

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

REGULATORY BASIS
FINANCIAL STATEMENTS
For the year ended June 30, 2017

...*KL*...

Karlin & Long, LLC
Certified Public Accountants

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UNIFIED SCHOOL DISTRICT NO. 409

Atchison, Kansas

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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, 2017, 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.

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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, 2017, 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, 2017, 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 15, 2017, 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.

A handwritten signature in dark ink, appearing to read "Karlin & Long LLC", written in a cursive, flowing style.

Karlin & Long, LLC
Certified Public Accountants

Lenexa, KS
November 15, 2017

USD #409 ATCHISON, KANSAS

Summary Statement of Cash Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2017

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	\$ -	\$ -	\$ 11,504,652	\$ 11,504,652	\$ -	\$ -	\$ -
Supplemental General	163,984	-	3,599,137	3,578,462	184,659	-	184,659
Special Purpose Funds							
4-year old at risk	38,566	-	67,130	67,130	38,566	-	38,566
K-12 at risk	347,581	-	3,329,706	3,431,763	245,524	-	245,524
Bilingual Education	-	-	10,000	10,000	-	-	-
Capital outlay	2,609,258	-	765,652	767,773	2,607,138	-	2,607,138
Driver education	5,556	-	10,232	5,364	10,425	-	10,425
Food service	370,322	-	835,516	784,332	421,506	-	421,506
KPERS special retirement contribution	-	-	924,113	924,113	0	-	0
Professional development	96,962	-	-	45,820	51,141	-	51,141
Parent education	-	-	17,300	17,300	-	-	-
Special education	968,710	-	3,063,707	3,491,516	540,902	-	540,902
Vocational education	78,187	-	291,120	291,821	77,485	-	77,485
Gifts and grants	75,314	-	62,519	67,628	70,204	-	70,204
Contingency reserve	1,069,630	-	-	-	1,069,630	-	1,069,630
Textbook rental	379,107	-	102,350	187,188	294,269	-	294,269
Title I	-	-	484,951	460,096	24,855	-	24,855
Perkins	1,510	-	19,661	19,822	1,349	-	1,349
Title IIA	-	-	103,871	103,871	-	-	-
Carl Perkins	-	-	-	-	-	-	-
Gate receipts	15,586	-	94,687	97,526	12,748	-	12,748
District activity funds	99,642	-	270,815	273,050	97,408	-	97,408
Debt service fund:							
Bond and interest	1,815,773	-	2,174,800	1,847,615	2,142,958	-	2,142,958
Capital Project:							
Bond Proceeds	221,787	-	-	-	221,787	-	221,787
Total primary government	8,357,475	-	27,731,922	27,976,841	8,112,555	-	8,112,555
Component unit:							
Atchison Recreation Commission: General	218,924	-	388,919	403,045	204,798	-	204,798
Atchison Recreation Commission: Employee Benefit	40,681	-	82,675	79,312	44,044	-	44,044
Total component unit	259,605	-	471,594	482,357	248,842	-	248,842
Total reporting entity (excluding agency funds)	8,617,080	-	28,203,516	28,459,198	8,361,397	-	8,361,397
Composition of Cash							
Checking Accounts						\$	\$ 8,238,338
Petty Cash							-
Total Component Unit							248,842
Total Cash							8,487,180
Agency Funds per Statement 4							125,783
Total Reporting Entity						\$	\$ 8,361,397

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 2017:

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.

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Reimbursed Expenses

Expenditures in the amount of \$ 126,684 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in 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 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

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 2017.

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 2017.

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, 2017.

At June 30, 2017, the government's carrying amount of deposits was \$ 8,487,180 and the bank balance was \$ 9,372,981. 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 \$871,601 subsequent to June 30, 2017 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, 2017.

NOTE 4 – Defined Benefit Pension Plan

Plan Description – Atchison USD No. 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. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Report which can be found on the KPERS website at www.kpers.org or 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) if the Internal Revenue Code.

State Law provides that the employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Defined Benefit Pension Plan (continued)

rate through March 31, 2016 with a 0% moratorium until June 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 16.00% and 10.91% respectively, for the fiscal year ended June 30, 2016.

The actuarially determined employer contribution rate and the statutory contribution rate was 16.03% and 10.81%, respectively, for the fiscal year ended June 30, 2017. Per House Substitute for Senate Bill 161, Section 98(a)(1), state general fund and expanded lottery act revenue funds for employer contributions to KPERS were deferred. The amount deferred for school contributions was \$ 92,917,091.

