

**UNIFIED SCHOOL DISTRICT NO. 409**  
Atchison, Kansas

REGULATORY BASIS  
FINANCIAL STATEMENTS  
For the year ended June 30, 2019

And

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## UNIFIED SCHOOL DISTRICT NO. 409

Atchison, Kansas

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***Karlin & Long, LLC***  
***Certified Public Accountants***

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

Board of Education  
Unified School District No. 409  
Atchison, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Unified School District No. 409, Atchison, Kansas as of and for the year ended June 30, 2019, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; 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 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, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that 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 opinion.

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Unified School District No. 409, Atchison Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 409, Atchison, Kansas as of June 30, 2019, or changes in financial position and cash flows thereof for the year then ended.

***Unmodified 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 Unified School District No. 409, Atchison, Kansas as of June 30, 2019, 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 1.

***Other Matters***

***Other Reporting Required by Government Auditing Standards***

In accordance with “Government Auditing Standards”, we have also issued our report dated November 29, 2019, on our consideration of the District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control of financial reporting or on compliance. That report is an integral part of an audit performed in accordance with “Government Audit Standards” and should be considered in assessing the results of our audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, Schedule of receipts and expenditures – nonbudgeted funds, schedule of regulatory basis receipts and expenditures-district activity funds, and summary of receipts and expenditures-agency funds (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompany schedule of expenditures of federal awards is presented for purposes of additional analysis as required but U.S Office of Management and Budget “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance) and is not a required part of the financial statements. 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 1.

*Karlin & Long, LLC*

Karlin & Long, LLC  
Certified Public Accountants

Lenexa, KS  
November 29, 2019

## USD #409 ATCHISON, KANSAS

Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds							
General	\$ -	\$ -	\$ 12,070,572	\$ 12,070,272	\$ -	\$ -	\$ -
Supplemental General	236,193	-	3,783,970	3,822,082	198,080	-	198,080
Special Purpose Funds							
4-year old at risk	38,566	-	42,875	42,874	38,567	-	38,567
K-12 at risk	245,524	-	3,559,792	3,559,792	245,524	-	245,524
Bilingual Education	-	-	11,000	11,000	-	-	-
Capital outlay	3,005,505	-	990,153	642,472	3,353,186	-	3,353,186
Driver education	482	-	25,169	6,188	19,462	-	19,462
Food service	424,107	-	837,053	847,252	413,908	-	413,908
KPERs special retirement contribution	-	-	1,176,122	1,176,122	(0)	-	(0)
Professional development	20,861	-	57,968	47,480	31,350	-	31,350
Parent education	-	-	13,600	13,600	-	-	-
Special education	541,833	-	3,904,411	3,902,536	543,707	-	543,707
Career and postsecondary education	77,485	-	315,622	315,622	77,485	-	77,485
Gifts and grants	63,659	-	87,227	89,356	61,529	-	61,529
Contingency reserve	812,480	-	-	-	812,480	-	812,480
Textbook rental	330,264	-	153,206	246,470	237,000	-	237,000
Title I	6,896	-	511,535	518,431	-	-	-
Perkins	2,830	-	20,252	18,664	4,418	-	4,418
Title IIA	6,533	-	98,408	104,941	-	-	-
Carl Perkins	-	-	-	-	-	-	-
Gate receipts	11,942	-	109,423	98,616	22,749	-	22,749
District activity funds	97,773	-	151,756	145,663	103,866	1,700	102,165
Debt service fund:							
Bond and interest	2,494,144	-	2,266,099	1,795,465	2,964,778	-	2,964,778
Capital Project:							
Bond Proceeds	221,787	-	-	-	221,787	-	221,787
Total primary government	8,638,864	-	30,186,212	29,474,899	9,349,876	1,700	9,348,176
Component unit:							
Atchison Recreation Commission: General	203,827	-	399,152	364,035	238,944	-	238,944
Atchison Recreation Commission: Employee Benefit	35,932	-	78,994	77,639	37,287	-	37,287
Total component unit	239,759	-	478,146	441,674	276,231	-	276,231
Total reporting entity (excluding agency funds)	8,878,623	-	30,664,358	29,916,573	9,626,107	1,700	9,624,407
Composition of Cash					Checking Accounts	\$	8,238,338
					Petty Cash		-
					Total Component Unit		276,231
					Total Cash		8,514,569
					Agency Funds per Statement 4		133,477
					Total Reporting Entity	\$	8,381,092

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

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No. 409 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No. 409 (b) organizations for which USD No. 409 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No. 409 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely presented component unit. The component unit section of these financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the District. The governing body of this component unit is appointed by the District.

Recreation Commission USD No. 409 Recreation Commission oversees recreational activities. The Recreation commission operates a separate governing body but the District levies the taxes for the Recreation Commission and the Recreation commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission cannot purchase real property but can acquire real property by gift. The accounting policies of the USD No. 409 Recreation Commission are the same as those of the District.

Fund Descriptions

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

The following types of funds comprise the financial activities of the District for the year 2019:

Governmental Funds

General Fund– The chief operating fund. Used to account for the resources except those required to be accounted for in another fund.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

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

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

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

**Fiduciary Funds**

**Agency Funds** – Funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, activity accounts, etc.).

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

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis 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.

The municipality 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 municipality to use the regulatory basis of accounting.

