GALENA
UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

For the Fiscal Year Ended June 30, 2021

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 PA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying summary statement of receipts, expenditures, and unencumbered cash - regulatory basis, of the Galena Unified School District #499 (the District), Galena, Kansas as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statement.

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. 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 Responsibility
Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the applicable audit requirements of the *Kansas Municipal Audit and Accounting Guide.* Those standards and the *Kansas Municipal Audit and Accounting Guide* require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the District to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 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 the District as of June 30, 2021 or changes in financial position and cash flows thereof for the fiscal year then ended.

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 balance of the District as of June 30, 2021, 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.

Report on Required Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the June 30, 2021 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 summary 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 Title2 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 statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. Such 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, based upon our audit, the regulatory required 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.

Board of Education
Unified School District #499
Galena, Kansas

Prior Year Comparative Numbers

The prior year actual column presented in the individual fund schedules of receipts and expenditures – actual and budget – regulatory basis (Schedule 2 as listed in the table of contents), are also presented for comparative analysis and are not a required part of the prior year financial statement upon which we rendered an unqualified opinion dated December 31, 2020. The prior year 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, Office of Management Analysis and Standards at the following link http://da.ks.gov/ar/muniserv/. Such prior year 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 prior year financial statement. The prior year comparative information was subjected to the auditing procedures applied in the audit of the prior year statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the prior year financial statement or to the prior year financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the prior year comparative information is fairly stated in all material respects in relation to the prior year financial statement as a whole, on the basis of accounting described.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2022 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

April 11, 2022
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Fiscal Year Ended June 30, 2021

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	$ -	$ 6,847,649	$ 6,847,649	$ -	$ 142	$ 142
Supplemental General	31,763	2,056,427	2,058,423	29,768	48,454	78,221
Special Purpose Funds:						
Bilngual Education	839	-	-	839	-	839
4 Yr Old At Risk	30,000	73,184	73,184	29,999	-	29,999
K-12 At Risk	51,123	1,010,375	1,010,374	51,123	-	51,123
Virtual Education	-	21,500	21,500	-	-	-
Capital Outlay	681,621	427,287	176,745	932,164	5,188	937,352
Driver Education	6,600	12,173	12,324	6,449	-	6,449
Food Service	46,067	499,729	467,328	78,468	10,837	89,305
Professional Development	12,524	2,403	10,120	4,807	-	4,807
Parent Education	-	9,600	9,600	-	-	-
Special Education	219,518	1,301,938	1,302,067	219,388	-	219,388
Career and Postsecondary Education	12,800	208,821	208,820	12,800	-	12,800
KPERS Special Retirement	-	759,150	759,150	-	-	-
Historical Museum	1,857	27,642	26,000	3,499	-	3,499
Contingency Reserve	322,245	151,780	-	474,025	-	474,025
Textbook Rental	56,483	6,825	5,058	58,250	-	58,250
Title IV	-	21,676	21,676	-	-	-
Retirees' Holding Account	9	46,141	46,145	5	-	5
Dunnicliffe Special Projects	-	-	-	-	-	-
CARES - Covid 19	(9,552)	85,042	181,694	(106,204)	867	(105,337)
SPARKS	(1,507)	350,000	348,493	-	-	-
Mini-grant	71,654	26,865	12,998	85,522	1,925	87,447
Title I	-	252,456	252,456	-	-	-
21st Century Grant	-	65,000	65,000	-	-	-
Title II -A Teacher Quality	-	27,936	27,936	-	-	-
Kansas Pre-K Pilot Grant	-	22,477	22,500	(23)	-	(23)
District Activity Funds	26,736	41,113	49,284	18,564	-	18,564
Trust Fund						
Scholarship	33,874	6,011	1,000	38,885	-	38,885
Bond and Interest Fund	1,186,846	881,019	773,642	1,294,223	-	1,294,223
Total Entity (Excluding Agency Funds)	$ 2,781,501	$ 15,242,218	$ 14,791,167	$ 3,232,553	$ 67,414	$ 3,299,966

Composition of Cash	
General Checking NOW Account	$ 3,140,010
Money Market Accounts	101,007
Activity Checking Accounts	124,244
Petty Cash	1,500
Certificates of Deposit	20,128
Total Cash	3,386,889
Agency Funds per Schedule 3	(86,923)
Total Reporting Entity	$ 3,299,966

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.).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting – (Continued)

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.