The State of Kansas is required to contribute the statutory required employer's share except for 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 \$ 924,113 for the year ended June 30, 2017.

Net Pension Liability At June 30, 2017 the District's proportionate share of collective net pension liability reported by KPERS was \$ 16,876,651. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016.

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, 2016. 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 publically available on the website at www.kpers.org or can be obtained as described above.

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.

UNIFIED SCHOOL DISTRICT NO. 409
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NOTES TO FINANCIAL STATEMENTS

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, 2017, the statutory limit for the district was \$12,390,046 thus creating excess indebtedness of \$6,319,954. The outstanding bond principal represents 14.00% 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
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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	KPERS	K.S.A 72-6478	\$ 957,434
General Fund	Supplemental General Fund	K.S.A 72-6478	1,959,154
General Fund	Capital Outlay Fund	K.S.A 72-6478	82,759
General Fund	Special Education Fund	K.S.A 72-6478	2,015,453
General Fund	At -Risk K-12	K.S.A 72-6478	1,783,643
Supplemental General Fund	At Risk (4 year olds)	K.S.A 72-6478	66,930
Supplemental General Fund	Special Education Fund	K.S.A 72-6478	785,422
Supplemental General Fund	Vocational Education Fund	K.S.A 72-6478	292,332
Supplemental General Fund	Parent Education Fund	K.S.A 72-6478	17,300
Supplemental General Fund	At Risk K-12	K.S.A 72-6478	1,773,210

NOTE 12 – Subsequent Events

Subsequent events for management's review have been evaluated through November 15, 2017. 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 13 - Long Term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2017 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
General Obligation Bonds										
Series 2011-B	3.00%	12/15/11	6,145,000	9/1/22	\$ 6,080,000	\$	\$ 0	\$ 0	\$ 6,080,000	\$ 182,400
Series 2013-A	3.00%	9/1/13	13,625,000	9/1/31	13,015,000		1,190,000	(1,190,000)	11,825,000	408,019
Series 2013-B	3.00%	3/1/14	980,000	9/1/34	840,000		35,000	(35,000)	805,000	32,196
Leases										
Computer Equipment	2.12%	5/5/16	475,144	5/5/19	358,276		117,886	(117,886)	240,390	4,657
Total Long Term Debt					<u>\$ 20,293,276</u>	<u>\$ 0</u>	<u>\$ 1,342,886</u>	<u>\$ (1,342,886)</u>	<u>\$ 18,950,390</u>	<u>\$ 627,272</u>
Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:										
		2018	2019	2020	2021	2022	2023-2027	2028-2032	2033-2035	Total
Principal										
General Obligation Bonds		\$ 1,340,000	\$ 1,250,000	\$ 1,420,000	\$ 1,345,000	\$ 1,430,000	\$ 6,655,000	\$ 5,045,000	\$ 225,000	\$ 18,710,000
Special Assessment Bonds										-
Certificates of Participation										-
Capital Leases		119,419	120,971							240,390
Revenue Bonds										-
KDHE Loans										-
Temporary Notes										-
Total Principal		<u>1,459,419</u>	<u>1,370,971</u>	<u>1,420,000</u>	<u>1,345,000</u>	<u>1,430,000</u>	<u>6,655,000</u>	<u>5,045,000</u>	<u>225,000</u>	<u>18,950,390</u>
Interest										
General Obligation Bonds		584,316	545,466	505,416	463,941	422,316	1,456,885	390,911	15,863	4,385,114
Special Assessment Bonds										-
Certificates of Participation										-
Capital Leases		3,125	1,573							4,698
Revenue Bonds										-
KDHE Loans										-
Temporary Notes										-
Total Interest		<u>587,441</u>	<u>547,039</u>	<u>505,416</u>	<u>463,941</u>	<u>422,316</u>	<u>1,456,885</u>	<u>390,911</u>	<u>15,863</u>	<u>4,385,812</u>
Total Principal and Interest		<u>\$ 2,046,860</u>	<u>\$ 1,918,010</u>	<u>\$ 1,925,416</u>	<u>\$ 1,883,941</u>	<u>\$ 1,767,316</u>	<u>\$ 2,886,885</u>	<u>\$ 5,435,911</u>	<u>\$ 240,863</u>	<u>\$ 23,340,202</u>

