UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Regulatory Basis Financial Statement and
Independent Auditors' Report with
Regulatory Required Supplemental Information
and Federal Compliance Section

For the Fiscal Year Ended June 30, 2024

BAXTER SPRINGS UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

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BAXTER SPRINGS, KANSAS

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Diehl
Banwart
Bolton
Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District #508
Baxter Springs, Kansas 66713

Adverse and Unmodified Opinions

We have audited the accompanying Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis, of the Unified School District #508 (District), Baxter Springs, Kansas as of and for the fiscal year ended June 30, 2024 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 Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2024 or changes in financial positions and cash flows thereof for the fiscal year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District #508, Baxter Springs, Kansas as of June 30, 2023, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

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 responsibilities 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 the District, 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.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the District on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide,* which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Management's Responsibility for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's 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 Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether 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 for one resulting from 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:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- 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.
- 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 the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's 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 internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the June 30, 2023 summary statement of receipts, expenditures, and unencumbered cash balances – regulatory basis (financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, schedule of receipts and expenditures – agency funds – regulatory basis and the schedule of receipts, expenditures, and unencumbered cash – district activity funds – regulatory basis (Schedules 1, 2, 3 and 4 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 basic 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Prior Year Comparative Numbers

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the District as of and for the fiscal year ended June 30, 2023 (not presented herein), and have issued our report thereon dated May 17, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended June 30, 2024 (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 2023 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 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 2023 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2023, on the basis of accounting described in Note 1.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON CPAs PA

May 21, 2025
Fort Scott, Kansas

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2024

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	$ -	$ 8,227,823	$ 8,227,823	$ -	$ -	$ -
Supplemental General	83,894	2,636,610	2,599,876	120,628	-	120,628
Special Purpose Funds:						
4 Yr Old At Risk	-	83,267	83,267	-	-	-
K-12 At Risk	8,200	1,750,801	1,759,001	-	-	0
Bilingual Education	-	25,114	25,114	-	-	-
Virtual Education	-	192,174	192,174	-	-	-
Capital Outlay	1,005,997	790,096	696,456	1,099,638	42,700	1,142,338
Driver Education	11,276	11,494	10,531	12,239	-	12,239
Food Service	183,476	518,921	529,944	172,453	-	172,453
Professional Development	4,507	12,594	12,101	5,000	-	5,000
Special Education	212,618	1,326,796	1,322,525	216,888	-	216,888
Career and Post Secondary Education	1,465	398,139	392,543	7,060	-	7,060
KPERS Special Education	-	942,324	942,324	-	-	-
Contingency Reserve	287,776	-	-	287,776	-	287,776
Student Materials	82,627	7,700	3,626	86,701	-	86,701
Title II	-	32,393	32,393	-	-	-
Title I	-	247,705	247,705	-	-	-
ESSER	(614,939)	1,462,150	847,211	-	-	-
KPP Grant	-	114,760	114,760	-	-	-
KDHE Grant	(75,462)	132,273	66,531	(9,721)	-	(9,721)
Special Grants	43,279	127,684	69,811	101,152	-	101,152
508 Daycare	16,507	103,976	102,954	17,530	-	17,530
District Activity	10,832	198,845	216,355	(6,678)	28	(6,650)
Bond and Interest Fund	1,393,218	710,453	523,575	1,580,095	-	1,580,095
Trust Funds:						
Taylor Scholarship	178,542	897	-	179,439	-	179,439
Total Entity (Excluding Agency Funds)	$ 2,833,815	$ 20,054,989	$ 19,018,600	$ 3,870,203	$ 42,728	$ 3,912,931

Composition of Cash	
District Checking Accounts	1,942,851
Activity Checking Accounts	62,903
Petty Cash	2,500
Certificates of Deposit	1,971,840
Kansas Municipal Investment Pool	2,391
Total Cash	3,982,484
Agency Funds per Schedule 3	(69,553)
Total Reporting Entity	3,912,931

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

BAXTER SPRINGS UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

NOTES TO THE FINANCIAL STATEMENT
For the Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Unified School District #508, Baxter Springs, Kansas (District), has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies follow. Note 1 describes how the District's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity
The District is a municipal corporation governed by an elected seven-member board. This financial statement presents USD #508 (the primary government). The District has developed criteria to determine whether outside agencies, with activities which benefit the members of the District, should be included within its financial reporting entity. This criteria include but are not limited to, whether the District exercises financial accountability, selection of governing authority, designation of management, ability to significantly influence operations, scope of public service and special financing relationships. Based on the above criteria, the District has determined that no outside agency meets the criteria; therefore, no outside agency has been included as a related municipal entity in this financial statement.

