

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

**Howard D. McEachen Administrative Center
7235 Antioch
Shawnee Mission, Kansas 66204**

**For the Fiscal Year Ended
June 30, 2016**

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

This page intentionally left blank.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

Comprehensive Annual Financial Report
For the year ended June 30, 2016

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i - vi
Organizational Chart	vii
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15
Reconciliation of the Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures And Changes in Fund Balances with the Government-Wide Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	19
Supplemental General Fund	20
Special Education Fund	21
At Risk (K-12) Fund	22
KPERs Special Retirement Contribution Fund	23

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

Comprehensive Annual Financial Report
For the year ended June 30, 2016

TABLE OF CONTENTS - CONTINUED

	<u>Page</u>
FINANCIAL SECTION - CONTINUED	
Proprietary Fund	
Statement of Net Position - Internal Service Workers' Compensation Fund	24
Statement of Revenues, Expenses and Changes in Net Position - Internal Service Workers' Compensation Fund	25
Statement of Cash Flows - Internal Service Workers' Compensation Fund	26
Statement of Fiduciary Assets and Liabilities - Agency Fund	27
Notes to the Basic Financial Statements	28 - 48
Required Supplementary Information:	
Schedule of Funding Progress and Schedule of Employer Contributions	49
Schedule of the District's Proportionate Share of the Net Pension Liability	49
Schedule of the District's Contributions	50
Other Supplementary Information:	
Combining Statements and Individual Fund Schedules	
Combining Statements - Nonmajor Funds	
Fund Descriptions	51 - 52
Combining Balance Sheet - Nonmajor Special Revenue Funds	53 - 54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	55 - 56
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis):	
Vocational Education Fund	57
Declining Enrollment Fund	58
Professional Development Fund	59
Special Assessment Fund	60
Food Service Fund	61
Adult Supplemental Education Fund	62
Bilingual Education Fund	63
Summer School Fund	64
Parent Education Program Fund	65
Extraordinary School Program Fund	66
Special Liability Fund	67
At Risk (4 Year-Old) Fund	68
Cost of Living Fund	69
Federal and Local Grants Fund	70
Debt Service Fund	71
Capital Outlay Fund	72
Statement of Changes in Assets and Liabilities - Agency Fund	73

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

Comprehensive Annual Financial Report
For the year ended June 30, 2016

TABLE OF CONTENTS – CONTINUED

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		
Net Position by Component - Last Ten Fiscal Years	1	74
Expense, Program Revenues, and Net [Expense]/Revenue - Last Ten Fiscal Years	2	75
General School System Revenues and Total Change in Net Position - Last Ten Fiscal Years	3	76
Fund Balances, Governmental Funds - Last Ten Fiscal Years	4	77
Governmental Funds Revenues - Last Ten Fiscal Years	5	78 - 79
Governmental Funds Expenditures and Debt Service Ratio - Last Ten Fiscal Years	6	80 - 81
Other Financing Sources and Uses and Net Change in Fund Balances - Last Ten Fiscal Years	7	82
Assessed and Estimated Actual Value of Taxable Property - Last Ten Tax Years	8	83 - 84
Property Tax Rates (Per \$1,000 of Assessed Valuation) Direct and Overlapping Governments - Last Ten Tax Years	9	85 - 86
Principal Taxpayers June 30, 2016 and Nine Years Ago	10	87
Property Tax Levies and Collections - Last Ten Tax Years	11	88- 89
Outstanding Debt by Type - Last Ten Fiscal Years	12	90
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years	13	91 - 92
Computation of Direct and Overlapping Debt	14	93
Computation of Legal Debt Margin - Last Ten Fiscal Years	15	94
Demographic Statistics - Last Ten Fiscal Years	16	95 - 96
Principal Employers - June 30, 2016 and 2007	17	97
Directory of School Facilities	18	98
Miscellaneous Statistical Data	19	99
Operating Statistics - Last Ten Fiscal Years	20	100
GOVERNMENTAL AUDIT SECTION		
Schedule of Expenditures of Federal Awards		101
Notes to Schedule of Expenditures of Federal Awards		102
Schedule of Findings and Questioned Costs		103 - 104

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

Comprehensive Annual Financial Report
For the year ended June 30, 2016

TABLE OF CONTENTS – CONTINUED

	<u>Page</u>
GOVERNMENTAL AUDIT SECTION - CONTINUED	
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"	105 - 106
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	107 - 108

INTRODUCTORY SECTION



Shawnee Mission School District

Office of the Superintendent

McEachen Administrative Center • 7235 Antioch • Shawnee Mission, Kansas 66204 • Phone (913) 993-6401 • Fax (913) 993-6230 • www.smsd.org

October 24, 2016

**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, 2016, 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. Three Shawnee Mission high schools were listed on the *Washington Post's* 2016 list of top high schools in the country. 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 89 percent. Shawnee Mission seniors in the class of 2016 earned more than \$40 million in scholarship offers. 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 2015-16 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 four administrative and support facilities. This represents a physical plant in excess of nearly 5.2 million square feet, having a replacement value in excess of \$1 billion.

On September 20, 2015, enrollment was 27,651, up 187 from the 27,464 students on September 20, 2014. This enrollment represented 14,719 elementary school students, 3,928 middle school students, 8,294 high school students, 710 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 assistant 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 81 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 5.6% to \$3.2 billion during 2015.

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

The Shawnee Mission School District adopted a strategic plan centered on seven themes: academic achievement, facilities, community/marketing, student/employee well-being, technology, resources, and safety and security. Our success will be measured by continuous improvement in all areas of the organization, but most importantly, as it relates to the effectiveness of teaching and learning.

Shawnee Mission continues to develop a comprehensive curriculum model that will help increase achievement among all students. While aligning state standards, curriculum resources will include research-based instructional practices, digital tools, and common assessments to help measure student mastery.

Shawnee Mission offers an academic program that emphasizes strong basic education while providing opportunities for students to explore various subjects in which they may have an interest for future study. At the elementary level, students receive instruction to develop solid foundational skills in reading, language arts, science, mathematics, and social studies. In 2016-17, an innovative school model that will serve as a laboratory school for best practices in educational leadership, instruction, and learning, will be implemented at Apache Innovative School.

Students at the middle school level receive rigorous academic instruction. In addition, they have the opportunity to enroll in a variety of fine arts courses, technical education courses, and Spanish and French classes. Schools offer activities to meet a broad range of student interests including sports, environmental awareness, robotics, art, science, and math.

In the 2016-17 school year the district is expanding Project Lead The Way's (PLTW) elementary school program, PLTW Launch, to all 33 elementary schools, making the expansion one of the largest of the program in the United States.

Early learning is essential to building strong foundational skills, and the Shawnee Mission School District offers an all-day kindergarten program at no cost for families.

Shawnee Mission high schools offer a broad range of academic opportunities to meet the individual education and career goals of students. The district offers a strong core curriculum, as well as courses in fine arts, business, family and consumer science, industrial technology, and world language. The district offers a large variety of honors, Advanced Placement, and International Baccalaureate courses through which students earn additional grade points and have the opportunity to earn college credit. Students may also participate in a number of co-curricular and extracurricular activities.

Shawnee Mission has been a leader in providing Signature Programs in which students can explore unique areas of study in preparation for specialized academic and future career opportunities. Classrooms are equipped with state-of-the-art technology and the professional tools necessary to create hands-on learning experiences unique to each program. Signature Programs include Medical Health Sciences, which provides hands-on instruction and shadowships in healthcare settings and gives students an opportunity to earn CNA certification; Biotechnology, offering students opportunities to perform original research and gain valuable experience in local laboratories preparing them for biotechnology careers; International Baccalaureate, a rigorous college preparatory program; Legal Studies, which strengthens students' understanding of the law through work with local law firms and other legal professionals; Project Lead the Way, which gives students a chance to explore engineering fields; Global Systems, an exploration of careers in sustainable food systems for a growing population; and Project Blue Eagle, a program providing students opportunities to gain training for careers in law enforcement, firefighting, emergency medical technicians, and law. The district's culinary arts program, which is certified by the American Culinary Federation, provides practical application in an on-site restaurant.

Fourteen district students were named 2016 National Merit Scholarship finalists. In 2016, Shawnee Mission students posted scores that exceeded state and national composite scores on the ACT.

District students have won honors in numerous competitions including: the Intel International Science and Engineering Fair, DuPont Challenge Science Writing Competition, Toshiba National Science Teachers Association Exploravision, National Science Teachers Association, National Scholastic Press Association, The Presidential Scholars Program, the National Merit Scholarship program, and the Greater KC Science and Engineering Fair. Shawnee Mission students have been named U.S. Presidential Scholars, and have received numerous state team and individual championship titles in athletics, as well as for Navy Junior Reserve Officers Training Corps.

Contributing a significant number of PTA members in the state, our PTA units provide recognition programs, volunteers, financial support, and special events to enhance the educational experience. Multiple Shawnee Mission schools have been recognized by the national PTA organization for having strong family-school partnerships.

Shawnee Mission proudly partners with multiple businesses that offer varying levels of support in schools across the district. Community members are also actively involved in mentoring and tutoring programs through the district's My Volunteer Pal (MVP) volunteer program.

The Shawnee Mission Education Foundation is another organization whose commitment to Shawnee Mission's tradition of learning is evident in the financial support it offers to help provide district students of all ages with innovative educational opportunities. Since its inception, the Foundation has contributed more than \$4.7 million in total grants and gifts benefiting students at schools across the district.

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 will move focus away from traditional labs. However, to help bridge across previous technology to new technology, 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 has just completed an initiative to make sure data closet inter-connections, Wide Area Network, and Internet access all meet the 2017-2018 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 and Apple TV. The district is moving new and remodeled classrooms to using a large flat panel display in place of projector/screen combinations.

All employees and students have electronic mail. A comprehensive review and evaluation of the district security stance was completed during 2015-2016 and upgrades to various areas such as spam mitigation, anti-virus protection, and intrusion detection were performed. 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. Coming in the 2016-2017 school year will be an augmented virtual meeting and collaboration platform available to all district employees. Teachers will be able to use this platform when working with students as well. Additionally, all teachers and students in the district have access to the collaborative platform Google Apps for Education.

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 Assistant Superintendent for Instructional 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 Analyst and Purchasing Supervisor.

The Cabinet, which consists of the superintendent, deputy superintendent, chief academic officer, four assistant superintendents, 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 .255% in 2016. This is net of funds held in demand deposits and compensating balance requirements. In accordance with Kansas statutes, investment revenues for 2016 were recorded in the following funds:

General	\$ 50,100
Debt Service	9,456
Capital Project	130,275
Health Care Reserve	9,645
Food Service	1,077
Special Liability	<u>10,553</u>
Total	<u>\$ 211,106</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 / Automobile Physical Damage	\$1,142,553,001 (\$450,000,000 loss limit)	\$100,000
Boiler & Machinery	\$10,000,000	\$5,000
Liability (General, Employee Benefit, Law Enforcement, Automobile)	\$5,000,000 each occurrence /\$5,000,000 annual aggregate \$5,000,000 each	\$500,000
Liability (School Leaders E&O, Employment Practices)	occurrence /\$5,000,000 annual aggregate	\$500,000
Crime / Employee Dishonesty	\$2,750,000	\$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.

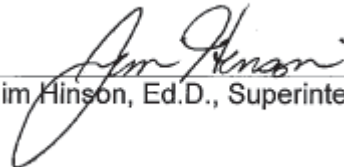
The district is occasionally involved in claims and lawsuits, including claims for unfair or discriminatory personnel practices and personal injury. While these cases may have future financial significance, district management, based on the advice of counsel, believes the ultimate outcome of those various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

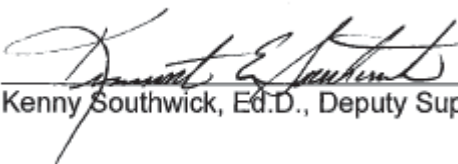
INDEPENDENT AUDIT

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, 2016, 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.

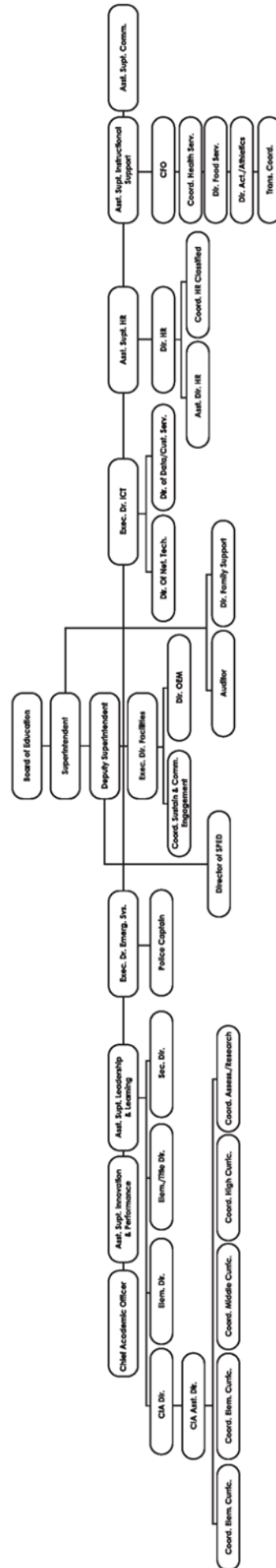
ACKNOWLEDGMENTS

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.


Jim Hinson, Ed.D., Superintendent of Schools


Kenny Southwick, Ed.D., Deputy Superintendent of Schools

vii



FINANCIAL SECTION



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, 2016, 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 Shawnee Mission Unified School District No. 512, as of June 30, 2016, 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 Restatement

As discussed in Note 3.F. to the financial statements, the District modified its capitalization threshold during the year ended June 30, 2016 and retroactively applied the modification to certain capital assets reported in the financial statements at June 30, 2015. As a result of these changes, a restatement was made to the net position at June 30, 2015. Our opinion is not modified with respect to this matter.

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, 2015, 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, 2015 and, in our report dated October 29, 2015, 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 page 49, the schedule of the District's proportionate share of the net pension liability on page 49, and the schedule of District contributions on page 50 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 24, 2016, 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 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 24, 2016

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

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, 2016. 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, 2016). 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 \$76.1 million, the district has restrictions over the use of these funds. The investment in facilities and equipment is necessary to carry out the mission of the district. Kansas state 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, 2016. This statement answers the question, "How did the district do financially during fiscal year 2016?" 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, 2016

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 15, 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, 2016, than it was the year before, increasing \$3.7 million to \$76.1 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, 2016

Condensed Statement of Net Position (in millions of dollars)

	Balance as of 6/30/2016	Balance as of 6/30/2015	Increase (Decrease) from 2015
<u>Statement Classifications</u>			
Current Assets	\$ 177.2	\$ 238.5	-25.70%
Non-Current Assets	548.0	480.3	14.10%
Deferred Outflow of Resources	11.7	16.8	-30.36%
Total Assets & Deferred Outflow	\$ 736.9	\$ 735.6	0.18%
Current Liabilities	65.5	64.1	2.18%
Non-Current Liabilities	568.1	551.8	2.95%
Deferred Inflow of Resources	27.2	47.3	-42.49%
Total Liabilities & Deferred Inflow	\$ 660.8	\$ 663.2	-0.36%
Net Position			
Invested in capital assets, net of related debt	\$ 275.4	\$ 267.2	3.07%
Restricted	19.1	21.1	-9.48%
Unrestricted	-218.4	-215.9	1.16%
Total Net Position	\$ 76.1	\$ 72.4	5.11%

Total assets and deferred outflows increased \$1.3 million from fiscal year 2015 and total liabilities and deferred inflows decreased \$2.4 million. The major changes in net position were due to the following:

1. The capital outlay balances increased by \$1.1 million as \$30.1 million in 2016A bond proceeds were received for the construction of the Center for Academic Achievement building.
2. Capital projects decreased \$57.2 million as the district continues construction projects funded from \$118,625,000 in general obligation refunding and improvement bonds.
3. The fund balance of twenty-six other funds had a net increase of \$0.5 million. The majority of this increase is due to operating balances increasing \$3.2 million due to efficient use of limited resources. Debt service balance decreased \$2.0 million due to issuance of 2015A bonds and higher debt payments.
4. Capital assets increased \$67.7 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 \$12.6 million. Deferred outflows of resources related to pensions decreased by \$5.0 million and deferred inflows of resources related to pensions decreased \$17.6 million. These changes are referenced in footnote 4A.
6. Pension liability increased \$16.0 million as the district's covered employee payroll increased.
7. The net OPEB obligation liability increased \$1.5 million according to the District's OPEB actuarial study.
8. Bonds payable and related accrued interest payable increased by \$3.4 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, 2016

The total costs of all programs and services amounted to \$311.6 million. The following table shows the breakdown of total costs by functional area:

	Fiscal Year	Fiscal Year	Increase (Decrease)
	2016	2015	from 2015
<u>Expense Function</u>			
Instruction	53.5%	55.9%	-2.4%
Student Support Services	4.8%	4.8%	0.0%
Instructional Support	3.0%	2.8%	0.2%
General Administration	0.9%	0.8%	0.1%
School Administration	4.7%	4.4%	0.3%
Operations and Maintenance	14.6%	14.2%	0.4%
Student Transportation Services	2.9%	2.8%	0.1%
Food Service Operations	3.4%	3.6%	-0.2%
Student Activities	1.3%	1.6%	-0.3%
Business Services	4.4%	4.1%	0.3%
State Payments	2.9%	2.7%	0.2%
Interest on Long-Term Debt	3.6%	2.3%	1.3%
Total	100%	100%	0%

The district provided a salary increase in 2015-16 which increased most program cost however the cost was offset by turnover savings from retirements and terminations, freezing positions during the year and eliminating positions. The operations and maintenance program increased 0.4%. Capital outlay increased in fiscal year 2016 as the Center for Academic Achievement is being constructed. Student activities decreased 0.3% and school administration increased 0.3% due to reclassifying athletic directors from teachers to administrators. The business services and central support program increased 0.3% as the district enhanced security across the district with personnel and secured entrances at the school buildings. The increase in interest on long-term debt is due to a higher outstanding debt amount as 2015A bond issuance debt was added to the schedule in fiscal year 2016.

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016

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

	Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease) from 2015
Revenues:			
Program revenues			
Charges for services	\$11.6	\$11.7	-0.9%
Operating grants and contributions	49.8	52.7	-5.5%
General revenues			
Property taxes	120.3	121.0	-0.6%
Grants and entitlements not restricted to specific programs	133.2	132.9	0.2%
Investment earnings	0.2	0.0	0.0%
Miscellaneous	3.1	2.1	47.6%
Total Revenues	\$318.2	\$320.4	-0.7%
Expenses:			
Instruction	\$166.4	\$169.5	-1.8%
Student Support Services	15.1	14.5	4.1%
Instructional Support	9.2	8.6	7.0%
General Administration	2.6	2.5	4.0%
School Administration	14.5	13.4	8.2%
Operations and Maintenance	45.5	43.1	5.6%
Student Transportation Services	9.1	8.5	7.1%
Food Service Operations	10.7	10.9	-1.8%
Student Activities	4.2	4.7	-10.6%
Business and Central Support	13.7	12.5	9.6%
State Payment	9.2	8.3	10.8%
Interest on Long-Term Debt	11.4	7.0	62.9%
Total Expenses	\$311.6	\$303.5	2.7%
Special item - Capital Asset Impairment	0	(7.6)	
Increase (decrease) in net position	\$6.6	\$9.3	
Net Position – Beginning	\$72.4	\$332.2	
Restatement	(2.9)	(269.1)	
Net Position - Ending	\$76.1	\$72.4	

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

The table, shown above, details the district's changes in net position for the year. Total receipts exceeded expenditures, increasing net position \$3.7 million over fiscal year 2015. The district's total revenues were \$318.2 million. Property taxes and grants and entitlements not restricted to specific programs accounted for most of the district's revenue, with property taxes contributing 37.8%, and unrestricted grants and entitlements contributing 41.9%. Another 15.7% 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 0.6%. The overall tax rate decreased from 55.911 mills to 54.059, a 3.3% decrease, and the assessed valuation increased 5.6%.
- Operating grants and contributions decreased 5.5%. The state pays the employer's share of the KPERS retirement. In order to have the amount included on district books, the state wires the contribution to the district and immediately withdraws the same amount. In fiscal year 2016, the state decided to defer its fourth quarter contribution to districts until fiscal year 2017. Fiscal year 2015 reflects contributions for four quarters, whereas fiscal year 2016 reflects contributions for three quarters.
- Miscellaneous revenue increased 47.6%. Workers Compensation program is self-insured. The fund balance was increased \$1.0 million to meet renewal requirements by the state.
- Instructional expenditures decreased 1.8%. The district provided a salary increase in 2015-16 which increased most program cost however the cost was offset by turnover savings from retirements and terminations, freezing positions during the year and eliminating positions.
- Instructional support services increased 7.0% due to reclassifying resource teachers from certified teachers to administrators.
- The operations and maintenance program increased 5.6%. Capital outlay increased in fiscal year 2016 as the Center for Academic Achievement is being constructed.
- Student activities decreased 10.6% and school administration increased 8.2% due to reclassifying athletic directors from teachers to administrators.
- The business services and central support program increased 9.6% as the district enhanced security across the district with personnel and secured entrances at the school buildings.
- The increase in interest on long-term debt is due to a higher outstanding debt amount as 2015A bond issuance debt was added to the schedule in fiscal year 2016.

