exceeds depreciation in the period. The difference between the amount per this reconciliation and the amount per the Statement of Revenues, Expenditures and Changes in Fund Balances is attributable to amounts posted to another functional category less amounts below the District's capitalization threshold.		
Capital outlays	60,107,647	
Depreciation expense	<u>[15,734,051]</u>	44,373,596
In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the capital assets sold.		
Proceeds from sale of capital assets	[53,897]	
Gain on sale of capital assets	<u>44,723</u>	[9,174]
In the statement of activities, other post employment benefits are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used. This year, the current year increase in net other post employment benefit obligation netted with related deferred outflows and inflows was \$60,035.		[60,035]
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.		155,826
Bond and lease proceeds and premium are other financing sources in the governmental funds, but they increase long-term liabilities in the statement of net position and do not affect the statement of activities.		[10,681,375]
An internal service fund is used by the district's management to charge the costs of the workers' compensation program to the individual funds. The net revenue of the internal service fund is reported with governmental activities.		578,582
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities		6,488,298
Repayment of bond and lease 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>33,882,931</u>
Changes In Net Position of Governmental Activities		\$ <u>17,098,411</u>

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017		June 30, 2018				Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Intergovernmental							
General aid	\$ 100,357,876	\$ 111,849,852	\$ 31,304,564	\$ 143,154,416	\$ 147,292,969	\$ 144,874,146	\$ [1,719,730]
Special education aid	-	-	19,495,585	19,495,585	20,026,986	20,026,986	[531,401]
Total intergovernmental	100,357,876	111,849,852	50,800,149	162,650,001	167,319,955	164,901,132	[2,251,131]
Investment income	83,832	-	-	-	-	-	-
Charges for services	1,995,254	2,251,167	-	2,251,167	-	-	2,251,167
Total revenues	102,436,962	114,101,019	50,800,149	164,901,168	167,319,955	164,901,132	36
EXPENDITURES:							
Instruction	49,690,881	55,410,426	[2,165,104]	53,245,322	52,018,691	52,018,691	[1,226,631]
Student support	7,327,608	8,023,990	1,129	8,025,119	8,361,737	8,361,737	336,618
Instructional support staff	6,672,755	8,040,290	805	8,041,095	6,839,266	6,839,266	[1,201,829]
General administration	1,940,716	1,833,292	-	1,833,292	1,860,845	1,860,845	27,553
School administration	12,734,092	13,426,212	[302]	13,425,910	12,952,475	12,952,475	[473,435]
Operations and maintenance	10,290,279	10,743,119	-	10,743,119	10,698,242	10,698,242	[44,877]
Student transportation services	4,087,972	6,416,303	-	6,416,303	5,425,921	5,425,921	[990,382]
Student activities	2,789,931	3,033,822	[310]	3,033,512	-	-	[3,033,512]
Business and central support services	7,185,964	7,212,373	364	7,212,737	8,050,875	8,050,875	838,138
Adjustment to Comply with Legal Maximum Budget	-	-	-	-	-	[2,418,823]	[2,418,823]
Total expenditures	102,720,198	114,139,827	[2,163,418]	111,976,409	106,208,052	103,789,229	[8,187,180]
Excess [deficiency] of revenues over [under] expenditures	[283,236]	[38,808]	52,963,567	52,924,759	61,111,903	61,111,903	[8,187,144]
OTHER FINANCING SOURCES [USES]:							
Transfers out	-	-	[52,935,789]	[52,935,789]	[61,122,969]	[61,122,969]	8,187,180
Total other financing sources [uses]	-	-	[52,935,789]	[52,935,789]	[61,122,969]	[61,122,969]	8,187,180
Net change in fund balance	[283,236]	[38,808]	27,778	[11,030]	\$ [11,066]	\$ [11,066]	\$ 36
FUND BALANCE - Beginning of year, as originally stated	639,337	356,101	[345,035]	11,066			
Restatement to beginning fund balance	-	95,214	[95,214]	-			
FUND BALANCE - Beginning of year, as restated	639,337	451,315	[440,249]	11,066			
FUND BALANCE - End of year	\$ 356,101	\$ 412,507	\$ [412,471]	\$ 36			

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SUPPLEMENTAL GENERAL FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018						Variance with Final Budget
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts			Positive [Negative]
					Original	Final		
REVENUES:								
Taxes:								
In process	\$ 1,269,731	\$ 724,341	\$ -	\$ 724,341	\$ 771,870	\$ 771,870	\$	[47,529]
Current	41,529,418	41,667,494	13,023,482	54,690,976	51,713,189	51,012,048		3,678,928
Delinquent	416,372	121,891	-	121,891	249,537	249,537		[127,646]
Motor vehicle	6,199,470	6,073,015	-	6,073,015	6,127,258	6,127,258		[54,243]
Rental excise	112,821	116,778	-	116,778	-	-		116,778
Intergovernmental:								
Supplemental general aid	1,572,425	-	-	-	-	-		-
Total revenues	51,100,237	48,703,519	13,023,482	61,727,001	58,861,854	58,160,713		3,566,288
EXPENDITURES:								
Instruction	19,714,179	18,802,259	[61,453]	18,740,806	9,686,342	9,686,342		[9,054,464]
Student support	265,167	10,800	-	10,800	10,800	10,800		-
General administration	390,853	445,971	-	445,971	290,000	290,000		[155,971]
Operations and maintenance	10,354,077	10,769,623	16,568	10,786,191	11,176,817	11,176,817		390,626
Business and central support services	1,983,989	2,237,860	[764]	2,237,096	2,807,066	2,807,066		569,970
Adjustment to Comply with Legal Maximum Budget	-	-	-	-	-	[701,141]		[701,141]
Total expenditures	32,708,265	32,266,513	[45,649]	32,220,864	23,971,025	23,269,884		[8,950,980]
Excess [deficiency] of revenues over [under] expenditures	18,391,972	16,437,006	13,069,131	29,506,137	34,890,829	34,890,829		[5,384,692]
OTHER FINANCING SOURCES [USES]:								
Transfers out	[14,463,795]	[17,152,044]	[13,023,485]	[30,175,529]	[39,126,509]	[39,126,509]		8,950,980
Total other financing sources [uses]	[14,463,795]	[17,152,044]	[13,023,485]	[30,175,529]	[39,126,509]	[39,126,509]		8,950,980
Net change in fund balance	3,928,177	[715,038]	45,646	[669,392]	\$ [4,235,680]	\$ [4,235,680]		\$ 3,566,288
FUND BALANCE - Beginning of year	399,996	4,328,173	[92,492]	4,235,681				
FUND BALANCE - End of year	\$ 4,328,173	\$ 3,613,135	\$ [46,846]	\$ 3,566,289				

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018					
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
					Original	Final	
REVENUES:							
Intergovernmental:							
Federal	\$ 8,465,102	\$ 7,108,333	\$ -	\$ 7,108,333	\$ 7,582,928	\$ 7,568,025	\$ [459,692]
State and local	18,265,151	19,495,585	[19,495,585]	-	4,500	4,500	[4,500]
Total intergovernmental	26,730,253	26,603,918	[19,495,585]	7,108,333	7,587,428	7,572,525	[464,192]
Investment income	-	441,298	-	441,298	100,000	100,000	341,298
Other local funds	33,345	70	-	70	2,399,500	2,399,500	[2,399,430]
Total revenues	26,763,598	27,045,286	[19,495,585]	7,549,701	10,086,928	10,072,025	[2,522,324]
EXPENDITURES:							
Instruction	30,665,386	32,854,438	-	32,854,438	32,625,804	34,419,816	1,565,378
Student support services	4,755,452	5,354,527	-	5,354,527	4,422,218	4,603,614	[750,913]
Instructional support	228,398	235,068	-	235,068	220,097	230,914	[4,154]
School administration	117,252	88,637	-	88,637	96,594	98,018	9,381
Business and central support services	13,356	8,558	-	8,558	10,775	10,775	2,217
Operations and maintenance	-	-	-	-	9,855	9,855	9,855
Student transportation services	5,811,452	6,639,021	-	6,639,021	7,004,693	7,677,421	1,038,400
Total expenditures	41,591,296	45,180,249	-	45,180,249	44,390,036	47,050,413	1,870,164
Excess [deficiency] of revenues over [under] expenditures	[14,827,698]	[18,134,963]	[19,495,585]	[37,630,548]	[34,303,108]	[36,978,388]	[652,160]
OTHER FINANCING SOURCES [USES]:							
Transfers in	14,232,325	16,932,420	19,495,585	36,428,005	45,919,338	45,522,776	[9,094,771]
Total other financing sources [uses]	14,232,325	16,932,420	19,495,585	36,428,005	45,919,338	45,522,776	[9,094,771]
Net change in fund balance	[595,373]	[1,202,543]	-	[1,202,543]	\$ 11,616,230	\$ 8,544,388	\$ [9,746,931]
FUND BALANCE - Beginning of year	16,077,613	15,482,240	-	15,482,240			
FUND BALANCE - End of year	\$ 15,482,240	\$ 14,279,697	\$ -	\$ 14,279,697			

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT 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, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017			June 30, 2018			Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Intergovernmental:							
State and local	\$ 38,106,746	\$ 39,759,140	\$ [39,759,140]	\$ -	\$ -	\$ -	\$ -
Other local sources	47,584	107,433	-	107,433	42,000	42,000	65,433
Total revenues	38,154,330	39,866,573	[39,759,140]	107,433	42,000	42,000	65,433
EXPENDITURES:							
Instruction	37,179,379	38,660,305	-	38,660,305	45,853,446	45,853,446	7,193,141
Student support services	253,788	399,460	-	399,460	336,399	336,399	[63,061]
Instructional support staff	72,839	89,567	-	89,567	1,130	1,130	[88,437]
School administration	190,144	198,200	-	198,200	188,890	188,890	[9,310]
Operations and maintenance	237,549	247,497	-	247,497	224,538	224,538	[22,959]
Student transportation services	220,631	271,544	-	271,544	196,790	196,790	[74,754]
Total expenditures	38,154,330	39,866,573	-	39,866,573	46,801,193	46,801,193	6,934,620
Excess [deficiency] of revenues over [under] expenditures	-	-	[39,759,140]	[39,759,140]	[46,759,193]	[46,759,193]	7,000,053
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	39,759,140	39,759,140	46,759,193	46,759,193	[7,000,053]
Total other financing sources [uses]	-	-	39,759,140	39,759,140	46,759,193	46,759,193	[7,000,053]
Net change in fund balance	-	-	-	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year,	-	-	-	-			
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -			

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
 For the Year Ended June 30, 2018
 (With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017		June 30, 2018				Variance with
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Final Budget Positive [Negative]
					Original	Final	
REVENUES:							
Intergovernmental:							
State and local	\$ 14,184,842	\$ 21,699,348	\$ -	\$ 21,699,348	\$ 22,979,444	\$ 22,979,444	\$ [1,280,096]
Total revenues	14,184,842	21,699,348	-	21,699,348	22,979,444	22,979,444	[1,280,096]
EXPENDITURES:							
Instruction	9,925,136	15,183,034	-	15,183,034	16,078,716	16,078,716	895,682
Student support services	947,547	1,449,516	-	1,449,516	1,535,028	1,535,028	85,512
Instructional support staff	504,980	772,497	-	772,497	818,068	818,068	45,571
General administration	106,386	162,745	-	162,745	172,345	172,345	9,600
School administration	917,759	1,403,948	-	1,403,948	1,486,770	1,486,770	82,822
Operations and maintenance	1,005,705	1,538,484	-	1,538,484	1,629,242	1,629,242	90,758
Student transport services	4,255	6,510	-	6,510	6,895	6,895	385
Food service	316,322	483,895	-	483,895	512,442	512,442	28,547
Business and central support services	456,752	698,719	-	698,719	739,938	739,938	41,219
Total expenditures	14,184,842	21,699,348	-	21,699,348	22,979,444	22,979,444	1,280,096
Excess [deficiency] of revenues over [under] expenditures	-	-	-	-	-	-	-
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	-	-	20,339,228	20,339,228	[20,339,228]
Total other financing sources [uses]	-	-	-	-	20,339,228	20,339,228	[20,339,228]
Net change in fund balance	-	-	-	-	\$ 20,339,228	\$ 20,339,228	\$ [20,339,228]
FUND BALANCE - Beginning of year	-	-	-	-			
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -			

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 June 30, 2018 and 2017

	Internal Service Workers' Compensation Fund	
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,600,000	\$ 2,600,000
Total assets	<u>\$ 2,600,000</u>	<u>\$ 2,600,000</u>
Liabilities		
Current liabilities:		
Accrued claims payable	\$ 387,838	\$ 966,420
Total current liabilities	<u>387,838</u>	<u>966,420</u>
Noncurrent liabilities:		
Accrued claims payable	<u>525,787</u>	<u>525,787</u>
Total noncurrent liabilities	<u>525,787</u>	<u>525,787</u>
Total liabilities	<u>\$ 913,625</u>	<u>\$ 1,492,207</u>
Net position		
Unrestricted	\$ 1,686,375	\$ 1,107,793
Total net position	<u>\$ 1,686,375</u>	<u>\$ 1,107,793</u>

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2018 and 2017

	Internal Service Workers' Compensation Fund Year Ended June 30,	
	2018	2017
Operating revenues		
Other local sources	\$ 863,643	\$ 1,744,062
Total operating revenues	<u>863,643</u>	<u>1,744,062</u>
Operating expenses		
General government	<u>285,061</u>	<u>1,469,829</u>
Total operating expenses	<u>285,061</u>	<u>1,469,829</u>
Net income	578,582	274,233
Net position, Beginning of year	<u>1,107,793</u>	<u>833,560</u>
Net position, End of year	<u>\$ 1,686,375</u>	<u>\$ 1,107,793</u>

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 For the Year Ended June 30, 2018 and 2017

	Internal Service Workers' Compensation Fund Year Ended June 30,	
	2018	2017
Cash flows from operating activities		
Cash paid to other suppliers of goods or services	\$ [863,643]	\$ [1,144,062]
Other operating receipts	<u>863,643</u>	<u>1,744,062</u>
Net cash [used in] operating activities	<u>-</u>	<u>600,000</u>
Net increase [decrease] in cash and cash equivalents	-	600,000
Cash and cash equivalents, Beginning of year	<u>2,600,000</u>	<u>2,000,000</u>
Cash and cash equivalents, End of year	<u>\$ 2,600,000</u>	<u>\$ 2,600,000</u>
Reconciliation of operating [loss] to net cash [used in] operating activities		
Operating income	\$ 578,582	\$ 274,233
Adjustments to reconcile operating [loss] to net cash [used in] operating activities		
Increase [decrease] in claims payable	<u>[578,582]</u>	<u>325,767</u>
Net cash [used in] operating activities	<u>\$ -</u>	<u>\$ 600,000</u>

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND

June 30, 2018 and 2017

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
ASSETS:		
Cash and cash equivalents	<u>\$ 2,052,486</u>	<u>\$ 2,025,632</u>
Total assets	<u>\$ 2,052,486</u>	<u>\$ 2,025,632</u>
LIABILITIES		
Due to student organizations	<u>\$ 2,052,486</u>	<u>\$ 2,025,632</u>
Total liabilities	<u>\$ 2,052,486</u>	<u>\$ 2,025,632</u>

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Shawnee Mission Unified School District No. 512 (the District), governed by a publicly elected seven-member Board of Education, provides public education to approximately 27,586 students in the northeast Johnson County, Kansas area. The District is a legally separate entity, is fiscally independent, and is not a component of any governmental unit.

As required by generally accepted accounting principles (GAAP), the financial statements present data for all funds of the District.

According to GAAP, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units. The District has no component units, in addition, the District is not included in any other governmental "reporting entity" as defined by GAAP.

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. Interfund services provided and used are not eliminated in the process of consolidation. 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.

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.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 all financial resources applicable to the general operation of the District which are not accounted for in other funds. All general operating revenues which are not restricted or designated as to use by outside sources are recorded in the General Fund.

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 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 to assist in the education of handicapped and gifted children of the District.

The At Risk (K-12) 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.

The KPERS Special Retirement Contribution 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, reconstruction, repair, remodeling, additions to, furnishing and equipping of district buildings.

The Capital Project Fund is used to account for construction related to the bond issues.

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

Additionally, the District reports the following fund types:

The Internal Service Fund accounts for the financing of goods and services provided to other funds of the District on a cost reimbursement basis and uses the accrual basis of accounting. The District's only internal service fund is the Worker's Compensation Fund. The Internal Service Fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, in this case. All other revenues and expenses not meeting this definition are nonoperating.

The agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds include student activity monies at the various schools.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash, Cash Equivalents and Investments

For purpose of the statement of cash flows, cash and cash equivalents includes cash, and short-term investments with original maturities of ninety days or less. Investments are stated at fair value.

E. Material and Supplies Inventory

Material and supplies inventory is valued using the average cost method. Inventories recorded in the Food Services Fund consist of purchased commodities. The cost of all inventories is recorded as an asset when the individual inventory items are purchased, and as an expenditure or expense when 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.

F. 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 \$2,500. District capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at 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	10 - 50
Equipment	5 - 15

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.

G. Vacation and Sick Pay

Under the terms of the District's personnel policy, District employees are granted vacation and sick leave in varying amounts. In the event of termination, certain non-instructor employees are paid for accumulated vacation days up to the maximum of 40 days. Classified and certified personnel accumulate sick leave at a maximum rate of 10 to 12 days per year. An employee shall be eligible to receive \$40/\$50 for each unused sick day provided that:

1. The employee has used less than 10 days of current sick leave as of June 30 of the current year; and
2. By May 1 of the current year the employee has at least 50 days of accumulated sick leave. In no event shall an employee in any year receive payment for more than 10 days of unused sick leave. The District records vacation days when paid and taken, and sick days when taken. Utilization of accumulated vested vacation by the applicable non-instructor employees in future years will not have a material impact on the District expenditures in any one year.

Compensated absences are reported in governmental funds only if they have matured.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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 a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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. Additionally, the District reports changes in assumptions of the OPEB plan 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 two sources: property taxes and fees. The District reports changes in the pension liability proportion, changes in assumptions and net difference between expected and actual experience as deferred inflows of resources in the government activities. Additionally, the District reports changes in assumptions of the KPERS OPEB plan as deferred inflows of resources in the government activities.

I. 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:

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

I. Fund Balance Reserves (Concluded)

	Major Governmental Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Debt Service Fund	Supplemental General Fund	Special Education Fund	Capital Outlay Fund	Capital Project		
Fund Balances:								
Nonspendable								
Inventory	\$ 408,827	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 408,827
Restricted for:								
Debt retirement	-	23,255,043	-	-	-	-	-	23,255,043
Special education instruction	-	-	-	14,279,697	-	-	-	14,279,697
School construction and equipment	-	-	-	-	17,202,324	57,860,969	611,630	75,674,923
Instruction	-	-	-	-	-	-	7,261,769	7,261,769
Operations and maintenance	-	-	-	-	-	-	5,638,052	5,638,052
Food service operations	-	-	-	-	-	-	3,835,124	3,835,124
Student activities	-	-	-	-	-	-	227,352	227,352
Business services	-	-	-	-	-	-	1,993,001	1,993,001
State payment	-	-	-	-	-	-	488,644	488,644
Assigned for:								
School construction and equipment	-	-	-	-	1,853,718	-	-	1,853,718
Instruction	497	-	-	-	9,965	-	11,232	21,694
Student support services	1,977	-	-	-	2,165	-	1,900	6,042
Instructional support staff	805	-	-	-	3,571	-	7,726	12,102
General administration	-	-	-	-	1,612	-	-	1,612
Operations and maintenance	-	-	34,561	-	-	-	-	34,561
Business and central support services	365	-	12,285	-	118,870	-	-	131,520
Food service operations	-	-	-	-	-	-	208,656	208,656
Unassigned:	36	-	3,566,289	-	-	-	-	3,566,325
Total Fund Balances	\$ 412,507	\$ 23,255,043	\$ 3,613,135	\$ 14,279,697	\$ 19,192,225	\$ 57,860,969	\$ 20,285,086	\$ 138,898,662

J. Net Position

In the government-wide financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Restricted net position includes \$23,255,043 for debt service.

