SSC CPAs, P.A.

UNIFIED SCHOOL DISTRICT NO. 397

FINANCIAL STATEMENT WITH SUPPLEMENTARY INFORMATION TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2025

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SSC CPAs, P.A.

Independent Auditor's Report

To the Board of Education
Unified School District No. 397
Lost Springs, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District No. 397, Lost Springs, Kansas, as of and for the year ended June 30, 2025 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 Unified School District No. 397, as of June 30, 2025 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 United School District No. 397, as of June 30, 2025, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 2.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, 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 2 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 2 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 this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 2; 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 Responsibility 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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, summary of regulatory basis receipts and disbursements – agency funds, and schedule of receipts, expenditures, and unencumbered cash – district activity funds (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 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 2.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Unified School District No. 397 as of and for the year ended June 30, 2024 (not presented herein), and have issued our report thereon dated September 13, 2024, which contained an unmodified opinion on the basic financial statement. The 2024 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 http://www.admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2024 actual column (2024 comparative information) presented in the individual fund schedule of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2025 (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 2024 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 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement or to the 2024 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 2024 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, 2024, on the basis of accounting described In Note 2.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards, 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,* is presented for purposes of additional analysis and is not a required part of the financial statement. 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 information is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated November 7, 2025 on our consideration of the Unified School District No. 397'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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Unified School District No. 397's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District No. 397's internal control over financial reporting and compliance.

SSC CPAs, P.A.

SSC CPAs, P.A.

Salina, Kansas

November 7, 2025

UNIFIED SCHOOL DISTRICT NO. 397
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

STATEMENT 1

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	$ -	$ 4,118,842	$ 4,118,842	$ -	$ 16,808	$ 16,808
Supplemental General	65,523	926,647	921,896	70,274	-	70,274
Special Purpose Funds:						
At Risk (4 Year Old)	-	10,000	9,608	392	-	392
At Risk (K-12)	63,135	255,544	266,908	51,771	-	51,771
Capital Outlay	1,533,137	2,020,536	2,727,235	826,438	42,481	868,919
Driver Training	15,741	2,835	3,814	14,762	-	14,762
Food Service	42,314	186,090	186,138	42,266	-	42,266
Professional Development	93,552	1,837	20,159	75,230	-	75,230
Special Education	243,946	931,602	930,952	244,596	-	244,596
Career and Postsecondary Education	46,466	211,579	212,663	45,382	390	45,772
KPERS Special Retirement Contribution	-	315,408	315,408	-	-	-
Virtual Education	51,412	821,299	843,430	29,281	42,467	71,748
Student Material	12,412	9,217	533	21,096	-	21,096
Title I	-	53,084	53,084	-	-	-
Title II-A	(313)	3,122	2,809	-	-	-
Title IV	-	17,336	17,336	-	-	-

UNIFIED SCHOOL DISTRICT NO. 397
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

STATEMENT 1

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Current Year Ending Cash Balance
Federal REAP Grant	$ -	$ 5,574	$ 5,574	$ -	$ -	$ -
K-12 Funding Project Grant	322	-	-	322	-	322
Contingency Reserve	488,102	-	-	488,102	-	488,102
Elementary & Secondary School Emergency Relief III	(30,015)	32,747	2,732	-	-	-
District Activity Funds	25,216	56,929	51,015	31,130	-	31,130
Trust Funds:						
Mowrer Scholarship / Student Scholarships	329,506	39,237	28,601	340,142	-	340,142
Gifts and Grants	342,632	291,876	180,260	454,247	-	454,247
TOTAL REPORTING ENTITY (EXCLUDING AGENCY FUNDS)	$ 3,323,088	$ 10,311,341	$ 10,898,997	$ 2,735,431	$ 102,146	$ 2,837,577

COMPOSITION OF CASH:	
Checking and Saving Accounts	$ (305,064)
Money Market Accounts	2,101,347
Certificates of Deposit	1,106,046
Total Cash	2,902,329
Agency Funds per Schedule 3	(64,752)
TOTAL REPORTING ENTITY (EXCLUDING AGENCY FUNDS)	$ 2,837,577

1. REPORTING ENTITY

Unified School District No. 397 (the District) is a municipal corporation governed by a citizen elected seven-member Board of Education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States 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 for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

Fund Descriptions. The following types of funds comprise the financial activities of the District for the year ended June 30, 2025:

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 regulatory receipt sources (other than Capital Projects and tax levies for long-term debt) that are intended for specified purposes.

