

Board of Education  
Haysville Unified School District No. 261  
1745 W. Grand  
Haysville, KS 67060

We are pleased to present this report related to our audit of the regulatory basis financial statement of Haysville Unified School District No. 261 (District) for the year ended June 30, 2015. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

Generally accepted auditing standards require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

## **Required Communications**

### **Our Responsibilities With Regard to the Financial Statement Audit**

Our responsibility under auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States; the provisions of the Single Audit Act; OMB Circular A-133; OMB's *Compliance Supplement*; and the *Kansas Municipal Audit and Accounting Guide* has been described to you in our arrangement letter dated May 21, 2015. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

### **Accounting Policies and Practices**

Adoption of or Change in, Accounting Policies - Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District has elected to follow the regulatory basis of accounting as described in the Kansas Municipal Audit and Account Guide (KMAAG). See Note I to the financial statements for a detailed description of the KMAAG regulatory basis of accounting, along with a description of all the District's significant accounting policies. In the current year, the District adopted certain disclosures that are similar to those prescribed under GASB Statement No. 68, *Accounting and Financial Reporting for*

*Pensions.* In accordance with guidance in the KMAAG, such disclosures were deemed to enhance the user's understanding of the financial statements. These new disclosures are included in Note IV.A. to the financial statements.

Significant or Unusual Transactions - We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates - Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's June 30, 2015 financial statements:

- Compensated absences: It is the District's policy to grant full-time employees 12 days of sick leave and 10 days of vacation leave. Upon termination, employees are compensated for unused sick leave at one-third their normal salary up to 100 days and unused vacation leave at full salary up to 20 days. The estimated liability computation follows the guidelines in GASB Statement No. 16, *Accounting for Compensated Absences*. As a basis for our conclusion, we reviewed the District's leave liability reports in comparison to historical information for reasonableness.
- Net pension liability: The District followed guidelines in GASB Statement No. 68 for disclosing its KPERS net pension liability. This included KPERS' report on Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2014 and 2013, which was audited by other auditors. The District compared contributions made by the District to amounts included in this report. As a basis for our conclusions, we reviewed the KPERS' report for reasonableness and verified and recalculated the District's information provided in the report.

### **Audit Adjustments**

The following is a description of the audit adjustments proposed by us and recorded by the District, that could, in our judgment, either individually or in the aggregate, have a significant effect on the District's financial reporting process:

- 1) Reclassifying cash for held checks that had been processed but not yet distributed for insurance and payroll,
- 2) Reclassifying principal and interest payments to correct expenditure accounts, and
- 3) Recording bond proceeds and payments to the escrow agent and on the two refunding bonds issued in fiscal year 2015.

### **Uncorrected Misstatements**

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

## **Management Representations**

In connection with our audit procedures, we have obtained a written management representation letter. This representation letter constitutes written acknowledgments by management that it has the primary responsibility for the fair presentation of the financial statements in conformity the cash receipts and disbursements basis of accounting. The representation letter also includes the more significant oral representations made by officers and employees during the course of the audit and includes specific representations, is intended to reduce the possibility of misunderstandings between us and the District and reminds the signing officers to consider seriously whether all material liabilities, commitments and contingencies or other important financial information have been brought to our attention.

## **Other Disclosures**

- We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
- We are not aware of any consultations management had with other accountants about accounting or auditing matters.
- No significant issues arising from the audit were discussed with or the subject of correspondence with management.
- We did not encounter any difficulties in dealing with management relating to the performance of the audit.

## **Closing**

This report is intended solely for the information and use of the Board of Education and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the District.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

September 8, 2015  
Wichita, KS

***HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261***

REGULATORY BASIS  
FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

AND

INDEPENDENT AUDITOR'S REPORT

HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261

REGULATORY BASIS  
FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

AND

INDEPENDENT AUDITOR'S REPORT

**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

REGULATORY BASIS  
FINANCIAL STATEMENTS  
Year Ended June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

**The Board of Education  
Haysville Public Schools  
Unified School District No. 261**

**Report on the Financial Statements**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Haysville Public Schools, USD 261 (District), as of and for the year ended June 30, 2015 and the related notes to the financial statement.

*Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note I.B.2 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 *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the 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 opinions.

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

As described in Note I.B.2 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 I.B.2 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 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 year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note I.B.2.

*Emphasis of Matter*

As discussed in Note IV.A to the financial statement, on July 1, 2014, the District adopted certain disclosures that are similar to those prescribed under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. In accordance with guidance in the *Kansas Municipal Audit and Accounting Guide*, such required disclosures were deemed to enhance the user’s understanding of the financial statement. Our opinion is not modified with respect to this matter.

*Other Matter - Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statement, however is required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note I.B.2.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 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.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

September 8, 2015  
Wichita, Kansas



**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

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

|  | Beginning<br>Unencumbered<br>Cash<br>Balance<br>7/01/2014 | Receipts              | Expenditures          | Ending<br>Unencumbered<br>Cash<br>Balance<br>06/30/2015 | Add<br>Outstanding<br>Encumbrances<br>and Accounts<br>Payable | Ending<br>Cash<br>Balance<br>06/30/2015 |
|--|---|-----------------------|-----------------------|---|---|---|
| <b>GOVERNMENTAL TYPE FUNDS:</b>                  |   |                       |                       |   |   |   |
| GENERAL FUND                                     | \$ -  | \$ 32,370,866         | \$ 32,370,866         | \$ -  | \$ 729,459  | \$ 729,459                              |
| <b>SPECIAL PURPOSE FUNDS</b>                     |   |                       |                       |   |   |   |
| Supplemental General                             | 429,992   | 10,728,861            | 11,069,181            | 89,672  | 1,391   | 91,063                                  |
| At Risk (4 Yr. Old)                              | 493,593   | 400,000               | 430,687               | 462,906   | -   | 462,906                                 |
| At Risk (K-12)                                   | 1,327,423   | 5,433,160             | 5,559,379             | 1,201,204   | -   | 1,201,204                               |
| Bilingual Education                              | 260,771   | 200,000               | 197,557               | 263,214   | -   | 263,214                                 |
| Driver Education                                 | 367,608   | 56,604                | 52,920                | 371,292   | -   | 371,292                                 |
| Food Service                                     | 1,980,526   | 2,748,267             | 2,424,921             | 2,303,872   | -   | 2,303,872                               |
| Professional Development                         | 327,245   | -                     | 73,740                | 253,505   | -   | 253,505                                 |
| Parent Education                                 | 71,736  | 227,000               | 239,578               | 59,158  | -   | 59,158                                  |
| Special Education                                | 3,079,265   | 9,889,502             | 9,610,881             | 3,357,886   | 129,153   | 3,487,039                               |
| Vocational Education                             | 647,097   | 294,781               | 518,025               | 423,853   | -   | 423,853                                 |
| KPERS Special Retirement                         | -   | 3,304,831             | 3,304,831             | -   | -   | -                                       |
| Contingency Reserve                              | 2,972,592   | -                     | -                     | 2,972,592   | -   | 2,972,592                               |
| Federal Funds                                    | 16,535  | 848,101               | 946,660               | (82,024)  | 159,370   | 77,346                                  |
| Textbook/Student Material<br>Revolving Fund      | 840,682   | 561,760               | 522,344               | 880,098   | -   | 880,098                                 |
| ECC State Grant                                  | (34,396)  | 90,490                | 69,367                | (13,273)  | 4,926   | (8,347)                                 |
| Total special purpose funds                      | <u>12,780,669</u>   | <u>34,783,357</u>     | <u>35,020,071</u>     | <u>12,543,955</u>                                       | <u>294,840</u>  | <u>12,838,795</u>                       |
| <b>CAPITAL PROJECT FUNDS</b>                     |   |                       |                       |   |   |   |
| Capital Outlay                                   | 2,686,003   | 1,942,204             | 2,606,760             | 2,021,447   | 523,895   | 2,545,342                               |
| QZAB Energy Efficiency                           | 65  | -                     | 65                    | -   | -   | -                                       |
| Total capital outlay funds                       | <u>2,686,068</u>  | <u>1,942,204</u>      | <u>2,606,825</u>      | <u>2,021,447</u>  | <u>523,895</u>  | <u>2,545,342</u>                        |
| <b>BOND AND INTEREST</b>                         |   |                       |                       |   |   |   |
| Bond and Interest                                | 2,976,097   | 39,281,428            | 37,998,088            | 4,259,437   | -   | 4,259,437                               |
| Total bond and interest funds                    | <u>2,976,097</u>  | <u>39,281,428</u>     | <u>37,998,088</u>     | <u>4,259,437</u>  | <u>-</u>  | <u>4,259,437</u>                        |
| Total reporting entity                           | <u>\$ 18,442,834</u>                                      | <u>\$ 108,377,855</u> | <u>\$ 107,995,850</u> | <u>\$ 18,824,839</u>                                    | <u>\$ 1,548,194</u>   | <u>\$ 20,373,033</u>                    |
| <b>Composition of Cash:</b>                      |   |                       |                       |   |   |   |
| Checking account - INTRUST Bank                  |   |                       |                       |   |   | \$ 1,756,638                            |
| Repurchase agreements - INTRUST Bank             |   |                       |                       |   |   | 18,845,000                              |
| Checking account - INTRUST Bank (Activity Funds) |   |                       |                       |   |   | <u>336,661</u>                          |
| Total cash                                       |   |                       |                       |   |   | 20,938,299                              |
| Less agency funds per Schedule 3                 |   |                       |                       |   |   | <u>(565,266)</u>                        |
| <b>TOTAL REPORTING ENTITY</b>                    |   |                       |                       |   |   | <u>\$ 20,373,033</u>                    |

The accompanying notes are an integral  
part of these financial statements.

