**UNIFIED SCHOOL DISTRICT NUMBER 368**
Paola, Kansas

FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2026

**UNIFIED SCHOOL DISTRICT NUMBER 368**

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Year ended June 30, 2026


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## INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 368

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District Number 368 of Paola, Kansas, as of and for the year ended June 30, 2026 and the related notes to the financial statement.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***
In our opinion, because of the significance of the matter discussed in the "Matters Giving Rise of 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 Unified School District Number 368 as of June 30, 2026, 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 balances of the Unified School District Number 368 as of June 30, 2026, 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 C.

***Basis for Adverse and Unmodified Opinions***
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide.* Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Unified School District Number 368 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

***Matters Giving Rise for Adverse Opinion on U.S. Generally Accepted Accounting Principles***
As described in Note C of the financial statement, the financial statement is prepared by Unified School District Number 368 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 C and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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 C to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt Unified School District Number 368 ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibility for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about where the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

**In performing an audit in accordance with GAAS, we:**

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
3. Obtain an understanding of internal control relevant to the audit 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 Unified School District Number 368's internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimate made by management, as well as evaluate the overall presentation of the financial statement.
5. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Unified School District Number 368 ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain control-related matters that we identified during the audit.

**Other Matters**

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures - agency funds, schedule of regulatory basis receipts and expenditures - district activity funds and schedule of regulatory basis receipts and expenditures - endowment (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for 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 accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by *Title 2 U.S. code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the 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 C.

***Other reporting required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2026 on our consideration of Unified School District Number 368's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District Number 368's internal control over financial reporting and compliance.

***Prior Year Comparative***

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Unified School District Number 368 as of and for the year ended June 30, 2025 (not presented herein), and have issued our report dated September 24, 2025, which contained an unmodified opinion on the basic financial statement. The 2025 basic financial statements and accompanying report are not presented herein, but available in electronic form from the web site of the Kansas Department of Administration at the following link http//www.admin.ks.gov/offices//chief-financial-officer/municipal-servidces. The 2025 actual column (2026 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2026 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2025 comparative information is the responsibility of management and was dèrived from and relates directly to the underlying accounting and other records used to prepare the 2025 basic financial statement. The 2025 comparative information was subjected to the auditing procedures applied in the audit of the 2025 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 2025 basic financial statement or to the basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2025 comparative information is fairly stated in all material respects in relation to the 2025 basic financial statement as a whole, on the basis of accounting described in Note C.

Harold K. Mayes Jr.

Harold K Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Ks. 66067
September 10, 2026

**Unified School District Number 368**
**Paola, Kansas**

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
For the Year Ended June 30, 2026

| | Beginning Unencumbered Cash and Investments | Prior Year Cancelled Encumbrances | Receipts | Expenditures |
|---|---|---|---|---|
| **Governmental Type Funds** | | | | |
| **General Funds** | | | | |
| General | $ 0 | $ 0 | $ 14,970,747 | $ 14,970,747 |
| Supplemental General | 563,566 | 0 | 5,047,904 | 4,945,213 |
| **Special Purpose Funds** | | | | |
| Adult Supplementary Education | 27,005 | 0 | 1,178 | 25,886 |
| At Risk | 636,694 | 0 | 2,714,303 | 2,720,900 |
| Bilingual Education | 29,035 | 0 | 7,912 | 6,033 |
| Virtual Education | 324,624 | 0 | 0 | 93,659 |
| Capital Outlay | 4,887,930 | 0 | 2,787,899 | 2,428,414 |
| Driver Training | 79,155 | 0 | 32,485 | 34,141 |
| Food Service | 309,457 | 0 | 983,088 | 1,064,393 |
| Professional Development | 75,003 | 0 | 120,056 | 120,059 |
| Parent Education Program | 102,761 | 0 | 624,321 | 532,759 |
| Special Education | 2,652,442 | 0 | 3,833,722 | 3,571,544 |
| Career and Postsecondary Education | 791,200 | 0 | 705,286 | 727,271 |
| Kansas Public Retirement System | 0 | 0 | 3,317,084 | 3,317,084 |
| Special Assessment | 26,438 | 0 | 1 | 0 |
| Coop Special Education | 2,085,379 | 0 | 18,103,344 | 19,201,690 |
| Title I | 0 | 0 | 323,218 | 323,218 |
| Title II A-Teacher Quality Improve | 0 | 0 | 39,123 | 39,123 |
| Contingency Reserve | 1,100,000 | 0 | 0 | 0 |
| Student Material Revolving | 661,535 | 0 | 358,034 | 353,830 |
| Gate Receipts and User Charges | 20,178 | 0 | 319,877 | 323,449 |
| **Bond & Interest Funds** | | | | |
| Bond and Interest | 5,311,380 | 0 | 275,758 | 4,397,307 |
| **Business Type Funds** | | | | |
| Health Insurance | 1,494,895 | 0 | 3,498,363 | 4,380,673 |
| **Trust Type Funds** | | | | |
| **Expendable Trust Funds** | | | | |
| Scholarship and Other Trusts | 369,519 | 0 | 89,710 | 126,512 |
| **Nonexpendable Trust Funds** | | | | |
| Scholarship | 258,094 | 0 | 10,981 | 10,981 |
| **Related Municipal Entity** | | | | |
| Endowment Trusts | 3,799,033 | 0 | 1,204,295 | 736,028 |
| Total reporting entity (excluding agency funds) | $ 25,605,323 | $ 0 | $ 59,368,689 | $ 64,450,914 |

The accompanying notes are an integral part of this financial statement.

| Ending Unencumbered Cash and Investments | Add Encumbrances and Accounts Payable | Ending Cash and Investments | | |
|---|---|---|---|---|
| $ 0 | $ 1,132,102 | $ 1,132,102 | **Composition of ending cash** | |
| 666,257 | 495,411 | 1,161,668 | **and investments** | |
| | | | **Demand Deposits** | |
| 2,297 | 1,365 | 3,662 | First Option Bank | $ 16,554,594 |
| 630,097 | 37,002 | 667,099 | Security Bank of KC | 1,717,041 |
| 30,914 | 0 | 30,914 | Activity Fund Accounts | 293,223 |
| 230,965 | 0 | 230,965 | Great Southern Bank | 1,065 |
| 5,247,415 | 1,891,092 | 7,138,507 | **Time Deposits** | |
| 77,499 | 634 | 78,133 | Security Bank of KC | 2,000,000 |
| 228,152 | 0 | 228,152 | Security Bank of KC | 1,000,000 |
| 75,000 | 1,955 | 76,955 | Security Bank of KC | 1,000,000 |
| 194,323 | 53,079 | 247,402 | First Option Bank | 258,094 |
| 2,914,620 | 0 | 2,914,620 | First Option Bank | 10,000 |
| 769,215 | 59,979 | 829,194 | First Option Bank | 32,000 |
| 0 | 0 | 0 | First Option Bank | 15,400 |
| 26,439 | 0 | 26,439 | | 22,881,417 |
| 987,033 | 1,842,470 | 2,829,503 | Less Agency funds | |
| 0 | 60,290 | 60,290 | per Schedule 3 | (277,681) |
| 0 | 0 | 0 | | 22,603,736 |
| 1,100,000 | 0 | 1,100,000 | Investments | |
| 665,739 | 52,058 | 717,797 | Stocks and Bonds | |
| 16,606 | 0 | 16,606 | of Endowment Trust | 4,101,285 |
| 1,189,831 | 0 | 1,189,831 | Total cash and investments | $ 26,705,021 |
| 612,585 | 547,586 | 1,160,171 | | |
| 332,717 | 6,900 | 339,617 | | |
| 258,094 | 0 | 258,094 | | |
| 4,267,300 | 0 | 4,267,300 | | |
| $ 20,523,098 | $ 6,181,923 | $ 26,705,021 | | |

The accompanying notes are an integral part of this financial statement.

**Unified School District Number 368**
**Paola, Kansas**

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2026

## NOTE A. MUNICIPAL REPORTING ENTITY

Unified School District Number 368 is a municipal corporation governed by an elected seven-member board. This financial statement presents the Unified School District Number 368 (the municipality). The financial statement includes the municipality and a related municipal entity known as the Endowment.

The Unified School District Number 368 Endowment governing board is a volunteer group. The Endowment receives donations from the public and disburses these funds to eligible students from Paola High School.

## NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the District are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The District potential could have the following types of funds.

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

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

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

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

**Business Fund** – funds financed in whole or part by fees charged to users of goods or services (i.e. enterprise and internal service funds etc.).

**Trust Funds** – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

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

## NOTE C. BASIS OF ACCOUNTING

*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 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 assignments to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above.

Unified School District Number 368 has approved a resolution that it 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.

## NOTE D. 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. 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 on or before September 11th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before September 21st, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before October 1st.
5. Adopted budget filed with the county clerk by 5:00 PM on October 1st

If the District is holding a revenue neutral rate hearing, the public hearing shall be no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The District did not hold a revenue neutral rate hearing for this year.

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 budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison 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 revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust and agency finds, and the following special purpose funds:

| | |
|---|---|
| Title I | Title IIA |
| Contingency Reserve | Student Materials Revolving |
| Health Insurance | |

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

## NOTE E. STEWARDSHIPO, COMPLAINCE AND ACCOUNTABILITY

The district is not aware of any statute or compliance violations to disclose.

## NOTE F. DEPOSITS AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

**NOTE F. DEPOSITS AND INVESTMENTS - CONTINUED**

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 District or in an adjoining District if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. Effective January 1, 2026, K.S.A. 9-1402 authorizes financial institutions to secure deposits of public moneys of governmental units through the Kansas Collateral Pool (public moneys pooled method as defined by 2025 Senate Substitute for House Bill 2152). The District has no other policies that would further limit interest rate risk.

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

***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%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2026.

At June 30, 2026, the carrying amount of the District's bank deposits was $22,715,403 and the bank balance was $23,246,888. The bank balance was held by three banks reducing concentration risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $501,065 was covered by federal depository insurance and $22,745,823 was collateralized with securities held by the pledging financial institution's agents in the District's name.

The Unified School District Number 368 Endowment has bank deposits of $166,015 and the bank balance was $166,015. The difference between carrying amount and bank balance is outstanding checks and deposits. The balance was held by one bank which increases concentration risk. Of the bank balance $166,015 was covered by federal depository insurance.

