VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
VALLEY CENTER, KANSAS

FINANCIAL STATEMENT
JUNE 30, 2023



VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
TABLE OF CONTENTS
JUNE 30, 2023

	Page
Independent Auditors' Report	1 – 4
Financial Statement	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	5
Notes to Financial Statement	6 – 13
Regulatory-Required Supplementary Information	
Summary of Expenditures - Actual and Budget	14
Schedule of Cash Receipts and Expenditures - Actual and Budget	
General Fund	15
Supplemental General Fund	16
Preschool-Aged At-Risk Fund	17
At Risk (K-12) Fund	18
Bilingual Education Fund	19
Virtual Education Fund	20
Capital Outlay Fund	21
Driver Training Fund	22
Food Service Fund	23
Professional Development Fund	24
Parent Education Program Fund	25
Summer School Fund	26
Special Education Fund	27
Career and Postsecondary Education Fund	28
Special Education Cooperative Fund	29
Recreation Commission Fund	30
Recreation Commission Employee Benefits Fund	31
KPERS Contribution Fund	32
Bond & Interest Fund	33
Schedule of Cash Receipts and Expenditures - Actual	
Federal Funds	34
Gifts and Grants Fund	35
Contingency Reserve Fund	36
Textbook & Student Material Revolving Fund	37
Schedule of Cash Receipts and Expenditures - Capital Projects	38
Schedule of Cash Receipts and Cash Disbursements	
Agency Funds	39 – 42
Schedule of Cash Receipts, Expenditures, and Unencumbered Cash	
District Activity Funds	43
Federal Award Information	
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*	44 – 45
Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance	46 – 48
Schedule of Expenditures of Federal Awards	49
Notes to Schedule of Expenditures of Federal Awards	50
Schedule of Findings and Questioned Costs	51
Schedule of Prior Year Findings and Questioned Costs	52

BFR

INDEPENDENT AUDITORS' REPORT

Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of and for the year ended **June 30, 2023**, and the related notes to the financial statement.

Adverse and Unmodified Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America
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 **Valley Center Unified School District No. 262, Valley Center, Kansas**, 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 **Valley Center Unified School District No. 262, Valley Center, Kansas**, 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* 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of the report. We are required to be independent of **Valley Center Unified School District No. 262, Valley Center, Kansas** 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.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Education
Valley Center Unified School District No. 262

Matter Giving Rise to Adverse Opinion on Accounting Principles Generally Accepted in the United State of America
As discussed in Note 1 of the financial statement, the financial statement is prepared by **Valley Center Unified School District No. 262, Valley Center, Kansas**, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards*, 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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, individual fund schedules of regulatory basis receipts and expenditures-actual, schedule of cash receipts and expenditures-capital projects, agency funds schedules of regulatory basis cash receipts and disbursements, and district activity funds schedules of regulatory basis cash receipts, expenditures, and unencumbered cash (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is 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 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 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of and for the year ended June 30, 2022, and have issued our report thereon dated November 7, 2022, which contained an unmodified opinion on the basic financial statement.

The 2022 basic 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: https://admin.ks.gov/offices/oar/municipal-services. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2022 (as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 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 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 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 2022 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2022, 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 January 30, 2024, on our consideration of **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting and compliance.

BFR CPA, LLC

BFR CPA, LLC
January 30, 2024

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 0	$ 0	$ 22,860,756	$ 22,860,756	$ 0	$ 0	$ 0
Special Purpose Funds							
Supplemental General	54,132	0	7,319,137	7,245,928	127,341	0	127,341
Preschool-Aged At-Risk	100,001	0	330,475	330,473	100,003	0	100,003
At Risk (K-12)	300,005	0	3,469,559	3,570,658	198,906	0	198,906
Bilingual Education	100,000	0	181,339	181,334	100,005	0	100,005
Virtual Education	40,001	0	136,110	141,102	35,009	0	35,009
Capital Outlay	5,469,105	0	2,650,910	2,980,021	5,139,994	0	5,139,994
Driver Training	32,560	0	29,248	30,851	30,957	0	30,957
Food Service	786,611	0	1,690,464	1,770,012	707,063	0	707,063
Professional Development	175,199	0	46,463	47,830	173,832	0	173,832
Parent Education Program	3	0	117,654	117,651	6	0	6
Summer School	32,808	0	9,688	12,420	30,076	0	30,076
Special Education	2,568,533	0	6,496,968	6,272,606	2,792,895	0	2,792,895
Career and Postsecondary Education	529,258	0	971,088	970,272	530,074	0	530,074
Special Education Cooperative	1,310,263	0	7,902,176	8,148,106	1,064,333	0	1,064,333
Recreation Commission	0	0	1,270,821	1,247,600	23,221	0	23,221
Recreation Commission Employee Benefits	0	0	217,660	210,000	7,660	0	7,660
KPERS Contribution	0	0	3,484,605	3,484,605	0	0	0
Federal Funds	(327,631)	0	2,198,812	2,118,337	(247,156)	0	(247,156)
Gifts and Grants	21,469	0	296,458	297,965	19,962	0	19,962
Contingency Reserve	1,796,491	0	0	0	1,796,491	0	1,796,491
Textbook & Student Material Revolving	151,773	0	208,260	231,109	128,924	0	128,924
District Activity Funds	107,312	0	444,360	410,031	141,641	0	141,641
Bond & Interest Fund	7,908,109	0	7,948,411	6,992,550	8,863,970	0	8,863,970
	$ 21,156,002	$ 0	$ 70,281,422	$ 69,672,217	$ 21,765,207	$ 0	$ 21,765,207