**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

**NOTES TO REGULATORY BASIS FINANCIAL STATEMENT**

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**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

NOTES TO REGULATORY BASIS FINANCIAL STATEMENT

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Municipal Financial Reporting Entity**

The Haysville Public Schools, Unified School District No. 261, (District) is organized under the laws of the State of Kansas (Kansas) and is governed by an elected seven-member board. This financial statement presents the District and its related municipal entities. There are no related municipal entities for which the District is considered to be financially accountable.

**B. Fund Types and Basis of Accounting**

**1. Regulatory Basis Fund Types**

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District has the following fund types:

*Government Fund Types*

*General Fund* - is the District's chief operating fund. It accounts for all resources, except those required to be accounted for in another fund.

*Special Purpose Funds* - are used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

*Bond and Interest Fund* - is used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

*Capital Project Fund* - is used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

*Agency Funds* - are funds used to report assets held by the District in a purely custodial capacity (payroll clearing fund, etc.).

**2. Regulatory Basis of Accounting**

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The Kansas Municipal Audit and Accounting Guide (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 changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

**NOTES TO REGULATORY BASIS FINANCIAL STATEMENT**

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.

**3. *In-Substance Receipt in Transit***

The District received \$2,730,911 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 year ended June 30, 2015.

**C. Deposits and Investments**

K.S.A. 12-1675 authorizes the District to invest moneys not regulated by other statutes in time deposits, repurchase agreements consisting of obligations insured by the U.S. government or any agency thereof, U.S. Treasury bills or notes with maturities not exceeding two years, and the Kansas Municipal Investment Pool.

The investment of proceeds of general long-term debt is governed by specific statutes that authorize the District to invest in the following:

- Investments authorized by K.S.A. 12-1675
- Direct obligations of the U.S. government or any other agency thereof
- Money market funds comprised entirely of obligations of the U.S. Treasury and agencies thereof
- Obligations of any municipality of Kansas
- Certain rated investment agreements with a financial institution

Cash resources of the individual funds are combined to form a pool of cash and temporary investments that are managed by the District Treasurer. Investments of the pooled accounts consist primarily of certificates of deposits and money market accounts. Interest income earned is allocated to the contributing fund unless specifically designated.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), and the bond and interest fund. 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 local newspaper of the proposed budget and notice of hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

Kansas statutes allow school districts to operate from July 1 to August 15 without an adopted budget. Kansas statutes also dictate the level of the general fund budget based on a formula that used \$3,852 per full-time equivalent weighted student as of September 20. Because the number of students as of

**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

**NOTES TO REGULATORY BASIS FINANCIAL STATEMENT**

September 20 of the budget year is not known at the time of budget adoption, an estimated number is used. If the estimate is too high, the general fund budget is automatically reduced to the actual number without requiring any formal Board action. If the estimate is too low, the Board of Education may increase the general fund budget to the actual amount only after following the procedures for publication and public hearing as outlined above.

Kansas statutes allow for the governing body to increase the original adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after the publication, the hearing may be held and the governing body may amend the budget at that time. During the year ended June 30, 2015, the budget of the General fund was amended. Original budgeted expenditures for the General Fund were \$32,315,428 and amended to \$32,345,629.

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management may amend the amount of a specific object or purpose appropriation without obtaining authorization from the Board of Education providing the amendments or transfers do not create a total budgeted expenditure amount for a specific fund in excess of the amount originally adopted by the Board of Education. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by 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.

Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled.

A legal operating budget is not required for the agency funds, the QZAB Energy Efficiency capital project fund, and the following special purpose funds:

Contingency Reserve  
Federal Funds

Textbook and Student Material Revolving  
ECC State Grant

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.

**B. Deficit Cash**

As of June 30, 2015, the ECC State Grant and the Federal funds had negative unencumbered cash balances of \$13,273 and \$82,024, respectively. The deficits are due to timing differences between the expenditure of state grant and the federal funds and the receipt of reimbursement in the 2014 - 2015 school year.

**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

NOTES TO REGULATORY BASIS FINANCIAL STATEMENT

**III. DETAILED NOTES ON THE FUNDS AND ACCOUNTS**

**A. Deposits and Investments**

As of June 30, 2015, the District had the following securities:

| <u>Investment Type</u> | <u>Fair Value</u>    | <u>Investment Maturities (In Years)</u> |             | <u>Rating U.S.</u> |
|------------------------|----------------------|---|-------------|--------------------|
|                        |                      | <u>Less than 1</u>                      | <u>1-5</u>  |                    |
| Repurchase agreement   | \$ 18,845,000        | \$ 18,845,000                           | \$ -        | S&P AA+            |
| Total                  | <u>\$ 18,845,000</u> | <u>\$ 18,845,000</u>                    | <u>\$ -</u> |                    |

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

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

*Concentration of credit risk.* State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2015, is as follows:

| <u>Investments</u>   | <u>Percentage<br/>of Investments</u> |
|----------------------|--------------------------------------|
| Repurchase agreement | 100%                                 |

*Custodial Credit Risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. As of June 30, 2015, the District's deposits are fully insured or collateralized with securities held by the District or by its agent in the District's name. The District has no formal deposit or investment policy.

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At June 30, 2015 the District's carrying amounts of deposits was \$2,093,299 and the bank balance was \$919,207. The balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$699,435 was collateralized with securities held by the pledging financial institution's agent in the District's name.

*Custodial Credit Risk - investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. As of June 30, 2015 the District has no investments subject to Custodial Credit Risk.

**B. Interfund Transfers**

A summary of interfund operating transfers by fund type for the year ended June 30, 2015 is as follows:

| From                      | To                   | Regulatory Authority | Amount               |
|---------------------------|----------------------|----------------------|----------------------|
| General Fund              | At Risk (4 yr olds)  | K.S.A. 72-6428       | \$ 200,000           |
| General Fund              | At Risk ( K-12)      | K.S.A. 72-6428       | 1,500,000            |
| General Fund              | Special Education    | K.S.A. 72-6428       | 5,036,042            |
| General Fund              | Vocational Education | K.S.A. 72-6428       | 61,597               |
| Supplemental General Fund | At Risk (4 yr olds)  | K.S.A. 72-6433       | 200,000              |
| Supplemental General Fund | At Risk ( K-12)      | K.S.A. 72-6433       | 3,900,000            |
| Supplemental General Fund | Bilingual            | K.S.A. 72-6433       | 200,000              |
| Supplemental General Fund | Vocational Education | K.S.A. 72-6433       | 142,890              |
| Supplemental General Fund | Parent Education     | K.S.A. 72-6433       | 100,000              |
| Supplemental General Fund | Special Education    | K.S.A. 72-6433       | 3,150,000            |
|                           |                      |                      | <u>\$ 14,490,529</u> |

The \$5,400,000 transferred from the General and Supplemental General Fund to At Risk (K-12) was budgeted to fund the increasing growth of the program. The \$8,186,042 transferred from the General and Supplemental General Fund to Special Education was a budgeted transfer to fund the program.

**C. Long-Term Debt**

The capital leases are for leases on copier equipment in use throughout the district. The real estate certificate of participation was entered into for the purpose of purchasing a parcel of land in the Grand Cane addition to Haysville, KS.

On September 1, 2014 the District issued \$6,035,000 in General Obligation Refunding Bonds, Series 2014, with an average interest rate of 2.375% to current refund \$2,800,000 of outstanding General Obligation School Building Bonds, Series 2004, with an average interest rate of 3.575% and advance refund \$3,175,000 of outstanding General Obligation School Building Bonds, Series 2005 with an average interest rate of 4.375%. The net proceeds of \$6,229,317 (after payment of underwriter fees and issuance costs) were deposited into an escrow account to be applied to the payment of principal

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and interest on the refunded issues only. The District will realize debt service savings of \$503,979 with an economic gain of \$465,265.

On February 1, 2015 the District issued \$24,705,000 in General Obligation Refunding Bonds, Series 2015, with an average interest rate of 3.67% to advance refund \$24,365,000 of outstanding General Obligation School Building Bonds, Series 2007, with an average interest rate of 4.88%. The net proceeds of \$27,498,037 (after payment of underwriter fees and issuance costs) were deposited into an escrow account to be applied to the payment of principal and interest on the refunded issue only. The District will realize debt service savings of \$3,225,800 with an economic gain of \$2,613,560.