Unified School District No. 409, Atchison Kansas

Regulatory-Required

Supplementary Information

For the year ended June 30, 2017

USD #409 ATCHISON, KANSAS

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

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	\$ 12,088,499	\$ (633,105)	\$ 49,258	\$ 11,504,652	\$ 11,504,652	\$ -
Supplemental General	3,578,462	0	0	3,578,462	3,578,462	0
Special Purpose Funds						
4-year old at risk	113,078	0	0	113,078	67,130	(45,948)
K-12 at risk	3,432,419	0	0	3,432,419	3,431,763	(656)
Bilingual Education	10,000	0	0	10,000	10,000	0
Capital outlay	3,337,990	0	0	3,337,990	767,773	(2,570,217)
Driver education	21,156	0	0	21,156	5,364	(15,792)
Food service	1,439,261	0	0	1,439,261	784,332	(654,929)
KPERS special retirement contribution	1,590,285	0	0	1,590,285	924,113	(666,172)
Professional development	96,962	0	0	96,962	45,820	(51,142)
Parent education	25,000	0	0	25,000	17,300	(7,700)
Special education	4,486,126	0	0	4,486,126	3,491,516	(994,610)
Vocational education	375,909	0	0	375,909	291,821	(84,088)
Gifts and grants	150,314	0	0	150,314	67,628	(82,686)
Bond and interest	1,867,615	0	0	1,867,615	1,847,615	(20,000)
Component Units						
Atchison Recreation Commission: General	417,456	0	0	417,456	403,045	(14,411)
Atchison Recreation Commission: Employee Benefit	85,000	0	0	85,000	79,312	(5,688)

USD #409 ATCHISON, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	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	11,377,932	12,088,499	(710,567)
Charges for services			-
Interest income	36		36
Miscellaneous revenues	126,684		126,684
Operating transfers			-
Total Cash Receipts	<u>11,504,652</u>	<u>12,088,499</u>	<u>(583,847)</u>
EXPENDITURES			
Instruction	3,426,105	3,171,504	254,601
Student support services	249,689	253,461	(3,772)
Instruction support staff	101,537	99,468	2,069
General administration	461,379	472,787	(11,408)
School administration	890,634	920,241	(29,607)
Operations and maintenance	1,630,104	1,673,675	(43,571)
Student transportation services	322,013	374,343	(52,330)
Central support services	84,736	79,073	5,663
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	4,338,454	5,043,947	(705,493)
Adjustment to comply with legal max		(633,105)	633,105
Adjustment for qualifying budget credits		49,258	(49,258)
Total Expenditures	<u>11,504,652</u>	<u>\$ 11,504,652</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, 2017

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,256,507	\$ 1,430,666	\$ (174,159)
Delinquent tax	49,536	24,831	24,705
Motor vehicle tax	176,564	152,590	23,974
RV tax	1,501	945	556
Commercial vehicle tax	2,591	3,887	(1,296)
Federal grants			-
State aid/grants	2,112,008	2,112,008	-
Charges for services			-
Interest income			-
Miscellaneous revenues	430		430
Operating transfers	1		1
	<u>3,599,137</u>	<u>3,724,927</u>	<u>(125,790)</u>
EXPENDITURES			
Instruction	195,799	194,413	1,386
Student support services			-
Instruction support staff	222,423	220,355	2,068
General administration			-
School administration	403,527	170,382	233,145
Operations and maintenance	66,150	66,150	(0)
Student transportation services			-
Central support services			-
Other support services			-
Food service operations			-
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers	2,690,564	2,927,162	(236,599)
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>3,578,462</u>	<u>\$ 3,578,462</u>	<u>\$ (0)</u>
Total Expenditures			
	<u>3,578,462</u>	<u>\$ 3,578,462</u>	<u>\$ (0)</u>
Receipts Over (Under) Expenditures	20,675		
Unencumbered Cash, Beginning	163,984		
Prior Year Cancelled Encumbrances	-		
	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 184,659</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, 2017

	<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	<u>67,130</u>	<u>74,512</u>	<u>(7,382)</u>
Total Cash Receipts	<u>67,130</u>	<u>74,512</u>	<u>(7,382)</u>
EXPENDITURES			
Instruction	67,130	113,078	(45,948)
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>67,130</u>	<u>\$ 113,078</u>	<u>\$ (45,948)</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	38,566		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 38,566</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, 2017

