

**BOURBON COUNTY  
UNIFIED SCHOOL DISTRICT #234  
FORT SCOTT, KANSAS**

Regulatory Basis Financial Statement and  
Independent Auditors' Report with  
Regulatory-Required Supplemental Information  
and Federal Compliance Section  
For the Fiscal Year Ended June 30, 2015



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234  
FORT SCOTT, KANSAS**

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FORT SCOTT, KANSAS**

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# Diehl Banwart Bolton

Certified Public Accountants PA

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Unified School District #234  
Fort Scott, Kansas 66701

We have audited the accompanying Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis, of Unified School District #234, Fort Scott, Kansas as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statement, which comprises the financial statement of the District as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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



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

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

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

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

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2015 or changes in financial position and cash flows thereof for the fiscal year then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2015, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the June 30, 2015 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances – regulatory basis (financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, schedule of receipts and expenditures – agency funds – regulatory basis and the schedule of receipts, expenditures, and unencumbered cash – district activity funds – regulatory basis (Schedules 1, 2, 3 and 4 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.



Board of Education  
Unified School District #234  
Fort Scott, Kansas

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015 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.



DIEHL, BANWART, BOLTON, CPAs PA

December 4, 2015  
Fort Scott, Kansas



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234  
FORT SCOTT, KANSAS**

Summary Statement of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Plus	
					Encumbrances and Accounts Payable	Ending Cash Balance June 30, 2015
<b>General Funds</b>						
General Fund	\$ 3.49	\$ 11,253,113.32	\$ 11,253,116.32	\$ 0.49	\$ 857,235.20	\$ 857,235.69
Supplemental General Special Purpose Funds	376,031.81	3,484,628.50	3,847,179.00	13,481.31	53,890.37	67,371.68
Capital Outlay	635,672.72	805,082.54	700,265.26	740,490.00	305,807.59	1,046,297.59
At Risk 4 Year Old	54,514.91	100,000.00	52,209.13	102,305.78	10,713.62	113,019.40
At Risk K-12	222,208.23	2,170,000.00	2,165,126.45	227,081.78	278,570.40	505,652.18
Bilingual Education	4,331.67	21,000.00	13,159.87	12,171.80	1,786.28	13,958.08
Driver Training	13,373.86	11,484.00	11,201.14	13,656.72	-	13,656.72
Food Service	261,608.99	776,248.16	839,325.27	198,531.88	60,954.31	259,486.19
Professional Development	17,483.80	905.68	1,815.77	16,573.71	-	16,573.71
Special Education	566,777.63	2,361,296.44	2,333,462.32	594,611.75	293,990.18	888,601.93
Vocational Education	147,912.92	493,931.42	417,488.25	224,356.09	44,350.08	268,706.17
KPERS Retirement	-	1,198,157.33	1,198,157.33	-	-	-
Contingency Reserve	604,842.32	298,981.74	-	903,824.06	-	903,824.06
Textbook Rental	107,894.51	39,620.24	14,002.85	133,511.90	292.20	133,804.10
Children's Block Grant	15,200.00	68,000.00	68,000.00	15,200.00	1,011.84	16,211.84
Recreation	83,581.99	304,703.16	315,591.59	72,693.56	19,430.89	92,124.45
Recreation Employee Benefit	7,848.53	35,526.16	27,261.34	16,113.35	3,072.26	19,185.61
Extraordinary School Program	21,941.55	25,929.36	21,984.74	25,886.17	-	25,886.17
Title I	(239,241.19)	630,753.00	615,998.53	(224,486.72)	65,633.58	(158,853.14)
Save the Children Grant	(4,489.11)	42,962.11	22,580.76	15,892.24	-	15,892.24
Title VI B	(28,705.00)	62,754.00	34,049.00	-	-	-
Title II A	(93,570.00)	197,271.00	112,723.00	(9,022.00)	3,912.70	(5,109.30)
Carl Perkins	-	24,205.00	24,631.00	(426.00)	-	(426.00)

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



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234  
FORT SCOTT, KANSAS**

**Summary Statement of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015**

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June 30, June 30, 2015
<b>Special Purpose Funds (Continued)</b>						
Gate Receipts	\$ 33,810.12	\$ 60,987.71	\$ 48,770.92	\$ 46,026.91	\$ -	\$ 46,026.91
School Projects	4,757.45	31,099.60	32,254.20	3,602.85	-	3,602.85
Capital Projects						
Bond Project	-	44,474,935.86	3,504,497.01	40,970,438.85	2,320,876.58	43,291,315.43
Bond and Interest Fund						
Bond and Interest	880,338.93	1,087,540.85	959,500.00	1,008,379.78	-	1,008,379.78
Expendable Trusts						
Special Gifts	192,309.07	76,936.16	120,854.38	148,390.85	4,135.18	152,526.03
Total Reporting Entity						
(Excluding Agency Funds)	\$ 3,886,439.20	\$ 70,138,053.34	\$ 28,755,205.43	\$ 45,269,287.11	\$ 4,325,663.26	\$ 49,594,950.37
<b>Composition of Cash</b>						
General Checking Account.....						\$ 6,145,079.53
Other Checking Accounts.....						3,504.62
Capital Project Trust Account.....						43,291,374.70
School Activity Funds:						
Winfield Scott, NOW Checking Account.....						10,112.72
Eugene Ware, NOW Checking Account.....						14,364.32
Middle School, NOW Checking Account.....						30,642.32
High School, NOW Checking Account.....						244,732.51
Investments:						
Certificates of Deposit.....						103,015.64
Repurchase Agreements.....						1,193,000.00
Total Cash						51,035,826.36
Agency Funds						1,440,875.99
Total Reporting Entity						\$ 49,594,950.37

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



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234  
FORT SCOTT, KANSAS**

**NOTES TO THE FINANCIAL STATEMENT  
For the Fiscal Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statement of Unified School District #234, Fort Scott, Kansas, has been prepared in accordance with the State of Kansas regulatory basis of accounting, and is designed to show compliance with the cash basis and budget laws of the State of Kansas. The *Kansas Municipal Audit and Accounting Guide* (KMAAG), as approved by the director of the Kansas Division of Accounts and Reports, establishes the guidelines for the regulatory basis of accounting in the state of Kansas. Note 1 describes how the District's accounting policies differ from accounting principles generally accepted in the United States of America.

**Reporting Entity**

The District is a municipal corporation governed by an elected seven-member board. This financial statement presents Unified School District #234, Fort Scott, Kansas (the municipality) and related municipal entities. The following related municipal entity is included in the District's reporting entity because it was created to benefit the USD and/or its constituents.

1. **Recreation Commission.** USD #234 Recreation Commission oversees recreational activities. The recreation commission operates as a separate governing body but the USD levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. The recreation commission cannot purchase real property but can acquire real property by gift.

