GALENA
UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

For the Fiscal Year Ended June 30, 2024

Regulatory Basis Financial Statement
Independent Auditors' Report
with Regulatory Required
Supplemental Information

GALENA UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

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GALENA, KANSAS

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Diehl
Banwart
Bolton
Certified Public Accountants P.A

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Galena Unified School District #499
Galena, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis, of the Unified School District #499 (District), Galena, Kansas as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2024, or changes in financial positions and cash flows thereof for the fiscal year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Unified School District #499, Galena, Kansas as of June 30, 2024, and the aggregate receipts and expenditures for the fiscal year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

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

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

Management's Responsibility for the Financial 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 1 to meet the financial reporting requirements of the State of Kansas. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the June 30, 2024, summary statement of receipts, expenditures, and unencumbered cash balances – regulatory basis (financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, schedule of receipts and expenditures – agency funds – regulatory basis and the schedule of receipts, expenditures, and unencumbered cash – district activity funds – regulatory basis (Schedules 1, 2, 3 and 4 as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the financial statement, however they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Prior Year Comparative Numbers

The 2023 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and was not a required part of the 2023 financial statement upon which we rendered an unmodified opinion dated May 10, 2024. The 2023 financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. Such 2023 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 basic financial statement or to the 2023 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the 2023 comparative information is fairly stated in all material respects in relation to the 2023 basic financial statement as a whole, on the basis of accounting described in Note 1.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

May 16, 2025
Fort Scott, Kansas

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

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

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	$ -	$ 7,445,995	$ 7,445,995	$ -	$ -	$ -
Supplemental General	31,188	2,199,594	2,182,622	48,160	-	48,160
Special Purpose Funds:						
Bilingual Education	1,297	-	-	1,297	-	1,297
4 Yr Old At Risk	27,575	93,159	103,308	17,426	-	17,426
K-12 At Risk	118,181	1,688,034	1,803,393	2,821	-	2,821
Virtual Education	-	44,655	44,655	-	-	-
Capital Outlay	1,361,230	698,753	520,085	1,539,898	-	1,539,898
Driver Education	11,788	17,652	19,440	10,000	-	10,000
Food Service	213,924	461,142	489,439	185,627	-	185,627
Professional Development	4,437	-	-	4,437	-	4,437
Special Education	236,223	1,167,604	1,218,455	185,373	-	185,373
Career and Postsecondary Education	61,561	140,921	202,483	(0)	-	(0)
KPERS Special Retirement	-	820,122	820,122	-	-	-
Historical Museum	-	20,690	20,690	-	-	-
Contingency Reserve	487,838	-	-	487,838	-	487,838
Textbook Rental	61,759	5,072	13,915	52,917	-	52,917
Title IV	-	23,622	23,622	-	-	-
Retirees' Holding Account	(265)	10,215	10,996	(1,047)	-	(1,047)
COVID Testing	(31,057)	43,609	7,922	4,630	-	4,630
ESSER	(259,275)	894,647	635,372	-	-	-
Mini-grant	112,955	29,445	27,067	115,334	-	115,334
Title I	-	275,299	275,299	-	-	-
21st Century Grant	-	99,993	99,993	-	-	-
Title II -A Teacher Quality	-	29,743	29,743	-	-	-
Kansas Pre-K Pilot Grant	-	-	-	-	-	-
District Activity Funds	11,207	46,274	50,362	7,119	-	7,119
Trust Fund						
Scholarship	34,080	38	500	33,618	-	33,618
Bond and Interest Fund	1,348,210	531,828	349,775	1,530,263	-	1,530,263
Total Entity (Excluding Agency Funds)	$ 3,832,855	$ 16,788,106	$ 16,395,251	$ 4,225,710	$ -	$ 4,225,710

Composition of Cash:	
General Checking NOW Account	$ (289,718)
Money Market Accounts	4,473,191
Activity Checking Accounts	123,917
Petty Cash	1,500
Certificates of Deposit	20,323
Total Cash	4,329,213
Agency Funds per Schedule 3	(103,504)
Total Reporting Entity	$ 4,225,710

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of Galena Unified School District #499, Galena, Kansas, has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies follow. Note 1 describes how the District's accounting policies differ from accounting policies generally accepted in the United States of America.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. This financial statement presents Galena Unified School District #499 (the primary government). The District has developed criteria to determine whether outside agencies, with activities which benefit the members of the District, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises financial accountability, selection of governing authority, designation of management, ability to significantly influence operations, scope of public service and special financing relationships. Based on the above criteria, the District has determined that no outside agency meets the criteria; therefore, no outside agency has been included as a related municipal entity in this financial statement.