**Reimbursed Expenses**

Expenditures in the amount of \$ 96,613 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (continued)

**Reimbursed Expenses (continued)**

which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement

**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), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no amendments for the year 2019.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (continued)

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the district for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special purpose funds:

Book Grant	Title IIA Fund
Carl Perkins	Contingency Reserve Fund
District Activity Funds	Textbook Rental Fund
Title I Fund	

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.

**Inventories and Prepaid Expenses**

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

**Use of Estimates**

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.



UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments**

**Deposits**

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 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 investments 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. The district had no investments during 2018.

**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 K.S.A. 9-1405.

**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%. All deposits were legally secured at June 30, 2019.

At June 30, 2019, the government's carrying amount of deposits was \$ 9,761,285 and the bank balance was \$ 10,3369,922. The bank 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 the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – Deposits and Investments (continued)**

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government 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.

**NOTE 3 – In-Substance Receipt in Transit**

The district received \$757,568 subsequent to June 30, 2019 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, 2019.

**NOTE 4 – Defined Benefit Pension Plan**

**Plan Description** – USD 409 participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

**Contributions** – K.S.A 74-4919 and K.S.A. 74-49,210 establish the KPERS member employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015 Kansas law established the KPERS member-employee contributions rate of 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member 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 for KPERS 1, KPERS 2, and KPERS 3 be determined based on results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.38% and 12.01% respectively, for the fiscal year ended June 30, 2018.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4—Defined Benefit Pension Plan (continued)**

The actuarially determined employer contribution rate and the statutory contribution rate was 14.59% and 13.21% for the fiscal year ended June 30, 2019

Per 2017 Senate Substitute for House Bill 2052 section 37(a), a state general fund employer contributions to KPERS were decreased by \$64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill stipulated that repayments of the reduced contributions are to be amortized over twenty years at the level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year. The first year payment of \$6.4 million was received in July of 2017.

Per 2017 Senate Substitute for House Bill 2002, section 51(a), a state general fund employer contributions to KPERS were decreased by \$194,022,683 for the fiscal year ended June 30, 2019. Section 56(19) of the bill stipulates that repayments of the reduced contributions are to be amortized over twenty years at the level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million dollars per year.

The State of Kansas is required to contribute the statutory required employers share except for the retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$1,176,122 for the year ended June 30, 2019.

**Net Pension Liability** At June 30, 2019 the District's proportionate share of collective net pension liability reported by KPERS was \$15,912,673. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2018. Since KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 – Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the district carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

**NOTE 6 – Stewardship, Compliance and Accountability**

There were no violations noted of Kansas Statutes for the period under examination.

**NOTE 7 – Compensated Absences**

Full time, twelve month, non-certified employees earn ten days of vacation time per year. After twelve years, fifteen days of vacation time are earned per year. Vacation time does not accumulate. Sick and emergency leave is accrued at the rate of one day per month worked during the year for all employees, with a maximum accumulation of ninety days. Any days accumulated over ninety are paid the following year at 65% of the beginning pay scale rates. Such pay is made in November after the end of the fiscal year. Certified staff members who retire and apply for KPERS receive their unused sick and emergency leave at their daily rate. The district has not computed or recorded the liability at year end.

**NOTE 8 – Indebtedness**

The District is subject to the statutes of the State of Kansas that limits the net bonded debt. The debt outstanding may not exceed 14% of the assessed value of all tangible taxable property within the District unless additional authority is granted by the Kansas State Board of Education. The amount of bonds outstanding is computed exclusive of certain bonds specifically exempted from this limitation. At June 30, 2019, the statutory limit for the district was \$13,090,217 thus creating excess indebtedness of \$3,029,783. The outstanding bond principal represents 17.24% of the District valuation. The District has received approval from the Kansas State Board of Education to exceed the general bond debt limitation on February 11, 2003.

**NOTE 9 – Contingency**

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 – Other Post Employment Benefits**

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

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

**NOTE 11 – Interfund Transactions**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Bilingual Fund	K.S.A 72-6428	\$ 6,000
General Fund	Textbook Rental Fund	K.S.A 72-6428	74,379
General Fund	Special Education Fund	K.S.A 72-6428	2,299,506
General Fund	At Risk K-12	K.S.A 72-6428	1,954,247
Supplemental General Fund	Special Education Fund	K.S.A 72-6425	931,959
Supplemental General Fund	Career and Postsecondary	K.S.A 72-6425	315,622
Supplemental General Fund	Parent Education Fund	K.S.A 72-6425	13,600
Supplemental General Fund	At Risk K-12	K.S.A 72-6425	1,605,545
Supplemental General Fund	At Risk (4 Year Old)	K.S.A 72-6425	42,875
Supplemental General Fund	Bilingual Fund	K.S.A 72-6425	5,000
Supplemental General Fund	Professional Development Fund	K.S.A 72-6425	56,907
Supplemental General Fund	Textbook Rental Fund	K.S.A 72-6425	20,773

**NOTE 12 – Subsequent Events**

Subsequent events for management's review have been evaluated through November 29, 2019. The date in the prior sentence is the date the financial statements were available to be issued.