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

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

REGULATORY BASIS FUND TYPES

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

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

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

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

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

Basis of Presentation - Fund Accounting - (continued)

REGULATORY BASIS FUNDS - (Continued)

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

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis 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 obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Budgetary Information

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

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

Kansas Statutes require that an annual operating budget be legally adopted for the general fund. If the District is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The municipality did hold a revenue neutral rate hearing this year.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

A legal operating budget is not required for capital project funds, trust funds and the following special purpose funds (Contingency Reserve, Student Materials, Title II, Title I, ESSER, KPP Grant, KDHE Grant, Special Grants, Abernathy Trust, 508 Daycare, District Activity and Scholarship Funds). Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

Qualifying Budget Credits
Expenditures in various funds include expenditures not subject to the budget laws of the State of Kansas, which include reimbursed expenses and grant expenditures.

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

Expenditures in the General Fund include expenditures in connection with reimbursements and/or grants received by the District. These are reimbursement type grants whereby grant money is received to reimburse the District for actual grant expenditures paid. These expenditures are similar to reimbursed expenses as discussed in the preceding paragraph.

Deposits and Investments
Deposits and investments are comprised of interest-bearing checking accounts and certificates of deposit. Kansas statutes permit investment in savings accounts, certificates of deposit, repurchase agreements, and obligations of the U.S. Treasury.

Compensated Absences
Full time employees receive twelve days of sick leave at the beginning of the school year. An employee may accumulate up to 58 days of sick leave. Upon KPERs retirement or death of the employee, the District pays $70 per day of accumulated unused sick leave. In addition, at the end of the year, employees are paid $70 per day for their accumulated days in excess of 58 days.

Full time, twelve-month employees accrue 20 days of vacation each year on June 30, which is to be taken within twelve months after year end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Budgetary Information (Continued)

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

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

In accordance with the above criteria, the District has not accrued a liability for sick pay or vacation pay.

Termination and Post Employment Benefits

No termination benefits are provided to District employees when employment with the District ends, except for the retirement benefits discussed below.

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

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

Retirement

A professional certified employee is eligible for early retirement if such person is eligible for retirement under KPERS. The amount of the benefit is $200 per year of service to the District and it is paid in a lump sum. In addition, employees that retired during the years ending June 30, 2023, and June 30, 2024 with 15 years experience in the District can receive up to 5 years of health insurance benefits.

Property Taxes

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The financial statement and the regulatory required supplemental schedules have been prepared in order to show compliance with the cash basis and budget laws of Kansas. The Professional Development Fund expenditures exceeded its budget authority in violation of K.S.A 79-2934 and K.S.A 79-2935. The negative cash balance in the KDHE Grant and District Activity Funds are not cash basis violations as the amounts will be reimbursed. As shown in the attached regulatory required supplemental information, there were no other apparent violations with the cash basis and budget laws of Kansas.

3. CASH IN BANK AND DEPOSITORY SECURITY

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2023.

At June 30, 2024, the District's carrying amount of deposits was $3,982,484 and the bank balance was $5,199,564. The bank balance was held by two banks resulting in limited diversification of credit risk. Of the bank balance, $527,305 was covered by federal depository insurance, $500,000 was collateralized with FHLB letters of credit, and $4,172,259 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a market value of $4,367,977

The District's only investment is in the Kansas Municipal Investment Pool. The details are shown below:

Investment Type	Maturity	Fair Value	Rating
Kansas Municipal Investment Pool	Less than 1 year	$ 2,391	N/A

4. PENSION PLAN

General Information about the Pension Plan

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org 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 the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets 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 13.88 % and 13.11% respectively, for the fiscal year ended June 30, 2023. The actuarially determined employer contribution rate and the statutory contribution rate was 13.11% and 12.57% for the fiscal year ended June 30, 2024.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of $56 million was paid in fiscal year 2018. This bill also authorized a payment of $82 million in fiscal year 2019. The 2019 legislative session authorized an additional fiscal year payment for the KPERS School Group. 2019 Senate Bill 9 authorized a payment of $115 million for the KPERS School Group. House Substitute for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in fiscal year 2020 of $51 million.

