GALENA
UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

For the Fiscal Year Ended June 30, 2025

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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D B B

D B B INC.
Certified Public Accountants

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, 2025, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2025, 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, 2025, 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, 2025, 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 February 22, 2026, 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 2024 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 2024 financial statement upon which we rendered an unmodified opinion dated May 16, 2025. The 2024 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 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the 2024 comparative information is fairly stated in all material respects in relation to the 2024 basic financial statement as a whole, on the basis of accounting described in Note 1.

DBB Inc.

DBB Inc.

February 22, 2026
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, 2025

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:						
General	$ -	$ 7,906,952	$ 7,906,952	$ -	$ -	$ -
Supplemental General	48,159	2,571,962	2,560,697	59,424	-	59,424
Special Purpose Funds:						
Bilingual Education	1,297	-	-	1,297	-	1,297
4 Yr Old At Risk	17,426	120,733	108,158	30,000	-	30,000
K-12 At Risk	2,821	1,892,031	1,836,420	58,432	-	58,432
Virtual Education	-	175,000	70,000	105,000	-	105,000
Capital Outlay	1,539,898	919,927	300,993	2,158,833	-	2,158,833
Driver Education	10,000	28,507	18,507	20,000	-	20,000
Food Service	185,627	488,742	507,572	166,796	-	166,796
Professional Development	4,437	-	-	4,437	-	4,437
Special Education	185,372	1,401,368	1,248,643	338,097	-	338,097
Career and Postsecondary Education	-	257,429	207,451	49,978	-	49,978
KPERS Special Retirement	-	728,571	728,571	-	-	-
Historical Museum	-	23,206	20,500	2,706	-	2,706
Contingency Reserve	487,838	-	-	487,838	-	487,838
Textbook Rental	52,917	5,575	34,145	24,347	-	24,347
Title IV	-	23,640	23,640	-	-	-
Retirees' Holding Account	(1,047)	9,589	8,411	131	-	131
COVID Testing	4,630	23,565	28,195	-	-	-
ESSER	-	-	-	-	-	-
Mini-grant	115,334	31,751	26,935	120,150	-	120,150
Title I	-	320,140	320,140	-	-	-
21st Century Grant	-	78,068	78,068	-	-	-
Title II -A Teacher Quality	-	39,099	39,099	-	-	-
District Activity Funds	7,119	42,262	46,597	2,784	-	2,784
Trust Fund						
Scholarship	33,618	1,483	750	34,351	-	34,351
Bond and Interest Fund	1,530,263	537,516	342,365	1,725,414	-	1,725,414
Total Entity (Excluding Agency Funds)	$ 4,225,709	$ 17,627,117	$ 16,462,809	$ 5,390,016	$ -	$ 5,390,016

Composition of Cash:	
General Checking NOW Account	$ (540,100)
Money Market Accounts	5,891,481
Activity Checking Accounts	108,264
Petty Cash	1,500
Certificates of Deposit	21,806
Total Cash	5,482,952
Agency Funds per Schedule 3	(92,936)
Total Reporting Entity	$ 5,390,016

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

GALENA UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
For the Fiscal Year Ended June 30, 2025

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 public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets require a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The District did hold a revenue neutral rate hearing 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. Thee General, At-Risk, and Special Education Funds were amended during the fiscal year ended June 30, 2025. The budgets of the General Fund and Supplemental General Fund were subsequently reduced to the legal maximum budget after the determination of final enrollment figures.

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, 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.

Qualifying Budget Credits
Expenditures in various funds include expenditures not subject to the budget laws of the State of Kansas, which include reimbursed expenses and grant expenditures.

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

Deposits and Investments
Deposits and investments are comprised of interest-bearing checking accounts and certificates of deposit. 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.

Other Long Term Obligations for Operations
Other Post Employment Benefits. As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Termination Benefits. The District provides an early retirement program for certain eligible employees who are eligible for retirement under KPERS. The amount of the benefit is $200 per year of service to the District and it is paid in a lump sum.