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

3. BUDGETARY INFORMATION

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but a 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 the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. 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 for 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. The budget was amended for the following funds: General Fund, Capital Outlay Fund, Career and Postsecondary Education Fund, and Virtual Education Fund.

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.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts 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 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:

Student Material Fund	Title I Fund
Title II-A Fund	Title IV Fund
Federal REAP Grant Fund	K-12 Funding Project Grant Fund
Contingency Reserve Fund	Elementary & Secondary School Emergency Relief III Fund
District Activity Funds	

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

4. DEPOSITS AND INVESTMENTS

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, 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 risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposits 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 District, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District has not designated a "peak period." All deposits were legally secured at June 30, 2025.

At June 30, 2025, the District's carrying amount of deposits was $2,902,329 and the bank balance was $3,371,149. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $500,000 was covered by federal depository insurance and the remaining $2,871,149 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

5. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	At Risk (4 Year Old) Fund	K.S.A. 72-5167	$ 10,000
General Fund	At Risk (K-12) Fund	K.S.A. 72-5167	194,146
General Fund	Food Service Fund	K.S.A. 72-5167	24,666
General Fund	Special Education Fund	K.S.A. 72-5167	738,666
General Fund	Career and Postsecondary Education Fund	K.S.A. 72-5167	163,000
General Fund	Virtual Education Fund	K.S.A. 72-5167	820,945
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-5143	61,398
Supplemental General Fund	Special Education Fund	K.S.A. 72-5143	189,357
Supplemental General Fund	Career and Postsecondary Education Fund	K.S.A. 72-5143	37,255

6. DEFINED BENEFIT 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 Annual Comprehensive Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S. 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 13.38% and 12.57%, respectively, for the fiscal year ended June 30, 2024. The actuarially determined employer contribution rate and the statutory contribution rate was 11.60% and 11.54% for the fiscal year ended June 30, 2025.

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.

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 $315,408 for the year ended June 30, 2025.

Net Pension Liability.
At June 30, 2025, the District's proportionate share of the collective net pension liability reported by KPERS was $2,752,027. The net pension liability was measured as of June 30, 2024, and the total 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, 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.kpers.org or can be obtained as described above.

7. 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 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 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.

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2025.

Compensated Absences. The District provides compensation for absences. Classified employees that are under 12-month contracts are eligible for vacation leave as dictated on their individual contracts. Not more than one-half the annual vacation may be carried past the next contract year. Full-time classified employees earn sick leave at the rate of 10 days per year and part-time employees earn sick leave at 5 days per year. Full-time employees may accumulate 60 days and part-time employees may accumulate 45 days sick leave.

Certified employees earn personal leave at the rate of three days per contract year. They have the option to add any unused days to their accumulated sick leave, carry over 2 days into the following year for a maximum of 4 days, or they may be reimbursed for unused personal days at the substitute teacher pay rate. Certified employees earn sick leave at the rate of 9 days per year up to a maximum accumulation of

60 days. Teachers who have 12 or more accumulated sick leave days and no remaining personal leave days at the time of the request, may exchange two sick leave days for one additional personal leave day per contract year.

Retirement Benefits. Upon retirement, KPERS-eligible certified employees with at least 10 years of service to the District may be compensated for all unused sick leave days. If the teacher has 20-39 days, the rate is $30 per day, 40-59 earns $40 per day, and 60-70 earns $50 per day.

A single health care plan will be provided at the monthly premium rate in effect at retirement for a maximum of 5 years unless the retiree reaches the age of 65 before the end of the 5-year period. If the premium amount decreases to less than the rate at retirement, no additional payment will be made to the retiree. A part-time teacher, working 30 hours or more, will be granted a pro-rated payment using their contract for the final year of employment. To be eligible, the retiring employee must qualify to take KPERS retirement with 85 points, must have at least ten years of work experience with the District, and must begin drawing KPERS retirement benefits within six months following retirement from the District.

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to protect themselves from these risks.

9. RELATED PARTIES

One employee of the District was directly related to a board member during the fiscal year ended June 30, 2025.

10. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures to Date
Daycare and Storm Shelter Addition	$ 2,680,128	$ 2,680,128

11. SUBSEQUENT EVENT

The District's management has evaluated events and transactions occurring after June 30, 2025 through November 7, 2025. The aforementioned date represents the date the financial statement was available to be issued.

12. LONG-TERM DEBT

Changes in long-term liabilities for the District for the year ended June 30, 2025, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Finance leases:									
Copier Lease	0.00%	12/19/2023	$ 135,447	4/1/2029	$ 122,547	$ -	$ 25,799	$ 96,748	$ -
Lease Purchase Agreement	7.00%	12/23/2024	500,000	12/1/2029	-	500,000	-	500,000	-
TOTAL CONTRACTUAL INDEBTEDNESS					$ 122,547	$ 500,000	$ 25,799	$ 596,748	$ -

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

Years ended June 30,	2026	2027	2028	2029	2030	Total
Principal						
Copier Lease	$ 25,799	$ 25,799	$ 25,800	$ 19,350	$ -	$ 96,748
Lease Purchase Agreement	88,435	92,573	99,143	106,137	113,712	500,000
Total Principal	114,234	118,372	124,943	125,487	113,712	596,748
Interest						
Lease Purchase Agreement	33,347	29,210	22,640	15,646	8,070	108,913
TOTAL PRINCIPAL AND INTEREST	$147,581	$ 147,582	$ 147,583	$ 141,133	$ 121,782	$ 705,661

REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION

UNIFIED SCHOOL DISTRICT NO. 397
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 1

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)
General Funds:						
General	$ 4,099,960	$ (72,713)	$ 91,595	$ 4,118,842	$ 4,118,842	$ -
Supplemental General	952,035	(30,139)	-	921,896	921,896	-
Special Purpose Funds:						
At Risk (4 Year Old)	25,000	-	-	25,000	9,608	(15,392)
At Risk (K-12)	326,904	-	-	326,904	266,908	(59,996)
Capital Outlay	3,727,587	-	-	3,727,587	2,727,235	(1,000,352)
Driver Training	6,598	-	-	6,598	3,814	(2,784)
Food Service	194,723	-	-	194,723	186,138	(8,585)
Professional Development	20,159	-	-	20,159	20,159	-
Special Education	1,038,749	-	-	1,038,749	930,952	(107,797)
Career and Postsecondary Education	233,776	-	-	233,776	212,663	(21,113)
KPERS Retirement Contribution	369,420	-	-	369,420	315,408	(54,012)
Virtual Education	985,412	-	-	985,412	843,430	(141,982)

UNIFIED SCHOOL DISTRICT NO. 397
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Aid:				
General State Aid	$ 3,247,755	$ 3,464,342	$ 3,463,410	$ 932
Special Education Aid	451,452	562,666	636,549	(73,883)
Taxes and shared Revenue:				
Mineral Production Tax	432	239	-	239
Reimbursements	57,919	91,595	-	91,595
Total Receipts	3,757,558	4,118,842	$ 4,099,959	$ 18,883
Expenditures				
Instruction	481,071	707,416	$ 696,391	$ 11,025
Student Support Services	121,345	105,391	130,849	(25,458)
Instructional Support Staff	15,680	16,469	18,165	(1,696)
General Administration	303,699	334,626	331,333	3,293
School Administration	257,724	270,390	271,878	(1,488)
Central Services	71,698	78,046	73,537	4,509
Operations and Maintenance	256,429	291,122	331,780	(40,658)
Transportation Services	297,612	291,716	263,044	28,672
Community Service Operations	39,774	72,243	42,000	30,243
Operating Transfers	1,912,526	1,951,423	1,940,983	10,440
Adjustment to Comply with Legal Max	-	-	(72,713)	72,713
Legal General Fund Budget	3,757,558	4,118,842	4,027,247	91,595
Adjustment for Qualifying Budget Credits	-	-	91,595	(91,595)
Total Expenditures	3,757,558	4,118,842	$ 4,118,842	$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT NO. 397
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and shared Revenue:				
Ad Valorem	$ 399,678	$ 506,526	$ 432,084	$ 74,442
Delinquent	2,633	3,498	4,098	(600)
Motor Vehicle and 16/20M	22,309	20,720	16,600	4,120
Recreational Vehicle	454	313	311	2
Commercial Vehicle	1,164	926	25,900	(24,974)
State Aid	363,636	394,664	407,566	(12,902)
Total Receipts	789,874	926,647	$ 886,559	$ 40,088
Expenditures				
Instruction	606,972	577,026	$ 591,590	$ (14,564)
Student Support Services	1,092	-	-	-
Instructional Support Staff	54,924	55,940	57,881	(1,941)
General Administration	1,194	378	1,850	(1,472)
School Administration	7,987	302	8,750	(8,448)
Operations and Maintenance	6,663	240	7,500	(7,260)
Transportation Services	-	-	-	-
Operating Transfers	117,917	288,010	284,464	3,546
Adjustment to Comply with Legal Max	-	-	(30,139)	30,139
Total Expenditures	796,749	921,896	$ 921,896	$ -
Receipts Over (Under) Expenditures	(6,875)	4,751		
Unencumbered Cash, Beginning	72,398	65,523		
Unencumbered Cash, Ending	$ 65,523	$ 70,274		