**Basis of Presentation - Fund Accounting**

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of the District:

- General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.
- Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.
- Capital Project Fund –used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.
- Bond and Interest Funds –used to account for the accumulation of resources, including tax levies and transfers from other funds to be used for the payment of general long-term debt.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

Basis of Presentation - Fund Accounting (Continued)

- Trust Funds – funds used to report assets held by the District for the benefit of the reporting entity.
- Agency Funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Regulatory Basis of Accounting and Departures from Accounting Principles Generally Accepted in the United States of America

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

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

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. No budgets were amended this year. The General Fund and Supplemental General Fund budgets were reduced to the legal maximum budget based upon final enrollment numbers lower than budgeted.



1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)  
**Budgetary Information** (Continued)

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

All legal annual operating budgets are prepared using the cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable and encumbrances. Encumbrances are commitments of the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for fiduciary funds and the following special revenue funds:

- Grant Funds (K.S.A. 72-8210)
- Federal Funds (K.S.A. 12-1663)
- Contingency Reserve Fund (K.S.A. 72-6426)
- Textbook Rental Fund (K.S.A. 72-8250)

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

**Compensated Absences**

Employees may accrue from 10 to 12 days of sick leave and personal time off each year. There is no limit to the number of credits an employee may accumulate. Payment of accrued benefits upon termination ranges from 0% to 30% of the daily gross wage times the number of days of accumulated credits depending upon years of service with the District. Payment of accumulated benefits due to death, social security disability, or KPERs retirement ranges from 25% to 30% of the accumulated credits accrued.

Full time, twelve-month employees accrue three to four weeks of vacation each year on June 30, which is to be taken within twelve months after year end.

The District determines a liability for compensated absences when the following conditions are met:

1. The District's obligation relating to the employee's rights to receive compensation for future absences is attributable to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with the above criteria, the District has determined a liability for sick pay totaling \$598,509, based upon the minimum potential liability to the District if all employees were terminated at June 30, 2015. The District has determined a vacation liability of \$69,342. These amounts are not recorded as liabilities in these financial statements.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

Termination and Post Employment Benefits

No termination benefits are provided to District employees when employment with the District ends except for the accrued compensated absences as discussed in Note 1 and early retirement benefits.

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

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

Early Retirement

A professional certified employee is eligible for early retirement if such person: (a) is currently a professional certified employee of the District and is currently an active member of the Kansas Public Employees Retirement System (KPERs); (b) will be at least 56 years of age and not more than 64 years of age on or before June 30 of the retiring year or has a combined age and KPERs service which equals 85 "points"; (c) has 15 years or more of service credit recognized by the Kansas Public Employees Retirement System (KPERs). Early retirement is entirely voluntary and at the discretion of an eligible employee. Retirement benefits are \$5,000 each year for 5 years until age-- 65. The District funds these benefits on a pay as you go basis. Eighteen retired employees are receiving early retirement benefits as of June 30, 2015, with a total liability to the District of \$210,000. Twenty-eight employees were eligible but had not applied for early retirement as of June 30, 2015, resulting in a contingent liability of \$725,000.

Retirement 403(b) Plan

The District maintains an "Employer Contribution 403(b) Plan". The Plan is limited to those employees participating in the District's early retirement plan discussed in Note 1. Participating employees must contribute all of their early retirement pay into the plan. All amounts contributed are 100% vested. There are no matching contributions by the District to the Plan.



## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Compliance with Kansas Statutes

The financial statement and regulatory-required supplemental information is prepared in order to show compliance with the cash basis and budget laws of Kansas. The District was in apparent compliance with the cash basis and budget laws of Kansas. The negative cash balances in the Title I, Title VI B, Title II A, Carl Perkins, and Save the Children Grant Funds are not actual violations due to grant money receivable at June 30.

## 3. CASH IN BANK AND DEPOSITORY SECURITY

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

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

*Concentration of credit risk.* State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not have any "peak periods" designated.

At June 30, 2015 the District's carrying amount of deposits was \$6,551,452 and the bank balance was \$6,315,036. The bank balance was held by five banks resulting in a diversification of credit risk. Of the bank balance, \$656,909 was covered by federal depository insurance, and the remaining \$5,658,127 was collateralized with securities totaling \$7,287,582 held by the pledging financial institutions' agents in the District's name.

The District has purchased repurchase agreements totaling \$1,193,000, secured by U.S. Treasury Obligations totaling \$1,193,000 held in a repurchase trust account for the District. The repurchase agreement matures daily.

Proceeds from the bond issue discussed in Note 4 were placed in the Trust department of a bank. The proceeds were invested in a money market account backed by Federal government obligations as well as short term U.S. Government and Agency obligations with maturity dates set to match the anticipated uses of the money for the capital projects. Investments and market value as of June 30, 2015 were as follows:

3. CASH IN BANK AND DEPOSITORY SECURITY (Continued)

	Cost	Market Value
Federated Government Money Market Accounts	\$ 2,652,674	\$ 2,652,674
U.S. Government & Agency Obligations	40,638,701	40,529,131
Totals	\$ 43,291,374	\$ 43,181,804

4. LONG-TERM DEBT OBLIGATIONS

The District has outstanding the following long-term obligations at June 30, 2015:

PRINCIPAL

General Obligation Bonds

General Obligation Refunding Bonds, Series 2013, payable in annual installments ranging from \$460,000 to \$1,030,000 plus interest, beginning September 1, 2014, and maturing September 1, 2016, bearing interest at 1.0% to 2.0%. The bonds are dated June 5, 2013.

\$ 1,490,000

General Obligation Bonds, Series 2014, payable in annual installments ranging from \$950,000 to \$2,700,000 plus interest at 3.0% to 5.0% beginning March 1, 2016, and maturing September 2040. The bonds are dated December 22, 2014.

40,805,000

Total General Obligation Bonds

\$ 42,295,000

Changes in long term debt and future maturities of long term debt are disclosed in Note 12.

On December 22, 2014, the District issued general obligation bonds, Series 2014, totaling \$40,805,000 to pay for improvements throughout the District. The Bond proceeds were placed in a trust account at a bank and invested in short term securities as discussed in Note 3. Sources and uses of funds were as follows:

<u>Sources of Funds:</u>	
Bonds issues, principal	\$ 40,805,000
Premium paid	<u>3,579,319</u>
Total Sources	<u>\$ 44,384,319</u>
<u>Uses of Funds:</u>	
Cost of issuance	\$ 521,180
Debt services	5,000
Project Costs	<u>43,858,139</u>
	<u>\$ 44,384,319</u>

On June 5, 2013, the District issued \$2,420,000 of refunding general obligation bonds. The proceeds were placed in an escrow account to advance refund of the Series 2003 bonds due September 1, 2014 to 2016, totaling \$2,425,000. The balance in the escrow account was used to pay off the bonds when they were called on September 1, 2014. The expected savings from the refunding issue was \$139,940, and the present value of the savings was \$91,946.