Early Retirement. Only employees that had completed 20 years of employment with the District as of June 30, 2005, 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, 2025, the total early retirement payments were $2,000. Future payments for eligible individuals at June 30, 2025, are estimated at $12,000.

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 9 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 $50 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 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.

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.

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

On June 30, 2025 the District's carrying amount of deposits was $5,482,951.90 and the bank balance was $6,592,762.28. 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 $6,341,262.28 was collateralized with securities held by the pledging financial institutions' agents in the District's name with a market value of $7,357,656.30.

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.

4. **PENSION PLAN** (Continued)

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 13.38% and 12.57% respectively, for the fiscal year ended June 30, 2024. The actuarially determined employer contribution rate was 11.60% and 11.54% for the fiscal year ended June 30, 2025.

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

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

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

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

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $728,570.52 for the year ended June 30, 2025.

4. PENSION PLAN (Continued)

Net Pension Liability

At June 30, 2025, the District's proportionate share of the collective net pension liability reported by KPERS was $5,715,088. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. 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, 2025. 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	$ 961,251.00
General	Driver's Education	KSA 72-5163	21,112.46
General	K-12 At Risk	KSA 72-5153	1,501,304.00
General	4 Yr Old At Risk	KSA 72-5154	46,000.00
General	Virtual Education	K.S.A 72-3715	105,000.00
General	Capital Outlay	K.S.A 72-53,113	206,928.48
General	Food Service	K.S.A 72-5164	4.94
General	Career and Postsecondary Education	KSA 72-5162	151,285.00
Supplemental General	Special Education	KSA 72-3422	430,988.11
Supplemental General	Career and Postsecondary Education	KSA 72-5162	102,908.30
Supplemental General	K-12 At Risk	KSA 72-5153	390,727.00
Supplemental General	4 Yr Old At Risk	KSA 72-5154	74,732.84
Supplemental General	Food Service	K.S.A 72-5164	2,385.60
Supplemental General	Virtual Education	KSA 72-3715	70,000.00

8. SUBSEQUENT EVENTS

Management has evaluated events and transactions from June 30, 2025, through February 22, 2026, 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.

9. 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	$ 3,020,000.00	$ -	$ 260,000.00	$ 2,760,000.00	$ 82,365.00
Lease Purchase									
Performing Arts Center	4.74%	4/11/2023	230,000	4/11/2028	188,181.18	-	54,597.19	133,583.99	3,153.50
Totals					$ 3,208,181.18	$ -	$ 314,597.19	$ 2,893,583.99	$ 85,518.50

Schedule of Maturities in Long-Term Debt

	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	Totals
PRINCIPAL						
General Obligation Bond						
Series 2017	$270,000.00	$270,000.00	$720,000.00	$740,000.00	$760,000.00	$2,760,000.00
Lease Purchase						
Performing Arts Center	133,583.99	-	-	-	-	133,583.99
Total Principal	403,583.99	270,000.00	720,000.00	740,000.00	760,000.00	2,893,583.99
INTEREST						
General Obligation Bond						
Series 2017	74,812.50	67,117.50	53,010.00	32,205.00	10,830.00	237,975.00
Lease Purchase						
Performing Arts Center	1,871.67	-	-	-	-	1,871.67
Total Interest	76,684.17	67,117.50	53,010.00	32,205.00	10,830.00	239,846.67
Totals	$480,268.16	$337,117.50	$773,010.00	$772,205.00	$770,830.00	$3,133,430.66

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Fiscal Year Ended June 30, 2025