4. PENSION PLAN (Continued)

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. The bond 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 pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred to KPERS. In Fiscal Year 2023, Senate Bill 421 authorizes two additional transfers which total $271 million.

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 $942,324 for the year ended June 30, 2024.

Net Pension Liability

At June 30, 2024, the District's proportionate share of the collective net pension liability reported by KPERS was $8,683,396. The net pension liability was measured as of June 30, 2024, and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2024. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The District continues to carry commercial insurance for these risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

6. CONTINGENCIES

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

7. TRANSFERS

Operating transfers are routinely made from the General and Supplemental General Funds to other funds as allowed by Kansas Statutes. Operating transfers were as follows:

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Special Education	K.S.A. 72-3422	$ 1,012,560
General	Capital Outlay	K.S.A. 72-53,113	85,288
General	K-12 At Risk	K.S.A. 72-5153	1,363,584
General	Food Service	K.S.A. 72-6428	51,000
General	Professional Development	K.S.A. 72-2552	5,000
General	Career & Post Secondary Education	K.S.A. 72-5162	29,108
Supplemental General	Special Education	K.S.A. 72-3422	273,313
Supplemental General	K-12 At Risk	K.S.A. 72-5153	387,217
Supplemental General	4 Year Old At Risk	K.S.A. 72-5154	83,267
Supplemental General	Career & Post Secondary Education	K.S.A. 72-5162	366,651
Supplemental General	Professional Development	K.S.A. 72-2552	7,141
Supplemental General	Virtual Education	K.S.A. 72-3715	192,174
Supplemental General	Bilingual Education	K.S.A. 72-3613	25,114

8. SUBSEQUENT EVENT

Management has evaluated events and transactions occurring subsequent to June 30, 2024 through May 21, 2025, the date the financial statement was available for issue. During this period, there were no other subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement.

9. LONG TERM OBLIGATIONS

Details about the District's long-term obligations, changes in long term debt, and scheduled maturities for the next five years and thereafter are as follows:

9. LONG TERM OBLIGATIONS (Continued)

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances Beginning of Year	Additions / New Debt	Reductions / PrincipalPaid	Balances End of Year	Interest Paid
General Obligation Bonds									
Refunding Series 2016	2.0-3.0%	9/7/2016	6,510,000	9/1/2032	$4,755,000	$ -	$ 400,000	$ 4,355,000	$123,575
Total Obligation Bonds					4,755,000	-	400,000	4,355,000	123,575
Capital Leases									
QZAB Bond	0.00%	11/4/2013	1,500,000	10/11/2023	150,000	-	150,000	-	-
Ball Field Lights	3.75%	12/1/2014	319,000	12/1/2024	73,712	-	36,146	37,566	2,803
Total Capital Leases					223,712	-	186,146	37,566	2,803
Total Long Term Debt					$4,978,712	$ -	$ 586,146	$ 4,392,566	$126,378

Fiscal Years Ending June 30,	2025	2026	2027	2028	2029	2030 2034	Totals
Principal							
General Obligation Bonds							
Refunding Series 2016 (A)	$410,000	$435,000	$ 450,000	$ 470,000	$ 480,000	$2,110,000	$ 4,355,000
Capital Leases							
Ball Field Lights	37,566	-	-	-	-	-	37,566
Total Capital Leases	37,566	-	-	-	-	-	37,566
Total Principal	$447,566	$435,000	$ 450,000	$ 470,000	$ 480,000	$2,110,000	$ 4,392,566
Interest							
General Obligation Bonds							
Refunding Series 2016 (A)	$111,425	$ 98,750	$ 85,475	$ 71,675	$ 59,825	$ 121,263	548,413
Capital Leases							
Ball Field Lights	1,383	-	-	-	-	-	1,383
Total Capital Leases	1,383	-	-	-	-	-	1,383
Total Interest	$112,808	$ 98,750	$ 85,475	$ 71,675	$ 59,825	$ 121,263	$ 549,796
Total Principal and Interest	$560,374	$533,750	$ 535,475	$ 541,675	$ 539,825	$2,231,263	$ 4,942,362