The 2011 and 2012 Lease Purchase Certificate of Participations were established through the Qualified Zone Academy Bond Program which allows school districts to obtain interest free resources for specified purposes. In 2014, the U.S. Treasury decreased the interest subsidy for the 2011 QZAB from 100% to 91.3%.

Changes in long-term debt for the entity for the year ended June 30, 2015, were as follows:

| Issue                                    | Interest Rates | Date of Issue | Amount of Issue | Date of Final Maturity | Balance Beginning of Year | Additions            | Reductions/Payments  | Balance End of Year  | Interest Paid       |
|--|----------------|---------------|-----------------|------------------------|---------------------------|----------------------|----------------------|----------------------|---------------------|
| <b>General Obligation Bonds:</b>         |                |               |                 |                        |                           |                      |                      |                      |                     |
| Refunding Series 2004                    | 2.0 - 3.75%    | 04/01/04      | \$ 6,880,000    | 11/01/18               | \$ 3,440,000              | \$ -                 | \$ 3,440,000         | \$ -                 | \$ 10,560           |
| Refunding Series 2005                    | 3.0 - 3.75%    | 05/01/05      | 8,060,000       | 11/01/19               | 5,185,000                 | -                    | 785,000              | 4,400,000            | 171,213             |
| School Improvement Series 2005           | 4.375 - 5.75%  | 10/15/05      | 20,000,000      | 11/01/30               | 3,175,000                 | -                    | 3,175,000            | -                    | -                   |
| School Improvement Series 2007           | 4.00 - 5.00%   | 02/01/07      | 29,585,000      | 02/01/32               | 27,065,000                | -                    | 24,900,000           | 2,165,000            | 707,975             |
| Refunding Series 2012                    | 2.00%          | 02/15/12      | 2,220,000       | 11/01/20               | 2,120,000                 | -                    | 50,000               | 2,070,000            | 41,900              |
| Refunding Series 2012-2                  | 2.0-2.50%      | 10/01/12      | 7,265,000       | 11/01/30               | 7,230,000                 | -                    | 50,000               | 7,180,000            | 167,245             |
| Refunding Series 2013                    | 2.0-2.30%      | 02/01/13      | 9,920,000       | 11/01/27               | 9,770,000                 | -                    | 100,000              | 9,670,000            | 205,520             |
| Refunding Series 2014                    | 2.0-3.0%       | 09/01/14      | 6,035,000       | 11/01/22               | -                         | 6,035,000            | 90,000               | 5,945,000            | 100,100             |
| Refunding Series 2015                    | 2.0-4.0%       | 02/01/15      | 24,705,000      | 11/01/26               | -                         | 24,705,000           | -                    | 24,705,000           | 245,050             |
|  |                |               |                 |                        | <u>57,985,000</u>         | <u>30,740,000</u>    | <u>32,590,000</u>    | <u>56,135,000</u>    | <u>1,649,563</u>    |
| <b>Certificate of Participation:</b>     |                |               |                 |                        |                           |                      |                      |                      |                     |
| Certificate of Participation Series 2003 | variable       | 12/01/03      | 970,000         | 12/01/18               | 397,000                   | -                    | 72,000               | 325,000              | 15,848              |
| Certificate of Participation Series 2011 | 8.70%          | 11/28/11      | 1,600,000       | 11/15/28               | 1,600,000                 | -                    | -                    | 1,600,000            | 6,904               |
| Certificate of Participation Series 2012 | 1.50%          | 03/01/12      | 1,899,000       | 03/01/22               | 1,490,000                 | -                    | 205,000              | 1,285,000            | 22,350              |
|  |                |               |                 |                        | <u>3,487,000</u>          | <u>-</u>             | <u>277,000</u>       | <u>3,210,000</u>     | <u>45,102</u>       |
| <b>Capital Leases:</b>                   |                |               |                 |                        |                           |                      |                      |                      |                     |
| Ricoh Copier Lease #1                    | variable       | 06/22/11      | 84,970          | 07/31/17               | 36,870                    | -                    | 16,994               | 19,876               | 1,954               |
| Ricoh Copier Lease #2                    | variable       | 09/14/11      | 295,943         | 07/31/17               | 128,257                   | -                    | 59,189               | 69,068               | 12,330              |
| Ricoh Copier Lease #3                    | variable       | 12/08/11      | 218,325         | 09/30/17               | 101,885                   | -                    | 43,665               | 58,220               | 1,935               |
| Ricoh Copier Lease #4                    | variable       | 03/05/12      | 16,919          | 07/31/17               | 8,454                     | -                    | 3,902                | 4,552                | 682                 |
|  |                |               |                 |                        | <u>275,466</u>            | <u>-</u>             | <u>123,750</u>       | <u>151,716</u>       | <u>16,901</u>       |
| <b>Total long-term liabilities</b>       |                |               |                 |                        | <u>\$ 61,747,466</u>      | <u>\$ 30,740,000</u> | <u>\$ 32,990,750</u> | <u>\$ 59,496,716</u> | <u>\$ 1,711,566</u> |