	Actual	Budget	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	3,329,706	3,084,838	244,868
Total Cash Receipts	3,329,706	3,084,838	244,868
EXPENDITURES			
Instruction	3,092,219	3,107,570	(15,351)
Student support services	132,765	122,657	10,108
Instruction support staff	87,815	84,996	2,819
General administration			-
School administration	118,396	116,482	1,914
Operations and maintenance	568	714	(146)
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	3,431,763	\$ 3,432,419	\$ (656)
Receipts Over (Under) Expenditures	(102,057)		
Unencumbered Cash, Beginning	347,581		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	\$ 245,524		

USD #409 ATCHISON, KANSAS
 BILINGUAL EDUCATION
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2017

	<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	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Cash Receipts	<u>10,000</u>	<u>10,000</u>	<u>-</u>
EXPENDITURES			
Instruction	10,000	10,000	-
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>10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	<u>-</u>		
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, 2017

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 397,382	\$ 365,245	\$ 32,137
Delinquent tax	10,062	6,629	3,433
Motor vehicle tax	41,077	40,740	337
RV tax	354	252	102
Commercial vehicle tax	556	1,037	(481)
Federal grants			-
State aid/grants	175,769	216,826	(41,057)
Charges for services			-
Interest income	49,030	30,000	19,030
Miscellaneous revenues	91,422		91,422
Operating transfers			-
Total Cash Receipts	<u>765,652</u>	<u>660,729</u>	<u>104,923</u>
EXPENDITURES			
Instruction	429,053	2,237,990	(1,808,937)
Student support services			-
Instruction support staff			-
General administration			-
School administration			-
Operations and maintenance	223,042	1,000,000	(776,958)
Student transportation services	115,678	100,000	15,678
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>767,773</u>	<u>\$ 3,337,990</u>	<u>\$ (2,570,217)</u>
Receipts Over (Under) Expenditures	(2,120)		
Unencumbered Cash, Beginning	2,609,258		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 2,607,138</u>		

USD #409 ATCHISON, KANSAS
 DRIVER TRAINING FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2017

	<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	5,120	3,600	1,520
Charges for services			-
Interest income			-
Miscellaneous revenues	5,112	12,000	(6,888)
Operating transfers			-
	<u>10,232</u>	<u>15,600</u>	<u>(5,368)</u>
Total Cash Receipts			
	<u>10,232</u>	<u>15,600</u>	<u>(5,368)</u>
EXPENDITURES			
Instruction	5,364	21,156	(15,792)
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>5,364</u>	<u>21,156</u>	<u>(15,792)</u>
Total Expenditures			
	<u>5,364</u>	<u>\$ 21,156</u>	<u>\$ (15,792)</u>
Receipts Over (Under) Expenditures	4,868		
Unencumbered Cash, Beginning	5,556		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>10,425</u>		

USD #409 ATCHISON, KANSAS
 FOOD SERVICE FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2017

	Actual	Budget	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	656,315	715,018	(58,703)
State aid/grants	8,326	9,002	(676)
Charges for services	168,845	362,921	(194,076)
Interest income	2,030		2,030
Miscellaneous revenues		50,000	(50,000)
Operating transfers			-
Total Cash Receipts	<u>835,516</u>	<u>1,136,941</u>	<u>(301,425)</u>
EXPENDITURES			
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	784,332	1,439,261	(654,929)
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>784,332</u>	<u>\$ 1,439,261</u>	<u>\$ (654,929)</u>
Receipts Over (Under) Expenditures	51,184		
Unencumbered Cash, Beginning	370,322		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 421,506</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, 2017

	Actual	Budget	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	924,113	1,590,285	(666,172)
Total Cash Receipts	924,113	1,590,285	(666,172)
EXPENDITURES			
Instruction	622,752	950,000	(327,248)
Student support services	49,840	185,285	(135,445)
Instruction support staff	29,065	70,000	(40,935)
General administration	35,161	65,000	(29,839)
School administration	71,468	125,000	(53,532)
Operations and maintenance	58,108	125,000	(66,892)
Student transportation services	15,781		15,781
Central support services	5,740	20,000	(14,260)
Other support services			-
Food service operations	36,198	50,000	(13,802)
Student activities			-
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	924,113	\$ 1,590,285	\$ (666,172)
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	-		
Prior Year Cancelled Encumbrances	-		
Unencumbered Cash, Ending	\$ 0		