***Custodial credit risk – investments***: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments be adequately secured.

*Concentration of credit risk* – Endowment investment policy places no limit on the amount the Endowment may invest in any one issuer. The Endowment had the following investments and maturities as of June 30, 2026. Fair value is based upon quoted market values:

| Investments - Endowment | | Fair | Investment Maturities | | Percent of | Rating |
|---|---|---|---|---|---|---|
| Investment Type | | Value | Less than 1 | 2 yrs or more | Investment | U.S. |
| Money market | $ | 6,832 | $ 6,832 | $ 0 | 0.002 | N/A |
| Bonds | | 1,722 | 1,722 | 0 | 0.000 | S&P A-1+ |
| Mutual funds | | 4,092,731 | 4,092,731 | 0 | 0.998 | S&P A-1+ |
| Total investments | | 4,101,285 | $ 4,101,285 | $ 0 | 1.000 | |
| Plus Cash Balance | | 166,015 | | | | |
| Total | $ | 4,267,300 | | | | |

## NOTE G. LONG-TERM DEBT

### General Long-Term Debt

Long-term obligations consisted of the following during the year:

| Issue | Interest Rates | Date of Issue | Amount of Issue | Date of Final Maturity |
|---|---|---|---|---|
| General Obligation Bonds: | | | | |
| Series 2014 | 2% to 5.00% | 06/05/14 | $ 18,225,000 | 09/01/28 |
| Series 2016 | 3%to 4% | 11/30/16 | 6,975,000 | 09/01/26 |
| Series 2017 | 3.00% | 03/30/17 | 4,710,000 | 09/01/26 |
| Copiers | 0.00% | 08/01/19 | 99,300 | 07/01/24 |
| Copiers - new | 0.00% | 08/01/24 | 89,284 | 07/01/29 |

Changes in long-term liabilities for the Unified School District Number 368 for the year ended June 30, 2026 were as follows:

| | Beginning Balance | Additions | Reductions/ Payments | Net Change | Ending Balance | Interest Paid |
|---|---|---|---|---|---|---|
| General Obligation Bonds: | | | | | | |
| Series 2014 | $ 165,000 | $ 0 | $ 165,000 | $ (165,000) | $ 0 | $ 3,331 |
| Series 2016 | 2,410,000 | 0 | 2,410,000 | (2,410,000) | 0 | 36,150 |
| Series 2017 | 1,755,000 | 0 | 1,755,000 | (1,755,000) | 0 | 26,325 |
| | $ 4,330,000 | $ 0 | $ 4,330,000 | $ (4,330,000) | $ 0 | $ 65,806 |
| Financing Leases | | | | | | |
| Copiers | $ 72,915 | $ 0 | $ 17,857 | $ (17,857) | $ 55,058 | $ 0 |
| Copiers Total | $ 72,915 | $ 0 | $ 17,857 | $ (17,857) | $ 55,058 | $ 0 |

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

| | 2027 | 2028 | 2029 | 2030 | 2031 | Total |
|---|---|---|---|---|---|---|
| Copier Payments | $ 17,857 | $ 17,857 | $ 17,856 | $ 1,488 | $ 0 | $ 55,058 |

The District is subject to the municipal finance laws of the State of Kansas which limits the net bonded debt (exclusive of revenue bonds and special assessment bonds) the District may have outstanding to 14% of the assessed value of all tangible taxable property within the District, as certified to the County Clerk on the preceding August 25. Additional authority may be granted by the Kansas State Board of Education. At June 30, 2026, the statutory limit for the District was $31,797,641. As of June 30, 2026, the District is under the debt margin by $31,797,641.

## NOTE H. INTERFUND TRANSFERS

Operating transfers were as follows:

| From | To | Statutory Authority | Amount |
|---|---|---|---|
| General Fund | Special Education | K.S.A. 72-5167 | $ 2,118,668 |
| General Fund | Career and Post Secondary | K.S.A. 72-5167 | 500,000 |
| General Fund | At-Risk (K-12) | K.S.A. 72-5167 | 2,123,297 |
| General Fund | Student Material Revolving | K.S.A. 72-5167 | 143,860 |
| Supplemental General Local Option | Professional Development | K.S.A. 72-5167 | 120,056 |
| Supplemental General Local Option | Parent Education | K.S.A. 72-5143 | 31,200 |
| Supplemental General Local Option | Special Education | K.S.A. 72-5143 | 1,560,774 |
| Supplemental General Local Option | Student Material Revolving | K.S.A. 72-5143 | 111,675 |
| Supplemental General Local Option | At-Risk (K-12) | K.S.A. 72-5143 | 591,006 |
| Supplemental General Local Option | Bilingual | K.S.A. 72-5143 | 7,912 |
| Supplemental General Local Option | Career and Post Secondary | K.S.A. 72-5167 | 150,000 |

## NOTE I. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

### Health Insurance

During the year ended June 30, 2026 employees of the District were covered by the District's medical self-insurance plan ("the plan"). The plan was established October 1, 2024. All District Employees, at their option, can authorize payroll withholdings to pay non-District provided contributions. Claims are paid by a third-party administrator acting on behalf of the District. The plan is documented by contractual agreement.

The administrative contract between the District and the third party administrator is renewable annually and stop-loss premiums are included in the contractual provisions. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer licensed or eligible to do business in Kansas in accordance with Kansas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding $120,000 per covered person and a maximum coverage of $1,000,000 per covered person.

### Other Post Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

### Flexible Benefit Plan (I.R.C. Section 125)

The District adopted by resolution a salary-reduction flexible benefit plan (Plan) under section 125 of the Internal Revenue Service Code. All employees of the District are eligible to participate in the plan beginning the first day of the month following their employment. Each participant may elect to reduce his or her salary to purchases benefits offered through the Plan. Currently, benefits offered through the Plan include health insurance, dependent care coverage and medical reimbursement.

## NOTE I. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS – CONTINUED

### Compensated Absences

The District's policy is to recognize the cost of compensated absences when actually paid. The District's policies regarding sick pay permits employees to accumulate sick leave of 12 days per year or one day per month for those employees whose contract is for 10, 11, or 12 months up to a total accumulation of 100 days. Upon retirement at age 62 (or at age 60 with at least 12 years of experience within the District), certified and classified personnel will be paid for the unused sick leave at the rate of $65 per day. The District's policy also requires reimbursement to staff of $65 per day for each day over the 100 days at the end of the school year.

The costs of accumulated sick leave are not recorded at the time the benefits are accrued. At June 30, 2026 the District paid sick leave pay for employees who will be 62 or older on or before June 30, 2026 or have accumulated in excess of 100 days in the amount of $25,737. The District has not estimated the dollar amount of accumulated sick leave pay for any other group of employees.

### Death and Disability Other Post Employment Benefits

As provided by K.S.A 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2026.

## NOTE J. DEFINED BENEFIT PENSION PLANS

*Plan description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A 74-4901, et. seq. Kansas Law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.gov or by writing to KPERS (611 South Kansas, Suite 100, 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 contribution rate at 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 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 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 11.60% and 11.54%, respectively, for the fiscal year ended June 30, 2025. The actuarially determined employer contribution rate and the statutory contribution rate was 11.78% and 11.68% for the fiscal year ended June 30, 2026.

The 2015 Legislature passed and the Governor approved Senate Bill 228 authorizing the issuance of $1.0 billion in pension obligation bonds to fund a portion of the School-Group's unfunded actuarial liability. The bonds were successfully issued in August of 2015 and the proceeds transferred to the System.

**NOTE J. DEFINED BENEFIT PENSION PLANS – continued**

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue pension obligation bonds, series 2021K, net proceeds of $500 million to fund a portion of the School-Group's unfunded actuarial liability. The bonds proceeds were received by KPERS on August 26, 2021.

The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million paid off outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019 while the remaining $871.1 million was applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred in May/June 2022.

In addition, Senate Bill 421 authorizes two additional transfers in Fiscal Year 2023 which totaled $271.1 million. The first transfer of $146.1 million was received on August 1, 2022. The second transfer of $125 million was received on December 1, 2022.

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 $3,317,084 for the year ended June 30, 2026.

Net Pension Liability

At June 30, 2026, the District's proportionate share of the collective net pension liability reported by KPERS was $39,241,742. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. 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 nonemployer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2025. Since the 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 KPERS collective net pension liability to all participating employers are publically available on the website at www.kpers.gov or can be obtained as described above.

**NOTE K. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

**NOTE L. OTHER INFORMATION**

**Reimbursed Expenses**

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as revenue in the same fund. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

**Ad valorem tax revenues**

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations

**NOTE L. OTHER INFORMATION - continued**

and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the District by January 20. The second half is due May 10 and distributed to the District by June 5. The District Treasurer draws other available funds from the County Treasurer at designated times throughout the year.

**Contingencies**

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the District at June 30, 2026.

**NOTE M. SUBSEQUENT EVENTS**

*Subsequent Events:* The District evaluated subsequent events through September 10, 2026, the date the financial statement was available to be issued. No material subsequent events were noted.

**Required Regulatory Basis**
**Supplementary Information**

**Unified School District Number 368**
**Paola, Kansas**

SUMMARY OF EXPENDITURES-ACTUAL AND BUDGET
BUDGETED FUNDS
For the Year Ended June 30, 2026

| | Certified Budget | Adjustment to Comply with Legal Max |
|---|---|---|
| **General Funds** | | |
| General Fund | $ 16,702,677 | $ (1,757,030) |
| Supplemental General Local Option | 5,470,740 | (525,527) |
| **Special Purpose Funds** | | |
| Adult Supplementary Education | 50,505 | 0 |
| At risk | 2,941,722 | 0 |
| Bilingual Education | 39,429 | 0 |
| Virtual Education | 642,624 | 0 |
| Capital Outlay | 6,555,943 | 0 |
| Driver Training | 121,655 | 0 |
| Food Service | 1,387,132 | 0 |
| Professional Development | 134,743 | 0 |
| Parent Education Program | 673,793 | 0 |
| Special Education | 4,690,326 | 0 |
| Career & Postsecondary Education | 1,401,100 | 0 |
| Kansas Public Retirement System | 3,937,403 | 0 |
| Special Assessment | 26,438 | 0 |
| Co-op Special Education | 21,524,912 | 0 |
| **Bond & Interest Funds** | | |
| Bond and Interest | 4,429,862 | 0 |

See Independent Auditor's Report.