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

|   | 2016                | 2017                | 2018                | 2019                | 2020                | 2021-2025            | 2026-2030            | 2031-2035            | Total                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| <b>PRINCIPAL:</b>                           |                     |                     |                     |                     |                     |                      |                      |                      |                      |
| General Obligation Bonds:                   |                     |                     |                     |                     |                     |                      |                      |                      |                      |
| Refunding Series 2005                       | \$ 815,000          | \$ 845,000          | \$ 880,000          | \$ 910,000          | \$ 950,000          | \$ -                 | \$ -                 | \$ -                 | \$ 4,400,000         |
| School Improvement Series 2007              | 550,000             | 575,000             | 580,000             | 10,000              | 20,000              | 65,000               | 120,000              | 245,000              | 2,165,000            |
| Refunding Series 2012                       | 50,000              | 45,000              | 50,000              | 50,000              | 450,000             | 1,425,000            | -                    | -                    | 2,070,000            |
| Refunding Series 2012-202                   | 55,000              | 55,000              | 55,000              | 50,000              | 50,000              | 300,000              | 4,425,000            | 2,190,000            | 7,180,000            |
| Refunding Series 2013                       | 100,000             | 100,000             | 100,000             | 100,000             | 100,000             | 3,650,000            | 5,520,000            | -                    | 9,670,000            |
| Refunding Series 2014                       | 690,000             | 705,000             | 730,000             | 740,000             | -                   | 3,080,000            | -                    | -                    | 5,945,000            |
| Refunding Series 2015                       | 300,000             | 50,000              | 50,000              | 650,000             | 1,050,000           | 5,870,000            | 7,115,000            | 9,620,000            | 24,705,000           |
| <b>Total General Obligation Bonds</b>       | <b>2,560,000</b>    | <b>2,375,000</b>    | <b>2,445,000</b>    | <b>2,510,000</b>    | <b>2,620,000</b>    | <b>14,390,000</b>    | <b>17,180,000</b>    | <b>12,055,000</b>    | <b>56,135,000</b>    |
| Certificate of Participation Series 2003    | 75,000              | 80,000              | 83,000              | 87,000              | -                   | -                    | -                    | -                    | 325,000              |
| Certificate of Participation Series 2011    | -                   | -                   | -                   | -                   | -                   | 780,000              | 820,000              | -                    | 1,600,000            |
| Certificate of Participation Series 2012    | 205,000             | 205,000             | 205,000             | 205,000             | 205,000             | 260,000              | -                    | -                    | 1,285,000            |
| <b>Total Certificates of Participation</b>  | <b>280,000</b>      | <b>285,000</b>      | <b>288,000</b>      | <b>292,000</b>      | <b>205,000</b>      | <b>1,040,000</b>     | <b>820,000</b>       | <b>-</b>             | <b>3,210,000</b>     |
| Capital Leases:                             |                     |                     |                     |                     |                     |                      |                      |                      |                      |
| Ricoh Copier Lease #1                       | 16,994              | 2,882               | -                   | -                   | -                   | -                    | -                    | -                    | 19,876               |
| Ricoh Copier Lease #2                       | 59,190              | 9,878               | -                   | -                   | -                   | -                    | -                    | -                    | 69,068               |
| Ricoh Copier Lease #3                       | 43,665              | 14,555              | -                   | -                   | -                   | -                    | -                    | -                    | 58,220               |
| Ricoh Copier Lease #4                       | 3,902               | 650                 | -                   | -                   | -                   | -                    | -                    | -                    | 4,552                |
| <b>Total Capital Leases</b>                 | <b>123,751</b>      | <b>27,965</b>       | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>151,716</b>       |
| <b>Total principal</b>                      | <b>\$ 2,963,751</b> | <b>\$ 2,687,965</b> | <b>\$ 2,733,000</b> | <b>\$ 2,802,000</b> | <b>\$ 2,825,000</b> | <b>\$ 15,430,000</b> | <b>\$ 18,000,000</b> | <b>\$ 12,055,000</b> | <b>\$ 59,496,716</b> |
| <b>INTEREST:</b>                            |                     |                     |                     |                     |                     |                      |                      |                      |                      |
| General Obligation Bonds:                   |                     |                     |                     |                     |                     |                      |                      |                      |                      |
| Refunding Series 2005                       | \$ 144,405          | \$ 115,763          | \$ 85,136           | \$ 34,647           | \$ 17,812           | \$ 17,813            | \$ -                 | \$ -                 | \$ 415,576           |
| Series 2007                                 | 80,100              | 57,600              | 640,675             | -                   | -                   | -                    | -                    | -                    | 778,375              |
| Refunding Series 2012                       | 40,900              | 39,950              | 39,950              | 39,000              | 38,000              | 47,250               | -                    | -                    | 245,050              |
| Refunding Series 2012-2                     | 166,195             | 165,095             | 163,995             | 162,945             | 161,945             | 792,925              | 669,108              | 27,375               | 2,309,583            |
| Refunding Series 2013                       | 203,520             | 201,520             | 199,520             | 197,520             | 195,520             | 885,800              | 187,720              | -                    | 2,071,120            |
| Refunding Series 2014                       | 142,800             | 128,850             | 114,500             | 99,800              | 92,400              | 188,400              | -                    | -                    | 766,750              |
| Refunding Series 2015                       | 977,200             | 973,700             | 972,700             | 959,200             | 925,200             | 3,955,000            | 2,654,300            | 596,000              | 12,013,300           |
| <b>Total General Obligation Bonds</b>       | <b>1,755,120</b>    | <b>1,682,478</b>    | <b>2,216,476</b>    | <b>1,493,112</b>    | <b>1,430,877</b>    | <b>5,887,188</b>     | <b>3,511,128</b>     | <b>623,375</b>       | <b>18,599,754</b>    |
| Certificate of Participation Series 2003    | 14,625              | 11,250              | 11,565              | -                   | -                   | -                    | -                    | -                    | 37,440               |
| Certificate of Participation Series 2011    | 79,360              | 79,360              | 79,360              | 79,360              | 79,360              | 322,400              | 81,344               | -                    | 800,544              |
| Certificate of Participation Series 2012    | 19,275              | 16,200              | 13,125              | 10,050              | 6,975               | 4,725                | -                    | -                    | 70,350               |
| <b>Total Certificates of Participations</b> | <b>113,260</b>      | <b>106,810</b>      | <b>104,050</b>      | <b>89,410</b>       | <b>86,335</b>       | <b>327,125</b>       | <b>81,344</b>        | <b>-</b>             | <b>908,334</b>       |
| Capital Leases:                             |                     |                     |                     |                     |                     |                      |                      |                      |                      |
| Ricoh Copier Lease #1                       | 1,954               | 276                 | -                   | -                   | -                   | -                    | -                    | -                    | 2,230                |
| Ricoh Copier Lease #2                       | 12,330              | 2,038               | -                   | -                   | -                   | -                    | -                    | -                    | 14,368               |
| Ricoh Copier Lease #3                       | 1,935               | 645                 | -                   | -                   | -                   | -                    | -                    | -                    | 2,580                |
| Ricoh Copier Lease #4                       | 682                 | 114                 | -                   | -                   | -                   | -                    | -                    | -                    | 796                  |
| <b>Total Capital Leases</b>                 | <b>16,901</b>       | <b>3,073</b>        | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>             | <b>-</b>             | <b>-</b>             | <b>19,974</b>        |
| <b>Total interest</b>                       | <b>1,885,281</b>    | <b>1,792,361</b>    | <b>2,320,526</b>    | <b>1,582,522</b>    | <b>1,517,212</b>    | <b>6,214,313</b>     | <b>3,592,472</b>     | <b>623,375</b>       | <b>19,528,062</b>    |
| <b>Total principal and interest</b>         | <b>\$ 4,849,032</b> | <b>\$ 4,480,326</b> | <b>\$ 5,053,526</b> | <b>\$ 4,384,522</b> | <b>\$ 4,342,212</b> | <b>\$ 21,644,313</b> | <b>\$ 21,592,472</b> | <b>\$ 12,678,375</b> | <b>\$ 79,024,778</b> |

**D. Other Long-Term Obligations from Operations**

**1. Compensated Absences**

Temporary leave consists of sick and vacation leave. The District annually grants full-time employees 12 days of sick leave and 10 days of vacation leave. Upon termination, employees are compensated for unused sick leave at one-third their normal salary up to 100 days and unused vacation leave at full salary up to 20 days. The liability of accrued temporary leave has been recorded in long-term debt and represents the District's commitment to fund such costs from future operations.

At June 30, 2015, the District had a liability of \$2,059,590 for compensated absences.

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**2. Other Post Employment Benefits**

Health insurance: As provided by K.S.A. 12-5040, all District retired employees are eligible to remain on the District's health insurance program until the age of 65. The retired employees are responsible for all premiums. If a retired employee reaches the age of 65 before the spouse, the spouse is allowed to remain on the District's program until the spouse reaches age 65. 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 this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District 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.

Early retirement incentive: Employees are eligible when they reach 85 points (combination of their age and years of KPERS service) or age 62 with 10 years of KPERS service. Under this program, employees receive a one time lump sum payment into a tax sheltered account that is equal to approximately one-third of the employee's salary in the year of retirement. The payment is made in July following their last year of employment. Additional smaller amounts are received for years of service to the District that exceed 10 years. If an employee does not take advantage of the program when they meet the criteria, the available amount decreases to zero over a four-year period.

At June 30, 2015, the District had a liability of \$234,206 for early retirement incentives.

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

*Plan Description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. 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 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Benefits provided.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees 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 an employee's combined age and years of credited service equal 85 "points".

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees chose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial

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present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. The retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. Effective January 1, 2015, KPERS has three benefit structures and contribution rates depend on whether the employee is a Tier 1, Tier 2 or Tier 3 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 and before January 1, 2015. Tier 3 members were first employed in a covered position on or after January 1, 2015. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 member and 6% of covered salary for Tier 2 members through December 31, 2014. On January 1, 2015, Kansas law increased the KPERS member-employee contribution rate to 6% of covered salary for Tier 1 members; however, the Tier 2 member-employee contribution rate remained at 6% of covered salary. Kansas law establishes Tier 3 member-employee contribution rate at 6%. Member employee's contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contributions rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rates were 15.12% and 10.27%, respectively, for the fiscal year ended June 30, 2014. The actuarially determined employer contribution rate was 15.41% for fiscal year ended June 30, 2015. The statutory contribution rate was 11.27% from July 1, 2014 to December 31, 2014, and 8.65% from January 1, 2015 to June 30, 2015.

For public school districts, K.S.A. 74-4939 states that the State of Kansas shall budget for the transfer from the state general fund of sufficient sums to satisfy the participating district's obligations for employer contributions. K.S.A. 74-4939a then establishes the procedures for the actual distribution by the state, and subsequent remittance to KPERS, of the district's employer contributions. Under this statute, the state department of education disburses to the school district an amount equal to the participating employer's obligation of the school district. Upon receipt of each disbursement from the department of education, the school district must remit an equal amount to KPERS to satisfy the school district's obligation as a participating employer. Under these statutes, the District received and remitted amounts equal to the statutory contribution rate, which totaled \$3,304,831 for the year ended June 30, 2015.

Pension Liabilities and Pension Expense

At June 30, 2015, the District's proportionate share of KPERS' collective net pension liability was \$47,378,306. The collective net pension liability was measured by KPERS as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. The District's proportion of the collective net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2014. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2014 the District's proportion was 0.74%, which was an increase of 0.008% from its proportion measured as of June 30, 2013.

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*Actuarial assumptions.* KPERS' total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   |  |
|---|--|
| Price inflation   | 3.00 percent                               |
| Wage inflation  | 4.00 percent                               |
| Salary increases, including wage increases  | 4.00 to 12.50 percent, including inflation |
| Long-term rate of return net of investment expense, and including price inflation | 8.00 percent                               |

Mortality rates were based on the RP-2000 Combined 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, 2013 valuation were based on the results of an actuarial experience study conducted for the three-year period beginning December 31, 2009.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2014 are summarized in the following table:

| <u>Asset Class</u>     | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|--------------------------|---|
| Global equity          | 47%                      | 6.00%   |
| Fixed income           | 14                       | 0.85  |
| Yield driven           | 8                        | 5.50  |
| Real return            | 11                       | 3.75  |
| Real estate            | 11                       | 6.65  |
| Alternatives           | 8                        | 9.50  |
| Short-term investments | 1                        | -   |
| Total                  | <u>100%</u>              |   |

*Discount rate.* The discount rate used by KPERS 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 employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by KPERS' Board of Trustees for this group 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 the future. 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.

