USD 430 - SOUTH BROWN COUNTY

Horton, Kansas

FINANCIAL STATEMENT

June 30, 2026

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
TABLE OF CONTENTS
June 30, 2026

		Page
INDEPENDENT AUDITOR'S REPORT		1 - 3
FINANCIAL STATEMENT		
Summary Statement Of Receipts, Expenditures And Unencumbered Cash	Statement 1	4
NOTES TO FINANCIAL STATEMENT		5 - 10
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION		
Summary of Expenditures - Actual and Budget	Schedule 1	12
Schedule of Receipts and Expenditures - Actual and Budget		
General Fund	Schedule 2	13
Supplemental General Fund	Schedule 2	14
Special Purpose Funds		
At-Risk (Pre-K) Fund	Schedule 2	15
At-Risk (K-12) Fund	Schedule 2	16
Capital Outlay	Schedule 2	17
Driver Training Fund	Schedule 2	18
Food Service Fund	Schedule 2	19
Professional Development Fund	Schedule 2	20
Special Education Fund	Schedule 2	21
Career and Postsecondary Education Fund	Schedule 2	22
KPERS Special Retirement Contribution Fund	Schedule 2	23
Bond and Interest Fund	Schedule 2	24
Schedule of Receipts and Expenditures - Non-Budgeted Funds	Schedule 2	25 - 26
Summary of Receipts and Disbursements - Agency Funds	Schedule 3	27
Schedule of Receipts, Expenditures, and Unencumbered Cash - District Activity Funds	Schedule 4	28

August 3, 2026

VARNEY
& ASSOCIATES, CPAs, LLC

Board of Education
USD 430 - South Brown County
Horton, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of USD 430 - South Brown County (the District), 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 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, 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 accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 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* (KMAAG) 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 KMAAG. 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 audits. 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 the 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 KMAAG, 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.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of the financial statement in accordance with KMAAG as described in Note 1; this includes determining regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that is free from material misstatement, whether due to fraud or error.

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.

1501 Poyntz Avenue
Manhattan, KS 66502

785-537-2202 • fax 785-537-1877
http://www.varney.com

1102 Commercial St., Suite A
Emporia, KS 66801

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 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 (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not required part of the basic financial statement; however, are required to be presented under the provisions of the KMAAG. 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 accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Supplementary Information (Continued)

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 year ended June 30, 2025, (not presented herein), and have issued our report thereon dated September 12, 2025, which contained an unmodified opinion on the basic financial statement. The 2025 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits. The 2025 actual column (2025 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 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 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 basic financial statement as a whole for the year ended June 30, 2026, on the basis of accounting described in Note 1.

Varney & Associates, CPAs, LLC

Certified Pubic Accountants
Manhattan, Kansas

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2026

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Funds							
General	$ -	$ -	$ 6,028,826	$ 6,028,826	$ -	$ -	$ -
Supplemental General	137,895	-	1,937,582	1,983,973	91,504	-	91,504
Special Purpose Funds							
Budgeted							
At-Risk (Pre-K)	51,139	-	130,000	86,971	94,168	-	94,168
At-Risk (K-12)	4,207	-	1,436,473	1,435,637	5,043	-	5,043
Capital Outlay	786,016	-	363,319	262,989	886,346	-	886,346
Driver Training	4,336	-	22,200	11,189	15,347	-	15,347
Food Service	299,103	-	393,776	413,258	279,621	-	279,621
Professional Development	-	-	20,000	-	20,000	-	20,000
Special Education	104,014	-	1,142,361	977,146	269,229	-	269,229
Career and Postsecondary Education	59,462	-	530,163	434,110	155,515	-	155,515
KPERS Special Retirement Contribution	-	-	576,306	576,306	-	-	-
Bond and Interest Fund							
Bond and Interest	627,303	-	539,788	439,650	727,441	-	727,441
Non-Budgeted							
Carl Perkins Fund	-	-	8,335	7,159	1,176	-	1,176
Contingency Reserve	454,513	-	-	-	454,513	-	454,513
Textbook Rental	28,703	-	25,716	10,443	43,976	-	43,976
Title I - Low Income	-	-	191,033	191,033	-	-	-
Title II-A Improve Teacher Quality	-	-	24,945	24,945	-	-	-
Title IVA	-	-	19,946	19,946	-	-	-
Title VI	-	-	18,023	18,023	-	-	-
Impact Aid	103,891	-	193,480	255,756	41,615	-	41,615
SRSA	-	-	11,206	11,206	-	-	-
Trust Fund	58,234	-	114,415	119,523	53,126	-	53,126
Bond Construction	235,894	-	-	163,124	72,770	-	72,770
JOM	14,578	-	22,621	15,160	22,039	-	22,039
Teacher Apprenticeship	1,840	-	12,736	13,032	1,544	-	1,544
District activity funds	61,135	-	153,764	156,966	57,933	-	57,933
Total Reporting Entity (Excluding Agency Funds)	$ 3,032,263	$ -	$ 13,917,014	$ 13,656,371	$ 3,292,906	$ -	$ 3,292,906
Composition of Cash							
Checking accounts							$ 2,344,639
Certificates of deposit							1,000,000
Total Cash							$ 3,344,639
Less: Agency funds per Schedule 3							(51,733)
Total Reporting Entity (Excluding Agency Funds)							$ 3,292,906