USD #409 ATCHISON, KANSAS  
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

**Note 14 - Long Term Debt**

Changes in long-term liabilities for the District for the year ended June 30, 2019 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
Series 2011-B	3.00%	12/15/11	\$ 6,145,000	9/1/22	\$ 6,080,000	\$	\$ 1,115,000	\$ (1,115,000)	\$ 4,965,000	\$ 165,675
Series 2013-A	3.00%	9/1/13	13,625,000	9/1/31	10,485,000		135,000	(135,000)	10,350,000	347,944
Series 2013-B	3.00%	3/1/14	980,000	9/1/34	805,000		0	0	805,000	31,846
<b>Leases</b>										
Computer Equipment	2.12%	5/5/16	475,144	5/5/19	245,088		122,544	(122,544)	122,544.18	-
<b>Total Long Term Debt</b>					<u>\$ 17,615,088</u>	<u>\$ 0</u>	<u>\$ 1,372,544</u>	<u>\$ (1,372,544)</u>	<u>\$ 16,242,544</u>	<u>\$ 545,465</u>

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

	2020	2021	2022	2023	2024-2028	2029-2033	2034 - 2035	Total
<b>Principal</b>								
General Obligation Bonds	\$ 1,420,000	\$ 1,345,000	\$ 1,430,000	\$ 1,540,000	\$ 6,475,000	\$ 3,760,000	\$ 150,000	\$ 16,120,000
Special Assessment Bonds								-
Certificates of Participation								-
Capital Leases	122,544							122,544
Revenue Bonds								-
KDHE Loans								-
Temporary Notes								-
<b>Total Principal</b>		<u>1,345,000</u>	<u>1,430,000</u>	<u>1,540,000</u>	<u>6,475,000</u>	<u>3,760,000</u>	<u>150,000</u>	<u>16,242,544</u>
<b>Interest</b>								
General Obligation Bonds		505,415	463,940	422,315	1,223,216	253,977	7,125	2,875,988
Special Assessment Bonds								-
Certificates of Participation								-
Capital Leases								-
Revenue Bonds								-
KDHE Loans								-
Temporary Notes								-
<b>Total Interest</b>		<u>505,415</u>	<u>463,940</u>	<u>422,315</u>	<u>1,223,216</u>	<u>253,977</u>	<u>7,125</u>	<u>2,875,988</u>
<b>Total Principal and Interest</b>		<u>\$ 1,850,415</u>	<u>\$ 1,893,940</u>	<u>\$ 1,962,315</u>	<u>\$ 7,698,216</u>	<u>\$ 4,013,977</u>	<u>\$ 157,125</u>	<u>\$ 19,118,532</u>

**Unified School District No. 409, Atchison Kansas**

**Regulatory-Required**

**Supplementary Information**

**For the year ended June 30, 2019**



## USD #409 ATCHISON, KANSAS

Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

Funds	Certified Budget	Adjustments to Comply with Legal Max	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General fund	\$ 12,070,572	\$ (211,049)	\$ 96,613	\$ 12,070,272	\$ 12,070,272	\$ -
Supplemental General	3,822,082	(66,622)	0	3,822,082	3,822,082	0
Special Purpose Funds						
4-year old At Risk	102,288	0	0	102,288	42,874	(59,414)
K-12 At Risk	3,829,139	0	0	3,829,139	3,559,792	(269,347)
Bilingual Education	20,000	0	0	20,000	11,000	(9,000)
Capital outlay	3,692,204	0	0	3,692,204	642,472	(3,049,732)
Driver education	23,000	0	0	23,000	6,188	(16,812)
Food service	1,302,362	0	0	1,302,362	847,252	(455,110)
KPERS special retirement contribution	2,442,489	0	0	2,442,489	1,176,122	(1,266,367)
Professional development	88,889	0	0	88,889	47,480	(41,409)
Parent education	17,500	0	0	17,500	13,600	(3,900)
Special education	4,624,593	0	0	4,624,593	3,902,536	(722,057)
Career and Postsecondary	402,328	0	0	402,328	315,622	(86,706)
Gifts and grants	210,655	0	0	210,655	89,356	(121,299)
Bond and interest	1,795,466	0	0	1,795,466	1,795,465	(1)
Component Units						
Atchison Recreation Commission: General	415,358	0	0	415,358	364,035	(51,323)
Atchison Recreation Commission: Employee Benefit	80,750	0	0	80,750	77,639	(3,111)

USD #409 ATCHISON, KANSAS  
GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2019

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ -	\$ -	\$ -
Delinquent tax	-	-	-
Motor vehicle tax	-	-	-
RV tax	-	-	-
Mineral production tax	-	-	-
Federal grants	-	-	-
State aid/grants	11,973,959	12,184,708	(210,749)
Charges for services	-	-	-
Interest income	-	-	-
Miscellaneous revenues	96,613	-	96,613
Operating transfers	-	-	-
Total Cash Receipts	<u>12,070,572</u>	<u>12,184,708</u>	<u>(114,136)</u>
EXPENDITURES			
Instruction	3,487,429	3,610,128	(122,699)
Student support services	279,620	266,385	13,235
Instruction support staff	101,432	109,819	(8,387)
General administration	463,903	468,501	(4,598)
School administration	990,204	993,441	(3,237)
Operations and maintenance	1,820,308	1,698,282	122,026
Student transportation services	489,811	438,044	51,767
Central support services	103,433	101,097	2,336
Other support services	-	-	-
Food service operations	-	-	-
Student activities	-	-	-
Facility acquisition and construction services	-	-	-
Debt service	-	-	-
Operating transfers	4,334,132	4,499,011	(164,879)
Adjustment to comply with legal max	-	(211,049)	211,049
Adjustment for qualifying budget credits	-	96,613	(96,613)
Total Expenditures	<u>\$ 12,070,272</u>	<u>\$ 12,070,272</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