5. **IN-SUBSTANCE RECEIPT IN TRANSIT**

The District received \$892,189 subsequent to June 30, 2015 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the fiscal year ended June 30, 2015.

6. **PENSION PLAN**

*Plan description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-4921 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law established the KPERS member-employee contribution rate of 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employer's share. These payments are shown in the KPERS Retirement Fund in the financial statement.

*Net Pension Liability.* The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014 the net pension liability for KPERS was \$8,291,794,940. KPERS has determined the Municipality's proportionate share of the net pension liability is \$16,123,702, of June 30, 2014. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described in the first paragraph above.

7. **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The District manages these risks of loss through various insurance policies.

8. **CONTINGENCIES**

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

9. **CAPITAL PROJECTS**

As stated in Note 4, the District issued general obligation bonds to pay for major capital improvements within the District. Capital Project authorizations with approved change orders compared to expenditures from inception are as follows:

	<u>Project Authorization</u>	<u>Expenditures to Date</u>
2014 Capital Project:		
Cost of Issuance	\$ 521,180	\$ 508,089
Debt Service	5,000	5,000
Project Costs	43,858,139	2,991,408
Totals	<u>\$ 44,384,319</u>	<u>\$ 3,504,497</u>

10. **INTERFUND TRANSFERS**

<b>FROM</b>	<b>TO</b>	<b>STATUTORY AUTHORITY</b>	<b>AMOUNT</b>
General	Contingency Reserve	K.S.A. 72-6426	\$ 298,981.74
General	At Risk K-12	K.S.A. 72-6428	300,000.00
General	Driver Training	K.S.A. 72-6428	7,000.00
General	Vocational Education	K.S.A. 72-6428	240,000.00
General	Special Education	K.S.A. 72-6428	1,360,000.00
Supplemental General	At Risk K-12	K.S.A. 72-6433	1,870,000.00
Supplemental General	At Risk 4 Year Old	K.S.A. 72-6433	100,000.00
Supplemental General	Vocational Education	K.S.A. 72-6433	250,000.00
Supplemental General	Bilingual Education	K.S.A. 72-6433	21,000.00
Supplemental General	Special Education	K.S.A. 72-6433	487,000.00

11. **SUBSEQUENT EVENTS**

Management has evaluated events and transactions occurring subsequent to June 30, 2015 through December 4, 2015, the date the financial statement was available for issue. During this period, there were no subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statements.

12. **LONG-TERM OBLIGATIONS**

Details about the District's long-term obligations, changes in long term debt, and current maturities for the next five years and thereafter are recorded on the following two pages:





12. LONG TERM OBLIGATIONS (Continued)

Statement of Maturities of Long Term Obligations - For the Fiscal Year Ending											
Issue	2016	2017	2018	2019	2020	2021 2025	2026 2030	2031 2035	2036 2040	2041 2045	Totals
<b>Principal</b>											
<b>General Obligation Bonds</b>											
Series 2013	\$ 1,030,000	\$ 460,000	\$ 950,000	\$ 980,000	\$ 1,025,000	\$ 5,960,000	\$ 7,560,000	\$ 9,610,000	\$ 12,020,000	\$ 2,700,000	\$ 1,490,000
Series 2014	-	-	-	-	-	-	-	-	-	-	\$ 40,805,000
Total Principal	\$ 1,030,000	\$ 460,000	\$ 950,000	\$ 980,000	\$ 1,025,000	\$ 5,960,000	\$ 7,560,000	\$ 9,610,000	\$ 12,020,000	\$ 2,700,000	\$ 42,295,000
<b>Interest</b>											
<b>General Obligation Bonds</b>											
Series 2013	\$ 14,900	\$ 2,300	\$ 1,845,350	\$ 1,806,600	\$ 1,756,475	\$ 7,938,250	\$ 6,304,575	\$ 4,192,250	\$ 1,779,400	\$ 54,000	\$ 17,200
Series 2014	2,216,023	1,859,600	-	-	-	-	-	-	-	-	29,752,523
Total Interest	\$ 2,230,923	\$ 1,861,900	\$ 1,845,350	\$ 1,806,600	\$ 1,756,475	\$ 7,938,250	\$ 6,304,575	\$ 4,192,250	\$ 1,779,400	\$ 54,000	\$ 29,769,723
Total Debt Payments	\$ 3,260,923	\$ 2,321,900	\$ 2,795,350	\$ 2,786,600	\$ 2,781,475	\$ 13,898,250	\$ 13,864,575	\$ 13,802,250	\$ 13,799,400	\$ 2,754,000	\$ 72,064,723



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**REGULATORY REQUIRED SUPPLEMENTAL INFORMATION**

For the Fiscal Year Ended June 30, 2015

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**

Summary of Expenditures - Actual and Budget (Budgeted Funds Only) - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Current Year Budget	Variance - Over (Under)
<b>GOVERNMENTAL TYPE FUNDS</b>						
General Fund	\$ 11,297,916.00	\$ (232,755.00)	\$ 187,955.32	\$ 11,253,116.32	\$ 11,253,116.32	\$ -
Special Revenue Funds						
Supplemental General	3,892,733.00	(45,554.00)	-	3,847,179.00	3,847,179.00	-
Capital Outlay	1,643,298.00	-	-	1,643,298.00	700,265.26	(943,032.74)
At Risk 4 Year Old	103,315.00	-	-	103,315.00	52,209.13	(51,105.87)
At Risk K-12	2,214,900.00	-	-	2,214,900.00	2,165,126.45	(49,773.55)
Bilingual Education	16,416.00	-	-	16,416.00	13,159.87	(3,256.13)
Driver Training	11,938.00	-	-	11,938.00	11,201.14	(736.86)
Food Service	932,844.00	-	-	932,844.00	839,325.27	(93,518.73)
Professional Development	35,663.00	-	-	35,663.00	1,815.77	(33,847.23)
Special Education	2,451,996.00	-	-	2,451,996.00	2,333,462.32	(118,533.68)
Vocational Education	487,672.00	-	-	487,672.00	417,488.25	(70,183.75)
KPERS Retirement	1,437,919.00	-	-	1,437,919.00	1,198,157.33	(239,761.67)
Recreation	340,000.00	-	-	340,000.00	315,591.59	(24,408.41)
Recreation Employee Benefit	35,000.00	-	-	35,000.00	27,261.34	(7,738.66)
Extraordinary School Program	47,790.00	-	-	47,790.00	21,984.74	(25,805.26)
Debt Service Funds						
Bond and Interest	964,550.00	-	-	964,550.00	959,500.00	(5,050.00)
	<u>\$ 25,913,950.00</u>					