STATEMENT 1

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report.

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2026

Note 1: Summary of Significant Accounting Policies

USD 430 South Brown County (the District), is a municipal corporation governed by an elected seven member Board. The financial statement includes the District only.

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 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 Fund -- used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund -- used to account for the accumulation of resources, including tax levies, and payment of general long-term debt.

Trust Fund -- funds used to report assets held in trust for the benefit of the District financial reporting entity.

Agency fund -- used to report assets held by the District in a purely custodial capacity.

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

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Use of Estimates

The preparation of a financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: 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 funds. 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 twelve month period on or before August 1st of each year.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget.
3. Public hearing at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

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 but at least ten days after all statutory notification and publication requirements have been met. District 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 hold a revenue neutral rate hearing.

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. The budget was amended for the following funds: General and At-Risk (K-12).

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 for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment to Comply with Legal Max - Unified school districts use this line item (for use in the budget column only) to adjust the certified budget to comply with the "Legal Max" budget. The State Board of Education calculates the "Legal Max" budget using enrollment figures. The District's budgeted expenditures are limited to the lower of the published budget or the "Legal Max" budget.

Adjustment for Qualifying Budget Credits - Districts may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

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 District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year end.

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

Carl Perkins Grant	Title VI
Contingency Reserve	Impact Aid
Textbook Rental	SRSA
Title I - Low Income	Trust
Title II-A Improve Teacher Quality	JOM
Title IVA	Teacher Apprenticeship

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

Note 3: Deposits and Investments

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

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policies 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%. The District did not utilize peak periods during the year. All deposits were legally secured at June 30, 2026.

At June 30, 2026, the District's carrying amount of deposits was $3,344,639 and the bank balance was $4,118,312. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, $601,688 was covered by federal depository insurance and the remaining balance was secured by the Kansas Centralized Collateral Pool.

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

Note 4: Interfund Transfers

The District made the following operating transfers during the year. The transfers were approved by the Board of Education.

Fund From	Fund To	Statutory Authority	Amount
General	Special Education	K.S.A. 72-5167	$ 897,688
General	At Risk (K-12)	K.S.A. 72-5167	1,162,171
General	Food Service	K.S.A. 72-5167	60
General	Career and Postsecondary Ed	K.S.A. 72-5167	130,163
Supplemental	Driver Training	K.S.A. 72-5143	15,000
Supplemental	At Risk (Pre-K)	K.S.A. 72-5143	130,000
Supplemental	Food Service	K.S.A. 72-5143	50
Supplemental	Special Education	K.S.A. 72-5143	184,217
Supplemental	Professional Development	K.S.A. 72-5143	20,000
Supplemental	Career and Postsecondary Ed	K.S.A. 72-5143	400,000
Supplemental	At Risk (K-12)	K.S.A. 72-5143	274,302
Total Transfers			$ 3,213,651

Note 5: Other Long-Term Obligations from Operations

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 retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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. There is no cost to the District under this program.

Compensated Absences & Termination Benefits

No payment is made for unused vacation or sick time upon employee retirement or termination.

The District will cover for eligible retirees the cost of the retiree's health premiums under the District's health insurance policy.

Note 6: Pension Plans

Defined Benefit Pension Plan

Plan description: The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. 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 KSPERS.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 of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on 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 2015 and the proceeds transferred to the System.