USD #409 ATCHISON, KANSAS  
SUPPLEMENTAL GENERAL FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,342,047	\$ 1,490,869	\$ (148,822)
Delinquent tax	3,784	14,223	(10,439)
Motor vehicle tax	151,841	134,815	17,026
RV tax	1,594	1,133	461
Commercial vehicle tax	2,591	3,150	(559)
Federal grants		-	-
State aid/grants	2,281,783	2,321,556	(39,773)
Charges for services		-	-
Interest income		-	-
Miscellaneous revenues	330	-	330
Operating transfers	-	-	-
	<u>3,783,970</u>	<u>3,965,746</u>	<u>(181,776)</u>
<b>EXPENDITURES</b>			
Instruction	202,504	215,865	(13,361)
Student support services		-	-
Instruction support staff	247,117	244,753	2,364
General administration		-	-
School administration	310,902	376,345	(65,443)
Operations and maintenance	69,277	70,000	(723)
Student transportation services		-	-
Central support services		-	-
Other support services		-	-
Food service operations		-	-
Student activities		-	-
Facility acquisition and construction services		-	-
Debt service		-	-
Operating transfers	2,992,282	2,981,741	10,541
Adjustment to comply with legal max		(66,622)	66,622
Adjustment for qualifying budget credits		-	-
	<u>3,822,082</u>	<u>\$ 3,822,082</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(38,112)		
Unencumbered Cash, Beginning	236,193		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ 198,080</u>		

USD #409 ATCHISON, KANSAS  
 AT RISK FUND (4-year old)  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	42,875	63,720	(20,845)
Total Cash Receipts	<u>42,875</u>	<u>63,720</u>	<u>(20,845)</u>
<b>EXPENDITURES</b>			
Instruction	42,874	102,288	(59,414)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>42,874</u>	<u>\$ 102,288</u>	<u>\$ (59,414)</u>
Receipts Over (Under) Expenditures	1		
Unencumbered Cash, Beginning	38,566		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>38,567</u>		

USD #409 ATCHISON, KANSAS  
 AT RISK FUND (K-12)  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>3,559,792</u>	<u>3,583,618</u>	<u>(23,826)</u>
Total Cash Receipts	<u>3,559,792</u>	<u>3,583,618</u>	<u>(23,826)</u>
<b>EXPENDITURES</b>			
Instruction	3,167,601	3,465,895	(298,294)
Student support services	164,334	137,572	26,762
Instruction support staff	97,285	96,922	363
General administration			-
School administration	130,011	128,188	1,823
Operations and maintenance	562	562	(0)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>3,559,792</u>	<u>\$ 3,829,139</u>	<u>\$ (269,347)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	245,524		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 245,524</u>		

USD #409 ATCHISON, KANSAS  
 BILINGUAL EDUCATION  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>11,000</u>	<u>20,000</u>	<u>(9,000)</u>
Total Cash Receipts	<u>11,000</u>	<u>20,000</u>	<u>(9,000)</u>
<b>EXPENDITURES</b>			
Instruction	11,000	20,000	(9,000)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>11,000</u>	<u>\$ 20,000</u>	<u>\$ (9,000)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

USD #409 ATCHISON, KANSAS  
 CAPITAL OUTLAY FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 429,860	\$ 394,812	\$ 35,048
Delinquent tax	884	4,523	(3,639)
Motor vehicle tax	48,309	42,897	5,412
RV tax	507	360	147
Commercial vehicle tax	791	1,002	(211)
Federal grants			-
State aid/grants	227,739	243,104	(15,365)
Charges for services			-
Interest income	222,773		222,773
Miscellaneous revenues	59,289		59,289
Operating transfers			-
Total Cash Receipts	<u>990,153</u>	<u>686,698</u>	<u>303,455</u>
EXPENDITURES			
Instruction	544,689	3,692,204	(3,147,515)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance	97,783		97,783
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>\$ 642,472</u>	<u>\$ 3,692,204</u>	<u>\$ (3,049,732)</u>
Receipts Over (Under) Expenditures	347,680		
Unencumbered Cash, Beginning	3,005,505		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 3,353,186</u>		



USD #409 ATCHISON, KANSAS  
 DRIVER TRAINING FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services	8,232	5,200	3,032
Interest income			-
Miscellaneous revenues	16,937	17,319	(382)
Operating transfers			-
	<u>25,169</u>	<u>22,519</u>	<u>2,650</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	6,188	23,000	(16,812)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>6,188</u>	<u>23,000</u>	<u>(16,812)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	18,981		
Unencumbered Cash, Beginning	482		
Prior Year Cancelled Encumbrances	-		
	<u>19,462</u>		
Unencumbered Cash, Ending	\$		

USD #409 ATCHISON, KANSAS  
 FOOD SERVICE FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$		\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants	660,181	675,568	(15,387)
State aid/grants	7,789	7,720	69
Charges for services	160,778	188,967	(28,189)
Interest income	8,305	6,000	2,305
Miscellaneous revenues			-
Operating transfers			-
	<u>837,053</u>	<u>878,255</u>	<u>(41,202)</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations	847,252	1,302,362	(455,110)
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>847,252</u>	<u>1,302,362</u>	<u>(455,110)</u>
<b>Total Expenditures</b>	<b>\$ <u>847,252</u></b>	<b>\$ <u>1,302,362</u></b>	<b>\$ <u>(455,110)</u></b>
 Receipts Over (Under) Expenditures	 (10,199)		
Unencumbered Cash, Beginning	424,107		
Prior Year Cancelled Encumbrances	<u>-</u>		
 Unencumbered Cash, Ending	 \$ <u>413,908</u>		