Basis of Presentation - Fund Accounting

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

The following types of funds comprise the financial activities of the Galena Unified School District #499:

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

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

Trust Fund - funds used to report assets held in trust for the benefit of the municipal financial reporting entity (ie. Pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting – (Continued)

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

Agency Funds – funds used to report assets held by the District in a purely custodial capacity.

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

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

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

Budgetary Information

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

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments during the fiscal year ended June 30, 2024. The budgets of the General Fund and Supplemental General Fund were reduced to the legal maximum by the Kansas Department of Education.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Legal operating budgets are not required in the following special purpose funds: Contingency Reserve, Textbook Rental, Title IV, Retiree's Holding Account, COVID Testing, ESSER, Mini-Grant, Title I, 21st Century Grant, Title II-A Teacher Quality, Kansas Pre-K Pilot Grant or District Activity or Scholarship Funds.

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

Cash and Investments
Cash and investments include money market checking accounts, certificates of deposit and the Kansas Municipal Investment Pool. Kansas statutes permit investment in savings accounts, certificates of deposit, repurchase agreements, and obligations of the U.S. Treasury and the Kansas Municipal Investment Pool.

Compensated Absences
Full-time non-certified employees are eligible for vacation benefits ranging from 10 to 20 days a year. Employees are not allowed to accumulate and carry forward vacation benefits past their anniversary date and are not paid for them when they terminate employment.

Employees can accrue 10 days of sick leave each year. Up to 70 days of unused sick days may be accumulated and carried over. However, upon termination no payments are made for accumulated sick days. Each year the amount of accumulated sick days in excess of 70 days are bought back for $25 per day.

The District accrues a liability for compensated absences which meet the following criteria:

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

Based upon the above criteria the District has not determined a liability for vacation or sick pay.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The financial statement and regulatory-required supplemental information have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in the financial statement and required supplementary schedules, there were no violations of the cash basis and budget laws of Kansas. The negative balance in the Retiree's Holding Account fund is allowed because the amounts will be reimbursed.

3. CASH IN BANK AND DEPOSITORY SECURITY

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

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

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. On June 30, 2024, all of the District's investment accounts were held in one bank.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2024, as detailed in the table below.

3. CASH IN BANK AND DEPOSITORY SECURITY (Continued)

On June 30, 2024 the District's carrying amount of deposits was $4,329,212.07 and the bank balance was $5,583,215.57. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $251,500.00 was covered by federal depository insurance, and $5,331,715.57 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a market value of $6,202,031.50.

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

4. PENSION PLAN

General Information about the Pension Plan

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 13.88% and 13.11% respectively, for the fiscal year ended June 30, 2023. The actuarially determined employer contribution rate was 13.38% and 12.57% for the fiscal year ended June 30, 2024.

The 2015 Legislature passed and the Governor approved Senate Bill 228 authorizing the issuance of $1.0 billion in pension obligation bonds to fund a portion of the School -Group's unfunded actuarial liability. The bonds were successfully issued in August 2015 and the proceeds transferred to the System.

4. PENSION PLAN (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 bond proceeds were received by KPERS on August 26, 2021.

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

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

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $820,122 for the year ended June 30, 2024.

Net Pension Liability

At June 30, 2024, the District's proportionate share of the collective net pension liability reported by KPERS was $7,506,034. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2023. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

5. RISK MANAGEMENT

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

6. CONTINGENCIES

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

7. TRANSFERS

Operating transfers were as follows:

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Special Education	KSA 72-3422	$ 994,984.21
General	Driver's Education	KSA 72-5163	10,000.00
General	K-12 At Risk	KSA 72-5153	1,338,033.59
General	4 Yr Old At Risk	KSA 72-5154	17,425.53
General	Career and Postsecondary Education	KSA 72-5162	97,507.91
Supplemental General	Special Education	KSA 72-3422	167,299.00
Supplemental General	Career and Postsecondary Education	KSA 72-5162	36,797.00
Supplemental General	K-12 At Risk	KSA 72-5153	350,000.00
Supplemental General	4 Yr Old At Risk	KSA 72-5154	75,733.40
Supplemental General	Driver's Education	KSA 72-5163	4,171.83
Supplemental General	Virtual Education	KSA 72-3715	44,654.75

8. POST EMPLOYMENT BENEFITS

Early Retirement

Only employees that had completed 20 years of employment with the District as of June 30, 2004, are eligible for retirement benefits from the District. The benefit is $2,000 per year for five years. For the fiscal year ended June 30, 2024, the total early retirement payments were $2,000. Future payments for eligible individuals at June 30, 2024, are estimated at $14,000.