Unrestricted - This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

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.
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 was amended for the year ended June 30, 2018 for the following funds:

<u>Fund</u>	<u>Adopted</u>	<u>Amended</u>
Bilingual Education	\$ 2,254,133	\$ 2,373,324
Parent Education Program	607,095	634,370
Special Education	44,390,036	47,050,413
Career and Postsecondary Education	3,484,573	3,647,029
At Risk (4 Year-Old)	351,280	607,348

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 the following special revenue funds: Gate Receipts, Textbook, Contingency Reserve, Health Care Reserve, and Student Material Revolving.

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.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Concluded)

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.

	Major Governmental Funds						Other	
	General	Debt Service	Supplemental General	Special Education	Capital Outlay	Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Project</u>	<u>Funds</u>	<u>Funds</u>
GAAP FUND BALANCE								
June 30, 2018	\$ 412,507	\$23,255,043	\$ 3,613,135	\$ 14,279,697	\$ 19,192,225	\$ 57,860,969	\$ 20,285,086	\$ 138,898,662
Adjustments:								
Unreserved fund balances not subject to the Kansas Budget Law:								
Textbook	-	-	-	-	-	-	[3,979,602]	[3,979,602]
Contingency Reserve	-	-	-	-	-	-	[5,638,052]	[5,638,052]
Health Care Reserve	-	-	-	-	-	-	[57,939]	[57,939]
Student Material Revolving	-	-	-	-	-	-	[316,720]	[316,720]
Gate Receipts	-	-	-	-	-	-	[227,352]	[227,352]
Capital Projects	-	-	-	-	-	[60,705,610]	-	[60,705,610]
Interest receivable	-	-	-	-	-	[175,809]	-	[175,809]
Accounts payable - retainage	-	-	-	-	113,450	3,020,450	-	3,133,900
Reserve for encumbrances	[3,644]	-	[46,846]	-	[1,989,901]	-	[228,950]	[2,269,341]
Reserve for material and supplies inventory	[408,827]	-	-	-	-	-	-	[408,827]
Total deductions	[412,471]	-	[46,846]	-	[1,876,451]	[57,860,969]	[10,448,615]	[70,645,352]
BUDGETARY FUND BALANCE								
June 30, 2018	\$ 36	\$23,255,043	\$ 3,566,289	\$ 14,279,697	\$ 17,315,774	\$ -	\$ 9,836,471	\$ 68,253,310

B. Property Taxes

The assessed valuation of tangible district property (excluding motor vehicles) for taxes billed November 1, 2017 was as follows:

Real estate	\$ 3,541,530,458
Personal property	32,848,761
Utilities	61,322,077
Total assessed valuation	<u>\$ 3,635,701,296</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Concluded)

B. Property Taxes (Concluded)

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

<u>Fund</u>	<u>Levy</u> <u>(\$ per thousand)</u>
General	\$ 20.000
Special revenue:	
Supplemental General	16.058
Capital Outlay	8.000
Declining Enrollment	0.290
Special Liability	0.104
Special Assessment	0.221
Cost of Living	1.550
Bond and Interest	7.440
Total tax levy	<u>\$ 53.663</u>

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 Johnson County Treasurer five times per year. As of June 30, 2018, the District has received property tax amounting to approximately 100% of the November 1, 2017, property tax levy.

Motor vehicles are assessed at 20% on January 1 of the current year, and the tax is due and payable prior to the renewal of license plates.

Note 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District's cash is considered to be active funds by management and is invested according to KSA 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 in 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 KSA 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.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Concluded)

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 Poors 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.

At June 30, 2018, the District had the following investments:

	<u>6/30/2018</u>	<u>Rating</u>	<u>Weighted Average Maturity</u>
Investments measured at the net asset value (NAV)			
Kansas Municipal Investments Pool	<u>\$ 3,387,515</u>	S&P AAAs/S1+	1 Day
Total investments measured at fair value	<u>\$ 3,387,515</u>		

The Kansas Municipal Investment Pool 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.

At June 30, 2018, the District had certificates of deposit account registry service balances in the amount of \$54,500,000, as well as traditional certificates of deposit account balances in the amount of \$10,000,000 and insured cash sweep accounts in the amount of \$34,639,454.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 3. DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Restatement*	Balance June 30, 2017 Restated	Additions/ Adjustments	Retirements	Balance June 30, 2018
Governmental activities:						
Nondepreciable assets:						
Land	\$ 11,741,121	\$ -	\$ 11,741,121	\$ -	\$ -	\$ 11,741,121
Artwork	355,177	[55,101]	300,076	-	[1,320]	298,756
Construction in progress	130,704,604	-	130,704,604	58,851,344	[55,145,912]	134,410,036
Depreciable assets:						
Buildings and improvements	579,191,342	[22,698,709]	556,492,633	53,752,643	[4,167,738]	606,077,538
Equipment	<u>37,337,022</u>	<u>[15,533,085]</u>	<u>21,803,937</u>	<u>2,649,576</u>	<u>[1,226,908]</u>	<u>23,226,605</u>
Totals at historical cost	<u>759,329,266</u>	<u>[38,286,895]</u>	<u>721,042,371</u>	<u>115,253,563</u>	<u>[60,541,878]</u>	<u>775,754,056</u>
Less accumulated depreciation for:						
Buildings and improvements	135,719,161	[20,202,146]	115,517,015	12,929,624	[4,323,359]	124,123,280
Equipment	<u>26,098,469</u>	<u>[16,074,710]</u>	<u>10,023,759</u>	<u>2,804,427</u>	<u>[1,063,430]</u>	<u>11,764,756</u>
Totals accumulated depreciation	<u>161,817,630</u>	<u>[36,276,856]</u>	<u>125,540,774</u>	<u>15,734,051</u>	<u>[5,386,789]</u>	<u>135,888,036</u>
Governmental activities capital assets, net	<u>\$ 597,511,636</u>	<u>\$ [2,010,039]</u>	<u>\$ 595,501,597</u>	<u>\$ 99,519,512</u>	<u>\$ [55,155,089]</u>	<u>\$ 639,866,020</u>

* See explanation for restatement on page 40.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,334,142
Instructional support	13,568
Student support	36,988
School administration	5,021
Operations and maintenance	14,193,364
Food service	22,775
Business services and central support services	86,699
Student activities	<u>41,494</u>
Total depreciation	<u>\$ 15,734,051</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Long - Term Liabilities

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

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Governmental activities					
General Obligation Bonds	\$ 430,842,896	\$ -	\$ [24,140,155]	\$ 406,702,741	\$ 26,871,913
Temporary Notes	4,586,629	-	[4,586,629]	-	-
Capital Leases	8,232,740	10,681,375	[6,826,302]	12,087,813	6,747,385
Total governmental activities					
Long-term liabilities	<u>\$ 443,662,265</u>	<u>\$ 10,681,375</u>	<u>\$ [35,553,086]</u>	<u>\$ 418,790,554</u>	<u>\$ 33,619,298</u>

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

	Date Issued	Date Matures	Interest Rate	Original Amount	Outstanding June 30, 2018
General Obligation Bonds					
Debt Service Fund:					
Advance refunding bonds	2/01/96	10/1/19	3.70% to 5.15%	\$ 23,380,000	\$ 3,535,000
General obligation bonds	7/8/08	10/1/19	3.00% to 5.00%	16,441,126	3,627,477
General obligation bonds	11/1/12	10/1/25	1.25% to 5.00%	85,836,627	62,171,001
General obligation and refunding and improvement bonds	6/17/15	10/1/35	3.00% to 5.00%	130,875,378	122,000,324
General obligation and refunding and improvement bonds	10/13/16	10/1/38	3.00% to 5.00%	164,122,286	171,426,935
Subtotal debt service fund				<u>420,655,417</u>	<u>362,760,737</u>
Capital Outlay Fund:					
General obligation bonds	11/13/14	10/1/19	1.25% to 5.00%	21,175,534	6,526,845
General obligation bonds	4/13/16	10/1/20	1.50% to 5.00%	30,095,083	17,531,050
General obligation bonds	6/14/17	4/1/22	2.00 to 5.00%	19,884,109	19,884,109
Subtotal capital outlay fund				<u>71,154,726</u>	<u>43,942,004</u>
Total general obligation bonds payable				<u>\$ 491,810,143</u>	<u>\$ 406,702,741</u>
Capital Leases					
Computer hardware	5/29/17	5/29/19	0.00%	\$ 12,349,110	\$ 4,116,370
Computer hardware	2/14/18	3/28/21	0.99%	10,681,375	7,971,443
Total capital leases payable				<u>\$ 23,030,485</u>	<u>\$ 12,087,813</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Long - Term Liabilities (Concluded)

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

Year Ending June 30	Principal Due	Interest Due	Totals
2019	\$ 26,871,913	\$ 13,906,444	\$ 40,778,357
2020	27,716,616	12,904,691	40,621,307
2021	24,826,955	12,096,575	36,923,530
2022	25,134,938	11,407,913	36,542,851
2023	14,625,235	10,901,313	25,526,548
2024-2028	78,910,926	47,418,975	126,329,901
2029-2033	92,535,551	31,864,844	124,400,395
2034-2038	112,173,848	10,774,750	122,948,598
2039	3,906,759	59,998	3,966,757
Total	<u>\$ 406,702,741</u>	<u>\$ 151,335,503</u>	<u>\$ 558,038,244</u>

The annual debt service requirements to maturity for capital leases, including interest, are as follows:

Year Ending June 30	Principal Due	Interest Due	Totals
2019	\$ 6,747,385	\$ 78,917	\$ 6,826,302
2020	2,657,062	52,870	2,709,932
2021	2,683,366	26,565	2,709,931
Total	<u>\$ 12,087,813</u>	<u>\$ 158,352</u>	<u>\$ 12,246,165</u>

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 and Capital Outlay Fund with future tax assessments. 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 was about \$556 million at June 30, 2018.

D. Operating Leases

The District leases copiers under a noncancelable operating lease. Total costs for this lease was \$629,589 for the year ended June 30, 2018. The future minimum lease payments for the lease are as follows:

Year ending June 30	Amount
2019	\$ 629,589
2020	<u>52,466</u>
Total	<u>\$ 682,055</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 3. DETAILED NOTES ON ALL FUNDS (Concluded)

E. Net Position

The amount reported on the statement of net position identified as net investment in capital assets is comprised of the following:

	Governmental <u>Activities</u>
Total net capital assets	\$ 639,866,020
Less:	
Current portion of general obligation bonds, temporary notes and capital leases	[33,619,298]
Noncurrent portion of general obligation bonds, temporary notes and capital leases	[385,171,256]
Add:	
Unspent general obligation bonds proceeds	<u>57,860,969</u>
Net position - net investment in capital assets	<u>\$ 278,936,435</u>

F. Restatements

The District implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the year ended June 30, 2018. The implementation of which caused a restatement of net position.

The District implemented new depreciation software during the year ended June 30, 2018 and elected to not carryforward any fully depreciated capital assets into the new software. Additionally, the estimated depreciation calculations made by the new software varied from calculations made by the old software. Accordingly, the beginning net position was restated.

The District determined there was an error in the value of inventory stated at June 30, 2017. Accordingly, the beginning net position/fund balance was restated.

The cumulative effects of these restatements to beginning net position/fund balance are as follows:

	Governmental <u>Activities</u>	Governmental <u>Funds</u>
Net Position/Fund Balance, June 30, 2017	\$ 102,528,946	\$ 198,033,020
Net OPEB obligation restatement	4,050,699	-
Net capital asset restatement	[2,010,037]	-
Net inventory restatement	<u>140,750</u>	<u>140,750</u>
Net Position/Fund Balance June 30, 2017, Restated	<u>\$ 104,710,358</u>	<u>\$ 198,173,770</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. 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 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.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. 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, 2017.

The actuarially determined employer contribution rate for school employees was 16.03%. The statutory contribution rate for school employees was 10.81%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2016 were 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, 2017 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, 2017.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017, the School District's proportion was 3.72%, which was an increase of .36% from its proportion measured at June 30, 2016.

Net Pension Liability. At June 30, 2018 and 2017, the District reported a liability of \$250,205,840 and \$225,850,028, respectively, for its proportionate share of the net pension liability.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017, using the following actuarial assumptions:

<u>Assumption</u>	<u>Rate</u>
Price inflation	2.75%
Salary increases, including price inflation	3.50 to 12.00%, including inflation
Investment rate of return, compounded annually, net of investment expense, and including price inflation	7.75%

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

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, 2016 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, 2016 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%	6.80%
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. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarially determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the 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>
\$333,580,287	\$250,205,840	\$179,853,492

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Concluded)

Pension Expense. For the year ended June 30, 2018, the District recognized pension expense of \$21,178,024, 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, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	\$ -	\$ 12,443,377
Net differences between projected and actual earnings on investments	5,366,027	-
Pension contributions subsequent to the measurement date	23,918,656	-
Changes in assumptions	11,813,909	331,217
Changes in proportion	19,102,721	22,825,548
Total	<u>\$ 60,201,313</u>	<u>\$ 35,600,142</u>

\$23,918,656 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Deferred [Inflows] Outflows Amount
2018	\$ [5,198,959]
2019	2,425,716
2020	1,697,353
2021	[818,959]
2022	2,577,364
Total	<u>\$ 682,515</u>

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the District carries commercial insurance. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the past three years.

The District has established a limited risk management program for workers' compensation. Premiums are paid into the Workers' Compensation Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the Workers' Compensation Fund, an internal service fund. As of June 30, 2018, such interfund premiums did not exceed reimbursable expenditures.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. OTHER INFORMATION (Continued)

B. Risk Management (Concluded)

Claims liabilities are based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported (IBNR). Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing liabilities does not necessarily result in an exact amount. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims over a certain amount.

Changes in the balances of claims liabilities for the years ended June 30, 2018 and 2017 are as follows:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Unpaid claims, beginning of year	\$ 1,492,207	\$ 1,166,440
Incurred claims (including IBNR)	101,463	1,238,875
Claim payments	<u>[680,045]</u>	<u>[913,108]</u>
Unpaid claims, end of year	<u>\$ 913,625</u>	<u>\$ 1,492,207</u>

C. Interfund Transfers

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.

<u>Transfers Out:</u>	<u>Transfers In:</u>		
	<u>Special Education</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Supplemental General	<u>\$ 16,932,420</u>	<u>\$ 219,624</u>	<u>\$ 17,152,044</u>
Total	<u>\$ 16,932,420</u>	<u>\$ 219,624</u>	<u>\$ 17,152,044</u>

D. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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 or temporary notes have not been determined.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. OTHER INFORMATION (Continued)

D. Contingent Liabilities (Concluded)

The District is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable. However, the resolution of these matters will not likely have a material adverse effect on the financial condition of the District.

E. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

F. 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 and pharmacy benefits to eligible early retirees and their dependents. 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, 2018, the following employees were covered by the benefit terms:

Active employees	2,543
Retirees and covered spouses	<u>151</u>
Total	<u>2,694</u>

Total OPEB Liability. The District's total OPEB liability of \$6,886,788 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:

Valuation date	July 1, 2017
Actuarial cost method	Entry age normal as a level percentage of payroll
Salary increases	2.00%
Discount rate	3.30%
	7.00% for 2018, decreasing 0.25-0.50% per year to an
Healthcare cost trend rates	ultimate rate of 5.00% for 2024 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 the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes.

Mortality rates were based on the SOA RPH-2014 Adjust to 2006 Total Dataset Headcount-weighted Mortality with MP-2017 Full General Improvement.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. OTHER INFORMATION (Continued)

F. Postemployment Healthcare Plan (Concluded)

The changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance 7/01/2017	\$ 6,753,317
Service cost	368,127
Interest	233,204
Benefit paid	[525,000]
Changes in assumptions	<u>57,140</u>
Balance 6/30/2018	<u>\$ 6,886,788</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 (2.3%) or 1-percentage-point higher (4.3%) than the current discount rate:

	1% Decrease (2.3%)	Discount Rate (3.3%)	1% increase (4.3%)
Total OPEB Liability \$	7,490,689 \$	6,886,788 \$	6,341,050

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 (6% decreasing to 4%) or 1-percentage-point higher (8% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (6% decreasing to 4.0%)	Healthcare Cost Trend Rates (7% decreasing to 5.0%)	1% increase (8% decreasing to 6.0%)
Total OPEB Liability \$	6,125,144 \$	6,886,788 \$	7,797,113

For the year ended June 30, 2018, the District recognized OPEB expense of \$606,370. At June 30, 2018, the District reported deferred outflows of resources related to OPEB of \$52,101 for changes in assumptions. The District did not have any deferred inflows of resources related to OPEB at year end.

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

Year ended June 30,	Deferred Outflows Amount
2019	\$ 5,039
2020	5,039
2021	5,039
2022	5,039
2023	5,039
2024 and Thereafter	<u>26,906</u>
Total	<u>\$ 52,101</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. OTHER INFORMATION (Continued)

G. 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.

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, 2018, the following employees were covered by the benefit terms:

Active members	3,337
Disabled members	<u>34</u>
Total	<u>3,371</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. OTHER INFORMATION (Continued)

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

Total OPEB Liability. The District's total OPEB liability of \$3,993,999 reported as of June 30, 2018, was measured as of June 30, 2017, and was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017, 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, 2016 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, 2016 KPERs pension valuation.

The changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance 7/01/2017	\$ 4,109,193
Service cost	383,140
Interest	120,753
Benefit paid	[514,415]
Changes in assumptions	[104,672]
Balance 6/30/2018	<u>\$ 3,993,999</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 (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% increase (4.58%)
Total OPEB Liability	\$ 4,132,649	\$ 3,993,999	\$ 3,849,407

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. OTHER INFORMATION (Continued)

G. Other Postemployment Benefit Plan (KPERS) (Concluded)

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.