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

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, 2021. The budgets of the General Fund and Supplemental General Fund were reduced to the legal maximum by the Kansas Department of Education.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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, Dunicliffe Special Projects, CARES – Covid 19,, SPRAKS,, 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.

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 has 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 balances in the CARES – Covid 19 and Kansas Pre-K Pilot Grant funds are allowed because these 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. At June 30, 2021, 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, 2021, as detailed in the table below.

At June 30, 2021 the District's carrying amount of deposits was $3,386,889 and the bank balance was $3,618,831. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance, and $3,368,831 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a market value of $4,335,822

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. IN-SUBSTANCE RECEIPT IN TRANSIT

The District received $484,978 subsequent to June 30, 2021, and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2021.

5. 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 16.15% and 14.41% respectively, for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rate was 15.59% and 14.23% for the fiscal year ended June 30, 2021.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of $56 million was paid in fiscal year 2018. This bill also authorized a payment of $82 million in fiscal year 2019. The 2019 legislative session authorized an additional fiscal year payment for the KPERS School Group. 2019 Senate Bill 9 authorized a payment of $115 million for the KPERS School Group. House Substitute for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in fiscal year 2020 of $51 million.

5. PENSION PLAN (Continued)

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 $759,150 for the year ended June 30, 2021.

Net Pension Liability

At June 30, 2021, the District's proportionate share of the collective net pension liability reported by KPERS was $7,986,749. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. 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, 2020. 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 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.

6. 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.

7. 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. On December 28, 2017, the District issued refunding bonds. The proceeds of these bonds are being held in escrow until September 1, 2022. At that time bonds with a face value of $3,800,000 will be called.

8. TRANSFERS

FROM	TO	STATUTORY AUTHORITY	AMOUNT
General	Contingency Reserve	KSA 72-5165	$151,780
General	Parent Education	KSA 72-4165	9,600
General	Special Education	KSA 72-3422	986,393
General	Driver's Education	KSA 72-5163	1,841
General	Virtual Education	KSA 72-3715	21,500
General	Food Service	KSA 72-5164	163
Supplemental General	Special Education	KSA 72-3422	298,809
Supplemental General	Career and Postsecondary Education	KSA 72-5162	205,362
Supplemental General	K-12 At Risk	KSA 72-5153	1,010,375
Supplemental General	4 Yr Old At Risk	KSA 72-5154	73,184
Supplemental General	Driver's Education	KSA 72-5163	8,456

9. POST EMPLOYMENT BENEFITS

Early Retirement

Only employees that had completed 20 years of employment with the District as of June 30, 2003, 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, 2021 the total early retirement payments were $8,000. Future payments for employees retired at June 30, 2021, are estimated at $18,000.

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.

10. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to June 30, 2021, through April 11, 2022, the date of the financial statement. In March 2021, the District's operations were impacted by the COVID-19 virus and they continue to be impacted. The total effect on operations from the virus is unknown, but it is expected to be material. There were no other subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement.

11. LONG-TERM DEBT

Attached are schedules detailing the changes long-term debt and their maturities. On December 28, 2017, the District issued $4,425,000 in refunding bonds. The proceeds from these bonds will be held in escrow and used to pay principal and interest on 2013 Series A Bonds until September 1, 2022. The District is contingently liable on these bonds until they are redeemed. The attached schedule of changes in long-term debt and schedule of maturities do not include any amounts for the bonds which will be redeemed from escrow.

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 / Principal Paid	Balances End of Year	Interest Paid
General Obligation Refunding Bonds									
Series 2013-A	2-5%	8/1/2013	7,500,000	9/1/2033	$ 2,565,000	$ -	$ 315,000	$ 2,250,000	$ 86,495
Series 2013-A	2-5%	12/28/2017	4,425,000	9/1/2029	4,065,000	-	260,000	3,805,000	112,148
Lease Purchase									
Roof Repair	3.92%	7/8/2019	250,000	7/8/2024	203,796	-	48,042	155,754	7,989
Bus Lease	4%	7/1/2017	92,600	6/30/2022	19,318	-	19,318	-	869
Totals					$ 6,853,114	$ -	$ 642,360	$ 6,210,754	$ 207,501

