USD 337 - ROYAL VALLEY

Mayetta, Kansas

FINANCIAL STATEMENT

WITH REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

June 30, 2023

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

USD 337 - ROYAL VALLEY
Mayetta, Kansas
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September 8, 2023

Board of Education
USD 337 - Royal Valley
Mayetta, Kansas

Independent Auditor's Report

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of USD 337 - Royal Valley (the District), as of and for the year ended June 30, 2023 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, 2023, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the District as of June 30, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) 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), KMAAG and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 audits. 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 the 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 KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of the financial statement in accordance with KMAAG as described in Note 1; this includes determining 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 financial statement that is free from material misstatement, whether due to fraud or error.

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

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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.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional analysis and are a not required part of the basic financial statement; however, are required to be presented under the provisions of the KMAAG. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Supplementary Information (Continued)
Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the District's basic financial statement. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2023 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 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 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.

Varney & Associates, CPAs, LLC

Certified Pubic Accountants
Manhattan, Kansas

USD 337 - ROYAL VALLEY
Mayetta, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General Funds							
General	$ -	$ -	$ 7,449,599	$ 7,449,599	$ -	$ -	$ -
Supplemental General	114,226	-	2,323,650	2,345,658	92,218	-	92,218
Special Purpose Funds							
Career and Postsecondary Education	92,000	-	216,962	219,962	89,000	-	89,000
Special Education	440,300	-	1,223,726	1,231,666	432,360	-	432,360
Driver Education	24,991	-	12,383	14,374	23,000	-	23,000
Food Service	276,947	-	658,086	610,625	324,408	-	324,408
Capital Outlay	690,222	-	1,705,410	1,356,320	1,039,312	-	1,039,312
Gifts and Grants	19,466	-	63,742	67,091	16,117	-	16,117
Parent Education	48,000	-	53,074	55,074	46,000	-	46,000
Professional Development	60,000	-	35,406	37,406	58,000	-	58,000
Extraordinary School Program	163,259	-	133,704	134,293	162,670	-	162,670
KPERS Special Contribution	-	-	921,000	921,000	-	-	-
At-Risk (K-12)	72,000	-	1,182,001	1,182,729	71,272	-	71,272
Preschool-Aged At-Risk	12,261	-	80,212	79,473	13,000	-	13,000
Virtual Education	-	-	3,500	3,500	-	-	-
District Activity Funds	110,547	-	229,004	218,191	121,360	-	121,360
Textbook and Student Materials	199,988	-	41,068	48,008	193,048	-	193,048
Contingency Reserve Fund	468,000	-	-	-	468,000	-	468,000
Title I	-	-	134,692	134,692	-	-	-
Impact Aid	212,297	-	145,435	109,560	248,172	-	248,172
Title VI	-	-	66,080	66,080	-	-	-
Title IIA - Teacher Quality	-	-	23,403	23,403	-	-	-
JCCTCC Grant	9,099	-	15,000	12,962	11,137	-	11,137
Bilingual	-	-	2,704	2,704	-	-	-
Grow Your Own Teacher	480	-	2	482	-	-	-
ESSER	(111,378)	-	784,353	709,811	(36,836)	-	(36,836)
Title IVA	-	-	16,531	16,531	-	-	-
Total Reporting Entity (Excluding Agency Funds)	$ 2,902,705	$ -	$ 17,520,727	$ 17,051,194	$ 3,372,238	$ -	$ 3,372,238

Composition of Cash	
Checking Accounts	$ 245,384
Savings Accounts	2,136,426
Certificates of Deposit	1,069,232
Total Cash	$ 3,451,042
Less: Agency funds per Schedule 4	(78,804)
Total Reporting Entity (Excluding Agency Funds)	$ 3,372,238

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report.

USD 337 - ROYAL VALLEY
Mayetta, Kansas
NOTES TO FINANCIAL STATEMENT
June 30, 2023

Note 1: Summary of Significant Accounting Policies

Financial Reporting Entity

USD No. 337 (the District), is a municipal corporation governed by an elected seven member Board. This financial statement includes all the accounts for which the District is considered to be financially accountable. The District has no related municipal entities.

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

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

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

Regulatory Basis Fund Types

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

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

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

Agency Fund -- used to report assets held by the District in a purely custodial capacity.