Composition of Cash:		
	Checking and Money Market Accounts	$ 21,901,304
	Agency Funds	(136,097)
		$ 21,765,207

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

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Valley Center Unified School District No. 262 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Valley Center, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

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

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

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

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

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

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 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 for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the regulatory basis of accounting.

Budget and Tax Cycle

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 & 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 calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and 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 publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The budget was amended for the following funds:

General Fund
Preschool-Aged At-Risk Fund
At Risk (K-12) Fund

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the 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 budgeted expenditure authority lapses at year end.

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

Federal Funds
Gifts and Grants Fund
Contingency Reserve Fund
Textbook & Student Material Revolving Fund
District Activity 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.

Note 2 - 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.

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 paymentsof $19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of $56 million was paid in fiscal year 2018. This bill also authorized a payment of $82 million in fiscal year 2019. The 2019 legislative session authorized an additional fiscal year payment for the KPERS School Group. 2019 Senate Bill 9 authorized a payment of $115 million for the KPERS School Group. House Substitute for SenateBill 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 $3,484,605 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 $31,796,862. 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 3 - Postemployment 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 the 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.

Note 4 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:								
Transfer from:	Preschool-Aged At-Risk	At Risk (K-12)	Bilingual Education	Virtual Education	Professional Development	Parent Education Program	Special Education	Career and Postsecondary Education	Total
General Fund	$ 0	$ 2,630,893	$ 100,000	$ 135,810	$ 0	$ 55,485	$ 5,374,608	$ 0	$ 8,296,796
Supplemental General Fund	330,475	834,731	74,960	0	40,000	0	710,885	903,854	2,894,905
	$ 330,475	$ 3,465,624	$ 174,960	$ 135,810	$ 40,000	$ 55,485	$ 6,085,493	$ 903,854	$ 11,191,701

Note 5 - Contingencies:

Grant Programs
The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting 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.

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

Note 6 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

Note 7 - Deposits:

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. The rating of the District's investments is noted above.

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 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, 2023.

At June 30, 2023, the District's carrying amount of deposits was $21,901,304 and the bank balance was $26,809,414. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $21,695,802 was covered by federal depository insurance and the remaining $5,113,612 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Note 8 - Reimbursed Expenditures:

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 of accounting.

Note 9 - Subsequent Events:

The District has evaluated subsequent events through January 30, 2024, the date which the financial statement was available to be issued.

Note 10 - Advance Refunding of Bond Obligation:

On December 28, 2017, the District issued $9,705,000 in General Obligation Bonds with interest rates ranging from 2.25% to 4.00%. Of the issue, $9,712,385 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2016 bonds. As of June 30, 2023, $9,005,000 of bonds outstanding are considered defeased and not included in long-term debt below.

On November 1, 2019, the District issued $15,050,000 in General Obligation Bonds with interest rates ranging from 2.10% to 2.85%. Of the issue, $14,822,908 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2015 bonds. As of June 30, 2023, $12,700,000 of bonds outstanding are considered defeased and not included in long-term debt below.

On April 1, 2021, the District issued $21,965,000 in General Obligation Bonds with interest rates ranging from 0.22% to 2.00%. Of the issue, $21,618,142 was used to purchase U.S. government securities. Those securities were deposited with an escrow agent to provide for the future debt service payments on a portion of the 2015 and 2016 bonds. As of June 30, 2023, $11,370.000 and $7,870,000 of the 2015 and 2016 bonds outstanding are considered defeased and not included in long-term debt below.

Note 11 - Long-Term Debt:

Principal payments are due annually for general obligation bonds on September 1. Interest payments are due semi-annually on March 1 and September 1.