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	$ 8,067,000	$ (165,465)	$ 5,417	$ 7,906,952	$ 7,906,952	$ -
Supplemental General	2,557,111	-	3,586	2,560,697	2,560,697	-
Special Purpose Funds:						
Bilingual Education	1,297	-	-	1,297	-	(1,297)
4 Yr Old At Risk	110,426	-	-	110,426	108,158	(2,268)
K-12 At Risk	1,842,936	-	-	1,842,936	1,836,420	(6,516)
Virtual Education	70,000	-	-	70,000	70,000	-
Capital Outlay	1,953,147	-	-	1,953,147	300,993	(1,652,154)
Driver Education	30,100	-	-	30,100	18,507	(11,593)
Food Service	597,820	-	-	597,820	507,572	(90,248)
Professional Development	5,187	-	-	5,187	-	(5,187)
Special Education	1,482,151	-	-	1,482,151	1,248,643	(233,508)
Career and Postsecondary Education	219,285	-	-	219,285	207,451	(11,834)
KPERS Special Retirement	943,140	-	-	943,140	728,571	(214,569)
Historical Museum	20,500	-	-	20,500	20,500	-
Bond and Interest Fund	342,365	-	-	342,365	342,365	-
	18,242,465					

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Reimbursement	$ 13,922	$ 5,417	$ -	$ 5,417
State Sources				
General aid	6,669,701	7,090,284	7,205,125	(114,841)
Special education aid	762,372	811,251	922,373	(111,122)
Total Cash Receipts	7,445,995	7,906,952	$ 8,127,498	$ (220,546)
Expenditures				
Instruction	2,552,933	2,480,359	$ 3,222,588	$ (742,229)
Support Services				
Student Support Services	158,937	336,642	250,218	86,424
Instructional Support Staff	48,600	-	50,506	(50,506)
General Administration	549,130	344,407	360,833	(16,426)
School Administration	775,870	870,999	807,864	63,135
Central Services	60,096	64,568	62,718	1,850
Operations and Maintenance	730,062	615,234	730,984	(115,750)
Student Transportation	112,415	201,856	112,915	88,941
Operating transfers to Other Funds				
4 Yr Old At Risk	17,426	46,000	16,000	30,000
K-12 At Risk	1,338,034	1,501,304	1,418,716	82,588
Virtual Education	-	105,000	-	105,000
Capital Outlay	-	206,928	-	206,928
Driver Education	10,000	21,112	10,000	11,112
Food Service	-	5	-	5
Special Education	994,984	961,251	922,373	38,878
Career and Postsecondary Education	97,508	151,285	101,285	50,000
Adjustments to Budget				
Adjustment for Reimbursed Expenses	-	-	5,417	(5,417)
Adjustment for Legal Maximum	-	-	(165,465)	165,465
Total Expenditures	7,445,995	7,906,952	$ 7,906,952	$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 352,442	$ 409,083	$ 356,504	$ 52,579
Delinquent tax	49,581	32,889	47,800	(14,911)
Motor vehicle tax	37,761	43,126	21,371	21,755
Reimbursements	924	3,586	-	3,586
State Sources				
Supplemental aid	1,758,887	2,083,278	2,083,278	-
Total Cash Receipts	2,199,594	2,571,962	$ 2,508,953	$ 63,009
Expenditures				
Instruction	503,963	509,003	$ 529,932	$ (20,929)
Support Services				
Student Support Services	13,039	34,819	14,000	20,819
Instructional Support Staff	29,001	30,838	31,200	(362)
General Administration	69,392	80,792	82,500	(1,708)
School Administration	54,477	58,834	54,500	4,334
Central Services	-	1,650	1,000	650
Operations and Maintenance	773,776	683,307	806,679	(123,372)
Student Transportation	60,317	92,097	66,327	25,770
Operating transfers to Other Funds				
4 Year At Risk	75,733	74,733	77,000	(2,267)
K-12 At Risk	350,000	390,727	393,028	(2,301)
Virtual Education	44,655	70,000	70,000	-
Driver Education	4,172	-	2,000	(2,000)
Special Education	167,299	430,988	310,945	120,043
Career and Postsecondary Education	36,797	102,908	118,000	(15,092)
Adjustments to Budget				
Adjustment for Reimbursed Expenses			3,586	(3,586)
Adjustment for Legal Maximum			-	-
Total Expenditures	2,182,622	2,560,697	$ 2,560,697	$ -
Receipts Over (Under) Expenditures	16,972	11,265		
Unencumbered Cash, Beginning	31,188	48,159		
Unencumbered Cash, Ending	$ 48,160	$ 59,424		