USD #409 ATCHISON, KANSAS  
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$		\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants	1,176,122	2,442,489	(1,266,367)
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>1,176,122</u>	<u>2,442,489</u>	<u>(1,266,367)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	824,726	1,750,000	(925,274)
Student support services	63,432	150,000	(86,568)
Instruction support staff	36,992	147,489	(110,497)
General administration	44,749	75,000	(30,251)
School administration	90,957	150,000	(59,043)
Operations and maintenance	73,954	100,000	(26,046)
Student transportation services			-
Central support services	7,306	20,000	(12,694)
Other support services			-
Food service operations	34,006	50,000	(15,994)
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>1,176,122</u>	<u>\$ 2,442,489</u>	<u>\$ (1,266,367)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

USD #409 ATCHISON, KANSAS  
PROFESSIONAL DEVELOPMENT FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$		\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants	1,061	11,111	(10,050)
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>56,907</u>	<u>56,907</u>	<u>-</u>
Total Cash Receipts	<u>57,968</u>	<u>68,018</u>	<u>(10,050)</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff	47,480	88,889	(41,409)
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>47,480</u>	<u>\$ 88,889</u>	<u>\$ (41,409)</u>
Receipts Over (Under) Expenditures	10,488		
Unencumbered Cash, Beginning	20,861		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>31,350</u>		

USD #409 ATCHISON, KANSAS  
PARENT EDUCATION FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$		\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	<u>13,600</u>	<u>17,500</u>	<u>(3,900)</u>
Total Cash Receipts	<u>13,600</u>	<u>17,500</u>	<u>(3,900)</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services	13,600	17,500	(3,900)
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>13,600</u>	<u>\$ 17,500</u>	<u>\$ (3,900)</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	\$ <u>-</u>		

USD #409 ATCHISON, KANSAS  
SPECIAL EDUCATION FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$		\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants	625,470	668,597	(43,127)
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues	47,475		47,475
Operating transfers	<u>3,231,465</u>	<u>3,414,163</u>	<u>(182,698)</u>
Total Cash Receipts	<u>3,904,411</u>	<u>4,082,760</u>	<u>(178,349)</u>
<b>EXPENDITURES</b>			
Instruction	2,647,952	3,529,478	(881,526)
Student support services	752,538	569,137	183,401
Instruction support staff	-	-	-
General administration	157,728	158,130	(402)
School administration	-	-	-
Operations and maintenance	-	-	-
Student transportation services	344,319	367,848	(23,529)
Central support services	-	-	-
Other support services	-	-	-
Food service operations	-	-	-
Student activities	-	-	-
Facility acquisition and construction services	-	-	-
Debt service	-	-	-
Operating transfers	-	-	-
Adjustment to comply with legal max	-	-	-
Adjustment for qualifying budget credits	-	-	-
Total Expenditures	<u>3,902,536</u>	<u>\$ 4,624,593</u>	<u>\$ (722,057)</u>
Receipts Over (Under) Expenditures	1,874		
Unencumbered Cash, Beginning	541,833		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 543,707</u>		

USD #409 ATCHISON, KANSAS  
 CAREER AND POSTSECONDARY FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$		\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers	315,622	324,844	(9,222)
Total Cash Receipts	<u>315,622</u>	<u>324,844</u>	<u>(9,222)</u>
EXPENDITURES			
Instruction	315,622	402,328	(86,706)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>315,622</u>	<u>\$ 402,328</u>	<u>\$ (86,706)</u>
Receipts Over (Under) Expenditures			-
Unencumbered Cash, Beginning	77,485		
Prior Year Cancelled Encumbrances			-
Unencumbered Cash, Ending	\$ <u>77,485</u>		



USD #409 ATCHISON, KANSAS  
GIFTS AND GRANTS FUND  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$		\$ -
Delinquent tax			-
Motor vehicle tax			-
RV tax			-
Commercial vehicle tax			-
Federal grants			-
State aid/grants	29,030	22,000	7,030
Charges for services			-
Interest income			-
Miscellaneous revenues	58,197	125,000	(66,803)
Operating transfers			-
	<u>87,227</u>	<u>147,000</u>	<u>(59,773)</u>
Total Cash Receipts			
<b>EXPENDITURES</b>			
Instruction	89,356	210,655	(121,299)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>89,356</u>	<u>\$ 210,655</u>	<u>\$ (121,299)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(2,129)		
Unencumbered Cash, Beginning	63,659		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>61,529</u>		

USD #409 ATCHISON, KANSAS  
 RECREATION COMMISSION - GENERAL FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 251,645	\$ 219,787	\$ 31,858
Delinquent tax	1,932	2,617	(685)
Motor vehicle tax	28,782	24,499	4,283
RV tax	289	206	83
Commercial vehicle tax		573	(573)
Federal grants			-
State aid/grants			-
Charges for services	116,504	75,000	41,504
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>399,152</u>	<u>322,682</u>	<u>76,470</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Community service operations	364,035	415,358	(51,323)
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>364,035</u>	<u>415,358</u>	<u>(51,323)</u>
<b>Total Expenditures</b>	<u>364,035</u>	<u>\$ 415,358</u>	<u>\$ (51,323)</u>
 Receipts Over (Under) Expenditures	 35,117		
Unencumbered Cash, Beginning	203,827		
Prior Year Cancelled Encumbrances	-		
 Unencumbered Cash, Ending	 \$ <u>238,944</u>		