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

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	\$166.4	\$133.1
Student Support Services	15.1	10.9
Instructional Support	9.2	8.0
General Administration	2.6	2.4
School Administration	14.5	14.4
Operations and Maintenance	45.5	45.1
Student Transportation Services	9.1	5.1
Food Service Operations	10.7	-0.1
Student Activities	4.2	3.5
Business and Central Support	13.7	13.5
State Payment	9.2	3.0
Interest on Long-Term Debt	11.4	11.4
Total	\$311.6	\$250.3

- ◆ Costs of \$11.6 million were financed by users of the district's programs.
- ◆ Federal and state governments subsidized certain programs with grants and contributions totaling \$49.8 million.
- ◆ Most of the district's net cost of services of \$250.3 million was financed by district and state taxpayers.
- ◆ The governmental activities portion was financed with \$120.3 million in property taxes, \$133.2 million of grants and entitlements not restricted to specific programs and \$3.3 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, 2016

Financial Analysis of the District's Funds

As the district completed the year, its governmental funds reported combined fund balances of \$140.5 million; a decrease from last year's ending fund balance of \$197.2 million. Expenditures of \$403.2 million exceeded revenues of \$316.4 million.

	Revenues	Expenditures	Other Financing	End Bal
General	\$104.0	(\$104.1)	\$0.0	\$0.6
Supplemental General	44.4	(27.2)	(19.1)	0.4
AtRisk	39.0	(39.0)	0.0	0.0
AtRisk 4 yr old	0.3	(0.3)	0.0	0.0
Bilingual	2.4	(2.4)	0.0	0.0
In-Service	0.1	(0.1)	0.0	0.0
Special Education	25.0	(40.8)	18.9	16.1
Vocational	3.2	(3.2)	0.0	0.0
Student Materials	0.7	(0.7)	0.0	0.3
Textbook Rental	1.0	(0.8)	0.0	3.4
Special Liability	0.3	(0.4)	0.0	2.4
KPERS Retirement	14.3	(14.3)	0.0	0.0
Health Care Reserve	0.0	0.0	0.0	0.0
Gate Receipts	0.8	(0.8)	0.0	0.6
Contingency Reserve	0.0	0.0	0.0	5.6
Cost of Living	5.9	(6.0)	0.0	0.2
Federal and State Grants	5.8	(5.8)	0.0	1.0
Total Basic Education	\$247.2	(\$245.9)	(\$0.2)	\$30.6
Parent education	\$0.3	(\$0.6)	\$0.2	\$0.0
Summer School	0.4	(0.4)	0.0	0.8
Adult Supplemental	0.0	0.0	0.0	0.0
Declining Enrollment	3.1	(3.2)	0.0	0.0
Extraordinary School	0.1	(0.1)	0.0	0.3
Total Expanded Education	\$3.9	(\$4.3)	\$0.2	\$1.1
Capital Outlay	\$27.9	(\$56.8)	\$30.1	\$33.3
Capital Projects	0.1	(57.4)	0.0	51.8
Debt Service	25.5	(27.5)	0.0	19.1
Special Assessments	0.5	(0.5)	0.0	1.1
Total Capital	\$54.0	(\$142.2)	\$30.1	\$105.3
Food service	11.3	(10.8)	0.0	3.5
Total	\$316.4	(\$403.2)	\$30.1	\$140.5

Shawnee Mission Unified School District No. 512

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

The major changes in fund balances were:

1. The special education fund balance increased \$3.2 million. The school finance law permits operating balances to be carried over in this fund. Operating revenue exceeded expenditures during 2016 primarily due to one-time health settlement refund of \$2.2 million and a reduction in operating expenditures.
2. The capital outlay balances increased by \$1.1 million as \$30.1 million in 2016A bond proceeds were received for the construction of the Center for Academic Achievement building.
3. The capital projects decreased \$57.2 million as the district continues construction projects funded from \$118,625,000 in general obligation refunding and improvement bonds issued in fiscal year 2015.

Analysis of Budget Variations

The original budget for general fund revenues was \$177.0 million, and the final budget was \$168.5 million. Actual general fund revenue matched the final budget.

The original general fund expenditure budget including transfers was \$177.0 million and the final budget was \$168.5 million. The actual expenditure matched the final budget.

Capital Asset and Debt Administration

Capital Assets

By the end of 2016, the district had invested \$548.0 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 \$67.7 million, net of depreciation. **See Notes to the Basic Financial Statements – Note 3B for further information.**

	Assets As Of June 30, 2016
Land	\$ 10.0
Art work	0.4
Construction in progress	84.0
Buildings and improvements	549.0
Equipment	78.0
Accumulated Depreciation	[173.4]
Total	<u>\$ 548.0</u>

Long-Term Debt

Moody's Investors Services had rated the Shawnee Mission School District effective September 13, 2016 at a rating of Aaa. Kansas law limits the amount of outstanding indebtedness. The current limit is approximately \$490 million, and the district has \$315.2 million outstanding at June 30, 2016. **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, Howard D. McEachen Administrative Center, 7235 Antioch, Shawnee Mission, Kansas 66204.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

STATEMENT OF NET POSITION

June 30, 2016

	Total Governmental Activities
Assets and Deferred Outflows of Resources	
Current assets:	
Cash and cash equivalents	\$ 98,162,027
Investments	72,547,919
Receivables	
Taxes	1,366,145
Interest	79,398
Other	4,479,810
Material and supplies inventory	596,189
Total current assets	<u>177,231,488</u>
Noncurrent assets:	
Nondepreciable capital assets	94,403,099
Depreciable capital assets	626,946,344
Less: Accumulated depreciation	<u>[173,367,469]</u>
Total noncurrent assets	<u>547,981,974</u>
Total assets	<u>725,213,462</u>
Deferred outflows of resources	
Pension contributions subsequent to the measurement date	11,038,945
Deferred charge on bond issuance	694,528
Total deferred outflows of resources	<u>11,733,473</u>
Total assets and deferred outflows of resources	<u>\$ 736,946,935</u>
Liabilities and Deferred Inflows of Resources	
Liabilities:	
Current liabilities:	
Accounts payable	\$ 17,852,244
Accrued payroll, payroll withholdings and taxes	12,779,433
Accrued interest payable	2,942,065
Claims payable	706,234
Long-term liabilities	
Due within one year	<u>31,209,822</u>
Total current liabilities	<u>65,489,798</u>
Noncurrent liabilities:	
Claims payable	460,206
Health care reserve	2,693,782
Net OPEB obligation	13,599,213
Net pension liability	258,252,228
Long-term liabilities	
Due in more than one year	<u>293,119,963</u>
Total noncurrent liabilities	<u>568,125,392</u>
Total liabilities	<u>633,615,190</u>
Deferred Inflows of Resources	
Unavailable revenue - property taxes	1,366,145
Unavailable revenue - fees	901
Pension - differences between expected and actual experience	7,739,238
Pension - changes in assumption	574,744
Pension - changes in proportion	10,792,005
Pension - difference between projected and actual investment earnings	<u>6,727,810</u>
Total deferred inflows of resources	<u>27,200,843</u>
Total liabilities and deferred inflows of resources	<u>\$ 660,816,033</u>
Net Position	
Net investment in capital assets	\$ 275,444,373
Restricted for:	
Debt service	19,055,485
Unrestricted	<u>[218,368,956]</u>
Total net position	<u>\$ 76,130,902</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, 2016

		Program Revenues		Net [Expenses] Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instruction	\$ 166,460,156	\$ 6,368,357	\$ 27,007,693	\$ [133,084,106]
Student support services	15,090,880	-	4,217,809	[10,873,071]
Instructional support	9,239,934	-	1,202,000	[8,037,934]
General administration	2,648,589	-	239,336	[2,409,253]
School administration	14,548,696	-	129,814	[14,418,882]
Operations and maintenance	45,457,779	-	358,328	[45,099,451]
Student transportation services	9,061,959	-	3,924,880	[5,137,079]
Food service operations	10,659,695	5,190,902	5,569,368	100,575
Student activities	4,173,907	-	666,424	[3,507,483]
Business and central support services	13,705,857	-	216,605	[13,489,252]
State payment	9,185,456	-	6,218,190	[2,967,266]
Interest on long-term debt	11,358,782	-	-	[11,358,782]
Total school district	<u>\$ 311,591,690</u>	<u>\$ 11,559,259</u>	<u>\$ 49,750,447</u>	<u>[250,281,984]</u>
General Revenues:				
Property taxes levied for				
General purposes				67,489,104
Debt service				25,487,152
Capital outlay				27,389,792
Grants and entitlements not restricted to specific programs				133,219,087
Investments earnings				211,106
Miscellaneous				<u>3,122,371</u>
Subtotal general revenues				<u>256,918,612</u>
Change in net position				<u>6,636,628</u>
Net position - beginning, as originally stated				72,417,735
Restatements to beginning net position				<u>[2,923,461]</u>
Net position - beginning, as restated				<u>69,494,274</u>
Net position - ending				<u>\$ 76,130,902</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, 2016

	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	\$ 10,183,796	\$ 17,050,288	\$ 517,737	\$ 17,870,703	\$ 37,273,267	\$ 301,096	\$ -	\$ 234,548	\$ 12,730,592	\$ 96,162,027
Investments	-	2,005,197	-	-	-	-	-	60,542,722	10,000,000	72,547,919
Receivables										
Taxes	-	298,671	632,291	-	321,249	-	-	-	113,934	1,366,145
Interest	-	-	-	-	-	-	-	79,398	-	79,398
Other	145,000	-	-	-	-	-	4,334,810	-	-	4,479,810
Material and supplies inventory	413,152	-	-	-	-	-	-	-	183,037	596,189
Due from other funds	3,712	-	-	-	-	-	-	-	-	3,712
Total assets	\$ 10,745,660	\$ 19,354,156	\$ 1,150,028	\$ 17,870,703	\$ 37,594,516	\$ 301,096	\$ 4,334,810	\$ 60,856,668	\$ 23,027,563	\$ 175,235,200
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 52,279	\$ -	\$ 117,693	\$ 13,319	\$ 4,002,750	\$ 149	\$ 4,334,810	\$ 9,064,484	\$ 266,760	\$ 17,852,244
Health care reserve	-	-	-	-	-	-	-	-	2,693,782	2,693,782
Accrued payroll,										
payroll withholdings and taxes	10,054,044	-	48	1,779,771	-	300,947	-	-	644,623	12,779,433
Due to other funds	-	-	-	-	-	-	-	-	3,712	3,712
Total liabilities	10,106,323	-	117,741	1,793,090	4,002,750	301,096	4,334,810	9,064,484	3,608,877	33,329,171
Deferred inflows of resources:										
Unavailable revenue - student fees	-	-	-	-	-	-	-	-	901	901
Unavailable revenue - property taxes	-	298,671	632,291	-	321,249	-	-	-	113,934	1,366,145
Total deferred inflows of resources	-	298,671	632,291	-	321,249	-	-	-	114,835	1,367,046
Total liabilities and deferred inflows of resources	10,106,323	298,671	750,032	1,793,090	4,323,999	301,096	4,334,810	9,064,484	3,723,712	34,696,217
Fund balance:										
Nonspendable	413,152	-	-	-	-	-	-	-	183,037	596,189
Restricted	-	19,055,485	-	15,906,207	14,523,866	-	-	[663,369]	17,966,338	66,788,527
Assigned	216,216	-	153,159	171,406	18,746,651	-	-	52,455,553	1,154,476	72,897,461
Unassigned	9,969	-	246,837	-	-	-	-	-	-	256,806
Total fund balances	639,337	19,055,485	399,996	16,077,613	33,270,517	-	-	51,792,184	19,303,851	140,538,983
Total liabilities, deferred inflows of resources and fund balances	\$ 10,745,660	\$ 19,354,156	\$ 1,150,028	\$ 17,870,703	\$ 37,594,516	\$ 301,096	\$ 4,334,810	\$ 60,856,668	\$ 23,027,563	\$ 175,235,200

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, 2016

Total Governmental Fund Balances		\$ 140,538,983
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.		694,528
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	721,349,443	
Accumulated depreciation is	<u>173,367,469</u>	547,981,974
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.		833,560
Pension contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position.		11,038,945
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position.		[25,833,797]
The following liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:		
Bonds payable	324,329,785	
Net OPEB obligation	13,599,213	
Net pension liability	258,252,228	
Accrued interest on the bonds	<u>2,942,065</u>	<u>[599,123,291]</u>
Net Position of Governmental Activities		<u>\$ 76,130,902</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, 2016

	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	\$ -	\$ 25,487,152	\$ 44,392,086	\$ -	\$ 27,389,792	\$ -	\$ -	\$ -	\$ 9,773,147	\$ 107,042,177
Intergovernmental	99,793,698	-	-	25,043,606	-	38,938,707	14,272,374	-	16,886,165	194,934,550
Charges for services	4,139,216	-	-	-	-	-	-	-	7,420,043	11,559,259
Investment revenue	50,100	9,456	-	-	-	-	-	130,275	21,275	211,106
Other local sources	-	-	-	16	483,415	30,214	-	-	2,115,381	2,629,026
Total revenues	103,983,014	25,496,608	44,392,086	25,043,622	27,873,207	38,968,921	14,272,374	130,275	36,216,011	316,376,118
EXPENDITURES:										
Current										
Instruction	53,162,568	-	14,806,373	30,477,287	2,420,276	38,047,330	9,986,381	-	9,841,920	158,742,135
Student support services	7,046,912	-	259,756	4,856,064	36,959	235,071	953,385	-	1,422,832	14,810,979
Instructional support staff	6,275,733	-	-	222,461	[3,267]	54,428	508,104	-	1,904,624	8,962,083
General administration	1,950,610	-	436,746	-	-	-	107,044	-	111,639	2,606,039
School administration	12,679,157	-	1,500	111,698	-	185,187	923,423	390,221	92,531	14,383,717
Operations and maintenance	10,215,610	-	9,447,295	-	3,543,937	234,688	1,011,911	-	653,389	25,106,830
Student transportation services	3,116,682	-	-	5,097,119	-	212,291	4,282	-	577,549	9,007,923
Food service operations	-	-	-	-	-	-	318,274	-	10,155,381	10,473,655
Student activities	2,808,258	-	-	-	107,594	-	-	-	1,215,181	4,131,033
Business and central support services	6,902,934	-	2,269,372	15,072	3,288,674	-	459,570	5,630	375,511	13,316,763
State payment	-	-	-	-	-	-	-	-	9,185,456	9,185,456
Capital outlay	-	-	-	-	38,307,173	-	-	56,979,893	493,499	95,780,565
Debt service										
Principal retirement	-	17,990,000	-	-	8,429,886	-	-	-	-	26,419,886
Interest and other charges	-	9,541,467	-	-	693,362	-	-	-	-	10,234,829
Total expenditures	104,158,464	27,531,467	27,221,042	40,779,701	56,824,594	38,968,995	14,272,374	57,375,744	36,029,512	403,161,893
Excess [deficiency] of revenue over [under] expenditures	[175,450]	[2,034,859]	17,171,044	[15,736,079]	[28,951,387]	[74]	-	[57,245,469]	186,499	[86,785,775]
OTHER FINANCING SOURCES [USES]										
Transfers in	-	-	-	18,892,358	-	-	-	-	230,315	19,122,673
Transfers out	-	-	[19,122,673]	-	-	-	-	-	-	[19,122,673]
General obligation bonds issued	-	-	-	-	30,095,083	-	-	-	-	30,095,083
Total other financing sources [uses]	-	-	[19,122,673]	18,892,358	30,095,083	-	-	-	230,315	30,095,083
Net change in fund balance	[175,450]	[2,034,859]	[1,951,629]	3,156,279	1,143,696	[74]	-	[57,245,469]	416,814	[56,690,692]
FUND BALANCE - Beginning of year	814,787	21,090,344	2,351,625	12,921,334	32,126,821	74	-	109,037,653	18,887,037	197,229,675
FUND BALANCE - End of year	\$ 639,337	\$ 19,055,485	\$ 399,996	\$ 16,077,613	\$ 33,270,517	\$ -	\$ -	\$ 51,792,184	\$ 19,303,851	\$ 140,538,983

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, 2016

Total Net Change In Fund Balances - Governmental Funds		\$ [56,690,692]
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.		1,361,679
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	92,000,421	
Depreciation expense	<u>[19,166,501]</u>	72,833,920
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	[53,961]	
Loss on sale of capital assets	<u>[2,185,738]</u>	[2,239,699]
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 for the year was \$1,533,890.		[1,533,890]
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 increased.		[1,123,953]
Bond 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.		[30,095,083]
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.		1,053,411
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities		[3,348,951]
Repayment of bond 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>26,419,886</u>
Changes In Net Position of Governmental Activities		<u>\$ 6,636,628</u>

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015		June 30, 2016				Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Intergovernmental							
General aid	\$ 95,543,164	\$ 99,793,698	\$ 29,423,325	\$ 129,217,023	\$ 134,014,637	\$ 125,572,087	\$ 3,644,936
Supplemental state aid	-	-	3,013,316	3,013,316	3,013,316	3,013,316	-
Special education aid	-	-	17,834,470	17,834,470	18,268,285	18,268,285	[433,815]
KPERs aid	-	-	14,272,374	14,272,374	21,652,811	21,652,811	[7,380,437]
Total intergovernmental	95,543,164	99,793,698	64,543,485	164,337,183	176,949,049	168,506,499	[4,169,316]
Investment income	-	50,100	-	50,100	20,000	20,000	30,100
Charges for services	3,758,525	4,139,216	-	4,139,216	-	-	4,139,216
Total revenues	99,301,689	103,983,014	64,543,485	168,526,499	176,969,049	168,526,499	-
EXPENDITURES:							
Instruction	48,349,378	53,172,538	[4,065,337]	49,107,201	42,123,132	42,123,132	[6,984,069]
Student support	7,516,269	7,046,912	[954]	7,045,958	7,660,143	7,660,143	614,185
Instructional support staff	6,434,114	6,275,733	[1,364]	6,274,369	6,463,680	6,463,680	189,311
General administration	1,785,679	1,950,610	[294]	1,950,316	1,853,697	1,853,697	[96,619]
School administration	11,833,138	12,679,157	[3,548]	12,675,609	12,810,421	12,810,421	134,812
Operations and maintenance	10,549,685	10,215,610	-	10,215,610	11,372,014	11,372,014	1,156,404
Student transportation services	3,065,435	3,116,682	[22,201]	3,094,481	3,336,634	3,336,634	242,153
Student activities	3,212,360	2,808,258	[31,981]	2,776,277	-	-	[2,776,277]
Business and central support services	7,017,785	6,902,934	[42,387]	6,860,547	7,338,351	7,338,351	477,804
Adjustment to Comply with Legal Maximum Budget	-	-	-	-	-	[8,442,550]	[8,442,550]
Total expenditures	99,763,843	104,168,434	[4,168,066]	100,000,368	92,958,072	84,515,522	[15,484,846]
Excess [deficiency] of revenues over [under] expenditures	[462,154]	[185,420]	68,711,551	68,526,131	84,010,977	84,010,977	[15,484,846]
OTHER FINANCING SOURCES [USES]:							
Transfers out	-	-	[68,545,549]	[68,545,549]	[84,030,395]	[84,030,395]	15,484,846
Total other financing sources [uses]	-	-	[68,545,549]	[68,545,549]	[84,030,395]	[84,030,395]	15,484,846
Net change in fund balance	[462,154]	[185,420]	166,002	[19,418]	\$ [19,418]	\$ [19,418]	-
FUND BALANCE - Beginning of year	1,262,523	814,787	[795,370]	19,417			
Prior year cancelled encumbrances	14,418	9,970	-	9,970			
FUND BALANCE - End of year	\$ 814,787	\$ 639,337	\$ [629,368]	\$ 9,969			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Taxes:							
In process	\$ 802,446	\$ 794,260	\$ -	\$ 794,260	\$ 1,854,064	\$ 1,854,064	\$ [1,059,804]
Current	36,163,656	33,639,916	13,323,871	46,963,787	45,828,028	45,828,028	1,135,759
Delinquent	433,662	626,536	-	626,536	577,206	577,206	49,330
Motor vehicle	6,260,068	6,212,592	-	6,212,592	6,208,021	6,208,021	4,571
Rental excise	116,569	105,466	-	105,466	-	-	105,466
Intergovernmental:							
Supplemental general aid	3,378,132	3,013,316	[3,013,316]	-	-	-	-
Total revenues	47,154,533	44,392,086	10,310,555	54,702,641	54,467,319	54,467,319	235,322
EXPENDITURES:							
Instruction	16,295,519	14,817,888	17,386	14,835,274	21,561,819	21,561,819	6,726,545
Student support	5,769	259,756	-	259,756	320,800	320,800	61,044
Instructional support staff	7,845	-	-	-	-	-	-
General administration	202,267	436,746	[21]	436,725	145,000	145,000	[291,725]
School administration	13,043	1,500	-	1,500	-	-	[1,500]
Operations and maintenance	9,223,767	9,447,295	18,816	9,466,111	9,879,580	9,879,580	413,469
Business and central support services	2,619,004	2,269,372	72,726	2,342,098	2,777,541	2,777,541	435,443
Total expenditures	28,367,214	27,232,557	108,907	27,341,464	34,684,740	34,684,740	7,343,276
Excess [deficiency] of revenues over [under] expenditures	18,787,319	17,159,529	10,201,648	27,361,177	19,782,579	19,782,579	7,578,598
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	3,013,316	3,013,316	3,013,316	3,013,316	-
Transfers out	[18,656,841]	[19,122,673]	[13,323,871]	[32,446,544]	[25,103,268]	[25,103,268]	[7,343,276]
Total other financing sources [uses]	[18,656,841]	[19,122,673]	[10,310,555]	[29,433,228]	[22,089,952]	[22,089,952]	[7,343,276]
Net change in fund balance	130,478	[1,963,144]	[108,907]	[2,072,051]	\$ [2,307,373]	\$ [2,307,373]	\$ 235,322
FUND BALANCE - Beginning of year	2,210,391	2,351,625	[44,252]	2,307,373			
Prior year cancelled encumbrances	10,756	11,515	-	11,515			
FUND BALANCE - End of year	\$ 2,351,625	\$ 399,996	\$ [153,159]	\$ 246,837			