Reimbursed Expenses

Expenditures in the amount of $13,627 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statement meet the following criteria:
1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Note 2: 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. 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 twelve month period on or before August 1st of each year.
2. Publication in a local newspaper of the proposed budget and notice of public hearing on the budget.
3. Public hearing at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

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

The 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.

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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

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

Textbook and Student Materials	Title II-A - Teacher Quality	Title VI
Contingency Reserve	JCCTCC Grant	Bilingual
Title I	ESSER	Grow Your Own Teacher
Impact Aid		

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

Use of Estimates

The process of preparing the financial statement requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statement. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 3: Deposits and Investments

K.S.A. 9-1401 established 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 or depository risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policies 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. K.S.A. 9-1402 and 9-1405 require the District's deposits in a financial institution be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2023.

At June 30, 2023, the carrying amount of the District's cash and certificates was $3,451,042. The bank balance was $3,705,158. The bank balance was held by one bank resulting in a concentration of deposit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, $250,000 was secured by FDIC insurance and the remaining $3,455,158 was collateralized by bank pledged securities with a fair market value of $6,147,697.

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

Note 4: Pension Plans

Defined Benefit Pension Plan

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

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

Note 4: Pension Plans (Continued)

Defined Benefit Pension Plan (Continued)

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 14.20% and 13.33%, respectively, for the fiscal year ended June 30, 2022. The actuarially determined employer contribution rate and the statutory contribution rate was 13.88% and 13.11% for the fiscal year ended June 30, 2023.

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 dollars 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 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.

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. 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 pays off the outstanding accounts receivable for KPERS-school employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred to KPERS. In Fiscal Year 2023, Senate Bill 421 authorizes two additional transfers which total $271 million.

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 $921,000 for the year ended June 30, 2023.

Net Pension Liability: At June 30, 2023, the District's proportionate share of the collective net pension liability reported by KPERS was $8,599,859. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement. The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

Note 5: Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

Note 6: Stewardship, Compliance and Accountability

We noted no violations of Kansas Statutes during the period under examination.

Note 7: Deficit Cash/Unencumbered cash for Individual Funds

Funds with a Deficit Unencumbered Cash Balance- Generally, school districts are required by K.S.A. 10-1113 to limit fund expenditures to the available monies in that fund. K.S.A 12-1663, however, provides an exception for those funds which are to be financed by Federal government sources and other grants and gifts. This exception allows these funds to expend in excess of currently available resources with the expectation that the District will be reimbursed for qualifying grant expenditures.

The following fund had a deficit balance of unencumbered cash as of June 30, 2023: Elementary and Secondary School Emergency Relief. This fund is financed by Federal and State governmental agencies and the District is expecting reimbursement of qualifying grant expenditures.

Note 8: Compensated Absences

Classified employees and administrators receive one day of sick leave for each full month of contracted employment. They may accumulate an amount of days equal to annual contracted full months multiplied by five. Once a classified employee or administrator has accumulated the maximum number of sick leave days, the employee will be paid at a rate of 70% of his hourly pay for the unused days in October of each contract year. Teachers have the option of receiving payment for unused sick leave (maximum of ten days) or transferring one or more days to a special sick leave account. The district has not computed or recorded the liability at year end.

Note 9: Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government 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 government makes health care 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.

Note 10: Interfund Transfers

Operating transfers were as follows:

Fund From	Fund To	Statutory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-6428	$ 1,051,450
General Fund	Capital Outlay Fund	K.S.A. 72-6428	427,000
General Fund	At-Risk Fund (K-12)	K.S.A. 72-6428	924,121
General Fund	Preschool-Aged At-Risk Fund	K.S.A. 72-6428	73,912
General Fund	Virtual Education Fund	K.S.A. 72-6428	3,500
General Fund	Parent Education Fund	K.S.A. 72-6428	1,360
General Fund	Drivers Education Fund	K.S.A. 72-6428	698
General Fund	Career & Postsecondary Fund	K.S.A. 72-6428	11,521
General Fund	Textbook Fund	K.S.A. 72-6428	78
Supp General Fund	Career & Postsecondary Fund	K.S.A. 72-6425	199,237
Supp General Fund	Parent Education Fund	K.S.A. 72-6425	16,025
Supp General Fund	Special Education Fund	K.S.A. 72-6425	67,958
Supp General Fund	Professional Development Fund	K.S.A. 72-6425	29,752
Supp General Fund	At-Risk Fund (K-12)	K.S.A. 72-6425	257,880
Supp General Fund	Bilingual Fund	K.S.A. 72-6425	2,704
		Total Transfers	$ 3,067,196

Note 11: Subsequent Events

Subsequent events for management's review have been evaluated through the date of the Auditor's Report.

