ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
ARKANSAS CITY, KANSAS

FINANCIAL STATEMENT
JUNE 30, 2025

BFR

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
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INDEPENDENT AUDITORS' REPORT

Board of Education
Arkansas City Unified School District No. 470
Arkansas City, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Arkansas City Unified School District No. 470, Arkansas City, Kansas**, as of and for the year ended **June 30, 2025**, and the related notes to the financial statement.

Adverse and Unmodified Opinions

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America
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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas**, 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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas**, 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 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit 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 *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of the report. We are required to be independent of **Arkansas City Unified School District No. 470, Arkansas City, Kansas** 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.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700
(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Education
Arkansas City Unified School District No. 470

Matter Giving Rise to Adverse Opinion on Accounting Principles Generally Accepted in the United State of America
As discussed in Note 1 of the financial statement, the financial statement is prepared by **Arkansas City Unified School District No. 470, Arkansas City, Kansas**, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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, individual fund schedules of regulatory basis receipts and expenditures-actual, agency funds schedules of regulatory basis cash receipts and disbursements, and district activity funds schedules of regulatory basis cash receipts, expenditures, and unencumbered cash (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic 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 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.

Board of Education
Arkansas City Unified School District No. 470

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the **Arkansas City Unified School District No. 470, Arkansas City, Kansas**, as of and for the year ended June 30, 2024, and have issued our report thereon dated November 5, 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: https://admin.ks.gov/offices/oar/municipal-services. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2024 (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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 1.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2026, on our consideration of **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** internal control over financial reporting and compliance.

BFR CPA, LLC
BFR CPA, LLC
January 8, 2026

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 0	$ 10,318	$ 25,698,917	$ 25,698,917	$ 10,318	$ 0	$ 10,318
Special Purpose Funds							
Supplemental General	99,673	0	8,311,952	8,192,726	218,899	0	218,899
Preschool-Aged At-Risk	0	0	280,487	275,000	5,487	0	5,487
At Risk (K-12)	500,000	0	8,010,407	8,460,407	50,000	0	50,000
Bilingual Education	50,000	0	249,903	241,664	58,239	0	58,239
Virtual Education	60,000	0	176,078	182,358	53,720	0	53,720
Capital Outlay	1,032,148	543,673	2,606,919	1,257,121	2,925,619	0	2,925,619
Driver Training	63,134	0	19,100	33,325	48,909	0	48,909
Food Service	1,087,160	0	2,193,968	2,343,063	938,065	0	938,065
Professional Development	216,541	0	3,760	29,368	190,933	0	190,933
Summer School	97,200	0	90,000	97,200	90,000	0	90,000
Special Education	940,000	0	4,723,482	4,803,167	860,315	0	860,315
Career and Postsecondary Education	50,006	0	611,664	561,670	100,000	0	100,000
KPERS Contribution	0	0	2,935,669	2,935,669	0	0	0
Recreation Commission	129,769	0	812,476	760,917	181,328	0	181,328
Recreation Commission Employee Benefits & Special Liability	30,877	0	82,212	100,000	13,089	0	13,089
Federal Funds	(454,029)	230,244	4,535,751	4,307,605	4,361	0	4,361
Gifts and Grants	183,102	23,938	85,481	125,453	167,068	0	167,068
Contingency Reserve	400,000	0	0	0	400,000	0	400,000
Textbook & Student Material Revolving	344,141	0	329	101,644	242,826	0	242,826
District Activity Funds	65,255	0	578,790	595,988	48,057	0	48,057
Bond & Interest Fund	5,517,635		6,737,999	6,725,624	5,530,010		5,530,010
	$ 10,412,612	$ 808,173	$ 68,745,344	$ 67,828,886	$ 12,137,243	$	$ 12,137,243

Composition of Cash:	
Checking and Money Market Accounts	$ 11,949,160
Certificate of Deposit	74,036
Investments	452,926
	12,476,122
Agency Funds	(338,879)
	$ 12,137,243

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ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2025

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Arkansas City Unified School District No. 470 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Arkansas City, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

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

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

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

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

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis 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 accounting principles generally accepted in the United States of America and allowing the municipality to use the regulatory basis of accounting.

Budget and Tax Cycle

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 & interest funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ending June 30, 2025.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

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

Federal Funds	Gifts and Grants Fund	Contingency Reserve Fund
Textbook & Student Material Revolving Fund		District Activity Funds

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

Note 2 - 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 www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions
K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate 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 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 were transferred to the System.

The 2021 Legislature passed Senate 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 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 $2,935,669 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 $26,468,695. 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.