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Operating Transfer from Other Funds				
Supplemental General	$ -	$ -	$ -	$ -
Total Cash Receipts	-	-	$ -	$ -
Expenditures				
Instruction	-	-	$ 1,297	$ (1,297)
Total Expenditures	-	-	$ 1,297	$ (1,297)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	1,297	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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Operating Transfer from Other Funds				
General	$ 17,426	$ 46,000	$ 16,000	$ 30,000
Supplemental General	75,733	74,733	77,000	(2,267)
Total Cash Receipts	93,159	120,733	$ 93,000	$ 27,733
Expenditures				
Instruction	103,308	108,158	$ 110,426	$ (2,268)
Total Expenditures	103,308	108,158	$ 110,426	$ (2,268)
Receipts Over (Under) Expenditures	(10,149)	12,574		
Unencumbered Cash, Beginning	27,575	17,426		
Unencumbered Cash, Ending	$ 17,426	$ 30,000		

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Operating Transfer from Other Funds				
General	$ 1,338,034	$ 1,501,304	$ 1,418,716	$ 82,588
Supplemental General	350,000	390,727	393,028	(2,301)
Total Cash Receipts	1,688,034	1,892,031	$ 1,811,744	$ 80,287
Expenditures				
Instruction	1,651,364	1,836,383	$ 1,842,936	$ (6,553)
Support Services				
Student Support Services	152,030	37	-	37
Total Expenditures	1,803,393	1,836,420	$ 1,842,936	$ (6,516)
Receipts Over (Under) Expenditures	(115,360)	55,611		
Unencumbered Cash, Beginning	118,181	2,821		
Unencumbered Cash, Ending	$ 2,821	$ 58,432		

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Operating Transfer from Other Funds				
General	$ -	$ 105,000	$ -	$ 105,000
Supplemental General	44,655	70,000	70,000	-
Total Cash Receipts	44,655	175,000	$ 70,000	$ 105,000
Expenditures				
Instruction	44,655	70,000	$ 70,000	$ -
Total Expenditures	44,655	70,000	$ 70,000	$ -
Receipts Over (Under) Expenditures	-	105,000		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ 105,000		

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 164,190	$ 191,145	$ 208,608	$ (17,463)
Delinquent tax	20,012	16,270	23,420	(7,150)
Motor vehicle tax	20,335	18,913	13,445	5,468
Interest on idle funds	183,330	177,246	-	177,246
Miscellaneous	139,933	103,791	-	103,791
State Sources				
State Aid	170,953	205,634	208,608	(2,974)
Operating Transfer from Other Funds				
General	-	206,928	-	206,928
Total Cash Receipts	698,753	919,927	$ 454,081	$ 465,846
Expenditures				
Instruction	-	62,018	$ -	$ 62,018
Support Services				
Central Services	-	-	454,124	(454,124)
Operations & Maintenance	354,036	28,402	1,134,770	(1,106,368)
Student Transportation	-	101,224	59,253	41,971
Facility Acquisition & Construction Services				
Land Improvement	29,800	-	35,000	(35,000)
Site Improvement	2,480	56,256	5,000	51,256
Building Improvements	133,769	53,092	265,000	(211,908)
Total Expenditures	520,085	300,993	$ 1,953,147	$ (1,652,154)
Receipts Over (Under) Expenditures	178,668	618,935		
Unencumbered Cash, Beginning	1,361,230	1,539,898		
Unencumbered Cash, Ending	$ 1,539,898	$ 2,158,833		

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
State Sources				
State aid	$ 3,480	$ 7,395	$ 8,100	$ (705)
Operating Transfer from Other Funds				
General	10,000	21,112	10,000	11,112
Supplemental General	4,172	-	2,000	(2,000)
Total Cash Receipts	17,652	28,507	$ 20,100	$ 8,407
Expenditures				
Instruction	17,228	18,353	$ 30,100	$ (11,747)
Support Services				
Operations and Maintenance	2,212	154	-	154
Total Expenditures	19,440	18,507	$ 30,100	$ (11,593)
Receipts Over (Under) Expenditures	(1,788)	10,000		
Unencumbered Cash, Beginning	11,788	10,000		
Unencumbered Cash, Ending	$ 10,000	$ 20,000		