Terms for long-term liabilities for the District for the year ended June 30, 2023, were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
2012 Series	2.00 - 3.00	12/27/2012	$ 9,255,000	9/1/2028
2015 Series	4.00 - 5.00	10/28/2015	$ 42,125,000	9/1/2033
2016 Series	2.00 - 5.00	7/6/2016	$ 18,000,000	9/1/2036
2017 Series	2.25 - 4.00	12/28/2017	$ 9,705,000	9/1/2035
2019 Series	2.10 - 2.85	11/1/2019	$ 15,050,000	9/1/2033
2021 Series	0.22 - 2.00	4/1/2021	$ 21,965,000	9/1/2033

Changes in long-term liabilities for the District for the year ended June 30, 2023, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
2012 Series	$ 8,955,000	$ 0	$ 70,000	$ 8,885,000	$ 241,650
2015 Series	11,125,000	0	2,590,000	8,535,000	461,470
2016 Series	640,000	0	150,000	490,000	150,869
2017 Series	9,705,000	0	0	9,705,000	319,681
2019 Series	13,255,000	0	1,525,000	11,730,000	313,725
2021 Series	21,535,000	0	885,000	20,650,000	283,425
	$ 65,215,000	$ 0	$ 5,220,000	$ 59,995,000	$ 1,770,820

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

	Principal	Interest	Total Principal and Interest
2024	$ 5,390,000	$ 1,536,601	$ 6,926,601
2025	5,560,000	1,654,699	7,214,699
2026	5,975,000	1,766,176	7,741,176
2027	6,150,000	1,629,106	7,779,106
2028	6,240,000	1,437,292	7,677,292
2029 - 2033	23,085,000	4,056,999	27,141,999
2034 - 2037	7,595,000	1,214,051	8,809,051
	$ 59,995,000	$ 13,294,924	$ 73,289,924

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	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)
General Fund	$ 22,654,930	$ (43,743)	$ 249,569	$ 22,860,756	$ 22,860,756	$ 0
Special Purpose Funds						
Supplemental General	7,245,928	0	0	7,245,928	7,245,928	0
Preschool-Aged At-Risk	340,650	0	0	340,650	330,473	(10,177)
At Risk (K-12)	3,764,172	0	0	3,764,172	3,570,658	(193,514)
Bilingual Education	266,650	0	0	266,650	181,334	(85,316)
Virtual Education	435,400	0	0	435,400	141,102	(294,298)
Capital Outlay	4,435,000	0	0	4,435,000	2,980,021	(1,454,979)
Driver Training	43,750	0	0	43,750	30,851	(12,899)
Food Service	2,620,800	0	0	2,620,800	1,770,012	(850,788)
Professional Development	175,400	0	0	175,400	47,830	(127,570)
Parent Education Program	139,000	0	0	139,000	117,651	(21,349)
Summer School	29,550	0	0	29,550	12,420	(17,130)
Special Education	6,372,218	0	0	6,372,218	6,272,606	(99,612)
Career and Postsecondary Education	993,150	0	0	993,150	970,272	(22,878)
Special Education Cooperative	9,017,900	0	0	9,017,900	8,148,106	(869,794)
Recreation Commission	1,247,600	0	0	1,247,600	1,247,600	0
Recreation Commission Employee Benefits	210,000	0	0	210,000	210,000	0
KPERS Contribution	3,520,478	0	0	3,520,478	3,484,605	(35,873)
Federal Funds	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	2,118,337	XXXXXXXXX
Gifts and Grants	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	297,965	XXXXXXXXX
Contingency Reserve	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	0	XXXXXXXXX
Textbook & Student Material Revolving	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	231,109	XXXXXXXXX
District Activity Funds	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	XXXXXXXXX	410,031	XXXXXXXXX
Bond & Interest Fund	6,998,550	0	0	6,998,550	6,992,550	(6,000)
	$ 70,511,126	$ (43,743)	$ 249,569	$ 70,716,952	$ 69,672,217	$ (4,102,177)

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

General Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 149,851	$ 249,569	$ 0	$ 249,569
County Sources	4,263	6,789	0	6,789
State Sources	21,267,971	22,604,398	22,860,756	(256,358)
	21,422,085	22,860,756	$ 22,860,756	$ 0
Expenditures				
Instruction	9,210,663	8,920,043	$ 10,707,934	$ (1,787,891)
Student Support Services	663,487	569,634	724,000	(154,366)
Instructional Support Staff	627,617	651,820	685,000	(33,180)
General Administration	728,384	800,775	788,000	12,775
School Administration	1,688,728	1,772,363	1,786,000	(13,637)
Central Services	517,728	564,763	545,250	19,513
Operations & Maintenance	348,595	375,322	449,325	(74,003)
Student Transportation Services	972,297	909,240	1,104,250	(195,010)
Transfers	6,664,586	8,296,796	5,865,171	2,431,625
Adjustment to Comply with Legal Max	0	0	(43,743)	43,743
Adjustment for Qualifying Budget Credits	0	0	249,569	(249,569)
	21,422,085	22,860,756	$ 22,860,756	$ 0
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 0		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Supplemental General Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 2,111,517	$ 2,453,822	$ 2,291,224	$ 162,598
County Sources	270,005	271,397	306,662	(35,265)
State Sources	4,467,320	4,593,918	4,593,918	0
	6,848,842	7,319,137	$ 7,191,804	$ 127,333
Expenditures				
Instruction	307,065	514,640	$ 1,696,441	$ (1,181,801)
Student Support Services	16,241	15,620	15,000	620
Instructional Support Staff	83,192	122,236	85,000	37,236
General Administration	4,953	5,236	5,000	236
School Administration	180,812	203,649	231,000	(27,351)
Central Services	754,562	708,140	773,000	(64,860)
Operations & Maintenance	2,570,263	2,781,502	3,103,500	(321,998)
Transfers	3,003,624	2,894,905	1,336,987	1,557,918
	6,920,712	7,245,928	$ 7,245,928	$ 0
Receipts Over (Under) Expenditures	(71,870)	73,209		
Unencumbered Cash, Beginning	126,002	54,132		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 54,132	$ 127,341		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Preschool-Aged At-Risk Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 209,080	$ 330,475	$ 240,650	$ 89,825
	209,080	330,475	$ 240,650	$ 89,825
Expenditures				
Instruction	198,994	324,430	$ 335,650	$ (11,220)
Student Support Services	112	6,043	5,000	1,043
	199,106	330,473	$ 340,650	$ (10,177)
Receipts Over (Under) Expenditures	9,974	2		
Unencumbered Cash, Beginning	90,027	100,001		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 100,001	$ 100,003		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