Note 3 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-5167 and K.S.A. 72-7143 were as follows:

	Transfer to:							
Transfer from:	Preschool-Aged At-Risk	At Risk (K-12)	Bilingual Education	Virtual Education	Summer School	Special Education	Career and Postsecondary Education	Total
General Fund	$ 242,114	$ 5,197,837	$ 0	$ 30,540	$ 0	$ 3,333,030	$ 188,819	$ 8,992,340
Supplemental General Fund	38,373	2,812,570	249,903	145,538	90,000	1,390,452	422,845	5,149,681
	$ 280,487	$ 8,010,407	$ 249,903	$ 176,078	$ 90,000	$ 4,723,482	$ 611,664	$ 14,142,021

Note 4 - Reimbursed Expenditures:

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under the KMAAG regulatory basis of accounting.

Note 5 - Deposits & Investments:

As of June 30, 2025, the District had the following investments and maturities:

Investment Type	Fair Value	Rating
Kansas Municipal Investment Pool	$ 452,926	N/A

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 deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. The rating of the District's investments is noted above.

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. The District's allocation of investments as of June 30, 2025, is as follows:

Investment Type	Investments
Kansas Municipal Investment Pool	100%

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2025.

At June 30, 2025, the District's carrying amount of deposits was $12,023,196 and the bank balance was $15,598,310. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $451,164 was covered by federal depository insurance and the remaining $15,147,146 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial Credit Risk- investments. For an investment, this is the risk that, in the event of 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.

At June 30, 2025, the District had invested $452,926 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investments Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Note 6 - 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 the 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.

Paid Leave for Classified Employees
The District grants 12-month employees 2 weeks paid vacation. Vacation pay is figured on a 40-hour week, unless the employee's work week is less than 40 hours in which case it will be figured on the average hours worked. After 8 consecutive years employed by the District, 3 weeks paid vacation will be granted. No vacation days will be carried forward beyond June 30 of the year following the one in which the vacation days were accrued. No vacation days will be paid upon termination or retirement.

The District grants various positions paid leave days at the rate of 1 day per month: 12-month employees receive 12 days per year, and other full-time employees receive 9 days per year. No paid leave days will be paid upon termination or retirement for classified employees.

Paid Leave for Certified Employees
The District grants each full-time teacher 12 paid leave days per year, accumulative to 90 days. Half-time teachers will be granted the same number of half days of paid leave as full-time teachers are granted full days of paid leave. Teachers working other than full time or half-time shall be granted a prorated number of paid leave days. If a teacher is on extended contract, they will be granted 1 additional day of paid leave for each month beyond the regular 9-month contract. All leave days per contract year may be used for either personal or paid leave. At the end of each contracted school year, the full-time teacher who has an accumulated paid leave in excess of 78 days shall receive $100.00 per day for each unused day of paid leave accumulated. At the time of retirement, a teacher shall be compensated for all days of unused accumulated paid leave at the rate of $100.00 per day.

Early Retirement

The District provides an early retirement/phase-out option plan to administrators and certified staff. A teacher is eligible for the phase-out option if such employee was employed as a full-time teacher in a certified position by the District during the 2019-2020 contract year. A certified employee is eligible for early retirement if such employee is not more than the age to receive full social security benefits the year that early retirement benefits would begin, will simultaneously be drawing retirement benefits from KPERS, and meets 1 of the 3 sets of requirements listed below:

1. Has 20 or more years of service with the District and has accumulated 85 service points as defined by the Kansas Public Employees' Retirement System. The benefits will not exceed 6 payments.

2. Is 55 years of age, inclusive, on July 1 of the year that early retirement benefits would begin, has at least 10 years of experience with the District, and has accumulated 85 service points as defined by the Kansas Public Employees' Retirement System. The benefits will not exceed 6 payments.

3. Is 60 years of age, inclusive, on July 1 of the year that early retirement benefits would begin, has 10 or more years of service with the District, and was on contract prior to the 2008-2009 school year.

The early retirement benefits paid to an eligible employee are as follows:

1. An eligible employee with 20 or more years of service to the District will receive an annual stipend of $5,000 through the school year in which he/she qualifies for full social security benefits. The stipend will be deposited in a District provided 403(b) tax-sheltered account. This benefit shall not exceed 6 annual payments.

2. An eligible employee age 55, inclusive, with at least 15 years of service with the District will receive an annual stipend of $4,000 through the school year inwhich he/she qualifies for full social security benefits. The stipend will be deposited in a District provided 403(b) tax-sheltered account. This benefit shall not exceed 6 annual payments.

3. An eligible employee age 55, inclusive, with at least 10 years of service to the District will receive an annual stipend of $3,000 through the school year in which he/she qualifies for full social security benefits. The stipend will be deposited in a District provided 403(b) tax-sheltered account. This benefit shall not exceed 6 annual payments.

The District recorded expenditures for early retirement benefits of $62,666 for 11 former employees for the year ended June 30, 2025.

Note 7 - Other Post Employment Benefits:

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.

Note 8 - Contingencies:

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

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 carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9 - Subsequent Events:

The District has evaluated subsequent events through January 8, 2026, the date which the financial statement was available to be issued.