Schedule 1

| Adjustment for Qualifying Budget Credits | Total Budget for Comparison | Expenditures Chargeable to Current Year | Variance - Over (Under) |
|---|---|---|---|
| $ 25,100 | $ 14,970,747 | $ 14,970,747 | $ 0 |
| 0 | 4,945,213 | 4,945,213 | 0 |
| 0 | 50,505 | 25,886 | (24,619) |
| 0 | 2,941,722 | 2,720,900 | (220,822) |
| 0 | 39,429 | 6,033 | (33,396) |
| 0 | 642,624 | 93,659 | (548,965) |
| 0 | 6,555,943 | 2,428,414 | (4,127,529) |
| 0 | 121,655 | 34,141 | (87,514) |
| 0 | 1,387,132 | 1,064,393 | (322,739) |
| 0 | 134,743 | 120,059 | (14,684) |
| 0 | 673,793 | 532,759 | (141,034) |
| 0 | 4,690,326 | 3,571,544 | (1,118,782) |
| 0 | 1,401,100 | 727,271 | (673,829) |
| 0 | 3,937,403 | 3,317,084 | (620,319) |
| 0 | 26,438 | 0 | (26,438) |
| 0 | 21,524,912 | 19,201,690 | (2,323,222) |
| 0 | 4,429,862 | 4,397,307 | (32,555) |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | 2025 Actual | 2026 Actual | 2026 Budget | 2026 Variance Over (Under) |
|---|---|---|---|---|
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Reimbursed Expenses | $ 26,434 | $ 25,100 | $ 0 | $ 25,100 |
| Mineral Production Tax | 0 | 143 | 0 | 143 |
| **State Sources** | | | | |
| General Fund Equalization Aid | 12,520,575 | 12,831,330 | 13,673,344 | (842,014) |
| Special Education Equalization Aid | 1,986,530 | 2,114,174 | 3,029,333 | (915,159) |
| Total Cash Receipts | 14,533,539 | 14,970,747 | $ 16,702,677 | $ (1,731,930) |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Salaries | 4,927,547 | 4,453,744 | $ 5,329,534 | $ (875,790) |
| Employee Benefits | 970,176 | 994,743 | 1,224,700 | (229,957) |
| Supplies | 75,908 | 73,857 | 232,090 | (158,233) |
| Student Activities | 88,939 | 101,012 | 92,935 | 8,077 |
| Other | 132,763 | 126,539 | 0 | 126,539 |
| **Student Support Services** | | | | |
| Salaries | 354,538 | 413,405 | 410,000 | 3,405 |
| Employee Benefits | 60,734 | 74,094 | 77,850 | (3,756) |
| Supplies | 6,535 | 4,389 | 3,500 | 889 |
| **Instruction Support Staff** | | | | |
| Salaries | 353,832 | 357,151 | 397,000 | (39,849) |
| Employee Benefits | 39,066 | 51,624 | 51,850 | (226) |
| Supplies | 5,659 | 6,128 | 11,326 | (5,198) |
| **General Administration** | | | | |
| Salaries | 555,213 | 540,669 | 560,000 | (19,331) |
| Employee Benefits | 79,881 | 79,912 | 98,000 | (18,088) |
| Purchased Professional Services | 19,295 | 12,431 | 25,000 | (12,569) |
| Other | 53,125 | 57,072 | 56,000 | 1,072 |
| **School Administration** | | | | |
| Salaries | 966,033 | 992,814 | 1,043,000 | (50,186) |
| Employee Benefits | 194,110 | 184,587 | 218,750 | (34,163) |
| **Central Services** | | | | |
| Salaries | 284,809 | 150,527 | 300,000 | (149,473) |
| Employee Benefits | 22,259 | 47,259 | 25,300 | 21,959 |
| **Operations and Maintenance** | | | | |
| Salaries | 515,335 | 551,036 | 565,000 | (13,964) |
| Employee Benefits | 112,698 | 122,941 | 138,300 | (15,359) |
| **Other Purchased Services** | | | | |
| Contracting of Bus Service | 679,497 | 688,988 | 720,000 | (31,012) |

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | 2025 Actual | 2026 Actual | 2026 Budget | 2026 Variance Over (Under) |
|---|---|---|---|---|
| **Expenditures (continued)** | | | | |
| **Operating Transfers** | | | | |
| Special Education | $ 1,986,530 | $ 2,118,668 | $ 3,029,333 | $ (910,665) |
| Professional Development | 43,502 | 0 | 7,500 | (7,500) |
| Career and Post Secondary | 244,161 | 500,000 | 0 | 500,000 |
| Student Material Revolving | 19,929 | 143,860 | 0 | 143,860 |
| At Risk (K-12) | 1,551,015 | 2,123,297 | 1,777,709 | 345,588 |
| Bilingual | 22,050 | 0 | 0 | 0 |
| Virtual Education | 90,500 | 0 | 308,000 | (308,000) |
| Health Fund | 77,900 | 0 | 0 | 0 |
| **Adjustment to Comply with Legal Maximum** | 0 | | (1,757,030) | 1,757,030 |
| **Legal Fund Budget & Expenditures** | 14,533,539 | 14,970,747 | 14,945,647 | 25,100 |
| **Adjustments for Qualifying Budget Credits** | 0 | 0 | 25,100 | (25,100) |
| Total Expenditures | 14,533,539 | 14,970,747 | $ 14,970,747 | $ 0 |
| Receipts Over (Under) Expenditures | 0 | 0 | | |
| Unencumbered Cash (Deficit), July 1, | 0 | 0 | | |
| Unencumbered Cash (Deficit), June 30, | $ 0 | $ 0 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Ad Valorem Property | $ 3,526,008 | $ 3,755,351 | $ 3,978,847 | $ (223,496) |
| Delinquent | 45,229 | 55,414 | 38,314 | 17,100 |
| **County Sources** | | | | |
| Motor Vehicle | 236,807 | 313,223 | 261,097 | 52,126 |
| Recreational Vehicle Tax | 7,145 | 9,217 | 8,074 | 1,143 |
| Commercial Vehicle Tax | 14,289 | 17,568 | 13,327 | 4,241 |
| **State Sources** | | | | |
| Supplemental State Aid | 1,146,529 | 881,731 | 975,433 | (93,702) |
| **Other Revenues** | | | | |
| Reimbursements | 0 | 15,400 | 0 | 15,400 |
| Total Cash Receipts | 4,976,007 | 5,047,904 | $ 5,275,092 | $ (227,188) |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Supplies | 108,059 | 77,251 | $ 140,000 | $ (62,749) |
| Student Activities | 24,697 | 26,481 | 0 | 26,481 |
| Equipment | 7,522 | 13,001 | 16,100 | (3,099) |
| Other | 0 | 0 | 25,000 | (25,000) |
| **General Administration** | | | | |
| Purchased Property Services | 193,097 | 132,033 | 200,000 | (67,967) |
| Other Purchased Services | 477,505 | 490,478 | 585,000 | (94,522) |
| Other Expense | 16 | 0 | 0 | 0 |
| **Central Services** | | | | |
| Other Purchased Services | 141,749 | 166,361 | 80,000 | 86,361 |
| Supplies | 509 | (988) | 5,000 | (5,988) |
| Property | 27,080 | 22,175 | 25,000 | (2,825) |
| **Operations and Maintenance** | | | | |
| Salaries | 223,502 | 234,636 | 260,000 | (25,364) |
| Employee Benefits | 29,887 | 32,821 | 38,400 | (5,579) |
| Purchased Property Services | 132,531 | 169,764 | 578,250 | (408,486) |
| Other Purchased Services | 83,325 | 96,284 | 33,200 | 63,084 |
| Supplies | 817,797 | 841,219 | 744,850 | 96,369 |
| **Vehicle Operating Services** | | | | |
| Motor Fuel | 68,969 | 71,074 | 140,000 | (68,926) |
| Contracted Transportation | 0 | 0 | 10,000 | (10,000) |
| **Operating Transfers** | | | | |
| Parent Education Program | 31,200 | 31,200 | 31,200 | 0 |
| Professional Development | 47,001 | 120,056 | 51,740 | 68,316 |
| Special Education | 1,325,257 | 1,560,774 | 1,010,993 | 549,781 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Operating Transfers - continued** | | | | |
| Student Material Revolving | $ 37,945 | $ 111,675 | $ 0 | $ 111,675 |
| At Risk (K-12) | 513,514 | 591,006 | 664,013 | (73,007) |
| Bilingual | 7,199 | 7,912 | 10,394 | (2,482) |
| Vocational Education | 500,839 | 150,000 | 821,600 | (671,600) |
| **Adjustment to Comply with Legal Maximum** | 0 | 0 | (525,527) | 525,527 |
| **Legal Fund Budget & Expenditures** | 4,799,200 | 4,945,213 | $ 4,945,213 | $ 0 |
| Receipts Over (Under) Expenditures | 176,807 | 102,691 | | |
| Unencumbered Cash, July 1 | 386,759 | 563,566 | | |
| Unencumbered Cash, June 30 | $ 563,566 | $ 666,257 | | |

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2c

SPECIAL PURPOSE FUNDS
ADULT EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **State Sources** | | | | |
| Adult Basic Aid | $ 58,091 | $ 0 | $ 0 | $ 0 |
| **Federal Sources** | | | | |
| Adult Education Aid | 200,714 | 0 | 0 | 0 |
| Total Cash Receipts | 258,805 | 0 | $ 0 | $ 0 |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Salaries | 142,990 | 0 | $ 0 | $ 0 |
| Employee Benefits | 30,241 | 0 | 0 | 0 |
| Other Purchased Services | 6,047 | 0 | 0 | 0 |
| Supplies | 16,038 | 0 | 0 | 0 |
| **Student Support Services** | | | | |
| Salaries | 29,836 | 0 | 0 | 0 |
| Employee Benefits | 3,087 | 0 | 0 | 0 |
| Other Purchased Services | 6,150 | 0 | 0 | 0 |
| **General Administration** | | | | |
| Salaries | 26,340 | 0 | 0 | 0 |
| Employee Benefits | 2,566 | 0 | 0 | 0 |
| Supplies | 3,417 | 0 | 0 | 0 |
| **Operation and Maintenance** | | | | |
| Supplies | 4,769 | 0 | 0 | 0 |
| Total Expenditures | 271,481 | 0 | $ 0 | $ 0 |
| Receipts Over (Under) Expenditures | (12,676) | 0 | | |
| Unencumbered Cash, July 1 | 12,676 | 0 | | |
| Unencumbered Cash, June 30 | $ 0 | $ 0 | | |