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 bond proceeds were received by KPERS on August 26, 2021.

Note 6: Pension Plans (Continued)

Defined Benefit Pension Plan (Continued)

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 $576,306 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 $4,772,138. 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 non-employer 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 this financial statement. The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kspers.gov or can be obtained as described above.

Note 7: 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 is 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 8: Stewardship, Compliance and Accountability.

Expenditures in the At-Risk (K-12) Fund exceeded the adopted budget for the year ended June 30, 2026, which is a violation of K.S.A. 79-2935.

Note 9: Subsequent Events

The District evaluated subsequent events through the date of the financial statement, which is also the date the financial statement was available to be issued.

Note 10: Long-Term Debt

Changes in long-term liabilities for the District for the year were as follows:

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Changes	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2022	2-4%	1/27/22	$ 7,000,000	9/1/42	$ 6,630,000	$ -	$ 280,000	$ (280,000)	$ 6,350,000	$ 159,650

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	2032-2036	2037-2041	2042-2046	Total
Principal									
General Obligation - Bonds									
Series 2022	$ 290,000	$ 305,000	$ 315,000	$ 330,000	$ 340,000	$ 1,820,000	$ 2,050,000	$ 900,000	$ 6,350,000
Interest									
General Obligation - Bonds									
Series 2022	$ 148,250	$ 136,350	$ 123,950	$ 111,050	$ 101,050	$ 398,750	$ 205,750	$ 20,363	$ 1,245,513
TOTAL PRINCIPAL AND INTEREST	$ 438,250	$ 441,350	$ 438,950	$ 441,050	$ 441,050	$ 2,218,750	$ 2,255,750	$ 920,363	$ 7,595,513

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2026

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General Funds						
General	$ 6,059,708	$ (30,882)	$ -	$ 6,028,826	$ 6,028,826	$ -
Supplemental General	2,024,367	-	-	2,024,367	1,983,973	(40,394)
Special Purpose Funds						
At-Risk (Pre-K)	151,139	-	-	151,139	86,971	(64,168)
At-Risk (K-12)	1,277,092	-	-	1,277,092	1,435,637	158,545
Capital Outlay	1,163,589	-	-	1,163,589	262,989	(900,600)
Driver Training	12,711	-	-	12,711	11,189	(1,522)
Food Service	626,220	-	-	626,220	413,258	(212,962)
Professional Development	-	-	-	-	-	-
Special Education	1,070,639	-	-	1,070,639	977,146	(93,493)
Career and Postsecondary Education	434,462	-	-	434,462	434,110	(352)
KPERS Special Retirement Contribution	630,290	-	-	630,290	576,306	(53,984)
Bond and Interest Fund						
Bond and Interest	439,650	-	-	439,650	439,650	-
Total of all Funds	$ 13,889,867	$ (30,882)	$ -	$ 13,858,985	$ 12,650,055	$ (1,208,930)

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
State Sources				
General state aid	$ 5,659,269	$ 5,481,138	$ 5,483,333	$ (2,195)
Special education aid	-	547,688	576,375	(28,687)
Reimbursements	3,300	-	-	-
Total Cash Receipts	$ 5,662,569	$ 6,028,826	$ 6,059,708	$ (30,882)
EXPENDITURES				
Instruction	$ 2,130,985	$ 1,903,181	$ 2,448,937	$ (545,756)
Student support services	282,068	262,626	288,400	(25,774)
Instructional support staff	173,261	218,188	176,250	41,938
General administration	314,435	287,480	330,350	(42,870)
School administration	507,270	535,949	526,000	9,949
Operations and maintenance	325,997	400,457	335,350	65,107
Student transportation	233,464	230,863	241,005	(10,142)
Transfers to other funds	1,695,089	2,190,082	1,713,416	476,666
Adjustment to comply with legal maximum	-	-	(30,882)	30,882
Total Expenditures	$ 5,662,569	$ 6,028,826	$ 6,028,826	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ -		
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	$ -	$ -		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SUPPLEMENTAL 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