	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% increase</u>
Total OPEB Liability	\$ 3,993,999	\$ 3,993,999	\$ 3,993,999

For the year ended June 30, 2018, the District recognized OPEB expense of \$493,080. At June 30, 2018, the District reported deferred inflows of resources related to OPEB of \$93,859 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] <u>Amount</u>
2019	\$ [10,813]
2020	[10,813]
2021	[10,813]
2022	[10,813]
2023	[10,813]
Thereafter	[39,794]
Total	<u>\$ [93,859]</u>

H. Capital Project Fund Expenditures - Budget and Actual (Budgetary Basis)

The District prepares annual operating budgets for the majority of the governmental funds; however, for the capital projects fund, project-length budgets are prepared. The projects' approved budgets and cumulative expenditures, including encumbrances, as of June 30, 2018, are as follows:

<u>Project Name</u>	<u>Project Budget</u>	<u>Cumulative expenditures through June 30, 2018</u>
Construction Projects	\$ 247,000,000	\$ 181,496,610
Total	<u>\$ 247,000,000</u>	<u>\$ 181,496,610</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2018

Note 4. OTHER INFORMATION (Concluded)

H. Capital Project Fund Expenditures - Budget and Actual (Budgetary Basis) (Continued)

The \$247 million project was approved by voters in January, 2015 and is intended to address long-term capital improvement needs. Currently, work is underway on many projects included in the plan designed to provide the following enhancements during a 5-year construction cycle:

- Districtwide maintenance projects including HVAC, roofs, flooring, and landscaping
- Equip schools with the District's new safety and security standards;
- Improve athletic facilities and auditoriums including a District aquatics center;
- Provide technology infrastructure improvements to enhance and support the District's digital learning initiative;
- Reconstruct an elementary school in each of the five feeder areas that will also include early childhood classrooms.

I. Related Party Transaction

The District contracts with CBIZ, Inc. to provide risk management services, broker services for property and liability insurance and broker services for health insurance. During the fiscal year ended June 30, 2018, a child of a board member worked as the Benefits Coordinator within the District's administrative offices as an employee of CBIZ, Inc. The Benefits Coordinator position is part of the District's agreement with CBIZ, Inc. The District does not consider this to be a conflict of interest per their policies and does not consider the transaction to be material to the audit.

J. Tax Abatements

Tax Increment Financing (TIF) and Industrial Revenue Bonds (IRB). Tax revenues for the District are impacted by property tax abatements authorized by outside governmental entities. The District is made up of 14 cities that have statutory authority to use tax abatements. Listed below are the cities' tax abatements that affect the District's tax revenue for the fiscal year ending June 30, 2018. Tax abatements reduce ad valorem property taxes by reducing the assessed value of the property.

<u>Outside Governmental Entity</u>	<u>Abatement Type</u>		Tax Revenue
	<u>TIF</u>	<u>IRB</u>	<u>Reduction for the Fiscal Year</u>
City of Lenexa	\$ 2,499,206	\$ 142,558	\$ 2,641,764
City of Merriam	1,262,464	-	1,262,464
City of Mission	15,440	-	15,440
City of Overland Park	377,404	-	377,404
City of Prairie Village	114,409	-	114,409
City of Roeland Park	429,503	-	429,503
City of Shawnee	95,837	66,601	162,438
City of Westwood	88,666	21,953	110,619
Total			<u>\$ 5,114,041</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

OTHER POST-EMPLOYMENT BENEFITS

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

Total OPEB liability	<u>2018</u>
Service cost	\$ 368,127
Interest	233,204
Benefit paid	[525,000]
Changes in assumptions	<u>57,140</u>
Net change in total OPEB liability	133,471
Total OPEB liability - beginning	<u>6,753,317</u>
Total OPEB liability - ending	<u>\$ 6,886,788</u>
Covered-employee payroll	<u>\$ 122,463,890</u>
Total OPEB liability as a percentage of covered-employee payroll	5.62%
Actuarially determined contribution	<u>\$ [525,000]</u>
Actual contribution	<u>\$ 525,000</u>
Contributions as a percentage of covered payroll	0.43%

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
June 30, 2018

OTHER POST-EMPLOYMENT BENEFITS (KPERs)

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

Total OPEB liability	<u>2018</u>
Service cost	\$ 383,140
Interest	120,753
Benefit paid	[514,415]
Changes in assumptions	<u>[104,672]</u>
Net change in total OPEB liability	[115,194]
Total OPEB liability - beginning	<u>4,109,193</u>
Total OPEB liability - ending	<u><u>\$ 3,993,999</u></u>
 Covered-employee payroll	 <u><u>\$ 162,089,593</u></u>
 Total OPEB liability as a percentage of covered-employee payroll	 2.46%
 Actuarially determined contribution	 <u><u>\$ 514,415</u></u>
 Actual contribution	 <u><u>\$ 514,415</u></u>
 Contributions as a percentage of covered payroll	 0.32%

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

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
June 30, 2018

KPERS PENSION PLAN:

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	3.724%	3.360%	3.730%	3.792%
District's proportionate share of the net pension liability	\$ 250,205,840	\$ 225,850,028	\$ 258,252,228	\$ 242,287,546
District's covered employee payroll	\$ 166,841,670	\$ 166,944,696	\$ 165,185,936	\$ 143,217,130
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	149.97%	135.28%	156.34%	169.17%
Plan fiduciary net position as a percentage of the total pension liability	64.90%	63.27%	61.32%	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>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 23,918,656	\$ 14,766,230	\$ 11,038,945	\$ 16,062,812
Contributions in relation to the contractually required contribution	<u>23,918,656</u>	<u>14,766,230</u>	<u>11,038,945</u>	<u>16,062,812</u>
Contribution deficiency [excess]	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 166,841,670	\$ 166,944,696	\$ 165,185,936	\$ 143,217,130
Contributions as a percentage of covered employee payroll	14.34%	8.84%	6.68%	11.22%

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

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

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SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

COMBINING STATEMENTS - 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:

Career and Postsecondary 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.

Declining Enrollment Fund: This fund is to generate additional revenues for Districts with extraordinary declining enrollment. The District levies a local tax rate and all proceeds are forwarded to the state. In turn, the state adds to the amount of the District's allocation. Approval must be received from the state board of tax appeals.

Professional Development Fund: This fund is used to account for state aid revenues received to provide 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 program. The program is administered according to the state plan of child nutrition operations under which federal funds and commodities are received pursuant to federal acts relating to child nutrition. The programs are administered and meals are served on a nonprofit basis.

Adult Supplemental Education Fund: This fund is used to account for tuition and fees received which are utilized to offset the cost of an adult education program.

Bilingual Education Fund: This fund is used to account for monies received and expended to operate an English Language Learners (ELL) program.

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 monies received and expended for the District's Night School Program, E-School Program, and All Day Kindergarten Program. The Night School Program is used to assist high school students in attaining credits for graduation. This All Day Kindergarten Program is used to account for tuition collected and disbursed by the District for the all-day kindergarten program that it provides. The E-School Program is used by the District for distance learning services that it provides.

Special Liability Fund: This fund is used to account for the costs of providing for the District's defense and the defense of employees pursuant to KSA 75-6110 and for the payment of claims and other costs.

At Risk (4 Year-Old) Fund: This fund is used to account for the expenditures associated with at-risk 4 year-old students to provide them with additional educational opportunities and instructional services to assist in closing the achievement gap.

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SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

COMBINING STATEMENTS - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

BUDGETED FUNDS: (Continued)

Cost of Living Fund: The cost of living fund provides additional budget authority for Districts having high housing costs. Funding is limited to 5% of the general fund. All proceeds from this fund are forwarded to the state and the additional authority is added to the District's general fund budget.

Federal and Local Grants Fund: This fund is used to account for revenues and expenditures of programs administered in conjunction with the Education Consolidation and Improvement Act of 1981, Chapter 1, Financial Assistance to Local Agencies to Meet Special Educational Needs of Disadvantaged Children and Chapter 2, Financial Assistance to Local Agencies for Educational Improvement. This fund is also used to account for revenues and expenditures of programs administered in conjunction with the Drug Free Schools and Communities Act and shall be used for drug and alcohol abuse prevention and education programs. Additionally this fund is used to account for revenues and expenditures of programs administered in conjunction with the Elementary and Secondary Education Act of 1965, Title II, Part B, as amended; and shall be used to ensure teachers, staff, and administrators have access to sustained and intensive high-quality professional development. This fund is also used to account for revenues and expenditures of various other federal and local grants and programs.

NON - BUDGETED FUNDS:

Gate Receipts Fund: This fund is used to account for monies received from athletic and other events, and expended on those events.

Textbook Fund: This fund is used to account for textbook fees collected and expenditures incurred in conjunction with the purchase and maintenance of textbooks.

Contingency Reserve Fund: This fund is used to account for monies transferred from the general fund in accordance with Kansas statutes (limited to 10% of general fund budget) and expended for contingency purposes.

Health Care Reserve Fund: This fund is used to hold in reserve a portion of health insurance premiums paid in accordance with the District's modified cost plus health plan.

Student Material Revolving Fund: This fund is used to account for monies collected for materials and supplies purchased by students.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2018

	Career and Postsecondary Education	Declining Enrollment	Professional Development	Special Assessment	Food Service	Adult Supplemental Education	Bilingual Education	Summer School	Parent Education Program
ASSETS									
Cash and cash equivalents	\$ 211,789	\$ 61,908	\$ 484	\$ 611,630	\$ 4,069,708	\$ 35,421	\$ 100,886	\$ 939,401	\$ 360
Investments	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-
Taxes	-	12,711	-	9,512	-	-	-	-	-
Total assets	\$ 211,789	\$ 74,619	\$ 484	\$ 621,142	\$ 4,069,708	\$ 35,421	\$ 100,886	\$ 939,401	\$ 360
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ 484	\$ -	\$ 6,618	\$ -	\$ -	\$ 712	\$ 360
Health care reserve	-	-	-	-	-	-	-	-	-
Accrued payroll, payroll withholdings and taxes	210,983	-	-	-	19,310	-	100,886	7,500	-
Total liabilities	210,983	-	484	-	25,928	-	100,886	8,212	360
Deferred inflows of resources:									
Unavailable revenue - student fees	-	-	-	-	-	-	-	-	-
Unavailable revenue - property taxes	-	12,711	-	9,512	-	-	-	-	-
Total deferred inflows of resources	-	12,711	-	9,512	-	-	-	-	-
Total liabilities and deferred inflows of resources	210,983	12,711	484	9,512	25,928	-	100,886	8,212	360
Fund balances:									
Restricted	-	61,908	-	611,630	3,835,124	35,421	-	928,743	-
Assigned	806	-	-	-	208,656	-	-	2,446	-
Total fund balances	806	61,908	-	611,630	4,043,780	35,421	-	931,189	-
Total liabilities, deferred inflows of resources and fund balances	\$ 211,789	\$ 74,619	\$ 484	\$ 621,142	\$ 4,069,708	\$ 35,421	\$ 100,886	\$ 939,401	\$ 360

See independent auditor's report on the financial statements.

Extraordinary School Program	Special Liability	At Risk (4 Year-Old)	Cost of Living	Federal and Local Grants	Gate Receipts	Textbook	Contingency Reserve	Health Care Reserve	Student Material Revolving	Total Nonmajor Special Revenue Funds
\$ 418,440	\$ 1,993,001	\$ 49,495	\$ 488,644	\$ 1,859,991	\$ 227,352	\$ 3,982,575	\$ 138,052 5,500,000	\$ 2,751,872	\$ 317,813	\$ 18,258,822 5,500,000
-	-	-	-	-	-	-	-	-	-	-
-	4,490	-	67,043	-	-	-	-	-	-	93,756
<u>\$ 418,440</u>	<u>\$ 1,997,491</u>	<u>\$ 49,495</u>	<u>\$ 555,687</u>	<u>\$ 1,859,991</u>	<u>\$ 227,352</u>	<u>\$ 3,982,575</u>	<u>\$ 5,638,052</u>	<u>\$ 2,751,872</u>	<u>\$ 317,813</u>	<u>\$ 23,852,578</u>
\$ -	\$ -	\$ 14,133	\$ -	\$ 38,579	\$ -	\$ 2,973	\$ -	\$ 151	\$ 19	\$ 64,029
-	-	-	-	-	-	-	-	2,693,782	-	2,693,782
-	-	33,630	-	341,969	-	-	-	-	-	714,278
-	-	47,763	-	380,548	-	2,973	-	2,693,933	19	3,472,089
573	-	-	-	-	-	-	-	-	1,074	1,647
-	4,490	-	67,043	-	-	-	-	-	-	93,756
<u>573</u>	<u>4,490</u>	<u>-</u>	<u>67,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,074</u>	<u>95,403</u>
<u>573</u>	<u>4,490</u>	<u>47,763</u>	<u>67,043</u>	<u>380,548</u>	<u>-</u>	<u>2,973</u>	<u>-</u>	<u>2,693,933</u>	<u>1,093</u>	<u>3,567,492</u>
417,867	1,993,001	-	488,644	1,464,133	227,352	3,979,038	5,638,052	57,939	316,720	20,055,572
-	-	1,732	-	15,310	-	564	-	-	-	229,514
<u>417,867</u>	<u>1,993,001</u>	<u>1,732</u>	<u>488,644</u>	<u>1,479,443</u>	<u>227,352</u>	<u>3,979,602</u>	<u>5,638,052</u>	<u>57,939</u>	<u>316,720</u>	<u>20,285,086</u>
<u>\$ 418,440</u>	<u>\$ 1,997,491</u>	<u>\$ 49,495</u>	<u>\$ 555,687</u>	<u>\$ 1,859,991</u>	<u>\$ 227,352</u>	<u>\$ 3,982,575</u>	<u>\$ 5,638,052</u>	<u>\$ 2,751,872</u>	<u>\$ 317,813</u>	<u>\$ 23,852,578</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2018

	Career and Postsecondary Education	Declining Enrollment	Professional Development	Special Assessment	Food Service	Adult Supplemental Education	Bilingual Education	Summer School	Parent Education Program
REVENUES:									
Taxes	\$ -	\$ 1,376,920	\$ -	\$ 783,241	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,096,792	-	60,954	-	6,129,025	-	2,279,862	-	369,654
Charges for services	3,960	-	-	-	5,236,531	-	-	435,546	-
Investment revenue	-	-	-	-	34,394	-	-	-	-
Other local sources	-	-	-	-	-	-	-	-	-
Total revenues	<u>3,100,752</u>	<u>1,376,920</u>	<u>60,954</u>	<u>783,241</u>	<u>11,399,950</u>	<u>-</u>	<u>2,279,862</u>	<u>435,546</u>	<u>369,654</u>
EXPENDITURES:									
Current									
Instruction	2,727,250	-	-	-	-	-	2,197,799	338,346	-
Student support services	-	-	-	-	-	-	82,736	136	537,763
Instructional support staff	98,716	-	60,954	-	-	-	-	-	51,515
General administration	-	-	-	-	-	-	-	-	-
School administration	659	-	-	-	-	-	-	89,352	-
Operations and maintenance	-	-	-	-	807,638	-	-	-	-
Student transportation services	172,789	-	-	-	-	-	-	-	-
Food service operations	-	-	-	-	10,426,422	-	-	-	-
Student activities	102,974	-	-	-	-	-	-	-	-
Business and central support services	-	-	-	-	-	-	-	-	-
State payment	-	1,593,610	-	-	-	-	-	-	-
Capital outlay									
Facility acquisition and construction	-	-	-	707,160	-	-	-	-	-
Total expenditures	<u>3,102,388</u>	<u>1,593,610</u>	<u>60,954</u>	<u>707,160</u>	<u>11,234,060</u>	<u>-</u>	<u>2,280,535</u>	<u>427,834</u>	<u>589,278</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,636]</u>	<u>[216,690]</u>	<u>-</u>	<u>76,081</u>	<u>165,890</u>	<u>-</u>	<u>[673]</u>	<u>7,712</u>	<u>[219,624]</u>
OTHER FINANCING SOURCES [USES]:									
Transfers in	-	-	-	-	-	-	-	-	219,624
Total other financing sources [uses]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,624</u>
Net change in fund balances	<u>[1,636]</u>	<u>[216,690]</u>	<u>-</u>	<u>76,081</u>	<u>165,890</u>	<u>-</u>	<u>[673]</u>	<u>7,712</u>	<u>-</u>
Fund balance - Beginning of year, as originally stated	2,442	278,598	-	535,549	3,832,354	35,421	673	923,477	-
Restatement to beginning fund balance	-	-	-	-	45,536	-	-	-	-
Fund balance - Beginning of year, as restated	<u>2,442</u>	<u>278,598</u>	<u>-</u>	<u>535,549</u>	<u>3,877,890</u>	<u>35,421</u>	<u>673</u>	<u>923,477</u>	<u>-</u>
Fund balance - End of year	<u>\$ 806</u>	<u>\$ 61,908</u>	<u>\$ -</u>	<u>\$ 611,630</u>	<u>\$ 4,043,780</u>	<u>\$ 35,421</u>	<u>\$ -</u>	<u>\$ 931,189</u>	<u>\$ -</u>

See independent auditor's report on the financial statements.