Schedule of Maturities in Long-Term Debt

	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027-2031	Totals
PRINCIPAL							
General Obligation Bonds							
Series 2013-A	$330,000	$ 345,000	$ 365,000	$ 385,000	$ 400,000	$ 425,000	$ 2,250,000
Series 2017	260,000	265,000	260,000	260,000	270,000	2,490,000	3,805,000
Lease Purchase							
Roof Repair	-	49,925	51,882	53,947	-	-	155,754
Total Principal	$590,000	$ 659,925	$ 676,882	$ 698,947	$ 670,000	$2,915,000	$ 6,210,754
INTEREST							
General Obligation Refunding							
Series 2013-A	$ 76,820	$ 66,523	$ 54,787	$ 40,700	$ 25,000	$ 8,500	$ 272,330
Series 2017	104,737	97,256	89,775	82,365	74,813	163,162	612,108
Lease Purchase							
Roof Repair	-	6,106	4,149	1,667	-	-	11,922
Total Interest	$181,557	$ 169,885	$ 148,711	$ 124,732	$ 99,813	$ 171,662	$ 896,360
Totals	$ 771,557	$ 829,810	$ 825,593	$ 823,679	$ 769,813	$ 3,086,662	$ 7,107,114

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, 2021

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	$ 7,151,204	$ (322,904)	$ 19,349	$ 6,847,649	$ 6,847,649	$ -
Supplemental General	2,127,980	(69,557)	-	2,058,423	2,058,423	-
Special Purpose Funds:						
Bilingual Education	1,477	-	-	1,477	-	(1,477)
4 Yr Old At Risk	116,684	-	-	116,684	73,184	(43,500)
K-12 At Risk	1,281,671	-	-	1,281,671	1,010,374	(271,297)
Virtual Education	96,500	-	-	96,500	21,500	(75,000)
Capital Outlay	1,048,373	-	-	1,048,373	176,745	(871,628)
Driver Education	12,375	-	-	12,375	12,324	(51)
Food Service	598,203	-	-	598,203	467,328	(130,875)
Professional Development	12,524	-	-	12,524	10,120	(2,404)
Parent Education	10,000	-	-	10,000	9,600	(400)
Special Education	1,323,713	-	-	1,323,713	1,302,067	(21,646)
Career and Postsecondary Education	251,629	-	-	251,629	208,820	(42,809)
KPERS Special Retirement	906,866	-	-	906,866	759,150	(147,716)
Historical Museum	26,000	-	-	26,000	26,000	-
Bond and Interest Fund	773,642	-	-	773,642	773,642	-
	15,738,841					