UNIFIED SCHOOL DISTRICT NO. 397
AT RISK (4 YEAR OLD) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Operating Transfers	$ -	$ 10,000	$ 15,000	$ (5,000)
Miscellaneous	-	-	10,000	(10,000)
Total Receipts	-	10,000	$ 25,000	$ (15,000)
Expenditures				
Instruction	-	9,608	$ 25,000	$ (15,392)
Receipts Over (Under) Expenditures	-	392		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ 392		

UNIFIED SCHOOL DISTRICT NO. 397
AT RISK (K-12) FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Operating Transfers	$ 311,250	$ 255,544	$ 264,098	$ (8,554)
Expenditures				
Instruction	303,165	230,746	$ 312,890	$ (82,144)
Student Support Services	13,604	36,162	14,014	22,148
Total Expenditures	316,769	266,908	$ 326,904	$ (59,996)
Receipts Over (Under) Expenditures	(5,519)	(11,364)		
Unencumbered Cash, Beginning	68,654	63,135		
Unencumbered Cash, Ending	$ 63,135	$ 51,771		

UNIFIED SCHOOL DISTRICT NO. 397
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and shared Revenue:				
Ad Valorem	$ 223,157	$ 225,140	$ 197,768	$ 27,372
Delinquent	2,000	2,214	2,260	(46)
Motor Vehicle and 16/20M	16,499	15,994	12,862	3,132
Recreational Vehicle	339	250	685	(435)
Commercial Vehicle	970	558	-	558
Interest	120,803	114,233	60,000	54,233
State Aid	70,043	104,472	104,488	(16)
Other Sources	279	500,945	500,945	-
Federal Aid	-	1,056,730	1,056,730	-
Total Receipts	434,090	2,020,536	$ 1,935,738	$ 84,798
Expenditures				
Instruction	36,507	118,346	$ 40,000	$ 78,346
Student Support Services	7,400	5,100	9,000	(3,900)
General Administration	5,274	5,863	6,605	(742)
School Administration	26,163	33,637	34,000	(363)
Central Services	-	23	-	23
Operations and Maintenance	71,696	68,103	80,000	(11,897)
Transportation Services	-	-	8,500	(8,500)
Facility Acquisition and Construction	859,909	2,496,163	3,549,482	(1,053,319)
Total Expenditures	1,006,949	2,727,235	$ 3,727,587	$ (1,000,352)
Receipts Over (Under) Expenditures	(572,859)	(706,699)		
Unencumbered Cash, Beginning	2,105,996	1,533,137		
Unencumbered Cash, Ending	$ 1,533,137	$ 826,438		

UNIFIED SCHOOL DISTRICT NO. 397
DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Aid	$ 2,175	$ 1,305	$ 1,890	$ (585)
Other	918	1,530	-	1,530
Total Receipts	3,093	2,835	$ 1,890	$ 945
Expenditures				
Instruction	2,078	3,059	$ 6,050	$ (2,991)
Vehicle Operations and Maintenance	450	755	548	207
Total Expenditures	2,528	3,814	$ 6,598	$ (2,784)
Receipts Over (Under) Expenditures	565	(979)		
Unencumbered Cash, Beginning	15,176	15,741		
Unencumbered Cash, Ending	$ 15,741	$ 14,762		