USD #409 ATCHISON, KANSAS  
 RECREATION COMMISSION - EMPLOYEE BENEFITS FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 70,329	\$ 61,226	\$ 9,103
Delinquent tax	520	609	(89)
Motor vehicle tax	8,064	6,821	1,243
RV tax	81	57	24
Commercial vehicle tax		159	(159)
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>78,994</u>	<u>68,872</u>	<u>10,122</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Community service operations	77,639	80,750	(3,111)
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>77,639</u>	<u>\$ 80,750</u>	<u>\$ (3,111)</u>
<b>Total Expenditures</b>			
	<u>77,639</u>	<u>\$ 80,750</u>	<u>\$ (3,111)</u>
Receipts Over (Under) Expenditures	1,355		
Unencumbered Cash, Beginning	35,932		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>37,287</u>		

USD #409 ATCHISON, KANSAS  
 BOND AND INTEREST FUND  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,192,480	\$ 1,093,850	\$ 98,630
Delinquent tax	2,686	12,518	(9,832)
Motor vehicle tax	133,322	118,660	14,662
RV tax	1,403	977	426
Commercial vehicle tax	2,566	2,773	(207)
Federal grants			-
State aid/grants	933,642	933,642	-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
Total Cash Receipts	<u>2,266,099</u>	<u>2,162,420</u>	<u>103,679</u>
<b>EXPENDITURES</b>			
Instruction			-
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance			-
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service	1,795,465	1,795,466	(1)
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>1,795,465</u>	<u>\$ 1,795,466</u>	<u>\$ (1)</u>
Receipts Over (Under) Expenditures	470,634		
Unencumbered Cash, Beginning	2,494,144		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 2,964,778</u>		

USD #409 ATCHISON, KANSAS  
 ANY NONBUDGETED FUNDS  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			511,535
State aid/grants			
Charges for services	58,054		
Interest income			
Miscellaneous revenues			
Operating transfers	<u>95,152</u>	<u>-</u>	<u>-</u>
Total Cash Receipts	<u>153,206</u>	<u>-</u>	<u>511,535</u>
<b>EXPENDITURES</b>			
Instruction	237,945	-	518,431
Student support services		-	
Instruction support staff	8,525	-	
General administration		-	
School administration		-	
Operations and maintenance		-	
Student transportation services		-	
Central support services		-	
Other support services		-	
Food service operations		-	
Student activities		-	
Facility acquisition and construction services		-	
Debt service		-	
Operating transfers		-	
Adjustment for qualifying budget credits		-	
Total Expenditures	<u>246,470</u>	<u>-</u>	<u>518,431</u>
Receipts Over (Under) Expenditures	(93,264)	-	(6,896)
Unencumbered Cash, Beginning	330,264	812,480	6,896
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>237,000</u>	<u>\$ 812,480</u>	<u>\$ (0)</u>

USD #409 ATCHISON, KANSAS  
 ANY NONBUDGETED FUNDS  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2019

	<u>Carl Perkins</u>	<u>Title IIA</u>
<b>CASH RECEIPTS</b>		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	20,252	98,408
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u>20,252</u>	<u>98,408</u>
<b>EXPENDITURES</b>		
Instruction	17,684	104,941
Student support services	-	-
Instruction support staff	-	-
General administration	980	-
School administration	-	-
Operations and maintenance	-	-
Student transportation services	-	-
Central support services	-	-
Other support services	-	-
Food service operations	-	-
Student activities	-	-
Facility acquisition and construction service	-	-
Debt service	-	-
Operating transfers	-	-
Adjustment for qualifying budget credits	-	-
	<u>18,664</u>	<u>104,941</u>
Receipts Over (Under) Expenditures	1,588	(6,533)
Unencumbered Cash, Beginning	2,830	6,533
Prior Year Cancelled Encumbrances	-	-
	<u>4,418</u>	<u>-</u>
Unencumbered Cash, Ending	<u>4,418</u>	<u>-</u>

USD #409 ATCHISON, KANSAS  
DISTRICT ACTIVITY FUNDS  
Schedule of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
Atchison Middle School	\$ 850	\$	\$ 12,967	13,505	\$ 312	\$	\$ 312
Atchison High School	11,092		96,457	85,111	22,437		22,437
Total gate receipts	<u>\$ 11,942</u>	<u>\$ -</u>	<u>\$ 109,423</u>	<u>\$ 98,616</u>	<u>\$ 22,749</u>	<u>\$ -</u>	<u>\$ 22,749</u>
District Activity Funds							
Atchison High School							
Art-instructional	6,243		1,286	1,179	6,350		6,350
A+ program	146		285	432	0		0
Business	1,406		0	0	1,406		1,406
Counseling	109		2,162	2,092	179		179
Drama Club	37		0	0	37		37
Drama	1,074		5,098	4,044	2,129		2,129
Driver education	1,851		380	267	1,964		1,964
English	9,867		900	1,954	8,813		8,813
Faculty lounge	40		364	186	218		218
Food service miscellaneous	13		0	0	13		13
Forensics	1		1,440	1,209	232		232
Industrial arts-wood	332		3,161	2,200	1,292		1,292
Library	566		605	633	538		538
Math	9,580		2,303	210	11,673		11,673
Music-instrumental	2,469		3,738	4,811	1,395		1,395
Music-Vocal	10,866		30,834	36,350	5,350		5,350
Large Group Music Festival	1,607		2,901	2,449	2,059		2,059
Newspaper-Optimist	258		0	0	258		258
Participation	432		6,462	6,613	281		281
Petty Cash	0		0	0	0		0
Positive behavior system	99		0	56	43		43
Redman restaurant	303		0	0	303		303
Robotics	286		788	1,062	12		12
Science	8,854		292	4,388	4,758		4,758
Social science	3,183		2,986	3,747	2,423		2,423
Technology	3,415		4,102	0	7,516		7,516
Textbook	5,275		7,674	49	12,900		12,900
Yearbook	3,512		3,337	6,849	0		0
Subtotal Atchison High School	<u>71,826</u>	<u>-</u>	<u>81,096</u>	<u>80,778</u>	<u>72,144</u>	<u>-</u>	<u>72,144</u>