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Cash Receipts				
Local Sources				
Food Service Sales	$ 79,859	$ 79,181	$ 69,156	$ 10,025
State Sources				
State Aid	3,374	3,591	2,549	1,042
Federal Sources				
Child nutrition aid	359,660	367,195	340,488	26,707
Special Food Service	16,371	20,112	-	20,112
Fresh Fruits and Vegetables	1,878	16,272	-	16,272
Operating Transfer from Other Funds				
General	-	5	-	5
Gifts and Grants	-	2,386	-	2,386
Total Cash Receipts	461,142	488,742	$ 412,193	$ 74,158
Expenditures				
Support Services				
Operations and Maintenance	6,051	9,181	$ -	$ 9,181
Operation of Noninstructional Services				
Food Service Operation	483,387	498,391	597,820	(99,429)
Total Expenditures	489,439	507,572	$ 597,820	$ (90,248)
Receipts Over (Under) Expenditures	(28,297)	(18,831)		
Unencumbered Cash, Beginning	213,924	185,627		
Unencumbered Cash, Ending	$ 185,627	$ 166,796		

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		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	-	-	$ 5,187	$ (5,187)
Total Expenditures	-	-	$ 5,187	$ (5,187)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	4,437	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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 5,321	$ 9,128	$ -	$ 9,128
Operating Transfer from Other Funds				
General	994,984	961,251	922,373	38,878
Supplemental General	167,299	430,988	310,945	120,043
Total Cash Receipts	1,167,604	1,401,368	$ 1,233,318	$ 168,050
Expenditures				
Instruction	1,152,525	1,190,397	$ 1,434,193	$ (243,796)
Support Services				
Student Transportation	65,930	58,246	47,958	10,288
Total Expenditures	1,218,455	1,248,643	$ 1,482,151	$ (233,508)
Receipts Over (Under) Expenditures	(50,851)	152,724		
Unencumbered Cash, Beginning	236,223	185,372		
Unencumbered Cash, Ending	$ 185,372	$ 338,097		

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Miscellaneous	$ 6,616	$ 1,608	$ -	$ 1,608
Federal Sources				
CTE Transportation Aid	-	1,628	-	1,628
Operating Transfer from Other Funds				
General	97,508	151,285	101,285	50,000
Supplemental General	36,797	102,908	118,000	(15,092)
Total Cash Receipts	140,921	257,429	$ 219,285	$ 38,144
Expenditures				
Instruction	182,411	183,426	$ 198,222	$ (14,796)
Support Services				
Instructional Support Staff	593	1,268	1,000	268
Student Transportation	19,479	22,757	20,063	2,694
Total Expenditures	202,483	207,451	$ 219,285	$ (11,834)
Receipts Over (Under) Expenditures	(61,561)	49,978		
Unencumbered Cash, Beginning	61,561	-		
Unencumbered Cash, Ending	$ (0)	$ 49,978		