UNIFIED SCHOOL DISTRICT NO. 397
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Federal Aid	$ 88,210	$ 95,731	$ 82,980	$ 12,751
State Aid	1,067	1,002	768	234
Food Service Receipts	63,343	64,691	53,663	11,028
Operating Transfers	15,000	24,666	15,000	9,666
Total Receipts	167,620	186,090	$ 152,411	$ 33,679
Expenditures				
Operations and Maintenance	1,050	-	$ -	$ -
Food Service Operation	169,008	186,138	194,723	(8,585)
Total Expenditures	170,058	186,138	$ 194,723	$ (8,585)
Receipts Over (Under) Expenditures	(2,438)	(48)		
Unencumbered Cash, Beginning	44,752	42,314		
Unencumbered Cash, Ending	$ 42,314	$ 42,266		

UNIFIED SCHOOL DISTRICT NO. 397
PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Aid	$ 450	$ 1,837	$ -	$ 1,837
Expenditures				
Instruction	2,726	16,253	$ 3,323	$ 12,930
Instructional Support Staff	3,091	3,906	16,836	(12,930)
Total Expenditures	5,817	20,159	$ 20,159	$ -
Receipts Over (Under) Expenditures	(5,367)	(18,322)		
Unencumbered Cash, Beginning	98,919	93,552		
Unencumbered Cash, Ending	$ 93,552	$ 75,230		

UNIFIED SCHOOL DISTRICT NO. 397
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Other Sources	$ 31,043	$ 3,579	$ -	$ 3,579
Operating Transfers	683,087	928,023	852,648	75,375
Total Receipts	714,130	931,602	$ 852,648	$ 78,954
Expenditures				
Instruction	788,348	880,662	$ 1,009,089	$ (128,427)
School Administration	-	2,499	-	2,499
Vehicle Operating Service	28,748	47,791	29,660	18,131
Total Expenditures	817,096	930,952	$ 1,038,749	$ (107,797)
Receipts Over (Under) Expenditures	(102,966)	650		
Unencumbered Cash, Beginning	346,912	243,946		
Unencumbered Cash, Ending	$ 243,946	$ 244,596		

UNIFIED SCHOOL DISTRICT NO. 397
CAREER AND POSTSECONDARY EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
State Aid	$ 17,393	$ 11,324	$ 23,216	$ (11,892)
Operating Transfers	157,106	200,255	164,500	35,755
Total Receipts	174,499	211,579	$ 187,716	$ 23,863
Expenditures				
Instruction	158,268	181,902	$ 197,661	$ (15,759)
Instructional Support Staff	397	72	1,755	(1,683)
School Administration	-	1,135	-	1,135
Student Transportation Services	33,335	29,554	34,360	(4,806)
Total Expenditures	192,000	212,663	$ 233,776	$ (21,113)
Receipts Over (Under) Expenditures	(17,501)	(1,084)		
Unencumbered Cash, Beginning	63,967	46,466		
Unencumbered Cash, Ending	$ 46,466	$ 45,382		

UNIFIED SCHOOL DISTRICT NO. 397
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Aid	$ 321,235	$ 315,408	$ 369,420	$ (54,012)
Expenditures				
Employee Benefits	321,235	315,408	$ 369,420	$ (54,012)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT NO. 397
VIRTUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Tuition	$ -	$ 354	$ -	$ 354
Operating Transfers	864,000	820,945	934,000	(113,055)
Total Receipts	864,000	821,299	$ 934,000	$ (112,701)
Expenditures				
Instruction	354,169	458,053	$ 513,471	$ (55,418)
Instructional Support Staff	57,293	56,965	59,115	(2,150)
General Administration	2,383	2,433	2,138	295
School Administration	400,909	325,846	410,688	(84,842)
Operating and Maintenance	-	133	-	133
Total Expenditures	814,754	843,430	$ 985,412	$ (141,982)
Receipts Over (Under) Expenditures	49,246	(22,131)		
Unencumbered Cash, Beginning	2,166	51,412		
Unencumbered Cash, Ending	$ 51,412	$ 29,281		

UNIFIED SCHOOL DISTRICT NO. 397
STUDENT MATERIAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Student Fees	$ 8,243	$ 9,217
Expenditures		
Instruction	4,835	533
Receipts Over (Under) Expenditures	3,408	8,684
Unencumbered Cash, Beginning	9,004	12,412
Unencumbered Cash, Ending	$ 12,412	$ 21,096