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ -	$ -	$ -	$ -
Delinquent tax	-	-	-	-
Interest	-	-	-	-
Reimbursement	16,095	19,349	-	19,349
State Sources				
General aid	5,976,752	5,988,165	6,208,237	(220,072)
Special education aid	841,731	840,135	942,967	(102,832)
Total Cash Receipts	6,834,578	6,847,649	$ 7,151,204	$ (303,555)
Expenditures				
Instruction	2,813,821	2,897,520	$ 2,935,902	$ (38,382)
Support Services				
Student Support	298,483	294,303	348,550	(54,247)
Instructional Support	77,671	55,003	82,011	(27,008)
General Administration	408,399	378,674	432,616	(53,942)
School Administration	686,553	717,816	709,079	8,737
Operations and Maintenance	972,245	1,122,073	982,688	139,385
Transportation	150,507	147,303	216,933	(69,630)
Central Services	60,911	63,681	65,040	(1,359)
Operating transfers to Other Funds				
Driver Education	-	1,841	2,775	(934)
Professional Development	9,556	-	-	-
Food Service	43,614	163	114,669	(114,506)
Parent Education	-	9,600	10,000	(400)
Virtual Education	19,200	21,500	96,500	(75,000)
Special Education	1,255,095	986,393	1,142,967	(156,574)
Contingency Reserve	37,106	151,780	-	151,780
4 Yr Old At Risk	-	-	11,474	(11,474)
K-12 At Risk	1,421	-	-	-
Adjustments to Budget				
Adjustment for Reimbursed Expenses	-	-	19,349	(19,349)
Adjustment for Legal Maximum	-	-	(322,904)	322,904
Total Expenditures Subject to Budget	6,834,582	6,847,649	$ 6,847,649	$ -
Receipts Over (Under) Expenditures	(4)	-		
Unencumbered Cash, Beginning	4	-		
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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 369,377	$ 366,025	$ 352,978	$ 13,047
Delinquent tax	24,986	32,707	10,029	22,678
Motor vehicle tax	39,856	41,216	37,046	4,170
Reimbursements	-	-	-	-
State Sources				
Supplemental aid	1,611,125	1,616,480	1,671,103	(54,623)
Operating Transfer from Other Funds				
Contingency Reserve	-	-	10,000	(10,000)
Total Cash Receipts	2,045,344	2,056,427	$ 2,081,156	$ (24,729)
Expenditures				
Instruction	284,294	288,912	$ 348,500	$ (59,588)
Support Services				
Student Support	6,377	5,007	-	5,007
Instructional Support	12,643	12,860	10,394	2,466
General Administration	26,272	19,971	20,215	(244)
School Administration	12,342	9,723	36,500	(26,777)
Operations and Maintenance	217,946	125,764	-	125,764
Transportation	-	-	-	-
Other Supplemental Services	-	-	-	-
Operating transfers to Other Funds				
Special Education	134,318	298,809	166,415	132,394
Driver's Education	6,600	8,456	-	8,456
K-12 At Risk	1,169,235	1,010,375	1,231,969	(221,594)
Food Service	-	-	6,496	(6,496)
Career and Postsecondary Education	190,947	205,362	231,643	(26,281)
4 Year At Risk	33,761	73,184	75,210	(2,026)
Bilingual Education	629	-	638	(638)
Adjustments to Budget	-			
Adjustment for Legal Maximum	-	-	(69,557)	69,557
Total Expenditures Subject to Budget	2,095,364	2,058,423	$ 2,058,423	$ -
Receipts Over (Under) Expenditures	(50,020)	(1,996)		
Unencumbered Cash, Beginning	81,783	31,763		
Unencumbered Cash, Ending	$ 31,763	$ 29,767		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
Supplemental General	629	-	638	(638)
General Fund	-	-	-	-
Total Cash Receipts	629	-	$ 638	$ (638)
Expenditures				
Instruction	-	-	$ 1,477	$ (1,477)
Other Supplemental Services	-	-	-	-
Total Expenditures Subject to Budget	-	-	$ 1,477	$ (1,477)
Receipts Over (Under) Expenditures	629	-		
Unencumbered Cash, Beginning	210	839		
Unencumbered Cash, Ending	$ 839	$ 839		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
Supplemental General	33,761	73,184	75,210	(2,026)
General Fund	-	-	11,474	(11,474)
Total Cash Receipts	33,761	73,184	$ 86,684	$ (13,500)
Expenditures				
Instruction	635	73,184	$ 116,684	$ (43,500)
Other Supplemental Services	3,236	-	-	-
Total Expenditures Subject to Budget	3,871	73,184	$ 116,684	$ (43,500)
Receipts Over (Under) Expenditures	29,890	(1)		
Unencumbered Cash, Beginning	110	30,000		
Unencumbered Cash, Ending	$ 30,000	$ 29,999		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
Supplemental General Fund	1,169,235	1,010,375	1,231,969	(221,594)