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Ad valorem taxes	$ 952,174	$ 984,211	$ 930,199	$ 54,012
Delinquent taxes	16,528	14,359	9,882	4,477
County Sources				
Motor vehicle taxes	53,372	57,344	57,743	(399)
Recreational vehicle taxes	1,472	1,370	1,521	(151)
Commercial vehicle taxes	2,399	2,330	9,159	(6,829)
State Sources				
Supplemental state aid	840,271	877,968	877,968	-
Total Cash Receipts	$ 1,866,216	$ 1,937,582	$ 1,886,472	$ 51,110
EXPENDITURES				
Instruction	$ 280,228	$ 216,153	$ 327,195	$ (111,042)
Student support services	2,971	3,597	3,300	297
Instructional support staff	9,808	18,137	10,000	8,137
General administration	282,050	264,503	291,500	(26,997)
School administration	7,967	18,015	9,500	8,515
Operations and maintenance	290,881	349,409	315,000	34,409
Student transportation	79,417	90,590	95,100	(4,510)
Transfers to other funds	964,229	1,023,569	972,772	50,797
Total Expenditures	$ 1,917,551	$ 1,983,973	$ 2,024,367	$ (40,394)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (51,335)	$ (46,391)		
UNENCUMBERED CASH - BEGINNING	189,230	137,895		
UNENCUMBERED CASH - ENDING	$ 137,895	$ 91,504		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
AT RISK (PRE-K) 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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS				
Other Sources				
Transfers from other funds	$ 120,000	$ 130,000	$ 100,000	$ 30,000
EXPENDITURES				
Instruction	$ 82,141	$ 86,971	$ 151,139	$ (64,168)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 37,859	$ 43,029		
UNENCUMBERED CASH - BEGINNING	13,280	51,139		
UNENCUMBERED CASH - ENDING	$ 51,139	$ 94,168		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
AT RISK (K-12) 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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS				
Other Sources				
Transfers from other funds	$ 1,155,000	$ 1,436,473	$ 1,277,092	$ 159,381
EXPENDITURES				
Instruction	$ 1,154,440	$ 1,435,637	$ 1,277,092	$ 158,545
RECEIPTS OVER (UNDER) EXPENDITURES	$ 560	$ 836		
UNENCUMBERED CASH - BEGINNING	3,647	4,207		
UNENCUMBERED CASH - ENDING	$ 4,207	$ 5,043		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
CAPITAL OUTLAY
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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Ad valorem taxes	$ 135,508	$ 135,068	$ 130,935	$ 4,133
Delinquent taxes	2,231	2,484	1,410	1,074
Interest on idle funds	136,248	123,390	140,000	(16,610)
Other	39,294	41,530	43,000	(1,470)
County Sources				
Motor vehicle taxes	7,915	7,948	7,759	189
Recreational vehicle taxes	225	183	204	(21)
Commercial vehicle taxes	-	1	1,231	(1,230)
State Sources				
State aid	58,826	52,715	53,034	(319)
Total Cash Receipts	$ 380,247	$ 363,319	$ 377,573	$ (14,254)
EXPENDITURES				
Instruction	$ 14,909	$ 5,362	$ 203,589	$ (198,227)
Student support services	6,444	16,583	200,000	(183,417)
Instructional support staff	6,499	-	100,000	(100,000)
General administration	408	-	50,000	(50,000)
School administration	15,236	-	100,000	(100,000)
Operations and maintenance	78,846	29,722	210,000	(180,278)
Student transportation	11,515	112,905	100,000	12,905
Other support services	7,884	-	50,000	(50,000)
Facility acquisition and construction	35,168	98,417	150,000	(51,583)
Total Expenditures	$ 176,909	$ 262,989	$ 1,163,589	$ (900,600)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 203,338	$ 100,330		
UNENCUMBERED CASH - BEGINNING	582,678	786,016		
UNENCUMBERED CASH - ENDING	$ 786,016	$ 886,346		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
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