At Risk (K-12) Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 845	$ 3,935	$ 0	$ 3,935
Transfers	2,152,005	3,465,624	3,464,167	1,457
	2,152,850	3,469,559	$ 3,464,167	$ 5,392
Expenditures				
Instruction	2,147,415	3,095,698	$ 3,337,672	$ (241,974)
Student Support Services	355,467	474,960	426,500	48,460
	2,502,882	3,570,658	$ 3,764,172	$ (193,514)
Receipts Over (Under) Expenditures	(350,032)	(101,099)		
Unencumbered Cash, Beginning	650,037	300,005		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 300,005	$ 198,906		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Bilingual Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 8,830	$ 6,379	$ 0	$ 6,379
Transfers	175,330	174,960	116,650	58,310
	184,160	181,339	$ 116,650	$ 64,689
Expenditures				
Instruction	107,387	126,244	$ 190,500	$ (64,256)
Instructional Support Staff	56,778	55,090	76,150	(21,060)
	164,165	181,334	$ 266,650	$ (85,316)
Receipts Over (Under) Expenditures	19,995	5		
Unencumbered Cash, Beginning	80,005	100,000		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 100,000	$ 100,005		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Virtual Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 0	$ 300	$ 0	$ 300
Transfers	163,881	135,810	395,400	(259,590)
	163,881	136,110	$ 395,400	$ (259,290)
Expenditures				
Instruction	128,073	102,590	$ 386,300	$ (283,710)
Student Support Services	169	162	200	(38)
Instructional Support Staff	200	300	0	300
School Administration	31,124	33,543	42,700	(9,157)
Operations & Maintenance	4,325	4,507	6,200	(1,693)
	163,891	141,102	$ 435,400	$ (294,298)
Receipts Over (Under) Expenditures	(10)	(4,992)		
Unencumbered Cash, Beginning	40,011	40,001		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 40,001	$ 35,009		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Capital Outlay Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 1,433,602	$ 1,722,166	$ 1,288,136	$ 434,030
County Sources	131,028	135,857	156,466	(20,609)
State Sources	650,372	792,887	792,887	0
Federal Sources	143,262	0	0	0
	2,358,264	2,650,910	$ 2,237,489	$ 413,421
Expenditures				
Instruction	170,437	398,136	$ 250,000	$ 148,136
Student Support Services	0	946	100,000	(99,054)
Instructional Support Staff	33,581	129,741	100,000	29,741
General Administration	1,494	1,714	50,000	(48,286)
School Administration	0	25,709	50,000	(24,291)
Central Services	19,142	130,485	100,000	30,485
Operations & Maintenance	277,575	444,194	750,000	(305,806)
Transportation	90,625	192,753	300,000	(107,247)
Other Support Services	0	0	500,000	(500,000)
Facility Acquisition & Construction Services	143,553	1,656,343	2,235,000	(578,657)
	736,407	2,980,021	$ 4,435,000	$ (1,454,979)
Receipts Over (Under) Expenditures	1,621,857	(329,111)		
Unencumbered Cash, Beginning	3,847,248	5,469,105		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 5,469,105	$ 5,139,994		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Driver Training Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 17,400	$ 17,488	$ 0	$ 17,488
State Sources	8,540	11,760	11,340	420
	25,940	29,248	$ 11,340	$ 17,908
Expenditures				
Instruction	37,721	30,686	$ 43,550	$ (12,864)
Vehicle Operations, Maintenance Services	138	165	200	(35)
	37,859	30,851	$ 43,750	$ (12,899)
Receipts Over (Under) Expenditures	(11,919)	(1,603)		
Unencumbered Cash, Beginning	44,479	32,560		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 32,560	$ 30,957		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Food Service Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 79,646	$ 568,903	$ 1,182,173	$ (613,270)
State Sources	14,111	14,669	8,405	6,264
Federal Sources	2,202,243	1,106,892	659,122	447,770
	2,296,000	1,690,464	$ 1,849,700	$ (159,236)
Expenditures				
Operations & Maintenance	62,602	132,795	$ 427,800	$ (295,005)
Food Service Operation	1,515,662	1,637,217	2,193,000	(555,783)
	1,578,264	1,770,012	$ 2,620,800	$ (850,788)
Receipts Over (Under) Expenditures	717,736	(79,548)		
Unencumbered Cash, Beginning	68,875	786,611		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 786,611	$ 707,063		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Professional Development Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 1,692	$ 0	$ 0	$ 0
State Sources	0	6,463	18,000	(11,537)
Transfers	50,000	40,000	0	40,000
	51,692	46,463	$ 18,000	$ 28,463
Expenditures				
Instructional Support Staff	49,049	43,846	173,400	(129,554)
Central Services	1,396	3,984	2,000	1,984
	50,445	47,830	$ 175,400	$ (127,570)
Receipts Over (Under) Expenditures	1,247	(1,367)		
Unencumbered Cash, Beginning	173,952	175,199		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 175,199	$ 173,832		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Parent Education Program Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 1,144	$ 150	$ 0	$ 150
State Sources	62,412	62,019	62,019	0
Transfers	36,810	55,485	76,978	(21,493)
	100,366	117,654	$ 138,997	$ (21,343)
Expenditures				
Student Support Services	94,963	110,753	$ 139,000	$ (28,247)
Central Services	5,407	6,898	0	6,898
	100,370	117,651	$ 139,000	$ (21,349)
Receipts Over (Under) Expenditures	(4)	3		
Unencumbered Cash, Beginning	7	3		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 3	$ 6		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Summer School Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 15,212	$ 9,688	$ 0	$ 9,688
	15,212	9,688	$ 0	$ 9,688
Expenditures				
Instruction	0	12,420	$ 29,550	$ (17,130)
	0	12,420	$ 29,550	$ (17,130)
Receipts Over (Under) Expenditures	15,212	(2,732)		
Unencumbered Cash, Beginning	17,596	32,808		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 32,808	$ 30,076		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Special Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 1,212,838	$ 410,575	$ 70,000	$ 340,575
Federal Sources	158,520	900	275,900	(275,000)
Transfers	5,760,592	6,085,493	3,457,785	2,627,708
	7,131,950	6,496,968	$ 3,803,685	$ 2,693,283
Expenditures				
Instruction	6,581,696	5,680,903	$ 5,816,218	$ (135,315)
General Administration	1,299	0	0	0
Student Transportation Services	480,435	591,703	556,000	35,703
	7,063,430	6,272,606	$ 6,372,218	$ (99,612)
Receipts Over (Under) Expenditures	68,520	224,362		
Unencumbered Cash, Beginning	2,500,013	2,568,533		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 2,568,533	$ 2,792,895		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Career and Postsecondary Education Fund