Extraordinary School Program	Special Liability	At Risk (4 Year-Old)	Cost of Living	Federal and Local Grants	Gate Receipts	Textbook	Contingency Reserve	Health Care Reserve	Student Material Revolving	Total Nonmajor Special Revenue Funds
\$ -	\$ 381,507	\$ -	\$ 6,039,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,581,258
-	-	588,639	-	5,286,060	-	-	-	-	-	17,810,986
96,157	-	-	-	-	-	919,245	-	-	737,097	7,428,536
-	3,795	-	-	-	-	-	-	25,791	-	63,980
-	-	-	-	1,433,958	713,502	-	-	1,143,125	-	3,290,585
<u>96,157</u>	<u>385,302</u>	<u>588,639</u>	<u>6,039,590</u>	<u>6,720,018</u>	<u>713,502</u>	<u>919,245</u>	<u>-</u>	<u>1,168,916</u>	<u>737,097</u>	<u>37,175,345</u>
11,662	-	551,532	-	3,355,091	-	551,214	-	-	480,666	10,213,560
-	-	-	-	916,191	-	-	-	-	-	1,536,826
-	-	35,375	-	1,951,750	-	-	-	-	7,926	2,206,236
-	89,300	-	-	149,592	-	-	-	-	-	238,892
4,285	-	-	-	-	-	-	-	-	-	94,296
-	-	-	-	59	-	-	-	-	-	807,697
-	-	-	-	102,739	-	-	-	-	-	275,528
-	-	-	-	-	-	-	-	-	-	10,426,422
-	-	-	-	27,024	845,822	-	-	-	248,014	1,223,834
-	270,022	-	-	-	-	-	-	1,143,125	-	1,413,147
-	-	-	6,297,022	-	-	-	-	-	-	7,890,632
-	-	-	-	3,784	-	-	-	-	-	710,944
<u>15,947</u>	<u>359,322</u>	<u>586,907</u>	<u>6,297,022</u>	<u>6,506,230</u>	<u>845,822</u>	<u>551,214</u>	<u>-</u>	<u>1,143,125</u>	<u>736,606</u>	<u>37,038,014</u>
<u>80,210</u>	<u>25,980</u>	<u>1,732</u>	<u>[257,432]</u>	<u>213,788</u>	<u>[132,320]</u>	<u>368,031</u>	<u>-</u>	<u>25,791</u>	<u>491</u>	<u>137,331</u>
-	-	-	-	-	-	-	-	-	-	219,624
-	-	-	-	-	-	-	-	-	-	219,624
<u>80,210</u>	<u>25,980</u>	<u>1,732</u>	<u>[257,432]</u>	<u>213,788</u>	<u>[132,320]</u>	<u>368,031</u>	<u>-</u>	<u>25,791</u>	<u>491</u>	<u>356,955</u>
337,657	1,967,021	-	746,076	1,265,655	359,672	3,611,571	5,638,052	32,148	316,229	19,882,595
-	-	-	-	-	-	-	-	-	-	45,536
<u>337,657</u>	<u>1,967,021</u>	<u>-</u>	<u>746,076</u>	<u>1,265,655</u>	<u>359,672</u>	<u>3,611,571</u>	<u>5,638,052</u>	<u>32,148</u>	<u>316,229</u>	<u>19,928,131</u>
<u>\$ 417,867</u>	<u>\$ 1,993,001</u>	<u>\$ 1,732</u>	<u>\$ 488,644</u>	<u>\$ 1,479,443</u>	<u>\$ 227,352</u>	<u>\$ 3,979,602</u>	<u>\$ 5,638,052</u>	<u>\$ 57,939</u>	<u>\$ 316,720</u>	<u>\$ 20,285,086</u>

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 CAREER AND POSTSECONDARY EDUCATION FUND
 For the Year Ended June 30, 2018
 (With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017		June 30, 2018				Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Intergovernmental:							
State and local	\$ 3,186,527	\$ 3,096,792	\$ [3,096,792]	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	175,087	176,080	[176,080]
Total intergovernmental	3,186,527	3,096,792	[3,096,792]	-	175,087	176,080	[176,080]
Charges for services	3,630	3,960	-	3,960	9,000	9,000	[5,040]
Total revenues	3,190,157	3,100,752	[3,096,792]	3,960	184,087	185,080	[181,120]
EXPENDITURES:							
Instruction	2,669,466	2,727,250	[1,418]	2,725,832	2,982,610	3,139,849	414,017
Instructional support staff	98,671	98,716	-	98,716	106,559	111,119	12,403
School administration	29,289	659	-	659	700	700	41
Operations and maintenance	-	-	-	-	8,754	8,754	8,754
Student transportation services	255,731	172,789	[218]	172,571	-	-	[172,571]
Other support services	96,531	102,974	-	102,974	385,950	386,607	283,633
Total expenditures	3,149,688	3,102,388	[1,636]	3,100,752	3,484,573	3,647,029	546,277
Excess [deficiency] of revenues over [under] expenditures	40,469	[1,636]	[3,095,156]	[3,096,792]	[3,300,486]	[3,461,949]	365,157
OTHER FINANCING SOURCES [USES]:							
Transfers in	[38,053]	-	3,096,792	3,096,792	3,300,486	3,461,949	[365,157]
Total other financing sources [uses]	[38,053]	-	3,096,792	3,096,792	3,300,486	3,461,949	[365,157]
Net change in fund balance	2,416	[1,636]	1,636	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	26	2,442	[2,442]	-			
FUND BALANCE - End of year	\$ 2,442	\$ 806	\$ [806]	\$ -			

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
DECLINING ENROLLMENT FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017		June 30, 2018				Variance with
	GAAP	GAAP	Adjustments	Budgetary	Budgeted Amounts		Final Budget
	Basis	Basis	to Budgetary	Basis	Original	Final	Positive
			Basis				[Negative]
REVENUES:							
Taxes:							
In process	\$ 84,800	\$ 52,712	\$ -	\$ 52,712	\$ 44,393	\$ 44,393	\$ 8,319
Current	2,988,344	982,975	-	982,975	917,341	917,341	65,634
Delinquent	19,939	11,677	-	11,677	13,764	13,764	[2,087]
Motor vehicle	<u>376,446</u>	<u>329,556</u>	<u>-</u>	<u>329,556</u>	<u>339,514</u>	<u>339,514</u>	<u>[9,958]</u>
Total taxes	<u>3,469,529</u>	<u>1,376,920</u>	<u>-</u>	<u>1,376,920</u>	<u>1,315,012</u>	<u>1,315,012</u>	<u>61,908</u>
Total revenues	<u>3,469,529</u>	<u>1,376,920</u>	<u>-</u>	<u>1,376,920</u>	<u>1,315,012</u>	<u>1,315,012</u>	<u>61,908</u>
EXPENDITURES:							
State payment	<u>3,187,219</u>	<u>1,593,610</u>	<u>-</u>	<u>1,593,610</u>	<u>1,593,610</u>	<u>1,593,610</u>	<u>-</u>
Total expenditures	<u>3,187,219</u>	<u>1,593,610</u>	<u>-</u>	<u>1,593,610</u>	<u>1,593,610</u>	<u>1,593,610</u>	<u>-</u>
Net change in fund balance	282,310	[216,690]	-	[216,690]	\$ [278,598]	\$ [278,598]	\$ 61,908
FUND BALANCE - Beginning of year	<u>[3,712]</u>	<u>278,598</u>	<u>-</u>	<u>278,598</u>			
FUND BALANCE - End of year	<u>\$ 278,598</u>	<u>\$ 61,908</u>	<u>\$ -</u>	<u>\$ 61,908</u>			

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
PROFESSIONAL DEVELOPMENT FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Intergovernmental:							
State and local	\$ -	\$ 60,954	\$ [51,750]	\$ 9,204	\$ 26,507	\$ 26,507	\$ [17,303]
Total revenues	-	60,954	[51,750]	9,204	26,507	26,507	[17,303]
EXPENDITURES:							
Instructional support staff	63,052	60,954	-	60,954	265,070	265,070	204,116
Total expenditures	63,052	60,954	-	60,954	265,070	265,070	204,116
Excess [deficiency] of revenues over [under] expenditures	[63,052]	-	[51,750]	[51,750]	[238,563]	[238,563]	186,813
OTHER FINANCING SOURCES [USES]:							
Transfers in	61,854	-	51,750	51,750	238,563	238,563	[186,813]
Total other financing sources [uses]	61,854	-	51,750	51,750	238,563	238,563	[186,813]
Net change in fund balance	[1,198]	-	-	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	1,198	-	-	-			
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -			

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL ASSESSMENT FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Taxes:							
In process	\$ 8,807	\$ 20	\$ -	\$ 20	\$ 738,133	\$ 738,133	\$ [738,113]
Current	466	752,529	-	752,529	-	-	752,529
Delinquent	5,612	2,440	-	2,440	2	2	2,438
Motor vehicle	93,124	27,445	-	27,445	28,000	28,000	[555]
Rental excise	2,109	807	-	807	-	-	807
Total revenues	110,118	783,241	-	783,241	766,135	766,135	17,106
EXPENDITURES:							
Facility acquisition and construction	680,099	707,160	-	707,160	900,000	900,000	192,840
Total expenditures	680,099	707,160	-	707,160	900,000	900,000	192,840
Net change in fund balance	[569,981]	76,081	-	76,081	\$ [133,865]	\$ [133,865]	\$ 209,946
FUND BALANCE - Beginning of year	1,105,530	535,549	-	535,549			
FUND BALANCE - End of year	\$ 535,549	\$ 611,630	\$ -	\$ 611,630			

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

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

For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Intergovernmental:							
Federal	\$ 5,937,017	\$ 6,013,045	\$ -	\$ 6,013,045	\$ 5,544,240	\$ 5,544,240	\$ 468,805
State and local	111,598	115,980	-	115,980	93,316	93,316	22,664
Total intergovernmental	6,048,615	6,129,025	-	6,129,025	5,637,556	5,637,556	491,469
Charges for services	5,072,842	5,236,531	-	5,236,531	5,078,020	5,078,020	158,511
Investment revenue	5,192	34,394	-	34,394	8,000	8,000	26,394
Total revenues	11,126,649	11,399,950	-	11,399,950	10,723,576	10,723,576	676,374
EXPENDITURES:							
Operations and maintenance	650,000	807,638	-	807,638	625,000	625,000	[182,638]
Food service operations	10,147,710	10,426,422	[45,442]	10,380,980	13,332,798	13,332,798	2,951,818
Total expenditures	10,797,710	11,234,060	[45,442]	11,188,618	13,957,798	13,957,798	2,769,180
Net change in fund balance	328,939	165,890	45,442	211,332	\$ [3,234,222]	\$ [3,234,222]	\$ 3,445,554
FUND BALANCE - Beginning of year, as originally stated	3,503,415	3,832,354	[208,562]	3,623,792			
Restatement to beginning fund balance	-	45,536	[45,536]	-			
FUND BALANCE - Beginning of year, as restated	3,503,415	3,877,890	[254,098]	3,623,792			
FUND BALANCE - End of year	\$ 3,832,354	\$ 4,043,780	\$ [208,656]	\$ 3,835,124			

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
ADULT SUPPLEMENTAL EDUCATION FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-	-	-
EXPENDITURES:							
Instruction	-	-	-	-	35,421	35,421	35,421
Total expenditures	-	-	-	-	35,421	35,421	35,421
Net change in fund balance	-	-	-	-	\$ [35,421]	\$ [35,421]	\$ 35,421
FUND BALANCE - Beginning of year	35,421	35,421	-	35,421			
FUND BALANCE - End of year	\$ 35,421	\$ 35,421	\$ -	\$ 35,421			

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
BILINGUAL EDUCATION FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018					
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
					Original	Final	
REVENUES:							
Intergovernmental:							
State and local	\$ 2,111,545	\$ 2,279,862	\$ [2,279,862]	\$ -	\$ -	\$ -	\$ -
Total revenues	2,111,545	2,279,862	[2,279,862]	-	-	-	-
EXPENDITURES:							
Instruction	2,070,821	2,197,799	[673]	2,197,126	2,212,753	2,331,258	134,132
Student support services	40,610	82,736	-	82,736	41,380	42,066	[40,670]
Total expenditures	2,111,431	2,280,535	[673]	2,279,862	2,254,133	2,373,324	93,462
Excess [deficiency] of revenues over [under] expenditures	114	[673]	[2,279,189]	[2,279,862]	[2,254,133]	[2,373,324]	93,462
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	2,279,862	2,279,862	2,254,133	2,373,324	[93,462]
Total other financing sources [uses]	-	-	2,279,862	2,279,862	2,254,133	2,373,324	[93,462]
Net change in fund balance	114	[673]	673	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	559	673	[673]	-			
FUND BALANCE - End of year	\$ 673	\$ -	\$ -	\$ -			

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

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

For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017		June 30, 2018				Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Charges for services	\$ 484,632	\$ 435,546	\$ -	\$ 435,546	\$ 479,000	\$ 479,000	\$ [43,454]
Other local sources	340	-	-	-	-	-	-
Total revenues	<u>484,972</u>	<u>435,546</u>	<u>-</u>	<u>435,546</u>	<u>479,000</u>	<u>479,000</u>	<u>[43,454]</u>
EXPENDITURES:							
Instruction	305,217	338,346	[1,309]	337,037	659,876	659,876	322,839
Student support services	242	136	-	136	2,300	2,300	2,164
School administration	89,547	89,352	-	89,352	96,139	96,139	6,787
Operations and maintenance	-	-	-	-	1,000	1,000	1,000
Total expenditures	<u>395,006</u>	<u>427,834</u>	<u>[1,309]</u>	<u>426,525</u>	<u>759,315</u>	<u>759,315</u>	<u>332,790</u>
Net change in fund balance	89,966	7,712	1,309	9,021	<u>\$ [280,315]</u>	<u>\$ [280,315]</u>	<u>\$ 289,336</u>
FUND BALANCE - Beginning of year	<u>833,511</u>	<u>923,477</u>	<u>[3,755]</u>	<u>919,722</u>			
FUND BALANCE - End of year	<u>\$ 923,477</u>	<u>\$ 931,189</u>	<u>\$ [2,446]</u>	<u>\$ 928,743</u>			

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

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, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Intergovernmental:							
State and local	\$ 351,747	\$ 369,654	\$ -	\$ 369,654	\$ 367,936	\$ 367,936	\$ 1,718
Total revenues	351,747	369,654	-	369,654	367,936	367,936	1,718
EXPENDITURES:							
Student support services	535,817	537,763	-	537,763	547,814	572,909	35,146
Instructional support staff	47,400	51,515	-	51,515	59,281	61,461	9,946
Total expenditures	583,217	589,278	-	589,278	607,095	634,370	45,092
Excess [deficiency] of revenues over [under] expenditures	[231,470]	[219,624]	-	[219,624]	[239,159]	[266,434]	46,810
OTHER FINANCING SOURCES [USES]:							
Transfers in	231,470	219,624	-	219,624	239,159	266,435	[46,811]
Total other financing sources [uses]	231,470	219,624	-	219,624	239,159	266,435	[46,811]
Net change in fund balance	-	-	-	-	\$ -	\$ 1	\$ [1]
FUND BALANCE - Beginning of year	-	-	-	-			
FUND BALANCE - End of year	\$ -	\$ -	\$ -	\$ -			

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

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, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018					Variance with Final Budget
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Positive [Negative]
					Original	Final	
REVENUES:							
Charges for services	\$ 73,464	\$ 96,157	\$ -	\$ 96,157	\$ 73,500	\$ 73,500	\$ 22,657
Other local sources	<u>1,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>74,484</u>	<u>96,157</u>	<u>-</u>	<u>96,157</u>	<u>73,500</u>	<u>73,500</u>	<u>22,657</u>
EXPENDITURES:							
Instruction	21,866	11,662	-	11,662	76,925	76,925	65,263
School administration	<u>4,985</u>	<u>4,285</u>	<u>-</u>	<u>4,285</u>	<u>4,307</u>	<u>4,307</u>	<u>22</u>
Total expenditures	<u>26,851</u>	<u>15,947</u>	<u>-</u>	<u>15,947</u>	<u>81,232</u>	<u>81,232</u>	<u>65,285</u>
Excess [deficiency] of revenues over [under] expenditures	47,633	80,210	-	80,210	<u>\$ [7,732]</u>	<u>\$ [7,732]</u>	<u>\$ 87,942</u>
FUND BALANCE - Beginning of year	<u>290,024</u>	<u>337,657</u>	<u>-</u>	<u>337,657</u>			
FUND BALANCE - End of year	<u>\$ 337,657</u>	<u>\$ 417,867</u>	<u>\$ -</u>	<u>\$ 417,867</u>			

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL LIABILITY FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017		June 30, 2018				Variance with
	GAAP	GAAP	Adjustments	Budgetary	Budgeted Amounts		Final Budget
	<u>Basis</u>	<u>Basis</u>	<u>to Budgetary</u>	<u>Basis</u>	<u>Original</u>	<u>Final</u>	<u>Positive</u>
			<u>Basis</u>				<u>[Negative]</u>
REVENUES:							
Intergovernmental:							
Taxes	\$ 22,382	\$ 381,507	\$ -	\$ 381,507	\$ 376,834	\$ 376,834	\$ 4,673
Investment revenue	9,046	3,795	-	3,795	12,000	12,000	[8,205]
Total revenues	31,428	385,302	-	385,302	388,834	388,834	[3,532]
EXPENDITURES:							
General administration	158,926	89,300	-	89,300	1,258,675	1,258,675	1,169,375
Business and central support services	275,157	270,022	-	270,022	-	-	[270,022]
Total expenditures	434,083	359,322	-	359,322	1,258,675	1,258,675	899,353
Net change in fund balance	[402,655]	25,980	-	25,980	\$ [869,841]	\$ [869,841]	\$ 895,821
FUND BALANCE - Beginning of year	2,369,676	1,967,021	-	1,967,021			
FUND BALANCE - End of year	\$ 1,967,021	\$ 1,993,001	\$ -	\$ 1,993,001			

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
AT RISK (4 YEAR-OLD) FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017		June 30, 2018				Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Intergovernmental:							
State and local	\$ 304,606	\$ 412,499	\$ [412,499]	\$ -	\$ -	\$ 167,436	\$ [167,436]
Federal	-	176,140	-	176,140	-	-	176,140
Total revenues	304,606	588,639	[412,499]	176,140	-	167,436	8,704
EXPENDITURES:							
Instruction	304,606	551,532	-	551,532	351,280	569,847	18,315
Instructional support staff	-	35,375	1,732	37,107	-	37,501	394
Total expenditures	304,606	586,907	1,732	588,639	351,280	607,348	18,709
Excess [deficiency] of revenues over [under] expenditures	-	1,732	[414,231]	[412,499]	[351,280]	[439,912]	27,413
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	412,499	412,499	351,280	439,912	[27,413]
Total other financing sources [uses]	-	-	412,499	412,499	351,280	439,912	[27,413]
Net change in fund balance	-	1,732	[1,732]	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	-	-	-	-			
FUND BALANCE - End of year	\$ -	\$ 1,732	\$ [1,732]	\$ -			

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 COST OF LIVING FUND
 For the Year Ended June 30, 2018
 (With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Taxes:							
In process	\$ 141,250	\$ 75,351	\$ -	\$ 75,351	\$ 82,148	\$ 82,148	\$ [6,797]
Current	5,659,700	5,295,560	-	5,295,560	5,424,251	5,424,251	[128,691]
Delinquent	43,016	20,596	-	20,596	25,956	25,956	[5,360]
Motor vehicle	619,796	648,083	-	648,083	666,543	666,543	[18,460]
Total taxes	6,463,762	6,039,590	-	6,039,590	6,198,898	6,198,898	[159,308]
Total revenue	6,463,762	6,039,590	-	6,039,590	6,198,898	6,198,898	[159,308]
EXPENDITURES:							
State payment	5,963,513	6,297,022	-	6,297,022	6,944,974	6,944,974	647,952
Total expenditures	5,963,513	6,297,022	-	6,297,022	6,944,974	6,944,974	647,952
Net change in fund balance	500,249	[257,432]	-	[257,432]	\$ [746,076]	\$ [746,076]	\$ 488,644
FUND BALANCE - Beginning of year	245,827	746,076	-	746,076			
FUND BALANCE - End of year	\$ 746,076	\$ 488,644	\$ -	\$ 488,644			

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
FEDERAL AND LOCAL GRANTS FUND
For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018						Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts			
					Original	Final		
REVENUES:								
Intergovernmental:								
Federal	\$ 5,582,485	\$ 5,286,060	\$ -	\$ 5,286,060	\$ 5,644,322	\$ 5,644,322	\$	[358,262]
Total intergovernmental	5,582,485	5,286,060	-	5,286,060	5,644,322	5,644,322		[358,262]
Other local sources	1,223,808	1,433,958	-	1,433,958	-	-		1,433,958
Total revenues	6,806,293	6,720,018	-	6,720,018	5,644,322	5,644,322		1,075,696
EXPENDITURES:								
Instruction	3,403,876	3,355,091	[66,114]	3,288,977	2,147,678	2,147,678		[1,141,299]
Student support services	820,237	916,191	1,900	918,091	861,578	861,578		[56,513]
Instructional support staff	2,111,812	1,951,750	5,829	1,957,579	2,200,123	2,200,123		242,544
General administration	178,978	149,592	-	149,592	125,398	125,398		[24,194]
Operations and maintenance	113	59	-	59	236,857	236,857		236,798
Student transportation services	16,126	102,739	-	102,739	15,000	15,000		[87,739]
Student activities	29,966	27,024	-	27,024	-	-		[27,024]
Business and central support services	12,500	-	-	-	-	-		-
Capital outlay	12,000	3,784	[2,800]	984	-	-		[984]
Total expenditures	6,585,608	6,506,230	[61,185]	6,445,045	5,586,634	5,586,634		[858,411]
Net change in fund balance	220,685	213,788	61,185	274,973	\$ 57,688	\$ 57,688	\$	217,285
FUND BALANCE - Beginning of year	1,044,970	1,265,655	[76,495]	1,189,160				
FUND BALANCE - End of year	\$ 1,265,655	\$ 1,479,443	\$ [15,310]	\$ 1,464,133				