**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

**NOTES TO REGULATORY BASIS FINANCIAL STATEMENT**

*Sensitivity of the District's proportionate share of the collective net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the collective 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:

|   | <b>1% Decrease<br/>(7.00%)</b> | <b>Current<br/>Discount<br/>Rate (8.00%)</b> | <b>1% Increase<br/>(9.00%)</b> |
|---|--------------------------------|--|--------------------------------|
| District's proportionate share of the net pension liability | \$ 61,842,456                  | \$ 47,378,306                                | \$ 35,096,537                  |

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

*Subsequent events.* Under the budgetary allotment process for the State of Kansas, the Kansas governor has authority to reduce the approved budget for purposes of balancing the budget. For the State's fiscal year ending June 30, 2015, the KPERS employer contribution to the State/School group was reduced by \$58 million. It is unknown at the time whether this reduction will have a significant effect on the District's proportionate share of the KPERS collective net pension liability, or an effect on any actuarial assumptions used by KPERS to calculate the net pension liability.

During the 2015 state legislative session, Senate Bill 228 was passed authoring the issuance of one or more series of revenue bonds to provide deposits to KPERS in a total amount not to exceed \$1 billion. The purpose of such bond issuance would be for financing a portion of the unfunded actuarial pension liability of KPERS, which would also have an effect on the collective net pension liability. Final issuance of such bonds must be approved by a resolution of the State Finance Council. On August 20, 2015, the State issued \$1,005,180,000 of bonds in accordance with this bill. The effect of this bond issuance on the District's proportionate share of the KPERS collective net pension liability is unknown at this time.

**B. Risk Management**

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

**C. Subsequent Events**

On September 1, 2015, the District issued \$30,000,000 in General Obligation Bonds, Series 2015-2, with an average interest rate of 3.4% to fund certain renovations and improvement projects throughout the District.

REGULATORY-  
SUPPLEMENTARY INFORMATION

**HAYSVILLE PUBLIC SCHOOLS**  
**UNIFIED SCHOOL DISTRICT NO. 261**  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

SCHEDULE 1

|                          | Certified<br>Budget | Adjustment to<br>Comply with<br>Legal Max | Total<br>Budget for<br>Comparison | Expenditures<br>Chargeable to<br>Current Year | Over<br>(Under) |
|--------------------------|---------------------|---|-----------------------------------|---|-----------------|
| General fund             | \$ 32,345,629       | \$ 25,237                                 | \$ 32,370,866                     | \$ 32,370,866                                 | \$ -            |
| Special purpose funds:   |                     |   |                                   |   |                 |
| Supplemental General     | 11,069,181          | -   | 11,069,181                        | 11,069,181                                    | -               |
| At Risk (4 Yr. Old)      | 501,200             | -   | 501,200                           | 430,687                                       | (70,513)        |
| At Risk (K-12)           | 5,595,400           | -   | 5,595,400                         | 5,559,379                                     | (36,021)        |
| Bilingual Education      | 259,250             | -   | 259,250                           | 197,557                                       | (61,693)        |
| Driver Education         | 125,500             | -   | 125,500                           | 52,920  | (72,580)        |
| Food Service             | 2,886,000           | -   | 2,886,000                         | 2,424,921                                     | (461,079)       |
| Professional Development | 175,500             | -   | 175,500                           | 73,740  | (101,760)       |
| Parent Education         | 264,500             | -   | 264,500                           | 239,578                                       | (24,922)        |
| Special Education        | 9,804,550           | -   | 9,804,550                         | 9,610,881                                     | (193,669)       |
| Vocational Education     | 620,500             | -   | 620,500                           | 518,025                                       | (102,475)       |
| KPERs Special Retirement | 3,944,330           | -   | 3,944,330                         | 3,304,831                                     | (639,499)       |
| Capital project funds:   |                     |   |                                   |   |                 |
| Capital Outlay           | 3,736,000           | -   | 3,736,000                         | 2,606,760                                     | (1,129,240)     |
| Debt service funds:      |                     |   |                                   |   |                 |
| Bond and Interest        | 4,309,759           | -   | 4,309,759                         | 3,899,563                                     | (410,196)       |

**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

SCHEDULE 2-1

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

**General Fund**

|                                     | Actual               | Budget               | Over<br>(Under)  |
|-------------------------------------|----------------------|----------------------|------------------|
| Receipts:                           |                      |                      |                  |
| Taxes                               | \$ 268               | \$ -                 | \$ 268           |
| Intergovernmental - state           | 32,370,598           | 32,345,629           | 24,969           |
|                                     | <b>\$ 32,370,866</b> | <b>\$ 32,345,629</b> | <b>\$ 25,237</b> |
| Expenditures:                       |                      |                      |                  |
| Current                             |                      |                      |                  |
| Instruction                         | \$ 13,667,538        | \$ 14,263,087        | \$ (595,549)     |
| Support services                    | 3,599,136            | 3,751,000            | (151,864)        |
| General administration              | 510,846              | 561,000              | (50,154)         |
| School administration               | 2,538,467            | 2,785,000            | (246,533)        |
| Operations and maintenance          | 2,606,793            | 2,311,000            | 295,793          |
| Student transportation services     | 1,441,328            | 1,627,500            | (186,172)        |
| Other supplemental services         | 1,209,119            | 1,111,000            | 98,119           |
|                                     | 25,573,227           | 26,409,587           | (836,360)        |
| Transfers out                       | 6,797,639            | 5,936,042            | 861,597          |
| Adjustment to comply with legal max | -                    | 25,237               | (25,237)         |
|                                     | <b>\$ 32,370,866</b> | <b>\$ 32,370,866</b> | <b>\$ -</b>      |
| Receipts over expenditures          | -                    |                      |                  |
| Unencumbered cash, beginning        | -                    |                      |                  |
| Unencumbered cash, ending           | \$ -                 |                      |                  |



**HAYSVILLE PUBLIC SCHOOLS**  
**UNIFIED SCHOOL DISTRICT NO. 261**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

**Special Purpose Fund - Supplemental General**

**SCHEDULE 2-2**

|                              | Actual        | Budget        | Over<br>(Under) |
|------------------------------|---------------|---------------|-----------------|
| Receipts:                    |               |               |                 |
| Taxes                        | \$ 2,382,849  | \$ 2,059,007  | \$ 323,842      |
| Intergovernmental - state    | 8,318,036     | 8,575,295     | (257,259)       |
| Other                        | 27,976        | -             | 27,976          |
| Total receipts               | \$ 10,728,861 | \$ 10,634,302 | \$ 94,559       |
| Expenditures:                |               |               |                 |
| Current                      |               |               |                 |
| Instruction                  | \$ 557,926    | \$ 1,096,703  | \$ (538,777)    |
| Support services             | 364,082       | 527,278       | (163,196)       |
| General administration       | 686,774       | 420,100       | 266,674         |
| Operations and maintenance   | 943,867       | 1,129,600     | (185,733)       |
| Other supplemental services  | 823,642       | 245,500       | 578,142         |
| Total current                | 3,376,291     | 3,419,181     | (42,890)        |
| Transfers out                | 7,692,890     | 7,650,000     | 42,890          |
| Total expenditures           | \$ 11,069,181 | \$ 11,069,181 | \$ -            |
| Receipts under expenditures  | (340,320)     |               |                 |
| Unencumbered cash, beginning | 429,992       |               |                 |
| Unencumbered cash, ending    | \$ 89,672     |               |                 |

**Special Purpose Fund - At Risk (4 Year Old)**

**SCHEDULE 2-3**

|                              | Actual     | Budget     | Over<br>(Under) |
|------------------------------|------------|------------|-----------------|
| Receipts:                    |            |            |                 |
| Transfers in                 | \$ 400,000 | \$ 500,000 | \$ (100,000)    |
| Total receipts               | \$ 400,000 | \$ 500,000 | \$ (100,000)    |
| Expenditures:                |            |            |                 |
| Current                      |            |            |                 |
| Instruction                  | \$ 386,022 | \$ 447,500 | \$ (61,478)     |
| Support services             | 9          | 1,200      | (1,191)         |
| School administration        | 44,121     | 52,500     | (8,379)         |
| Operations and maintenance   | 535        | -          | 535             |
| Total expenditures           | \$ 430,687 | \$ 501,200 | \$ (70,513)     |
| Receipts under expenditures  | (30,687)   |            |                 |
| Unencumbered cash, beginning | 493,593    |            |                 |
| Unencumbered cash, ending    | \$ 462,906 |            |                 |