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 123,540	$ 63,304	$ 90,000	$ (26,696)
State Sources	0	3,930	25,200	(21,270)
Federal Sources	0	0	20,414	(20,414)
Transfers	1,030,512	903,854	328,278	575,576
	1,154,052	971,088	$ 463,892	$ 507,196
Expenditures				
Instruction	827,406	891,932	$ 882,000	$ 9,932
Student Support Services	9,651	671	0	671
Instructional Support Staff	0	73,229	95,150	(21,921)
Student Transportation Services	1,747	4,440	16,000	(11,560)
	838,804	970,272	$ 993,150	$ (22,878)
Receipts Over (Under) Expenditures	315,248	816		
Unencumbered Cash, Beginning	214,010	529,258		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 529,258	$ 530,074		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Special Education Cooperative Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 8,132,725	$ 6,783,237	$ 7,063,798	$ (280,561)
Federal Sources	900,578	1,118,939	754,284	364,655
	9,033,303	7,902,176	$ 7,818,082	$ 84,094
Expenditures				
Instruction	5,273,749	5,549,559	$ 6,325,000	$ (775,441)
Student Support Services	1,862,353	2,008,261	2,028,000	(19,739)
Instructional Support Staff	299,549	305,836	358,250	(52,414)
General Administration	238,837	235,385	253,000	(17,615)
Central Services	47,454	47,375	53,650	(6,275)
Student Transportation Services	1,098	1,690	0	1,690
	7,723,040	8,148,106	$ 9,017,900	$ (869,794)
Receipts Over (Under) Expenditures	1,310,263	(245,930)		
Unencumbered Cash, Beginning	0	1,310,263		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 1,310,263	$ 1,064,333		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Recreation Commission Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 971,309	$ 1,175,133	$ 1,147,832	$ 27,301
County Sources	81,656	95,688	109,168	(13,480)
	1,052,965	1,270,821	$ 1,257,000	$ 13,821
Expenditures				
Community Service Operations	1,052,965	1,247,600	$ 1,247,600	$ 0
	1,052,965	1,247,600	$ 1,247,600	$ 0
Receipts Over (Under) Expenditures	0	23,221		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 23,221		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Recreation Commission Employee Benefits Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 163,736	$ 196,898	$ 191,263	$ 5,635
County Sources	20,305	20,762	23,456	(2,694)
	184,041	217,660	$ 214,719	$ 2,941
Expenditures				
Community Service Operations	184,041	210,000	$ 210,000	$ 0
	184,041	210,000	$ 210,000	$ 0
Receipts Over (Under) Expenditures	0	7,660		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 7,660		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