On November 4, 2025, the voters in the Unified School District No. 470, Cowley County, Kansas (Arkansas City) (the “District”) approved two ballot questions authorizing the issuance of General Obligation Bonds as follows:

Proposition No. 1:

Shall Unified School District No. 470, Cowley County, Kansas (Arkansas City), issue general obligation bonds in an amount not to exceed $54,140,000, to pay the costs to (a) acquire, construct, equip and install additions, renovations or improvements to the district middle school building, including an addition for maker space, art lab, foods lab, and business lab; a storm shelter and multipurpose room addition; a new main entrance with secure controlled entry; an addition to replace vocal and orchestra rooms; renovations to special education classrooms, including a multi-disabilities classroom with adjacent drop-off and pick-up; renovations to boys and girls locker rooms; accessibility and other renovations and updates to 7th and 8th grade science and general classrooms; renovations to administration and support areas; replacements, upgrades and improvements to building HVAC equipment, temperature controls, water and sewer lines, roofs, and access control system; bridge replacement for drop-off and pick-up safety; and renovation of track restrooms, including a training room; (b) acquire, construct and equip district data center and IT support improvements; (c) acquire, construct and equip secure

controlled entrances to Adams and Roosevelt Elementary Schools; and (d) make all other necessary and related improvements (collectively, "Project No. 1"); all pursuant to the provisions of K.S.A. 10-101 *et seq*., K.S.A. 25-2018(f), K.S.A. 72-5457 and K.S.A. 72-5458 *et seq*.?

Proposition No. 2:

Shall Unified School District No. 470, Cowley County, Kansas (Arkansas City), issue general obligation bonds in an amount not to exceed $14,040,000, to pay the costs to (a) construct, furnish and equip a new Pre-K attendance center, with nine classrooms; and (b) make all other necessary and related improvements (collectively, "Project No. 2"); all pursuant to the provisions of K.S.A. 10-101 *et seq*., K.S.A. 25-2018(f), K.S.A. 72-5457 and K.S.A. 72-5458 *et seq*.?

Subsequent to June 30, 2025, the District issued General Obligation Bonds in the amount of $2,000,000 with an interest rate of 5.00% and a maturity date of September 1, 2035. The District plans to issue the remaining voter-authorized General Obligation Bonds during January and February of 2026. The remaining bonds will be issued with a 25-year repayment period and the final interest rates will be determined at the time of the bond sale.

Note 10 - Long-Term Debt:

Principal payments are due annually for general obligation bonds on September 1. Interest payments are due semi-annually on March 1 and September 1.

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

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
2012 Series	2.45 - 4.75	12/27/2012	$ 8,960,000	9/1/2027
2013 Series	2.49 - 4.60	4/19/2013	$ 9,555,000	9/1/2028
2014 Series	2.00 - 4.00	7/24/2014	$ 9,300,000	9/1/2025
2020 Series	0.30 - 0.90	12/30/2020	$ 14,730,000	9/1/2025

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
2012 Series	$ 170,000	$ 0	$ 85,000	$ 85,000	$ 2,550
2013 Series	3,680,000	0	150,000	3,530,000	76,512
2014 Series	3,920,000	0	3,590,000	330,000	61,728
2020 Series	5,460,000	0	2,725,000	2,735,000	34,834
	$ 13,230,000	$ 0	$ 6,550,000	$ 6,680,000	$ 175,624

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

	Principal	Interest	Total Principal and Interest
2026	$ 6,680,000	$ 54,789	$ 6,734,789

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	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 Fund	$ 27,858,981	$ (2,306,420)	$ 146,356	$ 25,698,917	$ 25,698,917	$ 0
Special Purpose Funds						
Supplemental General	8,813,000	(620,274)	0	8,192,726	8,192,726	0
Preschool-Aged At-Risk	275,000	0	0	275,000	275,000	0
At Risk (K-12)	8,460,407	0	0	8,460,407	8,460,407	0
Bilingual Education	340,000	0	0	340,000	241,664	(98,336)
Virtual Education	240,000	0	0	240,000	182,358	(57,642)
Capital Outlay	3,802,760	0	0	3,802,760	1,257,121	(2,545,639)
Driver Training	71,234	0	0	71,234	33,325	(37,909)
Food Service	3,191,168	0	0	3,191,168	2,343,063	(848,105)
Professional Development	234,541	0	0	234,541	29,368	(205,173)
Summer School	97,200	0	0	97,200	97,200	0
Special Education	7,590,000	0	0	7,590,000	4,803,167	(2,786,833)
Career and Postsecondary Education	800,006	0	0	800,006	561,670	(238,336)
KPERS Contribution	3,470,748	0	0	3,470,748	2,935,669	(535,079)
Recreation Commission	760,917	0	0	760,917	760,917	0
Recreation Commission Employee Benefits & Special Liability	100,000	0	0	100,000	100,000	0
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	4,307,605	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	125,453	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Textbook & Student Material Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	101,644	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	595,988	XXXXXXXXXX
Bond & Interest Fund	6,725,624			6,725,624	6,725,624	
	$ 72,831,586	$ (2,926,694)	$ 146,356	$ 70,051,248	$ 67,828,886	$ (7,353,052)