USD #409 ATCHISON, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	Actual	Budget	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			-
	_____	_____	_____
Total Cash Receipts	-	-	-
EXPENDITURES			
Instruction			-
Student support services			-
Instruction support staff	45,820	96,962	(51,142)
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	45,820	\$ 96,962	\$ (51,142)
Receipts Over (Under) Expenditures	(45,820)		
Unencumbered Cash, Beginning	96,962		
Prior Year Cancelled Encumbrances	-		

Unencumbered Cash, Ending	\$ 51,141		

USD #409 ATCHISON, KANSAS
PARENT EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2017

	<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	<u>17,300</u>	<u>25,000</u>	<u>(7,700)</u>
Total Cash Receipts	<u>17,300</u>	<u>25,000</u>	<u>(7,700)</u>
EXPENDITURES			
Instruction			-
Student support services	17,300	25,000	(7,700)
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>17,300</u>	<u>\$ 25,000</u>	<u>\$ (7,700)</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, 2017

	<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	631,186	628,664	2,522
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues	42,874		42,874
Operating transfers	<u>2,389,648</u>	<u>2,888,752</u>	<u>(499,105)</u>
Total Cash Receipts	<u>3,063,707</u>	<u>3,517,416</u>	<u>(453,709)</u>
EXPENDITURES			
Instruction	2,478,635	3,546,282	(1,067,647)
Student support services	510,367	468,972	41,395
Instruction support staff			-
General administration	141,978	142,573	(595)
School administration			-
Operations and maintenance			-
Student transportation services	360,536	328,299	32,237
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>3,491,516</u>	<u>\$ 4,486,126</u>	<u>\$ (994,610)</u>
Receipts Over (Under) Expenditures	(427,808)		
Unencumbered Cash, Beginning	968,710		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 540,902</u>		

USD #409 ATCHISON, KANSAS
 VOCATIONAL EDUCATION FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2017

	<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	<u>291,120</u>	<u>297,722</u>	<u>(6,602)</u>
Total Cash Receipts	<u>291,120</u>	<u>297,722</u>	<u>(6,602)</u>
EXPENDITURES			
Instruction	291,821	375,909	(84,088)
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>291,821</u>	<u>\$ 375,909</u>	<u>\$ (84,088)</u>
Receipts Over (Under) Expenditures	(701)		
Unencumbered Cash, Beginning	78,187		
Prior Year Cancelled Encumbrances	<u>-</u>		
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, 2017

	<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	62,519	75,000	(12,481)
Operating transfers			-
	<u>62,519</u>	<u>75,000</u>	<u>(12,481)</u>
Total Cash Receipts	<u>62,519</u>	<u>75,000</u>	<u>(12,481)</u>
EXPENDITURES			
Instruction	67,628	150,314	(82,686)
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>67,628</u>	<u>150,314</u>	<u>(82,686)</u>
Total Expenditures	<u>67,628</u>	<u>\$ 150,314</u>	<u>\$ (82,686)</u>
Receipts Over (Under) Expenditures	(5,110)		
Unencumbered Cash, Beginning	75,314		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	\$ <u>70,204</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, 2017

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 244,368	\$ 209,920	\$ 34,448
Delinquent tax	6,914	3,817	3,097
Motor vehicle tax	25,579	23,403	2,176
RV tax	203	145	58
Commercial vehicle tax		596	(596)
Federal grants			-
State aid/grants			-
Charges for services	111,855	75,000	36,855
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
Total Cash Receipts	<u>388,919</u>	<u>312,881</u>	<u>76,038</u>
EXPENDITURES			
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	403,045	417,456	(14,411)
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>403,045</u>	<u>\$ 417,456</u>	<u>\$ (14,411)</u>
Receipts Over (Under) Expenditures	(14,126)		
Unencumbered Cash, Beginning	218,924		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 204,798</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, 2017