Note 12: Long-Term Debt

Changes in long-term liabilities for the District for the year were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning of Year	Additions	Reductions/ Payments	End of Year	Interest Paid
Finance Leases									
Building Improvement	2.78%	04/28/2022	$ 5,300,000	04/01/2036	$ 5,300,000	$ -	$ -	$ 5,300,000	$ 136,240

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

	2024	2025	2026	2027	2028	2029-2033	2034-2038	Total
Principal								
Capital Leases	$ 345,000	$ 355,000	$ 365,000	$ 375,000	$ 385,000	$ 2,085,000	$ 1,390,000	$ 5,300,000
Interest								
Capital Leases	147,288	137,700	127,834	117,690	107,270	370,164	77,950	1,085,896
	$ 492,288	$ 492,700	$ 492,834	$ 492,690	$ 492,270	$ 2,455,164	$ 1,467,950	$ 6,385,896

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

USD 337 - ROYAL VALLEY
Mayetta, Kansas
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended June 30, 2023

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds						
General Funds						
General	$ 7,505,863	$ (69,891)	$ 13,627	$ 7,449,599	$ 7,449,599	$ -
Supplemental General	2,345,658	-	-	2,345,658	2,345,658	-
Special Purpose Funds						
Career and Postsecondary Education	272,500	-	-	272,500	219,962	(52,538)
Special Education	1,606,800	-	-	1,606,800	1,231,666	(375,134)
Driver Training	21,500	-	-	21,500	14,374	(7,126)
Food Service	735,000	-	-	735,000	610,625	(124,375)
Capital Outlay	1,695,500	-	-	1,695,500	1,356,320	(339,180)
Gifts and Grants	90,000	-	-	90,000	28,806	(61,194)
Parent Education	71,200	-	-	71,200	55,074	(16,126)
Professional Development	63,000	-	-	63,000	37,406	(25,594)
Extraordinary School Program	181,800	-	-	181,800	134,293	(47,507)
KPERS Special Retirement Contribution	949,765	-	-	949,765	921,000	(28,765)
At-Risk (K-12) Fund	1,187,000	-	-	1,187,000	1,182,729	(4,271)
Preschool-Aged At-Risk	86,000	-	-	86,000	79,473	(6,527)
Virtual Education	28,000	-	-	28,000	3,500	(24,500)
Total of all Funds	$ 16,839,586	$ (69,891)	$ 13,627	$ 16,783,322	$ 15,670,485	$ (1,112,837)