UNIFIED SCHOOL DISTRICT NO. 397
TITLE I FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	$ 46,765	$ 53,084
Expenditures		
Instruction	46,740	52,870
Instructional Support Staff	25	214
Total Expenditures	46,765	53,084
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT NO. 397
TITLE II-A FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	$ 7,919	$ 3,122
Expenditures		
Instruction	2,692	2,655
Student Support Services	-	154
Instructional Support Staff	5,540	-
Total Expenditures	8,232	2,809
Receipts Over (Under) Expenditures	(313)	313
Unencumbered Cash, Beginning	-	(313)
Unencumbered Cash, Ending	$ (313)	$ -

UNIFIED SCHOOL DISTRICT NO. 397
TITLE IV FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	$ 19,266	$ 17,336
Expenditures		
Instruction	5,532	3,150
Student Support Services	13,692	14,186
Total Expenditures	19,224	17,336
Receipts Over (Under) Expenditures	42	-
Unencumbered Cash, Beginning	(42)	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT NO. 298
FEDERAL REAP GRANT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	$ 4,845	$ 5,574
Expenditures		
Instruction	4,845	5,574
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT NO. 298
K-12 FUNDING PROJECT GRANT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	$ -	$ -
Expenditures		
Instruction	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	322	322
Unencumbered Cash, Ending	$ 322	$ 322

UNIFIED SCHOOL DISTRICT NO. 397
CONTINGENCY RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Miscellaneous	$ -	$ -
Expenditures		
Operations and Maintenance	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	488,102	488,102
Unencumbered Cash, Ending	$ 488,102	$ 488,102

UNIFIED SCHOOL DISTRICT NO. 397
ELEMENTARY & SECONDARY SCHOOL EMERGENCY RELIEF III FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	$ 142,802	$ 32,747
Expenditures		
Instruction	138,116	92
Student Support Services	4,840	2,640
General Administration	5,445	-
School Administration	5,750	-
Total Expenditures	154,151	2,732
Receipts Over (Under) Expenditures	(11,349)	30,015
Unencumbered Cash, Beginning	(18,666)	(30,015)
Unencumbered Cash, Ending	$ (30,015)	$ -

UNIFIED SCHOOL DISTRICT NO. 397
MOWRER SCHOLARSHIP/STUDENT SCHOLARSHIP FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Donations	$ 25,901	$ 37,997
Interest	1,280	1,240
Total Receipts	27,181	39,237
Expenditures		
Scholarships	3,427	28,601
Receipts Over (Under) Expenditures	23,754	10,636
Unencumbered Cash, Beginning	305,752	329,506
Unencumbered Cash, Ending	$ 329,506	$ 340,142

UNIFIED SCHOOL DISTRICT NO. 397
GIFTS AND GRANTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED JUNE 30, 2024)

SCHEDULE 2

	Prior Year Actual	Current Year Actual
Receipts		
Grants and Donations	$ 274,479	$ 261,063
Kansas Preschool Program	20,263	30,813
Total Receipts	294,742	291,876
Expenditures		
Instruction	18,216	32,142
Student Support Services	-	2,627
General Administration	5,000	-
Community Service Operations	148,556	145,491
Total Expenditures	171,772	180,260
Receipts Over (Under) Expenditures	122,970	111,616
Unencumbered Cash, Beginning	219,662	342,632
Unencumbered Cash, Ending	$ 342,632	$ 454,248

UNIFIED SCHOOL DISTRICT NO. 397
AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 3

Agency Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Student Organization Funds				
Centre Perk	$ 9,415	$ 27,231	$ 33,501	$ 3,145
STUCO	3,725	414	1,843	2,296
FFA	32,716	33,451	31,120	35,047
FBLA	806	298	73	1,031
Class of 2024	3	78	-	81
Class of 2025	2,412	694	2,200	906
Class of 2026	6,824	767	3,872	3,719
Class of 2027	2,498	6,783	2,888	6,393
Class of 2028	1,605	3,345	1,716	3,234
Class of 2029	582	1,038	-	1,620
Class of 2030	-	1,108		1,108
Class of 2031	100	-	-	100
NHS	4,159	1,966	1,475	4,650
Total Student Organization Funds	64,845	77,173	78,688	63,330
Sales Tax Fund	1,180	6,111	5,869	1,422
Total Agency Funds	$ 66,025	$ 83,284	$ 84,557	$ 64,752