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2d

SPECIAL PURPOSE FUNDS
ADULT SUPPLEMENTARY EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Class Fees | $ 1,010 | $ 40 | $ 2,000 | $ (1,960) |
| Sales Tax | 105 | 0 | 0 | 0 |
| Miscellaneous | 5,646 | 50 | 21,500 | (21,450) |
| Reimbursements | 4,015 | 1,088 | 0 | 1,088 |
| Total Cash Receipts | 10,776 | 1,178 | $ 23,500 | $ (22,322) |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Salaries | 1,474 | 1,009 | $ 27,005 | $ (25,996) |
| Employee Benefits | 4,165 | 729 | 0 | 729 |
| Other Purchased Services | 1,617 | 552 | 2,500 | (1,948) |
| Supplies | 32,868 | 23,596 | 21,000 | 2,596 |
| Total Expenditures | 40,124 | 25,886 | $ 50,505 | $ (24,619) |
| Receipts Over (Under) Expenditures | (29,348) | (24,708) | | |
| Unencumbered Cash, July 1 | 56,353 | 27,005 | | |
| Unencumbered Cash, June 30 | $ 27,005 | $ 2,297 | | |

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2e

SPECIAL PURPOSE FUNDS
AT RISK FUND (K-12)

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Operating Transfers** | | | | |
| General Fund | $ 1,551,015 | $ 2,123,297 | $ 1,777,709 | $ 345,588 |
| Supplemental General | 513,514 | 591,006 | 664,013 | (73,007) |
| Total Cash Receipts | 2,064,529 | 2,714,303 | $ 2,441,722 | $ 272,581 |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Salaries | 1,891,351 | 2,525,635 | $ 2,701,022 | $ (175,387) |
| Employee Benefits | 67,580 | 66,311 | 88,700 | (22,389) |
| Purchased Professional Services | 8,000 | 21,774 | 0 | 21,774 |
| Supplies | 94,011 | 72,534 | 104,000 | (31,466) |
| Other | 0 | 0 | 8,000 | (8,000) |
| **Student Support Services** | | | | |
| Mental Health Services | 34,646 | 34,646 | 40,000 | (5,354) |
| Total Expenditures | 2,095,588 | 2,720,900 | $ 2,941,722 | $ (220,822) |
| Receipts Over (Under) Expenditures | (31,059) | (6,597) | | |
| Unencumbered Cash, July 1 | 667,753 | 636,694 | | |
| Unencumbered Cash, June 30 | $ 636,694 | $ 630,097 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2f

SPECIAL PURPOSE FUNDS
BILINGUAL EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Operating Transfers** | | | | |
| Supplemental General | $ 7,199 | $ 7,912 | $ 10,394 | $ (2,482) |
| General Fund | 22,050 | 0 | 0 | 0 |
| Total Cash Receipts | 29,249 | 7,912 | $ 10,394 | $ (2,482) |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Salaries | 29,249 | 0 | $ 39,429 | $ (39,429) |
| Other Purchased Services | 0 | 6,033 | 0 | 6,033 |
| Total Expenditures | 29,249 | 6,033 | $ 39,429 | $ (33,396) |
| Receipts Over (Under) Expenditures | 0 | 1,879 | | |
| Unencumbered Cash, July 1 | 29,035 | 29,035 | | |
| Unencumbered Cash, June 30 | $ 29,035 | $ 30,914 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2g

SPECIAL PURPOSE FUNDS
VIRTUAL EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Miscellaneous | $ 0 | $ 0 | $ 10,000 | $ (10,000) |
| **Operating Transfers** | | | | |
| General Fund | 90,500 | 0 | 308,000 | (308,000) |
| Total Cash Receipts | 90,500 | $ 0 | $ 318,000 | $ (318,000) |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Other Purchased Services | 90,500 | $ 93,659 | $ 642,624 | $ (548,965) |
| Total Expenditures | 90,500 | $ 93,659 | $ 642,624 | $ (548,965) |
| Receipts Over (Under) Expenditures | 0 | (93,659) | | |
| Unencumbered Cash, July 1 | 324,624 | 324,624 | | |
| Unencumbered Cash, June 30 | $ 324,624 | $ 230,965 | | |

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2h

SPECIAL PURPOSE FUNDS
CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Ad Valorem Property | $ 1,976,895 | $ 2,095,891 | $ 2,095,954 | $ (63) |
| Delinquent | 26,097 | 31,224 | 21,568 | 9,656 |
| Interest | 550,095 | 451,779 | 300,000 | 151,779 |
| Miscellaneous | 23,667 | 23,597 | 75,000 | (51,403) |
| **County Sources** | | | | |
| Motor Vehicle | 140,533 | 170,658 | 142,466 | 28,192 |
| Recreational Vehicle | 4,260 | 5,014 | 4,406 | 608 |
| Commercial Vehicle | 7,914 | 9,736 | 7,272 | 2,464 |
| Total Cash Receipts | 2,729,461 | 2,787,899 | $ 2,646,666 | $ 141,233 |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Property | 381,367 | 494,630 | $ 4,762,930 | $ (4,268,300) |
| **Operation and Maintenance** | | | | |
| Property | 1,524,647 | 1,933,784 | 1,793,013 | 140,771 |
| Total Expenditures | 1,906,014 | 2,428,414 | $ 6,555,943 | $ (4,127,529) |
| Receipts Over (Under) Expenditures | 823,447 | 359,485 | | |
| Unencumbered Cash, July 1 | 4,064,483 | 4,887,930 | | |
| Unencumbered Cash, June 30 | $ 4,887,930 | $ 5,247,415 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2i

SPECIAL PURPOSE FUNDS
DRIVER TRAINING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Driver Education Fees | $ 20,651 | $ 15,505 | $ 24,000 | $ (8,495) |
| **State Sources** | | | | |
| State Safety Aid | 9,860 | 13,280 | 13,500 | (220) |
| **Federal Sources** | | | | |
| Federal Aid | 4,800 | 3,700 | 5,000 | (1,300) |
| Total Cash Receipts | 35,311 | 32,485 | $ 42,500 | $ (10,015) |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Salaries | 4,800 | 7,750 | $ 5,000 | $ 2,750 |
| Employee Benefits | 4 | 322 | 300 | 22 |
| Other Purchased Services | 0 | 25,730 | 31,000 | (5,270) |
| Supplies | 1,721 | 287 | 79,655 | (79,368) |
| **Operations and Maintenance** | | | | |
| Supplies | 501 | 52 | 700 | (648) |
| **Other Support Services** | | | | |
| Other | 0 | 0 | 5,000 | (5,000) |
| Total Expenditures | 7,026 | 34,141 | $ 121,655 | $ (87,514) |
| Receipts Over (Under) Expenditures | 28,285 | (1,656) | | |
| Unencumbered Cash, July 1 | 50,870 | 79,155 | | |
| Unencumbered Cash, June 30 | $ 79,155 | $ 77,499 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2j

SPECIAL PURPOSE FUNDS
FOOD SERVICE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Student Meal Receipts | $ 294,320 | $ 300,757 | $ 305,608 | $ (4,851) |
| Adult Meal Receipts | 12,493 | 5,724 | 20,078 | (14,354) |
| Ala Carte Meals | 129,173 | 134,944 | 208,454 | (73,510) |
| Interest | 17,959 | 14,773 | 20,000 | (5,227) |
| Reimbursements | 4,154 | 6,683 | 30,000 | (23,317) |
| **State Sources** | | | | |
| Equalization Aid | 8,522 | 8,349 | 6,283 | 2,066 |
| **Federal Sources** | | | | |
| Child Nutrition Programs | 494,515 | 511,858 | 487,252 | 24,606 |
| Total Cash Receipts | 961,136 | 983,088 | $ 1,077,675 | $ (94,587) |
| **Expenditures** | | | | |
| **Food Service Operation** | | | | |
| Salaries | 360,782 | 306,445 | $ 402,500 | $ (96,055) |
| Employee Benefits | 48,124 | 37,166 | 59,700 | (22,534) |
| Other Purchased Services | 629,782 | 690,208 | 904,932 | (214,724) |
| Supplies | 19,516 | 3,048 | 1,000 | 2,048 |
| Property | 12,042 | 22,351 | 15,000 | 7,351 |
| Other | 7,290 | 5,175 | 4,000 | 1,175 |
| Total Expenditures | 1,077,536 | 1,064,393 | $ 1,387,132 | $ (322,739) |
| Receipts Over (Under) Expenditures | (116,400) | (81,305) | | |
| Unencumbered Cash, July 1 | 425,857 | 309,457 | | |
| Unencumbered Cash, June 30 | $ 309,457 | $ 228,152 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2k

SPECIAL PURPOSE FUNDS
PROFESSIONAL DEVELOPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Other | $ 0 | $ 0 | $ 500 | $ (500) |
| **Operating Transfers** | | | | |
| Supplemental General | 47,001 | 120,056 | 0 | 120,056 |
| General | 43,502 | 0 | 7,500 | (7,500) |
| Total Cash Receipts | 90,503 | 120,056 | $ 8,000 | $ 112,056 |
| **Expenditures** | | | | |
| **Instructional Support Staff** | | | | |
| Salaries | 131,734 | 108,502 | $ 0 | $ 108,502 |
| Employee Benefits | 2,735 | 4,263 | 3,000 | 1,263 |
| Purchased Professional and Technical Services | (15,964) | 7,294 | 131,743 | (124,449) |
| Total Expenditures | 118,505 | 120,059 | $ 134,743 | $ (14,684) |
| Receipts Over (Under) Expenditures | (28,002) | (3) | | |
| Unencumbered Cash, July 1 | 103,005 | 75,003 | | |
| Unencumbered Cash, June 30 | $ 75,003 | $ 75,000 | | |