Participation in Group Health Insurance Plan

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan until they reach age 65. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

9. SUBSEQUENT EVENTS

Management has evaluated events and transactions from June 30, 2024, through May 16, 2025, the date of the financial statement. During this period there were no subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement.

10. LONG-TERM DEBT

Attached are schedules detailing the changes long-term debt and their maturities.

Schedule of Changes in Long-Term Debt

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances Beginning of Year	Additions / New Debt	Reductions / PrincipalPaid	Balances End of Year	Interest Paid
General Obligation Refunding Bond									
Series 2017	2-5%	12/28/2017	4,425,000	9/1/2029	$ 3,280,000.00	$ -	$ 260,000.00	$ 3,020,000.00	$ 89,775.00
Lease Purchases									
Roof Repair	3.92%	7/8/2019	250,000	7/8/2024	53,947.01	-	53,947.01	-	1,667.00
Performing Arts Center	4.74%	4/11/2023	230,000	4/11/2028	230,000.00	-	41,818.82	188,181.18	10,931.87
Total Lease Purchases					283,947.01	-	95,765.83	188,181.18	12,598.87
Totals					$ 3,563,947.01	$ -	$ 355,765.83	$ 3,208,181.18	$ 102,373.87

Schedule of Maturities in Long-Term Debt

	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030-2034	Totals
PRINCIPAL							
General Obligation Bond							
Series 2017	$260,000.00	$270,000.00	$270,000.00	$720,000.00	$740,000.00	$760,000.00	$3,020,000.00
Lease Purchase							
Roof Repair	43,830.90	45,908.49	48,084.55	50,357.24	-	-	188,181.18
Total Principal	303,830.90	315,908.49	318,084.55	770,357.24	740,000.00	760,000.00	3,208,181.18
INTEREST							
General Obligation Bond							
Series 2017	82,365.00	74,812.50	67,117.50	53,010.00	32,205.00	10,830.00	320,340.00
Lease Purchase							
Performing Arts Center	8,919.79	6,842.20	4,666.14	2,393.47	-	-	22,821.60
Total Interest	91,284.79	81,654.70	71,783.64	55,403.47	32,205.00	10,830.00	343,161.60
Totals	$395,115.69	$397,563.19	$389,868.19	$825,760.71	$772,205.00	$770,830.00	$3,551,342.78

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

Schedule 1

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

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

Funds	Certified Budget	Adjustment to Comply with Legal Maximum	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Funds:						
General	$ 7,676,760	$ (244,687)	$ 13,922	$ 7,445,995	$ 7,445,995	$ -
Supplemental General	2,181,700	-	924	2,182,624	2,182,622	(2)
Special Purpose Funds:						
Bilingual Education	1,515	-	-	1,515	-	(1,515)
4 Yr Old At Risk	133,355	-	-	133,355	103,308	(30,047)
K-12 At Risk	1,910,483	-	-	1,910,483	1,803,393	(107,090)
Virtual Education	45,000	-	-	45,000	44,655	(345)
Capital Outlay	1,167,392	-	-	1,167,392	520,085	(647,307)
Driver Education	26,274	-	-	26,274	19,440	(6,834)
Food Service	643,011	-	-	643,011	489,439	(153,572)
Professional Development	5,187	-	-	5,187	-	(5,187)
Special Education	1,372,279	-	-	1,372,279	1,218,455	(153,824)
Career and Postsecondary Education	259,240	-	6,616	265,856	202,483	(63,374)
KPERS Special Retirement	937,252	-	-	937,252	820,122	(117,130)
Historical Museum	21,000	-	-	21,000	20,690	(310)
Bond and Interest Fund	349,775	-	-	349,775	349,775	-
	16,730,223					

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Reimbursement	$ 11,904	$ 13,922	$ -	$ 13,922
State Sources				
General aid	6,439,168	6,669,701	6,810,305	(140,604)
Special education aid	817,190	762,372	866,455	(104,083)
Total Cash Receipts	7,268,262	7,445,995	$ 7,676,760	$ (230,765)
Expenditures				
Instruction	2,353,280	2,552,933	$ 2,488,056	$ 64,877
Support Services				
Student Support Services	154,538	158,937	159,819	(882)
Instructional Support Staff	62,236	48,600	61,543	(12,943)
General Administration	544,063	549,130	593,876	(44,746)
School Administration	725,983	775,870	750,429	25,441
Central Services	54,121	60,096	56,173	3,923
Operations and Maintenance	697,869	730,062	712,387	17,675
Transportation	108,832	112,415	109,108	3,307
Operating transfers to Other Funds				
Driver Education	10,000	10,000	-	10,000
Career and Postsecondary Education	50,000	97,508	160,881	(63,373)
Special Education	-	994,984	-	994,984
Capital Outlay	20,000	-	-	-
Special Education	1,077,754	-	1,235,659	(1,235,659)
4 Yr Old At Risk	-	17,426	-	17,426
K-12 At Risk	1,309,675	1,338,034	1,348,829	(10,795)
Contingency Reserve	100,000	-	-	-
Adjustments to Budget				
Adjustment for Reimbursed Expenses	-	-	13,922	(13,922)
Adjustment for Legal Maximum	-	-	(244,687)	244,687
Total Expenditures	7,268,350	7,445,995	$ 7,445,995	$ -
Receipts Over (Under) Expenditures	(88)	-		
Unencumbered Cash, Beginning	88	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
SUPPLEMENTAL GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 363,530	$ 352,442	$ 58,700	$ 293,742
Delinquent tax	14,890	49,581	4,209	45,372
Motor vehicle tax	33,217	37,761	31,185	6,576
Reimbursements	50,216	924	-	924
State Sources				
Supplemental aid	1,931,553	1,758,887	1,758,887	-
Total Cash Receipts	2,393,406	2,199,594	$ 1,852,981	$ 346,613
Expenditures				
Instruction	446,486	503,963	$ 580,405	$ (76,442)
Support Services				
Student Support Services	15,096	13,039	10,550	2,489
Instructional Support Staff	14,690	29,001	19,500	9,501
General Administration	87,196	69,392	81,040	(11,648)
School Administration	38,093	54,477	30,750	23,727
Operations and Maintenance	742,244	773,776	749,400	24,376
Transportation	46,640	60,317	67,500	(7,183)
Central Services	685	-	700	(700)
Operating transfers to Other Funds				
Special Education	203,679	167,299	-	167,299
Driver Education	9,278	4,172	11,787	(7,615)
K-12 At Risk	448,091	350,000	442,273	(92,273)
Career and Postsecondary Education	187,824	36,797	36,797	-
4 Year At Risk	74,563	75,733	105,780	(30,047)
Virtual Education	50,528	44,655	45,000	(345)
Bilingual Education	240	-	218	(218)
Adjustments to Budget				
Adjustment for Reimbursed Expenses			924	(924)
Adjustment for Legal Maximum			-	-
Total Expenditures	2,365,333	2,182,622	$ 2,182,624	$ (2)
Receipts Over (Under) Expenditures	28,073	16,972		
Unencumbered Cash, Beginning	3,115	31,188		
Unencumbered Cash, Ending	$ 31,188	$ 48,160		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
BILINGUAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Operating Transfer from Other Funds				
Supplemental General	$ 240	$ -	$ 218	$ (218)
Total Cash Receipts	240	-	$ 218	$ (218)
Expenditures				
Instruction	-	-	$ 1,515	$ (1,515)
Total Expenditures	-	-	$ 1,515	$ (1,515)
Receipts Over (Under) Expenditures	240	-		
Unencumbered Cash, Beginning	1,057	1,297		
Unencumbered Cash, Ending	$ 1,297	$ 1,297		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
4 YR OLD AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Operating Transfer from Other Funds				
General Fund	$ -	$ 17,426	$ -	$ 17,426
Supplemental General	74,563	75,733	105,780	(30,047)
Total Cash Receipts	74,563	93,159	$ 105,780	$ (12,621)
Expenditures				
Instruction	74,631	103,308	$ 133,355	$ (30,047)
Total Expenditures	74,631	103,308	$ 133,355	$ (30,047)
Receipts Over (Under) Expenditures	(67)	(10,149)		
Unencumbered Cash, Beginning	27,642	27,575		
Unencumbered Cash, Ending	$ 27,575	$ 17,426		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
K-12 AT RISK FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Operating Transfer from Other Funds				
General Fund	$ 1,309,675	$ 1,338,034	$ 1,348,829	$ (10,795)
Supplemental General Fund	448,091	350,000	442,273	(92,273)
Total Cash Receipts	1,757,766	1,688,034	$ 1,791,102	$ (103,068)
Expenditures				
Instruction	1,536,539	1,651,364	$ 1,724,797	$ (73,433)
Support Services				
Student Support Services	155,976	152,030	160,686	(8,656)
Operations and Maintenance	18,094	-	25,000	(25,000)
Total Expenditures	1,710,631	1,803,393	$ 1,910,483	$ (107,090)
Receipts Over (Under) Expenditures	47,157	(115,360)		
Unencumbered Cash, Beginning	71,024	118,181		
Unencumbered Cash, Ending	$ 118,181	$ 2,821		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
VIRTUAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Operating Transfer from Other Funds				
Supplemental General Fund	$ 35,000	$ 44,655	$ 45,000	$ (345)
Total Cash Receipts	50,528	44,655	$ 45,000	$ (345)
Expenditures				
Instruction	50,528	44,655	$ 45,000	$ (345)
Total Expenditures	50,528	44,655	$ 45,000	$ (345)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
CAPITAL OUTLAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 146,859	$ 164,190	$ 200,801	$ (36,611)
Delinquent tax	8,119	20,012	2,501	17,511
Motor vehicle tax	20,100	20,335	25,652	(5,317)
Interest on idle funds	63,090	183,330	-	183,330
Miscellaneous	343,993	139,933	-	139,933
State Sources				
State Aid	151,299	170,953	172,256	(1,303)
Operating Transfer from Other Funds				
General Fund	20,000	-	-	-
Total Cash Receipts	753,460	698,753	$ 401,210	$ 297,543
Expenditures				
Instruction	799	-	$ 10,000	$ (10,000)
Support Services				
Operations & Maintenance	288,962	354,036	657,392	(303,356)
Transportation	80,250	-	200,000	(200,000)
Other Support Services	-	-	100,000	(100,000)
Facility Acquisition and Construction	159,995	166,049	200,000	(33,951)
Total Expenditures	530,006	520,085	$ 1,167,392	$ (647,307)
Receipts Over (Under) Expenditures	223,454	178,668		
Unencumbered Cash, Beginning	1,137,775	1,361,230		
Unencumbered Cash, Ending	$ 1,361,230	$ 1,539,898		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
DRIVER EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ 44	$ -	$ -	$ -
State Sources				
State aid	3,080	3,480	2,700	780
Operating Transfer from Other Funds				
General Fund	10,000	10,000	11,787	(1,787)
Supplemental General Fund	9,278	4,172	-	4,172
Total Cash Receipts	22,402	17,652	$ 14,487	$ 3,165
Expenditures				
Instruction	13,895	17,228	$ 26,132	$ (8,904)
Support Services				
Operations and Maintenance	2,716	2,212	142	2,070
Total Expenditures	16,612	19,440	$ 26,274	$ (6,834)
Receipts Over (Under) Expenditures	5,791	(1,788)		
Unencumbered Cash, Beginning	5,997	11,788		
Unencumbered Cash, Ending	$ 11,788	$ 10,000		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
FOOD SERVICE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Food Service Sales	$ 57,811	$ 79,859	$ 71,862	$ 7,997
Other	15,549	-	-	-
State Sources				
State Aid	3,525	3,374	2,718	656
Federal Sources				
Child nutrition aid	415,520	359,660	354,508	5,152
Special Food Service	23,890	16,371	-	16,371
Fresh Fruits and Vegetables	-	1,878	-	1,878
Total Cash Receipts	516,296	461,142	$ 429,088	$ 32,054
Expenditures				
Support Services				
Operations and Maintenance	-	6,051	$ 87,710	$ (81,659)
Operation of Non-Instructional Services				
Food Service Operations	463,754	483,387	555,301	(71,914)
Total Expenditures	463,754	489,439	$ 643,011	$ (153,572)
Receipts Over (Under) Expenditures	52,542	(28,297)		
Unencumbered Cash, Beginning	161,382	213,924		
Unencumbered Cash, Ending	$ 213,924	$ 185,627		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ -	$ -	$ 750	$ (750)
Total Cash Receipts	-	-	$ 750	$ (750)
Expenditures				
Support Services				
Instructional Support Staff	260	-	$ 5,187	$ (5,187)
Total Expenditures	260	-	$ 5,187	$ (5,187)
Receipts Over (Under) Expenditures	(260)	-		
Unencumbered Cash, Beginning	4,697	4,437		
Unencumbered Cash, Ending	$ 4,437	$ 4,437		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
SPECIAL EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 8,027	$ 5,321	$ -	$ 5,321
Federal Sources				
Federal Aid	21,451	-	-	-
Operating Transfer from Other Funds				
General Fund	1,077,754	994,984	1,235,659	(240,675)
Supplemental General Fund	203,679	167,299	-	167,299
Total Cash Receipts	1,310,911	1,167,604	$ 1,235,659	$ (68,055)
Expenditures				
Instruction	1,243,463	1,152,525	$ 1,292,337	$ (139,812)
Support Services				
Transportation	47,107	65,930	79,942	(14,012)
Total Expenditures	1,290,569	1,218,455	$ 1,372,279	$ (153,824)
Receipts Over (Under) Expenditures	20,342	(50,851)		
Unencumbered Cash, Beginning	215,881	236,223		
Unencumbered Cash, Ending	$ 236,223	$ 185,373		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
CAREER AND POSTSECONDARY EDUCATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 3,465	$ 6,616	$ -	$ 6,616
Operating Transfer from Other Funds				
General Fund	50,000	97,508	160,881	(63,373)
Supplemental General Fund	187,824	36,797	36,797	-
Total Cash Receipts	241,288	140,921	$ 197,678	$ (56,757)
Expenditures				
Instruction	175,937	182,411	$ 243,412	$ (61,001)
Support Services	-	593	-	593
Transportation	15,351	19,479	15,828	3,651
Adjustment to Budget				
Adjustment for Reimbursed Budget			6,616	(6,616)
Total Expenditures	191,288	202,483	$ 265,856	$ (63,374)
Receipts Over (Under) Expenditures	50,000	(61,561)		
Unencumbered Cash, Beginning	11,561	61,561		
Unencumbered Cash, Ending	$ 61,561	$ (0)		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
KPERS SPECIAL RETIREMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 815,002	$ 820,122	$ 937,252	$ (117,130)
Total Cash Receipts	815,002	820,122	$ 937,252	$ (117,130)
Expenditures				
Instruction	559,517	559,969	$ 656,219	$ (96,250)
Support Services				
Student Support	33,722	34,745	37,094	(2,349)
Instructional Support	5,938	5,550	6,532	(982)
General Administration	39,243	39,507	43,167	(3,660)
School Administration	77,053	78,524	84,758	(6,234)
Central Office	5,963	5,514	6,559	(1,045)
Operations and Maintenance	77,648	73,661	85,413	(11,752)
Transportation	11,267	16,945	12,394	4,551
Food Service	4,651	5,708	5,116	592
Total Expenditures	815,002	820,122	$ 937,252	$ (117,130)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
HISTORICAL MUSEUM FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Tax	$ 18,360	$ 15,316	$ 18,269	$ (2,953)
Delinquent Tax	1,102	2,832	313	2,519
Motor Vehicle Tax	2,513	2,542	3,328	(786)
Total Cash Receipts	21,975	20,690	$ 21,910	$ (1,220)
Expenditures				
Community Service Operations	22,976	20,690	$ 21,000	$ (310)
Total Expenditures	22,976	20,690	$ 21,000	$ (310)
Receipts Over (Under) Expenditures	(1,001)	-		
Unencumbered Cash, Beginning	1,001	-		
Unencumbered Cash, Ending	$ -	$ -		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating transfer from General Fund	$ 49,716	$ -
Total Cash Receipts	49,716	-
Expenditures		
Operating transfer to Supplemental General Fund	35,902	-
Total Expenditures	35,902	-
Receipts Over (Under) Expenditures	13,814	-
Unencumbered Cash, Beginning	474,025	487,838
Unencumbered Cash, Ending	$ 487,838	$ 487,838