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)
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
					Original	Final	
REVENUES:							
Intergovernmental:							
Federal	\$ 6,967,326	\$ 7,208,887	\$ -	\$ 7,208,887	\$ 7,489,377	\$ 7,489,377	\$ [280,490]
State and local	17,488,188	17,834,719	[17,834,470]	249	4,625	4,625	[4,376]
Total intergovernmental	24,455,514	25,043,606	[17,834,470]	7,209,136	7,494,002	7,494,002	[284,866]
Investment revenue	9,924	-	-	-	-	-	-
Other local funds	168	16	-	16	2,383,740	2,383,740	[2,383,724]
Total revenues	24,465,606	25,043,622	[17,834,470]	7,209,152	9,877,742	9,877,742	[2,668,590]
EXPENDITURES:							
Instruction	31,640,227	30,528,149	2,580	30,530,729	31,450,993	31,450,993	920,264
Student support services	4,103,902	4,856,064	[332]	4,855,732	4,463,127	4,463,127	[392,605]
Instructional support	-	222,461	-	222,461	222,794	222,794	333
General administration	60,161	-	-	-	174	174	174
School administration	-	111,698	-	111,698	96,228	96,228	[15,470]
Business and central support services	4,300	15,072	-	15,072	10,775	10,775	[4,297]
Operations and maintenance	-	-	-	-	9,855	9,855	9,855
Student transportation services	4,598,324	5,097,119	-	5,097,119	5,088,422	5,088,422	[8,697]
Total expenditures	40,406,914	40,830,563	2,248	40,832,811	41,342,368	41,342,368	509,557
Excess [deficiency] of revenues over [under] expenditures	[15,941,308]	[15,786,941]	[17,836,718]	[33,623,659]	[31,464,626]	[31,464,626]	[2,159,033]
OTHER FINANCING SOURCES [USES]:							
Transfers in	18,405,102	18,892,358	17,834,470	36,726,828	30,710,440	30,710,440	6,016,388
Total other financing sources [uses]	18,405,102	18,892,358	17,834,470	36,726,828	30,710,440	30,710,440	6,016,388
Net change in fund balance	2,463,794	3,105,417	[2,248]	3,103,169	\$ [754,186]	\$ [754,186]	\$ 3,857,355
FUND BALANCE - Beginning of year	10,446,704	12,921,334	[169,158]	12,752,176			
Prior year cancelled encumbrances	10,836	50,862	-	50,862			
FUND BALANCE - End of year	\$ 12,921,334	\$ 16,077,613	\$ [171,406]	\$ 15,906,207			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015			June 30, 2016			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	\$ 43,020,342	\$ 38,938,707	\$ [38,938,707]	\$ -	\$ -	\$ -	\$ -
Other local sources	49,283	30,214	-	30,214	42,000	42,000	[11,786]
Total revenues	43,069,625	38,968,921	[38,938,707]	30,214	42,000	42,000	[11,786]
EXPENDITURES:							
Instruction	42,195,994	38,047,330	[74]	38,047,256	45,845,784	45,845,784	7,798,528
Student support services	222,779	235,071	-	235,071	226,462	226,462	[8,609]
Instructional support staff	139	54,428	-	54,428	300	300	[54,128]
School administration	291,104	185,187	-	185,187	185,941	185,941	754
Operations and maintenance	193,701	234,688	-	234,688	212,364	212,364	[22,324]
Student transportation services	194,332	212,291	-	212,291	178,900	178,900	[33,391]
Total expenditures	43,098,049	38,968,995	[74]	38,968,921	46,649,751	46,649,751	7,680,830
Excess [deficiency] of revenues over [under] expenditures	[28,424]	[74]	[38,938,633]	[38,938,707]	[46,607,751]	[46,607,751]	7,669,044
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	38,938,707	38,938,707	46,607,751	46,607,751	[7,669,044]
Total other financing sources [uses]	-	-	38,938,707	38,938,707	46,607,751	46,607,751	[7,669,044]
Net change in fund balance	[28,424]	[74]	74	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year,	28,498	74	[74]	-			
FUND BALANCE - End of year	\$ 74	\$ -	\$ -	\$ -			

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, 2016
 (With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015		June 30, 2016				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	\$ 17,553,577	\$ 14,272,374	\$ [14,272,374]	\$ -	\$ -	\$ -	\$ -
Total revenues	17,553,577	14,272,374	[14,272,374]	-	-	-	-
EXPENDITURES:							
Instruction	12,535,970	9,986,381	-	9,986,381	15,050,078	15,050,078	5,063,697
Student support services	993,246	953,385	-	953,385	1,433,484	1,433,484	480,099
Instructional support staff	582,248	508,104	-	508,104	892,493	892,493	384,389
General administration	85,625	107,044	-	107,044	162,564	162,564	55,520
School administration	1,010,371	923,423	-	923,423	1,373,865	1,373,865	450,442
Operations and maintenance	1,250,121	1,011,911	-	1,011,911	1,166,634	1,166,634	154,723
Student transport services	17,125	4,282	-	4,282	6,564	6,564	2,282
Food service	496,623	318,274	-	318,274	816,464	816,464	498,190
Business and central support services	582,248	459,570	-	459,570	750,665	750,665	291,095
Total expenditures	17,553,577	14,272,374	-	14,272,374	21,652,811	21,652,811	7,380,437
Excess [deficiency] of revenues over [under] expenditures	-	-	[14,272,374]	[14,272,374]	[21,652,811]	[21,652,811]	7,380,437
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	14,272,374	14,272,374	21,652,811	21,652,811	[7,380,437]
Total other financing sources [uses]	-	-	14,272,374	14,272,374	21,652,811	21,652,811	[7,380,437]
Net change in fund balance	-	-	-	-	\$ -	\$ -	\$ -
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, 2016 and 2015

	Internal Service Workers' Compensation Fund	
	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	<u>\$ 2,000,000</u>	<u>\$ 1,000,000</u>
Total assets	<u>\$ 2,000,000</u>	<u>\$ 1,000,000</u>
Liabilities		
Current liabilities:		
Accrued claims payable	<u>\$ 706,234</u>	<u>\$ 762,680</u>
Total current liabilities	<u>706,234</u>	<u>762,680</u>
Noncurrent liabilities:		
Accrued claims payable	<u>460,206</u>	<u>457,171</u>
Total noncurrent liabilities	<u>460,206</u>	<u>457,171</u>
Total liabilities	<u>\$ 1,166,440</u>	<u>\$ 1,219,851</u>
Net position		
Unrestricted	<u>\$ 833,560</u>	<u>\$ [219,851]</u>
Total net position	<u>\$ 833,560</u>	<u>\$ [219,851]</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, 2016 and 2015

	Internal Service Workers' Compensation Fund Year Ended June 30,	
	2016	2015
Operating revenues		
Other local sources	\$ 1,871,114	\$ 957,851
Miscellaneous	35,047	-
Total operating revenues	<u>1,906,161</u>	<u>957,851</u>
Operating expenses		
General government	<u>852,750</u>	<u>782,818</u>
Total operating expenses	<u>852,750</u>	<u>782,818</u>
Net income	1,053,411	175,033
Net position, Beginning of year	<u>[219,851]</u>	<u>[394,884]</u>
Net position, End of year	<u>\$ 833,560</u>	<u>\$ [219,851]</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, 2016 and 2015

	Internal Service Workers' Compensation Fund Year Ended June 30,	
	2016	2015
Cash flows from operating activities		
Cash paid to other suppliers of goods or services	\$ [906,161]	\$ [972,344]
Other operating receipts	<u>1,906,161</u>	<u>957,851</u>
Net cash [used in] operating activities	<u>1,000,000</u>	<u>[14,493]</u>
Net increase [decrease] in cash and cash equivalents	1,000,000	[14,493]
Cash and cash equivalents, Beginning of year	<u>1,000,000</u>	<u>1,014,493</u>
Cash and cash equivalents, End of year	<u>\$ 2,000,000</u>	<u>\$ 1,000,000</u>
Reconciliation of operating [loss] to net cash [used in] operating activities		
Operating income	\$ 1,053,411	\$ 175,033
Adjustments to reconcile operating [loss] to net cash [used in] operating activities		
Increase [decrease] in claims payable	[53,411]	[175,033]
Increase [decrease] in accounts payable	<u>-</u>	<u>[14,493]</u>
Net cash [used in] operating activities	<u>\$ 1,000,000</u>	<u>\$ [14,493]</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, 2016 and 2015

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS:		
Cash and cash equivalents	<u>\$ 2,259,443</u>	<u>\$ 2,150,483</u>
Total assets	<u>\$ 2,259,443</u>	<u>\$ 2,150,483</u>
LIABILITIES		
Due to student organizations	<u>\$ 2,259,443</u>	<u>\$ 2,150,483</u>
Total liabilities	<u>\$ 2,259,443</u>	<u>\$ 2,150,483</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, 2016

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 27,651 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, 2016

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, 2016

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 \$1,000. 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, 2016

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. Additionally, the District reports changes in the pension liability proportion and contributions made to the pension plan after the measurement date of the net pension liability as deferred outflows of resources in the government activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from two sources: property taxes and fees. Differences between expected and actual experience, differences between projected and actual investment earnings and changes in pension liability assumptions and proportions are reported as deferred inflows for governmental 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, 2016

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	\$ 413,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,037	\$ 596,189
Restricted for:								
Debt retirement	-	19,055,485	-	-	-	-	-	19,055,485
Special education instruction	-	-	-	15,906,207	-	-	-	15,906,207
School construction and equipment	-	-	-	-	14,523,866	[663,369]	1,105,530	14,966,027
Instruction	-	-	-	-	-	-	5,096,744	5,096,744
Operations and maintenance	-	-	-	-	-	-	5,638,052	5,638,052
Food service operations	-	-	-	-	-	-	2,958,940	2,958,940
Student activities	-	-	-	-	-	-	551,569	551,569
Business services	-	-	-	-	-	-	2,369,676	2,369,676
State payment	-	-	-	-	-	-	245,827	245,827
Assigned for:								
Special education instruction	-	-	-	171,406	-	-	-	171,406
School construction and equipment	-	-	-	-	18,637,053	52,455,553	-	71,092,606
Instruction	37,237	-	17,957	-	107,086	-	684,145	846,425
Student support services	7,678	-	-	-	-	-	720	8,398
Instructional support staff	163,188	-	-	-	-	-	83,817	247,005
General administration	-	-	-	-	-	-	268	268
School administration	4,037	-	-	-	-	-	-	4,037
Operations and maintenance	-	-	43,225	-	-	-	-	43,225
Student activities	744	-	-	-	-	-	24,088	24,832
Business and central support services	3,332	-	91,977	-	2,512	-	-	97,821
Food service operations	-	-	-	-	-	-	361,438	361,438
Unassigned:	9,969	-	246,837	-	-	-	-	256,806
Total Fund Balances	\$ 639,337	\$ 19,055,485	\$ 399,996	\$ 16,077,613	\$ 33,270,517	\$ 51,792,184	\$ 19,303,851	\$ 140,538,983

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 \$19,055,485 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, 2016

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 not amended for the year ended June 30, 2016.

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, 2016

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	Total Governmental Funds
	General	Debt	Supplemental	Special	Capital	Capital	Nonmajor	
	Fund	Service	General	Education	Outlay	Project	Governmental	
	Fund	Fund	Fund	Fund	Fund	Fund	Funds	
GAAP FUND BALANCE June 30, 2016	\$ 639,337	\$ 19,055,485	\$ 399,996	\$ 16,077,613	\$ 33,270,517	\$ 51,792,184	\$ 19,303,851	\$ 140,538,983
Adjustments:								
Unreserved fund balances not subject to the Kansas Budget Law:								
Textbook	-	-	-	-	-	-	[3,368,806]	[3,368,806]
Contingency Reserve	-	-	-	-	-	-	[5,638,052]	[5,638,052]
Health Care Reserve	-	-	-	-	-	-	[15,717]	[15,717]
Student Material Revolving	-	-	-	-	-	-	[282,197]	[282,197]
Gate Receipts	-	-	-	-	-	-	[572,634]	[572,634]
Capital Projects	-	-	-	-	-	[678,882]	-	[678,882]
Accounts payable - retainage	-	-	-	-	990,495	1,342,251	-	2,332,746
Reserve for encumbrances	[216,216]	-	[153,159]	[171,406]	[18,746,651]	[52,455,553]	[582,393]	[72,325,378]
Reserve for material and supplies inventory	[413,152]	-	-	-	-	-	[183,037]	[596,189]
Total deductions	[629,368]	-	[153,159]	[171,406]	[17,756,156]	[51,792,184]	[10,642,836]	[81,145,109]
BUDGETARY FUND BALANCE June 30, 2016	\$ 9,969	\$ 19,055,485	\$ 246,837	\$ 15,906,207	\$ 15,514,361	\$ -	\$ 8,661,015	\$ 59,393,874

B. Property Taxes

The assessed valuation of tangible district property (excluding motor vehicles) for taxes billed November 1, 2015 was as follows:

Real estate	\$ 3,096,353,437
Personal property	38,005,162
Utilities	58,518,268
Total assessed valuation	<u>\$ 3,192,876,867</u>

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

Fund	Levy (\$ per thousand)
General	\$ 20.000
Special revenue:	
Supplemental General	15.772
Capital Outlay	8.000
Declining Enrollment	0.874
Special Assessment	0.109
Special Liability	0.104
Cost of Living	1.755
Bond and Interest	7.445
Total tax levy	<u>\$ 54.059</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Concluded)

B. Property Taxes (Concluded)

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, 2016, the District has received property tax amounting to approximately 100% of the November 1, 2015, 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.

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.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Concluded)

At June 30, 2016, the District had the following investments:

	<u>6/30/2016</u>	Fair Value Measurement Using Quoted Prices in Active Markets for Identical Assets (Level 1)	<u>Rating</u>	<u>Weighted Average Maturity</u>
Investments by fair value level:				
U.S. Government Securities	<u>\$ 2,005,197</u>	<u>\$ 2,005,197</u>	NA	90 Days
Total investments measured at fair value level	<u>2,005,197</u>	<u>\$ 2,005,197</u>		
Investments measured at the net asset value (NAV)				
Kansas Municipal Investments Pool	<u>35,542,722</u>		S&P AAf/S1+	1 Day
Total assets measured at NAV	<u>35,542,722</u>			
Total investments measured at fair value	<u>\$ 37,547,919</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, 2016, the District had certificates of deposit account registry service balances in the amount of \$35,000,000.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 3. DETAILED NOTES ON ALL FUNDS (Continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Restatement*	Balance June 30, 2015 Restated	Additions/ Adjustments	Retirements	Balance June 30, 2016
Governmental activities:						
Nondepreciable assets:						
Land	\$ 6,947,776	\$ -	\$ 6,947,776	\$ 3,026,766	\$ -	\$ 9,974,542
Artwork	384,858	-	384,858	-	-	384,858
Construction in progress	19,769,603	-	19,769,603	89,832,514	[25,558,418]	84,043,699
Depreciable assets:						
Buildings and improvements	534,363,309	-	534,363,309	20,890,900	[6,274,239]	548,979,970
Equipment	78,742,182	[2,923,461]	75,818,721	3,808,660	[1,661,007]	77,966,374
Totals at historical cost	640,207,728	[2,923,461]	637,284,267	117,558,840	[33,493,664]	721,349,443
Less accumulated depreciation for:						
Buildings and improvements	117,546,387	-	117,546,387	11,210,660	[4,169,728]	124,587,319
Equipment	42,350,128	-	42,350,128	7,955,841	[1,525,819]	48,780,150
Totals accumulated depreciation	159,896,515	-	159,896,515	19,166,501	[5,695,547]	173,367,469
Governmental activities capital assets, net	\$ 480,311,213	\$ [2,923,461]	\$ 477,387,752	\$ 98,392,339	\$ [27,798,117]	\$ 547,981,974

* See explanation for restatement on page 40.

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 5,008,970
Instructional support	51,877
Student support	122,512
General administration	2,149
School administration	11,927
Operations and maintenance	13,157,171
Student transport	202
Food service	48,021
Business services and central support services	668,450
Student activities	95,222
Total depreciation	\$ 19,166,501

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

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, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Governmental activities					
General Obligation Bonds	\$ 308,422,078	\$ 30,095,083	\$ [23,332,174]	\$ 315,184,987	\$ 26,651,653
Temporary Notes	<u>13,674,684</u>	<u>-</u>	<u>[4,529,886]</u>	<u>9,144,798</u>	<u>4,558,169</u>
Total governmental activities					
Long-term liabilities	<u>\$ 322,096,762</u>	<u>\$ 30,095,083</u>	<u>\$ [27,862,060]</u>	<u>\$ 324,329,785</u>	<u>\$ 31,209,822</u>

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

	Date Issued	Date Matures	Interest Rate	Original Amount	Outstanding June 30, 2016
General Obligation Bonds					
Debt Service Fund:					
Advance refunding bonds	02/01/96	10/1/19	3.70% to 5.15%	\$ 23,380,000	\$ 6,995,000
General obligation bonds	4/15/07	10/1/27	4.00% to 5.00%	70,729,969	52,217,981
General obligation bonds	7/8/08	10/1/19	3.00% to 5.00%	16,441,126	6,914,955
General obligation bonds	11/1/12	10/1/25	1.25% to 5.00%	85,836,627	76,256,251
General obligation and refunding and improvement bonds	6/17/15	10/1/35	3.00% to 5.00%	130,875,378	127,777,027
General obligation bonds	4/13/2016	10/1/2020	1.50% to 5.00%	<u>30,095,083</u>	<u>30,095,083</u>
Subtotal debt service fund				357,358,183	300,256,297
Capital Outlay Fund:					
General obligation bonds	11/13/14	10/1/19	1.25% to 5.00%	<u>21,175,534</u>	<u>14,928,690</u>
Total general obligation bonds payable				<u>\$ 378,533,717</u>	<u>\$ 315,184,987</u>
Temporary Notes					
Capital outlay temporary notes	4/21/14	4/1/18	0.623%	<u>\$ 18,182,739</u>	<u>\$ 9,144,798</u>
Total temporary notes payable				<u>\$ 18,182,739</u>	<u>\$ 9,144,798</u>

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
2017	\$ 26,651,653	\$ 11,458,840	\$ 38,110,493
2018	27,626,653	10,347,588	37,974,241
2019	26,341,653	9,214,791	35,556,444
2020	24,956,653	8,167,088	33,123,741
2021	16,516,992	7,468,779	23,985,771
2022-2026	66,079,875	31,896,808	97,976,683
2027-2031	57,744,754	21,698,281	79,443,035
2032-2036	<u>69,266,754</u>	<u>7,934,625</u>	<u>77,201,379</u>
Total	<u>\$ 315,184,987</u>	<u>\$ 108,186,800</u>	<u>\$ 423,371,787</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 3. DETAILED NOTES ON ALL FUNDS (Continued)

C. Long - Term Liabilities (Concluded)

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

Year Ending <u>June 30</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Totals</u>
2017	\$ 4,558,169	\$ 49,916	\$ 4,608,085
2018	4,586,629	21,456	4,608,085
Total	<u>\$ 9,144,798</u>	<u>\$ 71,372</u>	<u>\$ 9,216,170</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 \$490 million at June 30, 2016.

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, 2016. The future minimum lease payments for the lease are as follows:

Year ending <u>June 30</u>	<u>Amount</u>
2017	\$ 629,589
2018	629,589
2019	629,589
2020	<u>52,466</u>
Total	<u>\$ 1,941,234</u>

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	\$ 547,981,974
Less:	
Current portion of general obligation bonds	[31,209,822]
Noncurrent portion of general obligation bonds	[293,119,963]
Add:	
Unspent general obligation bonds proceeds	<u>51,792,184</u>
Net position - net investment in capital assets	<u>\$ 275,444,373</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 3. DETAILED NOTES ON ALL FUNDS (Concluded)

F. Restatement

During the year ended June 30, 2016, the District modified its capitalization threshold for individual items from \$500 to \$1,000. This modification was made retroactive to a number of assets below the new threshold that were classified as payables and included in capital assets at June 30, 2015:

	Governmental Activities
Net Position, June 30, 2015	\$ 72,417,735
Prior Period Adjustment	<u>[2,923,461]</u>
Net Position June 30, 2015, Restated	<u>\$ 69,494,274</u>

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. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 4. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

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

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.