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2I

SPECIAL PURPOSE FUNDS
PARENT EDUCATION PROGRAM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Other District Payments | $ 101,362 | $ 243,862 | $ 216,362 | $ 27,500 |
| Other Revenue from Local | 74,961 | 75,789 | 50,000 | 25,789 |
| **State Sources** | | | | |
| Parent Education Aid | 248,470 | 273,470 | 273,470 | 0 |
| **Operating Transfers** | | | | |
| Supplemental General | 31,200 | 31,200 | 31,200 | 0 |
| Total cash receipts | 455,993 | 624,321 | $ 571,032 | $ 53,289 |
| **Expenditures** | | | | |
| **Student Support Services** | | | | |
| Salaries | 316,228 | 406,496 | $ 350,000 | $ 56,496 |
| Employee Benefits | 38,782 | 65,431 | 72,800 | (7,369) |
| Other Purchased Services | 0 | 0 | 40,000 | (40,000) |
| Supplies | 0 | 43 | 5,000 | (4,957) |
| Property | 0 | 0 | 15,000 | (15,000) |
| Other | 75,521 | 60,789 | 190,993 | (130,204) |
| Total Expenditures | 430,531 | 532,759 | $ 673,793 | $ (141,034) |
| Receipts Over (Under) Expenditures | 25,462 | 91,562 | | |
| Unencumbered Cash, July 1 | 77,299 | 102,761 | | |
| Unencumbered Cash, June 30 | $ 102,761 | $ 194,323 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2m

SPECIAL PURPOSE FUNDS
SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Other | $ 249,366 | $ 154,280 | $ 150,000 | $ 4,280 |
| **Operating Transfers** | | | | |
| General | 1,986,530 | 2,118,668 | 3,029,333 | (910,665) |
| Supplemental General | 1,325,257 | 1,560,774 | 1,010,993 | 549,781 |
| Total Cash Receipts | 3,561,153 | 3,833,722 | $ 4,190,326 | $ (356,604) |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Salaries | 1,495 | 12,859 | $ 2,000 | $ 10,859 |
| Employee Benefits | 0 | 996 | 0 | 996 |
| Other Purchased Services | 2,780,682 | 3,064,524 | 3,695,826 | (631,302) |
| Other | 67,214 | 0 | 501,000 | (501,000) |
| **Vehicle Operating Services** | | | | |
| Employee Benefits | 114 | 0 | 500 | (500) |
| Purchased Property Services | 450,872 | 485,031 | 475,000 | 10,031 |
| Other Purchased Services | 14,265 | 8,134 | 15,000 | (6,866) |
| Supplies | 0 | 0 | 1,000 | (1,000) |
| Total Expenditures | 3,314,642 | 3,571,544 | $ 4,690,326 | $ (1,118,782) |
| Receipts Over (Under) Expenditures | 246,511 | 262,178 | | |
| Unencumbered Cash, July 1 | 2,405,931 | 2,652,442 | | |
| Unencumbered Cash, June 30 | $ 2,652,442 | $ 2,914,620 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2n

SPECIAL PURPOSE FUNDS
CAREER AND POSTSECONDARY EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Reimbursements | $ 26,691 | $ 30,293 | $ 6,000 | $ 24,293 |
| Miscellaneous | 0 | 0 | 30,000 | (30,000) |
| State Sources | | | | |
| CTE Transportation Aide | 31,735 | 24,993 | 43,500 | (18,507) |
| **Operating Transfers** | | | | |
| General | 244,161 | 500,000 | 0 | 500,000 |
| Supplemental General | 500,839 | 150,000 | 821,600 | (671,600) |
| Total Cash Receipts | 803,426 | 705,286 | $ 901,100 | $ (195,814) |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Salaries | 522,637 | 457,052 | $ 1,072,500 | $ (615,448) |
| Employee Benefits | 64,303 | 68,322 | 74,700 | (6,378) |
| Other Purchased Services | 6,487 | 6,593 | 30,150 | (23,557) |
| Supplies | 51,513 | 65,105 | 44,500 | 20,605 |
| **Operations and Maintenance** | | | | |
| Purchased Property Services | 3,102 | 1,712 | 4,250 | (2,538) |
| **Student Transportation** | | | | |
| Other | 160,085 | 128,487 | 175,000 | (46,513) |
| Total Expenditures | 808,127 | 727,271 | $ 1,401,100 | $ (673,829) |
| Receipts Over (Under) Expenditures | (4,701) | (21,985) | | |
| Unencumbered Cash, July 1 | 795,901 | 791,200 | | |
| Unencumbered Cash, June 30 | $ 791,200 | $ 769,215 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2o

SPECIAL PURPOSE FUNDS
KANSAS PUBLIC RETIREMENT SYSTEM

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **State Sources** | | | | |
| State Aid | $ 3,201,140 | $ 3,317,084 | $ 3,937,403 | $ (620,319) |
| Total cash receipts | 3,201,140 | 3,317,084 | $ 3,937,403 | $ (620,319) |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Employee Benefits | 2,590,801 | 2,683,824 | $ 3,180,250 | $ (496,426) |
| **Student support** | | | | |
| Employee Benefits | 159,625 | 169,493 | 207,837 | (38,344) |
| **Instructional support** | | | | |
| Employee Benefits | 40,993 | 39,694 | 53,061 | (13,367) |
| **General administration** | | | | |
| Employee Benefits | 122,688 | 120,588 | 143,132 | (22,544) |
| **School administration** | | | | |
| Employee Benefits | 119,421 | 121,955 | 144,867 | (22,912) |
| **Other supplemental services** | | | | |
| Employee Benefits | 38,676 | 35,106 | 42,710 | (7,604) |
| **Maintenance** | | | | |
| Employee Benefits | 94,801 | 94,577 | 110,797 | (16,220) |
| **Student transportation services** | | | | |
| Employee Benefits | 0 | 0 | 646 | (646) |
| **Food service** | | | | |
| Employee Benefits | 34,135 | 51,847 | 54,103 | (2,256) |
| Total Expenditures | 3,201,140 | 3,317,084 | $ 3,937,403 | $ (620,319) |
| Receipts Over (Under) Expenditures | 0 | 0 | | |
| Unencumbered Cash, July 1 | 0 | 0 | | |
| Unencumbered Cash, June 30 | $ 0 | $ 0 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2p

SPECIAL PURPOSE FUNDS
SPECIAL ASSESSMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Delinquent Tax | $ 0 | $ 1 | $ 0 | $ 1 |
| Total Cash Receipts | 0 | 1 | $ 0 | $ 1 |
| **Expenditures** | | | | |
| **Facilities Acquisition** | | | | |
| Site Improvement Services | 0 | 0 | $ 26,438 | $ (26,438) |
| Receipts Over (Under) Expenditures | 0 | 1 | | |
| Unencumbered Cash, July 1 | 26,438 | 26,438 | | |
| Unencumbered Cash, June 30 | $ 26,438 | $ 26,439 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2q

SPECIAL PURPOSE FUNDS
CO-OP SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| **Cash Receipts** | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Local Sources** | | | | |
| Other Districts Payments | $ 11,228,152 | $ 11,588,412 | $ 12,960,325 | $ (1,371,913) |
| USD 368 Payments | 2,529,040 | 2,791,598 | 4,753,610 | (1,962,012) |
| Interest | 118,070 | 67,104 | 150,000 | (82,896) |
| Reimbursements | 825,016 | 955,433 | 0 | 955,433 |
| **State Sources** | | | | |
| Greenbush | 251,642 | 272,926 | 0 | 272,926 |
| **Federal Sources** | | | | |
| Title VI B | 2,010,977 | 2,006,969 | 2,010,977 | (4,008) |
| Medicaid | 395,069 | 420,902 | 650,000 | (229,098) |
| Total Cash Receipts | 17,357,966 | 18,103,344 | $ 20,524,912 | $ (2,421,568) |
| **Expenditures** | | | | |
| **Instruction** | | | | |
| Salaries | 13,363,056 | 13,979,283 | $ 15,376,212 | $ (1,396,929) |
| Employee Benefits | 2,276,270 | 2,456,142 | 2,765,800 | (309,658) |
| Purchased Professional Services | 146,998 | 212,389 | 565,000 | (352,611) |
| Other Purchased Services | 875,414 | 993,832 | 785,000 | 208,832 |
| Supplies | 143,701 | 125,511 | 351,000 | (225,489) |
| **Student Support Services** | | | | |
| Salaries | 685,334 | 540,051 | 750,000 | (209,949) |
| Employee Benefits | 51,650 | 73,831 | 60,500 | 13,331 |
| **Special Area Administrative Services** | | | | |
| Salaries | 372,907 | 389,239 | 450,000 | (60,761) |
| Employee Benefits | 21,595 | 54,896 | 23,650 | 31,246 |
| **Operations and Maintenance** | | | | |
| Purchased Professional Services | 8,360 | 9,620 | 15,000 | (5,380) |
| Purchased Property Services | 44,954 | 45,333 | 10,000 | 35,333 |
| Other Purchased Services | 93,249 | 95,557 | 115,000 | (19,443) |
| Supplies | 0 | 0 | 42,750 | (42,750) |
| **Vehicle Operating Service** | | | | |
| Other Purchased Services | 184,761 | 212,339 | 200,000 | 12,339 |
| Supplies | 8,887 | 13,667 | 15,000 | (1,333) |
| Total Expenditures | 18,277,136 | 19,201,690 | $ 21,524,912 | $ (2,323,222) |
| Receipts Over (Under) Expenditures | (919,170) | (1,098,346) | | |
| Unencumbered Cash, July 1 | 3,004,549 | 2,085,379 | | |
| Unencumbered Cash, June 30 | $ 2,085,379 | $ 987,033 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2r

SPECIAL PURPOSE FUNDS
TITLE I

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | 2025 Actual | 2026 Actual |
|---|---|---|
| **Cash Receipts** | | |
| **Federal Sources** | | |
| Grant | $ 352,370 | $ 323,218 |
| **Expenditures** | | |
| **Instruction** | | |
| Salaries | 279,419 | 268,123 |
| Employee Benefits | 45,082 | 54,078 |
| Purchased Professional Services | 989 | 1,017 |
| **Student Support Services** | | |
| KDHE Grant Expense | 26,880 | 0 |
| Total Expenditures | 352,370 | 323,218 |
| Receipts Over (Under) Expenditures | 0 | 0 |
| Unencumbered Cash, July 1 | 0 | 0 |
| Unencumbered Cash, June 30 | $ 0 | $ 0 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2s