**HAYSVILLE PUBLIC SCHOOLS**  
**UNIFIED SCHOOL DISTRICT NO. 261**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

|                              | <u>Special Purpose Fund - At Risk (K-12)</u> |                     | <b>SCHEDULE 2-4</b> |
|------------------------------|--|---------------------|---------------------|
|                              | Actual                                       | Budget              | Over<br>(Under)     |
| Receipts:                    |  |                     |                     |
| Transfers in                 | \$ 5,400,000                                 | \$ 4,900,000        | \$ 500,000          |
| Charges for services         | 33,160                                       | 30,000              | 3,160               |
| Total receipts               | <u>\$ 5,433,160</u>                          | <u>\$ 4,930,000</u> | <u>\$ 503,160</u>   |
| Expenditures:                |  |                     |                     |
| Current                      |  |                     |                     |
| Instruction                  | \$ 5,132,541                                 | \$ 4,952,500        | \$ 180,041          |
| Support services             | 254,739                                      | 300,700             | (45,961)            |
| School administration        | 167,236                                      | 180,200             | (12,964)            |
| Operations and maintenance   | -  | 150,500             | (150,500)           |
| Transportation               | 4,863  | 11,500              | (6,637)             |
| Total expenditures           | <u>\$ 5,559,379</u>                          | <u>\$ 5,595,400</u> | <u>\$ (36,021)</u>  |
| Receipts under expenditures  | (126,219)                                    |                     |                     |
| Unencumbered cash, beginning | <u>1,327,423</u>                             |                     |                     |
| Unencumbered cash, ending    | <u>\$ 1,201,204</u>                          |                     |                     |

|                              | <u>Special Purpose Fund - Bilingual Education</u> |                   | <b>SCHEDULE 2-5</b> |
|------------------------------|---|-------------------|---------------------|
|                              | Actual  | Budget            | Over<br>(Under)     |
| Receipts:                    |   |                   |                     |
| Transfers in                 | \$ 200,000  | \$ 200,000        | \$ -                |
| Total receipts               | <u>\$ 200,000</u>                                 | <u>\$ 200,000</u> | <u>\$ -</u>         |
| Expenditures:                |   |                   |                     |
| Current                      |   |                   |                     |
| Instruction                  | \$ 197,557  | \$ 259,250        | \$ (61,693)         |
| Total expenditures           | <u>\$ 197,557</u>                                 | <u>\$ 259,250</u> | <u>\$ (61,693)</u>  |
| Receipts over expenditures   | 2,443   |                   |                     |
| Unencumbered cash, beginning | <u>260,771</u>                                    |                   |                     |
| Unencumbered cash, ending    | <u>\$ 263,214</u>                                 |                   |                     |

**HAYSVILLE PUBLIC SCHOOLS**  
**UNIFIED SCHOOL DISTRICT NO. 261**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

| <u>Special Purpose Fund - Driver Education</u> |            | <b>SCHEDULE 2-6</b> |                 |
|--|------------|---------------------|-----------------|
|  | Actual     | Budget              | Over<br>(Under) |
| Receipts:                                      |            |                     |                 |
| Intergovernmental - state                      | \$ 14,043  | \$ 21,250           | \$ (7,207)      |
| Charges for services                           | 42,561     | 35,000              | 7,561           |
| Total receipts                                 | \$ 56,604  | \$ 56,250           | \$ 354          |
| Expenditures:                                  |            |                     |                 |
| Current  |            |                     |                 |
| Instruction                                    | \$ 47,782  | \$ 87,500           | \$ (39,718)     |
| Operations and maintenance                     | 5,138      | 38,000              | (32,862)        |
| Total expenditures                             | \$ 52,920  | \$ 125,500          | \$ (72,580)     |
| Receipts over expenditures                     | 3,684      |                     |                 |
| Unencumbered cash, beginning                   | 367,608    |                     |                 |
| Unencumbered cash, ending                      | \$ 371,292 |                     |                 |

| <u>Special Purpose Fund - Food Service</u> |              | <b>SCHEDULE 2-7</b> |                 |
|--|--------------|---------------------|-----------------|
|  | Actual       | Budget              | Over<br>(Under) |
| Receipts:                                  |              |                     |                 |
| Intergovernmental - state                  | \$ 24,117    | \$ 24,600           | \$ (483)        |
| Intergovernmental - federal                | 1,782,344    | 1,504,443           | 277,901         |
| Charges for services                       | 941,806      | 623,868             | 317,938         |
| Total receipts                             | \$ 2,748,267 | \$ 2,152,911        | \$ 595,356      |
| Expenditures:                              |              |                     |                 |
| Current                                    |              |                     |                 |
| Operations and maintenance                 | \$ 2,424,921 | \$ 2,886,000        | \$ (461,079)    |
| Total expenditures                         | \$ 2,424,921 | \$ 2,886,000        | \$ (461,079)    |
| Receipts over expenditures                 | 323,346      |                     |                 |
| Unencumbered cash, beginning               | 1,980,526    |                     |                 |
| Unencumbered cash, ending                  | \$ 2,303,872 |                     |                 |

**HAYSVILLE PUBLIC SCHOOLS**  
**UNIFIED SCHOOL DISTRICT NO. 261**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

**Special Purpose Fund - Professional Development**

**SCHEDULE 2-8**

|                              | <u>Actual</u>     | <u>Budget</u>     | <u>Over<br/>(Under)</u> |
|------------------------------|-------------------|-------------------|-------------------------|
| Receipts:                    |                   |                   |                         |
| Transfers in                 | \$ -              | \$ 50,000         | \$ (50,000)             |
| Total receipts               | <u>\$ -</u>       | <u>\$ 50,000</u>  | <u>\$ (50,000)</u>      |
| Expenditures:                |                   |                   |                         |
| Current                      |                   |                   |                         |
| Support services             | \$ 73,740         | \$ 175,500        | \$ (101,760)            |
| Total expenditures           | <u>\$ 73,740</u>  | <u>\$ 175,500</u> | <u>\$ (101,760)</u>     |
| Receipts under expenditures  | (73,740)          |                   |                         |
| Unencumbered cash, beginning | <u>327,245</u>    |                   |                         |
| Unencumbered cash, ending    | <u>\$ 253,505</u> |                   |                         |

**Special Purpose Fund - Parent Education**

**SCHEDULE 2-9**

|                              | <u>Actual</u>     | <u>Budget</u>     | <u>Over<br/>(Under)</u> |
|------------------------------|-------------------|-------------------|-------------------------|
| Receipts:                    |                   |                   |                         |
| Intergovernmental - state    | \$ 127,000        | \$ 129,037        | \$ (2,037)              |
| Transfers in                 | 100,000           | 100,000           | -                       |
| Total receipts               | <u>\$ 227,000</u> | <u>\$ 229,037</u> | <u>\$ (2,037)</u>       |
| Expenditures:                |                   |                   |                         |
| Current                      |                   |                   |                         |
| Support services             | \$ 239,578        | \$ 264,500        | \$ (24,922)             |
| Total expenditures           | <u>\$ 239,578</u> | <u>\$ 264,500</u> | <u>\$ (24,922)</u>      |
| Receipts under expenditures  | (12,578)          |                   |                         |
| Unencumbered cash, beginning | <u>71,736</u>     |                   |                         |
| Unencumbered cash, ending    | <u>\$ 59,158</u>  |                   |                         |

**HAYSVILLE PUBLIC SCHOOLS**  
**UNIFIED SCHOOL DISTRICT NO. 261**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

**Special Purpose Fund - Special Education**

**SCHEDULE 2-10**

|                              | Actual       | Budget       | Over<br>(Under) |
|------------------------------|--------------|--------------|-----------------|
| Receipts:                    |              |              |                 |
| Intergovernmental - federal  | \$ 1,445,639 | \$ 1,260,000 | \$ 185,639      |
| Other                        | 257,821      | 260,000      | (2,179)         |
| Transfers in                 | 8,186,042    | 7,145,600    | 1,040,442       |
| Total receipts               | \$ 9,889,502 | \$ 8,665,600 | \$ 1,223,902    |
| Expenditures:                |              |              |                 |
| Current                      |              |              |                 |
| Instruction                  | \$ 6,402,002 | \$ 6,315,000 | \$ 87,002       |
| Support services             | 2,186,382    | 2,335,000    | (148,618)       |
| General administration       | 288,509      | 305,500      | (16,991)        |
| Transportation               | 702,679      | 806,000      | (103,321)       |
| Operations and maintenance   | 22,982       | 19,000       | 3,982           |
| Other supplemental services  | 8,327        | 24,050       | (15,723)        |
| Total expenditures           | \$ 9,610,881 | \$ 9,804,550 | \$ (193,669)    |
| Receipts over expenditures   | 278,621      |              |                 |
| Unencumbered cash, beginning | 3,079,265    |              |                 |
| Unencumbered cash, ending    | \$ 3,357,886 |              |                 |

**Special Purpose Fund - Vocational Education**

**SCHEDULE 2-11**

|                              | Actual     | Budget     | Over<br>(Under) |
|------------------------------|------------|------------|-----------------|
| Receipts:                    |            |            |                 |
| Intergovernmental - state    | \$ 16,630  | \$ 13,500  | \$ 3,130        |
| Transfers in                 | 204,487    | 500,000    | (295,513)       |
| Other                        | 73,664     | -          | 73,664          |
| Total receipts               | \$ 294,781 | \$ 513,500 | \$ (218,719)    |
| Expenditures:                |            |            |                 |
| Current                      |            |            |                 |
| Instruction                  | \$ 518,025 | \$ 620,500 | \$ (102,475)    |
| Total expenditures           | \$ 518,025 | \$ 620,500 | \$ (102,475)    |
| Receipts under expenditures  | (223,244)  |            |                 |
| Unencumbered cash, beginning | 647,097    |            |                 |
| Unencumbered cash, ending    | \$ 423,853 |            |                 |