0

0

0

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

General Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 128,530	$ 146,356	$ 0	$ 146,356
County Sources	198	404	0	404
State Sources	24,800,431	25,552,157	27,848,663	(2,296,506)
	24,929,159	25,698,917	$ 27,848,663	$ (2,149,746)
Expenditures				
Instruction	8,206,938	8,392,228	$ 9,176,845	$ (784,617)
Student Support Services	594,069	793,034	743,855	49,179
Instructional Support Staff	1,455,999	2,240,798	1,528,803	711,995
General Administration	645,374	721,098	685,000	36,098
School Administration	1,965,575	2,136,246	2,077,915	58,331
Central Services	150,380	165,921	162,952	2,969
Operations & Maintenance	1,688,574	1,087,824	1,317,000	(229,176)
Student Transportation Services	956,626	1,152,699	1,016,204	136,495
Other Support Services	0	0	140,000	
Community Services Operations	18,112	16,729	20,000	(3,271)
Transfers	9,247,512	8,992,340	10,990,407	(1,998,067)
Adjustment to Comply with Legal Max	0	0	(2,306,420)	2,306,420
Adjustment for Qualifying Budget Credits	0	0	146,356	(146,356)
	24,929,159	25,698,917	$ 25,698,917	$ 140,000
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	10,318		
Unencumbered Cash, Ending	$ 0	$ 10,318		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Supplemental General Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 2,055,442	$ 2,353,415	$ 2,227,113	$ 126,302
County Sources	203,241	203,966	196,147	7,819
State Sources	5,629,782	5,754,571	6,190,251	(435,680)
	7,888,465	8,311,952	$ 8,613,511	$ (301,559)
Expenditures				
Instruction	43,249	38,923	1,956,738	$ (1,917,815)
Student Support Services	3,224	0	50,000	(50,000)
Instructional Support Staff	41,670	0	50,000	(50,000)
Operations & Maintenance	2,721,075	2,899,079	1,500,262	1,398,817
Student Transportation Services	0	4,425	0	4,425
Other Support Services	0	0	100,000	(100,000)
Facility Acquisition & Construction Services	150,332	100,618	0	100,618
Transfers	4,917,576	5,149,681	5,156,000	(6,319)
Adjustment to Comply with Legal Max	0	0	(620,274)	620,274
	7,877,126	8,192,726	$ 8,192,726	$ 0
Receipts Over (Under) Expenditures	11,339	119,226		
Unencumbered Cash, Beginning	88,334	99,673		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 99,673	$ 218,899		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Preschool-Aged At-Risk Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 237,529	$ 280,487	$ 275,000	$ 5,487
	237,529	280,487	$ 275,000	$ 5,487
Expenditures				
Instruction	237,529	275,000	$ 275,000	$ 0
	237,529	275,000	$ 275,000	$ 0
Receipts Over (Under) Expenditures	0	5,487		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 5,487		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