REGULATORY – REQUIRED SUPPLEMENTAL INFORMATION

Schedule 1

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Schedule of Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Funds:						
General	$ 8,148,976	$ (175,175)	$ 254,022	$ 8,227,823	$ 8,227,823	$ -
Supplemental General	2,646,515	(46,639)	-	2,599,876	2,599,876	-
Special Purpose Funds:						
4 Yr Old At Risk	123,500	-	-	123,500	83,267	(40,233)
K-12 At Risk	1,803,200	-	-	1,803,200	1,759,001	(44,199)
Bilingual Education	27,500	-	-	27,500	25,114	(2,386)
Virtual Education	220,000	-	-	220,000	192,174	(27,826)
Capital Outlay	1,575,000	-	-	1,575,000	696,456	(878,544)
Driver Education	16,000	-	-	16,000	10,531	(5,469)
Food Service	632,500	-	-	632,500	529,944	(102,556)
Professional Development	13,782	-	-	13,782	12,101	(1,681)
Special Education	1,541,518	-	-	1,541,518	1,322,525	(218,993)
Career and Post Secondary Education	493,000	-	-	493,000	392,543	(100,457)
KPERS Special Retirement	1,075,823	-	-	1,075,823	942,324	(133,499)
Bond and Interest Fund	523,575	-	-	523,575	523,575	-
	18,840,889					