UNIFIED SCHOOL DISTRICT NO. 397
DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH (REGULATORY BASIS)
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE 4

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts						
Athletics	$ 10,339	$ 37,942	$ 34,024	$ 14,257	$ -	$ 14,257
Athletic Donations	1,274	2,761	1,621	2,414	-	2,414
Subtotal Gate Receipts	11,613	40,703	35,645	16,671	-	16,671
School Projects						
Yearbook	2,528	3,674	3,250	2,952	-	2,952
General Projects	7,112	3,193	2,903	7,402	-	7,402
Student Planner	2,597	-	-	2,597	-	2,597
Subtotal School Projects	12,237	6,867	6,153	12,951	-	12,951
Revolving Funds						
Ag Ed	-	2,825	2,825	-	-	-
Paw Print	1,366	142	-	1,508	-	1,508
Student Tech	-	6,392	6,392	-	-	-
Subtotal Revolving Funds	1,366	9,359	9,217	1,508	-	1,508
Total District Activity Funds	$ 25,216	$ 56,929	$ 51,015	$ 31,130	$ -	$ 31,130

UNIFIED SCHOOL DISTRICT NO. 397

SINGLE AUDIT SECTION

JUNE 30, 2025

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

To the Board of Education of Unified School District No. 397:

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide,* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District No. 397 (District), as of and for the year ended June 30, 2025, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated November 7, 2025. Our report contained an adverse opinion because the financial statement was presented using accounting practices prescribed or permitted by the State of Kansas.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Unified School District No. 397's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 397's internal control. Accordingly, we do not express an opinion on the effectiveness of Unified School District No. 397's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unified School District No. 397's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Unified School District No. 397's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District No. 397's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SSC CPAs, P.A.

SSC CPAs, P.A.
Salina, Kansas

November 7, 2025

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

To the Board of Education of Unified School District No. 397:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Unified School District No. 397's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Unified School District No. 397's major federal programs for the year ended June 30, 2023. Unified School District No. 397's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Unified School District No. 397 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, 2025.

Basis of 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 the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Unified School District No. 397 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Unified School District No. 397'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 requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Unified School District No. 397's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Unified School District No. 397'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 judgement made by a reasonable user of the report on compliance about Unified School District's No. 397's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Unified School District No. 397's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Unified School District No. 397's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Unified School District No. 397'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.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned cost as item 2025-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Unified School District No. 397's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Unified School District No. 397's response was not subject to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Unified School District No. 397's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Unified School District No. 397's response was not subject to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

SSC CPAs, P.A.

SSC CPAs, P.A.
Salina, Kansas

November 7, 2025

UNIFIED SCHOOL DISTRICT NO. 397
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statement of Unified School District No. 397 was prepared on the regulatory basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

2. No material weaknesses were identified and no significant deficiencies were reported in the design or operation of internal control over financial reporting.

3. No instances of noncompliance material to the financial statement of Unified School District No. 397, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.

4. One material weakness was identified and no significant deficiencies were reported during the audit of each major federal program.

5. The auditor's report on compliance for each major federal program for Unified School District No. 397 expresses an unmodified opinion on all major federal programs.

6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.

7. The program tested as a major program was: Assistance Listing Number 97.047 BRIC: Building Resilient Infrastructure and Communities.

8. The threshold for distinguishing Type A and Type B programs was $750,000 for major Federal programs.

9. Unified School District No. 397 was determined to not be a low-risk auditee.

UNIFIED SCHOOL DISTRICT NO. 397
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FINDINGS – FINANCIAL STATEMENT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

2025-001 Preparation of and Internal Controls over Schedule of Expenditures of Federal Awards Preparation (Material Weakness)

Federal Agency: U.S. Department of Homeland Security
Pass Through Entity: Kansas Division of Emergency Management
Program Name: Building Resilient Infrastructure and Communities
Assistance Listing Number: 97.047
Award Period: June 30, 2025

Criteria: According to 2 CFR 200, Subpart F, the District is required to prepare a schedule of federal expenditures, which must include the total federal awards expended as determined in accordance with §200.502. An effective internal control system exists if controls are effective in preventing or detecting material misstatements in the preparation of the schedule of federal expenditures of federal awards (the schedule). It provides reasonable assurance for the reliability of financial information and compliance with laws and regulations.