At Risk (K-12) Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 7,672,225	$ 8,010,407	$ 7,960,407	$ 50,000
	7,672,225	8,010,407	$ 7,960,407	$ 50,000
Expenditures				
Instruction	7,671,409	8,439,522	$ 8,460,382	$ (20,860)
Student Transportation Services	0	20,885	25	20,860
	7,671,409	8,460,407	$ 8,460,407	$ 0
Receipts Over (Under) Expenditures	816	(450,000)		
Unencumbered Cash, Beginning	499,184	500,000		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 500,000	$ 50,000		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Bilingual Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 264,500	$ 249,903	$ 290,000	$ (40,097)
	264,500	249,903	$ 290,000	$ (40,097)
Expenditures				
Instruction	214,500	241,664	$ 340,000	$ (98,336)
	214,500	241,664	$ 340,000	$ (98,336)
Receipts Over (Under) Expenditures	50,000	8,239		
Unencumbered Cash, Beginning	0	50,000		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 50,000	$ 58,239		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Virtual Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 127,543	$ 176,078	$ 180,000	$ (3,922)
	127,543	176,078	$ 180,000	$ (3,922)
Expenditures				
Instruction	128,774	182,358	$ 240,000	$ (57,642)
	128,774	182,358	$ 240,000	$ (57,642)
Receipts Over (Under) Expenditures	(1,231)	(6,280)		
Unencumbered Cash, Beginning	61,231	60,000		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 60,000	$ 53,720		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Capital Outlay Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 1,552,041	$ 1,589,326	$ 1,128,208	$ 461,118
County Sources	113,616	116,801	112,582	4,219
State Sources	873,222	900,792	986,149	(85,357)
	2,538,879	2,606,919	$ 2,226,939	$ 379,980
Expenditures				
Instruction	206,055	206,174	$ 215,000	$ (8,826)
Student Support Services	10,192	0	15,500	(15,500)
Instructional Support Staff	209,591	10,402	250,000	(239,598)
General Administration	0	15,497	320,672	(305,175)
Operations & Maintenance	983,383	72,375	1,731,588	(1,659,213)
Student Transportation Services	0	337,204	375,000	(37,796)
Other Support Services	44,818	6,048	55,000	(48,952)
Facility Acquisition & Construction Services	731,083	609,421	840,000	(230,579)
	2,185,122	1,257,121	$ 3,802,760	$ (2,545,639)
Receipts Over (Under) Expenditures	353,757	1,349,798		
Unencumbered Cash, Beginning	678,391	1,032,148		
Prior Year Canceled Encumbrances	0	543,673		
Unencumbered Cash, Ending	$ 1,032,148	$ 2,925,619		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Driver Training Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 16,306	$ 9,240	$ 0	$ 9,240
State Sources	9,715	9,860	8,100	1,760
	26,021	19,100	$ 8,100	$ 11,000
Expenditures				
Instruction	25,570	32,752	$ 70,345	$ (37,593)
Vehicle Operations, Maintenance Services	848	573	889	(316)
	26,418	33,325	$ 71,234	$ (37,909)
Receipts Over (Under) Expenditures	(397)	(14,225)		
Unencumbered Cash, Beginning	63,531	63,134		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 63,134	$ 48,909		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Food Service Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 199,929	$ 83,719	$ 221,476	$ (137,757)
State Sources	14,622	15,757	11,940	3,817
Federal Sources	1,745,917	2,094,492	1,869,592	224,900
Transfers	79	0	1,000	(1,000)
	1,960,547	2,193,968	$ 2,104,008	$ 89,960
Expenditures				
Operations & Maintenance	64,468	27,444	$ 845,983	$ (818,539)
Food Service Operation	2,231,535	2,315,619	2,345,185	(29,566)
	2,296,003	2,343,063	$ 3,191,168	$ (848,105)
Receipts Over (Under) Expenditures	(335,456)	(149,095)		
Unencumbered Cash, Beginning	1,422,616	1,087,160		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 1,087,160	$ 938,065		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Professional Development Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources	$ 5,132	$ 3,760	$ 18,000	$ (14,240)
Transfers	125,000	0	0	0
	130,132	3,760	$ 18,000	$ (14,240)
Expenditures				
Instructional Support Staff	38,591	29,368	$ 200,541	$ (171,173)
Other Support Services	0	0	34,000	(34,000)
	38,591	29,368	$ 234,541	$ (205,173)
Receipts Over (Under) Expenditures	91,541	(25,608)		
Unencumbered Cash, Beginning	125,000	216,541		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 216,541	$ 190,933		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Summer School Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 0	$ 90,000	$ 0	$ 90,000
	0	90,000	$ 0	$ 90,000
Expenditures				
Instruction	944	97,200	$ 97,200	$ 0
	944	97,200	$ 97,200	$ 0
Receipts Over (Under) Expenditures	(944)	(7,200)		
Unencumbered Cash, Beginning	98,144	97,200		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 97,200	$ 90,000		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Special Education Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Federal Sources	$ 80,035	$ 0	$ 0	$ 0
Transfers	4,788,327	4,723,482	6,650,000	(1,926,518)
	4,868,362	4,723,482	$ 6,650,000	$ (1,926,518)
Expenditures				
Instruction	4,787,439	4,731,382	$ 7,502,328	$ (2,770,946)
Student Transportation Services	81,798	71,785	87,672	(15,887)
	4,869,237	4,803,167	$ 7,590,000	$ (2,786,833)
Receipts Over (Under) Expenditures	(875)	(79,685)		
Unencumbered Cash, Beginning	940,875	940,000		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 940,000	$ 860,315		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Career and Postsecondary Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 703,051	$ 611,664	$ 750,000	$ (138,336)
	703,051	611,664	$ 750,000	$ (138,336)
Expenditures				
Instruction	753,045	561,670	$ 800,006	$ (238,336)
	753,045	561,670	$ 800,006	$ (238,336)
Receipts Over (Under) Expenditures	(49,994)	49,994		
Unencumbered Cash, Beginning	100,000	50,006		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 50,006	$ 100,000		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