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TEXTBOOK RENTAL FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Textbook rental	$ 5,297	$ 4,706
Miscellaneous	820	367
Total Cash Receipts	6,117	5,072
Expenditures		
Instruction	6,255	13,915
Total Expenditures	6,255	13,915
Receipts Over (Under) Expenditures	(138)	(8,843)
Unencumbered Cash, Beginning	61,898	61,759
Unencumbered Cash, Ending	$ 61,759	$ 52,917

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TITLE IV FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 22,339	$ 23,622
Total Cash Receipts	22,339	23,622
Expenditures		
Instruction	22,339	23,622
Total Expenditures	22,339	23,622
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
RETIREE'S HOLDING ACCOUNT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Reimbursements	$ 11,121	$ 10,215
Total Cash Receipts	11,121	10,215
Expenditures		
Insurance Premiums	11,781	10,996
Total Expenditures	11,781	10,996
Receipts Over (Under) Expenditures	(659)	(781)
Unencumbered Cash, Beginning	394	(265)
Unencumbered Cash, Ending	$ (265)	$ (1,047)

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
COVID TESTING FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 82,831	$ 43,609
Total Cash Receipts	82,831	43,609
Expenditures		
Program Expenditures	113,889	7,922
Total Expenditures	113,889	7,922
Receipts Over (Under) Expenditures	(31,058)	35,687
Unencumbered Cash, Beginning	1	(31,057)
Unencumbered Cash, Ending	$ (31,057)	$ 4,630

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
ESSER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 1,390,000	$ 894,647
Total Cash Receipts	1,390,000	894,647
Expenditures		
Instruction	1,101,210	613,814
Support Services		
Student Support	-	20,000
Operations and Maintenance	-	1,558
Total Expenditures	1,101,210	635,372
Receipts Over (Under) Expenditures	288,790	259,275
Unencumbered Cash, Beginning	(525,763)	(259,275)
Unencumbered Cash, Ending	$ (236,973)	$ -

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
MINI-GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Grants	$ 66,780	$ 18,235
State Sources		
School Safety and Seurity Grant	-	11,168
Pre-K Pilot Grant	-	42
Total Cash Receipts	66,780	29,445
Expenditures		
Grant Expenditures	55,470	27,067
Total Expenditures	55,470	27,067
Receipts Over (Under) Expenditures	11,310	2,378
Unencumbered Cash, Beginning	101,645	112,955
Unencumbered Cash, Ending	$ 112,955	$ 115,334

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TITLE I FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 257,606	$ 275,299
Total Cash Receipts	257,606	275,299
Expenditures		
Instruction	255,606	273,299
General Administration	2,000	2,000
Total Expenditures	257,606	275,299
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
21ST CENTURY GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 99,993	$ 99,993
Total Cash Receipts	99,993	99,993
Expenditures		
Instruction	91,861	92,870
Instructional Support	8,132	7,123
Total Expenditures	99,993	99,993
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TITLE II - A TEACHER QUALITY FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 30,696	$ 29,743
Total Cash Receipts	30,696	29,743
Expenditures		
Instruction	13,139	1,748
Support Services	17,557	27,995
Total Expenditures	30,696	29,743
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
KANSAS PRE-K PILOT GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 22,500	$ -
Total Cash Receipts	22,500	-
Expenditures		
Instruction	22,500	-
Total Expenditures	22,500	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
SCHOLARSHIP FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Earnings	$ 549	$ 38
Total Cash Receipts	549	38
Expenditures		
Scholarships	1,575	500
Total Expenditures	1,575	500
Receipts Over (Under) Expenditures	(1,026)	(462)
Unencumbered Cash, Beginning	35,106	34,080
Unencumbered Cash, Ending	$ 34,080	$ 33,618

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 112,274	$ 140,464	$ 16,559	$ 123,905
Delinquent tax	13,910	26,157	1,797	24,360
Motor vehicle tax	30,755	27,572	35,602	(8,030)
Miscellaneous	10	-	-	-
State Sources				
State aid	2,137,389	337,635	343,345	(5,710)
Total Cash Receipts	2,294,338	531,828	$ 397,303	$ 134,525
Expenditures				
Debt Service				
Principal	2,185,000	260,000	$ 260,000	$ -
Interest	163,609	89,775	89,775	-
Total Expenditures	2,348,609	349,775	$ 349,775	$ -
Receipts Over (Under) Expenditures	(54,271)	182,053		
Unencumbered Cash, Beginning	1,402,481	1,348,210		
Unencumbered Cash, Ending	$ 1,348,210	$ 1,530,263		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2024

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations	$ 97,075	$ 158,694	$ 152,265	$ 103,504
Totals	$ 97,075	$ 158,694	$ 152,265	$ 103,504

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
DISTRICT ACTIVITY FUNDS
Schedule of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2024