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Cash Receipts				
State Sources				
State Aid	$ 820,122	$ 728,571	$ 943,140	$ (214,569)
Total Cash Receipts	820,122	728,571	$ 943,140	$ (214,569)
Expenditures				
Instruction	559,969	505,224	$ 615,000	$ (109,776)
Support Services				
Student Support	34,745	29,906	36,000	(6,094)
Instructional Support Staff	5,550	4,550	6,000	(1,450)
General Administration	39,507	27,576	41,000	(13,424)
School Administration	78,524	71,443	79,000	(7,557)
Central Services	5,514	5,377	6,000	(623)
Operations and Maintenance	73,661	66,230	74,000	(7,770)
Student Transportation	16,945	15,112	17,000	(1,888)
Food Service	5,708	3,152	69,140	(65,988)
Total Expenditures	820,122	728,571	$ 943,140	$ (214,569)
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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad Valorem Tax	$ 15,316	$ 19,325	$ 20,362	$ (1,037)
Delinquent Tax	2,832	1,903	2,113	(210)
Motor Vehicle Tax	2,542	1,978	1,525	453
Total Cash Receipts	20,690	23,206	$ 24,000	$ (794)
Expenditures				
Community Service Operations	20,690	20,500	$ 20,500	$ -
Total Expenditures	20,690	20,500	$ 20,500	$ -
Receipts Over (Under) Expenditures	-	2,706		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ 2,706		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
CONTINGENCY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating transfer from Other Funds		
General	$ -	$ -
Total Cash Receipts	-	-
Expenditures		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	487,838	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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Textbook rentals	$ 3,631	$ 4,172
Technology rentals	1,075	1,325
Miscellaneous	367	78
Total Cash Receipts	5,072	5,575
Expenditures		
Instruction	13,915	34,145
Total Expenditures	13,915	34,145
Receipts Over (Under) Expenditures	(8,843)	(28,569)
Unencumbered Cash, Beginning	61,759	52,917
Unencumbered Cash, Ending	$ 52,917	$ 24,347

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TITLE IV FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 23,622	$ 23,640
Total Cash Receipts	23,622	23,640
Expenditures		
Support Services		
Student Support	12,501	12,860
Operations and Maintenance	11,121	10,780
Total Expenditures	23,622	23,640
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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Reimbursements	$ 1,962	$ 1,836
Miscellaneous	8,252	7,753
Total Cash Receipts	10,215	9,589
Expenditures		
Insurance Premiums	10,996	8,411
Total Expenditures	10,996	8,411
Receipts Over (Under) Expenditures	(781)	1,178
Unencumbered Cash, Beginning	(265)	(1,047)
Unencumbered Cash, Ending	$ (1,047)	$ 131

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
COVID TESTING FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal Aid	$ 43,609	$ 23,565
Total Cash Receipts	43,609	23,565
Expenditures		
Instruction	3,840	26,250
Support Services		
Student Support	3,807	1,506
Instructional Support Staff	275	440
Total Expenditures	7,922	28,195
Receipts Over (Under) Expenditures	35,687	(4,630)
Unencumbered Cash, Beginning	(31,057)	4,630
Unencumbered Cash, Ending	$ 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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

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

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
MINI-GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Grants and Donations	$ 18,235	$ 21,333
State Sources		
School Safety and Seurity Grant	11,168	10,418
Pre-K Pilot Grant	42	-
Total Cash Receipts	29,445	31,751
Expenditures		
Instruction	10,660	9,131
Stupport Services		
Operations and Maintenance	11,168	10,418
Facility Acquisition & Construction Service		
Building Improvements	5,000	5,000
Operating Transfer to Other Funds		
Food Service	239	2,386
Total Expenditures	27,067	26,935
Receipts Over (Under) Expenditures	2,378	4,817
Unencumbered Cash, Beginning	112,955	115,334
Unencumbered Cash, Ending	$ 115,334	$ 120,150

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
TITLE I FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Fiscal Year Ended June 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 275,299	$ 320,140
Total Cash Receipts	275,299	320,140
Expenditures		
Instruction	273,299	318,140
Support Services		
General Administration	2,000	2,000
Total Expenditures	275,299	320,140
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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Reimbursements	$ -	$ 320
Federal Sources		
Federal aid	99,993	77,748
Total Cash Receipts	99,993	78,068
Expenditures		
Instruction	92,870	73,400
Support Services		
Instructional Support Staff	7,123	4,668
Total Expenditures	99,993	78,068
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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources		
Federal aid	$ 29,743	$ 39,099
Total Cash Receipts	29,743	39,099
Expenditures		
Instruction	1,747	10,635
Support Services		
Instructional Support Staff	27,996	28,464
Total Expenditures	29,743	39,099
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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources		
Earnings	$ 38	$ 1,483
Total Cash Receipts	38	1,483
Expenditures		
Scholarships	500	750
Total Expenditures	500	750
Receipts Over (Under) Expenditures	(462)	733
Unencumbered Cash, Beginning	34,080	33,618
Unencumbered Cash, Ending	$ 33,618	$ 34,351