SPECIAL PURPOSE FUNDS
TITLE II A TEACHER QUALITY IMPROVEMENT GRANT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | 2025 Actual | 2026 Actual |
|---|---|---|
| **Cash Receipts** | | |
| **Federal Sources** | | |
| Grants | $ 33,617 | $ 39,123 |
| **Expenditures** | | |
| **Instruction** | | |
| Salaries | 10,603 | 93 |
| Teacher Tuition | 16,959 | 32,643 |
| **Support Services** | | |
| Purchased Professional & Technical Services | 4,791 | 5,127 |
| **Instructional Support Staff** | | |
| Other | 1,264 | 1,260 |
| Total Expenditures | 33,617 | 39,123 |
| Receipts Over (Under) Expenditures | 0 | 0 |
| Unencumbered Cash, July 1 | 0 | 0 |
| Unencumbered Cash, June 30 | $ 0 | $ 0 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2t

SPECIAL PURPOSE FUNDS
CONTINGENCY RESERVE

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | 2025 Actual | 2026 Actual |
|---|---|---|
| **Cash Receipts** | | |
| **Operating Transfers** | | |
| General Fund | $ 0 | $ 0 |
| **Expenditures** | | |
| Other | 0 | 0 |
| Receipts Over (Under) Expenditures | 0 | 0 |
| Unencumbered Cash, July 1 | 1,100,000 | 1,100,000 |
| Unencumbered Cash, June 30 | $ 1,100,000 | $ 1,100,000 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2u

SPECIAL PURPOSE FUNDS
STUDENT MATERIAL REVOLVING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | 2025 Actual | 2026 Actual |
|---|---|---|
| **Cash Receipts** | | |
| **Local Sources** | | |
| Rental Fees | $ 102,273 | $ 102,499 |
| **Operating Transfers** | | |
| General | 37,944 | 111,675 |
| Supplemental | 19,929 | 143,860 |
| Total Cash Receipts | 160,146 | 358,034 |
| **Expenditures** | | |
| **Instruction** | | |
| Textbook Purchases | 90,714 | 353,830 |
| Receipts Over (Under) Expenditures | 69,432 | 4,204 |
| Unencumbered Cash, July 1 | 592,103 | 661,535 |
| Unencumbered Cash, June 30 | $ 661,535 | $ 665,739 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2v

BOND & INTEREST FUNDS
BOND & INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Ad Valorem Property | $ 1,430,793 | $ 37,287 | $ 256,961 | $ (219,674) |
| Delinquent | 33,818 | 28,479 | 16,663 | 11,816 |
| **County Sources** | | | | |
| Motor Vehicle | 190,207 | 201,507 | 168,420 | 33,087 |
| Recreational Vehicle | 0 | 0 | 5,208 | (5,208) |
| Commercial Vehicle | 10,989 | 8,485 | 8,597 | (112) |
| Total Cash Receipts | 1,665,807 | 275,758 | $ 455,849 | $ (180,091) |
| **Expenditures** | | | | |
| **Debt Service** | | | | |
| Bond Principal | 2,025,000 | 4,330,000 | $ 4,330,000 | $ 0 |
| Interest | 168,437 | 65,807 | 99,862 | (34,055) |
| Miscellaneous | 0 | 1,500 | 0 | 1,500 |
| Total Expenditures | 2,193,437 | 4,397,307 | $ 4,429,862 | $ (32,555) |
| Receipts Over (Under) Expenditures | (527,630) | (4,121,549) | | |
| Unencumbered Cash, July 1, | 5,839,010 | 5,311,380 | | |
| Unencumbered Cash, June 30, | $ 5,311,380 | $ 1,189,831 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2w

BUSINESS TYPE FUNDS
HEALTH INSURANCE

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | 2025 Actual | 2026 Actual |
|---|---|---|
| **Cash Receipts** | | |
| **Local Sources** | | |
| Interest | $ 34,543 | $ 27,938 |
| Transfer General Fund | 77,900 | 0 |
| Reimbursements | 2,842,853 | 3,470,425 |
| Total Cash Receipts | 2,955,296 | 3,498,363 |
| **Expenditures** | | |
| **General** | | |
| Claims | 1,772,172 | 3,346,151 |
| Administrative Fees | 711,679 | 1,095,127 |
| FSA/Dep Care | 44,248 | (66,013) |
| Stop/Loss Payment | 0 | 5,408 |
| Total Expenditures | 2,528,099 | 4,380,673 |
| Receipts Over (Under) Expenditures | 427,197 | (882,310) |
| Unencumbered Cash, July 1 | 1,067,698 | 1,494,895 |
| Unencumbered Cash, June 30 | $ 1,494,895 | $ 612,585 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 2x

TRUST TYPE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2026

| **Expendable Trust Funds** | Beginning Unencumbered Cash | Cash Receipts | Expenditures | Ending Unencumbered Cash |
|---|---|---|---|---|
| Charitable Foundation | $ 220,358 | $ 56,353 | $ 91,195 | $ 185,516 |
| Panther Friends | 25,080 | 5,261 | 4,732 | 25,609 |
| Cops for Tots | 4,706 | 0 | 0 | 4,706 |
| Serving Our Students | 87,327 | 22,025 | 29,543 | 79,809 |
| Miami Co Med Center | 6,265 | 5,000 | 0 | 11,265 |
| Darland Scholarship | 4,763 | 208 | 200 | 4,771 |
| Greason Scholarship | 1,850 | 91 | 91 | 1,850 |
| Humphrey Scholarship | 10,025 | 420 | 400 | 10,045 |
| Hileman Scholarship | 9,145 | 352 | 351 | 9,146 |
| Total Expendable Trust Funds | $ 369,519 | $ 89,710 | $ 126,512 | $ 332,717 |

| **Permanent Trust Funds** | Beginning Unencumbered Cash | Cash Receipts | Expenditures | Ending Unencumbered Cash |
|---|---|---|---|---|
| Cook Fund | $ 258,094 | $ 10,981 | $ 10,981 | $ 258,094 |
| Total Permanent Trust Funds | $ 258,094 | $ 10,981 | $ 10,981 | $ 258,094 |
| Total Trust Funds | $ 627,613 | $ 100,691 | $ 137,493 | $ 590,811 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 3a

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2026

| | Beginning Cash Balance | Cash Receipts | Cash Expenditures | Ending Cash Balance |
|---|---|---|---|---|
| **Sunflower Elementary School** | | | | |
| Teacher of the Year | $ 1,103 | $ 1,501 | $ 106 | $ 2,498 |
| Misc. Expenses | 3,249 | 0 | 321 | 2,928 |
| Student Council | 568 | 0 | 0 | 568 |
| PTO | 2,785 | 1,000 | 1,224 | 2,561 |
| Donations | 1,646 | 6,167 | 5,139 | 2,674 |
| Add back encumbrances | 0 | 31 | 0 | 31 |
| Total Sunflower Elementary | 9,351 | 8,699 | 6,790 | 11,260 |
| **Cottonwood Elementary School** | | | | |
| Donations | 272 | 260 | 31 | 501 |
| PTO | 173 | 1,050 | 940 | 283 |
| Teacher of the Year | 1,000 | 0 | 290 | 710 |
| Lowes Educations | 61 | 0 | 0 | 61 |
| Miscellaneous | 893 | 3,547 | 2,691 | 1,749 |
| First Lego League | 176 | 0 | 176 | 0 |
| Total Cottonwood Elementary | 2,575 | 4,857 | 4,128 | 3,304 |
| **Panther Robotics** | 1,095 | 682 | 712 | 1,065 |
| **Paola Middle School** | | | | |
| Band | 547 | 50 | 249 | 348 |
| Athletic Donations | 2,151 | 482 | 0 | 2,633 |
| Scholastic | 371 | 2,457 | 2,459 | 369 |
| Kansas Association of Youths | 1,019 | 3,758 | 3,239 | 1,538 |
| Cheerleaders | 148 | 740 | 245 | 643 |
| Scholars Bowl | 0 | 1,000 | 0 | 1,000 |
| Student Council | 139 | 110 | 118 | 131 |
| Teacher of the Year | 558 | 0 | 0 | 558 |
| Target (rebates) | 408 | 171 | 120 | 459 |
| Miscellaneous | 3,149 | 8,568 | 10,346 | 1,371 |
| Magazine Sales | 6,272 | 28,081 | 28,614 | 5,739 |
| Promotions | 263 | 50 | 0 | 313 |
| Donations | 1,710 | 680 | 209 | 2,181 |
| Love to Learn | 250 | 0 | 0 | 250 |
| Students Against Destructive Driving | 286 | 0 | 0 | 286 |
| Add back encumbrances | 4,147 | 4,170 | 4,147 | 4,170 |
| Total Paola Middle School | 21,418 | 50,317 | 49,746 | 21,989 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 3a

