UNIFIED SCHOOL DISTRICT NUMBER 368
Paola, Kansas

FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2025

UNIFIED SCHOOL DISTRICT NUMBER 368

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Year ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 368

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District Number 368 of Paola, Kansas, as of and for the year ended June 30, 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 "Matters Giving Rise of Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District Number 368 as of June 30, 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the Unified School District Number 368 as of June 30, 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 C.

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

Matters Giving Rise for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note C of the financial statement, the financial statement is prepared by Unified School District Number 368 on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide,* which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note C and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

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

Auditor's Responsibility for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
3. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Unified School District Number 368's internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimate made by management, as well as evaluate the overall presentation of the financial statement.
5. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Unified School District Number 368 ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures - agency funds, schedule of regulatory basis receipts and expenditures - district activity funds and schedule of regulatory basis receipts and expenditures - endowment (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide.* The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by *Title 2 U.S. code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note C.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2025 on our consideration of Unified School District Number 368's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District Number 368's internal control over financial reporting and compliance.

Prior Year Comparative

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Unified School District Number 368 as of and for the year ended June 30, 2024 (not presented herein), and have issued our report dated September 20, 2024, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statements and accompanying report are not presented herein, but available in electronic form from the web site of the Kansas Department of Administration at the following link http//www.admin.ks.gov/offices//chief-financial-officer/municipal-servidces. The 2024 actual column (2025 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 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 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 basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2024 comparative information is fairly stated in all material respects in relation to the 2024 basic financial statement as a whole, on the basis of accounting described in Note C.

Harold K. Mayes Jr

Harold K Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Ks. 66067
September 24, 2025

Unified School District Number 368
Paola, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
For the Year Ended June 30, 2025

	Beginning Unencumbered Cash and Investments	Prior Year Cancelled Encumbrances	Receipts	Expenditures
Governmental Type Funds				
General Funds				
General	$ 0	$ 0	$ 14,533,539	$ 14,533,539
Supplemental General	386,759	0	4,976,007	4,799,200
Special Purpose Funds				
Adult Education	12,676	0	258,805	271,481
Adult Supplementary Education	56,353	0	10,776	40,124
At Risk	667,753	0	2,064,529	2,095,588
Bilingual Education	29,035	0	29,249	29,249
Virtual Education	324,624	0	90,500	90,500
Capital Outlay	4,064,483	0	2,729,461	1,906,014
Driver Training	50,870	0	35,311	7,026
Food Service	425,857	0	961,136	1,077,536
Professional Development	103,005	0	90,503	118,505
Parent Education Program	77,299	0	455,993	430,531
Special Education	2,405,931	0	3,561,153	3,314,642
Career and Postsecondary Education	795,901	0	803,426	808,127
Kansas Public Retirement System	0	0	3,201,140	3,201,140
Special Assessment	26,438	0	0	0
Coop Special Education	3,004,549	0	17,357,966	18,277,136
Title I	0	0	352,370	352,370
Title II A-Teacher Quality Improve	0	0	33,617	33,617
Vocational Education-Carl Perkins	0	0	0	0
Coronavirus Funds	0	0	0	0
Contingency Reserve	1,100,000	0	0	0
Student Material Revolving	592,103	0	160,146	90,714
Gate Receipts and User Charges	41,170	0	329,205	350,197
Bond & Interest Funds				
Bond and Interest	5,839,010	0	1,665,807	2,193,437
Business Type Funds				
Health Insurance	1,067,698	0	2,955,296	2,528,099
Trust Type Funds				
Expendable Trust Funds				
Scholarship and Other Trusts	268,261	0	215,160	113,902
Nonexpendable Trust Funds				
Scholarship	258,094	0	13,283	13,283
Related Municipal Entity				
Endowment Trusts	3,398,732	0	878,942	478,638
Total reporting entity (excluding agency funds)	$ 24,996,601	$ 0	$ 57,763,320	$ 57,154,595

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

Ending Unencumbered Cash and Investments	Add Encumbrances and Accounts Payable	Ending Cash and Investments		
$ 0	$ 440,810	$ 440,810	**Composition of ending cash and investments**	
563,566	475,816	1,039,382	**Demand Deposits**	
0	35	35	First Option Bank	$ 18,730,277
27,005	448	27,453	Security Bank of KC	1,596,328
636,694	25,038	661,732	Activity Fund Accounts	314,807
29,035	0	29,035	Great Southern Bank	1,095
324,624	0	324,624	**Time Deposits**	
4,887,930	984,117	5,872,047	Security Bank of KC	2,000,000
79,155	1,396	80,551	Security Bank of KC	1,000,000
309,457	1,898	311,355	Security Bank of KC	1,000,000
75,003	6,085	81,088	First Option Bank	258,094
102,761	32,279	135,040	First Option Bank	10,000
2,652,442	1,083	2,653,525	First Option Bank	32,000
791,200	26,447	817,647	First Option Bank	15,400
0	0	0		24,958,001
26,438	0	26,438	Less Agency funds	
2,085,379	676,922	2,762,301	per Schedule 3	(296,911)
0	7,628	7,628		24,661,090
0	0	0	Investments	
0	0	0	Stocks and Bonds	
0	0	0	of Endowment Trust	3,723,049
1,100,000	0	1,100,000		
661,535	34,166	695,701	Total cash and investments	$ 28,384,139
20,178	0	20,178		
5,311,380	0	5,311,380		
1,494,895	54,664	1,549,559		
369,519	9,981	379,500		
258,094	0	258,094		
3,799,036	0	3,799,036		
$ 25,605,326	$ 2,778,813	$ 28,384,139		

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

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2025

NOTE A. MUNICIPAL REPORTING ENTITY

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

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

NOTE B. REGULATORY BASIS FUND TYPES

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

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

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

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

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

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

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

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

NOTE C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and departure from Accounting Principles Generally Accepted in the United States of America - The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above. Unified School District Number 368 has approved a resolution that it is in compliance with K.S.A. 75-1120a (c) waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

NOTE D. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, 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 of the proposed budget and notice of public hearing on the budget.
3. Public hearing after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If 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 this year.

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

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

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

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

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

Title I	Title IIA
Vocational Education – Carl Perkins	Coronavirus Funds
Contingency Reserve	Student Materials Revolving

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

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2025

NOTE E. DEPOSITS AND INVESTMENTS

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

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

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

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2025.

At June 30, 2025, the carrying amount of the District's bank deposits was $24,880,918 and the bank balance was $27,442,453. The bank balance was held by three banks reducing concentration risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $501,177 was covered by federal depository insurance and $26,941,276 was collateralized with securities held by the pledging financial institution's agents in the District's name.

The Unified School District Number 368 Endowment has bank deposits of $75,987 and the bank balance was $77,974. The difference between carrying amount and bank balance is outstanding checks and deposits. The balance was held by one bank which increases concentration risk. Of the bank balance $77,974 was covered by federal depository insurance.

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

Concentration of credit risk – Endowment investment policy places no limit on the amount the Endowment may invest in any one issuer. The Endowment had the following investments and maturities as of June 30, 2025. Fair value is based upon quoted market values:

Investments - Endowment		Fair	Investment Maturities		Percent of	Rating
Investment Type		Value	Less than 1	2 yrs or more	Investment	U.S.
Money market	$	5,939	$ 5,839	$ 0	0.002	N/A
Bonds		2,314	2,314	0	0.001	S&P A-1+
Mutual funds		3,714,796	3,714,796	0	0.998	S&P A-1+
Total investments		3,723,049	$ 3,722,949	$ 0	1.000	
Plus Cash Balance		75,987				
Total	$	3,799,036				

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2025

NOTE F. LONG-TERM DEBT

General Long-Term Debt

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

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

Changes in long-term liabilities for the Unified School District Number 368 for the year ended June 30, 2025 were as follows:

	Beginning Balance	Additions	Reductions/ Payments	Net Change	Ending Balance	Interest Paid
General Obligation Bonds:						
Series 2014	$ 205,000	$ 0	$ 40,000	$ (40,000)	$ 165,000	$ 7,662
Series 2016	3,620,000	0	1,210,000	(1,210,000)	2,410,000	96,500
Series 2017	2,530,000	0	775,000	(775,000)	1,755,000	64,275
	$ 6,355,000	$ 0	$ 2,025,000	$ (2,025,000)	$ 4,330,000	$ 168,437
Financing Leases						
Copiers	$ 1,655	$ 0	$ 1,655	$ (1,655)	$ 0	$ 0
Copiers - new	89,284	0	16,369	(16,369)	72,915	0
Copiers Total	$ 90,939	$ 0	$ 18,024	$ (18,024)	$ 72,915	$ 0

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

	2026	2027	2028	2029	2030	Total
Bond Principal						
G. O. bonds	$ 2,090,000	$ 2,155,000	$ 40,000	$ 45,000	$ 0	$ 4,330,000
Interest						
G. O. bonds	99,862	35,787	2,463	731	0	138,843
Total principal & interest	$ 2,189,862	$ 2,190,787	$ 42,463	$ 45,731	$ 0	$ 4,468,843
Copier Payme	$ 17,857	$ 17,857	$ 17,857	$ 17,856	$ 1,488	$ 72,915

The District is subject to the municipal finance laws of the State of Kansas which limits the net bonded debt (exclusive of revenue bonds and special assessment bonds) the District may have outstanding to 14% of the assessed value of all tangible taxable property within the District, as certified to the County Clerk on the preceding August 25. Additional authority may be granted by the Kansas State Board of Education. At June 30, 2025, the statutory limit for the District was $30,036,476. As of June 30, 2025, the District is under the debt margin by $25,706,476.

NOTE G. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Special Education	K.S.A. 72-5167	$ 1,986,530
General Fund	Career and Post Secondary	K.S.A. 72-5167	244,161
General Fund	At-Risk (K-12)	K.S.A. 72-5167	1,551,015
General Fund	Bilingual	K.S.A. 72-5167	22,050
General Fund	Virtual Education	K.S.A. 72-5167	90,500
General Fund	Professional Development	K.S.A. 72-5167	43,502
General Fund	Health Fund	K.S.A. 72-5167	77,900
General Fund	Student Material Revolving	K.S.A. 72-5167	19,929
Supplemental General Local Option	Professional Development	K.S.A. 72-5167	47,001
Supplemental General Local Option	Parent Education	K.S.A. 72-5143	31,200
Supplemental General Local Option	Special Education	K.S.A. 72-5143	1,325,257
Supplemental General Local Option	Student Material Revolving	K.S.A. 72-5143	37,945
Supplemental General Local Option	At-Risk (K-12)	K.S.A. 72-5143	513,514
Supplemental General Local Option	Bilingual	K.S.A. 72-5143	7,199
Supplemental General Local Option	Career and Post Secondary	K.S.A. 72-5167	500,839

NOTE H. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Health Insurance

On October 1, 2024, the District went back to being self-insured. Prior to that date the District was using a third-party provider. The District has a stop loss under the self-insured policy of $120,000 per covered person and a maximum coverage of $1,000,000 per covered person.

Other Post Employment Benefits

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

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

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

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

NOTE H. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS - continued

Compensated Absences

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

The costs of accumulated sick leave are not recorded at the time the benefits are accrued. At June 30, 2025 the District paid sick leave pay for employees who will be 62 or older on or before June 30, 2025 or have accumulated in excess of 100 days in the amount of $98,936. The District has not estimated the dollar amount of accumulated sick leave pay for any other group of employees.

Death and Disability Other Post Employment Benefits

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

NOTE I. DEFINED BENEFIT PENSION PLANS

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A 74-4901, et. seq. Kansas Law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www/kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A 74-49.210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that 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 of 2015 and the proceeds transferred to the System.

NOTE I. DEFINED BENEFIT PENSION PLANS – continued

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

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

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

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $3,201,140 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 $41,417,398. 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 nonemployer 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 these financial statements.

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

NOTE J. RISK MANAGEMENT

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

NOTE K. OTHER INFORMATION

Reimbursed Expenses

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

NOTE K. OTHER INFORMATION - continued

Ad valorem tax revenues

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20, and distributed to the District by January 20. The second half is due May 10 and distributed to the District by June 5. The District Treasurer draws other available funds from the County Treasurer at designated times throughout the year.

Contingencies

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

However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the District at June 30, 2025.

NOTE L. SUBSEQUENT EVENTS

Subsequent Events: The District evaluated subsequent events through September 24, 2025, the date the financial statement was available to be issued. No material subsequent events were noted.

Required Regulatory Basis
Supplementary Information

Unified School District Number 368
Paola, Kansas

SUMMARY OF EXPENDITURES-ACTUAL AND BUDGET
BUDGETED FUNDS
For the Year Ended June 30, 2025

	Certified Budget	Adjustment to Comply with Legal Max
General Funds		
General Fund	$ 15,737,482	$ (1,230,377)
Supplemental General Local Option	5,148,606	(349,406)
Special Purpose Funds		
Adult Education	271,481	0
Adult Supplementary Education	109,203	0
At risk	2,617,378	0
Bilingual Education	39,332	0
Virtual Education	642,624	0
Capital Outlay	5,497,666	0
Driver Training	93,370	0
Food Service	1,480,654	0
Professional Development	118,505	0
Parent Education Program	460,331	0
Special Education	4,506,438	0
Career & Postsecondary Education	1,314,000	0
Kansas Public Retirement System	4,005,575	0
Special Assessment	26,438	0
Co-op Special Education	21,343,912	0
Bond & Interest Funds		
Bond and Interest	2,193,437	0

Schedule 1

Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
$ 26,434	$ 14,533,539	$ 14,533,539	$ 0
0	4,799,200	4,799,200	0
0	271,481	271,481	0
0	109,203	40,124	(69,079)
0	2,617,378	2,095,588	(521,790)
0	39,332	29,249	(10,083)
0	642,624	90,500	(552,124)
0	5,497,666	1,906,014	(3,591,652)
0	93,370	7,026	(86,344)
0	1,480,654	1,077,536	(403,118)
0	118,505	118,505	0
0	460,331	430,531	(29,800)
0	4,506,438	3,314,642	(1,191,796)
0	1,314,000	808,127	(505,873)
0	4,005,575	3,201,140	(804,435)
0	26,438	0	(26,438)
0	21,343,912	18,277,136	(3,066,776)
0	2,193,437	2,193,437	0

Unified School District Number 368
Paola, Kansas

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	2024 Actual	2025 Actual	2025 Budget	2025 Variance Over (Under)
Cash Receipts				
Local Sources				
Reimbursed Expenses	$ 51,031	$ 26,434	$ 0	$ 26,434
State Sources				
General Fund Equalization Aid	11,852,422	12,520,575	12,845,893	(325,318)
Special Education Equalization Aid	1,880,664	1,986,530	2,891,589	(905,059)
Total Cash Receipts	13,784,117	14,533,539	$ 15,737,482	$ (1,203,943)
Expenditures				
Instruction				
Salaries	4,288,923	4,927,547	$ 5,046,906	$ (119,359)
Employee Benefits	925,723	970,176	1,131,000	(160,824)
Supplies	187,129	75,908	207,090	(131,182)
Student Activities	88,233	88,939	90,935	(1,996)
Other	0	132,763	0	132,763
Student Support Services				
Salaries	276,475	354,538	320,000	34,538
Employee Benefits	57,420	60,734	64,850	(4,116)
Supplies	3,314	6,535	3,500	3,035
Instruction Support Staff				
Salaries	276,149	353,832	400,000	(46,168)
Employee Benefits	32,989	39,066	40,600	(1,534)
Supplies	6,887	5,659	11,326	(5,667)
General Administration				
Salaries	509,872	555,213	560,000	(4,787)
Employee Benefits	79,704	79,881	85,200	(5,319)
Purchased Professional Services	17,285	19,295	25,000	(5,705)
Other	53,019	53,125	56,000	(2,875)
School Administration				
Salaries	907,307	966,033	1,017,500	(51,467)
Employee Benefits	184,580	194,110	209,300	(15,190)
Central Services				
Salaries	298,946	284,809	290,000	(5,191)
Employee Benefits	0	22,259	0	22,259
Operations and Maintenance				
Salaries	463,927	515,335	550,000	(34,665)
Employee Benefits	84,696	112,698	112,600	98
Other Purchased Services				
Contracting of Bus Service	675,850	679,497	721,000	(41,503)

Unified School District Number 368
Paola, Kansas

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Expenditures (continued)				
Operating Transfers				
Special Education	$ 1,903,385	$ 1,986,530	$ 2,891,589	$ (905,059)
Professional Development	50,000	43,502	7,500	36,002
Career and Post Secondary	244,244	244,161	0	244,161
Student Material Revolving	431,070	19,929	0	19,929
Contingency Reserve	112,852	0	0	0
At Risk (K-12)	1,487,731	1,551,015	1,587,586	(36,571)
Bilingual	13,229	22,050	0	22,050
Virtual Education	123,200	90,500	308,000	(217,500)
Health Fund	0	77,900	0	77,900
Adjustment to Comply with Legal Maximum	0		(1,230,377)	1,230,377
Legal Fund Budget & Expenditures	13,784,139	14,533,539	14,507,105	26,434
Adjustments for Qualifying Budget Credits	0	0	26,434	(26,434)
Total Expenditures	13,784,139	14,533,539	$ 14,533,539	$ 0
Receipts Over (Under) Expenditures	(22)	0		
Unencumbered Cash (Deficit), July 1,	22	0		
Unencumbered Cash (Deficit), June 30,	$ 0	$ 0		

Unified School District Number 368
Paola, Kansas

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Property	$ 3,062,922	$ 3,526,008	$ 3,544,142	$ (18,134)
Delinquent	40,081	45,229	33,871	11,358
County Sources				
Motor Vehicle	207,672	236,807	247,062	(10,255)
Recreational Vehicle Tax	5,719	7,145	7,510	(365)
Commercial Vehicle Tax	9,396	14,289	12,789	1,500
State Sources				
Supplemental State Aid	1,306,450	1,146,529	1,230,002	(83,473)
Total Cash Receipts	4,632,240	4,976,007	$ 5,075,376	$ (99,369)
Expenditures				
Instruction				
Supplies	131,246	108,059	$ 130,000	$ (21,941)
Student Activities	20,684	24,697	0	24,697
Equipment	17,592	7,522	7,200	322
Other	0	0	25,000	(25,000)
General Administration				
Purchased Property Services	171,196	193,097	175,000	18,097
Other Purchased Services	421,446	477,505	520,000	(42,495)
Other Expense	0	16	0	16
Central Services				
Other Purchased Services	104,515	141,749	80,000	61,749
Supplies	(287)	509	5,000	(4,491)
Property	28,070	27,080	25,000	2,080
Operations and Maintenance				
Salaries	292,976	223,502	330,000	(106,498)
Employee Benefits	53,727	29,887	63,300	(33,413)
Purchased Property Services	458,162	132,531	584,393	(451,862)
Other Purchased Services	24,476	83,325	32,825	50,500
Supplies	597,644	817,797	742,000	75,797
Vehicle Operating Services				
Motor Fuel	87,643	68,969	140,000	(71,031)
Contracted Transportation	96	0	10,000	(10,000)
Operating Transfers				
Parent Education Program	31,200	31,200	31,200	0
Professional Development	0	47,001	0	47,001
Special Education	1,134,113	1,325,257	964,849	360,408

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Operating Transfers - continued				
Student Material Revolving	$ 31,830	$ 37,945	$ 0	$ 37,945
At Risk (K-12)	494,123	513,514	529,792	(16,278)
Bilingual	4,546	7,199	10,297	(3,098)
Vocational Education	440,756	500,839	742,750	(241,911)
Adjustment to Comply with Legal Maximum	0	0	(349,406)	349,406
Legal Fund Budget & Expenditures	4,545,754	4,799,200	$ 4,799,200	$ 0
Receipts Over (Under) Expenditures	86,486	176,807		
Unencumbered Cash, July 1	300,273	386,759		
Unencumbered Cash, June 30	$ 386,759	$ 563,566		

Unified School District Number 368
Paola, Kansas

Schedule 2c

SPECIAL PURPOSE FUNDS
ADULT EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024	Actual	Budget	Variance Over (Under)
Cash Receipts				
State Sources				
Adult Basic Aid	$ 66,364	$ 58,091	$ 58,091	$ 0
Federal Sources				
Adult Education Aid	208,946	200,714	200,714	0
Total Cash Receipts	275,310	258,805	$ 258,805	$ 0
Expenditures				
Instruction				
Salaries	121,245	142,990	$ 138,396	$ 4,594
Employee Benefits	33,998	30,241	27,438	2,803
Other Purchased Services	5,864	6,047	5,846	201
Supplies	40,258	16,038	26,466	(10,428)
Student Support Services				
Salaries	24,439	29,836	29,695	141
Employee Benefits	0	3,087	0	3,087
Other Purchased Services	10,613	6,150	5,000	1,150
General Administration				
Salaries	25,865	26,340	26,340	0
Employee Benefits	0	2,566	0	2,566
Supplies	6,141	3,417	5,000	(1,583)
Operation and Maintenance				
Purchased Property Services	0	0	1,300	(1,300)
Supplies	6,886	4,769	6,000	(1,231)
Total Expenditures	275,309	271,481	$ 271,481	$ 0
Receipts Over (Under) Expenditures	1	(12,676)		
Unencumbered Cash, July 1	12,675	12,676		
Unencumbered Cash, June 30	$ 12,676	$ 0		

Unified School District Number 368
Paola, Kansas

Schedule 2d

SPECIAL PURPOSE FUNDS
ADULT SUPPLEMENTARY EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Class Fees	$ 1,789	$ 1,010	$ 2,000	$ (990)
Sales Tax	0	105	0	105
Miscellaneous	8,446	5,646	50,850	(45,204)
Reimbursements	10,188	4,015	0	4,015
Total Cash Receipts	20,423	10,776	$ 52,850	$ (42,074)
Expenditures				
Instruction				
Salaries	2,001	1,474	$ 69,653	$ (68,179)
Employee Benefits	212	4,165	370	3,795
Other Purchased Services	448	1,617	2,500	(883)
Supplies	10,555	32,868	36,680	(3,812)
Total Expenditures	13,216	40,124	$ 109,203	$ (69,079)
Receipts Over (Under) Expenditures	7,207	(29,348)		
Unencumbered Cash, July 1	49,146	56,353		
Unencumbered Cash, June 30	$ 56,353	$ 27,005		

Unified School District Number 368
Paola, Kansas

Schedule 2e

SPECIAL PURPOSE FUNDS
AT RISK FUND (K-12)

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers				
General Fund	$ 1,487,731	$ 1,551,015	$ 1,587,586	$ (36,571)
Supplemental General	494,123	513,514	529,792	(16,278)
Total Cash Receipts	1,981,854	2,064,529	$ 2,117,378	$ (52,849)
Expenditures				
Instruction				
Salaries	1,836,164	1,891,351	$ 2,430,378	$ (539,027)
Employee Benefits	47,347	67,580	55,500	12,080
Purchased Professional Services	7,500	8,000	0	8,000
Supplies	91,090	94,011	104,000	(9,989)
Other	0	0	7,500	(7,500)
Student Support Services				
Mental Health Services	0	34,646	20,000	14,646
Total Expenditures	1,982,101	2,095,588	$ 2,617,378	$ (521,790)
Receipts Over (Under) Expenditures	(247)	(31,059)		
Unencumbered Cash, July 1	668,000	667,753		
Unencumbered Cash, June 30	$ 667,753	$ 636,694		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2f

SPECIAL PURPOSE FUNDS
BILINGUAL EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Operating Transfers				
Supplemental General	$ 4,546	$ 7,199	$ 10,297	$ (3,098)
General Fund	13,229	22,050	0	22,050
Total Cash Receipts	17,775	29,249	$ 10,297	$ 18,952
Expenditures				
Instruction				
Salaries	17,775	29,249	$ 36,332	$ (7,083)
Other Purchased Services	237	0	3,000	(3,000)
Total Expenditures	18,012	29,249	$ 39,332	$ (10,083)
Receipts Over (Under) Expenditures	(237)	0		
Unencumbered Cash, July 1	29,272	29,035		
Unencumbered Cash, June 30	$ 29,035	$ 29,035		

Unified School District Number 368
Paola, Kansas

Schedule 2g

SPECIAL PURPOSE FUNDS
VIRTUAL EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 0	$ 0	$ 10,000	$ (10,000)
Operating Transfers				
General Fund	123,200	90,500	308,000	(217,500)
Total Cash Receipts	123,200	90,500	$ 318,000	$ (227,500)
Expenditures				
Instruction				
Other Purchased Services	80,000	90,500	$ 642,624	$ (552,124)
Total Expenditures	80,000	90,500	$ 642,624	$ (552,124)
Receipts Over (Under) Expenditures	43,200	0		
Unencumbered Cash, July 1	281,424	324,624		
Unencumbered Cash, June 30	$ 324,624	$ 324,624		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2h

SPECIAL PURPOSE FUNDS
CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Property	$ 1,646,116	$ 1,976,895	$ 1,879,881	$ 97,014
Delinquent	24,592	26,097	18,145	7,952
Interest	359,541	550,095	300,000	250,095
Miscellaneous	4,124	23,667	75,000	(51,333)
County Sources				
Motor Vehicle	132,088	140,533	147,997	(7,464)
Recreational Vehicle	3,638	4,260	4,499	(239)
Commercial Vehicle	5,942	7,914	7,661	253
State Sources				
State Aid	150,062	0	0	0
Total Cash Receipts	2,326,103	2,729,461	$ 2,433,183	$ 296,278
Expenditures				
Instruction				
Property	(13,910)	381,367	$ 3,939,483	$ (3,558,116)
Operation and Maintenance				
Property	1,089,793	1,524,647	1,558,183	(33,536)
Total Expenditures	1,075,883	1,906,014	$ 5,497,666	$ (3,591,652)
Receipts Over (Under) Expenditures	1,250,220	823,447		
Unencumbered Cash, July 1	2,814,263	4,064,483		
Unencumbered Cash, June 30	$ 4,064,483	$ 4,887,930		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2i

SPECIAL PURPOSE FUNDS
DRIVER TRAINING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Driver Education Fees	$ 16,355	$ 20,651	$ 24,000	$ (3,349)
State Sources				
State Safety Aid	11,165	9,860	13,500	(3,640)
Federal Sources				
Federal Aid	3,400	4,800	5,000	(200)
Total Cash Receipts	30,920	35,311	$ 42,500	$ (7,189)
Expenditures				
Instruction				
Salaries	3,450	4,800	$ 5,000	$ (200)
Employee Benefits	268	4	775	(771)
Other Purchased Services	21,390	0	31,000	(31,000)
Supplies	447	1,721	51,370	(49,649)
Operations and Maintenance				
Supplies	678	501	225	276
Other Support Services				
Other	3,400	0	5,000	(5,000)
Total Expenditures	29,633	7,026	$ 93,370	$ (86,344)
Receipts Over (Under) Expenditures	1,287	28,285		
Unencumbered Cash, July 1	49,583	50,870		
Unencumbered Cash, June 30	$ 50,870	$ 79,155		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2j

SPECIAL PURPOSE FUNDS
FOOD SERVICE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Student Meal Receipts	$ 298,813	$ 294,320	$ 296,497	$ (2,177)
Adult Meal Receipts	11,272	12,493	20,078	(7,585)
Ala Carte Meals	116,652	129,173	205,122	(75,949)
Interest	22,971	17,959	10,000	7,959
Reimbursements	9,365	4,154	30,000	(25,846)
State Sources				
Equalization Aid	8,537	8,522	6,449	2,073
Federal Sources				
Child Nutrition Programs	533,184	494,515	486,652	7,863
Other	6,501	0	0	0
Total Cash Receipts	1,007,295	961,136	$ 1,054,798	$ (93,662)
Expenditures				
Food Service Operation				
Salaries	376,889	360,782	$ 397,500	$ (36,718)
Employee Benefits	36,144	48,124	39,800	8,324
Other Purchased Services	568,519	629,782	1,025,856	(396,074)
Supplies	6,895	19,516	1,000	18,516
Property	57,177	12,042	12,498	(456)
Other	4,927	7,290	4,000	3,290
Total Expenditures	1,050,551	1,077,536	$ 1,480,654	$ (403,118)
Receipts Over (Under) Expenditures	(43,256)	(116,400)		
Unencumbered Cash, July 1	469,113	425,857		
Unencumbered Cash, June 30	$ 425,857	$ 309,457		

Unified School District Number 368
Paola, Kansas

Schedule 2k

SPECIAL PURPOSE FUNDS
PROFESSIONAL DEVELOPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Other	$ 0	$ 0	$ 500	$ (500)
State Sources				
State Aid	0	0	7,500	(7,500)
Operating Transfers				
Supplemental General	0	47,001	0	47,001
General	50,000	43,502	7,500	36,002
Total Cash Receipts	50,000	$ 90,503	$ 15,500	$ 75,003
Expenditures				
Instructional Support Staff				
Salaries	21,867	$ 131,734	$ 0	$ 131,734
Employee Benefits	0	2,735	0	2,735
Purchased Professional and Technical Services	3,019	(15,964)	118,505	(134,469)
Total Expenditures	24,886	$ 118,505	$ 118,505	$ 0
Receipts Over (Under) Expenditures	25,114	(28,002)		
Unencumbered Cash, July 1	77,891	103,005		
Unencumbered Cash, June 30	$ 103,005	$ 75,003		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2l

SPECIAL PURPOSE FUNDS
PARENT EDUCATION PROGRAM 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)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Other District Payments	$ 96,362	$ 101,362	$ 101,362	$ 0
Other Revenue from Local	8,211	74,961	2,000	72,961
State Sources				
Parent Education Aid	221,600	248,470	248,470	0
Operating Transfers				
Supplemental General	31,200	31,200	31,200	0
Total cash receipts	357,373	455,993	$ 383,032	$ 72,961
Expenditures				
Student Support Services				
Salaries	273,822	316,228	$ 301,652	$ 14,576
Employee Benefits	35,344	38,782	55,550	(16,768)
Other Purchased Services	15,444	0	16,330	(16,330)
Supplies	23	0	1,500	(1,500)
Property	1,921	0	7,000	(7,000)
Other	30,819	75,521	78,299	(2,778)
Total Expenditures	357,373	430,531	$ 460,331	$ (29,800)
Receipts Over (Under) Expenditures	0	25,462		
Unencumbered Cash, July 1	77,299	77,299		
Unencumbered Cash, June 30	$ 77,299	$ 102,761		

Unified School District Number 368
Paola, Kansas

Schedule 2m

SPECIAL PURPOSE FUNDS
SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Other	$ 176,071	$ 249,366	$ 150,000	$ 99,366
Operating Transfers				
General	1,903,385	1,986,530	2,891,589	(905,059)
Supplemental General	1,134,113	1,325,257	964,849	360,408
Total Cash Receipts	3,213,569	3,561,153	$ 4,006,438	$ (445,285)
Expenditures				
Instruction				
Salaries	9,560	1,495	$ 35,000	$ (33,505)
Other Purchased Services	2,626,869	2,780,682	3,545,300	(764,618)
Other	0	67,214	501,000	(433,786)
Vehicle Operating Services				
Employee Benefits	731	114	2,000	(1,886)
Purchased Property Services	404,451	450,872	404,638	46,234
Other Purchased Services	15,470	14,265	17,500	(3,235)
Supplies	0	0	1,000	(1,000)
Total Expenditures	3,057,081	3,314,642	$ 4,506,438	$ (1,191,796)
Receipts Over (Under) Expenditures	156,488	246,511		
Unencumbered Cash, July 1	2,249,443	2,405,931		
Unencumbered Cash, June 30	$ 2,405,931	$ 2,652,442		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2n

SPECIAL PURPOSE FUNDS
CAREER AND POSTSECONDARY EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Reimbursements	$ 53,536	$ 26,691	$ 5,000	$ 21,691
Miscellaneous	0	0	30,000	(30,000)
State Sources				
CTE Transportation Aide	23,219	31,735	36,250	(4,515)
Operating Transfers				
General	244,244	244,161	0	244,161
Supplemental General	440,756	500,839	742,750	(241,911)
Total Cash Receipts	761,755	803,426	$ 814,000	$ (10,574)
Expenditures				
Instruction				
Salaries	518,472	522,637	$ 1,067,500	$ (544,863)
Employee Benefits	60,940	64,303	72,600	(8,297)
Purchased Property Services	0	0	25,000	(25,000)
Other Purchased Services	7,494	6,487	5,150	1,337
Supplies	85,246	51,513	44,500	7,013
Operations and Maintenance				
Purchased Property Services	1,934	3,102	4,250	(1,148)
Student Transportation				
Other	88,026	160,085	95,000	65,085
Total Expenditures	762,112	808,127	$ 1,314,000	$ (505,873)
Receipts Over (Under) Expenditures	(357)	(4,701)		
Unencumbered Cash, July 1	796,258	795,901		
Unencumbered Cash, June 30	$ 795,901	$ 791,200		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2o

SPECIAL PURPOSE FUNDS
KANSAS PUBLIC RETIREMENT SYSTEM

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 3,337,979	$ 3,201,140	$ 4,005,575	$ (804,435)
Total cash receipts	3,337,979	3,201,140	$ 4,005,575	$ (804,435)
Expenditures				
Instruction				
Employee Benefits	2,701,774	2,590,801	$ 3,308,900	$ (718,099)
Student support				
Employee Benefits	157,206	159,625	181,246	(21,621)
Instructional support				
Employee Benefits	47,833	40,993	40,926	67
General administration				
Employee Benefits	119,947	122,688	136,459	(13,771)
School administration				
Employee Benefits	120,245	119,421	134,318	(14,897)
Other supplemental services				
Employee Benefits	38,476	38,676	44,305	(5,629)
Maintenance				
Employee Benefits	99,215	94,801	103,865	(9,064)
Food service				
Employee Benefits	53,283	34,135	55,556	(21,421)
Total Expenditures	3,337,979	3,201,140	$ 4,005,575	$ (804,435)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, July 1	0	0		
Unencumbered Cash, June 30	$ 0	$ 0		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2p

SPECIAL PURPOSE FUNDS
SPECIAL ASSESSMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Delinquent Tax	$ 2	$ 0	$ 0	$ 0
Total Cash Receipts	2	0 $	0 $	0
Expenditures				
Facilities Acquisition				
Site Improvement Services	0	0 $	26,438 $	(26,438)
Receipts Over (Under) Expenditures	2	0		
Unencumbered Cash, July 1	26,436	26,438		
Unencumbered Cash, June 30	$ 26,438	$ 26,438		

Unified School District Number 368
Paola, Kansas

Schedule 2q

SPECIAL PURPOSE FUNDS
CO-OP SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Other Districts Payments	$ 10,504,005	$ 11,228,152	$ 12,589,620	$ (1,361,468)
USD 368 Payments	2,375,022	2,529,040	4,160,300	(1,631,260)
Interest	171,558	118,070	100,000	18,070
Reimbursements	680,144	825,016	0	825,016
State Sources				
Greenbush	251,847	251,642	0	251,642
Federal Sources				
Title VI B	2,037,523	2,010,977	2,843,992	(833,015)
Title VI B ECH Grant	(2,748)	0	0	0
Medicaid	530,779	395,069	650,000	(254,931)
Total Cash Receipts	16,548,130	17,357,966	$ 20,343,912	$ (2,985,946)
Expenditures				
Instruction				
Salaries	12,853,232	13,363,056	$ 15,537,737	$ (2,174,681)
Employee Benefits	2,097,596	2,276,270	2,660,500	(384,230)
Purchased Professional Services	3,825	146,998	480,600	(333,602)
Other Purchased Services	901,304	875,414	785,000	90,414
Supplies	255,571	143,701	351,000	(207,299)
Student Support Services				
Salaries	608,608	685,334	750,000	(64,666)
Employee Benefits	0	51,650	0	51,650
Special Area Administrative Services				
Salaries	385,015	372,907	450,000	(77,093)
Employee Benefits	0	21,595	0	21,595
Operations and Maintenance				
Purchased Professional Services	8,695	8,360	15,000	(6,640)
Purchased Property Services	603	44,954	7,325	37,629
Other Purchased Services	72,168	93,249	115,000	(21,751)
Supplies	0	0	42,750	(42,750)
Vehicle Operating Service				
Other Purchased Services	91,958	184,761	130,000	54,761
Supplies	9,952	8,887	19,000	(10,113)
Total Expenditures	17,288,527	18,277,136	$ 21,343,912	$ (3,066,776)
Receipts Over (Under) Expenditures	(740,397)	(919,170)		
Unencumbered Cash, July 1	3,744,946	3,004,549		
Unencumbered Cash, June 30	$ 3,004,549	$ 2,085,379		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2r

SPECIAL PURPOSE FUNDS
TITLE I

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	2024 Actual	2025 Actual
Cash Receipts		
Federal Sources		
Grant	$ 330,280	$ 352,370
Expenditures		
Instruction		
Salaries	280,900	279,419
Employee Benefits	47,880	45,082
Purchased Professional Services	1,500	989
Student Support Services		
KDHE Grant Expense	0	26,880
Total Expenditures	330,280	352,370
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, July 1	0	0
Unencumbered Cash, June 30	$ 0	$ 0