USD 337 - ROYAL VALLEY
Mayetta, Kansas
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
General state aid	$ 6,682,135	$ 6,544,883	$ 137,252
Special education aid	753,837	960,980	(207,143)
Other Sources			
Reimbursements	13,627	-	13,627
Total Cash Receipts	$ 7,449,599	$ 7,505,863	$ (56,264)
EXPENDITURES			
Instruction	$ 3,200,738	$ 3,462,180	$ (261,442)
Student support services	51,057	53,000	(1,943)
Instructional support staff	345,039	352,750	(7,711)
General administration	177,417	175,500	1,917
School administration	662,745	607,400	55,345
Central services	51,318	51,500	(182)
Operations and maintenance	467,645	475,500	(7,855)
Operating transfers	2,493,640	2,328,033	165,607
Adjustment to comply with legal maximum	-	(69,891)	69,891
Legal general fund budget and expenditures	$ 7,449,599	$ 7,435,972	$ 13,627
Adjustment for qualifying budget credits	-	13,627	(13,627)
Total Expenditures	$ 7,449,599	$ 7,449,599	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
SUPPLEMENTAL GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem property tax	$ 600,740	$ 613,777	$ (13,037)
Delinquent tax	6,195	6,170	25
County Sources			
Motor vehicle tax	81,368	74,104	7,264
RV tax	2,280	1,501	779
Commercial vehicle tax	2,846	137	2,709
16/20 truck tax	5,085	-	5,085
Watercraft tax	1,002	-	1,002
State Sources			
Supplemental state aid	1,624,134	1,624,134	-
Total Cash Receipts	$ 2,323,650	$ 2,319,823	$ 3,827
EXPENDITURES			
Instruction	$ 243,497	$ 230,300	$ 13,197
Student support services	13,500	17,980	(4,480)
Instructional support staff	89,574	101,651	(12,077)
General administration	102,941	103,500	(559)
School administration	145,009	171,790	(26,781)
Operations and maintenance	665,340	573,750	91,590
Student transportation services	512,241	535,100	(22,859)
Operating transfers	573,556	611,587	(38,031)
Total Expenditures	$ 2,345,658	$ 2,345,658	$ -
RECEIPTS OVER (UNDER) EXPENDITURES	$ (22,008)		
UNENCUMBERED CASH - BEGINNING	114,226		
UNENCUMBERED CASH - ENDING	$ 92,218		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
CAREER AND POSTSECONDARY EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
General state aid	$ 6,204	$ -	$ 6,204
Other Sources			
Operating transfers	210,758	204,556	6,202
Total Cash Receipts	$ 216,962	$ 204,556	$ 12,406
EXPENDITURES			
Instruction	$ 203,210	$ 251,500	$ (48,290)
Student support services	1,174	2,000	(826)
Student transportation services	15,578	19,000	(3,422)
Total Expenditures	$ 219,962	$ 272,500	$ (52,538)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (3,000)		
UNENCUMBERED CASH - BEGINNING	92,000		
UNENCUMBERED CASH - ENDING	$ 89,000		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
SPECIAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 3,364	$ 10,000	$ (6,636)
Federal Sources			
Federal aid	100,954	166,000	(65,046)
Other Sources			
Operating transfers	1,119,408	1,125,720	(6,312)
Total Cash Receipts	$ 1,223,726	$ 1,301,720	$ (77,994)
EXPENDITURES			
Instruction	$ 1,102,550	$ 1,458,300	$ (355,750)
Student support services	3,935	7,500	(3,565)
School administration	1,375	1,000	375
Student transportation services	123,806	140,000	(16,194)
Total Expenditures	$ 1,231,666	$ 1,606,800	$ (375,134)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (7,940)		
UNENCUMBERED CASH - BEGINNING	440,300		
UNENCUMBERED CASH - ENDING	$ 432,360		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
DRIVER TRAINING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State safety aid	$ 5,180	$ 5,670	$ (490)
Other Sources			
Charges for services	6,505	-	6,505
Operating transfers	698	4,000	(3,302)
Total Cash Receipts	$ 12,383	$ 9,670	$ 2,713
EXPENDITURES			
Instruction	$ 13,756	$ 19,500	$ (5,744)
Operations and maintenance	618	2,000	(1,382)
Total Expenditures	$ 14,374	$ 21,500	$ (7,126)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (1,991)		
UNENCUMBERED CASH - BEGINNING	24,991		
UNENCUMBERED CASH - ENDING	$ 23,000		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
FOOD SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Food Service	$ 208,917	$ 193,662	$ 15,255
State Sources			
State aid	5,263	3,468	1,795
Federal Sources			
Federal aid	443,906	288,691	155,215
Total Cash Receipts	$ 658,086	$ 485,821	$ 172,265
EXPENDITURES			
Food service operations	$ 610,625	$ 735,000	$ (124,375)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 47,461		
UNENCUMBERED CASH - BEGINNING	276,947		
UNENCUMBERED CASH - ENDING	$ 324,408		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
CAPITAL OUTLAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Ad valorem property tax	$ 317,648	$ 281,099	$ 36,549
Delinquent tax	2,899	2,957	(58)
Other	33,897	70,000	(36,103)