General Fund	1,421	-	-	-
Total Cash Receipts	1,170,656	1,010,375	$ 1,231,969	$ (221,594)
Expenditures				
Instruction	1,013,497	910,359	$ 1,159,202	$ (248,843)
Support Services	109,849	100,015	72,469	27,546
Operations and Maintenance	-	-	50,000	(50,000)
Total Expenditures Subject to Budget	1,123,346	1,010,374	$ 1,281,671	$ (271,297)
Receipts Over (Under) Expenditures	47,310	0		
Unencumbered Cash, Beginning	3,813	51,123		
Unencumbered Cash, Ending	$ 51,123	$ 51,123		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
Supplemental General Fund	-	-	-	-
General Fund	19,200	21,500	96,500	(75,000)
Total Cash Receipts	19,200	21,500	$ 96,500	$ (75,000)
Expenditures				
Instruction	21,500	21,500	$ 96,500	$ (75,000)
Support Services	-	-	-	-
Total Expenditures Subject to Budget	21,500	21,500	$ 96,500	$ (75,000)
Receipts Over (Under) Expenditures	(2,300)	-		
Unencumbered Cash, Beginning	2,300	-		
Prior Year Cancelled Encumbrance	-	-		
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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 164,360	$ 186,142	$ 187,171	$ (1,029)
Delinquent tax	4,280	8,948	4,517	4,431
Motor vehicle tax	9,416	15,589	11,908	3,681
Interest on idle funds	31,270	10,002	-	10,002
Miscellaneous	44,568	46,817	-	46,817
State Sources				
State Aid	140,846	159,789	160,116	(327)
Operating Transfer from Other Funds				
General Fund	-	-	-	-
Total Cash Receipts	394,740	427,287	$ 363,712	$ 63,575
Expenditures				
Instruction	8,756	5,188	$ 75,000	$ (69,812)
Student Support Services	1,341	-	-	-
Instructional Support	-	-	-	-
School Administration	-	-	-	-
Operations & Maintenance	73,242	70,561	753,188	(682,627)
Transportation	20,735	61,685	120,185	(58,500)
Other Support Services	-	-	-	-
Facility Acquisition and Construction	91,645	39,311	100,000	(60,689)
Total Expenditures Subject to Budget	195,719	176,745	$ 1,048,373	$ (871,628)
Receipts Over (Under) Expenditures	199,021	250,543		
Unencumbered Cash, Beginning	482,600	681,621		
Unencumbered Cash, Ending	$ 681,621	$ 932,164		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Other	$ 36	$ 68	$ -	$ 68
State Sources			.	
State aid	4,030	1,808	3,000	(1,192)
Operating Transfer from Other Funds				
Supplemental General Fund	6,600	8,456	-	8,456
General Fund	-	1,841	2,775	(934)
Total Cash Receipts	10,666	12,173	$ 5,775	$ 6,398
Expenditures				
Instruction	9,989	11,725	$ 11,740	$ (15)
Support Services				
Operations and Maintenance	623	599	635	(36)
Total Expenditures Subject to Budget	10,612	12,324	$ 12,375	$ (51)
Receipts Over (Under) Expenditures	54	(151)		
Unencumbered Cash, Beginning	6,546	6,600		
Unencumbered Cash, Ending	$ 6,600	$ 6,449		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Food Service Sales	$ 51,518	$ 7,717	$ 66,057	$ (58,340)
Other	28,923	1,746	32,146	(30,400)
State Sources				
State Aid	3,646	4,315	3,027	1,288
Federal Sources				
Child nutrition aid	385,510	468,643	301,354	167,289
Other aid	14,559	17,145	-	17,145
Operating Transfer from Other Funds				
General Fund	43,614	163	114,669	(114,506)
Supplemental General Fund	-	-	6,496	(6,496)
Total Cash Receipts	527,770	499,729	$ 523,749	$ (24,020)
Expenditures				
Support Services				
Operations and Maintenance	8,196	7,456	$ 81,906	$ (74,450)
Operation of Non-Instructional Services				
Food Service Operations	537,500	459,872	516,297	(56,425)
Total Expenditures Subject to Budget	545,696	467,328	$ 598,203	$ (130,875)
Receipts Over (Under) Expenditures	(17,926)	32,401		
Unencumbered Cash, Beginning	63,993	46,067		
Unencumbered Cash, Ending	$ 46,067	$ 78,468		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
State Sources				
State Aid	1,639	2,403	-	2,403
Operating Transfer from Other Funds				
Supplemental General Fund	-	-	-	-
General Fund	9,556	-	-	-
Total Cash Receipts	11,195	2,403	$ -	$ 2,403
Expenditures				
Support Services				
Instructional Support Staff	10,603	10,120	$ 12,524	$ (2,404)
Other Supplemental Services	-	-	-	-
Adjustments to Budget				
Adjustment for Reimbursed Expenses	-	-	-	-
Total Expenditures Subject to Budget	10,603	10,120	$ 12,524	$ (2,404)