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Ad valorem tax	\$ -	\$ -	\$ -
Delinquent tax	-	-	-
Other	186,455.32	-	186,455.32
County Sources			
In lieu of tax	-	-	-
State Sources			
Special Education aid	1,050,651.00	1,167,975.00	(117,324.00)
General aid	10,014,507.00	10,129,937.00	(115,430.00)
Federal Sources			
Youth Risky Behavior grant	1,500.00	-	1,500.00
Total Cash Receipts	<u>11,253,113.32</u>	<u>\$ 11,297,912.00</u>	<u>\$ (44,798.68)</u>
Expenditures			
Instruction	5,778,331.72	\$ 5,980,563.00	\$ (202,231.28)
Support Services			
Student Support	433,920.84	587,161.00	(153,240.16)
Instructional Support	46,452.86	35,000.00	11,452.86
General Administration	125,428.17	196,461.00	(71,032.83)
School Administration	385,175.32	392,790.00	(7,614.68)
Operations and Maintenance	1,348,487.22	1,312,712.00	35,775.22
Transportation Services	598,401.88	613,332.00	(14,930.12)
Other Supplemental Services	330,936.57	279,897.00	51,039.57

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Expenditures (Continued)			
Operating Transfers to Other Funds			
Capital Outlay	\$ -	\$ -	\$ -
At Risk 4 Year Old	-	-	-
At Risk K - 12	300,000.00	300,000.00	-
Vocational Education	240,000.00	-	240,000.00
Bilingual Education	-	-	-
Driver Training	7,000.00	-	7,000.00
Food Service	-	-	-
Professional Development	-	-	-
Special Education	1,360,000.00	1,360,000.00	-
Contingency Reserve	298,981.74	240,000.00	58,981.74
Textbook Rental	-	-	-
Adjustment to Comply with Legal Maximum Budget	-	(232,755.00)	232,755.00
Legal General Fund Budget	11,253,116.32	11,065,161.00	
Adjustments to Budget for Qualifying Budget Credits			
Other Reimbursed Expenditures	-	186,455.32	(186,455.32)
Unbudgeted Grants	-	1,500.00	(1,500.00)
Total Expenditures	11,253,116.32	\$ 11,253,116.32	\$ -
Cash Receipts Over(Under) Expenditures	(3.00)		
Unencumbered Cash, Beginning	3.49		
Unencumbered Cash, Ending	\$ 0.49		



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**SUPPLEMENTAL GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Ad valorem tax	\$ 776,776.92	\$ 767,659.00	\$ 9,117.92
Delinquent tax	101,822.81	17,010.00	84,812.81
County Sources			
Motor vehicle tax	177,769.77	199,030.00	(21,260.23)
In lieu of tax	-	-	-
State Sources			
State aid	2,428,259.00	2,533,001.00	(104,742.00)
Total Cash Receipts	<u>3,484,628.50</u>	<u>\$ 3,516,700.00</u>	<u>\$ (32,071.50)</u>
Expenditures			
Instruction	29.97	\$ -	\$ 29.97
Support Services			
Instructional Support	1,201.02	-	1,201.02
General Administration	132,070.86	20,000.00	112,070.86
School Administration	598,055.12	724,519.00	(126,463.88)
Operations and Maintenance	387,822.03	315,000.00	72,822.03
Other Supplemental Services	-	-	-
Operating Transfers to Other Funds			
At Risk 4 Year Old	100,000.00	100,000.00	-
At Risk K - 12	1,870,000.00	1,900,000.00	(30,000.00)
Bilingual Education	21,000.00	14,000.00	7,000.00
Food Service	-	-	-
Professional Development	-	19,214.00	(19,214.00)
Special Education	487,000.00	500,000.00	(13,000.00)
Vocational Education	250,000.00	250,000.00	-
Textbook Rental	-	50,000.00	(50,000.00)
Adjustment to Comply with Legal Maximum Budget	-	(45,554.00)	45,554.00
Total Expenditures	<u>3,847,179.00</u>	<u>\$ 3,847,179.00</u>	<u>\$ -</u>
Cash Receipts Over(Under) Expenditures	(362,550.50)		
Unencumbered Cash, Beginning	<u>376,031.81</u>		
Unencumbered Cash, Ending	<u>\$13,481.31</u>		

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**CAPITAL OUTLAY FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Ad valorem tax	\$ 465,005.76	\$ 450,185.00	\$ 14,820.76
Delinquent tax	463.55	-	463.55
Interest on idle funds	1,426.83	2,350.00	(923.17)
Rentals	320.00	-	320.00
Other	158,883.36	300,000.00	(141,116.64)
County Sources			
Motor vehicle tax	26.04	-	26.04
In lieu of tax	-	-	-
State Sources			
State aid	178,957.00	255,105.00	(76,148.00)
Operating Transfer from Other Funds			
General	-	-	-
Total Cash Receipts	<u>805,082.54</u>	<u>\$ 1,007,640.00</u>	<u>\$ (202,557.46)</u>
Expenditures			
Instruction	6,092.46	\$ 350,000.00	\$ (343,907.54)
Support Services	201,110.39	423,298.00	(222,187.61)
Facility Acquisition and Construction Services	<u>493,062.41</u>	<u>870,000.00</u>	<u>(376,937.59)</u>
Total Expenditures	<u>700,265.26</u>	<u>\$ 1,643,298.00</u>	<u>\$ (943,032.74)</u>
Cash Receipts Over(Under) Expenditures	104,817.28		
Unencumbered Cash, Beginning	<u>635,672.72</u>		
Unencumbered Cash, Ending	<u>\$ 740,490.00</u>		



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234****FORT SCOTT, KANSAS****AT RISK 4 YEAR OLD FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Operating Transfer from Other Funds			
General	-	-	-
Supplemental General	100,000.00	100,000.00	-
Total Cash Receipts	100,000.00	\$ 100,000.00	\$ -
Expenditures			
Instruction	30,234.11	\$ 60,734.00	\$ (30,499.89)
Support Services			
Instructional Support	2,776.88	10,000.00	(7,223.12)
Student Transport	19,198.14	32,581.00	(13,382.86)
Total Expenditures	52,209.13	\$ 103,315.00	\$ (51,105.87)
Cash Receipts Over(Under) Expenditures	47,790.87		
Unencumbered Cash, Beginning	54,514.91		
Unencumbered Cash, Ending	\$ 102,305.78		