County Sources			
Motor vehicle tax	37,825	34,496	3,329
RV tax	1,057	699	358
Commercial vehicle tax	1,352	63	1,289
16/20 truck tax	-	200	(200)
Watercraft tax	480	-	480
State Sources			
State aid	225,880	226,144	(264)
Other Sources			
Miscellaneous	657,372	450,000	207,372
Operating transfers	427,000	427,000	-
Total Cash Receipts	$ 1,705,410	$ 1,492,658	$ 212,752
EXPENDITURES			
Instruction	$ 159,344	$ 205,000	$ (45,656)
Instructional support staff	6,074	50,000	(43,926)
Operations and maintenance	67,450	40,000	27,450
Student transportation services	148,434	200,000	(51,566)
Facility acquisition and construction services	975,018	1,200,500	(225,482)
Total Expenditures	$ 1,356,320	$ 1,695,500	$ (339,180)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 349,090		
UNENCUMBERED CASH - BEGINNING	690,222		
UNENCUMBERED CASH - ENDING	$ 1,039,312		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
GIFTS AND GRANTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 26,413	$ 50,000	$ (23,587)
State Sources			
State aid	37,329	28,000	9,329
Total Cash Receipts	$ 63,742	$ 78,000	$ (14,258)
EXPENDITURES			
Instruction	$ 28,806	$ 61,000	$ (32,194)
Student support services	29,329	28,000	1,329
Food service	956	1,000	(44)
Facility acquisition and construction	8,000	-	8,000
Total Expenditures	$ 67,091	$ 90,000	$ (22,909)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (3,349)		
UNENCUMBERED CASH - BEGINNING	19,466		
UNENCUMBERED CASH - ENDING	$ 16,117		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
PARENT EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
State aid	$ 35,689	$ 41,241	$ (5,552)
Other Sources			
Operating transfers	17,385	22,000	(4,615)
Total Cash Receipts	$ 53,074	$ 63,241	$ (10,167)
EXPENDITURES			
Student support services	$ 55,074	$ 71,200	$ (16,126)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (2,000)		
UNENCUMBERED CASH - BEGINNING	48,000		
UNENCUMBERED CASH - ENDING	$ 46,000		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
PROFESSIONAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
General state aid	$ 5,654	$ -	$ 5,654
Other Sources			
Miscellaneous	-	6,750	(6,750)
Operating transfers	29,752	30,000	(248)
Total Cash Receipts	$ 35,406	$ 36,750	$ (1,344)
EXPENDITURES			
Instructional support staff	$ 37,406	$ 63,000	$ (25,594)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (2,000)		
UNENCUMBERED CASH - BEGINNING	60,000		
UNENCUMBERED CASH - ENDING	$ 58,000		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
EXTRAORDINARY SCHOOL PROGRAM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Local Sources			
Other	$ 133,704	$ 99,000	$ 34,704
EXPENDITURES			
Instruction	$ 94,444	$ 141,100	$ (46,656)
Student support services	3,910	4,700	(790)
Instructional support staff	35,107	35,000	107
School administration	832	1,000	(168)
Total Expenditures	$ 134,293	$ 181,800	$ (47,507)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (589)		
UNENCUMBERED CASH - BEGINNING	163,259		
UNENCUMBERED CASH - ENDING	$ 162,670		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
State Sources			
State aid	$ 921,000	$ 949,765	$ (28,765)
EXPENDITURES			
Instruction	$ 594,900	$ 614,765	$ (19,865)
Student support services	36,894	34,000	2,894
Instructional support staff	40,820	42,000	(1,180)
General administration	22,758	27,000	(4,242)
School administration	81,461	74,000	7,461
Central services	7,285	8,000	(715)
Operations and maintenance	61,763	68,000	(6,237)
Student transportation services	45,894	52,000	(6,106)
Food service operations	29,225	30,000	(775)
Total Expenditures	$ 921,000	$ 949,765	$ (28,765)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
AT RISK FUND (K-12)
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Operating transfers	$ 1,182,001	$ 1,026,700	$ 155,301
EXPENDITURES			
Instruction	$ 1,024,087	$ 1,027,000	$ (2,913)
Student support services	158,642	160,000	(1,358)
Total Expenditures	$ 1,182,729	$ 1,187,000	$ (4,271)
RECEIPTS OVER (UNDER) EXPENDITURES	$ (728)		
UNENCUMBERED CASH - BEGINNING	72,000		
UNENCUMBERED CASH - ENDING	$ 71,272		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
PRESCHOOL-AGED AT-RISK
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Charges for services	$ 6,300	$ 5,000	$ 1,300
Operating transfers	73,912	79,200	(5,288)
Total Cash Receipts	$ 80,212	$ 84,200	$ (3,988)
EXPENDITURES			
Instruction	$ 79,473	$ 86,000	$ (6,527)
RECEIPTS OVER (UNDER) EXPENDITURES	$ 739		
UNENCUMBERED CASH - BEGINNING	12,261		
UNENCUMBERED CASH - ENDING	$ 13,000		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
VIRTUAL EDUCATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended June 30, 2023