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

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

For the Year Ended June 30, 2018
(With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017			June 30, 2018			
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
					Original	Final	
REVENUES:							
Taxes:							
In process	\$ 599,244	\$ 320,246	\$ -	\$ 320,246	\$ 352,749	\$ 352,749	\$ [32,503]
Current	23,953,880	25,303,284	-	25,303,284	24,885,604	24,885,604	417,680
Delinquent	187,636	90,931	-	90,931	110,322	110,322	[19,391]
Motor vehicle	2,742,262	2,802,734	-	2,802,734	2,830,290	2,830,290	[27,556]
Rental excise	48,388	55,124	-	55,124	-	-	55,124
Total taxes	27,531,410	28,572,319	-	28,572,319	28,178,965	28,178,965	393,354
Investment revenue	29,467	38,675	25,941	64,616	5,000	5,000	59,616
Total revenues	27,560,877	28,610,994	25,941	28,636,935	28,183,965	28,183,965	452,970
EXPENDITURES:							
Debt Service							
Principal	15,130,000	12,405,000	-	12,405,000	12,405,000	12,405,000	-
Interest and other charges	11,654,074	13,212,003	-	13,212,003	13,216,004	13,216,004	4,001
Total expenditures	26,784,074	25,617,003	-	25,617,003	25,621,004	25,621,004	4,001
Excess [deficiency] of revenues over [under] expenditures	776,803	2,993,991	25,941	3,019,932	2,562,961	2,562,961	456,971
OTHER FINANCING SOURCES [USES]:							
Refunding bonds issued	428,764	-	-	-	-	-	-
Total other financing sources [uses]	428,764	-	-	-	-	-	-
Net change in fund balance	1,205,567	2,993,991	25,941	3,019,932	\$ 2,562,961	\$ 2,562,961	\$ 456,971
FUND BALANCE - Beginning of year	19,055,485	20,261,052	[25,941]	20,235,111			
FUND BALANCE - End of year	\$ 20,261,052	\$ 23,255,043	\$ -	\$ 23,255,043			

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 CAPITAL OUTLAY FUND
 For the Year Ended June 30, 2018
 (With Comparative Amounts for the Year Ended June 30, 2017)

	June 30, 2017	June 30, 2018						Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts			
					Original	Final		
REVENUES:								
Taxes:								
In process	\$ 643,916	\$ 344,440	\$ -	\$ 344,440	\$ 354,736	\$ 354,736	\$	[10,296]
Current	25,763,605	27,247,098	-	27,247,098	26,779,319	26,779,319		467,779
Delinquent	198,969	57,770	-	57,770	118,658	118,658		[60,888]
Motor vehicle	2,949,600	3,013,639	-	3,013,639	3,042,303	3,042,303		[28,664]
Rental excise	52,072	59,233	-	59,233	-	-		59,233
Total taxes	29,608,162	30,722,180	-	30,722,180	30,295,016	30,295,016		427,164
Investment revenue	6,998	123,110	-	123,110	5,276,651	5,276,651		[5,153,541]
Other local sources	2,225,397	2,087,147	-	2,087,147	-	-		2,087,147
Total revenues	31,840,557	32,932,437	-	32,932,437	35,571,667	35,571,667		[2,639,230]
EXPENDITURES:								
Instruction	2,044,947	1,460,219	3,493	1,463,712	2,455,249	2,455,249		991,537
Student support services	52,811	33,595	2,165	35,760	39,062	39,062		3,302
Instructional support staff	47,114	49,994	3,571	53,565	75,000	75,000		21,435
General administration	25,480	20,455	[3,170]	17,285	50,000	50,000		32,715
Operations and maintenance	3,869,217	3,855,902	-	3,855,902	50,000	50,000		[3,805,902]
Other support services	204,677	138,625	-	138,625	-	-		[138,625]
Business and central support services	2,503,274	2,011,540	[329,492]	1,682,048	1,720,295	1,720,295		38,247
Facility acquisition and construction	27,810,157	11,502,371	783,156	12,285,527	33,516,970	33,516,970		21,231,443
Debt Service								
Principal	18,439,539	21,477,931	-	21,477,931	18,767,999	18,767,999		[2,709,932]
Interest and other charges	1,588,017	1,599,530	-	1,599,530	1,599,530	1,599,530		-
Total expenditures	56,585,233	42,150,162	459,723	42,609,885	58,274,105	58,274,105		15,664,220
OTHER FINANCING SOURCES [USES]:								
General obligation bonds issued	19,884,109	-	-	-	-	-		-
Total other financing sources [uses]	19,884,109	-	-	-	-	-		-
Net change in fund balance	[4,860,567]	[9,217,725]	[459,723]	[9,677,448]	\$ [22,702,438]	\$ [22,702,438]	\$	13,024,990
FUND BALANCE - Beginning of year	33,270,517	28,409,950	[1,416,728]	26,993,222				
FUND BALANCE - End of year	\$ 28,409,950	\$ 19,192,225	\$ [1,876,451]	\$ 17,315,774				

See independent auditor's report on the financial statements.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND

For the Year Ended June 30, 2018

	Balance June 30, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2018</u>
Assets - cash and investments	<u>\$ 2,025,632</u>	<u>\$ 3,524,390</u>	<u>\$ 3,497,536</u>	<u>\$ 2,052,486</u>
Liabilities - due to student organizations	<u>\$ 2,025,632</u>	<u>\$ 3,524,390</u>	<u>\$ 3,497,536</u>	<u>\$ 2,052,486</u>

See independent auditor's report on the financial statements.

STATISTICAL SECTION

The Statistical Section is intended to provide a broader and more complete understanding of the physical, economic, social and political characteristics of the District than is possible from the financial statements, notes and supporting schedules presented in the Financial Section. In addition, this section is used, in part, to comply with the continuing disclosure requirements of SEC Rule 15c2-12.

The information presented in this section does not provide full and adequate disclosure of financial information in accordance with accounting principles generally accepted in the United States of America, but is designed to be useful in identifying trends and evaluating the credit worthiness of the District.

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Financial Trends

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These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time

Revenue Capacity

87 - 93

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

94 - 98

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

99 - 101

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

102 - 104

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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SHAWNEE MISSION USD #512, KANSAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets										
Restricted	\$ 202,148,601	\$ 209,641,065	\$ 209,665,197	\$ 231,300,400	\$ 253,330,501	\$ 251,367,186	\$ 267,252,105	\$ 275,444,373	\$ 263,162,281	\$ 278,936,435
Unrestricted	18,472,417	18,266,209	18,721,274	18,911,711	20,447,422	19,408,056	21,090,344	19,055,485	20,261,052	23,255,043
Total Net Position	<u>77,939,314</u>	<u>71,341,002</u>	<u>68,426,450</u>	<u>58,173,988</u>	<u>48,372,632</u>	<u>61,443,636</u>	<u>[215,924,714]</u>	<u>[218,368,956]</u>	<u>[180,894,387]</u>	<u>[180,382,709]</u>
	<u>\$ 298,560,332</u>	<u>\$ 299,248,276</u>	<u>\$ 296,812,921</u>	<u>\$ 308,386,099</u>	<u>\$ 322,150,555</u>	<u>\$ 332,218,878</u>	<u>\$ 72,417,735</u>	<u>\$ 76,130,902</u>	<u>\$ 102,528,946</u>	<u>\$ 121,808,769</u>

Source: Shawnee Mission USD #512 Basic Financial Statements

TABLE 1
(UNAUDITED)

TABLE 2
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
EXPENSE, PROGRAM REVENUES, AND NET [EXPENSE]/REVENUE
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction	\$ 184,559,961	\$ 188,221,804	\$ 171,080,693	\$ 172,548,326	\$ 172,142,399	\$ 169,492,144	\$ 169,510,423	\$ 166,460,156	\$ 155,970,852	\$ 169,572,000
Student Support Services	16,343,687	15,282,973	14,438,322	14,928,047	15,069,611	14,857,615	14,526,934	15,090,880	14,580,344	16,415,633
Instructional Support	10,565,365	9,610,299	8,574,949	8,115,624	8,085,874	8,702,701	8,574,463	9,239,934	9,688,922	11,178,682
General Administration	1,927,114	2,153,630	2,039,379	1,984,847	2,013,862	2,087,528	2,534,990	2,648,589	2,760,096	2,653,293
School Administration	14,162,217	14,315,622	13,931,653	13,511,466	13,396,373	13,266,480	13,375,735	14,548,696	13,713,788	14,799,416
Operations and Maintenance	38,686,737	36,443,274	43,126,239	44,860,538	41,744,327	43,261,815	43,144,632	45,457,779	68,745,764	55,402,518
Student Transportation Services	9,106,631	8,601,794	8,469,021	9,201,370	9,335,869	9,547,268	8,450,726	9,061,959	10,445,501	13,610,782
Food Service	11,450,798	11,031,971	10,677,553	11,102,506	11,457,954	11,055,516	10,881,124	10,659,695	10,411,807	10,800,040
Student Activities	4,417,319	4,426,435	3,981,855	4,007,704	4,007,889	4,061,388	4,706,058	4,173,907	4,221,791	4,439,012
Business and Central Support Services	13,568,008	13,878,967	11,023,101	10,479,838	9,762,803	10,775,348	12,471,248	13,705,857	12,761,937	13,464,636
State payment	3,307,073	9,714,502	8,554,660	7,202,108	5,911,332	8,532,644	8,319,740	9,185,456	9,150,732	7,890,632
Interest on Long-Term Debt	11,785,703	11,119,808	10,582,206	9,939,082	8,012,807	7,108,025	7,027,298	11,358,782	13,982,644	14,655,707
Total Primary Government Expenses	319,880,613	324,801,079	306,479,631	307,881,456	300,941,100	302,748,472	303,523,371	311,591,690	326,434,178	334,882,351
Program Revenues										
Governmental Activities:										
Charges for services										
Instruction	6,318,533	6,338,216	6,521,015	7,143,365	7,220,599	7,620,150	6,707,859	6,368,357	4,232,886	4,443,172
Food service operations	7,214,232	6,679,202	6,226,654	5,964,756	5,621,203	5,458,129	5,020,144	5,190,902	5,072,842	5,236,531
Operating grants and contributions	59,515,109	54,171,000	52,599,532	58,708,274	55,814,517	54,960,389	52,691,736	49,750,447	85,981,016	60,843,664
Total Primary Government Program Revenues	73,047,874	67,188,418	65,347,201	71,816,395	68,656,319	68,038,668	64,419,739	61,309,706	95,286,744	70,523,367
Total Primary Government Net [Expense]	\$ [246,832,739]	\$ [257,612,661]	\$ [241,132,430]	\$ [236,065,061]	\$ [232,284,781]	\$ [234,709,804]	\$ [239,103,632]	\$ [250,281,984]	\$ [231,147,434]	\$ [264,358,984]

Source: Shawnee Mission USD #512 Basic Financial Statements

SHAWNEE MISSION USD #512, KANSAS
GENERAL SCHOOL SYSTEM REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Primary Government Net [Expense]	<u>\$ [246,832,739]</u>	<u>\$ [257,612,661]</u>	<u>\$ [241,132,430]</u>	<u>\$ [236,065,061]</u>	<u>\$ [232,284,781]</u>	<u>\$ [234,709,804]</u>	<u>\$ [239,103,632]</u>	<u>\$ [250,281,984]</u>	<u>\$ [231,147,434]</u>	<u>\$ [264,358,984]</u>
General Revenues and Other Changes in Net Position:										
Property Taxes	173,273,499	174,637,862	172,144,938	168,798,265	166,773,703	166,746,918	120,997,886	120,366,048	130,956,402	129,602,758
Grants and Entitlements not Restricted to										
Specific Programs	84,596,362	81,854,702	81,964,106	76,441,368	77,982,462	80,367,156	132,870,804	133,219,087	133,184,363	145,290,056
Investment Earnings	1,427,724	228,674	44,357	44,892	95,308	23,647	16,013	211,106	757,057	1,658,837
Miscellaneous	1,197,559	1,571,344	1,745,847	2,353,714	1,910,593	1,944,037	2,105,826	3,122,371	2,887,305	4,905,744
Special Items										
Capital asset impairment losses	-	-	[7,481,919]	-	[718,519]	[4,287,468]	[7,624,061]	-	[6,880,895]	-
Total Primary Government	<u>260,495,144</u>	<u>258,292,582</u>	<u>248,417,329</u>	<u>247,638,239</u>	<u>246,043,547</u>	<u>244,794,290</u>	<u>248,366,468</u>	<u>256,918,612</u>	<u>260,904,232</u>	<u>281,457,395</u>
Total Primary Government Change in Net Position	<u>\$ 13,662,405</u>	<u>\$ 679,921</u>	<u>\$ 7,284,899</u>	<u>\$ 11,573,178</u>	<u>\$ 13,758,766</u>	<u>\$ 10,084,486</u>	<u>\$ 9,262,836</u>	<u>\$ 6,636,628</u>	<u>\$ 29,756,798</u>	<u>\$ 17,098,411</u>

Source: Shawnee Mission USD #512 Basic Financial Statements

TABLE 3
(UNAUDITED)

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SHAWNEE MISSION USD #512, KANSAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 2,122,870	\$ 1,963,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	42,193	25,182	-	-	-	-	-	-	-	-
Nonspendable	-	-	905,582	888,847	780,738	688,792	397,155	413,152	336,530	408,827
Assigned	-	-	329,853	317,516	334,857	559,760	398,215	216,216	8,505	3,644
Unassigned	-	-	29,262	21,352	26,277	13,971	19,417	9,969	11,066	36
Total General Fund	\$ 2,165,063	\$ 1,988,528	\$ 1,264,697	\$ 1,227,715	\$ 1,141,872	\$ 1,262,523	\$ 814,787	\$ 639,337	\$ 356,101	\$ 412,507
All Other Governmental Funds										
Reserved	\$ 45,910,160	\$ 36,694,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	77,904,670	59,551,483	-	-	-	-	-	-	-	-
Capital project funds	[3,806,001]	455,542	-	-	-	-	-	-	-	-
Nonspendable	-	-	107,725	96,722	189,521	198,557	224,487	183,037	8,770	-
Restricted	-	-	74,713,707	64,056,743	55,705,031	63,221,353	163,838,447	66,788,527	191,505,248	132,653,605
Assigned	-	-	17,646,655	19,977,946	15,356,317	24,149,575	30,044,581	72,681,245	1,927,220	2,266,261
Unassigned	-	-	1,528,813	1,623,281	2,733,230	1,713,483	2,307,373	246,837	4,235,681	3,566,289
Total All Other Governmental Funds	\$ 120,008,829	\$ 96,701,479	\$ 93,996,900	\$ 85,754,692	\$ 73,984,099	\$ 89,282,968	\$ 196,414,888	\$ 139,899,646	\$ 197,676,919	\$ 138,486,155

Source: Shawnee Mission USD #512 Basic Financial Statements

TABLE 4
(UNAUDITED)

TABLE 5
1 of 2
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxes, Net	\$ 173,273,500	\$ 174,637,862	\$ 156,898,392	\$ 154,520,287	\$ 153,082,847	\$ 153,155,103	\$ 107,781,277	\$ 107,042,177	\$ 118,305,600	\$ 116,579,276
Intergovernmental	138,631,527	135,091,776	148,876,864	148,343,210	146,310,175	147,832,128	197,676,322	194,934,550	196,989,043	217,723,244
Charges for Services	13,532,765	13,017,418	12,747,669	13,108,121	12,841,802	13,078,279	11,728,003	11,559,259	9,305,728	9,679,703
Investment Revenue	1,424,896	228,674	44,357	44,892	95,308	23,647	16,013	211,106	757,057	1,658,837
Other Local Sources	6,677,503	2,505,270	2,086,708	9,171,456	2,593,885	3,577,850	2,413,915	2,629,026	4,439,521	5,485,235
Total revenues	\$ 333,540,191	\$ 325,481,000	\$ 320,653,990	\$ 325,187,966	\$ 314,924,017	\$ 317,667,007	\$ 319,615,530	\$ 316,376,118	\$ 329,796,949	\$ 351,126,295

Source: Shawnee Mission USD #512 Basic Financial Statements

Shawnee Mission USD #512, Kansas
Governmental Funds Revenues
Last Ten Fiscal Years