KPERS Contribution Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources	$ 3,071,458	$ 2,935,669	$ 3,470,748	$ (535,079)
	3,071,458	2,935,669	$ 3,470,748	$ (535,079)
Expenditures				
Instruction	2,099,823	2,011,490	$ 2,356,000	$ (344,510)
Student Support Services	135,714	120,106	156,748	(36,642)
Instructional Support Staff	175,080	168,867	200,000	(31,133)
General Administration	87,272	83,477	100,000	(16,523)
School Administration	256,795	230,796	290,000	(59,204)
Central Services	17,640	25,452	20,000	5,452
Operations & Maintenance	207,221	196,463	240,000	(43,537)
Student Transportation Services	68,447	68,819	80,000	(11,181)
Other Support Services	0	0	28,000	(28,000)
Food Service Operation	23,466	30,199	0	30,199
	3,071,458	2,935,669	$ 3,470,748	$ (535,079)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 0		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Recreation Commission Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 693,237	$ 738,083	$ 706,830	$ 31,253
County Sources	71,395	74,393	71,823	2,570
	764,632	812,476	$ 778,653	$ 33,823
Expenditures				
Community Service Operations	700,429	760,917	$ 760,917	$ 0
	700,429	760,917	$ 760,917	$ 0
Receipts Over (Under) Expenditures	64,203	51,559		
Unencumbered Cash, Beginning	65,566	129,769		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 129,769	$ 181,328		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Recreation Commission Employee Benefits & Special Liability Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 125,408	$ 66,238	$ 62,260	$ 3,978
County Sources	18,991	15,974	15,773	201
	144,399	82,212	$ 78,033	$ 4,179
Expenditures				
Community Service Operations	170,000	100,000	$ 100,000	$ 0
	170,000	100,000	$ 100,000	$ 0
Receipts Over (Under) Expenditures	(25,601)	(17,788)		
Unencumbered Cash, Beginning	56,478	30,877		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 30,877	$ 13,089		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH 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)

Bond & Interest Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 1,599,825	$ 1,113,056	$ 1,081,758	$ 31,298
County Sources	179,224	177,184	175,164	2,020
State Sources	5,316,360	5,447,759	5,447,755	4
	7,095,409	6,737,999	$ 6,704,677	$ 33,322
Expenditures				
Debt Service	6,729,569	6,725,624	$ 6,725,624	$ 0
	6,729,569	6,725,624	$ 6,725,624	$ 0
Receipts Over (Under) Expenditures	365,840	12,375		
Unencumbered Cash, Beginning	5,151,795	5,517,635		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 5,517,635	$ 5,530,010		

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Federal Funds

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	$ 5,852,874	$ 4,535,751
	5,852,874	4,535,751
Expenditures		
Instruction	5,172,882	3,863,588
Student Support Services	206,634	80,361
Instructional Support Staff	27,901	36,312
General Administration	90,552	84,990
School Administration	162,094	34,662
Operations & Maintenance	210,392	54,141
Student Transportation Services	30,088	0
Food Service Operation	6,030	153,551
Community Service Operations	0	0
	5,906,573	4,307,605
Receipts Over (Under) Expenditures	(53,699)	228,146
Unencumbered Cash, Beginning	(400,330)	(454,029)
Prior Year Canceled Encumbrances	0	230,244
Unencumbered Cash, Ending	$ (454,029)	$ 4,361

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 80,000	$ 45,000
State Sources	41,185	40,481
	121,185	85,481
Expenditures		
Instruction	53,844	20,000
Instructional Support Staff	8,686	0
Central Services	64,655	105,453
	127,185	125,453
Receipts Over (Under) Expenditures	(6,000)	(39,972)
Unencumbered Cash, Beginning	189,102	183,102
Prior Year Canceled Encumbrances	0	23,938
Unencumbered Cash, Ending	$ 183,102	$ 167,068

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	$ 100,000	$ 0
	100,000	0
Expenditures		
Transfers	0	0
	0	0
Receipts Over (Under) Expenditures	100,000	0
Unencumbered Cash, Beginning	300,000	400,000
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 400,000	$ 400,000

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Textbook & Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 3,797	$ 329
Transfers	146,834	0
	150,631	329
Expenditures		
Instruction	97,089	99,033
Support Services	11,553	2,611
	108,642	101,644
Receipts Over (Under) Expenditures	41,989	(101,315)
Unencumbered Cash, Beginning	302,152	344,141
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 344,141	$ 242,826

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Prom	$ 4,677	$ 18,275	$ 16,661	$ 6,291
ACHS Native American Club	516	0	0	516
Musical	1,789	11,885	9,743	3,931
A.C. Players Club	63	148	124	87
ACHS Tennis Club	1,654	1,786	2,017	1,423
Girls Wrestling	0	7,220	7,162	58
Spring Play	2,504	4,680	3,925	3,259
Basketball Club	4,937	4,615	5,670	3,882
ACHS Spike Ball Club	796	0	15	781
Multicultural Club	1,089	1,961	1,623	1,427
Cheerleaders	1,528	15,922	12,764	4,686
21st Century Leadership	541	385	385	541
Restoration Fund	100	0	0	100
FCA	3,886	4,508	5,070	3,324
Golf Club	1,502	1,824	1,525	1,801
Weight Lifting	949	0	0	949
In Housing Training	1,955	814	583	2,186
Kay's	1,337	1,872	1,965	1,244
NFL	407	538	314	631
NHS	696	3,592	4,313	(25)
Orchestra	44	3,066	1,667	1,443
ACHS Danceline	2,936	7,011	8,388	1,559
Cross Country	1,504	727	1,017	1,214
SADD	9,902	1,735	1,249	10,388
DAWGS 4 DAWGS	48	0	0	48
Special Club	2	0	0	2
Stuco	1,723	6,462	7,759	426
Track Club	1,491	7,226	6,228	2,489
Skill USA/VICA	1,103	0	340	763
Engineering Club	2,743	1,404	684	3,463
	52,422	107,656	101,191	58,887

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School (Continued)				
Vocal Music	10,891	70,071	50,409	30,553
Hope Squad	737	3,008	2,508	1,237
Girls Soccer Club	3,179	2,788	542	5,425
Scholar's Bowl	396	0	57	339
Driver Education	0	9,240	9,240	0
Industrial Tech SMA	0	179	179	0
Volleyball Club	2,060	7,390	7,193	2,257
Flag Color Guard	319	335	7	647
Community Base Instruction	12	0	0	12
Bill Weston Woods Memorial	224	0	0	224
Girls Softball Club	2,418	9,906	4,738	7,586
Baseball Club	161	11,042	6,039	5,164
Returned Checks	17	705	612	110
Bull Live	324	0	56	268
Health Sciences Club	1,324	0	0	1,324
Animation Club	949	0	0	949
Wrestling	728	13,384	9,402	4,710
Football	7,366	10,832	10,849	7,349
ACHS Travel Club	498	0	0	498
Boys Soccer Club	2,870	1,575	2,565	1,880
FCCLA	175	873	905	143
FBLA	1,693	0	397	1,296
Girls Basketball Club	2,021	2,470	2,953	1,538
Bulldog Band Club	3,829	20,599	20,855	3,573
Freshman Academy	443	6	372	77
Gay/Straight Alliance	952	453	306	1,099
Class of 2020	1,346	0	0	1,346
Class of 2017	730	0	0	730
Class of 2016	1,242	0	0	1,242
	46,904	164,856	130,184	81,576

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School (Continued)				
Class of 2018	1,403	0	0	1,403
Class of 2019	1,841	0	900	941
Class of 2021	1,615	0	0	1,615
Class of 2022	1,229	0	0	1,229
Class of 2023	1,779	0	0	1,779
Class of 2024	600	0	0	600
Class of 2025	7,694	61	2,914	4,841
Class of 2026	1,039	4,552	104	5,487
Class of 2028	0	370	0	370
Class of 2029	205	628	205	628
Purple Pride	4,568	0	0	4,568
Historical Room	369	0	0	369
Horticulture	832	2,924	1,105	2,651
School Counts	835	0	0	835
Student Benevolence	71	0	0	71
Arklight	49	0	0	49
FFA	15,099	55,854	56,857	14,096
Mirror	2,633	12,481	9,743	5,371
Sales Tax	2,017	15,565	15,565	2,017
Iden Scholarship	2,586	112	0	2,698
Jackson Memorial	936	40	0	976
Home Economics Scholarship	919	40	0	959
Industrial Tech Scholarship	10,438	453	0	10,891
Kays Scholarship	20	1	0	21
Childers/Blatchford FFA	16,895	733	0	17,628
Amos & Mary Davis Scholarship	1	0	0	1
Jodi Sanderholm	8	2,000	1,000	1,008
Welding SMA	0	150	150	0
Music Festival	1,940	2,832	2,305	2,467
	176,947	371,308	322,223	226,032

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Middle School				
Hope Squad	0	1,747	751	996
Coffee Shop	0	2,831	626	2,205
Cheerleaders	37	2,196	1,353	880
Wrestling	0	5,876	2,759	3,117
Cross Country		2	0	2
Instrument Rent Fees	450	0	0	450
Kay's Account	960	16,340	15,532	1,768
Girls Basketball	0	115	0	115
Volleyball	0	257	0	257
Scholars Bowl	370	600	770	200
Class of 2029	370	784	1,154	0
Class of 2030	370	784	26	1,128
Class of 2031	0	784	26	758
Art Club	2	0	0	2
Sweet & Salty	0	1,608	190	1,418
Track	0	1,327	1,204	123
Miscellaneous Account	2,610	1,469	3,984	95
Music Instrumental/Vocal	500	3,961	2,642	1,819
Parent Group	51	0	0	51
7th/8th Grade Sewing Kits	170	2,395	2,116	449
Student Activities	803	0	0	803
Tennis	0	359	308	51
Student Council	1,841	3,680	2,959	2,562
Crimestoppers Program	174	0	0	174
Boys Basketball	0	25	0	25
Football	0	158	0	158
Library Book Fairs	3,040	2,521	2,521	3,040
Principals Activity Fund	112	4,613	3,398	1,327
FCA	6,381	2,731	1,277	7,835
Student Welfare Account	769	0	229	540
Orchestra	1,228	4,493	4,181	1,540
SADD	3,269	0	188	3,081
Faculty Fund	22	0	0	22
Athletics	4,630	8,053	12,637	46
Sales Tax	(1,149)	1,890	2,168	(1,427)
	27,010	71,599	62,999	35,610
Endowment Funds	79,751	10,754	13,268	77,237
Total Agency Funds	$ 283,708	$ 453,661	$ 398,490	$ 338,879

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Arkansas City High School							
Activities	$ 62,662	$ 0	$ 409,788	$ 438,909	$ 33,541	$ 0	$ 33,541
Athletics	1,849	0	168,933	156,863	13,919	0	13,919
Library Copies	744		69	216	597		597
Total District Activity Funds	$ 65,255	$	$ 578,790	$ 595,988	$ 48,057	$	$ 48,057
	0				0		
	0				0		

FEDERAL AWARD INFORMATION

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

Board of Education
Arkansas City Unified School District No. 470
Arkansas City, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **Arkansas City Unified School District No. 470, Arkansas City, Kansas**, as of and for the year ended **June 30, 2025**, and the related notes to the financial statement, which collectively comprise **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** basic financial statement, and have issued our report thereon dated January 8, 2026. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** internal control.

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

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700
(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Education
Arkansas City Unified School District No. 470

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BFR CPA, LLC

BFR CPA, LLC
January 8, 2026

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

Board of Education
Arkansas City Unified School District No. 470
Arkansas City, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** major federal programs for the year ended **June 30, 2025**. **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Arkansas City Unified School District No. 470, Arkansas City, Kansas** 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 for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Arkansas City Unified School District No. 470, Arkansas City, Kansas** 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** compliance with the compliance requirements referred to above.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Education
Arkansas City Unified School District No. 470

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** major federal programs.

Auditors' 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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a 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 aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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 **Arkansas City Unified School District No. 470, Arkansas City, Kansas'** 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.

Board of Education
Arkansas City Unified School District No. 470

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a major 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 major 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 major federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BFR CPA, LLC

BFR CPA, LLC
January 8, 2026

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Grant Title	Assistance Listing Number	Program Amount	Expenditures
Department of Health and Human Services			
Head Start Cluster-Cluster			
Head Start	93.600	$ 2,019,186	$ 1,979,848
(Passes Through Kansas Department of Education)			
Department of Agriculture			
Child Nutrition Cluster-Cluster			
School Breakfast Program	10.553	585,899	585,899
National School Lunch Program	10.555	1,282,808	1,282,808
Summer Food Service Program for Children	10.559	94,327	94,327
		1,963,034	1,963,034
Child and Adult Care Food Program	10.558	131,458	131,458
		2,094,492	2,094,492
Department of Education			
Title I Grants to Local Educational Agencies	84.010	915,123	915,123
Career and Technical Education - Basic Grants to States	84.048	39,143	39,143
English Language Acquisition State Grants	84.365	59,984	59,984
Supporting Effective Instruction State Grants	84.367	128,941	128,941
Student Support and Academic Enrichment Program	84.424	51,261	51,261
COVID-19 Education Stabilization Fund	84.425U	2,806,333	899,230
COVID-19 Education Stabilization Fund	84.425W	3,831	3,831
		4,004,616	2,097,513
Department of Health and Human Services			
Epidemiology and Laboratory Capactiy for Infectious Diseases (ELC)	93.323	4,200	0
Total Federal Awards		$ 8,122,494	$ 6,171,853

The accompanying notes are an integral part of this schedule.

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Arkansas City Unified School District No. 470, Arkansas City, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. 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).

Note 2 - Indirect Cost Rate:

The District has elected not to use the 15% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement in accordance with the regulatory basis of accounting of **Arkansas City Unified School District No. 470, Arkansas City, Kansas**.

2. No significant deficiencies or material weaknesses were reported in the Independent Auditors' 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*.

3. No instances of noncompliance material to the financial statement of **Arkansas City Unified School District No. 470, Arkansas City, Kansas**, were disclosed during the audit.

4. No significant deficiencies or material weakness were reported in the Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.

5. The independent auditors' report on compliance for the major federal award programs for **Arkansas City Unified School District No. 470, Arkansas City, Kansas**, expresses an unmodified opinion on all major federal programs.

6. There were no audit findings relative to the major federal award programs for **Arkansas City Unified School District No. 470, Arkansas City, Kansas**.

7. The programs tested as major programs were:

Child Nutrition Cluster-Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Title I Grants to Local Educational Agencies	84.010

8. The threshold for distinguishing Types A and B programs was $750,000.

9. **Arkansas City Unified School District No. 470, Arkansas City, Kansas**, was determined not to be a low-risk auditee.

ARKANSAS CITY UNIFIED SCHOOL DISTRICT NO. 470
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

There are no prior audit findings.