	Actual	Budget	Variance - Over (Under)
CASH RECEIPTS			
Other Sources			
Operating transfers	$ 3,500	$ 28,000	$ (24,500)
EXPENDITURES			
Instruction	$ 3,500	$ 28,000	$ (24,500)
RECEIPTS OVER (UNDER) EXPENDITURES	$ -		
UNENCUMBERED CASH - BEGINNING	-		
UNENCUMBERED CASH - ENDING	$ -		

USD 337 - ROYAL VALLEY
Mayetta, Kansas
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
NON-BUDGETED FUNDS
For the Year Ended June 30, 2023

	Textbook and Student Materials	Contingency Reserve	Title I	Impact Aid	Title VI	Title II-A Teacher Quality	JCCTCC Grant	Bilingual	Grow Your Own Teacher	ESSER	Title IV-A
RECEIPTS											
State Sources											
State aid	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 784,353	$ -
Federal Sources											
Federal aid	-	-	134,692	145,435	66,080	23,403	-	-	-	-	16,531
Other Sources											
Charges for services	40,990	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	2	-	-
Miscellaneous	-	-	-	-	-	-	15,000	-	-	-	-
Operating transfers	78	-	-	-	-	-	-	2,704	-	-	-
Total Receipts	$ 41,068	$ -	$ 134,692	$ 145,435	$ 66,080	$ 23,403	$ 15,000	$ 2,704	$ 2	$ 784,353	$ 16,531
EXPENDITURES											
Instruction	$ 48,008	$ -	$ 134,692	$ 62,060	$ 66,080	$ 23,403	$ 285	$ 2,704	$ -	$ -	$ -
Student support services	-	-	-	18,000	-	-	-	-	-	709,811	16,531
Instructional support staff	-	-	-	-	-	-	-	-	482	-	-
General administration	-	-	-	-	-	-	12,677	-	-	-	-
Student transportation services	-	-	-	29,500	-	-	-	-	-	-	-
Total Expenditures	$ 48,008	$ -	$ 134,692	$ 109,560	$ 66,080	$ 23,403	$ 12,962	$ 2,704	$ 482	$ 709,811	$ 16,531
RECEIPTS OVER (UNDER) EXPENDITURES	$ (6,940)	$ -	$ -	$ 35,875	$ -	$ -	$ 2,038	$ -	$ (480)	$ 74,542	$ -
UNENCUMBERED CASH - BEGINNING	199,988	468,000	-	212,297	-	-	9,099	-	480	(111,378)	-
UNENCUMBERED CASH - ENDING	$ 193,048	$ 468,000	$ -	$ 248,172	$ -	$ -	$ 11,137	$ -	$ -	$ (36,836)	$ -

USD 337 - ROYAL VALLEY
Mayetta, Kansas
AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Unencumbered Cash	Add Encumbrances and Accounts Payable	Ending Balance
High School	$ 61,247	$ 113,685	$ 115,111	$ 59,821	$ -	$ 59,821
Middle School	18,790	18,378	18,185	18,983	-	18,983
RV Foundation	-	20	20	-	-	-
Total Agency Funds	$ 80,037	$ 132,083	$ 133,316	$ 78,804	$ -	$ 78,804

USD 337 - ROYAL VALLEY
Mayetta, Kansas
DISTRICT ACTIVITY FUNDS
SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended June 30, 2023