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**AT RISK K - 12 FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Other	\$ -	\$ -	\$ -
Operating Transfer from Other Funds			
General	300,000.00	300,000.00	-
Supplemental General	1,870,000.00	1,900,000.00	(30,000.00)
Total Cash Receipts	<u>2,170,000.00</u>	<u>\$ 2,200,000.00</u>	<u>\$ (30,000.00)</u>
Expenditures			
Instruction	2,164,959.30	\$ 2,114,900.00	\$ 50,059.30
Support Services			
Student Support Services	-	100,000.00	(100,000.00)
Student Transport	167.15	-	167.15
Total Expenditures	<u>2,165,126.45</u>	<u>\$ 2,214,900.00</u>	<u>\$ (49,773.55)</u>
Cash Receipts Over(Under) Expenditures	4,873.55		
Unencumbered Cash, Beginning	<u>222,208.23</u>		
Unencumbered Cash, Ending	<u>\$ 227,081.78</u>		



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**BILINGUAL EDUCATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Other	\$ -	\$ -	\$ -
Operating Transfer from Other Funds			
General	-	-	-
Supplemental General	21,000.00	14,000.00	7,000.00
Total Cash Receipts	21,000.00	\$ 14,000.00	\$ 7,000.00
Expenditures			
Instruction	13,159.87	\$ 16,416.00	\$ (3,256.13)
Support Services			
Student Support	-	-	-
Total Expenditures	13,159.87	\$ 16,416.00	\$ (3,256.13)
Cash Receipts Over(Under) Expenditures	7,840.13		
Unencumbered Cash, Beginning	4,331.67		
Unencumbered Cash, Ending	\$ 12,171.80		

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**DRIVER TRAINING FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Other	\$ 20.00	\$ -	\$ 20.00
State Sources			
State aid	4,464.00	3,570.00	894.00
Operating Transfer from General Fund	7,000.00	-	7,000.00
Total Cash Receipts	<u>11,484.00</u>	<u>\$ 3,570.00</u>	<u>\$ 7,914.00</u>
Expenditures			
Instruction	8,740.91	\$ 9,795.00	\$ (1,054.09)
Support Services	<u>2,460.23</u>	<u>2,143.00</u>	<u>317.23</u>
Total Expenditures	<u>11,201.14</u>	<u>\$ 11,938.00</u>	<u>\$ (736.86)</u>
Cash Receipts Over(Under) Expenditures	282.86		
Unencumbered Cash, Beginning	<u>13,373.86</u>		
Unencumbered Cash, Ending	<u>\$ 13,656.72</u>		



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**FOOD SERVICE FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Students	\$ 117,285.53	\$ 124,131.00	\$ (6,845.47)
Adults	21,201.03	54,319.00	(33,117.97)
Other	1,441.86	1,500.00	(58.14)
State Sources			
Food service aid	7,835.46	7,502.00	333.46
Other State grants	4,817.99	-	4,817.99
Federal Sources			
Child nutrition aid	622,591.29	656,804.00	(34,212.71)
Nutrition grant	975.00	15,000.00	(14,025.00)
Risky Behavior grant	100.00	-	100.00
Operating Transfer from Other Funds			
General Fund	-	-	-
Supplemental General	-	-	-
Total Cash Receipts	<u>776,248.16</u>	<u>\$ 859,256.00</u>	<u>\$ (83,007.84)</u>
Expenditures			
Support Services			
Operations and Maintenance	-	\$ 49,940.00	\$ (49,940.00)
Operation of Non instructional Services			
Food Service Operations	<u>839,325.27</u>	<u>882,904.00</u>	<u>(43,578.73)</u>
Total Expenditures	<u>839,325.27</u>	<u>\$ 932,844.00</u>	<u>\$ (93,518.73)</u>
Cash Receipts Over(Under) Expenditures	(63,077.11)		
Unencumbered Cash, Beginning	<u>261,608.99</u>		
Unencumbered Cash, Ending	<u>198,531.88</u>		

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**PROFESSIONAL DEVELOPMENT FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance -
	Actual	Budget	Over (Under)
Cash Receipts			
Local Sources			
Other	\$ -	\$ -	\$ -
Federal Sources			
Homeless Children grant	905.68		
Operating Transfer from Other Funds			
General Fund	-	-	-
Supplemental General	-	19,214.00	(19,214.00)
Total Cash Receipts	<u>905.68</u>	<u>\$ 19,214.00</u>	<u>\$ (19,214.00)</u>
Expenditures			
Instruction	-	\$ -	\$ -
Support Services	<u>1,815.77</u>	<u>35,663.00</u>	<u>(33,847.23)</u>
Total Expenditures	<u>1,815.77</u>	<u>\$ 35,663.00</u>	<u>\$ (33,847.23)</u>
Cash Receipts Over(Under) Expenditures	(910.09)		
Unencumbered Cash, Beginning	<u>17,483.80</u>		
Unencumbered Cash, Ending	<u><u>16,573.71</u></u>		



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**SPECIAL EDUCATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Other	\$ 116,215.44	\$ 70,000.00	\$ 46,215.44
Federal Sources			
Early Childhood Flo-Thru	363,605.00	350,000.00	13,605.00
Early Childhood Flo-Thru Disc	18,986.00	20,000.00	(1,014.00)
Early Childhood Aid	15,490.00	16,000.00	(510.00)
Operating Transfer from other Funds			
General	1,360,000.00	1,360,000.00	-
Supplemental General	487,000.00	500,000.00	(13,000.00)
Total Cash Receipts	<u>2,361,296.44</u>	<u>\$ 2,316,000.00</u>	<u>\$ 45,296.44</u>
Expenditures			
Instruction	2,027,470.59	\$ 2,110,970.00	\$ (83,499.41)
Support Services			
Student Support	64,760.51	86,596.00	(21,835.49)
Instructional Support	37,075.91	33,950.00	3,125.91
General Administration	106,887.94	92,196.00	14,691.94
Operations and Maintenance	17,127.27	17,474.00	(346.73)
Transportation Services	79,560.10	110,810.00	(31,249.90)
Other Supplemental Services	580.00	-	580.00
Total Expenditures	<u>2,333,462.32</u>	<u>\$ 2,451,996.00</u>	<u>\$ (118,533.68)</u>
Cash Receipts Over(Under) Expenditures	27,834.12		
Unencumbered Cash, Beginning	<u>566,777.63</u>		
Unencumbered Cash, Ending	<u>\$ 594,611.75</u>		