	Actual	Budget	Variance- Over (Under)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 73,491	\$ 62,965	\$ 10,526
Delinquent tax	1,828	993	835
Motor vehicle tax	7,299	6,087	1,212
RV tax	57	37	20
Commercial vehicle tax		155	(155)
Federal grants			-
State aid/grants			-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
Total Cash Receipts	<u>82,675</u>	<u>70,237</u>	<u>12,438</u>
EXPENDITURES			
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	79,312	85,000	(5,688)
Facility acquisition and construction services			-
Debt service			-
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
Total Expenditures	<u>79,312</u>	<u>\$ 85,000</u>	<u>\$ (5,688)</u>
Receipts Over (Under) Expenditures	3,363		
Unencumbered Cash, Beginning	40,681		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 44,044</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, 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Over (Under)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,098,356	\$ 1,007,209	\$ 91,147
Delinquent tax	35,626	17,479	18,147
Motor vehicle tax	132,362	107,415	24,947
RV tax	1,118	666	452
Commercial vehicle tax	2,007	2,736	(729)
Federal grants			-
State aid/grants	905,331	905,331	-
Charges for services			-
Interest income			-
Miscellaneous revenues			-
Operating transfers			-
	<u>2,174,800</u>	<u>2,040,836</u>	<u>133,964</u>
Total Cash Receipts			
	<u>2,174,800</u>	<u>2,040,836</u>	<u>133,964</u>
EXPENDITURES			
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	1,847,615	1,867,615	(20,000)
Operating transfers			-
Adjustment to comply with legal max			-
Adjustment for qualifying budget credits			-
	<u>1,847,615</u>	<u>1,867,615</u>	<u>(20,000)</u>
Total Expenditures			
	<u>1,847,615</u>	<u>\$ 1,867,615</u>	<u>\$ (20,000)</u>
Receipts Over (Under) Expenditures	327,185		
Unencumbered Cash, Beginning	1,815,773		
Prior Year Cancelled Encumbrances	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 2,142,958</u>		

USD #409 ATCHISON, KANSAS
 ANY NONBUDGETED FUNDS
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2017

	<u>Textbook</u>	<u>Contingency Reserve</u>	<u>Title I</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax		\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			484,951
State aid/grants			
Charges for services	102,350		
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u> </u>	<u> </u>	<u> </u>
Total Cash Receipts	<u>102,350</u>	<u>-</u>	<u>484,951</u>
EXPENDITURES			
Instruction	186,788		460,096
Student support services			
Instruction support staff	400		
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			
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>187,188</u>	<u>-</u>	<u>460,096</u>
Receipts Over (Under) Expenditures	(84,838)	-	24,855
Unencumbered Cash, Beginning	379,107	1,069,630	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>294,269</u></u>	<u><u>\$ 1,069,630</u></u>	<u><u>\$ 24,855</u></u>

USD #409 ATCHISON, KANSAS
 ANY NONBUDGETED FUNDS
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2017

	<u>Carl Perkins</u>	<u>Title IIA</u>
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$ -	\$ -
Delinquent tax	-	
Motor vehicle tax	-	
RV tax	-	
Mineral production tax		
Federal grants	19,661	103,871
State aid/grants	-	
Charges for services		
Interest income	-	
Miscellaneous revenues	-	
Operating transfers	-	
	<u>19,661</u>	<u>103,871</u>
Total Cash Receipts		
	<u>19,661</u>	<u>103,871</u>
EXPENDITURES		
Instruction	19,822	103,871
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 for qualifying budget credits		
	<u>19,822</u>	<u>103,871</u>
Total Expenditures		
	<u>19,822</u>	<u>103,871</u>
Receipts Over (Under) Expenditures	(161)	-
Unencumbered Cash, Beginning	1,510	-
Prior Year Cancelled Encumbrances	-	-
	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	\$ <u><u>1,349</u></u>	\$ <u><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, 2017