USD #409 ATCHISON, KANSAS  
DISTRICT ACTIVITY FUNDS  
Schedule of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended June 30, 2019

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Atchison Middle School							
All school fundraiser	247	-	-	-	247	-	247
Art	2,102	-	1,453	1,814	1,741	-	1,741
AMS Memory Book	3,698	-	2,643	1,576	6,278	-	4,787
AMS Reward	45	-	5,083	4,964	164	-	164
Faculty lounge	489	-	1,333	822	1,000	-	1,000
Honor choir	2,759	-	6,411	6,635	-	-	2,536
Instrumental fundraiser	259	-	1,061	877	443	-	443
Instrumental reimbursable	-	-	-	-	-	-	-
Library	820	-	2,309	2,082	1,047	-	1,047
Participation	2,040	-	3,546	20	5,566	-	5,566
Petty cash	498	-	2	500	-	-	-
Sped life skills	171	-	-	77	94	-	94
Staff development	49	-	73	81	41	-	41
Technology fee	-	-	1,358	1,358	-	-	-
Subtotal Atchison Middle School	13,178	-	25,271	20,805	16,622	-	17,667
Atchison Elementary School							
Atchison Singers	702	-	1,330	702	1,329	-	1,329
Behavior award	-	-	4,548	4,548	-	-	-
Book fair	420	-	6,494	6,547	367	-	367
Community Club for staff	2,068	-	3,494	1,553	4,009	-	4,009
Community Club field trip	80	-	3,282	3,297	65	-	65
Petty Cash	141	-	41	40	142	-	142
General	2,483	-	20,351	19,517	3,317	1,700	1,617
Library	183	-	52	-	235	-	235
Pencil & Paper	233	-	(103)	10	120	-	120
Pond	282	-	(86)	-	196	-	196
Success For All	677	-	-	-	677	-	677
Technology	5,484	-	(1,840)	782	2,863	-	2,863
Physical Education	6	-	43	-	50	-	50
T-Shirts	9	-	2,741	2,751	-	-	-
Special Fund	-	-	2,908	2,201	707	-	707
Social Committee	-	-	78	78	-	-	-
Yearbooks	-	-	2,055	2,055	-	-	-
Subtotal Atchison Elementary School	12,769	-	45,389	44,081	14,078	1,700	12,377
Total District Activity Funds	\$ 97,773	\$ -	\$ 151,756	\$ 145,663	\$ 102,844	\$ 1,700	\$ 102,188



USD #409 ATCHISON, KANSAS  
 AGENCY FUNDS  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended June 30, 2019

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Payroll liabilities				
Revolving	\$ <u>71,773</u>	\$ <u>80,832</u>	<u>65,921</u>	\$ <u>86,684</u>
Atchison High School				
Arts Club	2,916	50	461	2,505
Cheerleaders	2,457	6,099	5,861	2,695
Graduated Students	1	0	0	1
Senior class	644	679	500	822
Junior class	1,324	683	894	1,113
Sophomore class	1,741	4,550	5,401	890
Freshman class	517	1,478	1,431	564
DECA club	8,096	11,360	12,350	7,107
Student Ambassadors	996	10,366	8,689	2,673
National Honor Society	247	1,226	870	603
Newspaper	169	0	0	169
FCCLA	1,310	1,638	1,479	1,469
Sash	1,096	0	930	166
FACS	1	825	826	0
Sales Tax	608	574	797	384
Spanish Club	41	0	0	41
Student Council	214	45	259	0
RADD	996	975	669	1,302
YoDVD	923	2,348	2,848	423
Subtotal Atchison High School	<u>24,295</u>	<u>42,895</u>	<u>44,264</u>	<u>22,927</u>
ernative School				
Activities	<u>901</u>	<u>1,515</u>	<u>1,788</u>	<u>627</u>
1 Alternative School	<u>901</u>	<u>1,515</u>	<u>1,788</u>	<u>627</u>

USD #409 ATCHISON, KANSAS  
 AGENCY FUNDS  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended June 30, 2019