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2026

| | Beginning Cash Balance | Cash Receipts | Cash Expenditures | Ending Cash Balance |
|---|---|---|---|---|
| **Paola High School** | | | | |
| ACE/Football | $ 2,637 | $ 7,226 | $ 7,497 | $ 2,366 |
| Art Club | 5,677 | 7,240 | 6,699 | 6,218 |
| Band | 3,534 | 7,248 | 6,088 | 4,694 |
| Counseling Donations | 4,243 | 2,917 | 3,715 | 3,445 |
| Class of 2032 | 2,196 | 0 | 2,196 | 0 |
| Class of 2025 | 2,690 | 9 | 2,699 | 0 |
| Drama Club | 811 | 3,286 | 1,973 | 2,124 |
| Drill Team | 115 | 0 | 0 | 115 |
| SKILLS USA Club | 2,888 | 50 | 2,051 | 887 |
| Culinary Arts | 395 | 277 | 672 | 0 |
| FCCLA | 6,665 | 432 | 551 | 6,546 |
| F.C.A. | 41 | 0 | 0 | 41 |
| F.B.L.A. | 5,108 | 8,362 | 10,624 | 2,846 |
| F.F.A. | 13,091 | 47,870 | 51,420 | 9,541 |
| Advertising | 9,518 | 13,195 | 11,259 | 11,454 |
| Kidwind | 704 | 0 | 423 | 281 |
| Rat Pack | 95 | 283 | 0 | 378 |
| Kansas Associates | 693 | 1,123 | 1,214 | 602 |
| Forensics | 43 | 1,509 | 1,552 | 0 |
| Madrigals Club | 2,396 | 15,421 | 17,014 | 803 |
| Breakfast Club | 100 | 298 | 0 | 398 |
| National Honor Society | 995 | 1,227 | 624 | 1,598 |
| Track and Field | 139 | 3,050 | 68 | 3,121 |
| Miscellaneous | 7,386 | 8,398 | 5,018 | 10,766 |
| Thread | 0 | 2,666 | 150 | 2,516 |
| Reporter | 3,519 | 2,922 | 3,525 | 2,916 |
| Robotics | 65,506 | 72,851 | 53,809 | 84,548 |
| Scholar Bowl | 2,146 | 2,028 | 913 | 3,261 |
| Scholarships | 338 | 0 | 0 | 338 |
| Debate | 134 | 616 | 748 | 2 |
| Spirit Club | 4,377 | 12,584 | 10,592 | 6,369 |
| Student Council | 2,371 | 4,476 | 5,446 | 1,401 |
| S.A.D.D. | 965 | 0 | 0 | 965 |
| Girls Tennis | 88 | 126 | 63 | 151 |
| Thespian Club | 3,158 | 8,620 | 8,917 | 2,861 |
| Girls Soccer | 1,313 | 5,280 | 3,645 | 2,948 |
| Girls Wrestling | 2,287 | 7,968 | 4,405 | 5,850 |
| Donations | 392 | 156 | 0 | 548 |
| Athletic Donations | 8,099 | 180 | 26 | 8,253 |
| Class of 2026 | 5,919 | 3,536 | 9,455 | 0 |
| Grant/Ward | 665 | 0 | 0 | 665 |
| Class of 2027 | 2,135 | 7,832 | 9,967 | 0 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 3a

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2026

| | Beginning Cash Balance | Cash Receipts | Cash Expenditures | Ending Cash Balance |
|---|---|---|---|---|
| **Paola High School - continued** | | | | |
| Soccer | $ 2,018 | $ 3,697 | $ 3,975 | $ 1,740 |
| Class of 2028 | 932 | 790 | 1,722 | 0 |
| Class of 2029 | 0 | 1,061 | 1,061 | 0 |
| Class of 2030 | 959 | 0 | 959 | 0 |
| Class of 2031 | 223 | 0 | 223 | 0 |
| Baseball | 8,299 | 7,837 | 9,769 | 6,367 |
| Boys Basketball | 2,366 | 3,756 | 5,281 | 841 |
| Cross Country | 5,754 | 2,095 | 3,405 | 4,444 |
| Girls Basketball | 3,818 | 5,639 | 8,582 | 875 |
| Softball | 10,981 | 5,067 | 3,776 | 12,272 |
| Volleyball | 7,929 | 1,183 | 2,642 | 6,470 |
| Wrestling | 2,590 | 10,772 | 5,055 | 8,307 |
| Boys Tennis | 11 | 0 | 0 | 11 |
| Add back encumbrances | 38,735 | 6,920 | 38,735 | 6,920 |
| Total Paola High School | 260,187 | 303,159 | 291,468 | 240,063 |
| Total All Schools | $ 294,626 | $ 367,714 | $ 352,844 | $ 277,681 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 3b

AGENCY FUNDS
RECREATION COMMISSION

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Ad Valorem | $ 237,225 | $ 238,923 | $ 239,427 | $ (504) |
| Delinquent taxes | 2,693 | 3,513 | 2,603 | 910 |
| Motor Vehicle taxes | 18,284 | 23,075 | 19,347 | 3,728 |
| Recreational Vehicle taxes | 561 | 682 | 598 | 84 |
| Commercial Vehicle taxes | 1,409 | 1,220 | 987 | 233 |
| Other | 0 | 0 | 75,000 | (75,000) |
| Total Cash Receipts | 260,172 | 267,413 | $ 337,962 | $ (70,549) |
| **Expenditures** | | | | |
| Payments to Paola Recreation Commissio | 260,172 | 267,413 | $ 314,500 | $ (47,087) |
| Total Expenditures | 260,172 | 267,413 | $ 314,500 | $ (47,087) |
| Receipts Over (Under) Expenditures | 0 | 0 | | |
| Unencumbered Cash, July 1 | 0 | 0 | | |
| Unencumbered Cash, June 30 | $ 0 | $ 0 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 3c

AGENCY FUNDS
RECREATION COMMISSION EMPLOYEE BENEFITS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2026
(With Comparative Actual Totals for the Prior Year Ended June 30, 2025)

| | | 2026 | | |
|---|---|---|---|---|
| | 2025 Actual | Actual | Budget | Variance Over (Under) |
| **Cash Receipts** | | | | |
| **Local Sources** | | | | |
| Ad Valorem | $ 56,833 | $ 57,434 | $ 57,929 | $ (495) |
| Delinquent taxes | 445 | 739 | 594 | 145 |
| Motor Vehicle taxes | 1,750 | 5,526 | 4,569 | 957 |
| Recreational Vehicle taxes | 49 | 163 | 141 | 22 |
| Commercial Vehicle taxes | 216 | 292 | 233 | 59 |
| Other | 0 | 0 | 5,000 | (5,000) |
| Total Cash Receipts | 59,293 | 64,154 | $ 68,466 | $ 688 |
| **Expenditures** | | | | |
| Payments to Paola Recreation Commissio | 58,108 | 65,339 | $ 66,400 | $ (1,061) |
| Total Expenditures | 58,108 | 65,339 | $ 66,400 | $ (1,061) |
| Receipts Over (Under) Expenditures | 1,185 | (1,185) | | |
| Unencumbered Cash, July 1 | 0 | 1,185 | | |
| Unencumbered Cash, June 30 | $ 1,185 | $ 0 | | |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 4

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2026

| | Beginning Cash Balance | Cash Receipts | Cash Expenditures | Ending Cash Balance |
|---|---|---|---|---|
| **Sunflower Elementary School** | | | | |
| Fees and User Charges | | | | |
| Yearbook | $ 0 | $ 0 | $ 0 | $ 0 |
| Field Trips | 0 | 3,083 | 3,083 | 0 |
| Library | 0 | 1,327 | 1,327 | 0 |
| Roman Barnard | 0 | 2,881 | 2,881 | 0 |
| Activity Fees | 0 | 1,768 | 1,768 | 0 |
| Total | 0 | 9,059 | 9,059 | 0 |
| **Paola Middle School** | | | | |
| Gate Receipts | | | | |
| Athletics | 2,500 | 27,801 | 28,239 | 2,062 |
| Fees and User Charges | | | | |
| Vending | 0 | 73 | 73 | 0 |
| Activities | 0 | 3,722 | 3,722 | 0 |
| Yearbook | 1,400 | 7,195 | 7,173 | 1,422 |
| Concessions | 250 | 8,352 | 8,352 | 250 |
| Pay to Participate | 50 | 11,912 | 11,962 | 0 |
| Roman Barnard | 0 | 2,400 | 2,400 | 0 |
| Chromebook | 0 | 0 | 0 | 0 |
| Sales Tax | 0 | 6,128 | 6,128 | 0 |
| Total | 1,700 | 39,782 | 39,810 | 1,672 |
| **Paola High School** | | | | |
| Fees and User Charges | | | | |
| Art Fees | 0 | 3,318 | 3,318 | 0 |
| Book | 0 | 1,104 | 1,104 | 0 |
| Pay to Participate | 0 | 15,375 | 15,375 | 0 |
| Concessions | 1,000 | 19,869 | 19,869 | 1,000 |
| Vending | 0 | 0 | 0 | 0 |
| Tech Fees | 0 | 674 | 674 | 0 |
| Drivers Education | 0 | 3,610 | 3,610 | 0 |
| Teacher of the Year | 0 | 0 | 0 | 0 |
| FACS Lab Fees | 0 | 363 | 363 | 0 |
| Strength Club | 0 | 2,180 | 1,180 | 1,000 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 4

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2026

| | Beginning Cash Balance | Cash Receipts | Cash Expenditures | Ending Cash Balance |
|---|---|---|---|---|
| **Paola High School** | | | | |
| Fees and User Charges | | | | |
| Chromebook Repairs | $ 0 | $ 138 | $ 138 | $ 0 |
| Vocational Ag | 0 | 654 | 654 | 0 |
| Woodworking | 0 | 5,746 | 5,746 | 0 |
| Yearbook Fees | 0 | 41,359 | 41,359 | 0 |
| Athletics | 0 | 16,053 | 16,053 | 0 |
| Leadership Class | 183 | 0 | 0 | 183 |
| Drama/Play | 1,481 | 8,918 | 8,399 | 2,000 |
| Media Center | 0 | 110 | 110 | 0 |
| IHT | 3,497 | 8,261 | 10,758 | 1,000 |
| Roman Barnard | 0 | 2,925 | 2,925 | 0 |
| Sales Tax | 0 | 13,384 | 13,384 | 0 |
| Total | 6,161 | 144,041 | 145,019 | 5,183 |
| Gate Receipts | 5,257 | 82,755 | 85,303 | 2,709 |
| **Cottonwood Elementary School** | | | | |
| Fees and User Charges | | | | |
| Roman Barnard | 0 | 2,700 | 2,700 | 0 |
| Field Trips | 0 | 6,562 | 6,562 | 0 |
| Library | 0 | 112 | 112 | 0 |
| Vending | 0 | 547 | 547 | 0 |
| Activities | 0 | 2,230 | 2,230 | 0 |
| | 0 | 12,151 | 12,151 | 0 |
| **Administration Activity Fund** | | | | |
| Fees and charges | 4,560 | 4,288 | 3,868 | 4,980 |
| Total All Schools | $ 20,178 | $ 319,877 | $ 323,449 | $ 16,606 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola, Kansas**