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Other	$ 3,740	$ 4,160	$ -	$ 4,160
State Sources				
State safety aid	2,755	3,040	3,375	(335)
Other Sources				
Transfers from other funds	6,200	15,000	5,000	10,000
Total Cash Receipts	$ 12,695	$ 22,200	$ 8,375	$ 13,825
EXPENDITURES				
Instruction	$ 9,127	$ 10,587	$ 12,111	$ (1,524)
Operations and maintenance	355	602	600	2
Total Expenditures	$ 9,482	$ 11,189	$ 12,711	$ (1,522)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 3,213	$ 11,011		
UNENCUMBERED CASH - BEGINNING	1,123	4,336		
UNENCUMBERED CASH - ENDING	$ 4,336	$ 15,347		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Food service sales	$ 82,058	$ 87,396	$ 75,950	$ 11,446
Transfers from other funds	-	110	-	110
State Sources				
School food assistance	2,744	3,034	2,022	1,012
Federal Sources				
Child nutrition programs	266,411	303,236	249,145	54,091
Total Cash Receipts	$ 351,213	$ 393,776	$ 327,117	$ 66,659
EXPENDITURES				
Food service	$ 413,752	$ 413,258	$ 626,220	$ (212,962)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (62,539)	$ (19,482)		
UNENCUMBERED CASH - BEGINNING	361,642	299,103		
UNENCUMBERED CASH - ENDING	$ 299,103	$ 279,621		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS				
Transfers from other funds	$ 2,000	$ 20,000	$ -	$ 20,000
EXPENDITURES				
Instructional support staff	$ 2,000	$ -	$ -	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ 20,000		
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	$ -	$ 20,000		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS				
Federal Sources				
Federal Aid	$ 38,320	$ 60,456	$ 53,000	$ 7,456
Other Sources				
Transfers from other funds	985,089	1,081,905	913,625	168,280
Total Cash Receipts	$ 1,023,409	$ 1,142,361	$ 966,625	$ 175,736
EXPENDITURES				
Instruction	$ 1,010,176	$ 977,146	$ 1,070,639	$ (93,493)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 13,233	$ 165,215		
UNENCUMBERED CASH - BEGINNING	90,781	104,014		
UNENCUMBERED CASH - ENDING	$ 104,014	$ 269,229		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
CAREER AND POSTSECONDARY 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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Other Sources				
Transfers from other funds	$ 389,878	$ 530,163	$ 375,000	$ 155,163
EXPENDITURES				
Instruction	$ 353,295	$ 434,110	$ 434,462	$ (352)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 36,583	$ 96,053		
UNENCUMBERED CASH - BEGINNING	22,879	59,462		
UNENCUMBERED CASH - ENDING	$ 59,462	$ 155,515		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION 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

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
CASH RECEIPTS				
State Sources				
State Aid	$ 574,689	$ 576,306	$ 630,290	$ (53,984)
EXPENDITURES				
Instruction	$ 370,674	$ 371,717	$ 392,290	$ (20,573)
Student support services	32,183	32,273	40,000	(7,727)
Instructional support staff	31,608	31,697	38,000	(6,303)
General administration	20,114	20,171	25,000	(4,829)
School administration	49,998	50,139	55,000	(4,861)
Operations and maintenance	32,183	32,273	40,000	(7,727)
Student transportation	19,539	19,594	20,000	(406)
Food service	18,390	18,442	20,000	(1,558)
Total Expenditures	$ 574,689	$ 576,306	$ 630,290	$ (53,984)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -	$ -		
UNENCUMBERED CASH - BEGINNING	-	-		
UNENCUMBERED CASH - ENDING	$ -	$ -		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
BOND AND 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

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
CASH RECEIPTS				
Local Sources				
Ad valorem taxes	$ 497,455	$ 496,766	$ 479,469	$ 17,297
Delinquent tax	5,438	6,562	5,169	1,393
Interest on Idle Funds	11,308	6,794	8,000	(1,206)
County Sources				
Motor vehicle taxes	26,832	28,114	28,448	(334)
Recreational vehicle taxes	208	356	749	(393)
Commercial vehicle taxes	1,161	1,196	4,512	(3,316)
Total Cash Receipts	$ 542,402	$ 539,788	$ 526,347	$ 13,441
EXPENDITURES				
Principal	$ 270,000	$ 280,000	$ 280,000	$ -
Interest	170,650	159,650	159,650	-
Total Expenditures	$ 440,650	$ 439,650	$ 439,650	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ 101,752	$ 100,138		
UNENCUMBERED CASH - BEGINNING	525,551	627,303		
UNENCUMBERED CASH - ENDING	$ 627,303	$ 727,441		

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
NON-BUDGETED FUNDS
For the Year Ended June 30, 2026