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**VOCATIONAL EDUCATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Other	\$ 3,931.42	\$ -	\$ 3,931.42
Operating Transfer from Other Funds			
General Fund	240,000.00	240,000.00	-
Supplemental General	250,000.00	250,000.00	-
Total Cash Receipts	<u>493,931.42</u>	<u>\$ 490,000.00</u>	<u>\$ 3,931.42</u>
Expenditures			
Instruction	397,309.80	\$ 455,300.00	\$ (57,990.20)
Support Services			
Student Support	-	10,000.00	(10,000.00)
Instructional Support	9,681.36	10,000.00	(318.64)
Operations and Maintenance	10,497.09	12,372.00	(1,874.91)
Total Expenditures	<u>417,488.25</u>	<u>\$ 487,672.00</u>	<u>\$ (70,183.75)</u>
Cash Receipts Over(Under) Expenditures	76,443.17		
Unencumbered Cash, Beginning	<u>147,912.92</u>		
Unencumbered Cash, Ending	<u>\$ 224,356.09</u>		



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**KPERS RETIREMENT FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
State Sources			
KPERS Contributions	\$ 1,198,157.33	\$ 1,437,919.00	\$ (239,761.67)
Total Cash Receipts	<u>1,198,157.33</u>	<u>\$ 1,437,919.00</u>	<u>\$ (239,761.67)</u>
Expenditures			
Instruction	912,396.80	\$ 1,136,919.00	\$ (224,522.20)
Support Services			
Student Support	5,391.71	8,000.00	(2,608.29)
Instructional Support	-	-	-
General Administration	48,884.82	50,000.00	(1,115.18)
School Administration	78,359.50	80,000.00	(1,640.50)
Operations and Maintenance	83,032.30	85,000.00	(1,967.70)
Transportation Services	33,188.96	38,000.00	(4,811.04)
Other Support Services	-	-	-
Operation and Non instructional Services			
Food Service Operations	<u>36,903.24</u>	<u>40,000.00</u>	<u>(3,096.76)</u>
Total Expenditures	<u>1,198,157.33</u>	<u>\$ 1,437,919.00</u>	<u>\$ (239,761.67)</u>
Cash Receipts Over(Under) Expenditures	-		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**CONTINGENCY RESERVE FUND**  
Schedule of Receipts and Expenditures - Actual - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	<u>Current Year Actual</u>
Cash Receipts	
Operating Transfers from Other Funds	
General	<u>\$ 298,981.74</u>
Total Cash Receipts	<u>298,981.74</u>
Expenditures	
Support Services	
Operations and Maintenance	<u>-</u>
Total Expenditures	<u>-</u>
Cash Receipts Over(Under) Expenditures	298,981.74
Unencumbered Cash, Beginning	<u>604,842.32</u>
Unencumbered Cash, Ending	<u><u>\$ 903,824.06</u></u>



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**TEXTBOOK RENTAL FUND**  
Schedule of Receipts and Expenditures - Actual - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	<u>Current Year Actual</u>
Cash Receipts	
Local Sources	
Textbook rental	\$ 39,620.24
Textbook sales	-
Operating Transfer from Other Funds	
General	-
Supplemental General	-
	<u>39,620.24</u>
Total Cash Receipts	
Expenditures	
Instruction	<u>14,002.85</u>
Total Expenditures	<u>14,002.85</u>
Cash Receipts Over(Under) Expenditures	25,617.39
Unencumbered Cash, Beginning	<u>107,894.51</u>
Unencumbered Cash, Ending	<u><u>\$ 133,511.90</u></u>

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**CHILDREN'S BLOCK GRANT FUND**  
Schedule of Receipts and Expenditures - Actual - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	<div style="border-top: 1px solid black; border-bottom: 1px solid black; display: inline-block; padding: 2px 5px;"> Current Year Actual </div>
Cash Receipts	
Local Sources	
Other	\$ 68,000.00
Total Cash Receipts	68,000.00
Expenditures	
Instruction	57,607.53
Support Services	10,392.47
Total Expenditures	68,000.00
Cash Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	15,200.00
Unencumbered Cash, Ending	\$ 15,200.00

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**RECREATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Ad valorem tax	\$ 156,039.17	\$ 156,508.00	\$ (468.83)
Delinquent tax	13,477.61	1,814.00	11,663.61
Other	112,985.27	130,000.00	(17,014.73)
County Sources			
Motor vehicle tax	22,201.11	24,725.00	(2,523.89)
In lieu of tax	-	-	-
Total Cash Receipts	<u>304,703.16</u>	<u>\$ 313,047.00</u>	<u>\$ (8,343.84)</u>
Expenditures			
Community Service Operations	<u>315,591.59</u>	<u>\$ 340,000.00</u>	<u>\$ (24,408.41)</u>
Total Expenditures	<u>315,591.59</u>	<u>\$ 340,000.00</u>	<u>\$ (24,408.41)</u>
Cash Receipts Over(Under) Expenditures	(10,888.43)		
Unencumbered Cash, Beginning	<u>83,581.99</u>		
Unencumbered Cash, Ending	<u>\$ 72,693.56</u>		



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**RECREATION EMPLOYEE BENEFIT FUND**  
Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Ad valorem tax	\$ 29,610.06	\$ 29,663.00	\$ (52.94)
Delinquent tax	2,201.19	346.00	1,855.19
Other	-	-	-
County Sources			
Motor vehicle tax	3,714.91	4,228.00	(513.09)
In lieu of tax	-	-	-
Total Cash Receipts	<u>35,526.16</u>	<u>\$ 34,237.00</u>	<u>\$ 1,289.16</u>
Expenditures			
Community Service Operations	<u>27,261.34</u>	<u>\$ 35,000.00</u>	<u>\$ (7,738.66)</u>
Total Expenditures	<u>27,261.34</u>	<u>\$ 35,000.00</u>	<u>\$ (7,738.66)</u>
Cash Receipts Over(Under) Expenditures	8,264.82		
Unencumbered Cash, Beginning	<u>7,848.53</u>		
Unencumbered Cash, Ending	<u>\$ 16,113.35</u>		

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**EXTRAORDINARY SCHOOL PROGRAM (ASCC) FUND**  
Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Student fees	\$ 25,929.36	\$ 40,000.00	\$ (14,070.64)
Total Cash Receipts	<u>25,929.36</u>	<u>\$ 40,000.00</u>	<u>\$ (14,070.64)</u>
Expenditures			
Instruction	20,552.89	\$ 47,790.00	\$ (27,237.11)
Support Services	<u>1,431.85</u>	<u>-</u>	<u>1,431.85</u>
Total Expenditures	<u>21,984.74</u>	<u>\$ 47,790.00</u>	<u>\$ (25,805.26)</u>
Cash Receipts Over(Under) Expenditures	3,944.62		
Unencumbered Cash, Beginning	<u>21,941.55</u>		
Unencumbered Cash, Ending	<u>\$ 25,886.17</u>		