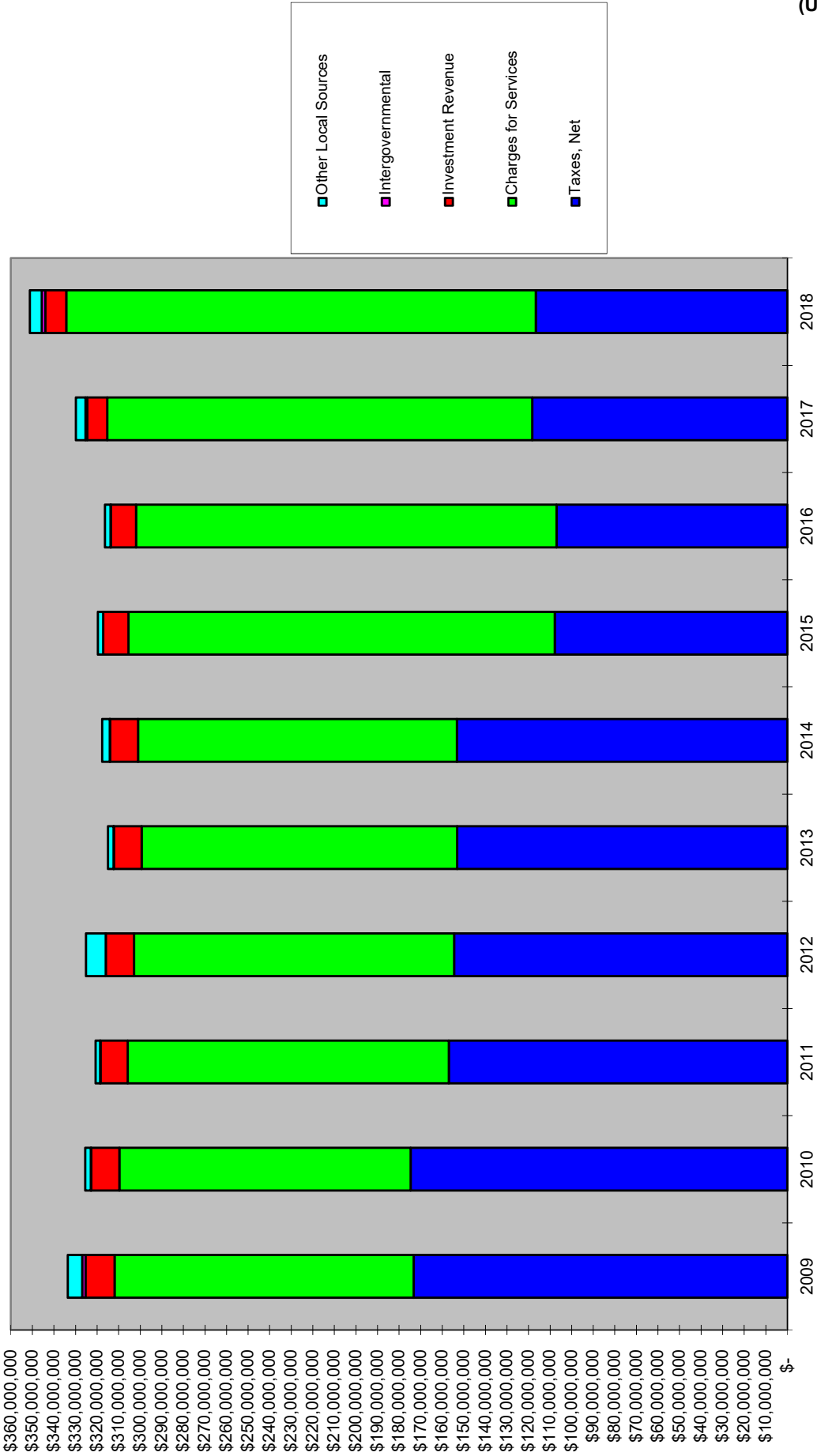


TABLE 6
1 of 2
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction	\$ 179,099,075	\$ 183,663,116	\$ 170,035,873	\$ 170,698,148	\$ 171,551,301	\$ 171,537,752	\$ 181,848,205	\$ 158,742,135	\$ 159,133,077	\$ 172,584,241
Student Support Services	16,043,234	14,907,675	14,328,515	14,823,074	14,999,984	14,795,635	14,412,548	14,810,979	14,999,279	16,808,714
Instructional Support	10,532,980	9,527,550	8,458,957	7,933,945	7,946,317	8,544,077	8,401,044	8,962,083	9,858,013	11,393,652
General Administration	1,925,137	2,139,955	2,028,624	1,988,731	2,000,570	2,073,598	2,518,982	2,606,039	2,801,339	2,701,355
School Administration	14,158,547	14,219,532	13,850,145	13,408,456	13,305,285	13,189,585	13,281,219	14,383,717	14,120,866	15,211,293
Operations and Maintenance	28,917,435	27,874,077	25,724,246	26,241,335	26,726,684	25,963,619	26,274,155	25,106,830	26,406,940	27,962,626
Student Transportation Services	9,102,841	8,551,345	8,426,838	9,135,585	9,280,101	9,493,104	8,413,928	9,007,923	10,396,167	13,608,906
Food Service Operations	11,219,447	10,789,495	10,488,324	11,016,334	11,319,129	10,977,161	10,606,828	10,473,655	10,484,032	10,910,317
Student Activities	4,374,068	4,352,822	3,988,609	4,019,090	3,965,649	4,053,533	4,678,770	4,131,033	4,232,927	4,396,281
Other Support Services	76,951	3,525	-	-	-	-	-	-	-	-
Business and Central Support Services	11,740,136	12,129,445	10,872,718	9,432,974	9,169,886	10,313,205	11,872,352	13,316,763	12,859,765	13,583,697
State Payment	3,307,073	9,714,502	8,554,660	7,202,108	5,911,332	8,532,644	8,319,740	9,185,456	9,150,732	7,890,632
Capital Outlay	53,696,585	25,857,483	22,576,148	32,905,087	26,839,565	15,843,631	36,609,187	95,780,565	94,251,541	64,655,225
Debt Service										
Principal	26,725,000	12,830,000	14,030,000	14,575,000	15,235,000	17,495,000	30,803,056	26,419,886	33,569,539	33,882,931
Interest	11,899,014	11,245,693	10,718,743	10,107,289	8,529,650	7,286,249	6,942,244	10,234,829	13,242,091	14,811,533
Total Expenditures	\$ 382,817,523	\$ 347,806,215	\$ 324,082,400	\$ 333,467,156	\$ 326,780,453	\$ 320,098,793	\$ 364,982,258	\$ 403,161,893	\$ 415,486,308	\$ 410,401,403
Debt service as a percentage of noncapital expenditures	11.74%	7.48%	8.21%	8.21%	7.92%	8.14%	11.49%	11.92%	14.57%	14.08%

(1) Expenditures include General, Special Revenue, Debt Service and Capital Project Funds.

Source: Shawnee Mission USD #512 Basic Financial Statements

Shawnee Mission USD #512, Kansas Governmental Funds Expenditures Last Ten Fiscal Years

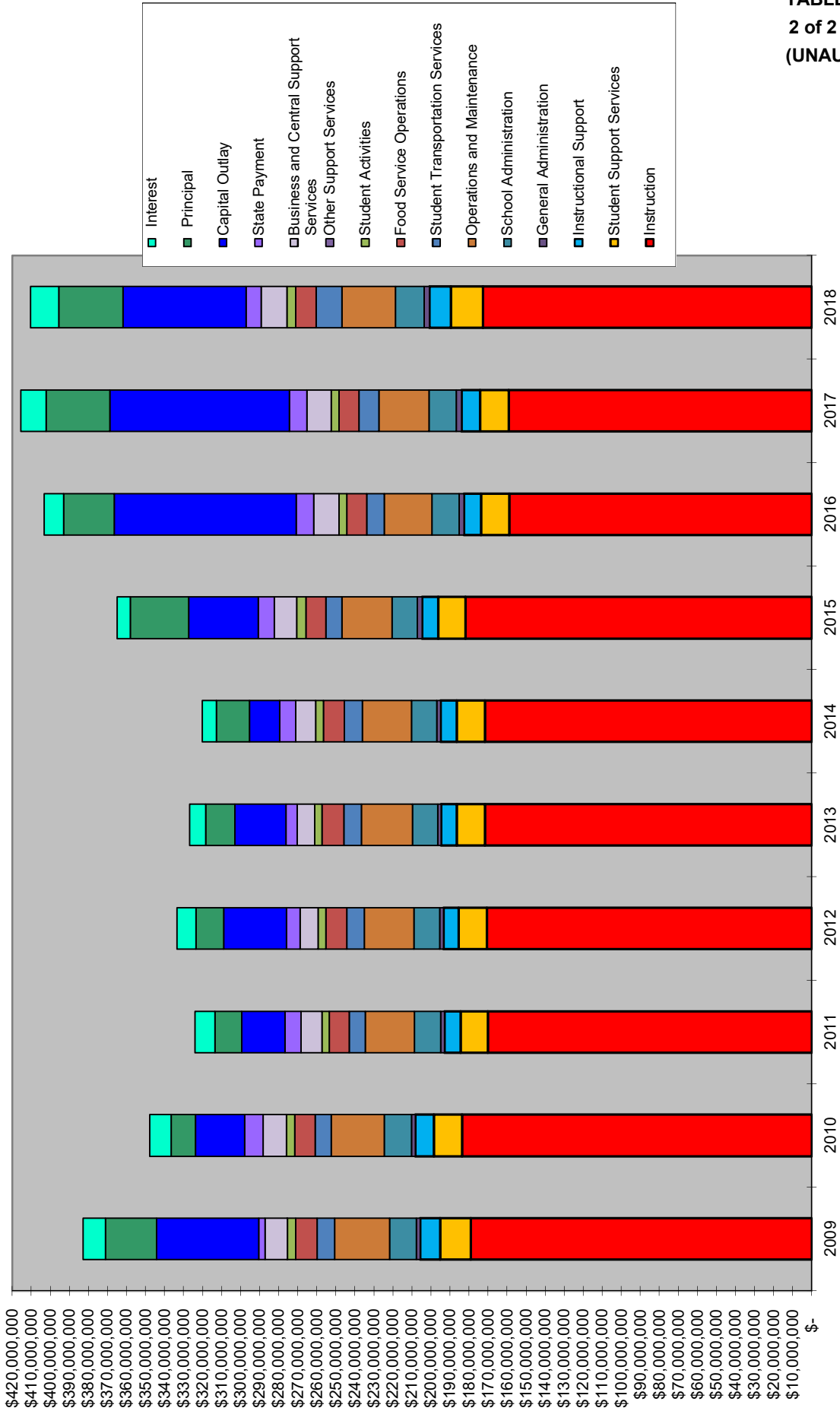


TABLE 6
2 of 2
(UNAUDITED)

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SHAWNEE MISSION USD #512, KANSAS
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess of Revenues Over										
[Under] Expenditures	\$ [49,277,332]	\$ [22,325,215]	\$ [3,428,410]	\$ [8,279,190]	\$ [11,856,436]	\$ [2,431,786]	\$ [45,366,728]	\$ [86,785,775]	\$ [85,689,359]	\$ [59,275,108]
Other Financing Sources [Uses]										
General long term debt issued	15,850,000	-	-	-	79,790,000	17,851,306	152,050,912	30,095,083	143,183,396	-
Bond premium	591,126	-	-	-	6,046,627	-	-	-	-	-
Bond issuance costs	-	-	-	-	[328,693]	-	-	-	-	-
Payment to escrow agent	-	-	-	-	[85,507,934]	-	-	-	-	-
Transfer in	88,749,676	76,962,367	14,289,170	14,969,513	13,541,172	17,421,443	18,656,841	19,122,673	14,463,795	17,152,044
Transfer out	[90,004,966]	[78,090,680]	[14,289,170]	[14,969,513]	[13,541,172]	[17,421,443]	[18,656,841]	[19,122,673]	[14,463,795]	[17,152,044]
Total Other Financing Sources [Uses]	15,185,836	[1,128,313]	-	-	-	17,851,306	152,050,912	30,095,083	143,183,396	-
Net Change in Fund Balances	\$ [34,091,496]	\$ [23,453,528]	\$ [3,428,410]	\$ [8,279,190]	\$ [11,856,436]	\$ 15,419,520	\$ 106,684,184	\$ [56,690,692]	\$ 57,494,037	\$ [59,275,108]

Source: Shawnee Mission USD #512 Basic Financial Statements

TABLE 7
(UNAUDITED)

TABLE 8
1 of 2
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN TAX YEARS

Tax Year	Real Property Assessed Value	Personal Property Assessed Value	Utilities Assessed Value	Total Assessed Value	Real Property Estimated Actual Value*	Personal Property Estimated Actual Value*	Utilities Estimated Actual Value*	Total Estimated Actual Value*	Ratio of Total Assessed to Total Estimated Act. Value		Total Direct Rate
									Estimated	Act. Value	
2008	\$ 3,001,456,336	\$ 134,371,767	\$ 82,202,286	\$ 3,218,030,389	\$ 23,790,562,536	\$ 528,528,950	\$ 268,834,452	\$ 24,587,925,938	13.09%		52.094
2009	2,909,353,163	105,615,934	82,591,287	3,097,560,384	22,337,602,208	415,422,674	272,118,097	23,025,142,978	13.45%		55.318
2010	2,773,580,553	86,570,989	78,644,838	2,938,796,380	21,412,868,757	373,807,140	263,785,935	22,050,461,833	13.33%		57.192
2011	2,776,280,449	74,640,374	69,955,160	2,920,875,983	21,432,899,400	293,585,471	237,674,822	21,964,159,693	13.30%		56.135
2012	2,746,861,974	63,945,359	63,547,939	2,874,355,272	21,365,569,428	251,518,412	217,553,756	21,834,641,596	13.16%		55.766
2013	2,779,828,747	55,941,640	61,825,124	2,897,595,511	22,648,783,320	220,037,117	210,228,673	23,079,049,110	12.56%		55.611
2014	2,922,318,939	43,932,416	57,124,913	3,023,376,268	23,782,953,680	206,397,221	204,379,547	24,193,730,448	12.50%		55.911
2015	3,096,353,437	38,005,162	58,518,268	3,192,876,867	25,175,807,400	181,558,136	212,583,155	25,569,948,691	12.49%		54.059
2016	3,324,246,170	35,524,582	60,017,876	3,419,788,628	26,900,263,560	170,996,146	216,243,752	27,287,503,458	12.53%		54.940
2017	3,541,530,458	32,848,761	61,322,077	3,635,701,296	28,916,682,530	158,091,588	217,789,524	29,292,563,642	12.41%		53.663

* Actual values for property within the boundaries of Unified School District No. 512 for years 2008 through 2017 are not maintained within the County.
Estimate is based on ratio of Unified School District No. 512 assessed value to Johnson County total assessed value multiplied by Estimated Actual Values
for Johnson County. (County figures are from Johnson County, Kansas December 31, 2017 Comprehensive Annual Financial Report.)

(1) Per \$1,000 of Assessed Valuation

Source: Johnson County Clerk, Johnson County Appraiser and Shawnee Mission #512 records

Shawnee Mission #512, Kansas
Assessed Value of Taxable Property
Last Ten Tax Years

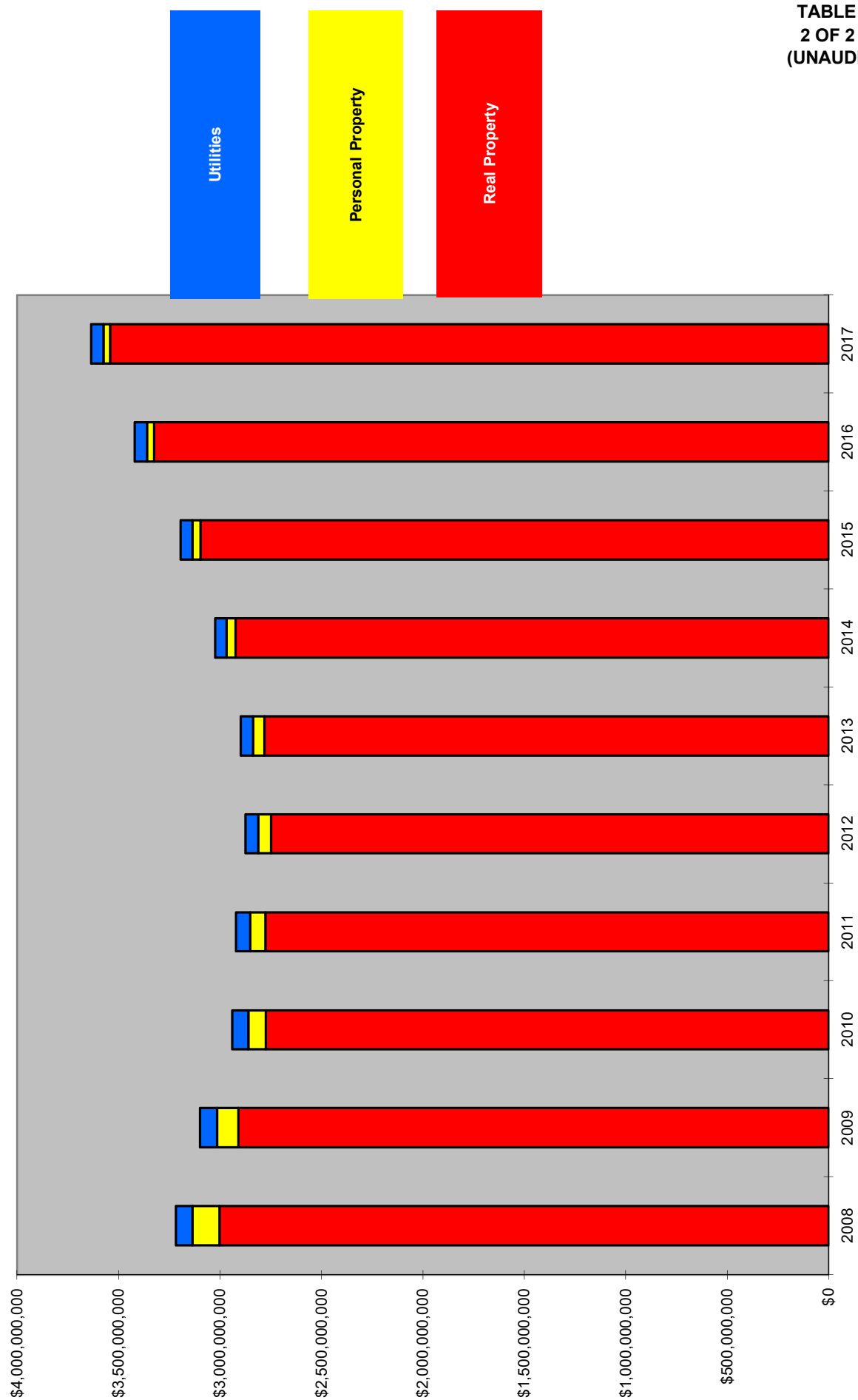


TABLE 9
1 of 2
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN TAX YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Shawnee Mission USD #512										
General	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Supplemental General	15,187	16,566	17,795	17,727	17,796	17,357	17,333	15,772	16,824	16,058
Capital Outlay	8,737	8,000	8,000	7,997	8,000	8,000	8,000	8,000	8,000	8,000
Declining Enrollment	0,765	0,918	1,003	0,188	0,000	1,009	1,123	0,874	0,928	0,290
Bond & Interest	6,893	7,183	8,001	7,907	8,009	7,429	7,434	7,445	7,438	7,440
Special Assessment	0,248	0,245	0,299	0,281	0,292	0,364	0,324	0,109	0,000	0,221
Cost of Living	0,120	2,239	2,094	2,035	1,669	1,452	1,697	1,755	1,750	1,550
Special Liability	0,144	0,167	0,000	0,000	0,000	0,000	0,000	0,104	0,000	0,104
Total - Direct	52,094	55,318	57,192	56,135	55,766	55,611	55,911	54,059	54,940	53,663
State of Kansas	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Johnson County	17,767	17,716	17,748	17,700	17,717	17,745	17,764	19,582	19,590	19,318
Cities										
Fairway	12,752	12,853	18,617	18,617	18,621	18,619	18,629	18,629	19,862	19,914
Leawood*	24,251	24,259	24,382	24,393	24,393	24,477	24,492	24,508	24,513	24,517
Lenexa*	26,568	26,574	26,626	29,635	29,668	29,713	31,765	31,807	31,828	31,832
Merriam	27,360	27,352	27,474	27,412	27,522	27,625	27,605	27,676	27,673	27,741
Mission	13,215	13,217	11,213	11,371	11,410	11,413	11,354	18,225	18,019	17,973
Mission Hills	21,912	21,898	21,904	21,905	21,926	21,923	21,923	21,937	21,951	21,962
Mission Woods	13,259	13,311	13,000	11,723	12,084	12,084	12,084	15,528	15,528	16,284
Overland Park*	8,852	8,890	8,876	12,814	12,769	12,833	12,837	12,848	13,800	13,565
Prairie Village	18,182	18,179	18,877	19,491	19,478	19,490	19,493	19,500	19,471	19,311
Roeland Park	18,783	18,770	22,030	23,225	25,872	33,379	33,378	33,385	33,463	31,023
Shawnee*	24,693	24,699	24,717	24,732	24,914	24,959	24,520	24,536	26,611	26,614
Westwood	25,571	23,493	23,499	23,881	24,464	23,676	22,275	22,523	21,301	21,307
Westwood Hills	17,011	18,000	18,000	20,000	20,000	20,000	19,920	21,000	25,497	24,943
Merriam Drainage	2,488	2,615	2,849	3,038	3,091	3,127	3,088	2,002	2,002	2,403
Johnson County Consolidated Fire #2	8,992	8,991	18,336	18,045	10,187	11,004	11,003	11,757	11,769	11,760
Monticello Cemetery District*	0,033	0,032	0,051	0,041	0,040	0,027	0,031	0,028	0,040	0,039
Johnson County Community College*	8,768	8,784	8,799	8,776	8,785	9,551	9,461	9,469	9,473	8,966
Johnson County Parks and Recreation*	2,341	2,346	2,350	2,343	2,344	2,347	2,349	3,101	3,102	3,112
Johnson County Library Board*	3,057	3,151	3,158	3,145	3,149	3,155	3,157	3,912	3,915	3,921
	297,355	296,630	314,006	323,787	319,934	328,647	328,628	343,453	350,908	348,005

* Located partially within and partially out of district boundaries.