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Reimbursements	$ 274,290	$ 249,278	$ -	$ 249,278
State Sources				
General aid	6,833,139	7,090,153	7,174,029	(83,876)
Special education aid	915,708	883,648	974,947	(91,299)
Mentor teacher grant	-	4,712	-	4,712
USD Contribution Checkoff	-	32	-	32
Total Cash Receipts	8,023,137	8,227,823	$ 8,148,976	$ 78,815
Expenditures				
Instruction	2,504,374	1,692,259	$ 1,730,976	$ (38,717)
Support Services				
Student Support Services	82,529	101,526	88,500	13,026
Instructional Support Staff	487,567	544,208	494,500	49,708
General Administration	661,505	705,362	694,000	11,362
School Administration	958,026	909,467	999,000	(89,533)
Central Services	46,834	46,082	40,000	6,082
Operations and Maintenance	1,457,175	1,379,377	1,442,500	(63,123)
Transportation	252,588	303,003	266,500	36,503
Operating transfers to Other Funds				
K-12 At Risk	1,329,740	1,363,584	1,400,000	(36,416)
At Risk 4 yr old	10,494	-	11,000	(11,000)
Bilingual Education	2,050	-	2,000	(2,000)
Special Education	95,625	1,012,560	980,000	32,560
Capital Outlay	89,526	85,288	-	85,288
Professional Development	105	5,000	-	5,000
Drivers Ed	4,000	-	-	-
Student Materials	41,000	-	-	-
Food Service	-	51,000	-	51,000
Career and Post Secondary Education	-	29,108	-	29,108
Adjustments to Budget				
Adjustment to Comply with Legal Maximum Budget	-	-	(175,175)	175,175
Adjustment for Reimbursed Expenses	-	-	254,022	(254,022)
Total Expenditures	8,023,137	8,227,823	$ 8,227,823	$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
SUPPLEMENTAL GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 555,510	$ 632,093	$ 654,594	$ (22,501)
Delinquent tax	18,661	28,976	21,065	7,911
Motor vehicle tax	57,220	64,112	56,739	7,373
State Sources				
Supplemental aid	1,894,271	1,911,429	1,945,718	(34,289)
Total Cash Receipts	2,525,661	2,636,610	$ 2,678,116	$ (41,506)
Expenditures				
Instruction	176,700	1,165,000	$ 1,093,515	$ 71,485
Support Services				
Operations and Maintenance	-	100,000	-	100,000
Operating transfers to Other Funds				
Professional Development	8,075	7,141	8,000	(859)
Virtual Education	199,896	192,174	200,000	(7,826)
Bilingual Education	23,599	25,114	23,000	2,114
Special Education	1,253,126	273,313	425,000	(151,687)
4 Yr Old At Risk	86,646	83,267	85,000	(1,733)
K-12 At Risk	369,456	387,217	395,000	(7,783)
Career and Post Secondary Education	402,482	366,651	417,000	(50,349)
Adjustments to Budget				
Adjustment to Comply with Legal Maximum Budget	-	-	(46,639)	46,639
Total Expenditures	2,519,981	2,599,876	$ 2,599,876	$ -
Receipts Over (Under) Expenditures	5,680	36,734		
Unencumbered Cash, Beginning	78,214	83,894		
Unencumbered Cash, Ending	$ 83,894	$ 120,628		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
4 YR OLD AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ -	$ -	$ 27,500	$ (27,500)
Operating Transfer from Other Funds				
General	10,494	-	11,000	(11,000)
Supplemental General	86,646	83,267	85,000	(1,733)
Total Cash Receipts	97,140	83,267	$ 123,500	$ (40,233)
Expenditures				
Instruction	97,140	83,267	$ 123,500	$ (40,233)
Total Expenditures	97,140	83,267	$ 123,500	$ (40,233)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
K-12 AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Operating Transfer from Other Funds				
General	$ 1,329,740	$ 1,363,584	$ 1,400,000	$ (36,416)
Supplemental General	369,456	387,217	395,000	(7,783)
Total Cash Receipts	1,699,197	1,750,801	$ 1,795,000	$ (44,199)
Expenditures				
Instruction	1,757,585	1,759,001	$ 1,803,200	$ (44,199)
Total Expenditures	1,757,585	1,759,001	$ 1,803,200	$ (44,199)
Receipts Over (Under) Expenditures	(58,389)	(8,200)		
Unencumbered Cash, Beginning	66,589	8,200		
Unencumbered Cash, Ending	$ 8,200	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
BILINGUAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ 2,500	$ (2,500)
Operating Transfer from Other Funds				
General	2,050	-	2,000	(2,000)
Supplemental General	23,599	25,114	23,000	2,114
Total Cash Receipts	25,649	25,114	$ 27,500	$ (2,386)
Expenditures				
Instruction	25,649	25,114	$ 27,500	$ (2,386)
Total Expenditures	25,649	25,114	$ 27,500	$ (2,386)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
VIRTUAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ 20,000	$ (20,000)
Operating Transfer from Other Funds				
Supplemental General	199,896	192,174	200,000	(7,826)
Total Cash Receipts	199,896	192,174	$ 220,000	$ (27,826)
Expenditures				
Instruction	-	-	$ 220,000	$ (220,000)
Support Services				
School Administration	199,896	192,174	-	192,174
Total Expenditures	199,896	192,174	$ 220,000	$ (27,826)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
CAPITAL OUTLAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 276,813	$ 293,215	$ 323,124	$ (29,909)
Delinquent tax	9,178	12,495	15,455	(2,960)
Motor vehicle tax	29,339	30,826	42,170	(11,344)
Interest on idle funds	22,859	63,440	10,000	53,440
Miscellaneous	54,461	47,899	20,000	27,899
State Sources				
State Aid	226,661	256,934	260,681	(3,747)