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 1.0% of total payroll for the fiscal year ended June 30, 2015.

The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) for school employees was 15.41%. The statutory contribution rate for school employees began at 11.27% and was reduced to 8.65% in January 2015. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2015 were 5.00% or 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.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 4. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

The allocation percentages for the School District's share of the collective pension amounts as of June 30, 2015 and 2014 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, 2015 and 2014, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the School District's proportion was 3.07%, which was a decrease of .27% from its proportion measured at June 30, 2014.

Net Pension Liability. At June 30, 2016 and 2015, the District reported a liability of \$258,252,228 and \$242,287,546, 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, 2014, which was rolled forward to June 30, 2015, using the following actuarial assumptions:

<u>Assumption</u>	<u>Rate</u>
Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4.00 to 16.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2012.

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. 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, 2015 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%	6.30%
Fixed income	13.00%	0.80%
Yield return	8.00%	4.20%
Real return	11.00%	1.70%
Real estate	11.00%	5.40%
Alternatives	8.00%	9.40%
Short-term investments	<u>2.00%</u>	-0.50%
Total	<u>100.00%</u>	

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 4. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 8.00%. 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 actuarial 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 8.00%, 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 (7.00%) or 1-percentage point higher (9.00%) than the current rate:

<u>1% Decrease (7.00%)</u>	<u>Discount rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
\$332,452,519	\$258,252,228	\$195,228,907

Pension Expense. For the year ended June 30, 2016, the District recognized pension expense of \$14,537,935, 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, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ -	\$ 7,739,238
Net differences between projected and actual earnings on investments	-	6,727,810
Pension contributions subsequent to the measurement date	11,038,945	-
Changes in assumptions	-	574,744
Changes in proportion	-	10,792,005
Total	<u>\$ 11,038,945</u>	<u>\$ 25,833,797</u>

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 4. OTHER INFORMATION (Continued)

A. Defined Benefit Pension Plan (Continued)

\$11,038,945 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, 2017. 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	
2016	\$	[8,074,665]
2017		[8,074,665]
2018		[8,074,666]
2019		[438,843]
2020		[1,170,958]
Total	\$	<u>[25,833,797]</u>

During the last quarter of the 2016 fiscal year, the governor, using the budgetary allotment process, did not make one of the quarterly payments in the amount of \$4,534,924, due to budgetary constraint. When the payment is made, it will be paid directly from the State of Kansas to KPERS and not recorded by the District.

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, 2016, such interfund premiums did not exceed reimbursable expenditures.

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.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 4. OTHER INFORMATION (Continued)

B. Risk Management (Concluded)

Changes in the balances of claims liabilities for the years ended June 30, 2016 and 2015 are as follows:

	<u>June 30, 2016</u>	<u>July 1, 2015</u>
Unpaid claims, beginning of year	\$ 1,219,851	\$ 1,394,884
Incurred claims (including IBNR)	669,001	634,385
Claim payments	<u>[722,412]</u>	<u>[809,418]</u>
Unpaid claims, end of year	<u>\$ 1,166,440</u>	<u>\$ 1,219,851</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	\$ 18,892,358	\$ 230,315	\$ 19,122,673
Total	<u>\$ 18,892,358</u>	<u>\$ 230,315</u>	<u>\$ 19,122,673</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.

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.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 4. OTHER INFORMATION (Continued)

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 retirees and their dependents. KSA12-5040 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 Medicare eligibility (i.e. age 65). No separate financial report is issued for the Plan.

Funding Policy. The contribution requirements of plan participants and the District are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2016, plan participants contributed \$913,000 to the Plan (100% of total premiums) through the following required annual contributions:

<u>Coverage</u>	<u>Retiree Contributions</u>		<u>Spousal Contributions</u>	
	<u>Pre-65</u>	<u>Post-65</u>	<u>Pre-65</u>	<u>Post-65</u>
Medical - HMO Plan	\$ 8,750	\$ 6,120	\$ 9,175	\$ 6,173
Medical - PPO Plan	\$ 8,750	\$ 6,120	\$ 9,175	\$ 6,173
High Deductible (HSA)	\$ 6,397	\$ 4,571	\$ 6,712	\$ 4,637

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 2,658,427
Interest on Net OPEB Obligation	422,287
ARC Adjustment	[633,824]
Annual OPEB cost (expense)	2,446,890
Benefit payments	913,000
Change in net OPEB obligation	1,533,890
Net OPEB obligation - beginning of year	12,065,323
Net OPEB obligation - end of year	<u>\$ 13,599,213</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2016 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Percentage Contributed</u>
June 30, 2008	\$ 2,286,858	\$ 842,000	\$ 1,444,858	36.8%
June 30, 2009	2,421,247	1,002,000	2,864,105	41.4%
June 30, 2010	2,420,532	831,000	4,453,637	34.3%
June 30, 2011	2,404,289	1,087,000	5,770,926	45.2%
June 30, 2012	2,964,809	1,036,000	7,699,735	34.9%
June 30, 2013	2,938,293	1,320,000	9,318,028	44.9%
June 30, 2014	2,465,149	925,000	10,858,177	37.5%
June 30, 2015	2,438,146	1,231,000	12,065,323	50.5%
June 30, 2016	2,446,890	913,000	13,599,213	37.3%

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 4. OTHER INFORMATION (Continued)

F. Postemployment Healthcare Plan (Concluded)

Funding Status and Funding Progress. As of the year ended June 30, 2016, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$20,665,943 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$20,665,943. The covered payroll (annual payroll of active employees covered by the plan) was \$125,265,504, and the ratio of the UAAL to the covered payroll was 16.5%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation for the year ended June 30, 2016, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 7% initially, reduced by decrements to an ultimate rate of 5% after six years. The UAAL is being amortized as a level dollar over an open thirty-year period.

G. 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, 2016, are as follows:

<u>Project Name</u>	<u>Project Budget</u>	<u>Cumulative expenditures through June 30, 2016</u>
Construction Projects	\$ 223,000,000	\$ 122,293,239
Total	\$ 223,000,000	\$ 122,293,239

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2016

Note 4. OTHER INFORMATION (Concluded)

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

The \$223 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.

H. Subsequent Event

On October 13, 2016, the District issued Series 2016-B general obligation refunding and improvement bonds in the amounts of \$152,385,000. The bonds will be used to refund \$48,050,000 of the Series 2007-A general obligation bonds and to finance various capital projects within the District. The District will make the first payment on the bonds on April 1, 2017 and the last payment on October 1, 2038. The interest rate on the bonds ranges from 3.00% to 5.00%.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

OTHER POST-EMPLOYMENT BENEFITS

Schedule of Employer Contributions:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation	Percentage Contributed
June 30, 2008	\$ 2,286,858	\$ 842,000	\$ 1,444,858	36.8%
June 30, 2009	2,421,247	1,002,000	2,864,105	41.4%
June 30, 2010	2,420,532	831,000	4,453,637	34.3%
June 30, 2011	2,404,289	1,087,000	5,770,926	45.2%
June 30, 2012	2,964,809	1,036,000	7,699,735	34.9%
June 30, 2013	2,938,293	1,320,000	9,318,028	44.9%
June 30, 2014	2,465,149	925,000	10,858,177	37.5%
June 30, 2015	2,438,146	1,231,000	12,065,323	50.5%
June 30, 2016	2,446,890	913,000	13,599,213	37.3%

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percent of Payroll (b-a)/(c)
1/1/2007	\$ -	\$ 18,711,048	\$ 18,711,048	0.00%	\$ 153,195,846	12.2%
7/1/2009	\$ -	\$ 19,748,645	\$ 19,748,645	0.00%	\$ 153,410,213	12.9%
7/1/2011	\$ -	\$ 23,002,636	\$ 23,002,636	0.00%	\$ 138,397,176	16.6%
7/1/2013	\$ -	\$ 20,818,213	\$ 20,818,213	0.00%	\$ 130,671,503	15.9%
7/1/2015	\$ -	\$ 20,665,943	\$ 20,665,943	0.00%	\$ 125,265,504	16.5%

KPERS PENSION PLAN:

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

	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	3.730%	3.792%
District's proportionate share of the net pension liability	\$ 258,252,228	\$ 242,287,546
District's covered employee payroll	\$ 165,185,936	\$ 143,217,130
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	156.34%	169.17%
Plan fiduciary net position as a percentage of the total pension liability	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.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
June 30, 2016

KPERS PENSION PLAN (CONTINUED):

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

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 11,038,945	\$ 16,062,812
Contributions in relation to the contractually required contribution	<u>11,038,945</u>	<u>16,062,812</u>
Contribution deficiency [excess]	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 165,185,936	\$ 143,217,130
Contributions as a percentage of covered employee payroll	6.68%	11.22%

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

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:

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

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.

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.

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2016

	Vocational Education	Declining Enrollment	Professional Development	Special Assessment	Food Service	Adult Supplemental Education	Bilingual Education	Summer School	Parent Education Program
ASSETS									
Cash and cash equivalents	\$ 216,169	\$ -	\$ 18,719	\$ 1,105,530	\$ 3,373,764	\$ 35,421	\$ 86,596	\$ 837,072	\$ 150
Investments	-	-	-	-	-	-	-	-	-
Receivables									
Taxes	-	34,994	-	4,314	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	183,037	-	-	-	-
Total assets	\$ 216,169	\$ 34,994	\$ 18,719	\$ 1,109,844	\$ 3,556,801	\$ 35,421	\$ 86,596	\$ 837,072	\$ 150
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 11,883	\$ -	\$ 17,521	\$ -	\$ 7,453	\$ -	\$ -	\$ 1,869	\$ 150
Health care reserve	-	-	-	-	-	-	-	-	-
Accrued payroll, payroll withholdings and taxes	204,260	-	-	-	45,933	-	86,037	1,692	-
Due to other funds	-	3,712	-	-	-	-	-	-	-
Total liabilities	216,143	3,712	17,521	-	53,386	-	86,037	3,561	150
Deferred inflows of resources:									
Unavailable revenue - student fees	-	-	-	-	-	-	-	-	-
Unavailable revenue - property taxes	-	34,994	-	4,314	-	-	-	-	-
Total deferred inflows of resources	-	34,994	-	4,314	-	-	-	-	-
Total liabilities and deferred inflows of resources	216,143	38,706	17,521	4,314	53,386	-	86,037	3,561	150
Fund balances:									
Nonspendable	-	-	-	-	183,037	-	-	-	-
Restricted	-	[3,712]	-	1,105,530	2,958,940	35,421	-	828,668	-
Assigned	26	-	1,198	-	361,438	-	559	4,843	-
Total fund balances	26	[3,712]	1,198	1,105,530	3,503,415	35,421	559	833,511	-
Total liabilities, deferred inflows of resources and fund balances	\$ 216,169	\$ 34,994	\$ 18,719	\$ 1,109,844	\$ 3,556,801	\$ 35,421	\$ 86,596	\$ 837,072	\$ 150

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
\$ 290,931	\$ 370,571	\$ 27,065	\$ 245,827	\$ 1,471,204	\$ 572,424	\$ 3,440,758	\$ 138,052	\$ 217,072	\$ 283,267	\$ 12,730,592
-	2,000,000	-	-	-	-	-	5,500,000	2,500,000	-	10,000,000
-	4,208	-	70,418	-	-	-	-	-	-	113,934
-	-	-	-	-	-	-	-	-	-	183,037
<u>\$ 290,931</u>	<u>\$ 2,374,779</u>	<u>\$ 27,065</u>	<u>\$ 316,245</u>	<u>\$ 1,471,204</u>	<u>\$ 572,424</u>	<u>\$ 3,440,758</u>	<u>\$ 5,638,052</u>	<u>\$ 2,717,072</u>	<u>\$ 283,267</u>	<u>\$ 23,027,563</u>
\$ -	\$ 895	\$ -	\$ -	\$ 147,306	\$ [210]	\$ 71,952	\$ -	\$ 7,573	\$ 368	\$ 266,760
-	-	-	-	-	-	-	-	2,693,782	-	2,693,782
708	-	27,065	-	278,928	-	-	-	-	-	644,623
-	-	-	-	-	-	-	-	-	-	3,712
<u>708</u>	<u>895</u>	<u>27,065</u>	<u>-</u>	<u>426,234</u>	<u>[210]</u>	<u>71,952</u>	<u>-</u>	<u>2,701,355</u>	<u>368</u>	<u>3,608,877</u>
199	-	-	-	-	-	-	-	-	702	901
-	4,208	-	70,418	-	-	-	-	-	-	113,934
<u>199</u>	<u>4,208</u>	<u>-</u>	<u>70,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>702</u>	<u>114,835</u>
<u>907</u>	<u>5,103</u>	<u>27,065</u>	<u>70,418</u>	<u>426,234</u>	<u>[210]</u>	<u>71,952</u>	<u>-</u>	<u>2,701,355</u>	<u>1,070</u>	<u>3,723,712</u>
-	-	-	-	-	-	-	-	-	-	183,037
290,024	2,369,676	-	245,827	830,641	551,569	2,820,908	5,638,052	15,717	279,077	17,966,338
-	-	-	-	214,329	21,065	547,898	-	-	3,120	1,154,476
<u>290,024</u>	<u>2,369,676</u>	<u>-</u>	<u>245,827</u>	<u>1,044,970</u>	<u>572,634</u>	<u>3,368,806</u>	<u>5,638,052</u>	<u>15,717</u>	<u>282,197</u>	<u>19,303,851</u>
<u>\$ 290,931</u>	<u>\$ 2,374,779</u>	<u>\$ 27,065</u>	<u>\$ 316,245</u>	<u>\$ 1,471,204</u>	<u>\$ 572,424</u>	<u>\$ 3,440,758</u>	<u>\$ 5,638,052</u>	<u>\$ 2,717,072</u>	<u>\$ 283,267</u>	<u>\$ 23,027,563</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, 2016

	Vocational Education	Declining Enrollment	Professional Development	Special Assessment	Food Service	Adult Supplemental Education	Bilingual Education	Summer School	Parent Education Program
REVENUES:									
Taxes	\$ -	\$ 3,064,921	\$ -	\$ 479,196	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,186,527	-	102,321	-	6,131,708	-	2,369,998	-	345,255
Charges for services	10,890	-	-	-	5,190,902	-	-	449,658	-
Investment revenue	-	-	-	-	1,077	-	-	-	-
Other local sources	-	-	-	-	-	-	-	-	-
Total revenues	<u>3,197,417</u>	<u>3,064,921</u>	<u>102,321</u>	<u>479,196</u>	<u>11,323,687</u>	<u>-</u>	<u>2,369,998</u>	<u>449,658</u>	<u>345,255</u>
EXPENDITURES:									
Current									
Instruction	2,736,256	-	-	-	-	[49]	2,048,729	315,286	-
Student support services	-	-	-	-	-	-	33,802	754	522,386
Instructional support staff	84,065	-	105,578	-	-	-	-	-	55,896
General administration	-	-	-	-	-	-	-	-	-
School administration	6,209	-	-	-	-	-	-	82,733	-
Operations and maintenance	21,857	-	-	-	629,645	-	-	-	-
Student transportation services	273,263	-	-	-	-	-	293,807	-	-
Food service operations	-	-	-	-	10,155,381	-	-	-	-
Student activities	83,503	-	-	-	-	-	-	-	-
Business and central support services	-	-	-	-	-	-	-	-	-
State payment	-	3,187,219	-	-	-	-	-	-	-
Capital outlay									
Facility acquisition and construction	-	-	-	493,499	-	-	-	-	-
Total expenditures	<u>3,205,153</u>	<u>3,187,219</u>	<u>105,578</u>	<u>493,499</u>	<u>10,785,026</u>	<u>[49]</u>	<u>2,376,338</u>	<u>398,773</u>	<u>578,282</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[7,736]</u>	<u>[122,298]</u>	<u>[3,257]</u>	<u>[14,303]</u>	<u>538,661</u>	<u>49</u>	<u>[6,340]</u>	<u>50,885</u>	<u>[233,027]</u>
OTHER FINANCING SOURCES [USES]:									
Transfers in	-	-	-	-	-	-	-	-	230,315
Total other financing sources [uses]	-	-	-	-	-	-	-	-	230,315
Net change in fund balances	[7,736]	[122,298]	[3,257]	[14,303]	538,661	49	[6,340]	50,885	[2,712]
Fund balance - Beginning of year	<u>7,762</u>	<u>118,586</u>	<u>4,455</u>	<u>1,119,833</u>	<u>2,964,754</u>	<u>35,372</u>	<u>6,899</u>	<u>782,626</u>	<u>2,712</u>
Fund balance - End of year	\$ 26	\$ [3,712]	\$ 1,198	\$ 1,105,530	\$ 3,503,415	\$ 35,421	\$ 559	\$ 833,511	\$ -