Source: Johnson County Clerk's Office

Shawnee Mission USD #512, Kansas District Mill Levy Rates Last Ten Tax Years

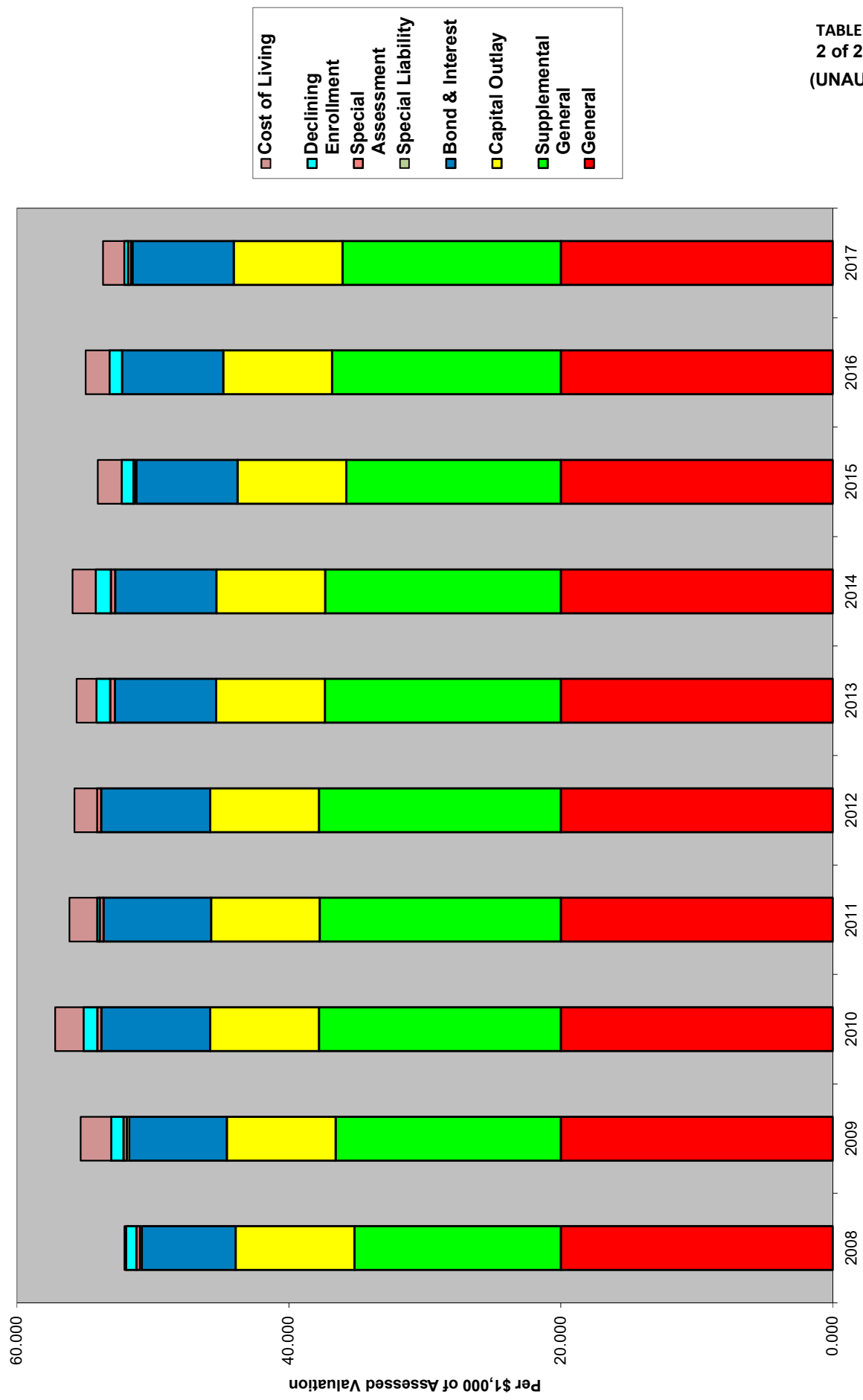


TABLE 9
 2 of 2
 (UNAUDITED)

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**TABLE 10
(UNAUDITED)**

**SHAWNEE MISSION USD #512, KANSAS
PRINCIPAL TAXPAYERS
JUNE 30, 2018 and Nine Years Ago**

<u>Name</u>	<u>Industry</u>	<u>2018 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>	<u>2009 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Oak Park Mall, LLC	Shopping Center	\$ 52,614,009	1.74%	\$ 50,228,158	1.56%
Kansas City Power & Light Co	Utility	28,231,919	0.93%	26,482,852	0.82%
Midwest Division - OPRMC, LLC	Pharmaceuticals	19,117,200	0.63%	10,683,005	0.33%
LIT Industrial Limited	Real Estate	16,950,623	0.56%		
Tower Properties Company	Real Estate	16,922,976	0.56%	11,074,782	0.34%
Perg Buildings, LLC	Shopping Center	14,871,795	0.49%	22,241,162	0.69%
Kansas Gas Service	Utility	13,356,840	0.44%	12,128,724	0.38%
Target Corporation	Shopping Center	12,169,348	0.40%		
Merriam Town Center	Shopping Center	11,203,251	0.37%	12,281,829	0.38%
IKEA Property, Inc.	Shopping Center	11,153,925	0.37%		
Southwestern Bell Telephone	Utility			26,291,251	0.82%
Highwoods Realty Limited	Real Estate			15,974,552	0.50%
Newtower Trust Company	Real Estate			10,311,890	0.32%
		<u>\$ 196,591,886</u>	<u>6.49%</u>	<u>\$ 197,698,205</u>	<u>6.14%</u>

Source: Johnson County Clerk's Office

TABLE 11
1 of 2
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Tax Year/ Collection Year	Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections (Current & Delinquent)	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Outstanding Delinquent Taxes to Total Tax Levy
2008/09	\$ 164,246,789	\$ 160,075,199	97.46%	\$ 1,677,842	\$ 161,753,041	98.48%	\$ 35,765,527	21.78%
2009/10	167,958,547	163,237,526	97.19%	1,281,570	164,519,096	97.95%	39,204,978	23.34%
2010/11	164,677,469	161,881,668	98.30%	2,077,722	163,959,390	99.56%	39,923,057	24.24%
2011/12	160,564,255	157,970,454	98.38%	1,723,118	159,693,572	99.46%	40,793,740	25.41%
2012/13	156,889,939	155,571,680	99.16%	1,752,039	157,323,719	100.28%	40,359,960	25.73%
2013/14	154,807,802	156,398,674	101.03%	1,542,774	157,941,448	102.02%	37,226,314	24.05%
2014/15	165,582,481	163,126,121	98.52%	1,259,953	164,386,074	99.28%	38,422,721	23.20%
2015/16	169,214,854	165,472,378	97.79%	1,883,158	167,355,536	98.90%	40,282,039	23.81%
2016/17	184,219,307	181,810,148	98.69%	785,780	182,595,928	99.12%	41,905,418	22.75%
2017/18	191,667,972 (1)	188,768,759 (2)	98.49%	[86,931] (2)	188,681,828 (2)	98.44%	44,891,562 (2)	23.42%

(1) Tax year balances.

(2) Collection year balances.

Source: Johnson County Treasurer's Office

Shawnee Mission USD #512, Kansas Property Tax Levies and Collections Last Ten Years

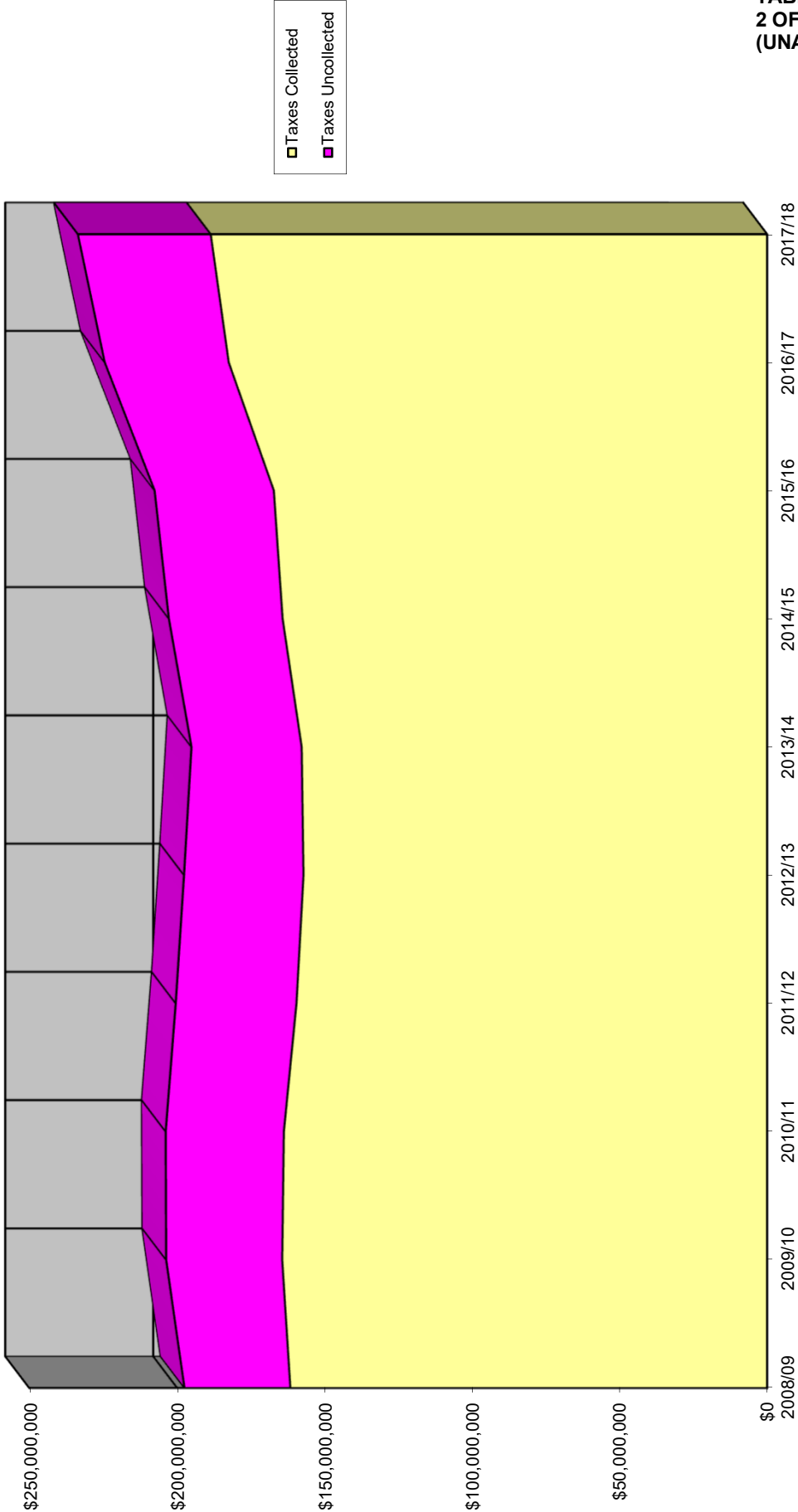


TABLE 11
 2 OF 2
 (UNAUDITED)

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SHAWNEE MISSION USD #512, KANSAS
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Temporary Notes	Total	District Population	Personal Income	Per Capita	Percentage of Personal Income
				(1)	(2)		
2009	\$ 255,599,839	\$ -	255,599,839	224,838	\$ 7,333,319,700	1,137	3.49%
2010	242,277,267	-	242,277,267	223,000	7,333,319,700	1,086	3.30%
2011	227,754,694	-	227,754,694	221,000	8,248,383,000	1,031	2.76%
2012	212,687,122	-	212,687,122	230,000	8,050,000,000	925	2.64%
2013	202,490,416	-	202,490,416	233,250	8,327,025,000	868	2.43%
2014	184,042,742	18,182,739	202,225,481	233,317	8,232,123,711	867	2.46%
2015	308,422,078	13,674,683	322,096,761	236,760	8,966,811,480	1,360	3.59%
2016	315,184,987	9,144,798	324,329,785	223,033	8,322,030,329	1,454	3.90%
2017	430,842,895	4,586,629	435,429,524	225,374	8,646,924,258	1,932	5.04%
2018	406,702,741	-	406,702,741	225,824	9,060,291,926	1,801	4.49%

(1) Population for 2009 through 2010 based on 2000 census. Population for 2011 through 2015 is from the Johnson County Economic Institute. Population for 2016 through 2018 is from Business Information Services, LLC.

(2) The 2009 personal income information is from the 2008 Census American Community Survey, the 2010 personal income information is from the 2009 Census American Community Survey The 2011 through 2015 personal income information is from the Johnson County Economic Research Institute. The 2016 through 2018 personal income information is from Business Information Services, LLC.

Source: Johnson County Clerk and Shawnee Mission #512 records

TABLE 12
(UNAUDITED)

TABLE 13
1 of 2
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	District Population	District Enrollment	Total Assessed Value	Bonded Debt	Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita	Bonded Debt Per Pupil
2009	224,838	27,776	\$ 3,218,030,389	\$ 255,599,839	7.94%	1,137	9,202
2010	223,000	27,744	3,097,560,384	242,277,267	7.82%	1,086	8,733
2011	221,000	27,870	2,938,796,380	227,754,694	7.75%	1,031	8,172
2012	230,000	27,766	2,920,875,983	212,687,122	7.28%	925	7,660
2013	233,250	27,437	2,874,355,272	202,490,416	7.04%	868	7,380
2014	233,317	27,412	2,897,595,511	184,042,742	6.35%	867	6,714
2015	236,760	27,464	3,023,376,268	308,422,078	10.20%	1,360	11,230
2016	223,033	27,651	3,192,876,867	315,184,987	9.87%	1,454	11,399
2017	225,374	27,516	3,419,788,628	430,842,895	12.60%	1,932	15,658
2018	225,824	27,586	3,635,701,296	406,702,741	11.19%	1,801	14,743

Source: Johnson County Clerk and Shawnee Mission USD #512 records

Shawnee Mission USD #512, Kansas
Ratio of District Net Bonded Debt Per Capita and Per Pupil
Last Ten Fiscal Years

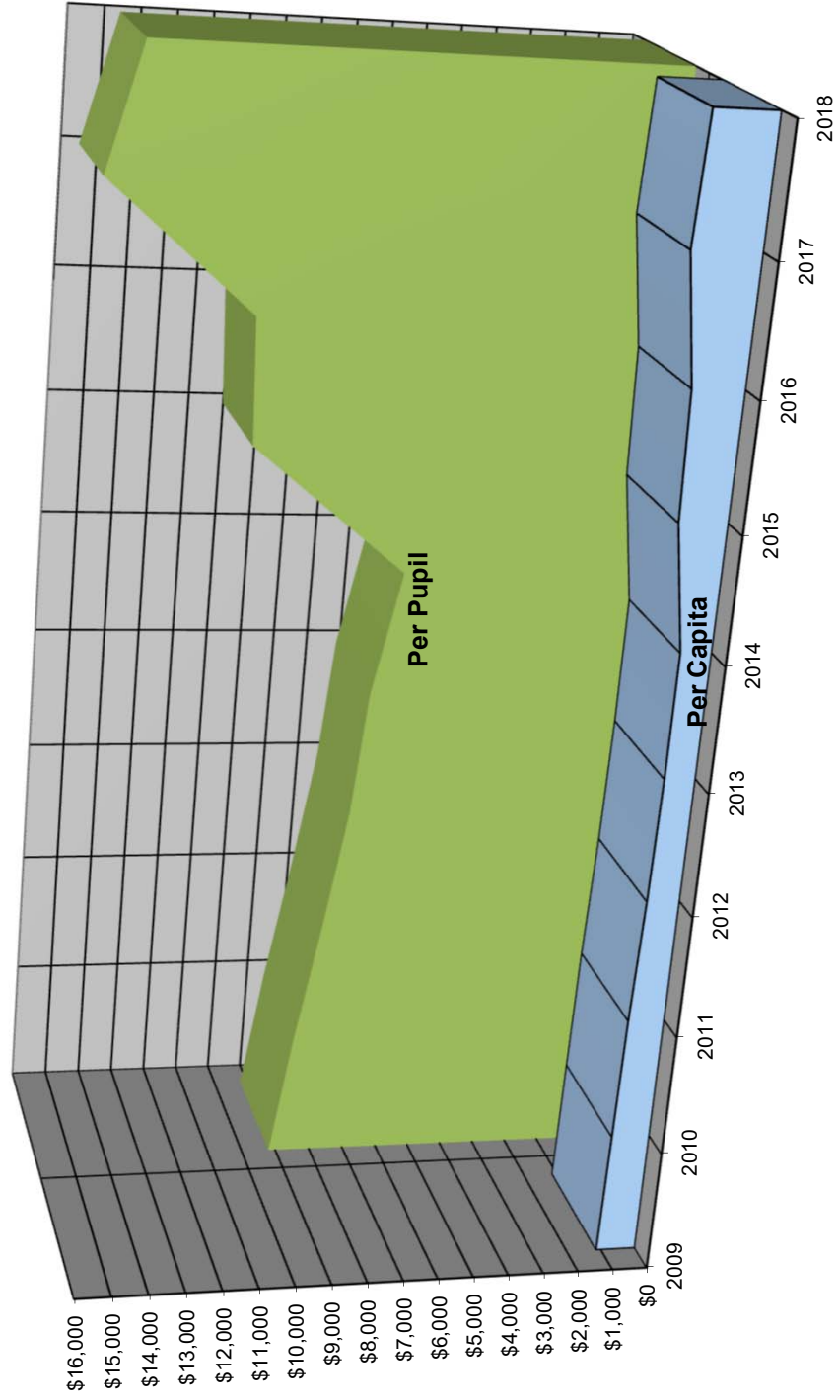


TABLE 13
2 of 2
(UNAUDITED)

TABLE 14
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2018

		Principal Amount of Outstanding Debt	Percent Applicable to School District	Amount Applicable to School District
Direct				
	Shawnee Mission USD #512	\$ 406,702,741	100.00%	\$ 406,702,741
Overlapping				
	Johnson County	\$ 312,063,100	36.78%	\$ 114,776,808
	Johnson County Park & Recreation	1,215,000	36.78%	446,877
	Johnson County Community College	7,210,000	36.78%	2,651,838
	City of Fairway	11,165,000	100.00%	11,165,000
	City of Leawood	80,935,000	23.03%	18,639,331
	City of Lenexa	155,600,000	70.44%	109,604,640
	City of Merriam	4,370,000	100.00%	4,370,000
	City of Mission	29,635,000	100.00%	29,635,000
	City of Mission Hills	2,656,153	100.00%	2,656,153
	City of Overland Park	115,600,000	33.52%	38,749,120
	City of Prairie Village	18,295,000	100.00%	18,295,000
	City of Roeland Park	5,603,000	100.00%	5,603,000
	City of Shawnee	50,900,000	60.27%	30,677,430
	City of Westwood	425,000	100.00%	425,000
	Johnson County Fire Department #2	190,000	100.00%	190,000
	Total Overlapping Debt			<u>\$ 387,885,197</u>
Total Direct and Overlapping Debt				<u><u>\$ 794,587,938</u></u>

Source: Johnson County Clerk's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the overlapping debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

TABLE 15
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Assessed Valuation of Taxable Property	\$ 3,218,030,389	\$ 3,097,560,384	\$ 2,938,796,380	\$ 3,207,842,957	\$ 3,158,978,055	\$ 3,185,373,843	\$ 3,321,340,656	\$ 3,502,318,099	\$ 3,743,994,445	\$ 3,970,401,016
Debt Limit Percent of Assessed Value	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Debt Limit	450,524,254	433,658,454	411,431,493	449,098,014	442,256,928	445,952,338	464,987,692	490,324,534	524,159,222	555,856,142
Total net debt applicable to limit	255,599,839	242,277,267	227,754,694	212,687,122	202,490,416	202,225,481	322,096,761	324,329,785	380,854,582	362,760,737
Legal Debt Margin	\$ 194,924,415	\$ 191,381,187	\$ 183,676,799	\$ 236,410,892	\$ 239,766,512	\$ 243,726,857	\$ 142,890,931	\$ 165,994,749	\$ 143,304,640	\$ 193,095,405
Total Net Debt Applicable To The Limit										
As A Percentage of Debt Limit	56.73%	55.87%	55.36%	47.36%	45.79%	45.35%	69.27%	66.15%	72.66%	65.26%

Source: Assessed valuation from Johnson County Clerk.
Statutory limits per K.S.A. 72-6761.

TABLE 16
1 of 2
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Elementary School	Middle School	High School	Special Education & Other	Total Student Enrollment (1)	Average Daily Attendance	Total District Population	Personal Income	Per Capita Personal Income	Unemployment Rate (2)
2009	14,127	4,055	8,800	789	27,771	94.9%	224,838	\$ 7,333,319,700	\$ 32,616	4.4%
2010	14,311	3,956	8,679	798	27,744	93.9%	223,000	7,333,319,700	32,885	6.8%
2011	14,595	3,912	8,597	766	27,870	95.4%	221,000	8,248,383,000	37,323	6.4%
2012	14,699	3,960	8,404	704	27,766	95.7%	230,000	8,050,000,000	35,000	5.8%
2013	14,656	3,873	8,211	697	27,437	95.7%	233,250	8,327,025,000	35,700	5.0%
2014	14,727	3,972	8,019	694	27,412	95.9%	233,317	8,232,123,711	35,283	4.7%
2015	14,713	3,981	8,076	694	27,464	94.8%	236,760	8,966,811,480	37,873	3.8%
2016	14,719	3,928	8,294	710	27,651	92.5%	223,033	8,322,030,329	37,313	2.9%
2017	14,478	3,914	8,162	962	27,516	92.3%	225,374	8,646,924,258	38,367	3.1%
2018	14,443	3,914	8,160	1,069	27,586	93.3%	225,824	9,060,291,926	40,121	2.6%

Projected Enrollment

Fiscal Year	Elementary School	Middle School	High School	Special Education & Other	Total Projected Student Enrollment
2019	14,329	3,917	8,162	1,157	27,565
2020	14,187	3,984	8,172	1,157	27,500
2021	14,157	3,965	8,160	1,157	27,439
2022	14,151	3,791	8,304	1,157	27,403
2023	14,073	3,824	8,222	1,157	27,276

(1) Enrollment counts as of September 20th.

(2) Unemployment rates are for all of Johnson County.

Source: 2018 Johnson County CAFR and Shawnee Mission USD #512 records

Shawnee Mission USD #512, Kansas
 Demographic Statistics
 Enrollment - Last Ten Fiscal Years

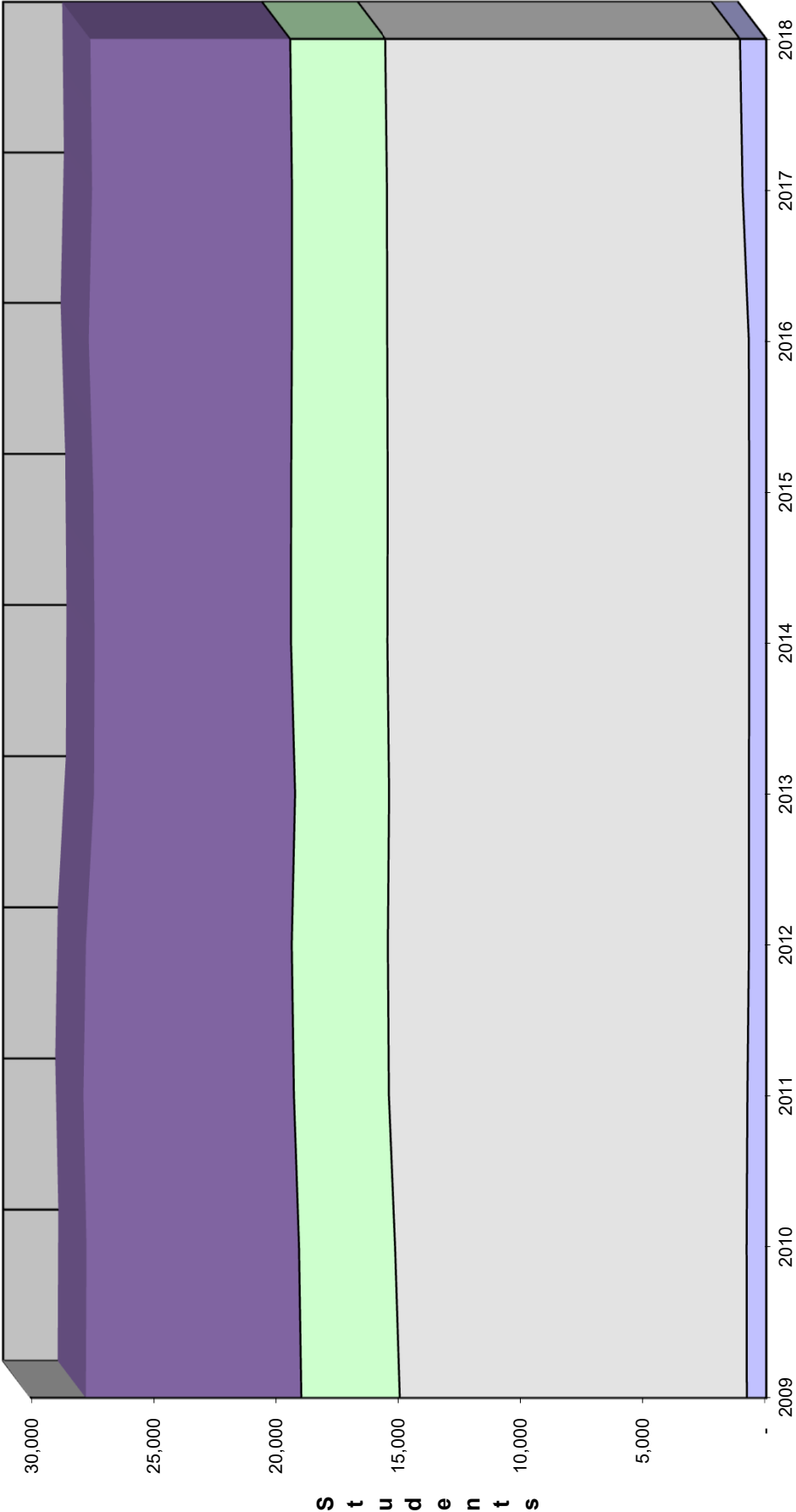


TABLE 16
 2 of 2
 (UNAUDITED)

TABLE 17
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
PRINCIPAL EMPLOYERS
JUNE 30, 2018 AND 2009

<u>Employer</u> (1)	June 30, 2018			June 30, 2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Bayer HealthCare, LLC-Animal Div	600	1	1.65%	515	5	1.90%
USD #512 (Shawnee Mission)	593	2	1.63%	760	3	2.80%
DeSoto USD #232	592	3	1.63%	640	4	2.36%
FedEx Ground Package System	575	4	1.58%	900	2	3.32%
Wal-Mart	340	5	0.94%	430	7	1.59%
City of Shawnee	340	6	0.94%	289	4	1.07%
Harte-Hanks	300	7	0.83%	412	8	1.52%
Hy-Vee Food Stores	245	8	0.67%			
The Sweet Life at Rosehill	220	9	0.61%			
Price Chopper	200	10	0.55%			
Deffenbaugh Industries, Inc				1,312	1	4.84%
Perceptive Software, Inc.				475	6	1.75%
McLane Food Service				250	10	0.92%
Total	<u>4,005</u>		<u>11.03%</u>	<u>5,983</u>		<u>22.07%</u>
City of Shawnee	<u>36,318</u>			<u>34,513</u>		

(1) Principal employers are for the City of Shawnee.

Source: 2017 City of Shawnee CAFR

TABLE 18
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
DIRECTORY OF SCHOOL FACILITIES
AS OF JUNE 30, 2018

<u>School</u>	<u>Year Opened</u>	<u>Current Capacity</u>	<u>Enrollment As Of Sept. 20, 2017</u>	<u>Percent of Student Capacity</u>
Shawnee Mission East High School	1958	2,388	1,793	75.08%
Shawnee Mission North High School	1921	2,256	1,476	65.43%
Shawnee Mission Northwest High School	1969	2,376	1,644	69.19%
Shawnee Mission South High School	1966	2,232	1,507	67.52%
Shawnee Mission West High School	1962	2,424	1,730	71.37%
Shawnee Mission Horizons	2001	456	140	30.70%
Hocker Grove Middle School	1955	1,188	800	67.34%
Indian Hills Middle School	1955	1,176	836	71.09%
Indian Woods Middle School	1961	1,110	715	64.41%
Trailridge Middle School	1967	1,167	779	66.75%
Westridge Middle School	1962	1,434	830	57.88%
Apache Elementary	2011	592	597	100.84%
Belinder Elementary	1952	592	499	84.29%
Benninghoven Elementary	2017	550	524	95.27%
Bluejacket-Flint Elementary	1996	600	407	67.83%
Briarwood Elementary	2016	600	580	96.67%
Broken Arrow Elementary	1990	600	412	68.67%
Brookridge Elementary	1967	600	540	90.00%
Brookwood Elementary	1960	500	385	77.00%
Comanche Elementary	2008	600	463	77.17%
Corinth Elementary	1996	600	564	94.00%
Crestview Elementary	2017	510	361	70.78%
Diemer Elementary	1964	476	416	87.39%
East Antioch Elementary	1958	450	358	79.56%
Highlands Elementary	2010	600	326	54.33%
Marsh Elementary	2006	546	540	98.90%
McAuliffe Elementary	1987	600	405	67.50%
Merriam Park Elementary	2007	568	452	79.58%
Mill Creek Elementary	1978	568	431	75.88%
Nieman Elementary	2008	600	502	83.67%
Oak Park-Carpenter Elementary	2007	546	522	95.60%
Overland Park Elementary	1998	522	402	77.01%
Pawnee Elementary	1965	600	481	80.17%
Prairie Elementary	1993	498	451	90.56%
Rising Star Elementary	1991	600	540	90.00%
Roesland Elementary	2008	568	341	60.04%
Rosehill Elementary	1966	600	529	88.17%
Rushton Elementary	1954	428	360	84.11%
Santa Fe Trail Elementary	1953	600	285	47.50%
Shawano Elementary	2016	550	453	82.36%
Sunflower Elementary	1994	600	542	90.33%
Tomahawk Elementary	1954	498	306	61.45%
Trailwood Elementary	2016	510	459	90.00%
Westwood View Elementary	1968	404	308	76.24%
Preschool & Other Enrollment			595	
Total			27,586	

Source: Shawnee Mission USD #512 records

TABLE 19
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
MISCELLANEOUS STATISTICAL DATA
AS OF JUNE 30, 2018

Year of Incorporation	1969		
Form of Government	Elected Board		
Area of District	72 Square Miles		
Population of District	225,824		
Ending Enrollment 2017/2018	27,586		
Number of Schools		Average Class Size (1)	
Elementary Schools	33	Elementary	22.1
Middle Schools	5	Secondary	N/A
High Schools	5		
Total	<u><u>43</u></u>	Number of Full-Time Equivalent Employees	
		Classified	1,343.8
		Certified	<u>2,031.9</u>
		Total	<u><u>3,375.7</u></u>

Teacher Summary				
Degree	Number of Teachers	% of Total	Salary Range	
			Low	High
Bachelors	221	11.1%	\$ 42,136	\$ 47,242
Bachelors + 10	57	2.9%	43,093	50,686
Bachelors + 20	124	6.2%	44,056	56,981
Masters	745	37.3%	48,983	65,830
Masters + 15	177	8.9%	50,391	69,091
Masters + 30	150	7.5%	51,836	73,161
Masters + 45	93	4.7%	53,393	77,350
Masters + 60	397	19.9%	54,911	81,680
Doctorate	32	1.6%	57,467	84,343

Certified Employee Allocation					
	Elementary			High School	Total
	District Office	School	Middle School		
Superintendent	1.0	-	-	-	1.0
Asst. Superintendent	5.0	-	-	-	5.0
Principals	-	34.0	5.0	6.0	45.0
Asst. Principals	-	4.0	7.0	15.0	26.0
Directors Special Ed.	2.0	-	-	-	2.0
Directors Health	1.0	-	-	-	1.0
Instructional Coordinators	11.0	-	-	-	11.0
Other Directors	9.4	-	-	5.0	14.4
Other Curriculum Specialists	0.5	-	-	-	0.5
Vocational Arts Teachers	-	-	20.0	37.2	57.2
Special Ed. Teachers	-	122.6	47.0	78.0	247.6
Pre-Kindergarten	-	16.0	-	-	16.0
Kindergarten	-	107.0	-	-	107.0
Other Teachers	-	741.2	184.8	392.4	1,318.4
Library Media	-	30.5	5.0	5.0	40.5
Counselors	-	1.0	9.0	20.0	30.0
School Psychologists	19.0	-	-	-	19.0
Nurses	-	34.0	5.0	6.0	45.0
Speech Pathologists	-	40.0	3.1	1.9	45.0
Audiologists	-	1.0	-	-	1.0
Social Workers	1.0	27.0	6.0	11.0	45.0
Reading	-	34.5	1.0	-	35.5
Other	<u>7.0</u>	<u>-</u>	<u>-</u>	<u>8.6</u>	<u>15.6</u>
	56.9	1,192.8	292.9	586.1	2,128.7

(1) Average class size is only shown for elementary students. These students are typically served by one teacher and are pulled out of the classroom for physical education, music, art and extra reading. The average class size does not consider the additional staff for these pull-out programs. Secondary students are served by multiple teachers and average class size could vary widely depending on the number of students interested in a given course and the student load limits placed on each course. Therefore, an average class size is not computed for secondary schools.

Source: Shawnee Mission USD #512 records

**SHAWNEE MISSION USD #512, KANSAS
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per		Expenses	Cost Per Pupil	Teaching Staff	Pupil - Teacher Ratio	Percentage of Students	
			Pupil	Pupil					Receiving Free or Reduced Meals	Reduced Meals
2008	27,771	\$ 290,496,924	\$ 10,460	\$ 11,519	319,880,613	\$ 11,519	2,225	12	23.82%	
2009	27,744	297,873,039	10,736	11,707	324,801,079	11,707	2,275	12	30.85%	
2010	27,870	276,757,509	9,930	10,997	306,479,631	10,997	2,179	13	33.25%	
2011	27,766	275,879,780	9,936	11,088	307,881,456	11,088	2,059	13	35.53%	
2012	27,437	276,176,238	10,066	10,968	300,941,100	10,968	2,036	13	35.80%	
2013	27,412	279,473,913	10,195	11,044	302,748,472	11,044	2,023	14	37.84%	
2014	27,464	290,627,771	10,582	11,052	303,523,371	11,052	2,010	14	36.96%	
2015	27,651	270,726,613	9,791	11,269	311,591,690	11,269	1,998	14	36.96%	
2016	27,516	274,423,137	9,973	11,863	326,434,178	11,863	2,012	14	36.17%	
2017	27,586	297,051,714	10,768	12,140	334,882,351	12,140	2,032	14	34.37%	

(1) Enrollment counts as of September 20th.

Source: Shawnee Mission USD #512 records

**TABLE 20
(UNAUDITED)**

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GOVERNMENTAL AUDIT SECTION

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SHAWNEE MISSION UNIFIED SCHOOL DISTRICT 512

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Beginning Unencumbered Cash	Receipts	Expenditures	Ending Unencumbered Cash
U.S. Department of Education					
Passed through Kansas Department of Education (KSDE):					
Special Education Cluster					
Title VI-B	84.027	\$ -	\$ 261,822	\$ 261,822	\$ -
Title VI-B Pass Thru	84.027	-	5,833,614	5,833,614	-
Early Childhood Flo Thru	84.173	-	120,767	120,767	-
Subtotal Special Education Cluster			6,216,203	6,216,203	
Title I	84.010	[65,682]	4,029,882	3,948,888	15,312
Title I - Migrant Education	84.011	-	54,000	66,834	[12,834]
Title II-A Teacher Quality	84.367	[9,094]	747,818	718,385	20,339
Title III	84.365	17,089	211,660	252,284	[23,535]
Title IV	84.424	-	67,000	89,080	[22,080]
Carl Perkins	84.048	-	176,080	176,080	-
Total Department of Education Passed Through KSDE			11,502,643	11,467,754	
U.S. Department of Health & Human Services					
Passed through Kansas Department of Education (KSDE):					
TANF Cluster					
Temporary Assistance for Needy Families	93.558	-	177,858	177,858	-
Subtotal TANF Cluster			177,858	177,858	
Youth Risk Behavior Survey	93.079	-	1,635	1,635	-
Total Department of Health & Human Services Passed Through KSDE			179,493	179,493	
U.S. Department of Agriculture					
Passed through Kansas Department of Education (KSDE):					
Child Nutrition Cluster					
School Breakfast	10.553	-	942,976	942,976	-
National School Lunch Program	10.555	-	4,896,902	4,896,902	-
Summer Food Service Program for Children	10.559	-	93,417	93,417	-
Subtotal Child Nutrition Cluster			5,933,295	5,933,295	
State Administrative Expenses for Child Nutrition	10.560	-	99,958	99,958	-
Fresh Fruit & Vegetable Program	10.582	-	58,731	58,731	-
Total Department of Agriculture Passed Through KSDE			6,091,984	6,091,984	
Total			\$ 17,774,120	\$ 17,739,231	

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

1. Organization

Shawnee Mission Unified School District No. 512 (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, 2018.

5. Outstanding Loans

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

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the schedule of expenditures of federal awards.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

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(s) 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(s) 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:

CFDA Number(s)

Name of Federal Program or Cluster

84.027, 84.173

Title VI – Special Education Cluster

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

Auditee qualified as low-risk auditee? X Yes No

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended June 30, 2018

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
Shawnee Mission Unified School District No. 512

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, budgetary comparison information, and the aggregate remaining fund information of the Shawnee Mission Unified School District No. 512, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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, Kansas
October 19, 2018



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

Board of Education
Shawnee Mission Unified School District No. 512

Report on Compliance for Each Major Federal Program

We have audited the compliance of Shawnee Mission Unified School District No. 512, (the District) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the 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, 2018.

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, Kansas
October 19, 2018