Operating Transfer from Other Funds				
General	89,526	85,288	-	85,288
Total Cash Receipts	708,838	790,096	$ 671,430	$ 118,666
Expenditures				
Instruction	22,146	51,065	$ 150,000	$ (98,935)
Support Services				
General Administration	16,071	-	25,000	(25,000)
School Administration	1,770	13,061	125,000	138,061
Operations and Maintenance	116,519	149,206	125,000	24,206
Transportation	-	-	250,000	(250,000)
Facility Acquisition and Construction	580,473	483,125	900,000	(416,875)
Total Expenditures	736,980	696,456	$ 1,575,000	$ (628,544)
Receipts Over (Under) Expenditures	(28,142)	93,640		
Unencumbered Cash, Beginning	1,034,139	1,005,997		
Unencumbered Cash, Ending	$ 1,005,997	$ 1,099,638		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
DRIVER EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ 42	$ 39	$ -	$ 39
State Sources				
State aid	8,400	11,455	5,130	6,325
Operating Transfer from Other Funds				
General	4,000	-	-	-
Total Cash Receipts	12,442	11,494	$ 5,130	$ 6,364
Expenditures				
Instruction	13,021	10,531	$ 15,500	$ (4,969)
Support Services				
Operations and Maintenance	-	-	500	(500)
Total Expenditures	13,021	10,531	$ 16,000	$ (5,469)
Receipts Over (Under) Expenditures	(579)	963		
Unencumbered Cash, Beginning	11,855	11,276		
Unencumbered Cash, Ending	$ 11,276	$ 12,239		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
FOOD SERVICE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Students	$ 78,815	$ 73,927	$ 116,809	$ (42,882)
Adults	3,768	4,560	7,580	(3,020)
Other	1,820	494	-	494
State Sources				
State Aid	3,958	3,488	3,872	(384)
Federal Sources				
Child nutrition aid	448,638	385,452	451,769	(66,317)
Operating Transfer from Other Funds				
General	-	51,000	-	51,000
Total Cash Receipts	536,999	518,921	$ 580,030	$ (61,109)
Expenditures				
Support Services				
Operations and Maintenance	22,003	7,226	$ 25,000	$ (17,774)
Food Service Operations	513,749	522,718	607,500	(84,782)
Total Expenditures	535,752	529,944	$ 632,500	$ (84,782)
Receipts Over (Under) Expenditures	1,247	(11,023)		
Unencumbered Cash, Beginning	182,229	183,476		
Unencumbered Cash, Ending	$ 183,476	$ 172,453		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 4,822	$ 453	$ 1,275	$ (822)
Operating Transfer from Other Funds				
General	105	5,000	-	5,000
Supplemental General	8,075	7,141	8,000	(859)
Total Cash Receipts	13,002	12,594	$ 9,275	$ 3,319
Expenditures				
Support Services				
Instructional Support Staff	8,495	12,101	$ 13,782	$ (1,681)
Total Expenditures	8,495	12,101	$ 13,782	$ (1,681)
Receipts Over (Under) Expenditures	4,507	493		
Unencumbered Cash, Beginning	-	4,507		
Unencumbered Cash, Ending	$ 4,507	$ 5,000		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
SPECIAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 44,426	$ 40,923	$ -	$ 40,923
Federal Sources				
Federal aid	22,520	-	-	-
Operating Transfer from Other Funds				
General	95,625	1,012,560	980,000	32,560
Supplemental General	1,253,126	273,313	425,000	(151,687)
Total Cash Receipts	1,415,697	1,326,796	$ 1,405,000	$ (78,204)
Expenditures				
Instruction	1,285,384	1,238,902	$ 1,353,518	$ (114,616)
Support Services				
Transportation	129,797	83,624	188,000	(104,376)
Total Expenditures Subject to Budget	1,415,181	1,322,525	$ 1,541,518	$ (218,993)
Receipts Over (Under) Expenditures	516	4,271		
Unencumbered Cash, Beginning	212,102	212,618		
Unencumbered Cash, Ending	$ 212,618	$ 216,888		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
CAREER AND POST SECONDARY EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 2,711	$ 2,380	$ 75,000	$ (72,620)
Operating Transfer from Other Funds				
General	-	29,108	-	29,108
Supplemental General	402,482	366,651	417,000	(50,349)
Total Cash Receipts	405,193	398,139	$ 492,000	$ (93,861)
Expenditures				
Instruction	404,046	392,543	$ 493,000	$ (100,457)
Total Expenditures	404,046	392,543	$ 493,000	$ (100,457)
Receipts Over (Under) Expenditures	1,148	5,595		
Unencumbered Cash, Beginning	317	1,465		
Unencumbered Cash, Ending	$ 1,465	$ 7,060		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 935,498	$ 942,324	$ 1,075,823	$ (133,499)
Total Cash Receipts	935,498	942,324	$ 1,075,823	$ (133,499)
Expenditures				
Instruction	592,424	607,349	$ 672,323	$ (64,974)
Support Services				
Student Support Services	10,096	10,249	14,500	(4,251)
Instructional Support Staff	57,551	58,856	68,000	(9,144)
General Administration	33,096	32,551	41,000	(8,449)
School Administration	130,493	124,507	150,000	(25,493)
Operations and Maintenance	78,260	76,895	85,000	(8,105)
Transportation	27,463	27,205	35,000	(7,796)
Food Service Operations	6,115	4,713	10,000	(5,287)
Total Expenditures	935,498	942,324	$ 1,075,823	$ (133,499)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating transfer from Other Funds		
General	$ -	$ -
Total Cash Receipts	-	-
Expenditures		
Support Services		
Operations and Maintenance	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	287,776	287,776
Unencumbered Cash, Ending	$ 287,776	$ 287,776