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	\$ 1,564	\$	5,674	7,045	193	\$	193
Atchison High School	14,014		89,013	90,481	12,546		12,546
Total gate receipts	<u>\$ 15,586</u>	<u>\$</u>	<u>94,687</u>	<u>\$ 97,526</u>	<u>\$ 12,748</u>	<u>\$</u>	<u>\$ 12,748</u>
District Activity Funds							
Atchison High School	5,673		1,868	2,033	5,508		5,508
Art-instructional	146		-	-	146		146
A+ program	1,406		-	-	1,406		1,406
Business	282		2,392	2,444	231		231
Counseling	-		45	-	45		45
Drama Club	2,283		10,178	11,188	1,273		1,273
Drama	-		10,770	5,380	5,390		5,390
Driver education	5,175		2,292	-	7,467		7,467
English	539		304	735	108		108
Faculty lounge	13		-	-	13		13
Food service miscellaneous	392		1,685	1,471	606		606
Forensics	305		3,862	3,699	468		468
Industrial arts-wood	1,285		531	1,192	624		624
Library	12,015		2,365	648	13,732		13,732
Math	325		10,515	5,579	5,261		5,261
Music-instrumental	9,147		17,120	13,745	12,522		12,522
Music-Vocal	1,193		2,137	2,353	977		977
Large Group Music Festival	258		-	-	258		258
Newspaper-Optimist	175		8,037	8,047	165		165
Participation	-		500	500	-		-
Petty Cash	100		647	407	340		340
Positive behavior system	170		1,068	896	342		342
Redman restaurant	238		1,199	1,072	365		365
Robotics	7,662		1,446	2,584	6,524		6,524
Science	567		5,078	3,310	2,335		2,335
Social science	2,363		5,072	7,435	-		-
Technology	2,560		8,768	11,328	-		-
Textbook	1		4,707	4,600	108		108
Yearbook							
Subtotal Atchison High School	<u>54,273</u>	<u>-</u>	<u>102,586</u>	<u>90,646</u>	<u>66,214</u>	<u>-</u>	<u>66,214</u>

USD #409 ATCHISON, KANSAS
DISTRICT ACTIVITY FUNDS
Schedule of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2017

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							
Admissions	\$ -	\$ -			\$ -	\$ -	-
All school fundraiser	1,632		21	1,310	343		343
Art	3,444		1,419	2,211	2,652		2,652
AMS Memory Book	2,070		1,593	1,446	2,217		2,217
AMS Reward	32		4,574	4,606	-		-
Faculty lounge	1,050		1,274	1,585	739		739
Honor choir	394		6,085	4,874	1,605		1,605
Instrumental fundraiser	13		691	687	17		17
Instrumental reimbursable	-				-		-
Library	646		2,379	2,454	571		571
Participation	-		3,870	3,210	660		660
Petty cash	500		500	2	998		998
Sped life skills	267		-	96	171		171
Staff development	49		-	-	49		49
Technology fee	141		810	436	515		515
Subtotal Atchison Middle School	10,238	-	23,216	22,917	10,537	-	10,537
Atchison Elementary School							
Atchison Singers	909		2,594	2,800	703		703
Behavior award	-		100		100		100
Book fair	1,449		7,148	7,348	1,249		1,249
Community Club for staff	6,597		2,326	6,171	2,752		2,752
Community Club field trip	1,782		5,659	7,100	341		341
Petty Cash	165			164	1		1
General	1,406		27,709	28,115	1,000		1,000
Library	529			204	325		325
Pencil & Paper	333			176	157		157
Pond	461			28	433		433
Success For All	591		417	159	849		849
Technology	2,062			2,062	-		-
Textbook	3,261		4,373	7,634	-		-
Subtotal Atchison Elementary School	19,545	-	50,326	61,961	7,910	-	7,910
Total District Activity Funds	\$ 99,642	\$ -	\$ 270,815	\$ 273,050	\$ 97,408	\$ -	\$ 97,408

USD #409 ATCHISON, KANSAS
 AGENCY FUNDS
 Summary of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended June 30, 2017

<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>58,878</u>	\$ <u>91,228</u>	<u>85,584</u>	<u>64,522</u>
Atchison High School				
Arts Club	3,990	-	480	3,510
Cheerleaders	4,419	11,041	10,532	4,928
Graduated Students	79	10	88	1
Senior class	1,589	733	598	1,724
Junior class	1,673	3,760	4,684	749
Sophomore class	557	1,897	649	1,805
Freshman class	110	882	414	578
DECA club	8,137	10,878	12,077	6,938
Student Ambassadors	3,643	4,035	4,547	3,131
Kayettes	-	-	-	-
National Honor Society	583	2,552	2,696	439
Newspaper	448	-	-	448
FCCLA	745	2,260	1,280	1,725
Sash	1,406	11,986	11,877	1,515
FACS	12	520	402	130
SAFE	-	-	-	-
Sales Tax	351	3,908	3,869	390
Spanish Club	41	-	-	41
Student Council	206	1,008	954	260
RADD	86	900	70	916
YoDVD	<u>1,738</u>	<u>699</u>	<u>1,550</u>	<u>887</u>
Subtotal Atchison High School	<u>29,813</u>	<u>57,069</u>	<u>56,767</u>	<u>30,115</u>
Atchison Alternative School				
Activities	<u>828</u>	<u>1,575</u>	<u>1,476</u>	<u>927</u>
Subtotal Atchison Alternative School	<u>828</u>	<u>1,575</u>	<u>1,476</u>	<u>927</u>