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
\$ -	\$ 309,935	\$ -	\$ 5,919,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,773,147
-	-	280,594	-	4,469,762	-	-	-	-	-	16,886,165
79,120	-	-	-	-	-	954,734	-	-	734,739	7,420,043
-	10,553	-	-	-	-	-	-	9,645	-	21,275
-	-	-	-	1,358,855	756,526	-	-	-	-	2,115,381
<u>79,120</u>	<u>320,488</u>	<u>280,594</u>	<u>5,919,095</u>	<u>5,828,617</u>	<u>756,526</u>	<u>954,734</u>	<u>-</u>	<u>9,645</u>	<u>734,739</u>	<u>36,216,011</u>
75,526	-	280,594	-	3,120,262	-	807,799	-	-	457,517	9,841,920
-	-	-	-	865,890	-	-	-	-	-	1,422,832
-	-	-	-	1,652,245	2,764	-	-	-	4,076	1,904,624
-	56,645	-	-	54,994	-	-	-	-	-	111,639
3,589	-	-	-	-	-	-	-	-	-	92,531
-	-	-	-	1,887	-	-	-	-	-	653,389
-	-	-	-	10,479	-	-	-	-	-	577,549
-	-	-	-	-	-	-	-	-	-	10,155,381
-	-	-	-	51,868	822,330	-	-	-	257,480	1,215,181
-	375,511	-	-	-	-	-	-	-	-	375,511
-	-	-	5,998,237	-	-	-	-	-	-	9,185,456
-	-	-	-	-	-	-	-	-	-	493,499
<u>79,115</u>	<u>432,156</u>	<u>280,594</u>	<u>5,998,237</u>	<u>5,757,625</u>	<u>825,094</u>	<u>807,799</u>	<u>-</u>	<u>-</u>	<u>719,073</u>	<u>36,029,512</u>
<u>5</u>	<u>[111,668]</u>	<u>-</u>	<u>[79,142]</u>	<u>70,992</u>	<u>[68,568]</u>	<u>146,935</u>	<u>-</u>	<u>9,645</u>	<u>15,666</u>	<u>186,499</u>
-	-	-	-	-	-	-	-	-	-	230,315
-	-	-	-	-	-	-	-	-	-	230,315
5	[111,668]	-	[79,142]	70,992	[68,568]	146,935	-	9,645	15,666	416,814
<u>290,019</u>	<u>2,481,344</u>	<u>-</u>	<u>324,969</u>	<u>973,978</u>	<u>641,202</u>	<u>3,221,871</u>	<u>5,638,052</u>	<u>6,072</u>	<u>266,531</u>	<u>18,887,037</u>
<u>\$ 290,024</u>	<u>\$ 2,369,676</u>	<u>\$ -</u>	<u>\$ 245,827</u>	<u>\$ 1,044,970</u>	<u>\$ 572,634</u>	<u>\$ 3,368,806</u>	<u>\$ 5,638,052</u>	<u>\$ 15,717</u>	<u>\$ 282,197</u>	<u>\$ 19,303,851</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)
 VOCATIONAL EDUCATION FUND
 For the Year Ended June 30, 2016
 (With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015		June 30, 2016				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	\$ 3,482,203	\$ 3,186,527	\$ [3,186,527]	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	181,372	181,372	[181,372]
Total intergovernmental	3,482,203	3,186,527	[3,186,527]	-	181,372	181,372	[181,372]
Charges for services	12,194	10,890	-	10,890	10,000	10,000	890
Total revenues	3,494,397	3,197,417	[3,186,527]	10,890	191,372	191,372	[180,482]
EXPENDITURES:							
Instruction	2,862,541	2,739,160	[7,736]	2,731,424	3,205,820	3,205,820	474,396
Instructional support staff	202,795	84,065	-	84,065	84,727	84,727	662
School administration	62,142	6,209	-	6,209	14,850	14,850	8,641
Operations and maintenance	73,642	21,857	-	21,857	31,264	31,264	9,407
Student transportation services	227,110	273,263	-	273,263	-	-	[273,263]
Other support services	83,827	83,503	-	83,503	232,300	232,300	148,797
Total expenditures	3,512,057	3,208,057	[7,736]	3,200,321	3,568,961	3,568,961	368,640
Excess [deficiency] of revenues over [under] expenditures	[17,660]	[10,640]	[3,178,791]	[3,189,431]	[3,377,589]	[3,377,589]	188,158
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	3,186,527	3,186,527	3,377,589	3,377,589	[191,062]
Total other financing sources [uses]	-	-	3,186,527	3,186,527	3,377,589	3,377,589	[191,062]
Net change in fund balance	[17,660]	[10,640]	7,736	[2,904]	\$ -	\$ -	\$ [2,904]
FUND BALANCE - Beginning of year	22,464	7,762	[7,762]	-			
Prior year cancelled encumbrances	2,958	2,904	-	2,904			
FUND BALANCE - End of year	\$ 7,762	\$ 26	\$ [26]	\$ -			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Taxes:							
In process	\$ 28,472	\$ 65,786	\$ -	\$ 65,786	\$ 120,553	\$ 120,553	\$ [54,767]
Current	3,198,796	2,602,557	-	2,602,557	2,536,427	2,536,427	66,130
Delinquent	11,103	30,341	-	30,341	37,396	37,396	[7,055]
Motor vehicle	110,931	366,237	-	366,237	374,257	374,257	[8,020]
Total taxes	3,349,302	3,064,921	-	3,064,921	3,068,633	3,068,633	[3,712]
Total revenues	3,349,302	3,064,921	-	3,064,921	3,068,633	3,068,633	[3,712]
EXPENDITURES:							
State payment	3,187,219	3,187,219	-	3,187,219	3,187,219	3,187,219	-
Total expenditures	3,187,219	3,187,219	-	3,187,219	3,187,219	3,187,219	\$ -
Net change in fund balance	162,083	[122,298]	-	[122,298]	\$ [118,586]	\$ [118,586]	
FUND BALANCE - Beginning of year	[43,497]	118,586	-	118,586			
FUND BALANCE - End of year	\$ 118,586	\$ [3,712]	\$ -	\$ [3,712]			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					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	\$ 103,040	\$ 102,321	\$ [102,321]	\$ -	\$ -	\$ -	\$ -
Total revenues	103,040	102,321	[102,321]	-	-	-	-
EXPENDITURES:							
Instructional support staff	127,501	105,848	[3,257]	102,591	658,344	658,344	555,753
Total expenditures	127,501	105,848	[3,257]	102,591	658,344	658,344	555,753
Excess [deficiency] of revenues over [under] expenditures	[24,461]	[3,527]	[99,064]	[102,591]	[658,344]	[658,344]	555,753
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	102,321	102,321	658,344	658,344	[556,023]
Total other financing sources [uses]	-	-	102,321	102,321	658,344	658,344	[556,023]
Net change in fund balance	[24,461]	[3,527]	3,257	[270]	\$ -	\$ -	\$ [270]
FUND BALANCE - Beginning of year	28,646	4,455	[4,455]	-			
Prior year cancelled encumbrances	270	270	-	270			
FUND BALANCE - End of year	\$ 4,455	\$ 1,198	\$ [1,198]	\$ -			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016						Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts			
					Original	Final		
REVENUES:								
Taxes:								
In process	\$ 16,831	\$ 14,858	\$ -	\$ 14,858	\$ 34,688	\$ 34,688	\$	[19,830]
Current	923,058	324,661	-	324,661	322,812	322,812		1,849
Delinquent	7,771	11,747	-	11,747	10,790	10,790		957
Motor vehicle	111,880	125,718	-	125,718	125,273	125,273		445
Rental excise	1,913	2,212	-	2,212	1,760	1,760		452
Total revenues	1,061,453	479,196	-	479,196	495,323	495,323		[16,127]
EXPENDITURES:								
Facility acquisition and construction	521,769	493,499	-	493,499	1,200,000	1,200,000		706,501
Total expenditures	521,769	493,499	-	493,499	1,200,000	1,200,000		706,501
Net change in fund balance	539,684	[14,303]	-	[14,303]	\$ [704,677]	\$ [704,677]	\$	690,374
FUND BALANCE - Beginning of year	580,149	1,119,833	-	1,119,833				
FUND BALANCE - End of year	\$ 1,119,833	\$ 1,105,530	\$ -	\$ 1,105,530				

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					Variance with
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Final Budget Positive [Negative]
					Original	Final	
REVENUES:							
Intergovernmental:							
Federal	\$ 5,854,815	\$ 6,019,597	\$ -	\$ 6,019,597	\$ 5,640,450	\$ 5,640,450	\$ 379,147
State and local	109,466	112,111	-	112,111	94,867	94,867	17,244
Total intergovernmental	5,964,281	6,131,708	-	6,131,708	5,735,317	5,735,317	396,391
Charges for services	5,020,144	5,190,902	-	5,190,902	4,977,558	4,977,558	213,344
Investment revenue	263	1,077	-	1,077	-	-	1,077
Total revenues	10,984,688	11,323,687	-	11,323,687	10,712,875	10,712,875	610,812
EXPENDITURES:							
Operations and maintenance	614,196	629,645	-	629,645	650,000	650,000	20,355
Food service operations	10,237,673	10,266,424	146,894	10,413,318	12,630,048	12,630,048	2,216,730
Total expenditures	10,851,869	10,896,069	146,894	11,042,963	13,280,048	13,280,048	2,237,085
Net change in fund balance	132,819	427,618	[146,894]	280,724	\$ [2,567,173]	\$ [2,567,173]	\$ 2,847,897
FUND BALANCE - Beginning of year	2,704,467	2,964,754	[397,581]	2,567,173			
Prior year cancelled encumbrances	127,468	111,043	-	111,043			
FUND BALANCE - End of year	\$ 2,964,754	\$ 3,503,415	\$ [544,475]	\$ 2,958,940			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
					Original	Final	
REVENUES:							
Charges for services	\$ 4,731	\$ -	\$ -	\$ -	\$ 4,000	\$ 4,000	\$ [4,000]
Total revenues	4,731	-	-	-	4,000	4,000	[4,000]
EXPENDITURES:							
Instruction	6,733	[49]	-	[49]	18,513	18,513	18,562
Total expenditures	6,733	[49]	-	[49]	18,513	18,513	18,562
Net change in fund balance	[2,002]	49	-	49	\$ [14,513]	\$ [14,513]	\$ 14,562
FUND BALANCE - Beginning of year	37,374	35,372	-	35,372			
FUND BALANCE - End of year	\$ 35,372	\$ 35,421	\$ -	\$ 35,421			

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)
BILINGUAL EDUCATION FUND
For the Year Ended June 30, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					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	\$ 2,680,931	\$ 2,369,998	\$ [2,369,998]	\$ -	\$ -	\$ -	\$ -
Total revenues	2,680,931	2,369,998	[2,369,998]	-	-	-	-
EXPENDITURES:							
Instruction	2,235,859	2,048,925	[6,340]	2,042,585	2,174,790	2,174,790	132,205
Student support services	37,068	33,802	-	33,802	38,474	38,474	4,672
Instructional support staff	97,188	-	-	-	733	733	733
Student transportation services	306,360	293,807	-	293,807	342,800	342,800	48,993
Total expenditures	2,676,475	2,376,534	[6,340]	2,370,194	2,556,797	2,556,797	186,603
Excess [deficiency] of revenues over [under] expenditures	4,456	[6,536]	[2,363,658]	[2,370,194]	[2,556,797]	[2,556,797]	186,603
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	2,369,998	2,369,998	2,556,797	2,556,797	[186,799]
Total other financing sources [uses]	-	-	2,369,998	2,369,998	2,556,797	2,556,797	[186,799]
Net change in fund balance	4,456	[6,536]	6,340	[196]	\$ -	\$ -	\$ [196]
FUND BALANCE - Beginning of year	2,284	6,899	[6,899]	-			
Prior year cancelled encumbrances	159	196	-	196			
FUND BALANCE - End of year	\$ 6,899	\$ 559	\$ [559]	\$ -			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015		June 30, 2016				Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Charges for services	\$ 507,965	\$ 449,658	\$ -	\$ 449,658	\$ 488,800	\$ 488,800	\$ [39,142]
Total revenues	<u>507,965</u>	<u>449,658</u>	<u>-</u>	<u>449,658</u>	<u>488,800</u>	<u>488,800</u>	<u>[39,142]</u>
EXPENDITURES:							
Instruction	291,479	317,087	1,015	318,102	649,967	649,967	331,865
Student support services	228	754	[155]	599	12,300	12,300	11,701
School administration	71,421	82,733	-	82,733	94,950	94,950	12,217
Operations and maintenance	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Total expenditures	<u>423,128</u>	<u>400,574</u>	<u>860</u>	<u>401,434</u>	<u>758,217</u>	<u>758,217</u>	<u>356,783</u>
Net change in fund balance	84,837	49,084	[860]	48,224	\$ [269,417]	\$ [269,417]	\$ 317,641
FUND BALANCE - Beginning of year	696,803	782,626	[3,983]	778,643			
Prior year cancelled encumbrances	<u>986</u>	<u>1,801</u>	<u>-</u>	<u>1,801</u>			
FUND BALANCE - End of year	<u>\$ 782,626</u>	<u>\$ 833,511</u>	<u>\$ [4,843]</u>	<u>\$ 828,668</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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					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	\$ 334,835	\$ 345,255	\$ -	\$ 345,255	\$ 367,936	\$ 367,936	\$ [22,681]
Total revenues	334,835	345,255	-	345,255	367,936	367,936	[22,681]
EXPENDITURES:							
Student support services	534,470	523,030	[2,712]	520,318	535,358	535,358	15,040
Instructional support staff	33,896	55,896	-	55,896	66,815	66,815	10,919
General administration	21,121	-	-	-	-	-	-
Total expenditures	589,487	578,926	[2,712]	576,214	602,173	602,173	25,959
Excess [deficiency] of revenues over [under] expenditures	[254,652]	[233,671]	2,712	[230,959]	[234,237]	[234,237]	3,278
OTHER FINANCING SOURCES [USES]:							
Transfers in	251,739	230,315	-	230,315	234,237	234,237	[3,922]
Total other financing sources [uses]	251,739	230,315	-	230,315	234,237	234,237	[3,922]
Net change in fund balance	[2,913]	[3,356]	2,712	[644]	\$ -	\$ -	\$ [644]
FUND BALANCE - Beginning of year	4,965	2,712	[2,712]	-			
Prior year cancelled encumbrances	660	644	-	644			
FUND BALANCE - End of year	\$ 2,712	\$ -	\$ -	\$ -			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Charges for services	\$ 90,250	\$ 79,120	\$ -	\$ 79,120	\$ 86,200	\$ 86,200	\$ [7,080]
Total revenues	90,250	79,120	-	79,120	86,200	86,200	[7,080]
EXPENDITURES:							
Instruction	34,481	75,526	-	75,526	100,446	100,446	24,920
School administration	-	3,589	-	3,589	100,446	100,446	96,857
Total expenditures	34,481	79,115	-	79,115	200,892	200,892	121,777
Excess [deficiency] of revenues over [under] expenditures	55,769	5	-	5	\$ [114,692]	\$ [114,692]	\$ 114,697
FUND BALANCE - Beginning of year	234,250	290,019	-	290,019			
FUND BALANCE - End of year	\$ 290,019	\$ 290,024	\$ -	\$ 290,024			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015		June 30, 2016				Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Intergovernmental:							
Taxes	\$ 368	\$ 309,935	\$ -	\$ 309,935	\$ 312,551	\$ 312,551	\$ [2,616]
Investment revenue	2,498	10,553	-	10,553	-	-	-
Total revenues	2,866	320,488	-	320,488	312,551	312,551	[2,616]
EXPENDITURES:							
General administration	58,609	56,645	-	56,645	1,258,075	1,258,075	1,201,430
Business and central support services	300,157	375,511	-	375,511	-	-	[375,511]
Total expenditures	358,766	432,156	-	432,156	1,258,075	1,258,075	825,919
Net change in fund balance	[355,900]	[111,668]	-	[111,668]	\$ [945,524]	\$ [945,524]	\$ 823,303
FUND BALANCE - Beginning of year	2,832,392	2,481,344	-	2,481,344			
Prior year cancelled encumbrances	4,852	-	-	-			
FUND BALANCE - End of year	\$ 2,481,344	\$ 2,369,676	\$ -	\$ 2,369,676			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015		June 30, 2016				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	\$ 304,883	\$ 280,594	\$ [280,594]	\$ -	\$ -	\$ -	\$ -
Total revenues	304,883	280,594	[280,594]	-	-	-	-
EXPENDITURES:							
Instruction	307,246	280,594	-	280,594	322,378	322,378	41,784
Total expenditures	307,246	280,594	-	280,594	322,378	322,378	41,784
Excess [deficiency] of revenues over [under] expenditures	[2,363]	-	[280,594]	[280,594]	[322,378]	[322,378]	41,784
OTHER FINANCING SOURCES [USES]:							
Transfers in	-	-	280,594	280,594	322,378	322,378	[41,784]
Total other financing sources [uses]	-	-	280,594	280,594	322,378	322,378	[41,784]
Net change in fund balance	[2,363]	-	-	-	\$ -	\$ -	\$ -
FUND BALANCE - Beginning of year	1,330	-	-	-			
Prior year cancelled encumbrances	1,033	-	-	-			
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)
COST OF LIVING FUND

For the Year Ended June 30, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Taxes:							
In process	\$ 32,615	\$ 77,726	\$ -	\$ 77,726	\$ 181,494	\$ 181,494	\$ [103,768]
Current	4,864,941	5,246,764	-	5,246,764	5,483,653	5,483,653	[236,889]
Delinquent	24,874	58,574	-	58,574	56,510	56,510	2,064
Motor vehicle	504,456	536,031	-	536,031	548,736	548,736	[12,705]
Total taxes	5,426,886	5,919,095	-	5,919,095	6,270,393	6,270,393	[351,298]
Total revenue	5,426,886	5,919,095	-	5,919,095	6,270,393	6,270,393	[351,298]
EXPENDITURES:							
State payment	5,132,521	5,998,237	-	5,998,237	6,595,362	6,595,362	597,125
Total expenditures	5,132,521	5,998,237	-	5,998,237	6,595,362	6,595,362	597,125
Net change in fund balance	294,365	[79,142]	-	[79,142]	\$ [324,969]	\$ [324,969]	\$ 245,827
FUND BALANCE - Beginning of year	30,604	324,969	-	324,969			
FUND BALANCE - End of year	\$ 324,969	\$ 245,827	\$ -	\$ 245,827			

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)
 FEDERAL AND LOCAL GRANTS FUND
 For the Year Ended June 30, 2016
 (With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016					Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		
					Original	Final	
REVENUES:							
Intergovernmental:							
Federal	\$ 4,233,552	\$ 4,469,762	\$ -	\$ 4,469,762	\$ 5,249,135	\$ 5,249,135	\$ [779,373]
Total intergovernmental	4,233,552	4,469,762	-	4,469,762	5,249,135	5,249,135	[779,373]
Other local sources	1,102,827	1,358,855	-	1,358,855	-	-	1,358,855
Total revenues	5,336,379	5,828,617	-	5,828,617	5,249,135	5,249,135	579,482
EXPENDITURES:							
Instruction	3,239,047	3,122,789	159,837	3,282,626	2,358,502	2,358,502	[924,124]
Student support services	960,343	865,890	[2,489]	863,401	699,590	699,590	[163,811]
Instructional support staff	861,071	1,652,245	33,334	1,685,579	2,113,938	2,113,938	428,359
General administration	172,574	54,994	[466]	54,528	34,558	34,558	[19,970]
Operations and maintenance	-	1,887	-	1,887	-	-	[1,887]
Student transportation services	5,242	10,479	[4,026]	6,453	-	-	[6,453]
Student activities	28,962	51,868	1,188	53,056	1,500	1,500	[51,556]
Capital outlay	17,600	-	-	-	-	-	-
Total expenditures	5,284,839	5,760,152	187,378	5,947,530	5,208,088	5,208,088	[739,442]
Net change in fund balance	51,540	68,465	[187,378]	[118,913]	\$ 41,047	\$ 41,047	\$ [159,960]
FUND BALANCE - Beginning of year	920,787	973,978	[26,951]	947,027			
Prior year cancelled encumbrances	1,651	2,527	-	2,527			
FUND BALANCE - End of year	\$ 973,978	\$ 1,044,970	\$ [214,329]	\$ 830,641			

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 FUNDFor the Year Ended June 30, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015			June 30, 2016			
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
					Original	Final	
REVENUES:							
Taxes:							
In process	\$ 343,458	\$ 340,651	\$ -	\$ 340,651	\$ 795,044	\$ 795,044	\$ [454,393]
Current	21,178,980	22,168,389	-	22,168,389	22,109,621	22,109,621	58,768
Delinquent	191,131	272,128	-	272,128	247,559	247,559	24,569
Motor vehicle	2,773,065	2,660,843	-	2,660,843	2,658,677	2,658,677	2,166
Rental excise	52,461	45,141	-	45,141	-	-	45,141
Total taxes	24,539,095	25,487,152	-	25,487,152	25,810,901	25,810,901	[323,749]
Investment revenue	-	9,456	-	9,456	2,310	2,310	7,146
Other revenue	-	-	-	-	48,930	48,930	[48,930]
Total revenues	24,539,095	25,496,608	-	25,496,608	25,862,141	25,862,141	[365,533]
EXPENDITURES:							
Debt Service							
Principal	24,340,000	17,990,000	-	17,990,000	17,990,000	17,990,000	-
Interest and other charges	6,550,340	9,541,467	-	9,541,467	9,545,131	9,545,131	3,664
Total expenditures	30,890,340	27,531,467	-	27,531,467	27,535,131	27,535,131	3,664
Excess [deficiency] of revenues over [under] expenditures	[6,351,245]	[2,034,859]	-	[2,034,859]	[1,672,990]	[1,672,990]	[361,869]
OTHER FINANCING SOURCES [USES]:							
Refunding bonds issued	8,033,533	-	-	-	-	-	-
Total other financing sources [uses]	8,033,533	-	-	-	-	-	-
Net change in fund balance	1,682,288	[2,034,859]	-	[2,034,859]	\$ [1,672,990]	\$ [1,672,990]	\$ [361,869]
FUND BALANCE - Beginning of year	19,408,056	21,090,344	-	21,090,344			
FUND BALANCE - End of year	\$ 21,090,344	\$ 19,055,485	\$ -	\$ 19,055,485			

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, 2016
(With Comparative Amounts for the Year Ended June 30, 2015)

	June 30, 2015	June 30, 2016						Variance with Final Budget Positive [Negative]
	GAAP Basis	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts			
					Original	Final		
REVENUES:								
Taxes:								
In process	\$ 369,855	\$ 366,587	\$ -	\$ 366,587	\$ 855,821	\$ 855,821	\$	[489,234]
Current	22,791,238	23,820,979	-	23,820,979	23,791,375	23,791,375		29,604
Delinquent	199,166	288,904	-	288,904	266,408	266,408		22,496
Motor vehicle	2,836,979	2,864,712	-	2,864,712	2,912,276	2,912,276		[47,564]
Rental excise	52,402	48,610	-	48,610	-	-		48,610
Total taxes	26,249,640	27,389,792	-	27,389,792	27,825,880	27,825,880		[436,088]
Other local sources	291,118	483,415	-	483,415	47,140,248	47,140,248		[46,656,833]
Total revenues	26,540,758	27,873,207	-	27,873,207	74,966,128	74,966,128		[47,092,921]
EXPENDITURES:								
Instruction	20,780,411	2,420,276	[562,693]	1,857,583	3,930,040	3,930,040		2,072,457
Student support services	39,134	36,959	-	36,959	41,677	41,677		4,718
Instructional support staff	37,782	[3,267]	[2,080]	[5,347]	53,200	53,200		58,547
General administration	194	-	-	-	25,000	25,000		25,000
Operations and maintenance	4,308,879	3,543,937	[103,318]	3,440,619	235,775	235,775		[3,204,844]
Other support services	265,083	107,594	-	107,594	795,726	795,726		688,132
Business and central support services	1,178,250	3,288,674	[33,418]	3,255,256	690,000	690,000		[2,565,256]
Facility acquisition and construction	22,667,831	39,129,237	9,703,082	48,832,319	74,725,013	74,725,013		25,892,694
Debt Service								
Principal	6,463,056	8,429,886	-	8,429,886	15,983,736	15,983,736		7,553,850
Interest and other charges	391,904	693,362	-	693,362	1,858,200	1,858,200		1,164,838
Total expenditures	56,132,524	57,646,658	9,001,573	66,648,231	98,338,367	98,338,367		31,690,136
OTHER FINANCING SOURCES [USES]:								
General obligation bonds issued	21,175,534	30,095,083	-	30,095,083	-	-		30,095,083
Total other financing sources [uses]	21,175,534	30,095,083	-	30,095,083	-	-		30,095,083
Net change in fund balance	[8,416,232]	321,632	[9,001,573]	[8,679,941]	\$ [23,372,239]	\$ [23,372,239]		\$ 14,692,298
FUND BALANCE - Beginning of year, as originally stated	40,449,224	32,126,821	[8,754,583]	23,372,238				
Prior year cancelled encumbrances	93,829	822,064	-	822,064				
FUND BALANCE - End of year	\$ 32,126,821	\$ 33,270,517	\$ [17,756,156]	\$ 15,514,361				

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, 2016

	Balance June 30, <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2016</u>
Assets - cash and investments	<u>\$ 2,150,483</u>	<u>\$ 3,256,119</u>	<u>\$ 3,147,159</u>	<u>\$ 2,259,443</u>
Liabilities - due to student organizations	<u>\$ 2,150,483</u>	<u>\$ 3,256,119</u>	<u>\$ 3,147,159</u>	<u>\$ 2,259,443</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.