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**TITLE I FUND**

Schedule of Receipts and Expenditures - Actual - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	<u>Current Year Actual</u>
Cash Receipts	
Federal Sources	
Title I	\$ 630,753.00
Title I School	-
	<u>630,753.00</u>
Total Cash Receipts	<u>630,753.00</u>
Expenditures	
Instruction	494,301.34
Support Services	<u>121,697.19</u>
	<u>615,998.53</u>
Total Expenditures	<u>615,998.53</u>
Cash Receipts Over(Under) Expenditures	14,754.47
Unencumbered Cash, Beginning	<u>(239,241.19)</u>
Unencumbered Cash, Ending	<u><u>\$ (224,486.72)</u></u>



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**SAVE THE CHILDREN GRANT FUND**  
Schedule of Receipts and Expenditures - Actual - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	<div style="border-top: 1px solid black; border-bottom: 1px solid black; display: inline-block; padding: 2px 5px;"> Current Year Actual </div>
Cash Receipts	
Local Sources	
Other	\$ 42,962.11
Total Cash Receipts	42,962.11
Expenditures	
Instruction	22,580.76
Support Services	-
Total Expenditures	22,580.76
Cash Receipts Over(Under) Expenditures	20,381.35
Unencumbered Cash, Beginning	(4,489.11)
Unencumbered Cash, Ending	\$ 15,892.24

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**TITLE VI B FUND**

Schedule of Receipts and Expenditures - Actual - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	<u>Current Year Actual</u>
Cash Receipts	
Federal Sources	
Federal aid	<u>\$        62,754.00</u>
Total Cash Receipts	<u>62,754.00</u>
Expenditures	
Instruction	34,049.00
Support Services	<u>-</u>
Total Expenditures	<u>34,049.00</u>
Cash Receipts Over(Under) Expenditures	28,705.00
Unencumbered Cash, Beginning	<u>(28,705.00)</u>
Unencumbered Cash, Ending	<u><u>\$                -</u></u>

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**TITLE II A FUND**

Schedule of Receipts and Expenditures - Actual - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	<u>Current</u> <u>Year</u> <u>Actual</u>
Cash Receipts	
Federal Sources	
Title II A	\$ 197,271.00
Total Cash Receipts	<u>197,271.00</u>
Expenditures	
Instruction	8,745.94
Support Services	<u>103,977.06</u>
Total Expenditures	<u>112,723.00</u>
Cash Receipts Over(Under) Expenditures	84,548.00
Unencumbered Cash, Beginning	<u>(93,570.00)</u>
Unencumbered Cash, Ending	<u><u>\$ (9,022.00)</u></u>



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**CARL PERKINS FUND**

Schedule of Receipts and Expenditures - Actual - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	<u>Current Year Actual</u>
Cash Receipts	
Local Sources	
Other	\$ -
Federal Sources	
Federal aid	<u>24,205.00</u>
Total Cash Receipts	<u>24,205.00</u>
Expenditures	
Instruction	11,714.00
Support Services	<u>12,917.00</u>
Total Expenditures	<u>24,631.00</u>
Cash Receipts Over(Under) Expenditures	(426.00)
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ (426.00)</u></u>

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**BOND PROJECT FUND**

Schedule of Receipts and Expenditures - Actual - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	<u>Current</u> <u>Year</u> <u>Actual</u>
Cash Receipts	
Local Sources	
Proceeds from Bond Sale	\$ 40,805,000.00
Bond Premium	3,579,319.25
Interest from idle funds	<u>90,616.61</u>
Total Cash Receipts	<u>44,474,935.86</u>
Expenditures	
Project costs	2,991,407.85
Debt Service	5,000.00
Bond issue costs	<u>508,089.16</u>
Total Expenditures	<u>3,504,497.01</u>
Cash Receipts Over(Under) Expenditures	40,970,438.85
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 40,970,438.85</u></u>

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**BOND AND INTEREST FUND**

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Local Sources			
Ad valorem tax	\$ 504,302.69	\$ 501,030.00	\$ 3,272.69
Delinquent tax	38,576.19	3,290.00	35,286.19
Other	-	-	-
County Sources			
Motor vehicle tax	59,192.97	67,116.00	(7,923.03)
In lieu of tax	-	-	-
State Sources			
State aid	485,469.00	491,895.00	(6,426.00)
Total Cash Receipts	<u>1,087,540.85</u>	<u>\$ 1,063,331.00</u>	<u>\$ 24,209.85</u>
Expenditures			
Debt Service			
Principal	930,000.00	\$ 930,000.00	\$ -
Interest	29,500.00	34,500.00	(5,000.00)
Other	-	50.00	(50.00)
Total Expenditures	<u>959,500.00</u>	<u>\$ 964,550.00</u>	<u>\$ (5,050.00)</u>
Cash Receipts Over(Under) Expenditures	128,040.85		
Unencumbered Cash, Beginning	<u>880,338.93</u>		
Unencumbered Cash, Ending	<u>\$ 1,008,379.78</u>		



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**SPECIAL GIFTS FUND**

Schedule of Receipts and Expenditures - Actual - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	<u>Current Year Actual</u>
Cash Receipts	
Local Sources	
Other	\$ 76,936.16
Federal Sources	
Youth risky behavior	-
	<u>76,936.16</u>
Total Cash Receipts	
Expenditures	
School Activities	-
Instructional	-
Operation and Non	
Instructional Services	<u>120,854.38</u>
Total Expenditures	<u>120,854.38</u>
Cash Receipts Over(Under) Expenditures	(43,918.22)
Unencumbered Cash, Beginning	<u>192,309.07</u>
Unencumbered Cash, Ending	<u><u>\$ 148,390.85</u></u>

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**AGENCY FUNDS**

Schedule of Receipts and Disbursements - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Agency Funds				
Revolving Benefits	\$ 1,801.52	\$ 5,037.43	\$ 6,783.45	\$ 55.50
Sales Tax	-	10,603.33	10,603.33	-
Self Funded Health	674,826.21	1,875,954.73	1,354,276.32	1,196,504.62
Student Organizations				
High School	178,836.66	394,537.96	368,965.26	204,409.36
Middle School	15,557.42	17,760.08	13,064.52	20,252.98
Winfield Scott Grade School	7,198.92	10,744.86	10,305.86	7,637.92
Eugene Ware Grade School	11,468.75	12,238.09	11,691.23	12,015.61
Total Agency Funds	<u>\$ 889,689.48</u>	<u>\$ 2,326,876.48</u>	<u>\$ 1,775,689.97</u>	<u>\$ 1,440,875.99</u>

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**  
**DISTRICT ACTIVITY FUNDS**

Schedule of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis  
For the Fiscal Year Ended June 30, 2015