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2022
Gate Receipts						
Athletics	$ 10,548	$ 46,274	$ 50,362	$ 6,459	$ -	$ 6,459
Subtotal Gate Receipts	10,548	46,274	50,362	6,459	-	6,459
Special Projects						
District Special Projects	659	-	-	659	-	659
Total District Activity Funds	$ 11,207	$ 46,274	$ 50,362	$ 7,119	$ -	$ 7,119

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

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

FEDERAL GRANTOR/ PASSTHROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	AMOUNT RECEIVED	AMOUNT EXPENDED
U.S. Department of Agriculture			
Passed Through the State of Kansas Department of Education			
COVID-19 School Breakfast Program (See Note 3)	10.553	$ 84,669	$ 84,669
COVID-19 National School Lunch Program (See Note 3)	10.555	256,194	256,194
COVID-19 Summer Food Service Program (See Note 3)	10.559	35,168	35,168
Fresh Fruits & Vegetables Grant (See Note 3)	10.582	1,878	1,878
		377,909	377,909
U.S. Department of Education			
Passed Through the State of Kansas Department of Education			
Title I	84.010A	275,299	275,299
Twenty-First Century Community Learning Center	84.287C	99,993	99,993
Supporting Effective Instruction	84.367A	29,743	29,743
Student Support and Academic Enrichment Program	84.424A	23,622	23,622
COVID-19 Elementary and Secondary School Emergency Relief (See Note 4)	84.425U	894,647	635,372
		1,323,304	1,064,029
U.S. Department of Health and Human Services			
Passed Through the State of Kansas Department of Education			
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	43,609	7,922
		43,609	7,922
TOTALS		$ 1,744,822	$ 1,449,860

Notes:

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

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

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

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

Finding 2022-001 and 2023-001 Drafting Financial Statements

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

Recommendation: None

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

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

Board of Education
Unified School District #499
Galena, Kansas 66739

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the regulatory basis financial statement of Unified School District #499 as of and for the year ended June 30, 2024, and the related notes to the regulatory basis financial statement and have issued our report thereon dated May 16, 2025.

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

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

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

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

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

We noted certain other matters that we reported to Management of the District in a separate letter dated May 16, 2025.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

May 16, 2025
Fort Scott, Kansas

Diehl
Banwart
Bolton
Certified Public Accountants PA

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

Board of Education
Galena Unified School District #499
Galena, Kansas 66739

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the Unified School District #499's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. Unified District #499's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

May 16, 2025
Fort Scott, Kansas

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

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

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS:

Type of auditors' report issued:

- Adverse for departures from accounting principles generally accepted in the United States of America due to preparation of financial statements in accordance with the regulatory basis of accounting.
- Unqualified opinion on the regulatory basis financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? _ *YES* _X_ *NO*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE _X_ *YES* _ *REPORTED*

Noncompliance material to financial statements noted? _ *YES* _X_ *NO*

FEDERAL AWARDS:

Internal control over major programs:

- Material weakness(es) identified? _ *YES* _X_ *NO*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? NONE _ *YES* _X_ *REPORTED*

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the Uniform Guidance _ *YES* _X_ *NO*

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA #	NAME OF PROGRAM
84.425	Education Stabilization Fund

Auditee qualified as low-risk auditee? _ *YES* _X_ *NO*

The dollar threshold used to distinguish between Type A and Type B Programs was $750,000.

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency
2024-001 Drafting Financial Statements

Condition: As auditors, we provide significant assistance with preparing the regulatory basis financial statement, as well as determining which disclosures are required under generally accepted accounting standards and the regulatory basis of accounting.

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

Cause: Relying upon the independent auditors for an area that should have internal controls in place.

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

Recommendation: None

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

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

UNIFIED SCHOOL DISTRICT #499

June 30, 2024 Financial Statements

Corrective Action Plan

Audit Finding 2024-001

USD #499 has always relied upon its auditors to provide significant assistance with preparing the regulatory basis financial statement and with determining which disclosures were required under the regulatory basis of accounting. While the USD #499 understands that this is a significant deficiency in our internal controls, we believe it is the most cost-effective manner for us to produce our financial statements. Our accounting staff concentrate on providing the reports needed for management and regulatory purposes. We believe it would be inefficient and cost prohibitive for our staff to attempt to stay current on all the disclosure requirements of the regulatory basis of accounting. We do not plan on making any changes at this time. However, we will monitor this situation and periodically determine if it is cost effective for us to perform these functions.