<u>Contents</u>	Page
Financial Trends	74 - 82
These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time	
Revenue Capacity	83 - 89
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	90 - 94
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	95 - 97
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	98 - 100
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.	

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net investment in capital assets										
Restricted	\$ 75,859,387	\$ 131,691,815	\$ 202,148,601	\$ 209,641,065	\$ 209,665,197	\$ 231,300,400	\$ 253,330,501	\$ 251,367,186	\$ 267,252,105	\$ 275,444,373
Unrestricted	17,634,497	16,781,531	18,472,417	18,266,209	18,721,274	18,911,711	20,447,422	19,408,056	21,090,344	19,055,485
Total	<u>171,859,713</u>	<u>137,679,779</u>	<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>
Total Net Position	<u>\$ 265,353,597</u>	<u>\$ 286,153,125</u>	<u>\$ 298,560,332</u>	<u>\$ 299,248,276</u>	<u>\$ 296,812,921</u>	<u>\$ 308,386,099</u>	<u>\$ 322,150,565</u>	<u>\$ 332,218,878</u>	<u>\$ 72,417,735</u>	<u>\$ 76,130,902</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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Instruction	\$ 159,967,897	\$ 175,567,231	\$ 184,559,961	\$ 188,221,804	\$ 171,080,693	\$ 172,548,326	\$ 172,142,399	\$ 169,492,144	\$ 169,510,423	\$ 166,480,156
Student Support Services	13,737,478	15,299,110	16,343,687	15,282,973	14,438,322	14,928,047	15,069,611	14,857,615	14,526,934	15,090,880
Instructional Support	9,176,169	10,293,743	10,565,365	9,610,299	8,574,949	8,115,624	8,085,874	8,702,701	8,574,463	9,239,934
General Administration	1,760,380	1,869,740	1,927,114	2,153,630	2,039,379	1,984,847	2,013,862	2,087,528	2,534,990	2,648,589
School Administration	12,789,503	13,409,796	14,162,217	14,315,622	13,931,653	13,511,466	13,396,373	13,266,480	13,375,735	14,548,696
Operations and Maintenance	38,089,054	36,562,784	38,686,737	36,443,274	43,126,239	44,860,538	41,744,327	43,261,815	43,144,632	45,457,779
Student Transportation Services	8,971,946	9,560,271	9,106,631	8,601,794	8,469,021	9,201,370	9,335,869	9,547,268	8,450,726	9,061,959
Food Service	10,193,201	11,007,453	11,450,798	11,031,971	10,677,553	11,102,506	11,457,954	11,055,516	10,881,124	10,659,695
Student Activities	3,639,924	4,229,698	4,417,319	4,426,435	3,981,855	4,007,704	4,007,889	4,061,388	4,706,058	4,173,907
Business and Central Support Services	14,328,849	13,272,667	13,568,008	13,878,967	11,023,101	10,479,838	9,762,803	10,775,348	12,471,248	13,705,857
State payment	3,986,261	3,788,310	3,307,073	9,714,502	8,554,660	7,202,108	5,911,332	8,532,644	8,319,740	9,185,456
Interest on Long-Term Debt	10,167,342	12,739,612	11,785,703	11,119,808	10,582,206	9,939,082	8,012,807	7,108,025	7,027,298	11,358,782
Total Primary Government Expenses	286,808,004	307,600,415	319,880,613	324,801,079	306,479,631	307,881,456	300,941,100	302,748,472	303,523,371	311,591,690
Program Revenues										
Governmental Activities:										
Charges for services										
Instruction	3,892,786	5,020,007	6,318,533	6,338,216	6,521,015	7,143,365	7,220,599	7,620,150	6,707,859	6,368,357
Food service operations	7,236,572	7,037,063	7,214,232	6,679,202	6,226,654	5,964,756	5,621,203	5,458,129	5,020,144	5,190,902
Operating grants and contributions	50,612,315	55,096,431	59,515,109	54,171,000	52,599,532	58,708,274	55,814,517	54,960,389	52,691,736	49,750,447
Total Primary Government Program Revenues	61,741,673	67,153,501	73,047,874	67,188,418	65,347,201	71,816,395	68,656,319	68,038,668	64,419,739	61,309,706
Total Primary Government Net [Expense]	\$ [225,066,331]	\$ [240,446,914]	\$ [246,832,739]	\$ [257,612,661]	\$ [241,132,430]	\$ [236,065,061]	\$ [232,284,781]	\$ [234,709,804]	\$ [239,103,632]	\$ [250,281,984]

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Primary Government Net [Expense]	<u>\$ [225,066,331]</u>	<u>\$ [240,446,914]</u>	<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>
General Revenues and Other Changes in Net Position:										
Property Taxes	166,485,705	171,308,502	173,273,499	174,637,862	172,144,938	168,798,265	166,773,703	166,746,918	120,997,886	120,366,048
Grants and Entitlements not Restricted to										
Specific Programs	78,934,564	82,545,730	84,596,362	81,854,702	81,964,106	76,441,368	77,982,462	80,367,156	132,870,804	133,219,087
Investment Earnings	6,689,520	6,020,733	1,427,724	228,674	44,357	44,892	95,308	23,647	16,013	211,106
Miscellaneous	1,786,597	1,193,397	1,197,559	1,571,344	1,745,847	2,353,714	1,910,593	1,944,037	2,105,826	3,122,371
Special Items										
Capital asset impairment losses	-	-	-	-	[7,481,919]	-	[718,519]	[4,287,468]	[7,624,061]	-
Total Primary Government	<u>253,896,386</u>	<u>261,068,362</u>	<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>
Total Primary Government Change in Net Position	<u>\$ 28,830,055</u>	<u>\$ 20,621,448</u>	<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>

Source: Shawnee Mission USD #512 Basic Financial Statements

TABLE 3
(UNAUDITED)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 3,332,759	\$ 2,383,284	\$ 2,122,870	\$ 1,963,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,687	62,301	42,193	25,182	-	-	-	-	-	-
Nonspendable	-	-	-	-	905,582	888,847	780,738	688,792	397,155	413,152
Assigned	-	-	-	-	329,853	317,516	334,857	559,760	398,215	216,216
Unassigned	-	-	-	-	29,262	21,352	26,277	13,971	19,417	9,969
Total General Fund	\$ 3,348,446	\$ 2,445,585	\$ 2,165,063	\$ 1,988,528	\$ 1,264,697	\$ 1,227,715	\$ 1,141,872	\$ 1,262,523	\$ 814,787	\$ 639,337
All Other Governmental Funds										
Reserved	\$ 68,378,270	\$ 82,220,499	\$ 45,910,160	\$ 36,694,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	71,684,855	74,461,770	77,904,670	59,551,483	-	-	-	-	-	-
Capital project funds	46,684,050	[1,171,447]	[3,806,001]	455,542	-	-	-	-	-	-
Nonspendable	-	-	-	-	107,725	96,722	189,521	198,557	224,487	183,037
Restricted	-	-	-	-	74,713,707	64,056,743	55,705,031	63,221,353	163,838,447	66,788,527
Assigned	-	-	-	-	17,646,655	19,977,946	15,356,317	24,149,575	30,044,581	72,681,245
Unassigned	-	-	-	-	1,528,813	1,623,281	2,733,230	1,713,483	2,307,373	246,837
Total All Other Governmental Funds	\$ 186,747,175	\$ 155,510,822	\$ 120,008,829	\$ 96,701,479	\$ 93,996,900	\$ 85,754,692	\$ 73,984,099	\$ 89,282,968	\$ 196,414,888	\$ 139,899,646

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxes, Net	\$ 166,485,705	\$ 171,308,502	\$ 173,273,500	\$ 174,637,862	\$ 156,898,392	\$ 154,520,287	\$ 153,082,847	\$ 153,155,103	\$ 107,781,277	\$ 107,042,177
Intergovernmental	122,104,750	130,581,232	138,631,527	135,091,776	148,876,864	148,343,210	146,310,175	147,832,128	197,676,322	194,934,550
Charges for Services	11,129,358	12,057,070	13,532,765	13,017,418	12,747,669	13,108,121	12,841,802	13,078,279	11,728,003	11,559,259
Investment Revenue	6,666,656	6,005,919	1,424,896	228,674	44,357	44,892	95,308	23,647	16,013	211,106
Other Local Sources	9,228,726	8,254,326	6,677,503	2,505,270	2,086,708	9,171,456	2,593,885	3,577,850	2,413,915	2,629,026
Total revenues	\$ 315,615,195	\$ 328,207,049	\$ 333,540,191	\$ 325,481,000	\$ 320,653,990	\$ 325,187,966	\$ 314,924,017	\$ 317,667,007	\$ 319,615,530	\$ 316,376,118

Source: Shawnee Mission USD #512 Basic Financial Statements

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

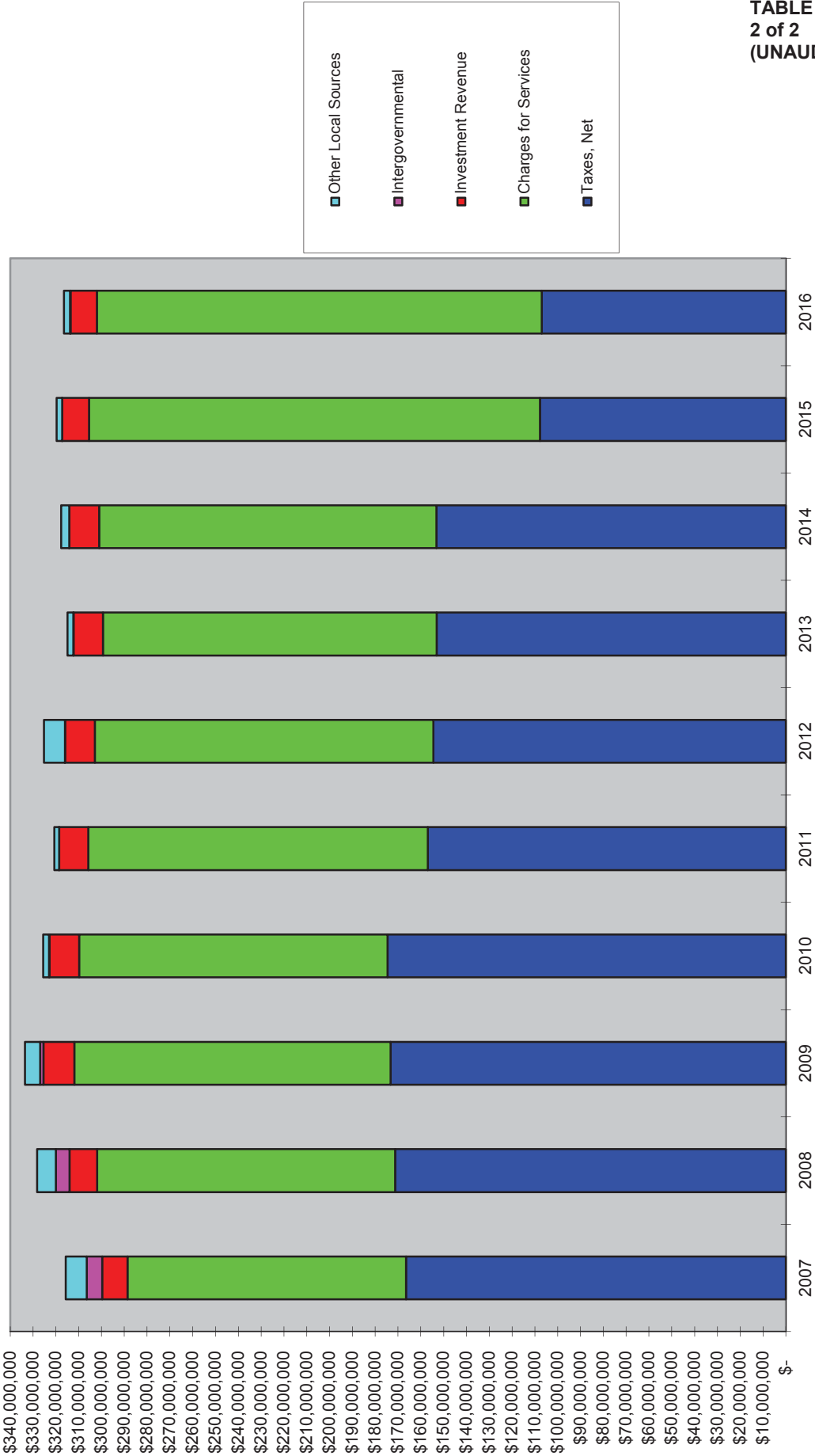


TABLE 6
1 of 2
(UNAUDITED)

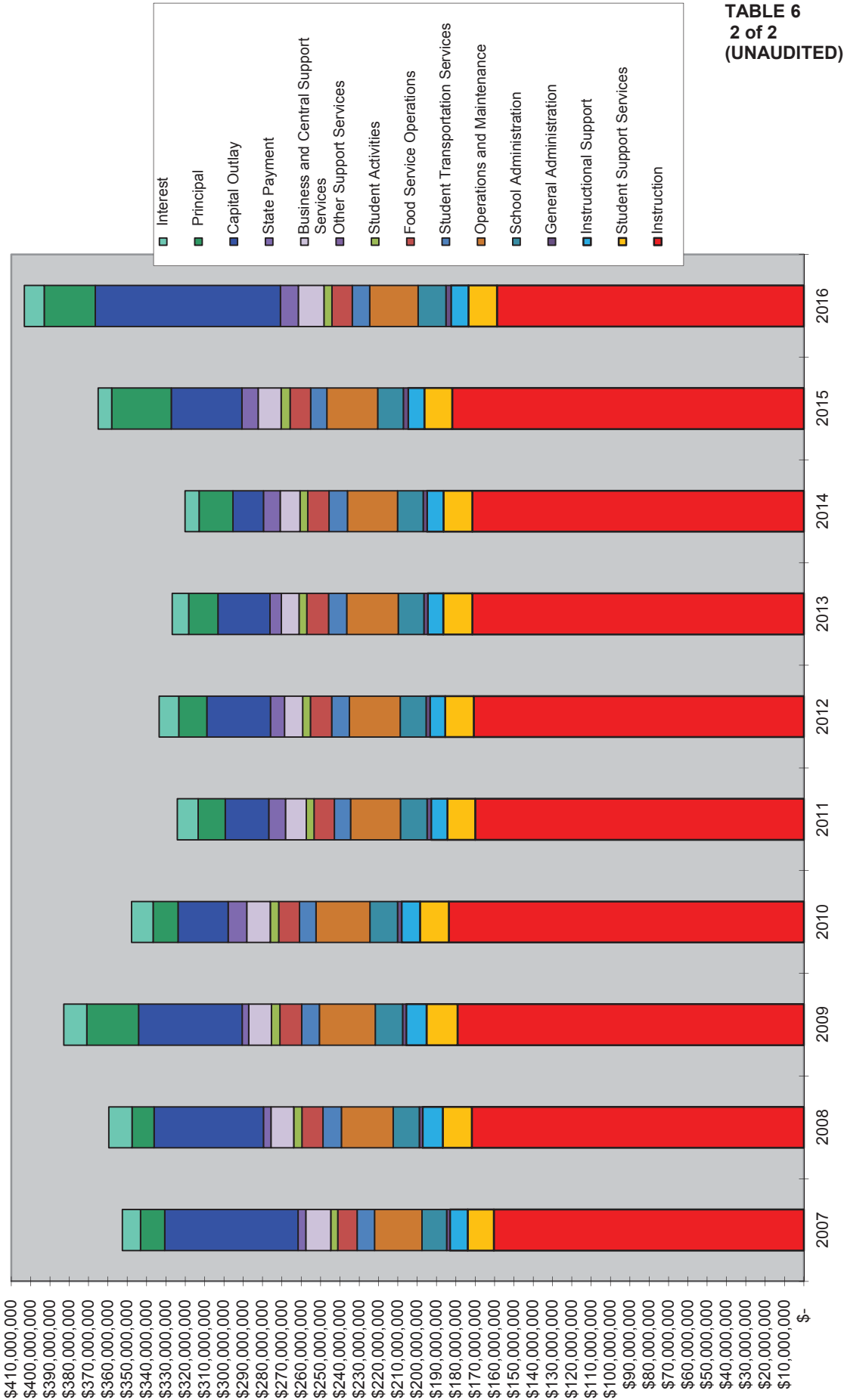
SHAWNEE MISSION USD #512, KANSAS
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction	\$ 160,352,119	\$ 171,761,657	\$ 179,099,075	\$ 183,683,116	\$ 170,035,873	\$ 170,698,148	\$ 171,551,301	\$ 171,537,752	\$ 181,848,205	\$ 158,742,135
Student Support Services	13,505,144	15,064,105	16,043,234	14,907,675	14,328,515	14,823,074	14,999,984	14,795,635	14,412,548	14,810,979
Instructional Support	9,152,494	10,279,311	10,532,980	9,527,550	8,458,957	7,933,945	7,946,317	8,544,077	8,401,044	8,962,083
General Administration	1,757,925	1,867,757	1,925,137	2,139,955	2,028,624	1,968,731	2,000,570	2,073,598	2,518,982	2,606,039
School Administration	12,784,757	13,406,017	14,158,547	14,219,532	13,850,145	13,408,456	13,305,285	13,189,585	13,281,219	14,383,717
Operations and Maintenance	24,512,365	26,832,220	28,917,435	27,874,077	25,724,246	26,241,335	26,726,684	25,963,619	26,274,155	25,106,830
Student Transportation Services	8,966,756	9,558,892	9,102,841	8,551,345	8,426,838	9,135,585	9,280,101	9,493,104	8,413,928	9,007,923
Food Service Operations	10,033,818	10,913,472	11,219,447	10,789,495	10,488,324	11,016,334	11,319,129	10,977,161	10,606,828	10,473,655
Student Activities	3,609,605	4,188,650	4,374,068	4,352,822	3,988,609	4,019,090	3,965,649	4,053,533	4,678,770	4,131,033
Other Support Services	3,926	10,088	76,951	3,525	-	-	-	-	-	-
Business and Central Support Services	12,999,692	11,822,134	11,740,136	12,129,445	10,872,718	9,432,974	9,169,886	10,313,205	11,872,352	13,316,763
State Payment	3,986,261	3,788,310	3,307,073	9,714,502	8,554,660	7,202,108	5,911,332	8,532,644	8,319,740	9,185,456
Capital Outlay	68,987,205	56,585,776	53,696,585	25,857,483	22,576,148	32,905,087	26,839,565	15,843,631	36,609,187	95,780,565
Debt Service										
Principal	12,510,000	11,420,000	26,725,000	12,830,000	14,030,000	14,575,000	15,235,000	17,495,000	30,803,056	26,419,886
Interest	9,417,699	12,056,615	11,899,014	11,245,693	10,718,743	10,107,289	8,529,650	7,286,249	6,942,244	10,234,829
Total Expenditures	\$ 352,579,766	\$ 359,555,004	\$ 382,817,523	\$ 347,806,215	\$ 324,082,400	\$ 333,467,156	\$ 326,780,453	\$ 320,098,793	\$ 364,982,258	\$ 403,161,893
Debt service as a percentage of noncapital expenditures	7.73%	7.75%	11.74%	11.88%	7.66%	8.22%	7.92%	8.14%	11.49%	11.92%

(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



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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess of Revenues Over										
[Under] Expenditures	\$ [36,964,571]	\$ [31,347,955]	\$ [49,277,332]	\$ [22,325,215]	\$ [3,428,410]	\$ [8,279,190]	\$ [11,856,436]	\$ [2,431,786]	\$ [45,366,728]	\$ [86,785,775]
Other Financing Sources [Uses]										
General long term debt issued	81,232,467	-	15,850,000	-	-	-	79,790,000	17,851,306	152,050,912	30,095,083
Bond premium	-	-	591,126	-	-	-	6,046,627	-	-	-
Bond issuance costs	-	-	-	-	-	-	[328,693]	-	-	-
Payment to escrow agent	[10,440,692]	-	-	-	-	-	[85,507,934]	-	-	-
Transfer in	75,209,741	78,542,019	88,749,676	76,962,367	14,289,170	14,969,513	13,541,172	17,421,443	18,656,841	19,122,673
Transfer out	[76,198,647]	[79,509,960]	[90,004,966]	[78,090,680]	[14,289,170]	[14,969,513]	[13,541,172]	[17,421,443]	[18,656,841]	[19,122,673]
Total Other Financing Sources [Uses]	69,802,869	[967,941]	15,185,836	[1,128,313]	-	-	-	17,851,306	152,050,912	30,095,083
Net Change in Fund Balances	\$ 32,838,298	\$ [32,315,896]	\$ [34,091,496]	\$ [23,453,528]	\$ [3,428,410]	\$ [8,279,190]	\$ [11,856,436]	\$ 15,419,520	\$ 106,684,184	\$ [56,690,692]