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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources				
Ad valorem tax	$ 140,464	$ 163,329	$ 171,320	$ (7,991)
Delinquent tax	26,157	20,128	20,281	(153)
Motor vehicle tax	27,572	15,272	10,340	4,932
State Sources				
State aid	337,635	338,786	338,941	(155)
Total Cash Receipts	531,828	537,516	$ 540,882	$ (3,366)
Expenditures				
Debt Service				
Principal	260,000	260,000	$ 260,000	$ -
Interest	89,775	82,365	82,365	-
Total Expenditures	349,775	342,365	$ 342,365	$ -
Receipts Over (Under) Expenditures	182,053	195,151		
Unencumbered Cash, Beginning	1,348,210	1,530,263		
Unencumbered Cash, Ending	$ 1,530,263	$ 1,725,414		

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Fiscal Year Ended June 30, 2025

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Agency Funds				
Student Organizations	$ 103,504	$ 143,142	$ 153,709	$ 92,936
Totals	$ 103,504	$ 143,142	$ 153,709	$ 92,936

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, 2025

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Plus Encumbrances and Accounts Payable	Cash Balances June, 30 2025
Gate Receipts						
Athletics	$ 6,459	$ 42,262	$ 46,597	$ 2,124	$ -	$ 2,124
Subtotal Gate Receipts	6,459	42,262	46,597	2,124	-	2,124
Special Projects						
District Special Projects	659	-	-	659	-	659
Total District Activity Funds	$ 7,119	$ 42,262	$ 46,597	$ 2,784	$ -	$ 2,784

FEDERAL COMPLIANCE SECTION

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

FEDERAL AGENCY (PASS-THROUGH AGENCY) FEDERAL PROGRAM	AL/OTHER NUMBER	TOTAL RECEIVED	TOTAL EXPENDITURES
U.S. Department of Agriculture			
Passed Through the State of Kansas Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	$ 86,282	$ 86,282
National School Lunch Program	10.555	246,322	246,322
Summer Food Service Program	10.559	34,591	34,591
Fresh Fruits & Vegetables Grant	10.582	16,272	16,272
Total Child Nutrition Cluster		383,467	383,467
NSLP Equipment	10.579	20,112	20,112
Total U.S. Department of Agriculture		403,579	403,579
U.S. Department of Education			
Passed Through the State of Kansas Department of Education			
Title I	84.010A	320,140	320,140
Twenty-First Century Community Learning Center	84.287C	77,748	77,748
Supporting Effective Instruction	84.367A	39,099	39,099
COVID-19 Student Support and Academic Enrichment Program	84.424A	23,640	23,640
Total U.S. Department of Education		460,627	460,627
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	23,565	28,195
Total U.S. Department of Health and Human Services		23,565	28,195
TOTAL FEDERAL AWARDS EXPENDED			$ 892,401

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, 2025

Finding 2024-001 and 2025-001 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.

D B B

D B B INC.
Certified Public Accountants

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, 2025, and the related notes to the regulatory basis financial statement and have issued our report thereon dated February 22, 2026.

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 2025-001 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 February 22, 2026.

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.

DBB Inc.

DBB Inc.

February 22, 2026
Fort Scott, Kansas



D B B INC.
Certified Public Accountants

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, 2025. 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, 2025.

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

We are required to be independent of 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.

DBB Inc.

DBB Inc.

February 22, 2026
Fort Scott, Kansas

UNIFIED SCHOOL DISTRICT #499
GALENA, KANSAS

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

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
10.553, 10.555, 10.556, & 10.559	Child Nutrition Cluster

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
2025-001 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, 2025 Financial Statements

Corrective Action Plan

Audit Finding 2025-001

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.