KPERS Contribution Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
State Sources	$ 3,061,285	$ 3,484,605	$ 3,520,478	$ (35,873)
	3,061,285	3,484,605	$ 3,520,478	$ (35,873)
Expenditures				
Instruction	1,888,200	2,195,373	$ 2,194,094	$ 1,279
Student Support Services	167,146	382,350	381,014	1,336
Instructional Support Staff	109,288	137,324	140,749	(3,425)
General Administration	94,594	82,138	87,663	(5,525)
School Administration	281,332	223,706	231,527	(7,821)
Central Services	113,880	120,522	126,601	(6,079)
Operations & Maintenance	203,269	157,958	166,899	(8,941)
Student Transportation Services	125,207	116,730	122,517	(5,787)
Food Service Operation	78,369	68,504	69,414	(910)
	3,061,285	3,484,605	$ 3,520,478	$ (35,873)
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 0		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Bond & Interest Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 3,907,487	$ 3,827,707	$ 3,715,572	$ 112,135
County Sources	405,165	410,712	463,860	(53,148)
State Sources	3,425,950	3,709,992	3,709,992	0
	7,738,602	7,948,411	$ 7,889,424	$ 58,987
Expenditures				
Debt Service	6,518,517	6,992,550	$ 6,998,550	$ (6,000)
	6,518,517	6,992,550	$ 6,998,550	$ (6,000)
Receipts Over (Under) Expenditures	1,220,085	955,861		
Unencumbered Cash, Beginning	6,688,024	7,908,109		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 7,908,109	$ 8,863,970		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Federal Funds

	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	$ 1,414,812	$ 2,198,812
	1,414,812	2,198,812
Expenditures		
Instruction	1,110,372	1,470,761
Student Support Services	297,025	176,811
Instructional Support Staff	164,610	203,167
General Administration	20,886	5,014
School Administration	0	23,499
Central Services	65,422	86,763
Operations & Maintenance	20,186	101,295
Student Transportation Services	23,181	31,681
Food Service Operation	10,042	19,346
	1,711,724	2,118,337
Receipts Over (Under) Expenditures	(296,912)	80,475
Unencumbered Cash, Beginning	(30,719)	(327,631)
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ (327,631)	$ (247,156)

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 26,849	$ 15,742
State Sources	138,008	250,716
Federal Sources	19,601	30,000
	184,458	296,458
Expenditures		
Instruction	12,626	44,922
Student Support Services	152,376	195,503
General Administration	0	2,456
Central Services	0	242
Operations & Maintenance	19,709	54,842
	184,711	297,965
Receipts Over (Under) Expenditures	(253)	(1,507)
Unencumbered Cash, Beginning	21,722	21,469
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 21,469	$ 19,962

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	$ 90,000	$ 0
	90,000	0
Expenditures		
Transfers	0	0
	0	0
Receipts Over (Under) Expenditures	90,000	0
Unencumbered Cash, Beginning	1,706,491	1,796,491
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 1,796,491	$ 1,796,491

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Textbook & Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 223,711	$ 208,260
	223,711	208,260
Expenditures		
Instruction	445,388	213,648
Support Services	(51,604)	17,461
	393,784	231,109
Receipts Over (Under) Expenditures	(170,073)	(22,849)
Unencumbered Cash, Beginning	321,846	151,773
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 151,773	$ 128,924

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - CAPITAL PROJECTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest	$ 1,174	$ 0
	1,174	0
Expenditures		
Facility Acquisition & Construction Services	711,159	0
	711,159	0
Receipts Over (Under) Expenditures	(709,985)	0
Unencumbered Cash, Beginning	709,985	0
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 0	$ 0

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Class of 2022	$ 697	$ 0	$ 697	$ 0
Class of 2023	3,365	174	1,711	1,828
Class of 2024	2,732	10,062	11,364	1,430
Class of 2025	1,286	4,946	910	5,322
Class of 2026	0	2,823	642	2,181
Student Services	1,971	1,123	2,230	864
TLC Student Services	376	0	0	376
Pepsi	1	1,452	1,239	214
Library/Media	412	100	0	512
Sales Tax	473	2,631	2,502	602
Band Activity	2,082	2,000	3,151	931
Choir Activities	2,334	5,575	6,340	1,569
Counselor Activity	1,968	4,241	4,254	1,955
Crime Stoppers	485	0	0	485
Field Trip	303	0	179	124
Gifted	407	0	0	407
Math Department	6	221	0	227
Musical	11,743	9,036	9,723	11,056
Vending DECA	4,697	8,072	8,640	4,129
Hornet Print & Design	4,436	0	4,436	0
Hornet Food Pantry	857	1,200	1,062	995
SALT	264	0	0	264
Serve VC Community	1,000	0	0	1,000
Hornet Studios	963	0	934	29
Next Steps Academy	1,219	2,485	2,465	1,239
Frosty Fruit DECA	0	3,467	3,448	19
Auto Parts	366	3,099	2,845	620
	44,443	62,707	68,772	38,378

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School (Continued)				
Woods Project	1,700	3,177	0	4,877
Yearbook	6,902	3,237	1,828	8,311
PE Uniforms	(1,658)	0	0	(1,658)
Art Club	1,550	364	520	1,394
Chess Club	692	0	122	570
DECA	554	16,965	17,325	194
Drama Club	461	10,063	10,330	194
FBLA	648	4,156	4,119	685
FCCLA	2,547	3,225	950	4,822
Friendship Club	470	353	222	601
HOSA	1,027	0	0	1,027
Letterwomen's Club	407	1,954	1,726	635
National Forensics	2,458	5,231	5,408	2,281
National Honor Society	651	0	292	359
Robotics	4,502	1,000	2,249	3,253
SADD	1,006	595	612	989
Scholars Bowl	781	500	496	785
Science Club	419	0	0	419
Skills USA/TSA	1,815	0	351	1,464
Spanish Club	47	0	30	17
Student Council	7,166	4,739	7,615	4,290
Varsity Club	112	0	0	112
Spanish Travels	2,177	0	0	2,177
SHOW	20	0	0	20
GSA	391	0	0	391
SAFE	2,198	0	315	1,883
FAA Activity	143	0	0	143
Europe Travels	5,063	0	0	5,063
eSports	(821)	2,801	1,980	0
PBS Activity	85	859	333	611
Empowered & Educated	0	1,084	7	1,077
Car Club	0	1,062	0	1,062
Band DC Travels	936	0	0	936
Environment Club	506	0	0	506
	89,398	124,072	125,602	87,868

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Middle School				
Student Services	1,565	4,456	5,964	57
Faculty Services	352	769	830	291
PE Activity Account	1,329	4,266	4,306	1,289
Choir Activity Account	248	1,584	1,177	655
Bus Trips	7	0	0	7
Sales Tax	0	1,651	1,651	0
Dare Account	(53)	0	0	(53)
Brew Crew	52	0	0	52
Student Council	193	6,462	4,740	1,915
Yearbook	1,078	920	1,135	863
Academic Activities	(15)	0	0	(15)
Fundraiser	0	411	411	0
Leadership Program	8	0	0	8
Band Fundraiser	145	2,960	2,282	823
SHOW Account	1,411	0	0	1,411
Robotics	96	0	0	96
D&D Club	0	500	0	500
Concessions	987	9,842	10,626	203
	7,403	33,821	33,122	8,102
Intermediate School				
Faculty Services	211	208	397	22
Student Services	339	7,245	7,474	110
PE Account	3,201	5,299	5,205	3,295
Stuco	4,291	6,552	6,710	4,133
Robotics	362	0	297	65
Kindness Club	747	1,123	1,305	565
Sales Tax	0	413	413	0
	9,151	20,840	21,801	8,190

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Abilene Elementary				
Faculty Services	4,834	810	1,456	4,188
Student Services	7,058	193	832	6,419
Gifts & Grants	2,619	250	80	2,789
	14,511	1,253	2,368	13,396
West Elementary				
Faculty Account	1,576	300	396	1,480
Student Services	10,689	1,406	2,977	9,118
PE Account	2,275	684	1,094	1,865
Sales Tax	0	116	0	116
Owls	26	0	0	26
	14,566	2,506	4,467	12,605
Wheatland Elementary				
Faculty Services	3,503	390	1,223	2,670
Student Services	3,681	5,971	9,385	267
Sales Tax	35	70	67	38
	7,219	6,431	10,675	2,975
Scholarship and Memorials				
Dawson Scholarship	3,298	63	400	2,961
	3,298	63	400	2,961
Total Agency Funds	$ 145,546	$ 188,986	$ 198,435	$ 136,097

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
DISTRICT ACTIVITY FUNDS
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
School Projects							
Athletics	$ 61,435	$ 0	$ 285,908	$ 249,738	$ 97,605	$ 0	$ 97,605
Middle School	1,407	0	6,036	5,753	1,690	0	1,690
Middle School Athletics	20,014	0	131,421	122,855	28,580	0	28,580
Intermediate School	2,960	0	8,483	9,319	2,124	0	2,124
Abilene Elementary	1,487	0	2,332	1,872	1,947	0	1,947
West Elementary	2,531	0	3,946	3,946	2,531	0	2,531
Wheatland Elementary	7,828	0	5,684	6,348	7,164	0	7,164
	97,662	0	443,810	399,831	141,641	0	141,641
Activity Advertising	9,650	0	550	10,200	0	0	0
	9,650	0	550	10,200	0	0	0
Total District Activity Funds	$ 107,312	$ 0	$ 444,360	$ 410,031	$ 141,641	$ 0	$ 141,641

FEDERAL AWARD INFORMATION

BFR

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
Valley Center Unified School District No. 262
Valley Center, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**, as of and for the year ended **June 30, 2023**, and the related notes to the financial statement, which collectively comprise **Valley Center Unified School District No. 262, Valley Center, Kansas'** basic financial statement, and have issued our report thereon dated January 30, 2024. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control over financial reporting (internal control) as a basis for designing 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 statement 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.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Education
Valley Center Unified School District No. 262

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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Valley Center Unified School District No. 262, Valley Center, Kansas'** financial statement is free from 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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

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

BFR CPA, LLC

BFR CPA, LLC
January 30, 2024

BFR

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

Board of Education
Valley Center Unified School District No. 262
Valley Center, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs for the year ended **June 30, 2023**. **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Valley Center Unified School District No. 262, Valley Center, Kansas** 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, 2023**.

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 (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Valley Center Unified School District No. 262, Valley Center, Kansas** 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance with the compliance requirements referred to above.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Education
Valley Center Unified School District No. 262

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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** major federal programs.

Auditors' 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a 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 aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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 **Valley Center Unified School District No. 262, Valley Center, Kansas'** 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.

Board of Education
Valley Center Unified School District No. 262

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 major 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 major 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 major 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 Auditors' 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 weakness 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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BFR CPA, LLC

BFR CPA, LLC
January 30, 2024

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grant Title	Assistance Listing Number	Program Amount	Expenditures
(Passes Through Kansas Department of Education)			
Department of Agriculture			
Child Nutrition Cluster-Cluster			
School Breakfast Program	10.553	170,046	170,046
National School Lunch Program	10.555	844,888	1,468,867
Summer Food Service Program for Children	10.559	86,137	86,137
		1,101,071	1,725,050
Child and Adult Care Food Program	10.558	5,820	5,820
		1,106,891	1,730,870
Department of Education			
Title I Grants to Local Education Agencies	84.010	407,962	402,448
Special Education Cluster (IDEA)-Cluster			
Special Education Grants to States	84.027	754,905	754,905
Special Education Preschool Grants	84.173	11,379	11,379
		766,284	766,284
Career and Technical Education - Basic Grants to States	84.048	20,414	20,414
Supporting Effective Instruction State Grants	84.367	102,853	100,129
Student Support and Academic Enrichment Program	84.424	24,396	27,956
COVID-19 Education Stabilization Fund	84.425D	1,379,847	900
COVID-19 Education Stabilization Fund	84.425U	2,570,695	1,468,052
		5,272,451	2,786,183
Department of Health and Human Services			
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	158,351	129,338
		158,351	129,338
(Passes Through Kansas Department of Health and Environment)			
Department of Health and Human Services			
Medicaid Cluster-Cluster			
Medical Assistance Program	93.778	352,655	352,655
		352,655	352,655
Total Federal Awards		$ 6,890,348	$ 4,999,046

The accompanying notes are an integral part of this schedule.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Valley Center Unified School District No. 262, Valley Center, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the 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).

Note 2 - Indirect Cost Rate:

The District has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**.

2. No significant deficiencies or material weaknesses were reported in the Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statement of **Valley Center Unified School District No. 262, Valley Center, Kansas**, were disclosed during the audit.

4. No significant deficiencies or material weakness were reported in the Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.

5. The independent auditors' report on compliance for the major federal award programs for **Valley Center Unified School District No. 262, Valley Center, Kansas**, expresses an unmodified opinion on all major federal programs.

6. There were no audit findings relative to the major federal award programs for **Valley Center Unified School District No. 262, Valley Center, Kansas**.

7. The programs tested as major programs were:

Child Nutrition Cluster-Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
COVID-19 Education Stabilization Fund	84.425D
COVID-19 Education Stabilization Fund	84.425U

8. The threshold for distinguishing Types A and B programs was $750,000.

9. **Valley Center Unified School District No. 262, Valley Center, Kansas**, was determined not to be a low-risk auditee.

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

There are no prior audit findings.