Unified School District Number 368
Paola, Kansas

Schedule 2s

SPECIAL PURPOSE FUNDS
TITLE II A TEACHER QUALITY IMPROVEMENT GRANT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	2024 Actual	2025 Actual
Cash Receipts		
Federal Sources		
Grants	$ 38,520	$ 33,617
Expenditures		
Instruction		
Salaries	13,628	10,603
Teacher Tuition	18,522	16,959
Support Services		
Purchased Professional & Technical Services	4,436	4,791
Instructional Support Staff		
Other	1,934	1,264
Total Expenditures	38,520	33,617
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, July 1	0	0
Unencumbered Cash, June 30	$ 0	$ 0

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2t

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION - CARL PERKINS GRANT

SCHEDULE OF 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)

	2024 Actual	2025 Actual
Cash Receipts		
Federal Sources		
Grant	$ 6,511	$ 0
Expenditures		
Instruction		
Professional Development	2,622	0
Property	3,889	0
Total Expenditures	6,511	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, July 1	0	0
Unencumbered Cash, June 30	$ 0	$ 0

Unified School District Number 368
Paola, Kansas

Schedule 2u

SPECIAL PURPOSE FUNDS
CORONAVIRUS FUNDS

SCHEDULE OF 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)

	2024 Actual	2025 Actual
Cash Receipts		
Federal sources		
ESSER	$ 2,628,112	$ 0
Total Cash Receipts	2,628,112	0
Expenditures		
KDHE COVID Testing		
Student Support Services		
Services	15,009	0
KDHE HVAC Indoor Air Grant		
Student Support Services		
Services	13,397	0
ESSER		
Instruction		
Salaries	1,052,791	0
Supplies	509,901	0
Student Support Services		
Services	92,138	0
Total Expenditures	1,683,236	0
Receipts Over (Under) Expenditures	944,876	0
Unencumbered Cash, July 1	(944,876)	0
Unencumbered Cash, June 30	$ 0	$ 0

Unified School District Number 368
Paola, Kansas

Schedule 2v

SPECIAL PURPOSE FUNDS
CONTINGENCY RESERVE

SCHEDULE OF 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)

	2024 Actual	2025 Actual
Cash Receipts		
Operating Transfers		
General Fund	$ 112,852	$ 0
Expenditures		
Other	0	0
Receipts Over (Under) Expenditures	112,852	0
Unencumbered Cash, July 1	987,148	1,100,000
Unencumbered Cash, June 30	$ 1,100,000	$ 1,100,000

Unified School District Number 368
Paola, Kansas

Schedule 2w

SPECIAL PURPOSE FUNDS
STUDENT MATERIAL REVOLVING FUND

SCHEDULE OF 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)

	2024 Actual	2025 Actual
Cash Receipts		
Local Sources		
Rental Fees	$ 134,171	$ 102,273
Operating Transfers		
General	431,070	37,944
Supplemental	31,830	19,929
Total Cash Receipts	597,071	160,146
Expenditures		
Instruction		
Textbook Purchases	121,619	90,714
Receipts Over (Under) Expenditures	475,452	69,432
Unencumbered Cash, July 1	116,651	592,103
Unencumbered Cash, June 30	$ 592,103	$ 661,535

Unified School District Number 368
Paola, Kansas

Schedule 2x

BOND & INTEREST FUNDS
BOND & INTEREST 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)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Property	$ 2,342,031	$ 1,430,793	$ 1,360,358	$ 70,435
Delinquent	31,697	33,818	25,886	7,932
County Sources				
Motor Vehicle	165,179	190,207	193,016	(2,809)
Recreational Vehicle	4,540	0	5,867	(5,867)
Commercial Vehicle	7,431	10,989	9,992	997
In Lieu of Taxes IRB's	8	0	0	0
State Sources				
Equalization Aid	194,887	0	0	0
Total Cash Receipts	2,745,773	1,665,807	$ 1,595,119	$ 70,688
Expenditures				
Debt Service				
Bond Principal	1,925,000	2,025,000	$ 2,025,000	$ 0
Interest	240,412	168,437	168,437	0
Total Expenditures	2,165,412	2,193,437	$ 2,193,437	$ 0
Receipts Over (Under) Expenditures	580,361	(527,630)		
Unencumbered Cash, July 1,	5,258,649	5,839,010		
Unencumbered Cash, June 30,	$ 5,839,010	$ 5,311,380		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2y

BUSINESS TYPE FUNDS
HEALTH INSURANCE

SCHEDULE OF 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)

	2024 Actual	2025 Actual
Cash Receipts		
Local Sources		
Interest	$ 17,655	$ 34,543
Transfer General Fund	0	77,900
Reimbursements	2,820,086	2,842,853
Total Cash Receipts	2,837,741	2,955,296
Expenditures		
General		
Claims	2,332,382	1,772,172
Administrative Fees	7,807	711,679
FSA/Dep Care	0	44,248
Total Expenditures	2,340,189	2,528,099
Receipts Over (Under) Expenditures	497,552	427,197
Unencumbered Cash, July 1	570,146	1,067,698
Unencumbered Cash, June 30	$ 1,067,698	$ 1,494,895

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2z

TRUST TYPE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year Ended June 30, 2025

Expendable Trust Funds	Beginning Unencumbered Cash	Cash Receipts	Expenditures	Ending Unencumbered Cash
Charitable Foundation	$ 125,276	$ 178,539	$ 83,457	$ 220,358
Panther Friends	24,232	5,304	4,456	25,080
Cops for Tots	4,706	0	0	4,706
Serving Our Students	77,119	30,037	19,829	87,327
Miami Co Med Center	11,248	17	5,000	6,265
Darland Scholarship	4,711	252	200	4,763
Greason Scholarship	1,850	110	110	1,850
Humphrey Scholarship	10,000	475	450	10,025
Hileman Scholarship	9,119	426	400	9,145
Total Expendable Trust Funds	$ 268,261	$ 215,160	$ 113,902	$ 369,519

Permanent Trust Funds	Beginning Unencumbered Cash	Cash Receipts	Expenditures	Ending Unencumbered Cash
Cook Fund	$ 258,094	$ 13,283	$ 13,283	$ 258,094
Total Permanent Trust Funds	$ 258,094	$ 13,283	$ 13,283	$ 258,094
Total Trust Funds	$ 526,355	$ 228,443	$ 127,185	$ 627,613

Unified School District Number 368
Paola, Kansas

Schedule 3a

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2025

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Sunflower Elementary School				
Teacher of the Year	$ 1,500	$ 280	$ 677	$ 1,103
Misc Expenses	1,175	2,108	34	3,249
Field Trips	568	0	0	568
PTO	3,605	651	1,471	2,785
Donations	2,398	7,847	8,599	1,646
Total Sunflower Elementary	9,246	10,886	10,781	9,351
Cottonwood Elementary School				
Donations	0	626	354	272
PTO	0	886	713	173
Teacher of the Year	0	1,000	0	1,000
Lowes Educations	107	0	46	61
Miscellaneous	217	2,763	2,087	893
First Lego League	516	402	742	176
Total Cottonwood Elementary	840	5,677	3,942	2,575
Panther Robotics	2,324	200	1,429	1,095
Paola Middle School				
Band	457	90	0	547
Athletic Donations	1,611	540	0	2,151
Scholastic	367	3,741	3,737	371
Kansas Association of Youths	590	1,769	1,340	1,019
Cheerleaders	72	505	429	148
Student Council	184	340	385	139
Teacher of the Year	2,500	0	1,942	558
Target (rebates)	286	254	131	409
Miscellaneous	4,908	5,846	7,606	3,148
Magazine Sales	16,052	26,569	36,349	6,272
Promotions	263	0	0	263
Donations	1,642	68	0	1,710
Love to Learn	250	0	0	250
Students Against Destructive Driving	286	0	0	286
Add back encumbrances	0	0	0	4,147
Total Paola Middle School	29,468	39,722	51,919	21,418

Unified School District Number 368
Paola, Kansas

Schedule 3a

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2025

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Paola High School				
ACE/Football	$ 6,919	$ 7,414	$ 11,696	$ 2,637
Art Club	3,327	4,762	2,412	5,677
Band	4,309	6,881	7,656	3,534
Counseling Donations	4,462	200	419	4,243
Class of 2024	2,197	0	1	2,196
Class of 2025	5,537	3,703	6,550	2,690
Drama Club	2,752	1,789	3,730	811
Drill Team	115	0	0	115
SKILLS USA Club	1,684	5,020	3,816	2,888
Culinary Arts	561	395	561	395
FCCLA	2,320	5,620	1,275	6,665
F.C.A.	67	0	26	41
Flag Team Club	387	0	387	0
F.B.L.A.	217	7,721	2,830	5,108
F.F.A.	15,431	37,720	40,060	13,091
Advertising	14,835	12,049	17,366	9,518
Kidwind	1,105	0	401	704
Rat Pack	95	0	0	95
Kansas Associates	1,606	1,942	2,855	693
Forensics	43	56	56	43
Madrigals Club	8,499	11,843	17,946	2,396
Breakfast Club	100	0	0	100
National Honor Society	1,765	0	770	995
Track and Field	228	0	89	139
Miscellaneous	2,485	9,854	4,953	7,386
Reporter	2,951	4,510	3,942	3,519
Robotics	43,367	69,139	47,000	65,506
Scholar Bowl	2,337	1,580	1,771	2,146
Scholarships	338	0	0	338
Debate	11	193	70	134
Spirit Club	1,588	12,714	9,925	4,377
Student Council	2,582	4,770	4,981	2,371
S.A.D.D.	965	0	0	965
Girls Tennis	0	148	60	88
Thespian Club	5,194	7,850	9,886	3,158
Girls Soccer	0	1,550	237	1,313
Girls Wrestling	2,434	2,072	2,219	2,287
Donations	290	187	85	392
Athletic Donations	2,493	7,537	1,931	8,099
Class of 2026	1,721	6,956	2,758	5,919
Grant/Ward	665	0	0	665
Class of 2027	1,022	1,113	0	2,135

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3a

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2025

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Paola High School - continued				
Soccer	$ 1,983	$ 3,643	$ 3,608	$ 2,018
Class of 2028	0	932	0	932
Class of 2022	959	0	0	959
Class of 2023	223	0	0	223
Baseball	5,127	8,198	5,026	8,299
Boys Basketball	2,512	3,953	4,099	2,366
Cross Country	6,884	1,689	2,819	5,754
Girls Basketball	342	9,837	6,360	3,819
Softball	6,147	12,150	7,316	10,981
Volleyball	9,021	2,259	3,351	7,929
Wrestling	3,183	1,181	1,773	2,591
Boys Tennis	0	37	26	11
Add back encumbrances	0	0	0	38,735
Total Paola High School	185,385	281,167	245,098	260,189
Total All Schools	$ 227,263	$ 337,652	$ 313,169	$ 294,628

Unified School District Number 368
Paola, Kansas

Schedule 3b

AGENCY FUNDS
RECREATION COMMISSION

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem	$ 238,599	$ 237,225	$ 225,429	$ 11,796
Delinquent taxes	1,742	2,693	2,632	61
Motor Vehicle taxes	5,963	18,284	19,363	(1,079)
Recreational Vehicle taxes	169	561	589	(28)
Commercial Vehicle taxes	660	1,409	1,002	407
Other	0	0	50,000	(50,000)
Total Cash Receipts	247,133	260,172	$ 299,015	$ (38,843)
Expenditures				
Payments to Paola Recreation Commissio	259,696	260,172	$ 298,970	$ (38,798)
Total Expenditures	259,696	260,172	$ 298,970	$ (38,798)
Receipts Over (Under) Expenditures	(12,563)	0		
Unencumbered Cash, July 1	12,563	0		
Unencumbered Cash, June 30	$ 0	$ 0		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3c

AGENCY FUNDS
RECREATION COMMISSION EMPLOYEE BENEFITS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		2025		
	2024 Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem	$ 56,110	$ 56,833	$ 53,920	$ 2,913
Delinquent taxes	83	445	630	(185)
Motor Vehicle taxes	0	1,750	1,567	183
Recreational Vehicle taxes	0	49	48	1
Commercial Vehicle taxes	0	216	81	135
Other	0	0	5,000	(5,000)
Total Cash Receipts	56,193	59,293	$ 56,246	$ 3,047
Expenditures				
Payments to Paola Recreation Commissio	56,193	58,108	$ 58,108	$ 0
Total Expenditures	56,193	58,108	$ 58,108	$ 0
Receipts Over (Under) Expenditures	0	1,185		
Unencumbered Cash, July 1	0	0		
Unencumbered Cash, June 30	$ 0	$ 1,185		

Unified School District Number 368
Paola, Kansas

Schedule 4

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2025

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Sunflower Elementary School				
Fees and User Charges				
Yearbook	$ 500	$ 1,609	$ 2,109	$ 0
Field Trips	0	2,705	2,705	0
Library	0	135	135	0
Roman Barnard	0	2,800	2,800	0
Activity Fees	5	1,252	1,257	0
Total	505	8,501	9,006	0
Paola Middle School				
Gate Receipts				
Athletics	10,500	27,007	35,007	2,500
Fees and User Charges				
Vending	0	211	211	0
Activities	20	4,289	4,309	0
Yearbook	55	7,585	6,240	1,400
Concessions	0	7,142	6,892	250
Pay to Participate	0	14,359	14,309	50
Roman Barnard	0	2,550	2,550	0
Chromebook	0	180	180	0
Sales Tax	0	5,304	5,304	0
Total	75	41,620	39,995	1,700
Paola High School				
Fees and User Charges				
Art Fees	3,472	2,698	6,170	0
Book	0	2,344	2,344	0
Pay to Participate	3,000	18,765	21,765	0
Concessions	1,726	14,974	15,700	1,000
Vending	88	0	88	0
Tech Fees	0	1,511	1,511	0
Drivers Education	0	4,322	4,322	0
Teacher of the Year	0	500	500	
FACS Lab Fees	0	20	20	0
Strength Club	2,316	1,265	3,581	0

Unified School District Number 368
Paola, Kansas

Schedule 4

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2025

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Paola High School				
Fees and User Charges				
Chromebook Repairs	$ 0	$ 410	$ 410	$ 0
Vocational Ag	0	1,134	1,134	0
Woodworking	0	4,696	4,696	0
Yearbook Fees	0	40,282	40,282	0
Athletics	0	9,584	9,584	0
Leadership Class	433	0	250	183
Drama/Play	1,072	10,170	9,761	1,481
IHT	2,222	2,511	1,236	3,497
Roman Barnard	1,719	2,850	4,569	0
Sales Tax	0	17,423	17,423	0
Total	16,048	135,459	145,346	6,161
Gate Receipts	9,455	99,264	103,462	5,257
Cottonwood Elementary School				
Fees and User Charges				
Roman Barnard	0	2,800	2,800	0
Field Trips	0	4,974	4,974	0
Library	0	133	133	0
Vending	0	416	416	0
Activities	0	3,560	3,560	0
	0	11,883	11,883	0
Administration Activity Fund				
Fees and charges	4,587	5,471	5,498	4,560
Total All Schools	$ 41,170	$ 329,205	$ 350,197	$ 20,178

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 5

RELATED MUNICIPAL ENTITY
ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2025