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Plus		Ending Cash Balance June 30, 2015
					Encumbrances and Accounts Payable		
Gate Receipts							
High School	\$ 29,069.02	\$ 54,569.71	\$ 43,315.58	\$ 40,323.15	\$ -	\$	40,323.15
Middle School	4,741.10	6,418.00	5,455.34	5,703.76	-		5,703.76
Total Gate Receipts	33,810.12	60,987.71	48,770.92	46,026.91	-		46,026.91
School Projects							
Middle School	1,265.79	1,797.40	1,946.87	1,116.32	-		1,116.32
Winfield Scott Grade School	411.55	3,242.28	3,476.01	177.82	-		177.82
Eugene Ware Grade School	3,080.11	26,059.92	26,831.32	2,308.71	-		2,308.71
Total School Projects	4,757.45	31,099.60	32,254.20	3,602.85	-		3,602.85
Totals	\$ 38,567.57	\$ 92,087.31	\$ 81,025.12	\$ 49,629.76	\$ -	\$	49,629.76



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**

**FEDERAL COMPLIANCE SECTION**

For the Fiscal Year Ended June 30, 2015

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**

Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2015

<u>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AMOUNT RECEIVED</u>	<u>AMOUNT EXPENDED</u>
<u>U.S. Department of Agriculture</u>			
Passed Through the State of Kansas Department of Education:			
School Breakfast Program	10.553	\$ 163,657.96	\$ 163,657.96
National School Lunch Program	10.555	458,933.33	458,933.33
Nutrition Grant	10.574	975.00	975.00
		<u>623,566.29</u>	<u>623,566.29</u>
<u>U.S. Department of Education</u>			
Passed Through the State of Kansas Department of Education:			
Title I	84.010	630,753.00	615,998.53
Special Education Grants to States	84.027	382,591.00	382,591.00
Career and Tech aid	84.048	24,205.00	24,205.00
Special Education Preschool Grant	84.173	15,490.00	15,490.00
Homeless Child	84.196	905.68	905.68
Rural Low Income Schools Program	84.358	62,754.00	34,049.00
Title II Improving Teacher Quality Program	84.367	197,271.00	112,723.00
		<u>1,313,969.68</u>	<u>1,185,962.21</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through the State of Kansas Department of Education:			
Risky Behavior	93.079	1,600.00	1,600.00
 TOTALS		 <u>\$ 1,939,135.97</u>	 <u>\$ 1,811,128.50</u>

Notes to the Schedule of Expenditures of Federal Awards:

This Schedule has been prepared using the regulatory basis of accounting. Revenues are recorded when received and not when earned. Expenses include amounts paid, plus encumbrances and accounts payable for the current year, less encumbrances and accounts payable for the prior year.

# Diehl Banwart Bolton

*Certified Public Accountants PA*

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Education  
Bourbon County Unified School District #234  
Fort Scott, Kansas 66701

### **Report on Compliance for Each Major Federal Program**

We have audited the Unified School District #234's (District) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. The District's major federal 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.

### **Auditors' Responsibilities**

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 of 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, 2015.

### **Report on Internal Control Over Compliance**

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 OMB Circular A-133, 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 internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Diehl, Banwart, Bolton*

DIEHL, BANWART, BOLTON, CPAs PA

December 4, 2015  
Fort Scott, Kansas

# Diehl Banwart Bolton

*Certified Public Accountants P.A.*

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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education  
Bourbon County Unified School District #234  
Fort Scott, Kansas 66701

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 Bourbon County Unified School District #234 as of the year ended June 30, 2015, and have issued our report thereon dated December 4, 2015.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting 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 significant deficiencies or material weaknesses. Therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2015-001).



### **Compliance and Other Matters**

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

We also noted matters involving internal controls that we have reported to management in a letter dated December 4, 2015.

### **District's Response to Findings**

The District's response to the findings identified in our audit is described in the Corrective Action Plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Diehl, Banwart, Bolton*

DIEHL, BANWART, BOLTON, CPAs PA

December 4, 2015  
Fort Scott, Kansas



**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234  
FORT SCOTT, KANSAS**

Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2015

**SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS:**

Type of auditors' report issued:

- Adverse for departures from accounting principles generally accepted in the United States of America due to preparation of financial statements in accordance with the statutory basis of accounting.
- Unqualified opinion on the statutory basis financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ YES X NO
- Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_ YES X NO  
NONE  
REPORTED

Noncompliance material to financial statements noted? \_\_\_ YES X NO

**FEDERAL AWARDS:**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ YES X NO
- Significant deficiency (ies) identified that are not considered to be material weaknesses? \_\_\_ YES X NO  
NONE  
REPORTED

Type of auditors' report issued on compliance for major programs: UNQUALIFIED

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_ YES X NO

**IDENTIFICATION OF MAJOR PROGRAMS:**

<u>CFDA #</u>	<u>NAME OF PROGRAM</u>
10.553	School Breakfast Program
10.555	School Lunch Program
84.010	Title I
84.027	Special Education
84.173	Special Education Preschool Grant

Auditee qualified as low-risk auditee? \_\_\_ YES X NO

## **FINDINGS – FINANCIAL STATEMENTS AUDIT**

### **Significant Deficiency**

#### **2015-1 Drafting Financial Statements**

Condition: As auditors, we provide significant assistance with adjusting entries, as well as determining which disclosures are required under generally accepted accounting standards and the statutory basis of accounting.

Criteria: Internal controls should be in place that provide a reasonable assurance that the financial statements are appropriate in form and contain the required disclosures.

Cause: Relying upon the independent auditors is a significant deficiency in internal controls as they cannot be considered part of the District's internal control.

Effect: The District relies on independent auditors to determine the financial statements are in the correct form and include the proper disclosures.

Recommendation: None

Response: The District agrees with the finding. The District's response is in the attached Corrective Action Plan.

### **Material Weakness**

None Reported.

## **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None Reported.

**BOURBON COUNTY UNIFIED SCHOOL DISTRICT #234**  
**FORT SCOTT, KANSAS**

Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2015

No audit findings relative to the federal award programs.



UNIFIED SCHOOL DISTRICT #234

June 30, 2015 Financial Statements

Corrective Action Plan

Audit Finding 2015-1

USD #234 has always relied upon its auditors to provide significant assistance with adjusting entries and with determining which disclosures were required under generally accepted accounting principles and the statutory basis of accounting. While USD #234 understands that this is a significant deficiency in our internal controls, we believe it is the most cost effective manner for us to produce our financial statements. Our accounting staff concentrate on providing the reports needed for management purposes and preparing the required reports for the Kansas Department of Education. We believe it would be inefficient and cost prohibitive for our staff to attempt to stay current on all the requirements of GAAP and the regulatory basis of accounting. We do not plan on making any changes at this time. However, we will monitor this situation and periodically determine if it is cost effective for us to perform these functions.