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
STUDENT MATERIALS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Textbook rental	$ 7,095	$ 6,508
Miscellaneous	594	1,192
Operating transfer from Other Funds		
General	41,000	-
Total Cash Receipts	48,688	7,700
Expenditures		
Instruction	48,523	3,626
Total Expenditures	48,523	3,626
Receipts Over (Under) Expenditures	166	4,074
Unencumbered Cash, Beginning	82,462	82,627
Unencumbered Cash, Ending	$ 82,627	$ 86,701

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
TITLE II FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 34,546	$ 32,393
Total Cash Receipts	34,546	32,393
Expenditures		
Instruction	34,546	32,393
Total Expenditures	34,546	32,393
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
TITLE I FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 296,126	$ 247,705
Total Cash Receipts	296,126	247,705
Expenditures		
Instruction	250,014	247,705
Total Expenditures	250,014	247,705
Receipts Over (Under) Expenditures	46,112	-
Unencumbered Cash, Beginning	(46,112)	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
ESSER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Grant	$ 759,429	$ 1,462,150
Total Cash Receipts	759,429	1,462,150
Expenditures		
Instruction	1,141,994	847,211
Support Services		
Operations and Maintenance	1,051	-
Total Expenditures	1,143,045	847,211
Receipts Over (Under) Expenditures	(383,616)	614,939
Unencumbered Cash, Beginning	(231,323)	(614,939)
Unencumbered Cash, Ending	$ (614,939)	$ -

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
KPP GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Sources		
KPP Grant	$ 57,380	$ 57,380
Federal Sources		
Federal aid	57,380	57,380
Total Cash Receipts	114,760	114,760
Expenditures		
Instruction	114,760	61,290
Support Services		
Student Support	-	53,470
Total Expenditures	114,760	114,760
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
KDHE GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 132,360	$ 132,273
Total Cash Receipts	132,360	132,273
Expenditures		
Instruction	38,500	-
Support Services		
General Administration	32,522	41,466
Community Service Operations	87,920	25,065
Total Expenditures	158,942	66,531
Receipts Over (Under) Expenditures	(26,581)	65,742
Unencumbered Cash, Beginning	(48,881)	(75,462)
Unencumbered Cash, Ending	$ (75,462)	$ (9,721)

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
SPECIAL GRANTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Other grants	$ 74,190	$ 115,672
State Sources		
School Safety Grant	14,676	12,012
Federal Sources		
Federal Grant	760	-
Total Cash Receipts	89,626	127,684
Expenditures		
Instruction	118,091	47,335
Program Expenditures	2,500	22,476
Total Expenditures	120,591	69,811
Receipts Over (Under) Expenditures	(30,965)	57,873
Unencumbered Cash, Beginning	74,244	43,279
Unencumbered Cash, Ending	$ 43,279	$ 101,152

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
508 DAYCARE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Daycare Receipts	$ 81,994	$ 103,976
Total Cash Receipts	81,994	103,976
Expenditures		
Instruction	65,487	102,954
Total Expenditures	65,487	102,954
Receipts Over (Under) Expenditures	16,507	1,023
Unencumbered Cash, Beginning	-	16,507
Unencumbered Cash, Ending	$ 16,507	$ 17,530

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 242,815	$ 237,539	$ 245,642	$ (8,103)
Delinquent tax	10,102	13,314	13,775	(461)
Motor vehicle tax	32,992	30,268	40,396	(10,128)
State Sources				
State aid	392,854	429,332	579,332	(150,000)
Total Cash Receipts	678,763	710,453	$ 879,145	$ (168,692)
Expenditures				
Debt Service				
Principal	375,000	400,000	$ 400,000	$ -
Interest	135,200	123,575	123,575	-
Total Expenditures	510,200	523,575	$ 523,575	$ -
Receipts Over (Under) Expenditures	168,563	186,878		
Unencumbered Cash, Beginning	1,224,655	1,393,218		
Unencumbered Cash, Ending	$ 1,393,218	$ 1,580,095		

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
TAYLOR SCHOLARSHIP FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Interest	$ 890	$ 897
Total Cash Receipts	890	897
Expenditures		
Scholarships	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	890	897
Unencumbered Cash, Beginning	177,653	178,542
Unencumbered Cash, Ending	$ 178,542	$ 179,439

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2024

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations				
High School	$ 28,293	$ 166,919	$ 150,449	$ 44,763
Middle School	21,466	20,079	21,312	20,233
Central Elementary	2,241	1,694	2,105	1,831
Lincoln Elementary	2,934	2,270	2,477	2,726
Totals	$ 54,934	$ 190,962	$ 176,343	$ 69,553

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS
DISTRICT ACTIVITY FUNDS
Schedule of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2024

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2024
Gate Receipts						
High School	$ 206	$ 28,051	$ 35,881	$ (7,624)	$ 28	$ (7,596)
Middle School	1,186	5,277	6,172	292	-	292
Subtotal	1,393	33,328	42,053	(7,332)	28	(7,304)
Fees and User Charges						
High School	91	31,329	30,765	655	-	655
Middle School	-	22,335	22,335	-	-	-
Central Elementary	-	15,714	15,714	-	-	-
Lincoln Elementary	9,349	96,140	105,488	-	-	-
Subtotal	9,440	165,517	174,302	655	-	655
Totals	$ 10,832	$ 198,845	$ 216,355	$ (6,678)	$ 28	$ (6,650)