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Atchison Middle School				
6th Grade Fundraiser	\$ 458	\$ 1,873	2,028	\$ 303
7th Grade Fundraiser	339	2,420	2,004	755
8th Grade Fundraiser	-	4,380	4,312	698
Activity Fundraiser	572	-	115	457
Athletic Fundraiser	10	-	-	10
Kay Club	8,048	4,348	12,396	-
Activities Club	4,042	5,740	3,729	6,053
Laminating film	75	900	802	173
Project Move	88	-	15	73
Science Olympiad	45	-	-	45
Spirit Squad	-	795	468	328
Sales Tax	356	1,073	1,058	372
iPad repair	-	785	785	-
Activity Ticket	0	40	-	40
Misc. Food Service	176	-	-	176
Principals Account	1,116	353	1,197	272
Lockers	269	-	-	269
Student Activity	2,064	3,226	2,498	2,793
T Enrollment	-	4,648	4,648	-
T Replacement	-	-	-	-
BB Tourney	688	476	769	396
Camera:Memory Book	45	-	-	45
Unity Committee	277	395	435	237
Student Council	2,281	1,148	966	2,463
Subtotal Atchison Middle School	<u>20,949</u>	<u>32,601</u>	<u>38,224</u>	<u>15,956</u>
Atchison Elementary School				
Student Council	3,100	1,354	-	4,454
Gift Fund	72	61	-	133
Charlie Fund	1,387	-	-	1,387
Sales Tax	1,309	-	-	<u>1,309</u>
Subtotal Atchison Elementary School	<u>5,868</u>	<u>1,416</u>	<u>-</u>	<u>7,284</u>
Total	\$ <u>123,786</u>	\$ <u>159,258</u>	\$ <u>150,198</u>	\$ <u>133,477</u>

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**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 409  
Atchison, Kansas

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

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units of Unified School District No. 409 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Unified School District No. 409's basic financial statement, and have issued our report thereon dated November 29, 2019.

The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unmodified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive 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 statement, we considered Unified School District No. 409, Atchison, Kansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 409, Atchison, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 409, Atchison, Kansas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization'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.

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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 Unified School District No. 409's financial statement is 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit 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.

*Karlin & Long, LLC*

Karlin & Long, LLC  
Certified Public Accountants

November 29, 2019



...KL...

**Karlin & Long, LLC**  
*Certified Public Accountants*

Board of Education  
Unified School District No. 409  
Atchison, Kansas

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

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

We have audited United School District No. 409'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 United School District No. 409's major federal programs for the year ended June 30, 2019. United School District No. 409'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the United School District No. 409's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the United School District No. 409'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 United School District No. 409's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the United School District No. 409, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

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2200 Kentucky Avenue  
Platte City, Missouri 64079  
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901 Kentucky Street, Suite 104  
Lawrence, Kansas 66044  
(785) 312-9091

## ***Other Matters***

United School District No. 409's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. United School District No. 409's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Management of the United School District No. 409, 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 United School District No. 409's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the United School District No. 409'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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Karlin & Long, LLC*

Karlin & Long, LLC  
Certified Public Accountants

November 29, 2019

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<u>U.S. Department of Education</u>			
<b>Passed through State Department of Education</b>			
<b>Special Education Cluster:</b>			
Title I	84.010A	*	\$ 511,535
EHC Flo-Thru	84.027A	*	486,955
Program Improvement	84.048A	*	20,252
EC Flo-Thru	84.173A	*	22,436
Rural Low Income Schools	84.358B	*	29,030
Title II - Teacher Quality	84.367A	*	74,925
ESSA Student Support	84.424A	*	23,610
Total Department of Education Cluster			<u>1,168,743</u>
<u>U.S. Department of Agriculture</u>			
<b>Passed through State Department of Education:</b>			
<b>Child Nutrition Cluster</b>			
School Breakfast Program	10.553	*	153,683
National School Lunch Program	10.555	*	480,241
SFS - Food	10.559	*	26,245
Federal School Food Service	10.560	*	50
Total Child Nutrition Cluster			<u>660,219</u>
Total Department of Agriculture Cluster			<u>660,219</u>
<u>U.S. Department of Health and Human Services</u>			
<b>Passed through State Department of Education:</b>			
Youth Risk Behavior Survey	93.079	*	157
Youth Risk Behavior Survey	93.938	*	1,000
Total Federal Assistance			<u>\$ 1,830,119</u>

\* Not available

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2019

A. Summary of Audit Results

1. The auditor's report expresses an Adverse Opinion on the financial statements of Unified School District #409 in accordance with Generally Accepted Accounting Principles. The auditor's report expresses an Unmodified Opinion on the financial statements in accordance with the regulatory basis.
2. No significant deficiencies relating to the audit of the general purpose financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statement of Unified District #409 were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit that would be required to be reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weakness are reported.
5. The auditor's report on compliance for the major federal award programs for Unified School District #409 expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The programs tested as major programs included:  
Department of Education  
Special Education Clusters CFDA No. 84.027, 84.173 and Child Nutrition Cluster CFDA No. 10.553, 10.555, 10.559, 10.560
8. Unified School District #232 was determined not to be a low-risk auditee.
9. The threshold for distinguishing types A and B programs was \$750,000.

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit

Department of Education EHC Flo-Thru 84.027 and EC Flo Thru 84.173

Department of Agriculture Child Nutrition Cluster CFDA 10.553, 10.555, 10.559, 10.560

No findings of noncompliance or questioned costs were noted.



UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2019

**NOTE 1 – Basis of Accounting**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Unified School District No. 409 under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principal, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a select portion of the operations of Unified School District No. 409, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Unified School District No. 409.

**NOTE 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on a regulatory basis of accounting as described in the *Kansas Municipal Audit and Accounting Guide* (KMAAG). The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues 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 obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities, or deferred inflows or outflows, other than mentioned above. Expenditures as reported on the Schedule are recognized under the basis described above and follow the cost principles contained in the Uniform Guidance regarding *Cost Principles* where in certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

UNIFIED SCHOOL DISTRICT NO. 409  
Atchison, Kansas

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2019

**NOTE 3 – Indirect Costs**

Unified School District No 409 has elected not to use the 10 percent de minimis indirect cost rate allowed under uniform guidance.