Endowment Fund Scholarships	Beginning Balance	Cash Receipts	Cash Expenditures	Ending Balance
Bea Mount	$ 101,772	$ 9,096	$ 3,200	$ 107,668
Carl Gump	164,146	25,402	10,215	179,333
William & Carol Young	250,527	17,997	12,000	256,524
Derek Leis	12,904	759	1,000	12,663
Edna Patterson	301,849	23,998	5,000	320,847
McLachlin/Boyd/Emery	48,196	4,263	2,000	50,459
Myrtle Haugn	36,735	3,297	1,000	39,032
Evening Lions	22,498	1,983	1,000	23,481
Rotary Scholars	25,864	3,202	2,000	27,066
McNelly Scholars	5,939	548	0	6,487
Nettie Hook	82,624	7,409	3,138	86,895
Walter and Lucille Smith	25,257	2,271	650	26,878
Schwartz Family	58,488	5,138	2,800	60,826
Vivian Kircher	11,351	1,001	500	11,852
Hillsdale Elementary	12,938	1,147	500	13,585
USD #368 Endowment	126,411	45,641	26,300	145,752
Jesse Barker	33,478	2,941	1,600	34,819
Quincy Hipp	9,585	884	0	10,469
Tracy Kohl	6,532	603	0	7,135
Stockwell	21,927	2,024	0	23,951
Frances Balocca	6,000	4,000	4,000	6,000
Roman/Barnard	226,091	22,176	11,000	237,267
Ralph and Ersa Wilcox Rossman	37,715	3,480	1,375	39,820
Ellyn Reynolds	363,371	32,237	14,000	381,608
Chloe Hays	2,352	217	0	2,569
Darrel Hurlbut	97,265	8,606	4,000	101,871
Kevin Armstrong	8,268	5,726	400	13,594
Diana Green	10,212	1,424	200	11,436
Kirk Wilson	22,244	1,969	900	23,313
W.C. Hartley	17,789	1,567	800	18,556
Carl Buchman	59,441	5,846	1,500	63,787
Vest Family	473,198	41,817	20,000	495,015
E. J. Meeks	64,986	5,766	2,500	68,252
Paola County	1,000	0	1,000	0
5 for 5	511	547	500	558
Dr. Robert Banks	21,349	5,711	1,000	26,060
PEO Sisterhood	41,922	7,153	3,000	46,075
Nada Thoden Memorial	15,406	1,376	500	16,282
Wendell & Louses Winkler	15,342	1,370	500	16,212
Steff (Knecht)	11,310	1,497	500	12,307

Unified School District Number 368
Paola, Kansas

Schedule 5

RELATED MUNICIPAL ENTITY
ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2025

Endowment Fund Scholarships	Beginning Balance	Cash Receipts	Cash Expenditures	Ending Balance
Dennis A Kurteng	$ 58,631	$ 5,411	$ 0	$ 64,042
Nevious Scholars	21,869	3,291	1,000	24,160
Lee Technical Education	61,753	5,610	3,160	64,203
Arky & Verla Thomas	10,313	906	500	10,719
Larry McGee Memorial	11,818	998	1,000	11,816
Nicholson Powel	13,200	1,173	500	13,873
USD #368 Music	13,504	2,839	500	15,843
Bracken Family	20,984	47,766	500	68,250
Grandon Family	54,247	5,006	0	59,253
Anniversary	41,514	3,738	2,000	43,252
Pat and Edie Hewie	16,113	1,450	400	17,163
Kenneth Nelson	10,371	911	500	10,782
Founders Fund	52,782	4,871	5,366	52,287
Leslie Coats	10,200	1,245	500	10,945
Linda French	10,000	877	500	10,377
Interest	109	167	200	76
Dividends	53,540	203,570	200,236	56,874
Stock Gains/Losses	84,668	274,024	117,895	240,797
Administration	(1,677)	3,000	3,303	(1,980)
	$ 3,398,732	$ 878,942	$ 478,638	$ 3,799,036

See Independent Auditor's Report.

Unified School District Number 368
Paola. Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Federal Grant Pass Through Grantor/Program Title	Federal CFDA Number	Revenues	Expenditures
U.S. Department of Education			
Pass Through Kansas Department of Education			
Special Ed Cluster			
Special Education Grants to States	84.027	$ 1,955,187	$ 1,955,187
Special Education Preschool	84.173	55,790	55,790
Total Special Education Cluster		2,010,977	2,010,977
Title I Grants to Local Education Agencies	84.010	300,241	300,241
Title IIA Improving Teacher Quality	84.367	33,617	33,617
Student Support & Academic Enrichment	84.424	25,069	25,069
ESSER III COVID-19 Coronavirus	84.425D	5,800	5,800
Pass Through Kansas Board of Regents			
Adult Education	84.002	213,389	213,389
Pass Through Greenbush			
Assistance Listing Career and Technical Education	84.403	2,292	2,292
Total U.S. Department of Education		2,591,385	2,591,385
U.S. Department of Agriculture			
Pass Through Kansas Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	96,767	96,767
National School Lunch Program	10.555	350,629	350,629
Cash for Commodities	10.559	47,119	47,119
Total U.S. Department of Ariculture		494,515	494,515
U.S. Department of Transportation			
State and Community Highway Safety	20.600	4,800	4,800
U.S. Department of Health and Human Services			
Pass Through Kansas Department of Education			
KDHE K-12 Covid Testing Grant	93.323	27,060	27,060
U.S. Department of Labor			
Pass Through Kansas Department of Commerce			
Registered Apprenticeship	17.285	10,279	10,279
Total revenues and expenditures of federal awards		$ 3,128,039	$ 3,128,039

The District did not provide federal awards to sub recipients for the year ended June 30, 2025.

See accompanying notes to this schedule.

Unified School District Number 368
Paola, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2025

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Unified School District Number 368 under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of Unified School District Number 368, it is not intended to and does not present the summary of receipts, expenditures and unencumbered cash of Unified School District Number 368.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting as described in the *Kansas Municipal Audit and Accounting Guide* (KMAAG). The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above. Expenditures as reported on the Schedule are recognized under the basis described above and follow the cost principles contained in the Uniform Guidance regarding *Cost Principles* wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C. NON-CASH ASSISTANCE, INSURANCE AND LOANS

The District did not receive or expend any Federal awards in the form of noncash assistance, insurance, loans or loan guarantees for the year ended June 30, 2025.

NOTE C. INDIRECT COST RATE

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

SPECIAL REPORTS

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Harold K. Mayes, CPA
Lucille L. Hinderliter, CPA

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

Board of Education
Unified School District Number 368
Paola, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District Number 368 as of and for the year ended June 30, 2025, and the related notes to the financial statement, which comprise the District's regulatory basis financial statements and have issued our report thereon dated September 24, 2025. The District prepares its financial statements on a regulatory basis of accounting which demonstrates compliance with *Kansas Municipal Audit and Accounting Guide*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Harold K. Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
September 24, 2025

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

Board of Education
Unified School District Number 368
Paola, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Unified School District Number 368's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Unified School District Number 368's major federal programs for the year ended June 30, 2025. Unified School District Number 368's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Unified School District Number 368 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Unified School District Number 368's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Unified School District Number 368's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Unified School District Number 368's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Harold K. Mayes Jr

Harold K . Mayes Jr CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
September 24, 2025

Unified School District Number 368
Paola, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA Number's	Name of Federal Program or Cluster	Amount
U.S. Department of Education		
Special Education Cluster		
84.173	EC Flo-Thru	$ 55,790
84.027	EHC Flo-Thru	1,955,187
	Subtotal	2,010,977
U.S. Department of Education		
84.424	Student Support & academic Enrichment	25,069
84.425	ESSER III	5,800
	Subtotal	30,869
U.S. Department of Labor		
17.285	Registered Apprenticeship	10,279
		$ 2,052,125

Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000
Auditee qualified as a low-risk auditee?	No