Schedule 5

RELATED MUNICIPAL ENTITY
ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2026

| **Endowment Fund Scholarships** | Beginning Balance | Cash Receipts | Cash Expenditures | Ending Balance |
|---|---|---|---|---|
| Bea Mount | $ 107,667 | $ 15,809 | $ 4,800 | $ 118,676 |
| Carl Gump | 179,333 | 26,272 | 10,095 | 195,510 |
| William & Carol Young | 256,524 | 37,732 | 11,000 | 283,256 |
| Derek Leis | 12,663 | 1,869 | 500 | 14,032 |
| Edna Patterson | 320,847 | 47,771 | 10,000 | 358,618 |
| McLachlin/Boyd/Emery | 50,459 | 7,447 | 2,000 | 55,906 |
| Myrtle Haugn | 39,032 | 5,845 | 1,000 | 43,877 |
| Evening Lions | 23,481 | 3,455 | 1,000 | 25,936 |
| Rotary Scholars | 27,066 | 5,852 | 2,000 | 30,918 |
| McNelly Scholars | 6,487 | 959 | 250 | 7,196 |
| Nettie Hook | 86,895 | 12,892 | 4,138 | 95,649 |
| Walter and Lucille Smith | 26,878 | 4,031 | 650 | 30,259 |
| Schwartz Family | 60,826 | 8,917 | 2,800 | 66,943 |
| Vivian Kircher | 11,852 | 1,745 | 500 | 13,097 |
| Hillsdale Elementary | 13,585 | 2,088 | 0 | 15,673 |
| USD #368 Endowment | 145,752 | 66,262 | 28,000 | 184,014 |
| Jesse Barker | 34,819 | 5,105 | 1,600 | 38,324 |
| Quincy Hipp | 10,469 | 1,547 | 400 | 11,616 |
| Tracy Kohl | 7,135 | 1,020 | 500 | 7,655 |
| Stockwell | 23,951 | 3,527 | 1,000 | 26,478 |
| Frances Balocca | 6,000 | 4,000 | 4,000 | 6,000 |
| Roman/Barnard | 237,267 | 36,949 | 11,359 | 262,857 |
| Ralph and Ersa Wilcox Rossman | 39,820 | 5,943 | 1,146 | 44,617 |
| Ellyn Reynolds | 381,608 | 56,494 | 14,000 | 424,102 |
| Chloe Hays | 2,569 | 395 | 0 | 2,964 |
| Darrel Hurlbut | 101,870 | 44,979 | 5,000 | 141,849 |
| Kevin Armstrong | 13,594 | 3,533 | 400 | 16,727 |
| Diana Green | 11,436 | 2,257 | 500 | 13,193 |
| Kirk Wilson | 23,313 | 3,454 | 1,000 | 25,767 |
| W.C. Hartley | 18,556 | 2,729 | 800 | 20,485 |
| Carl Buchman | 63,787 | 9,342 | 3,000 | 70,129 |
| Vest Family | 495,015 | 73,065 | 22,000 | 546,080 |
| E. J. Meeks | 68,252 | 10,278 | 3,500 | 75,030 |
| Paola County | 0 | 0 | 0 | 0 |
| 5 for 5 | 558 | 942 | 1,000 | 500 |
| Dr. Robert Banks | 26,060 | 3,821 | 1,200 | 28,681 |
| PEO Sisterhood | 46,075 | 9,135 | 3,000 | 52,210 |
| Nada Thoden Memorial | 16,282 | 2,410 | 600 | 18,092 |
| Wendell & Louses Winkler | 16,212 | 2,491 | 0 | 18,703 |
| Steff (Knecht) | 12,307 | 21,738 | 1,000 | 33,045 |

**Unified School District Number 368**
**Paola, Kansas**

Schedule 5

RELATED MUNICIPAL ENTITY
ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2026

| **Endowment Fund Scholarships** | Beginning Balance | Cash Receipts | Cash Expenditures | Ending Balance |
|---|---|---|---|---|
| Dennis A Kurteng | $ 64,042 | $ 9,841 | $ 0 | $ 73,883 |
| Nevious Scholars | 24,160 | 3,560 | 1,000 | 26,720 |
| Lee Technical Education | 64,203 | 9,636 | 3,617 | 70,222 |
| Arky & Verla Thomas | 10,719 | 1,570 | 500 | 11,789 |
| Larry McGee Memorial | 11,816 | 1,739 | 500 | 13,055 |
| Nicholson Powel | 13,873 | 2,055 | 500 | 15,428 |
| USD #368 Music | 15,842 | 3,935 | 3,000 | 16,777 |
| Bracken Family | 68,250 | 10,181 | 2,628 | 75,803 |
| Grandon Family | 59,253 | 9,106 | 0 | 68,359 |
| Anniversary | 43,252 | 6,493 | 1,000 | 48,745 |
| Pat and Edie Hewie | 17,163 | 2,515 | 800 | 18,878 |
| Kenneth Nelson | 10,782 | 1,580 | 500 | 11,862 |
| Founders Fund | 52,287 | 8,035 | 514 | 59,808 |
| Leslie Coats | 10,945 | 2,717 | 750 | 12,912 |
| Linda French | 10,377 | 3,518 | 2,500 | 11,395 |
| Plummer Family | 0 | 10,000 | 0 | 10,000 |
| Mary Ann Grimes | 0 | 52,500 | 0 | 52,500 |
| Interest | 76 | 118 | 139 | 55 |
| Dividends | 56,874 | 300,964 | 299,409 | 58,429 |
| Stock Gains/Losses | 240,797 | 202,155 | 257,510 | 185,442 |
| Administration | (1,980) | 7,977 | 5,423 | 574 |
| | $ 3,799,033 | $ 1,204,295 | $ 736,028 | $ 4,267,300 |

See Independent Auditor's Report.

**Unified School District Number 368**
**Paola. Kansas**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2026

| Federal Grant Pass Through Grantor/Program Title | Federal CFDA Number | Revenues | Expenditures |
|---|---|---|---|
| U.S. Department of Education | | | |
| Pass Through Kansas Department of Education | | | |
| Special Ed Cluster | | | |
| Special Education Grants to States | 84.027 | $ 1,947,300 | $ 1,947,300 |
| Special Education Preschool | 84.173 | 59,669 | 59,669 |
| Total Special Education Cluster | | 2,006,969 | 2,006,969 |
| Title I Grants to Local Education Agencies | 84.010 | 297,712 | 297,712 |
| Title IIA Improving Teacher Quality | 84.367 | 39,123 | 39,123 |
| Student Support & Academic Enrichment | 84.424 | 25,506 | 25,506 |
| Pass Through USD #367 | | | |
| Career and Technical Education-Basic Grants to States | 84.048 | 6,575 | 6,575 |
| Total U.S. Department of Education | | 2,375,885 | 2,375,885 |
| U.S. Department of Agriculture | | | |
| Pass Through Kansas Department of Education | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program | 10.553 | 102,129 | 102,129 |
| National School Lunch Program | 10.555 | 400,169 | 400,169 |
| Cash for Commodities | 10.559 | 9,564 | 9,564 |
| Total U.S. Department of Ariculture | | 511,862 | 511,862 |
| U.S. Department of Transportation | | | |
| State and Community Highway Safety | 20.360 | 3,700 | 3,700 |
| U.S. Department of Labor | | | |
| Pass Through Kansas Department of Commerce | | | |
| Registered Apprenticeship | 17.285 | 10,221 | 10,221 |
| Total revenues and expenditures of federal awards | | $ 2,901,668 | $ 2,901,668 |

The District did not provide federal awards to sub recipients for the year ended June 30, 2026.

See accompanying notes to this schedule.

**Unified School District Number 368**
**Paola, Kansas**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2026

## NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Unified School District Number 368 under programs of the federal government for the year ended June 30, 2026. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) 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 Number 368, it is not intended to and does not present the summary of receipts, expenditures and unencumbered cash of Unified School District Number 368.

## NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the 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* wherein 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.

## NOTE C. NON-CASH ASSISTANCE, INSURANCE AND LOANS

The District did not receive or expend any Federal awards in the form of noncash assistance, insurance, loans or loan guarantees for the year ended June 30, 2026.

## NOTE D. INDIRECT COST RATE

Unified School District Number 368 did not use the standard indirect cost rate of 10%.

# SPECIAL REPORTS

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Harold Mayes, CPA

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

Board of Education
Unified School District Number 368
Paola, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District Number 368 as of and for the year ended June 30, 2026, and the related notes to the financial statement, which comprise the District's regulatory basis financial statements and have issued our report thereon dated September 10, 2026. The District prepares its financial statements on a regulatory basis of accounting which demonstrates compliance with *Kansas Municipal Audit and Accounting Guide*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

## Report on Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control 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.

## Report on Compliance and Other Matters

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

**Purpose of this Report**

The purpose of this report is intended 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harold K. Mayes Jr.

Harold K. Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
September 10, 2026

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Harold Mayes, CPA

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

Board of Education
Unified School District Number 368
Paola, Kansas

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited Unified School District Number 368's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Unified School District Number 368's major federal programs for the year ended June 30, 2026. Unified School District Number 368's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Unified School District Number 368 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, 2026.

### *Basis for Opinion on Each Major Federal Program*

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Unified School District Number 368 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Unified School District Number 368's compliance with the compliance requirements referred to above.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Unified School District Number 368's federal programs.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Unified School District Number 368's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment

made by a reasonable user of the report on compliance about Unified School District Number 368's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Unified School District Number 368's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Unified School District Number 368's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Unified School District Number 368's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Harold K. Mayes Jr

Harold K. Mayes Jr CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
September 10, 2026

**Unified School District Number 368**
**Paola, Kansas**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2026

SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

| | |
|---|---|
| Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP | Adverse |
| Type of report the auditor issued on whether the financial statement audited was prepared in accordance with regulatory basis | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified not considered to be material weaknesses: | None reported |
| Noncompliance material to financial statements noted? | No |

**Federal Awards**

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified not considered to be material weaknesses: | None noted |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal awards | No |

Identification of major programs:

| CFDA Number's | Name of Federal Program or Cluster | Amount |
|---|---|---|
| **U.S. Department of Education** | | |
| Special Education Cluster | | |
| 84.173 | EC Flo-Thru | $ 59,669 |
| 84.027 | EHC Flo-Thru | 1,947,300 |
| | Subtotal | 2,006,969 |
| U.S. Department of Education | | |
| 84.010 | Title I Low Income | 297,712 |
| | | $ 2,304,681 |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs | $ 1,000,000 |
| Auditee qualified as a low-risk auditee? | No |