	Carl Perkins Grant	Contingency Reserve	Textbook Rental	Title I Low Income	Title II-A Improve Teacher Quality	Title IVA	Title VI
RECEIPTS							
Local Sources							
Student activities	$ -	$ -	$ 8,268	$ -	$ -	$ -	$ -
Other	8,335	-	17,448	-	-	-	-
Federal Sources							
Federal Aid	-	-	-	191,033	24,945	19,946	18,023
Total Receipts	$ 8,335	$ -	$ 25,716	$ 191,033	$ 24,945	$ 19,946	$ 18,023
EXPENDITURES							
Instruction	$ 7,159	$ -	$ 6,929	$ 190,733	$ 24,945	$ 19,946	$ 18,023
Student support services	-	-	-	300	-	-	-
Instructional support staff	-	-	3,514	-	-	-	-
Total Expenditures	$ 7,159	$ -	$ 10,443	$ 191,033	$ 24,945	$ 19,946	$ 18,023
RECEIPTS OVER (UNDER) EXPENDITURES	$ 1,176	$ -	$ 15,273	$ -	$ -	$ -	$ -
UNENCUMBERED CASH - BEGINNING	-	454,513	28,703	-	-	-	-
UNENCUMBERED CASH - ENDING	$ 1,176	$ 454,513	$ 43,976	$ -	$ -	$ -	$ -

(Continued)

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
NON-BUDGETED FUNDS (CONTINUED)
For the Year Ended June 30, 2026

	Impact Aid	SRSA	Trust	Bond Construction	JOM	Teacher Apprenticeship
RECEIPTS						
Local Sources						
Other	$ -	$ -	$ 114,415	$ -	$ -	$ -
State Sources						
State aid	-	11,206	-	-	-	-
Federal Sources						
Federal Aid	193,480	-	-	-	22,621	12,736
Total Receipts	$ 193,480	$ 11,206	$ 114,415	$ -	$ 22,621	$ 12,736
EXPENDITURES						
Instruction	$ 17,530	$ 11,206	$ 116,832	$ -	$ 15,160	$ 1,500
Student support services	140,190	-	2,691	-	-	-
Operations and maintenance	24,300	-	-	-	-	-
Instructional support staff	73,736	-	-	-	-	11,532
Facility acquisition and construction	-	-	-	163,124	-	-
Total Expenditures	$ 255,756	$ 11,206	$ 119,523	$ 163,124	$ 15,160	$ 13,032
RECEIPTS OVER (UNDER) EXPENDITURES	$ (62,276)	$ -	$ (5,108)	$ (163,124)	$ 7,461	$ (296)
UNENCUMBERED CASH - BEGINNING	103,891	-	58,234	235,894	14,578	1,840
UNENCUMBERED CASH - ENDING	$ 41,615	$ -	$ 53,126	$ 72,770	$ 22,039	$ 1,544

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended June 30, 2026

	Balance July 1, 2025	Cash Receipts	Cash Disbursements	Balance June 30, 2026
Student Organization Funds				
Middle School Funds				
Everest Middle School	$ 7,975	$ 9,655	$ 9,155	$ 8,475
High School Funds				
Horton High School	43,863	103,958	108,573	39,248
Other				
Elementary School Funds				
Sales tax	(24)	-	-	(24)
Middle School Funds				
Sales tax	2,008	-	128	1,880
High School Funds				
Sales tax	2,050	104	-	2,154
Total Agency Funds	$ 55,872	$ 113,717	$ 117,856	$ 51,733

USD 430 - SOUTH BROWN COUNTY
Horton, Kansas
DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2026

	Balance July 1, 2025	Cash Receipts	Expenditures	Ending Unencumbered Cash	Add Encumbrances and Accounts Payable	Balance June 30, 2026
Gate Receipts						
Everest Middle School						
Athletic	$ 895	$ 7,229	$ 7,871	$ 253	$ -	$ 253
Horton High School						
Athletic	1,294	17,740	18,572	462	-	462
Total Gate Receipts	$ 2,189	$ 24,969	$ 26,443	$ 715	$ -	$ 715
School Projects						
Horton Elementary School	$ 21,037	$ 10,818	$ 10,025	$ 21,830	$ -	$ 21,830
Everest Middle School	19,571	27,172	29,789	16,954	-	16,954
Horton High School	18,338	90,805	90,709	18,434	-	18,434
Total School Projects	$ 58,946	$ 128,795	$ 130,523	$ 57,218	$ -	$ 57,218
Total District Activity Funds	$ 61,135	$ 153,764	$ 156,966	$ 57,933	$ -	$ 57,933