**HAYSVILLE PUBLIC SCHOOLS**  
**UNIFIED SCHOOL DISTRICT NO. 261**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2015

| <u>Special Purpose Fund - KPERS Special Retirement Contribution</u> |                     | SCHEDULE 2-12       |                         |
|---|---------------------|---------------------|-------------------------|
|   | <u>Actual</u>       | <u>Budget</u>       | <u>Over<br/>(Under)</u> |
| Receipts:   |                     |                     |                         |
| Intergovernmental - state   | \$ 3,304,831        | \$ 3,944,330        | \$ (639,499)            |
| Total receipts  | <u>\$ 3,304,831</u> | <u>\$ 3,944,330</u> | <u>\$ (639,499)</u>     |
| Expenditures:   |                     |                     |                         |
| Current   |                     |                     |                         |
| Instruction   | \$ 2,122,032        | \$ 2,532,654        | \$ (410,622)            |
| Support services  | 431,941             | 515,523             | (83,582)                |
| General administration  | 46,598              | 55,615              | (9,017)                 |
| School administration   | 233,321             | 278,470             | (45,149)                |
| Other supplemental services   | 62,131              | 74,153              | (12,022)                |
| Operations & maintenance  | 228,364             | 272,553             | (44,189)                |
| Student transportation services                                     | 105,755             | 126,219             | (20,464)                |
| Food service  | 74,689              | 89,143              | (14,454)                |
| Total expenditures  | <u>\$ 3,304,831</u> | <u>\$ 3,944,330</u> | <u>\$ (639,499)</u>     |
| Receipts over expenditures  | -                   |                     |                         |
| Unencumbered cash, beginning  | -                   |                     |                         |
| Unencumbered cash, ending   | <u>\$ -</u>         |                     |                         |

**HAYSVILLE PUBLIC SCHOOLS**  
**UNIFIED SCHOOL DISTRICT NO. 261**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended June 30, 2015

SCHEDULE 2-13

**Non-Budgeted Special Purpose Funds**

|                                    | <u>Contingency<br/>Reserve</u> | <u>Federal<br/>Funds</u> | <u>Textbook/<br/>Student<br/>Material<br/>Revolving</u> | <u>ECC<br/>State<br/>Grant</u> | <u>Total</u>        |
|------------------------------------|--------------------------------|--------------------------|---|--------------------------------|---------------------|
| Receipts:                          |                                |                          |   |                                |                     |
| Intergovernmental - federal        | \$ -                           | \$ 839,485               | \$ -  | \$ -                           | \$ 839,485          |
| Intergovernmental - state          | -                              | -                        | -   | 90,490                         | 90,490              |
| Charges for services               | -                              | -                        | 561,760   | -                              | 561,760             |
| Other                              | -                              | 8,616                    | -   | -                              | 8,616               |
| Total receipts                     | <u>-</u>                       | <u>848,101</u>           | <u>561,760</u>  | <u>90,490</u>                  | <u>1,500,351</u>    |
| Expenditures:                      |                                |                          |   |                                |                     |
| Current                            |                                |                          |   |                                |                     |
| Instruction                        | -                              | 533,222                  | 315,782   | 69,367                         | 918,371             |
| Support services                   | -                              | 391,240                  | 206,562   | -                              | 597,802             |
| Transportation                     | -                              | 17,947                   | -   | -                              | 17,947              |
| Other supplemental services        | -                              | 4,251                    | -   | -                              | 4,251               |
| Total expenditures                 | <u>-</u>                       | <u>946,660</u>           | <u>522,344</u>  | <u>69,367</u>                  | <u>1,538,371</u>    |
| Receipts over (under) expenditures | -                              | (98,559)                 | 39,416  | 21,123                         | (38,020)            |
| Unencumbered cash, beginning       | <u>2,972,592</u>               | <u>16,535</u>            | <u>840,682</u>  | <u>(34,396)</u>                | <u>3,795,413</u>    |
| Unencumbered cash, ending          | <u>\$ 2,972,592</u>            | <u>\$ (82,024)</u>       | <u>\$ 880,098</u>                                       | <u>\$ (13,273)</u>             | <u>\$ 3,757,393</u> |

Note: The above funds are not subject to Kansas budget law

**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

SCHEDULE 2-14

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

**Bond and Interest Fund**

|  | Actual        | Budget       | Over<br>(Under) |
|--|---------------|--------------|-----------------|
| Receipts:                                  |               |              |                 |
| Taxes                                      | \$ 2,465,376  | \$ 2,226,717 | \$ 238,659      |
| Intergovernmental - state                  | 2,681,884     | 2,801,343    | (119,459)       |
| Bond proceeds                              | 30,740,000    | -            | 30,740,000      |
| Proceeds from bond premiums                | 3,394,168     | -            | 3,394,168       |
| Total receipts                             | \$ 39,281,428 | \$ 5,028,060 | \$ 34,253,368   |
| Expenditures:                              |               |              |                 |
| Debt service subjected to budget:          |               |              |                 |
| Principal                                  | \$ 2,250,000  | \$ 2,160,000 | \$ 90,000       |
| Interest                                   | 1,649,563     | 2,149,759    | (500,196)       |
| Total debt service subjected to budget     | 3,899,563     | 4,309,759    | (410,196)       |
| Debt service not subjected to budget:      |               |              |                 |
| Principal - refunded bonds                 | 30,340,000    | -            | 30,340,000 **   |
| Interest- refunded bonds                   | 3,355,762     | -            | 3,355,762 **    |
| Other                                      | 402,763       | -            | 402,763 **      |
| Total debt service not subjected to budget | 34,098,525    | -            | 34,098,525      |
| Total expenditures                         | \$ 37,998,088 | \$ 4,309,759 | \$ 33,688,329   |
| Receipts over expenditures                 | 1,283,340     |              |                 |
| Unencumbered cash, beginning               | 2,976,097     |              |                 |
| Unencumbered cash, ending                  | \$ 4,259,437  |              |                 |

\*\* Not subject to the legal annual operating budget.



**HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261**

SCHEDULE 2-15

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

**Capital Project Fund - Capital Outlay**

|                              | Actual       | Budget       | Over<br>(Under) |
|------------------------------|--------------|--------------|-----------------|
| Receipts:                    |              |              |                 |
| Taxes                        | \$ 1,180,908 | \$ 1,072,320 | \$ 108,588      |
| Uses of money and property   | 220,701      | -            | 220,701         |
| Intergovernmental - state    | 540,595      | 705,189      | (164,594)       |
| Total receipts               | \$ 1,942,204 | \$ 1,777,509 | \$ 164,695      |
| Expenditures:                |              |              |                 |
| Capital outlay               | \$ 2,220,285 | \$ 3,331,000 | \$ (1,110,715)  |
| Debt service:                |              |              |                 |
| Principal                    | 277,000      | 300,000      | (23,000)        |
| Interest                     | 45,102       | 100,000      | (54,898)        |
| Other                        | 64,373       | 5,000        | 59,373          |
| Total expenditures           | \$ 2,606,760 | \$ 3,736,000 | \$ (1,129,240)  |
| Receipts under expenditures  | (664,556)    |              |                 |
| Unencumbered cash, beginning | 2,686,003    |              |                 |
| Unencumbered cash, ending    | \$ 2,021,447 |              |                 |

**HAYSVILLE PUBLIC SCHOOLS**  
**UNIFIED SCHOOL DISTRICT NO. 261**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2015

SCHEDULE 2-16

**Capital Project Fund - QZAB Energy Efficiency**

|                              | Actual |
|------------------------------|--------|
| Receipts:                    |        |
| Other                        | \$ -   |
| Expenditures:                |        |
| Capital Outlay               | \$ 65  |
| Receipts under expenditures  | (65)   |
| Unencumbered cash, beginning | 65     |
| Unencumbered cash, ending    | \$ -   |

Note: The above fund is not subject to Kansas budget law

**HAYSVILLE PUBLIC SCHOOLS**  
**UNIFIED SCHOOL DISTRICT NO. 261**  
Schedule of Receipts and Cash Disbursements  
Regulatory Basis  
For the Year Ended June 30, 2015

SCHEDULE 3

**Agency Funds**

| Fund                   | Beginning<br>Cash Balance | Cash<br>Receipts    | Cash<br>Disbursements | Ending<br>Cash Balance |
|------------------------|---------------------------|---------------------|-----------------------|------------------------|
| Payroll clearing fund  | \$ 196,393                | \$ 338,480          | \$ 306,269            | \$ 228,604             |
| Student activity funds | 294,097                   | 754,522             | 711,957               | 336,662                |
| Total agency funds     | <u>\$ 490,490</u>         | <u>\$ 1,093,002</u> | <u>\$ 1,018,226</u>   | <u>\$ 565,266</u>      |

Note: The above fund is not subject to Kansas budget law

***HAYSVILLE UNIFIED SCHOOL DISTRICT NO. 261***

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2015

WITH

INDEPENDENT AUDITOR'S REPORT

HAYSVILLE UNIFIED SCHOOL DISTRICT NO. 261  
SINGLE AUDIT REPORT  
YEAR ENDED JUNE 30, 2015  
WITH  
INDEPENDENT AUDITOR'S REPORT

**HAYSVILLE UNIFIED SCHOOL DISTRICT NO. 261**

**SINGLE AUDIT REPORT**

**YEAR ENDED JUNE 30, 2015**

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

INDEPENDENT AUDITOR'S REPORT

The Board of Education  
**Haysville Unified School District No. 261**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Haysville Public Schools, USD 261 (District), as of and for the year ended June 30, 2015 and the related notes to the financial statement, and have issued our report thereon dated September 8, 2015. The District prepared the regulatory basis financial statement 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.