Condition: We have determined that there was an inadequate design of internal control over the preparation of the schedule during the fiscal year ended June 30, 2025. The current financial reporting process does not ensure accuracy and completeness in the preparation of the schedule by the District, as required by Uniform Guidance.

Cause: The District's staff lacked the knowledge to ensure the schedule is complete and accurate.

Effect: The District did not prepare the schedule in conformity with Uniform Guidance. This increases the likelihood of a material misstatement and noncompliance with laws and regulations.

Context: The District was unable to provide a schedule of Expenditures of Federal Awards that was materially correct. The District is not typically subject to a Single Audit.

Recommendation: We recommend the Board of Education and management review the financial reporting process. Once this review is complete, the District should then perform a risk assessment to determine the best way to implement appropriate internal controls over financial reporting to ensure that the District prepares the schedule conformity with Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and plans to develop proper written policies and procedures for the internal control over compliance to ensure accuracy and completeness in the District's preparation of the schedule as required by Uniform Guidance.

UNIFIED SCHOOL DISTRICT NO. 397
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FINDINGS – FINANCIAL STATEMENT

None.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

The District was not subject to a Single Audit in the prior year.

OTHER INFORMATION

UNIFIED SCHOOL DISTRICT NO. 397
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor	Assistance Listing Number	Pass-Through Entity Name	Name of Grant · Grant ID No.	Federal Expenditures
EXPENDITURES OF FEDERAL AWARDS				
Child Nutrition Cluster-Cluster				
United States Department of Agriculture				
School Breakfast Program	10.553	Kansas State Department of Education	School Breakfast 3529-3490	$ 20,706
National School Lunch Program	10.555	Kansas State Department of Education	Supply Chain Assistance 3530-3500	45,677
Summer Food Service Program for Children	10.559	Kansas State Department of Education	Cash for Commodities 3530-3500	5,541
Total United States Department of Agriculture				71,924
Total Child Nutrition Cluster-Cluster				71,924
Other Programs				
United States Department of Agriculture				
Child and Adult Care Food Program	10.558	Kansas State Department of Education	Cash for Commodities 3531-3510	4,511
Team Nutrition Grants	10.574	Kansas State Department of Education	Food Service Grant 3230-3020	19,295
Total United States Department of Agriculture				23,806
Department of Education				
Title I Grants to Local Educational Agencies	84.010	Kansas State Department of Education	Title I 3532-3520	53,084
Rural Education	84.358		REAP	5,574
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	Kansas State Department of Education	Title II 3526-3860	2,809
Student Support and Academic Enrichment Program	84.424	Kansas State Department of Education	ESSA Student Support 3113-3113	17,336
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act (COVID-19)	84.425	Kansas State Department of Education	ESSER 3233-3040	2,732
Total Department of Education				81,535

UNIFIED SCHOOL DISTRICT NO. 397
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor	Assistance Listing Number	Pass-Through Entity Name	Name of Grant · Grant ID No.	Federal Expenditures
Department of Health and Human Services				
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Kansas State Department of Education	Pre-K At Risk 3323-0531	$ 7,775
Total Department of Health and Human Services				7,775
Department of Homeland Security				
BRIC: Building Resilient Infrastructure and Communities	97.047	Kansas Division of Emergency Management	Hazard Mitigation Assistance Project--EMK-2022-BR-001-0004	691,809
Total Department of Homeland Security				691,809
Total Other Programs				804,925
TOTAL EXPENDITURES OF FEDERAL AWARDS				$ 876,849

No awards were passed through to subrecipients

UNIFIED SCHOOL DISTRICT NO. 397
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 307 (the District) and is presented on the regulatory basis of accounting. The information in this Schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the aggregate cash and unencumbered cash balance and the aggregate receipts and expenditures of the District as described in Note 2 to the District's financial statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the schedule are reported on the regulatory basis of accounting, as described in Note 2 to the District's financial statement.

3. DE MINIMIS INDIRECT COST RATE

In accordance with Section 2 U.S. *Code of Federal Regulations* Part 200.412 the District is allowed to elect to use the ten percent de minimis indirect cost rate. The District did not elect to use the 10% de minimis indirect cost rate.