USD #409 ATCHISON, KANSAS
 AGENCY FUNDS
 Summary of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended June 30, 2017

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Atchison Middle School				
6th Grade Fundrais	\$ 230	\$ 3,035	2,725	\$ 540
7th Grade Fundraiser	628	1,360	601	1,387
8th Grade Fundraiser	-	4,409	61	4,348
Activity Fundraiser	579	-	-	579
Athletic Fundraiser	160	-	150	10
Kay Club	-	324		324
Lion's Club	2,379	5,002	3,318	4,063
Laminating film	1,007	903	1,366	544
Project Move	205	-	10	195
Science Olympiad	355	176	336	195
Spirit Squad	-	326	312	14
Sales Tax	316	596	556	356
iPad repair	-	214		214
Food Service AlaCarte	1,234	210	-	1,444
Misc. Food Service	176	-	-	176
Principals Account	138	1,033	376	795
Lockers	384	-	-	384
Student Activity	852	4,434	4,169	1,117
T Enrollment	388	6,070	1,454	5,004
T Replacement	-	32	32	-
BB Tourney	1,472	-	783	689
Camera:Memory Book	44	-	-	44
Student Council	2,833	1,017	1,430	2,420
Subtotal Atchison Middle School	13,380	29,141	17,679	24,842
Atchison Elementary School				
Student Council	3,162	1,162	1,656	2,668
Gift Fund	166		166	-
Charlie Fund	1,402	-	-	1,402
Sales Tax	1,307	-	-	1,307
Subtotal Atchison Elementary School	6,037	1,162	1,822	5,377
Total	\$ 108,936	\$ 180,175	\$ 163,328	\$ 125,783

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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, 2017, 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 15, 2017.

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.

A handwritten signature in cursive script that reads "Karlin & Long, LLC".

Karlin & Long, LLC
Certified Public Accountants

November 15, 2017

...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 Unified 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 Unified School District No. 409's major federal programs for the year ended June 30, 2017. Unified 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 Unified 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 Unified 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 Unified School District No. 409's compliance.

Opinion on Each Major Federal Program

In our opinion, Unified 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, 2017.

10115 Cherry Lane
Lenexa, Kansas 66220
(913) 829-7676

2200 Kentucky Avenue
Platte City, Missouri 64079
(816) 858-3791

901 Kentucky Street, Suite 104
Lawrence, Kansas 66044
(785) 312-9091

Report on Internal Control over Compliance

Management of Unified 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 Unified 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 Unified 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 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
Certified Public Accountants

November 15, 2017

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/>			
U.S. Department of Education			
Passed through State Department of Education			
Special Education Cluster:			
Title I	84.010	*	\$ 484,951
EHC Flo-Thru	84.027	*	484,169
Program Improvement	84.048	*	19,661
EC Flo-Thru	84.173	*	22,430
Rural Low Income Schools	84.358	*	32,189
Title II - Teacher Quality	84.367	*	103,871
Total Department of Education Cluster			<u>1,147,271</u>
<hr/>			
U.S. Department of Agriculture			
Passed through State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	*	148,871
National School Lunch Program	10.555	*	485,825
SFS - Food	10.559	*	21,620
Federal School Food Service	10.560	*	50
Team Nutrition Training	10.574	*	1,375
Total Child Nutrition Cluster			<u>657,741</u>
Total Department of Agriculture Cluster			<u>657,741</u>
Total Federal Assistance			<u><u>\$ 1,805,012</u></u>

* Not available

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

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. 10.555
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

No findings of noncompliance or questioned costs were noted.

UNFIED SCHOOL DISTRICT NO. 409
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

2016-001 Financial Reporting

None

UNIFIED SCHOOL DISTRICT No. 409
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

2017-001 Financial Reporting

None

UNIFIED SCHOOL DISTRICT NO. 409
Atchison, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2017

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, 2017. 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 Principles, 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, 2017

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.