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 Value*	Personal Property Estimated Value*	Utilities Estimated Value*	Total Estimated Actual Value*	Ratio of Total Assessed to Total Estimated	
									Act. Value	Rate
2006	\$ 2,859,959,642	\$ 205,724,746	\$ 92,715,920	\$ 3,158,400,308	\$ 22,369,792,853	\$ 809,184,001	\$ 299,017,502	\$ 23,477,994,356	13.45%	51.980
2007	2,959,813,634	182,203,665	88,462,141	3,230,479,440	23,429,430,242	716,667,749	288,045,146	24,434,143,138	13.22%	52.008
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

* Actual values for property within the boundaries of Unified School District No. 512 for years 2006 through 2015 is 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, 2015 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

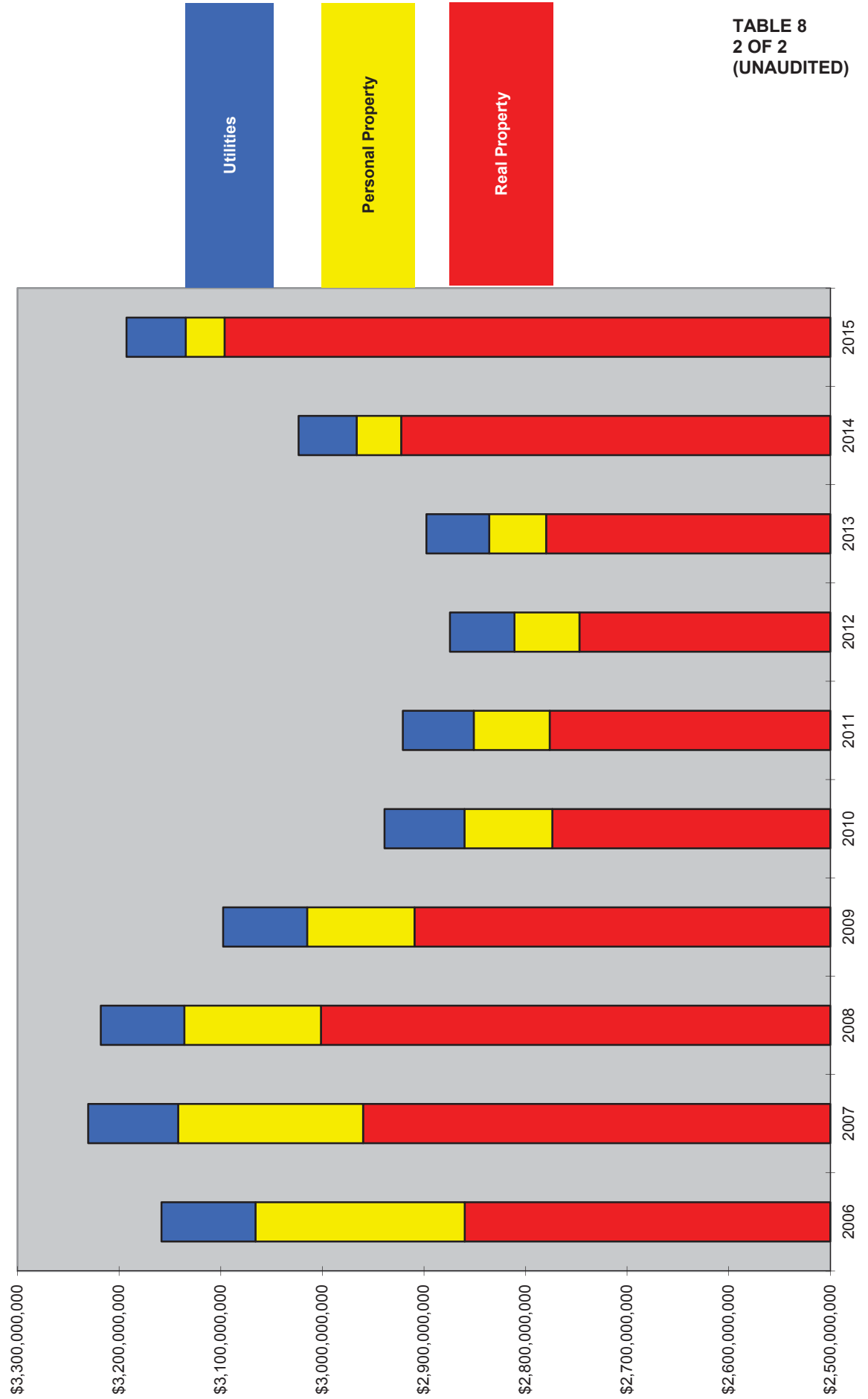


TABLE 9
1 of 2
(UNAUDITED)

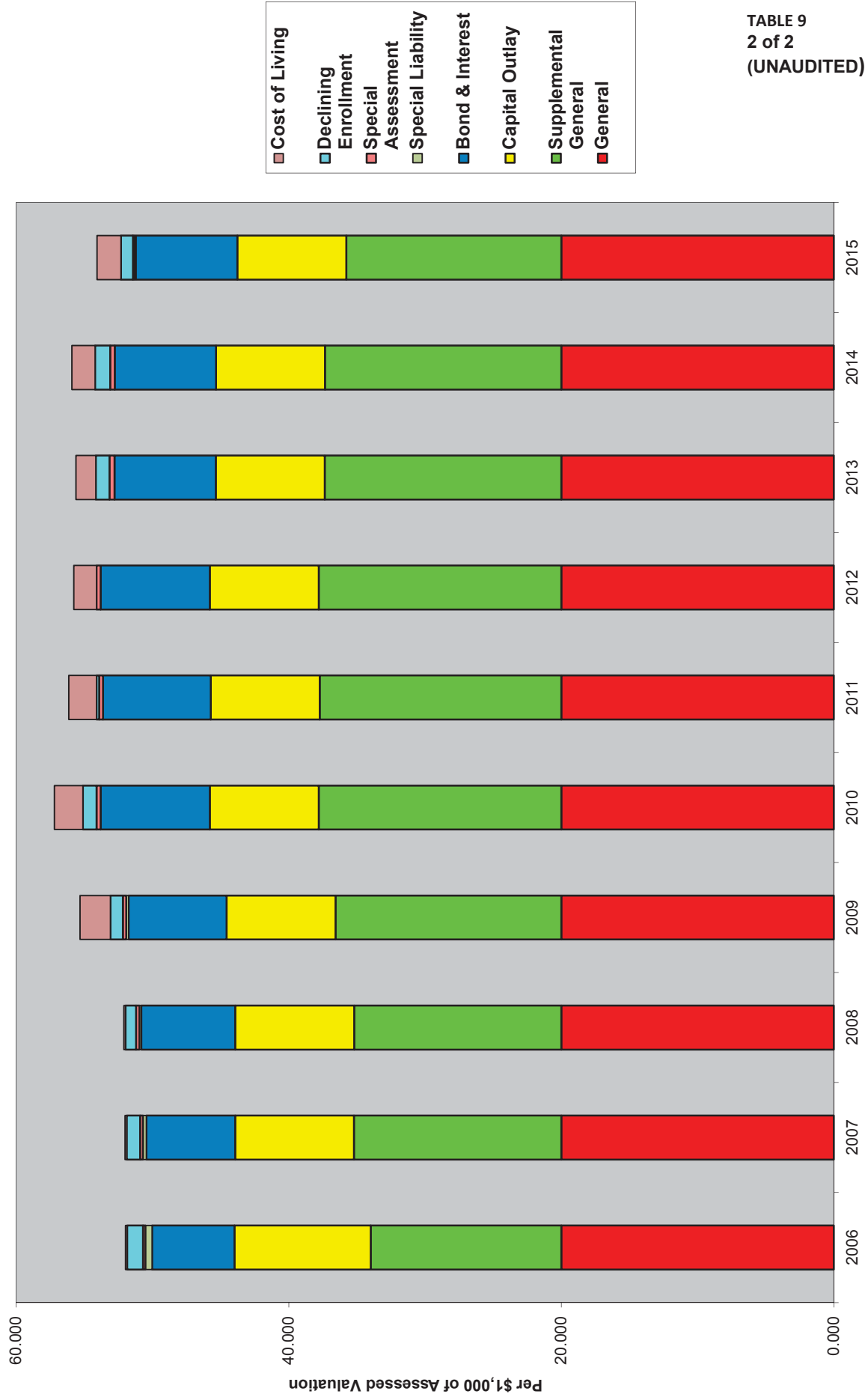
SHAWNEE MISSION USD #512, KANSAS
PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUATION)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN TAX YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	13,980	15,208	15,187	16,566	17,795	17,727	17,796	17,357	17,333	15,772
Capital Outlay	10,007	8,720	8,737	8,000	8,000	7,997	8,000	8,000	8,000	8,000
Declining Enrollment	1,162	0,986	0,765	0,918	1,003	0,188	0,000	1,009	1,123	0,874
Bond & Interest	6,034	6,517	6,893	7,183	8,001	7,907	8,009	7,429	7,434	7,445
Special Assessment	0,174	0,207	0,174	0,245	0,248	0,299	0,245	0,292	0,324	0,109
Cost of Living	0,123	0,120	0,120	2,239	2,094	2,035	1,669	1,452	1,697	1,755
Special Liability	0,500	0,250	0,144	0,167	0,000	0,000	0,000	0,000	0,000	0,104
Total - Direct	51,980	52,008	52,094	55,318	57,192	56,135	55,766	55,611	55,911	54,059
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	17,949	19,985	17,767	17,716	17,748	17,700	17,717	17,745	17,764	19,582
Cities										
Fairway	12,856	12,979	12,752	12,853	18,617	18,617	18,621	18,619	18,629	18,629
Leawood*	24,232	24,241	24,251	24,259	24,382	24,393	24,393	24,477	24,492	24,508
Lenexa*	26,468	26,477	26,568	26,574	26,626	29,635	29,668	29,713	31,765	31,807
Merriam	21,181	21,186	27,360	27,352	27,474	27,412	27,522	27,625	27,605	27,676
Mission	13,176	13,198	13,215	13,217	11,213	11,371	11,410	11,413	11,354	18,225
Mission Hills	21,896	21,904	21,912	21,898	21,904	21,905	21,926	21,923	21,923	21,937
Mission Woods	13,821	13,149	13,259	13,311	13,000	11,723	12,084	12,084	12,084	15,528
Overland Park*	8,889	8,832	8,852	8,890	8,876	12,814	12,769	12,833	12,837	12,848
Prairie Village	16,133	18,166	18,182	18,179	18,877	19,491	19,478	19,490	19,493	19,500
Roeland Park	20,485	20,539	18,783	18,770	22,030	23,225	25,872	33,379	33,378	33,385
Shawnee*	24,621	24,652	24,693	24,699	24,717	24,732	24,914	24,959	24,520	24,536
Westwood	19,551	22,604	25,571	23,493	23,499	23,881	24,464	23,676	22,275	22,523
Westwood Hills	17,010	17,009	17,011	18,000	18,000	20,000	20,000	20,000	19,920	21,000
Merriam Drainage	4,050	3,934	2,488	2,615	2,849	3,038	3,091	3,127	3,088	2,002
Johnson County Consolidated Fire #2	9,335	9,356	8,992	8,991	18,336	18,045	10,187	11,004	11,003	11,757
Monticello Cemetery District*	0,045	2,941	0,033	0,032	0,051	0,041	0,040	0,027	0,031	0,028
Johnson County Community College*	8,872	8,749	8,768	8,784	8,799	8,776	8,785	9,551	9,461	9,469
Johnson County Parks and Recreation*	2,290	2,295	2,341	2,346	2,350	2,343	2,344	2,347	2,349	3,101
Johnson County Library Board*	2,960	2,962	3,057	3,151	3,158	3,145	3,149	3,155	3,157	3,912
	287,320	296,658	297,355	296,630	314,006	323,787	319,934	328,647	328,628	343,453

* 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 10
(UNAUDITED)**

**SHAWNEE MISSION USD #512, KANSAS
PRINCIPAL TAXPAYERS
JUNE 30, 2016 and Nine Years Ago**

<u>Name</u>	<u>Industry</u>	<u>2016 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>	<u>2007 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Oak Park Mall, LLC	Shopping Center	\$ 79,239,646	2.73%	\$ 52,560,523	1.66%
Kansas City Power & Light Co	Utility	26,120,882	0.90%		
Midwest Division - OPRMC, LLC	Pharmaceuticals	18,145,948	0.63%	9,324,222	0.30%
LIT Industrial Limited	Real Estate	16,327,807	0.56%		
Perg Buildings, LLC	Shopping Center	15,964,579	0.55%	20,998,189	0.66%
Tower Properties Company	Real Estate	13,487,474	0.47%		
Kansas Gas Service	Utility	13,191,942	0.46%		
Bayer Healthcare, LLC	Health Care	11,314,321	0.39%		
Southwestern Bell Telephone	Utility	11,022,477	0.38%		
Hendrick Automotive Group	Automotive	10,745,659	0.37%		
Merriam Town Center	Shopping Center			12,147,204	0.38%
Highwoods Realty Limited	Real Estate			18,888,853	0.60%
Newtower Trust Company	Real Estate			9,716,422	0.31%
HSM/WDC Regency, LLC	Real Estate			9,200,451	0.29%
RREEF America REIT II Corp	Real Estate			8,752,178	0.28%
Mutual Life Insurance Company	Insurance			7,767,655	0.25%
Q 95 Associates, LP	Real Estate			7,268,208	0.23%
		<u>\$ 215,560,735</u>	<u>7.44%</u>	<u>\$ 156,623,905</u>	<u>4.96%</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	Ratio of	
							Outstanding Delinquent Taxes to Total Tax Levy	Outstanding Delinquent Taxes to Total Tax Levy
2006/07	\$ 160,798,067	\$ 155,470,351	96.69%	\$ 1,234,858	\$ 156,705,209	97.45%	\$ 26,820,971	16.68%
2007/08	164,620,480	156,934,811	95.33%	1,234,861	158,169,672	96.08%	33,271,779	20.21%
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 (1)	165,472,378 (2)	97.79%	1,883,158 (2)	167,355,536 (2)	98.90%	40,282,039 (2)	23.81%

(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

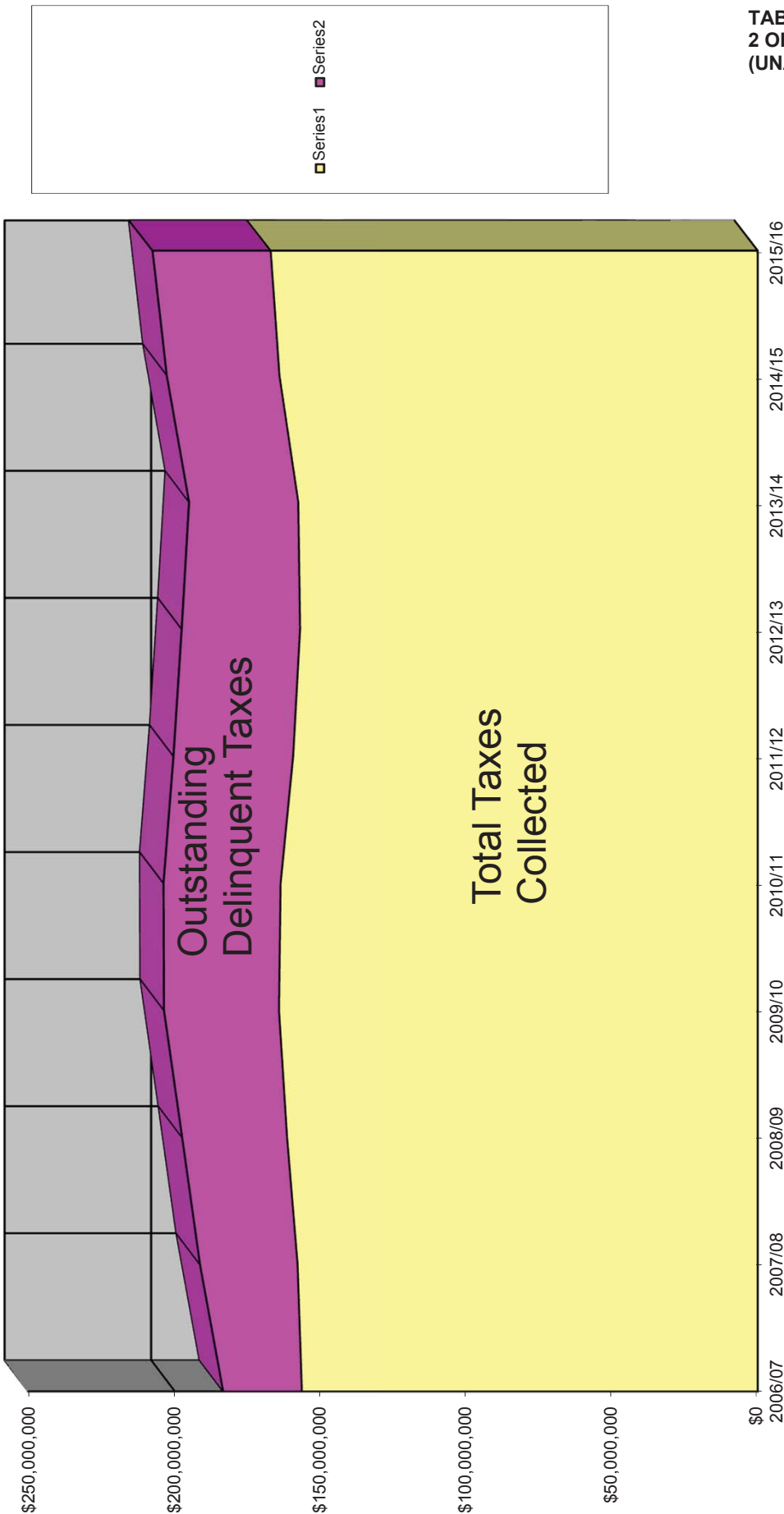


TABLE 11
 2 OF 2
 (UNAUDITED)

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
2007	\$ 278,094,882	\$ -	\$ 278,094,882	(1) 221,595	(2) \$ 7,333,319,700	1,255	3.79%
2008	266,322,547	-	266,322,547	221,595	7,333,319,700	1,202	3.63%
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%

(1) Population for 2007 through 2010 based on 2000 census. Population for 2011 through 2015 is from the Johnson County Economic Institute. Population for 2016 is from Business Information Services, LLC.