**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 opinion on the financial statement, 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

September 8, 2015  
Wichita, Kansas



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

The Board of Education  
**Haysville Unified School District No. 261**

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

We have audited Haysville Unified School District No. 261 (District)'s compliance 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, 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.

***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 *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 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.

## **Report on Schedule of Expenditures of Federal Award Required by OMB Circular A-133**

We have audited the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Haysville Public Schools, USD 261 (District) as of and for the year ended June 30, 2015, and have issued our report thereon dated September 8, 2015, which contained an unmodified opinion on the financial statement. The District prepared this regulatory basis financial statement 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. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB *Circular A-133* and is not a required part of the regulatory basis 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 regulatory basis 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 regulatory

basis financial statement or to the regulatory basis financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the regulatory basis financial statement as a whole.

*Allen, Gibbs & Houlik, L.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

September 8, 2015  
Wichita, Kansas

HAYSVILLE UNIFIED SCHOOL DISTRICT NO. 261

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified - Regulatory basis

Internal control over financial reporting:

- Material weaknesses identified?
Significant deficiencies identified that are not considered to be material weaknesses?
Noncompliance material to financial statements noted?

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified?
Significant deficiencies identified that are not considered to be material weaknesses?

Type of auditor's report issued on compliance for major programs: See below

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

Identification of major programs:

Table with 3 columns: CFDA NUMBER, NAME OF FEDERAL PROGRAM, OPINION. Rows include Title I Grants to Local Educational Agencies and Special Education Cluster.

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes

**HAYSVILLE UNIFIED SCHOOL DISTRICT NO. 261**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2015

**SECTION II – FINANCIAL STATEMENT FINDINGS**

---

No matters were reported.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

---

No matters were reported.

**HAYSVILLE UNIFIED SCHOOL DISTRICT NO. 261**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2015

**Summary Schedule of Prior Audit Findings**

| Fiscal Year | Finding Number | Finding   | CFDA Number             | Questioned Costs | Comments  | Status    |
|-------------|----------------|---|-------------------------|------------------|---|-----------|
| 2014        | 2014-001       | The district could not produce support for the allocation of the wages of an employee between these federal awards. | #84.027<br>&<br>#84.173 | Unknown          | Assistant Superintendent for Business & Finance met with Early Childhood Director and the Director of Special Services to review the work time effort documentation. The correct documentation was identified. The Director of Special Services scheduled regular meetings with the Early Childhood Director to review time keeping procedures and to check that proper documentation was being used. The Assistant Superintendent met with the payroll clerk to review the proper documentation and to ensure that the payroll clerk was able to identify for each payroll that the proper documentation was complete. | Completed |

**HAYSVILLE UNIFIED SCHOOL DISTRICT NO. 261**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2015

| <u>Federal Grantor / Pass-Through Grantor / Program</u>                       | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Grantor's<br/>Number</u> | <u>Unencumbered<br/>Cash<br/>7/1/2014</u> | <u>Revenue</u>      | <u>Expenditures</u> | <u>Unencumbered<br/>Cash<br/>6/30/2015</u> |
|---|------------------------------------|--|---|---------------------|---------------------|--|
| <u>U.S. Department of Agriculture:</u>  |                                    |  |   |                     |                     |  |
| <i>Passed-through Kansas Department of Education:</i>                         |                                    |  |   |                     |                     |  |
| Child Nutrition Cluster:  |                                    |  |   |                     |                     |  |
| National School Lunch Program   | 10.555                             | 3530-3500                                    | \$ --                                     | \$ 1,426,067        | \$ 1,426,067        | \$ --                                      |
| National School Breakfast Program   | 10.553                             | 3529-3490                                    | --  | 302,143             | 302,143             | --   |
| National SFS -- Food  | 10.559                             | 3230-3020                                    | --  | 63,810              | 63,810              | --   |
| National SFS -- Food, Sponsor Ad, CFDA  | 10.559                             | 3230-3020                                    | --  | 6,585               | 6,585               | --   |
| National SFS -- CFC   | 10.559                             | 3230-3020                                    | --  | 348                 | 348                 | --   |
| State Administrative Expenses for Child Nutrition                             | 10.560                             | 3230-3020                                    | --  | 200                 | 200                 | --   |
| <i>Total U.S. Department of Agriculture</i>                                   |                                    |  | --  | <u>1,799,153</u>    | <u>1,799,153</u>    | --   |
| <u>U.S. Department of Education:</u>  |                                    |  |   |                     |                     |  |
| <i>Passed-through Kansas Department of Education:</i>                         |                                    |  |   |                     |                     |  |
| Title I Grants to Local Educational Agencies                                  | 84.010                             | 3532-3520                                    | --  | 463,916             | 463,916             | --   |
| Title I Grants to Local Educational Agencies<br>(Carryover)                   | 84.010                             | 3532-3520                                    | --  | 67,000              | 67,000              | --   |
| Special Ed Cluster:   |                                    |  |   |                     |                     |  |
| Special Education_Grants to States  | 84.027                             | 3234-3050                                    | --  | 1,001,244           | 1,001,244           | --   |
| Special Education_Preschool Grants  | 84.173                             | 3535-3500                                    | --  | 37,403              | 37,403              | --   |
| Career and Technical Education - National<br>Programs                         | 84.048                             | 3539-3590                                    | --  | 39,121              | 39,121              | --   |
| Vocational Ed. - Secondary Program<br>and Youth                               | 84.196                             | 3592-3070                                    | --  | 20,000              | 20,000              | --   |
| Title IV 21st Century Community Learning<br>Centers                           | 84.287                             | 3519-3890                                    | --  | 120,000             | 120,000             | --   |
| Title III - English Language Acquisition                                      | 84.365                             | 3522-2820                                    | --  | 15,692              | 15,692              | --   |
| Improving Teacher Quality State Grants  | 84.367                             | 3526-3860                                    | --  | 113,756             | 113,756             | --   |
| Improving Teacher Quality State Grants - Improve<br>TQ KTOY Leader Conference | 84.367                             | 3526-3870                                    | --  | 140                 | 140                 | --   |
| <i>Total U.S. Department of Education</i>                                     |                                    |  | --  | <u>1,878,272</u>    | <u>1,878,272</u>    | --   |
|   |                                    |  | \$ --                                     | \$ <u>3,677,425</u> | \$ <u>3,677,425</u> | \$ --                                      |

See accompanying note to this schedule.

**HAYSVILLE UNIFIED SCHOOL DISTRICT NO. 261**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2015

**1. BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Haysville Unified School District No. 261 and is presented on the cash basis of accounting modified for encumbrances. The information in this schedule is presented in accordance with the requirements of OMB *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



***HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261  
EDUCATION FOUNDATION***

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

AND

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261  
EDUCATION FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

AND

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261  
EDUCATION FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

The Board of Education  
Haysville Public Schools Unified District No. 261  
Education Foundation

Management is responsible for the accompanying statement of cash receipts and disbursements of the Education Foundation (Foundation) for the year ended June 30, 2015, and for determining that the cash receipts and disbursements is an acceptable financial reporting framework. This financial statement is prepared to assist in communicating Foundation activities to the Board of Education. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statement, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this financial statement.

The financial statement is prepared in accordance with the cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in the financial statement prepared on the basis of cash receipts and disbursements. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Foundation's assets, liabilities, equity, revenue, and expenses. Accordingly, this financial statement is not designed for those who are not informed about such matters.

*Allen, Gibbs & Houlik, L.C.*

September 8, 2015

HAYSVILLE PUBLIC SCHOOLS  
UNIFIED SCHOOL DISTRICT NO. 261  
EDUCATION FOUNDATION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

YEAR ENDED JUNE 30, 2015

|   |                  |
|---|------------------|
| Receipts, net of directly related disbursements |                  |
| Gifts and donations                             | \$ 7,944         |
| DISBURSEMENTS                                   |                  |
| Program costs                                   | <u>6,160</u>     |
| Increase in cash during the year                | 1,784            |
| Cash balance, beginning                         | <u>10,930</u>    |
| Cash balance, ending                            | <u>\$ 12,714</u> |

See Independent Accountant's Compilation Report