Receipts Over (Under) Expenditures	592	(7,717)		
Unencumbered Cash, Beginning	11,932	12,524		
Prior Year Cancelled Encumbrance	-	-		
Unencumbered Cash, Ending	$ 12,524	$ 4,807		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
PARENT EDUCATION
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ -	$ -	$ -	$ -
Operating Transfer from Other Funds				
Supplemental General Fund	-	-	-	-
General Fund	-	9,600	10,000	(400)
Total Cash Receipts	-	9,600	$ 10,000	$ (400)
Expenditures				
Support Services				
Student Support	-	9,600	$ 10,000	$ (400)
Adjustments to Budget				
Adjustment for Reimbursed Expenses	-	-	-	-
Total Expenditures Subject to Budget	-	9,600	$ 10,000	$ (400)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrance	-	-		
Unencumbered Cash, Ending	$ -	$ -		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Interest on Idle Funds	$ -	$ -	$ -	$ -
Miscellaneous	2,138	2,404	-	2,404
Federal Sources				
Federal Aid	-	14,331	14,331	-
Operating Transfer from Other Funds				
Supplemental General Fund	134,318	298,809	166,415	132,394
General Fund	1,255,095	986,393	1,142,967	(156,574)
Total Cash Receipts	1,391,551	1,301,938	$ 1,323,713	$ (21,775)
Expenditures				
Instruction	1,229,294	1,261,880	$ 1,272,066	$ (10,186)
Support Services				
Instructional Support	-	-	-	-
Transportation	40,559	40,187	51,647	(11,460)
Total Expenditures Subject to Budget	1,269,853	1,302,067	$ 1,323,713	$ (21,646)
Receipts Over (Under) Expenditures	121,698	(129)		
Unencumbered Cash, Beginning	97,819	219,518		
Unencumbered Cash, Ending	$ 219,517	$ 219,388		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 2,892	$ 3,459	$ -	$ 3,459
State Sources				
State aid	28,406	-	7,186	(7,186)
Federal Sources				
Federal aid	283	-	-	-
Operating Transfer from Other Funds				
Supplemental General Fund	190,947	205,362	231,643	(26,281)
General Fund	-	-	-	-
Total Cash Receipts	222,528	208,821	$ 238,829	$ (30,008)
Expenditures				
Instruction	195,671	190,648	$ 223,959	$ (33,311)
Support Services	-	-	-	-
Transportation	26,777	18,172	27,670	(9,498)
Adjustment to Budget				
Adjustment for Reimbursed Budget			-	-
Total Expenditures Subject to Budget	222,448	208,820	$ 251,629	$ (42,809)
Receipts Over (Under) Expenditures	80	0		
Unencumbered Cash, Beginning	12,720	12,800		
Unencumbered Cash, Ending	$ 12,800	$ 12,800		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 800,412	$ 759,150	$ 906,866	$ (147,716)
Operating Transfers from Other Funds				
General Fund	-	-	-	-
Total Cash Receipts	800,412	759,150	$ 906,866	$ (147,716)
Expenditures				
Instruction	540,295	482,873	$ 596,503	$ (113,630)
Student Support	21,820	40,679	22,474	18,205
Instructional Support	9,770	7,204	16,274	(9,070)
General Administration	31,294	39,431	32,232	7,199
School Administration	78,653	76,475	91,012	(14,537)
Central Office	6,188	5,699	10,543	(4,844)
Operations and Maintenance	84,557	83,966	99,034	(15,068)
Trasnportation	21,322	17,512	31,294	(13,782)
Food Service	6,513	5,311	7,500	(2,189)
Total Expenditures Subject to Budget	800,412	759,150	$ 906,866	$ (147,716)
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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Tax	$ 22,216	$ 23,326	$ 23,485	$ (159)
Delinquent Tax	1,339	1,787	602	1,185
Motor Vehicle Tax	2,351	2,530	2,309	221
Miscellaneous	-	-		-
Total Cash Receipts	25,906	27,642	$ 26,396	$ 1,246
Expenditures				
Community Service Operations	24,049	26,000	$ 26,000	$ -
Total Expenditures Subject to Budget	24,049	26,000	$ 26,000	$ -
Receipts Over (Under) Expenditures	1,857	1,642		
Unencumbered Cash, Beginning	-	1,857		
Unencumbered Cash, Ending	$ 1,857	$ 3,499		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating transfer from General Fund	$ 37,106	$ 151,780
Total Cash Receipts	37,106	151,780
Expenditures		
Instruction	-	-
Opertating transfer to Supplemental General Fund	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	37,106	151,780
Unencumbered Cash, Beginning	285,139	322,245
Unencumbered Cash, Ending	$ 322,245	$ 474,025