(2) The 2007 personal income information is from the 2005 Census American Community Survey, the 2008 personal income information is from the 2007 Census American Community Survey, the 2009 personal income information is from the 2008 Census American Community Survey and 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 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
2007	221,595	28,530	\$ 3,158,400,308	\$ 278,094,882	8.80%	1,255	9,747
2008	221,595	28,158	3,230,479,440	266,322,547	8.24%	1,202	9,458
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

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

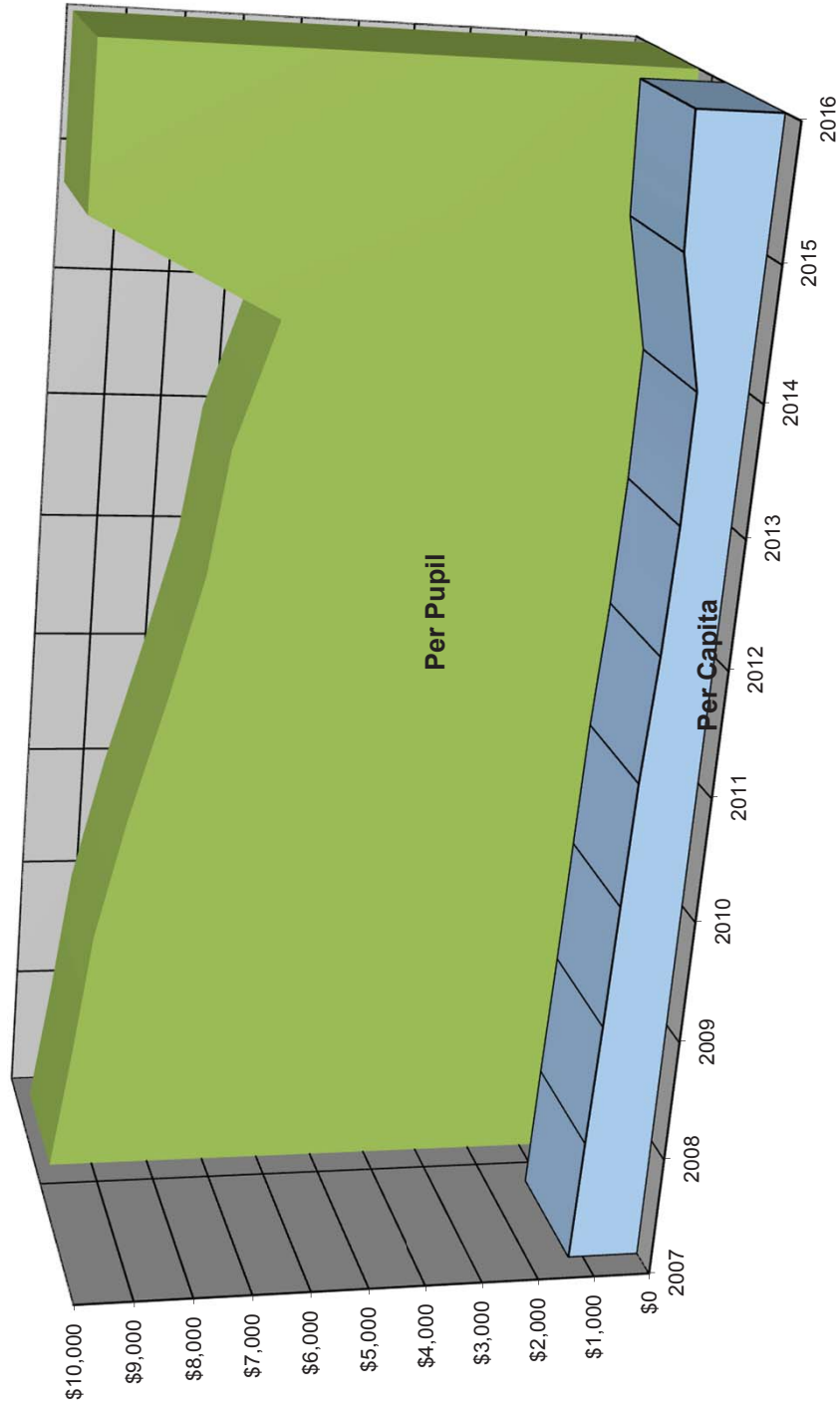


TABLE 13
2 of 2
(UNAUDITED)

TABLE 14
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2016

		Principal Amount of Outstanding Debt	Percent Applicable to School District	Amount Applicable to School District
Direct				
	Shawnee Mission USD #512	\$ 315,184,987	100.00%	\$ 315,184,987
Overlapping				
	Johnson County	\$ 356,670,000	37.05%	\$ 132,146,235
	Johnson County Park & Recreation	2,315,000	37.05%	857,708
	City of Fairway	9,810,000	100.00%	9,810,000
	City of Leawood	73,510,000	18.82%	13,834,582
	City of Lenexa	122,015,000	57.56%	70,231,834
	City of Merriam	5,930,000	100.00%	5,930,000
	City of Mission	36,750,000	100.00%	36,750,000
	City of Mission Hills	3,283,948	100.00%	3,283,948
	City of Overland Park	135,875,000	28.94%	39,322,225
	City of Prairie Village	7,220,000	100.00%	7,220,000
	City of Roeland Park	7,995,000	100.00%	7,995,000
	City of Shawnee	64,815,000	51.86%	33,613,059
	Johnson County Fire Department #2	545,000	100.00%	545,000
	Total Overlapping Debt			<u><u>\$ 361,539,591</u></u>
Total Direct and Overlapping Debt				<u><u>\$ 676,724,578</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.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Assessed Valuation of Taxable Property	\$ 3,158,400,308	\$ 3,230,479,440	\$ 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
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	442,176,043	452,267,122	450,524,254	433,658,454	411,431,493	449,098,014	442,256,928	445,952,338	464,987,692	490,324,534
Total net debt applicable to limit	278,094,882	266,322,547	255,599,839	242,277,267	227,754,694	212,687,122	202,490,416	202,225,481	322,096,761	324,329,785
Legal Debt Margin	\$ 164,081,161	\$ 185,944,575	\$ 194,924,415	\$ 191,381,187	\$ 183,676,799	\$ 236,410,892	\$ 239,766,512	\$ 243,726,857	\$ 142,890,931	\$ 165,994,749
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	62.89%	58.89%	56.73%	55.87%	55.36%	47.36%	45.79%	45.35%	69.27%	66.15%

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

TABLE 15
(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)
2007	14,301	4,252	9,268	709	28,530	95.6%	221,595	\$ 7,333,319,700	\$ 33,093	4.1%
2008	14,192	4,125	9,108	733	28,158	95.2%	221,595	7,333,319,700	33,093	3.9%
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%

Projected Enrollment

Fiscal Year	Elementary School	Middle School	High School	Special Education & Other	Projected Student Enrollment	Total
2017	14,719	3,961	8,312	710	27,702	
2018	14,649	4,033	8,272	710	27,664	
2019	14,518	4,127	8,331	710	27,686	
2020	14,463	4,085	8,347	710	27,605	
2021	14,246	4,140	8,473	710	27,569	

(1) Enrollment counts as of September 20th.

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

Source: 2016 Johnson County CAFR and Shawnee Mission USD #512 records

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

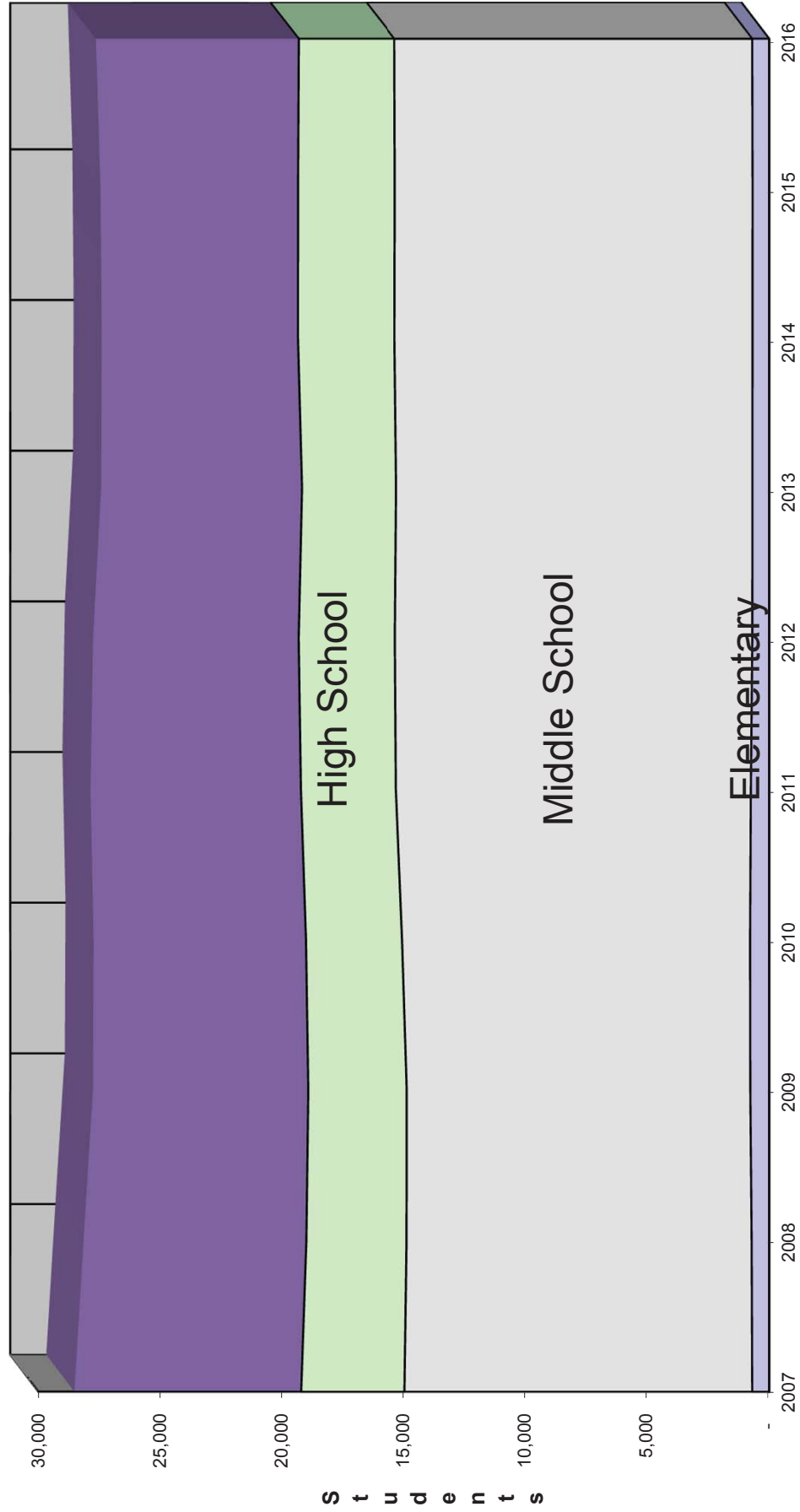


TABLE 16
2 of 2
(UNAUDITED)

TABLE 17
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
PRINCIPAL EMPLOYERS
JUNE 30, 2016 AND 2007

<u>Employer</u> (1)	<u>June 30, 2016</u>			<u>June 30, 2007</u>		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
FedEx Ground Package System	570	1	1.65%	900	2	3.08%
Bayer HealthCare, LLC-Animal Div	525	2	1.52%	515	3	1.76%
EC Manufacturing	400	3	1.16%			
Wal-Mart	380	4	1.10%	510	4	1.75%
IBT Inc	334	5	0.97%			
City of Shawnee	275	6	0.80%	274	9	0.94%
NazDar Industries	250	7	0.72%			
Hy-Vee Food & Drug Store	245	8	0.71%			
McLane Food Service	226	9	0.65%	229	10	0.78%
The Sweet Life at Rosehill	221	10	0.64%			
Deffenbaugh Industries, Inc				1,520	1	5.20%
Harte-Hanks				399	5	1.37%
DeSoto USD #232				310	6	1.06%
Perceptive Software, Inc.				307	7	1.05%
USD #512 (Shawnee Mission)				280	8	0.96%
Total	<u>3,426</u>		<u>9.92%</u>	<u>5,244</u>		<u>17.95%</u>
City of Shawnee	<u>34,518</u>			<u>29,205</u>		

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

Source: 2015 City of Shawnee CAFR

TABLE 18
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
DIRECTORY OF SCHOOL FACILITIES
AS OF JUNE 30, 2016

<u>School</u>	<u>Year Opened</u>	<u>Current Capacity</u>	<u>Enrollment As Of Sept. 20, 2015</u>	<u>Percent of Student Capacity</u>
Shawnee Mission East High School	1958	2,388	1,735	72.65%
Shawnee Mission North High School	1921	2,256	1,564	69.33%
Shawnee Mission Northwest High School	1969	2,376	1,783	75.04%
Shawnee Mission South High School	1966	2,232	1,467	65.73%
Shawnee Mission West High School	1962	2,424	1,793	73.97%
Shawnee Mission Horizons	2001	456	109	23.90%
Hocker Grove Middle School	1955	1,188	781	65.74%
Indian Hills Middle School	1955	1,176	823	69.98%
Indian Woods Middle School	1961	1,110	739	66.58%
Trailridge Middle School	1967	1,167	768	65.81%
Westridge Middle School	1962	1,434	867	60.46%
Apache Elementary	2011	592	560	94.59%
Belinder Elementary	1952	592	491	82.94%
Benninghoven Elementary	1966	832	600	72.12%
Bluejacket-Flint Elementary	1996	736	494	67.12%
Briarwood Elementary	1959	664	571	85.99%
Broken Arrow Elementary	1990	714	441	61.76%
Brookridge Elementary	1967	688	527	76.60%
Brookwood Elementary	1960	500	371	74.20%
Comanche Elementary	2008	618	488	78.96%
Corinth Elementary	1996	620	545	87.90%
Crestview Elementary	1954	524	333	63.55%
Diemer Elementary	1964	476	379	79.62%
East Antioch Elementary	1958	450	382	84.89%
Highlands Elementary	2010	640	311	48.59%
Marsh Elementary	2006	546	524	95.97%
McAuliffe Elementary	1987	642	414	64.49%
Merriam Park Elementary	2007	568	491	86.44%
Mill Creek Elementary	1978	568	372	65.49%
Nieman Elementary	2008	616	566	91.88%
Oak Park-Carpenter Elementary	2007	546	521	95.42%
Overland Park Elementary	1998	522	398	76.25%
Pawnee Elementary	1965	618	457	73.95%
Prairie Elementary	1993	498	432	86.75%
Rising Star Elementary	1991	714	611	85.57%
Roesland Elementary	2008	568	403	70.95%
Rosehill Elementary	1966	812	580	71.43%
Rushton Elementary	1954	428	359	83.88%
Santa Fe Trail Elementary	1953	642	284	44.24%
Shawano Elementary	2016	550	399	72.55%
Sunflower Elementary	1994	620	580	93.55%
Tomahawk Elementary	1954	498	275	55.22%
Trailwood Elementary	1962	620	401	64.68%
Westwood View Elementary	1968	404	296	73.27%
Preschool & Other Enrollment			366	
Total			<u>27,651</u>	

Source: Shawnee Mission USD #512 records

TABLE 19
(UNAUDITED)

SHAWNEE MISSION USD #512, KANSAS
MISCELLANEOUS STATISTICAL DATA
AS OF JUNE 30, 2016

Year of Incorporation		1969	
Form of Government		Elected Board	
Area of District		72 Square Miles	
Population of District		223,033	
Ending Enrollment 2015/2016		27,651	
Number of Schools			
Elementary Schools	33	Average Class Size (1)	
Middle Schools	5	Elementary	21.5
High Schools	5	Secondary	N/A
Total	43	Number of Full-Time Equivalent Employees	
		Classified	1,357.6
		Certified	1,997.9
		Total	3,355.5

Teacher Summary

Degree	Number of Teachers	% of Total	Salary Range	
			Low	High
Bachelors	158	8.0%	\$ 40,515	\$ 45,425
Bachelors + 10	59	3.0%	41,436	48,737
Bachelors + 20	138	7.0%	42,362	54,789
Masters	816	41.5%	47,099	63,298
Masters + 15	161	8.2%	48,453	66,434
Masters + 30	122	6.2%	49,842	70,347
Masters + 45	89	4.5%	51,339	74,375
Masters + 60	407	20.7%	52,799	78,538
Doctorate	18	0.9%	55,257	81,099

Certified Employee Allocation

	Elementary				Total
	District Office	School	Middle School	High School	
Superintendent	1	-	-	-	1.0
Asst. Superintendent	6.0	-	-	-	6.0
Principals	-	34.0	5.0	6.0	45.0
Asst. Principals	-	1.0	7.0	15.0	23.0
Directors Special Ed.	1.0	-	-	-	1.0
Directors Health	1.0	-	-	-	1.0
Instructional Coordinators	9.0	-	-	-	9.0
Other Directors	6.4	-	-	4.0	10.4
Vocational Arts Teachers	-	-	15.0	38.5	53.5
Special Ed. Teachers	-	105.5	34.0	70.0	209.5
Pre-Kindergarten	-	10.0	-	-	10.0
Kindergarten	-	101.0	-	-	101.0
Other Teachers	-	722.2	181.0	387.8	1,291.0
Library Media	-	32.0	5.0	5.0	42.0
Counselors	-	0.5	9.0	22.0	31.5
School Psychologists	16.0	-	1.0	1.0	18.0
Nurses	-	35.0	5.0	6.0	46.0
Speech Pathologists	-	38.2	2.0	2.8	43.0
Audiologists	-	1.0	-	-	1.0
Social Workers	1.0	26.2	3.5	10.5	41.2
Reading	-	51.0	1.0	-	52.0
Other	7.5	-	-	9.6	17.1
	48.9	1,157.6	268.5	578.2	2,053.2

(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 Pupil	Expenses	Cost Per Pupil	Teaching Staff	Pupil - Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
2007	28,530	\$ 261,664,862	\$ 9,172	\$ 286,808,004	\$ 10,053	2,176	13	19.20%
2008	28,158	279,492,613	9,926	307,600,415	10,924	2,257	12	21.72%
2009	27,771	290,496,924	10,460	319,880,613	11,519	2,225	12	23.82%
2010	27,744	297,873,039	10,736	324,801,079	11,707	2,275	12	30.85%
2011	27,870	276,757,509	9,930	306,479,631	10,997	2,179	13	33.25%
2012	27,766	275,879,780	9,936	307,881,456	11,088	2,059	13	35.53%
2013	27,437	276,176,238	10,066	300,941,100	10,968	2,036	13	35.80%
2014	27,412	279,473,913	10,195	302,748,472	11,044	2,023	14	37.84%
2015	27,464	290,627,771	10,582	303,523,371	11,052	2,010	14	36.96%
2016	27,651	270,726,613	9,791	311,591,690	11,269	1,998	14	36.96%

(1) Enrollment counts as of September 20th.

Source: Shawnee Mission USD #512 records

TABLE 20
(UNAUDITED)

GOVERNMENTAL AUDIT SECTION

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT 512

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

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	\$ -	\$ 231,822	\$ 231,822	\$ -
Title VI-B Pass Thru	84.027	-	5,577,648	5,577,648	-
Early Childhood Flo Thru	84.173	-	111,484	111,484	-
Title I	84.010	[51,784]	3,275,895	3,382,777	[158,666]
Title I - Migrant Education	84.011	[18,395]	87,577	69,182	-
Title II-A Teacher Quality	84.367	25,305	646,699	755,518	[83,514]
Title III	84.365	3,827	274,201	256,677	21,351
Carl Perkins	84.048	-	182,632	183,172	[540]
Total Department of Education Passed Through KSDE			<u>10,387,958</u>	<u>10,568,280</u>	
U.S. Department of Health & Human Services					
Passed through Kansas Department of Education (KSDE):					
Youth Risk Behavior Survey	93.938	-	<u>750</u>	<u>750</u>	-
U.S. Department of Agriculture					
Passed through Kansas Department of Education (KSDE):					
Child Nutrition Cluster					
School Breakfast	10.553	-	834,213	834,213	-
National School Lunch Program	10.555	-	5,000,029	5,000,029	-
Summer Food Service Program for Children	10.559	-	90,994	90,994	-
Team Nutrition	10.574	-	2,955	2,955	-
State Administrative Expenses for Child Nutrition	10.560	-	350	350	-
Fresh Fruit & Vegetable Program	10.582	-	<u>94,411</u>	<u>94,411</u>	-
Total Department of Agriculture Passed Through KSDE			<u>6,022,952</u>	<u>6,022,952</u>	
Total			<u>\$ 16,411,660</u>	<u>\$ 16,591,982</u>	

See independent auditor's report on the financial statements and notes to the schedule of expenditures of federal awards.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

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, 2016.

5. Outstanding Loans

The District did not have any outstanding loans under any federal grants at June 30, 2016.

SHAWNEE MISSION UNIFIED SCHOOL DISTRICT NO. 512

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

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? X Yes 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

84.010

Title I

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, 2016

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

2016-1 – Title I – CFDA No. 84.010 – Year Ended June 30, 2016

Conditions and Criteria:

The District does not have documentation to support the completion of a needs assessment for each Title I school that has a schoolwide plan. To operate a Title I schoolwide program, a school must include the following three core elements:

- a. Comprehensive needs assessment of the entire school (34 CFR section 200.26(a)).
- b. Comprehensive plan based on data from the needs assessment (34 CFR section 200.26(b)).
- c. Annual evaluation of the results achieved by the schoolwide program and revision of the schoolwide plan based on that evaluation (34 CFR section 200.26(c)).

Context:

In the year under audit, the District identified eleven schools in the District's Local Consolidated Plan as receiving Title I funding under a Title I Schoolwide Program. Supporting documentation proving a comprehensive needs assessment was completed for each school could not be provided to the audit team.

Effect:

The core elements needed to operate a Title I schoolwide program were not documented.

Cause:

This occurred because no procedure was in place to ensure that the needs assessment was completed and that proper supporting documentation of a needs assessment was retained.

Auditor's Recommendation:

The District should perform a needs assessment of each Title I school, a comprehensive plan based on the data from the needs assessment should be developed and an annual evaluation of the results achieved by the schoolwide program and revision of the schoolwide plan based on that evaluation should be documented.

Views of Responsible Officials and Planned Corrective Actions:

The district agrees with the recommendation. The district currently performs needs assessment of each Title I school and will document accordingly. In addition, a comprehensive school wide plan and evaluation will be performed and documented.

Prior Year Findings

None Noted



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

Board of Education
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, 2016, 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 24, 2016.

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 charge 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.

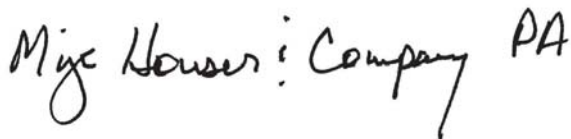
Compliance and Other Matters

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*.

However, we noted certain other matters that we reported to management of the District in a separate letter dated October 24, 2016.

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.

A handwritten signature in black ink that reads "Mike Houser: Company PA". The signature is written in a cursive, flowing style.

Certified Public Accountants

Lawrence, Kansas
October 24, 2016



**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, 2016. The District's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United 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, 2016.

Report on Internal Control Over Compliance

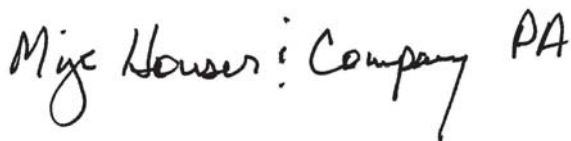
The management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-1 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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.

A handwritten signature in black ink that reads "Mike Houser: Company PA". The signature is written in a cursive, flowing style.

Certified Public Accountants

Lawrence, Kansas
October 24, 2016