FEDERAL COMPLIANCE SECTION

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
U. S. Department of Agriculture			
Passed Through the State of Kansas			
Department of Education:			
Local Food for Schools	10.185	$ 6,076	$ 6,076
Child Nutrition Cluster:			
School Breakfast Program	10.553	103,873	103,873
COVID-19 National School Lunch Program	10.555	247,026	247,026
Cash for Commodities/Meal Costs	10.558	9,045	9,045
COVID-19 Summer Food Service Program	10.559	19,433	19,433
		379,376	379,376
		385,452	385,452
U.S. Department of Education:			
Passed Through the State of Kansas			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010A	247,705	247,705
Title II Improving Teach Quality	84.367A	32,393	32,393
COVID-19 Education Stabilization Fund (See Note 3)	84.425U	1,462,150	847,211
		1,742,248	1,127,309
U.S. Department of Health and Human Services			
Passed Through the State of Kansas			
Department of Education:			
COVID-19 Epidemiology and Laboratory Capacity	93.323	132,273	66,531
Early Learning Kansans	93.558	57,380	57,380
		189,653	123,911
Totals		$ 2,317,352	$ 1,636,672

Notes:

1. The Schedule of Expenditures of Federal Awards has been prepared using the regulatory basis of accounting as established in the Kansas Municipal Audit and Accounting Guide. Uner the regulatory basis of accounting, revenues are recognized when cash is received. Expenditures inclusde cash disbursements, accounts payable and encumbrances. Encumbrances are commitments for the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract.

2. The District did not elect to use the 10% deminimis indirect cost rate.

UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2024

Finding 2023-001 and 2024-001 Drafting Financial Statements

Condition: The District's auditors, provide significant assistance with preparing their financial statement in the regulatory basis format as well as determining which disclosures are required.

Recommendation: None

Current Status: The District continues to rely on their auditors to assist in preparing the financial statement and disclosures. The District periodically reviews the situation. The District continues to believe this is the most cost-effective way to produce their financial statement. This remains a current year audit finding.

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

Board of Education
Unified School District #508
Baxter Springs, Kansas 66713

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 regulatory basis financial statement and the related notes of the District as of the year ended June 30, 2024, and have issued our report thereon dated May 21, 2025.

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 circumstance for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be significant deficiencies.

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 that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to Management of the District in a separate letter dated May 21, 2025.

District's Response to Findings
Government Auditing Standards, require the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Diehl, Banwart, Bolton CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

May 21, 2025
Fort Scott, Kansas

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

Board of Education
Baxter Springs Unified School District #508
Baxter Springs, Kansas 66713

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the District 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 the District's major federal programs for the year ended June 30, 2023. Unified District #508'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, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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 the District 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 the District'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 the District'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 the District'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 for 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 the District'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 the District'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 the District'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 the District'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.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

May 21, 2025
Fort Scott, Kansas

BAXTER SPRINGS UNIFIED SCHOOL DISTRICT #508
BAXTER SPRINGS, KANSAS

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

The auditors' report was adverse for departures from accounting principles generally accepted in the United State of America due to the preparation of the financial statements in accordance with the Kansas regulatory basis of accounting. An unqualified opinion on the regulatory basis of accounting financial statement of the government was issued.

Internal control over financial reporting:

• Material weakness identified?	___	Yes	X	No
• Significant deficiency identified?	X	Yes	___	None reported
• Noncompliance material to financial statements noted?	___	Yes	X	No

FEDERAL AWARDS

Internal control over major programs:

• Material weakness identified?	___	Yes	X	No
• Significant deficiency identified?	___	Yes	X	None reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ Yes X No

Identification of major programs:

CFDA Numbers	Name of Federal Program
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee? ___ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency
2024-001 Drafting Financial Statements

Condition: As auditors, we provide significant assistance with adjusting entries, as well as determining which disclosures are required under generally accepted accounting standards and the regulatory basis of accounting. This is a repeat finding from June 30, 2023, and was identified in that report at 2023-001.

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

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

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

Recommendation: None

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

BAXTER SPRINGS PUBLIC SCHOOLS, USD #508

June 30, 2024 Financial Statements

Corrective Action Plan

Audit Finding 2024-001

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