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TEXTBOOK RENTAL FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Textbook rental	$ 8,775	$ 6,045
Miscellaneous	393	779
Operating Transfer From		
Supplemental General	-	-
Total Cash Receipts	9,168	6,825
Expenditures		
Instruction	9,225	5,058
Total Expenditures	9,225	5,058
Receipts Over (Under) Expenditures	(57)	1,767
Unencumbered Cash, Beginning	56,540	56,483
Unencumbered Cash, Ending	$ 56,483	$ 58,250

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TITLE IV FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 19,698	$ 21,676
Total Cash Receipts	19,698	21,676
Expenditures		
Instruction	19,698	21,676
Capital Outlay	-	-
Total Expenditurs	19,698	21,676
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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Reimbursements	$ 49,587	$ 46,141
Total Cash Receipts	49,587	46,141
Expenditures		
Insurance Premiums	47,340	46,145
Total Expenditurs	47,340	46,145
Receipts Over (Under) Expenditures	2,247	(4)
Unencumbered Cash, Beginning	(2,238)	9
Unencumbered Cash, Ending	$ 9	$ 5

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
DUNNICLIFFE SPECIAL PROJECTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Grants	$ -	$ -
Other	-	-
Total Cash Receipts	-	-
Expenditures		
Grant Expenditures	51	-
Total Expenditurs	51	-
Receipts Over (Under) Expenditures	(51)	-
Unencumbered Cash, Beginning	51	-
Unencumbered Cash, Ending	$ -	$ -

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
CARES - COVID 19 FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 126,600	$ 85,042
Total Cash Receipts	126,600	85,042
Expenditures		
Instruction	136,152	36,500
Support Services		
Student Support		-
Instructional Support		118,604
Operations and Maintenance		23,185
Transportation	-	3,405
Total Expenditurs	136,152	181,694
Receipts Over (Under) Expenditures	(9,552)	(96,652)
Unencumbered Cash, Beginning	-	(9,552)
Unencumbered Cash, Ending	$ (9,552)	$ (106,204)

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
SPARKS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ -	$ 350,000
Total Cash Receipts	-	350,000
Expenditures		
Instruction	1,507	270,698
Operations and Maintenance	-	77,795
Total Expenditurs	1,507	348,493
Receipts Over (Under) Expenditures	(1,507)	1,507
Unencumbered Cash, Beginning	-	(1,507)
Unencumbered Cash, Ending	$ (1,507)	$ 0

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
MINI-GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Grants	$ 36,463	$ 26,865
State Sources		
Pre-K Pilot Grant	-	-
Total Cash Receipts	36,463	26,865
Expenditures		
Grant Expenditures	25,157	12,998
Total Expenditurs	25,157	12,998
Receipts Over (Under) Expenditures	11,306	13,867
Unencumbered Cash, Beginning	60,348	71,654
Unencumbered Cash, Ending	$ 71,654	$ 85,522

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TITLE I FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 254,681	$ 252,456
Total Cash Receipts	254,681	252,456
Expenditures		
Instruction	252,681	251,869
General Administration	2,000	587
Total Expenditurs	254,681	252,456
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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 70,000	$ 65,000
Total Cash Receipts	70,000	65,000
Expenditures		
Instruction	68,952	65,000
Transportation	-	-
General Administration	1,048	-
Total Expenditurs	70,000	65,000
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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 27,002	$ 27,936
Total Cash Receipts	27,002	27,936
Expenditures		
Instruction	9,656	25,525
Support Services	17,346	2,411
Total Expenditurs	27,002	27,936
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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 38,180	$ 11,250
State Sources		
State Grant	38,157	11,227
Total Cash Receipts	76,337	22,477
Expenditures		
Instruction	76,337	22,500
Total Expenditurs	76,337	22,500
Receipts Over (Under) Expenditures	-	(23)
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ (23)

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
SCHOLARSHIP FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Donations and earnings	$ 6,081	$ 6,011
Total Cash Receipts	6,081	6,011
Expenditures		
Scholarships and distributions	3,299	1,000
Total Expenditurs	3,299	1,000
Receipts Over (Under) Expenditures	2,782	5,011
Unencumbered Cash, Beginning	31,092	33,874
Unencumbered Cash, Ending	$ 33,874	$ 38,885

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, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 207,264	$ 223,236	$ 224,713	$ (1,477)
Delinquent tax	16,854	17,889	5,544	12,345
Motor vehicle tax	28,860	27,424	27,936	(512)
Interest on idle funds	-	-	-	-
Bond proceeds (escrow trust refund)	-	-	-	-
State Sources				
State aid	555,284	612,470	611,177	1,293
Total Cash Receipts	808,262	881,019	$ 869,370	$ 11,649
Expenditures				
Debt Service				
Principal	560,000	575,000	$ 575,000	$ -
Interest	215,277	198,642	198,642	-
Other	-	-	-	-
Total Expenditures Subject to Budget	775,277	773,642	$ 773,642	$ -
Receipts Over (Under) Expenditures	32,985	107,376		
Unencumbered Cash, Beginning	1,153,861	1,186,846		
Unencumbered Cash, Ending	$ 1,186,846	$ 1,294,223		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2021

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations	$ 96,386	$ 79,589	$ 89,052	$ 86,923
Totals	$ 96,386	$ 79,589	$ 89,052	$ 86,923

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, 2021

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2018
Gate Receipts						
High School Athletics	$ 24,285	$ 31,805	$ 38,185	$ 17,905	$ -	$ 17,905
Middle School Athletics	526	9,307	9,834	-	-	-
Subtotal Gate Receipts	24,811	41,113	48,018	17,905	-	17,905
Special Projects						
District Special Projects	1,925	-	1,265	659	-	659
Total District Activity Funds	$ 26,736	$ 41,113	$ 49,284	$ 18,564	$ -	$ 18,564

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

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 National School Lunch Program (See Note 3)	10.555	$ 111,807	$ 72,609
COVID-19 Summer Food Service Program (See Note 3)	10.559	356,836	369,054
Fresh Fruits & Vegetables Grant	10.582	17,145	17,145
		485,788	458,808
U.S. Department of Education			
Passed Through the State of Kansas Department of Education			
Title I	84.010	252,456	252,456
Twenty-First Century Community Learning Center	84.287	65,000	65,000
Supporting Effective Instruction	84.367	27,936	27,936
Student Support and Academic Enrichment Program	84.424	21,676	21,676
COVID-19 Elementary and Secondary School Emergency Relief (See Note 4)	84.425	99,373	181,694
		466,441	548,762
U.S. Department of Health and Human Services			
Passed Through the State of Kansas Department of Education			
Temporary Assistance to Needy Families (See Note 5)	93.558	11,250	11,250
		11,250	11,250
U.S Department of Treasury			
Passed Through Kansas Department of Commerce			
COVID-19 Coronavirus Relief Fund			
Passed Through Cherokee County Kansas	21.019	50,000	50,000
COVID-19 Coronavirus Relief Fund			
	21.019	300,000	298,493
		350,000	348,493
TOTALS		$ 1,313,479	$ 1,367,313

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.

3. Part of the Child Nutrition Cluster. Total Child Nutrition Cluster expenditures were $424,888.

4. $14,331 of this grant was passed through to the Southeast Kansas Interlocal #637, a subrecipient.

5. Part of the 477 Cluster. Total 477 Cluster expenditures were $11,250.

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2021

Finding 2020-001 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, 2021, and the related notes to the regulatory basis financial statement and have issued our report thereon dated April 11, 2022.

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 2021-001 that we consider to be significant deficiencies.

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*.

We noted certain other matters that we reported to Management of the District in a separate letter dated April 11, 2022.

District's Response to Findings
The District's response to the findings identified in our audit is described in the Corrective Action Plan. We did not audit the District's response and accordingly, we express no opinion on it.

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

April 11, 2022
Pittsburg, 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
Unified School District #499
Galena, Kansas 66739

Report on Compliance for Each Major Federal Program
We have audited the Unified School District #499's (District) compliance with the types of compliance requirements described 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, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibilities
Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program
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, 2021.

Report on Internal Control Over Compliance
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

April 11, 2022
Pittsburg, Kansas

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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
10.555 & 10.559	Child Nutrition Cluster
21.019	Coronavirus Relief 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
2021-001 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, 2021 Financial Statements

Corrective Action Plan

Audit Finding 2021-001

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.