	Beginning Balance	Cash Receipts	Cash Disbursements	Ending Unencumbered Cash	Add Encumbrances and Accounts Payable	Ending Balance
Gate Receipts						
High School	$ 30,887	$ 99,971	$ 95,163	$ 35,695	$ -	$ 35,695
Middle School	3,727	18,061	17,509	4,279	-	4,279
Subtotal Gate Receipts	$ 34,614	$ 118,032	$ 112,672	$ 39,974	$ -	$ 39,974
School Projects						
High School	$ 34,692	$ 79,459	$ 74,062	$ 40,089	$ -	$ 40,089
Middle School	25,724	12,303	12,369	25,658	-	25,658
Elementary	15,517	19,210	19,088	15,639	-	15,639
Subtotal School Projects	$ 75,933	$ 110,972	$ 105,519	$ 81,386	$ -	$ 81,386
Total District Activity Funds	$ 110,547	$ 229,004	$ 218,191	$ 121,360	$ -	$ 121,360

September 8, 2023

Board of Education
USD 337 - Royal Valley
Mayetta, Kansas

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the USD 337 - Royal Valley (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the District's basic financial statement, and have issued our report thereon dated September 8, 2023.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varney & Associates, CPAs, LLC

Certified Pubic Accountants
Manhattan, Kansas

September 8, 2023

Board of Education
USD 337 - Royal Valley
Mayetta, Kansas

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance In Accordance With The Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the compliance of USD 377 - Royal Valley (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2023. 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.

Auditor's Responsibility

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 requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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, 2022.

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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 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.

This 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. According, this report is not suitable for any other purpose.

Varney & Associates, CPAs, LLC

Certified Pubic Accountants
Manhattan, Kansas

USD 337 - ROYAL VALLEY
Mayetta, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Number	Pass-Thru Entity Identifying Number	Federal Award Expenditures
U.S. Department of Agriculture			
Passed through Kansas Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	DO337	$ 100,150
COVID-19 - National School Lunch Program	10.555	DO337	312,454
Summer Food Service Program for Children	10.559	DO337	31,303
Subtotal Child Nutrition Cluster			$ 443,907
Total U.S. Dept. of Agriculture			$ 443,907
U.S. Department of Education			
Direct Aid			
Impact Aid	84.041		$ 161,747
Passed through Kansas Department of Education			
Special Education (IDEA) Cluster			
Title VI-B Special Education	84.027A	DO337	$ 14,899
Early Childhood Education	84.173A	DO337	10,123
Subtotal Special Education (IDEA) Cluster			$ 25,022
Title I Grants to Local Educational Agencies	84.010	DO337	$ 134,692
Supporting Effective Instruction	84.367	DO337	23,403
ESSA Student Support Academic Enrichment	84.424A	DO337	16,531
COVID-19 - Emergency and Secondary Emergency Relief	84.425D	DO337	68,156
COVID-19 - Emergency and Secondary Emergency Relief	84.425U		629,434
Total U.S. Department of Education			$ 1,058,985
U.S. Department of Health and Human Services			
Passed through Kansas Department of Education			
K-12 Stay Positive	93.323	DO337	$ 21,904
TOTAL FEDERAL ASSISTANCE			$ 1,524,796

Note:
There were no federal awards passed through to subrecipients.

USD 337 - ROYAL VALLEY
Mayetta, Kansas
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Note 1: Organization

Unified School District No. 337 Royal Valley (the District), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District, and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statement. The District elected not to use the 10% de minimis indirect cost rate.

Note 3: Additional Audits

Grantor agencies reserve the right to conduct additional audits of the District's grant programs for economy and efficiency and program results that may result in disallowed costs to the District. However, management does not believe such audits would result in any disallowed costs that would be material to the District's financial position at June 30, 2023.

Note 4: Non-Cash Assistance, Insurance, and Loans

The District did not receive or expend any federal awards in the form of non-cash assistance, insurance, loans or loan guarantees, including interest subsidies during the year ended June 30, 2023.

USD 337 - ROYAL VALLEY
Mayetta, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statement

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	___ Yes	X None
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	X None reported
Noncompliance material to financial statement noted?	___ Yes	X None

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	___ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)	___ Yes	X No

Identification of major programs:

Name of Federal Program	CFDA Number
ESSER	84.425D
ESSER	84.425U

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

NOTE: Beginning with the year ended June 30, 2016, the criteria for determination of low-risk auditee status changed by the U.S. Office of Management and Budget (OMB. Specifically, the regulatory basis of accounting prescribed by the State of Kansas does not meet the criteria established by OMB in the Uniform Grant Guidance (UGG). The District continues, however, to meet each of the other criteria for low-risk auditee status.

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported