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

FINANCIAL STATEMENT
JUNE 30, 2025

BFR

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
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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, 2025**, and the related notes to the financial statement.

Adverse and Unmodified Opinions

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, 2025**, 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.

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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, 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, 2024, and have issued our report thereon dated November 8, 2024, which contained an unmodified opinion on the basic financial statement.

The 2024 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 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2024 (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 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2024 basic financial statement or to the 2024 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2024 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2024, 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 28, 2026, 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 28, 2026

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

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	$ 26,454,979	$ 26,454,979	$ 0	$ 0	$ 0
Special Purpose Funds							
Supplemental General	152,928	0	8,436,430	8,342,500	246,858	0	246,858
Preschool-Aged At-Risk	100,004	0	395,281	394,959	100,326	0	100,326
At Risk (K-12)	197,134	0	4,009,920	4,064,401	142,653	0	142,653
Bilingual Education	100,000	0	296,791	296,787	100,004	0	100,004
Virtual Education	35,000	0	168,440	168,435	35,005	0	35,005
Capital Outlay	6,912,166	0	3,201,392	2,597,260	7,516,298	936,673	8,452,971
Driver Training	32,807	0	38,015	37,593	33,229	0	33,229
Food Service	705,625	0	1,584,476	1,784,778	505,323	0	505,323
Professional Development	171,723	0	6,130	60,953	116,900	0	116,900
Parent Education Program	39,435	0	111,135	150,566	4	0	4
Summer School	30,844	0	28,453	36,392	22,905	0	22,905
Special Education	2,477,189	0	7,832,784	7,829,466	2,480,507	0	2,480,507
Career and Postsecondary Education	530,003	0	902,781	936,634	496,150	0	496,150
KPERS Contribution	0	0	3,566,116	3,566,116	0	0	0
Special Education Cooperative	367,463	0	9,746,117	9,906,952	206,628	0	206,628
Recreation Commission	13,040	0	1,552,313	1,565,353	0	0	0
Recreation Commission Employee Benefits	0	0	258,822	258,822	0	0	0
Federal Funds	(190,569)	0	721,494	543,546	(12,621)	0	(12,621)
Gifts and Grants	23,593	0	307,424	354,716	(23,699)	0	(23,699)
Contingency Reserve	1,796,491	0	0	0	1,796,491	0	1,796,491
Textbook & Student Material Revolving	228,876	0	247,911	119,884	356,903	0	356,903
District Activity Funds	156,744	0	925,999	983,356	99,387	0	99,387
Bond & Interest Fund	10,107,216	0	8,675,127	8,471,473	10,310,870	0	10,310,870
Capital Projects	0		63,396,657	53,155,319	10,241,338	46,979,703	57,221,041
	$ 23,987,712	$	$ 79,468,330	$ 78,925,921	$ 24,530,121	$ 47,916,376	$ 82,687,835

	Composition of Cash:	Checking and Money Market Accounts	$ 26,196,543
		Certificates of Deposit	2,266
		Investments	56,646,657
0			82,845,466
		Agency Funds	(157,631)
			$ 82,687,835

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2025

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.

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. There were no budget amendments for the year ending June 30, 2025.

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 13.38% and 12.57%, respectively, for the fiscal year ended June 30, 2024. The actuarially determined employer contribution rate and the statutory contribution rate was 11.60% and 11.54% for the fiscal year ended June 30, 2025.

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

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

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

In addition, Senate Bill 421 authorizes two additional transfers in Fiscal Year 2023 which totaled $271 million. The first transfer of $146.1 million was received on August 1, 2022. The second transfer of $125 million was received on December 1, 2022.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled $3,566,116 for the year ended June 30, 2025.

Net Pension Liability
At June 30, 2025, the District's proportionate share of the collective net pension liability reported by KPERS was $31,585,009. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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, 2024. 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 - Post Employment Benefits:

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

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

Note 5 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-5167 and K.S.A. 72-7143 were as follows:

	Transfer to:							
Transfer from:	Preschool-Aged At-Risk	At Risk (K-12)	Bilingual Education	Virtual Education	Parent Education Program	Special Education	Career and Postsecondary Education	Total
General Fund	$ 100,000	$ 3,054,704	$ 246,613	$ 167,740	$ 38,045	$ 5,844,678	$ 74,015	$ 9,525,795
Supplemental General Fund	295,281	955,216	40,878	0	0	1,543,230	716,303	3,550,908
	$ 395,281	$ 4,009,920	$ 287,491	$ 167,740	$ 38,045	$ 7,387,908	$ 790,318	$ 13,076,703

Note 6 - 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 7 - Litigation:

The District is a party to various claims, none of which is expected to have a material financial impact on the financial statement.

Note 8 - 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 9 – Deposits & Investments:

As of June 30, 2025, the District had the following investments and maturities:

Investment Type	Fair Value	Maturity Less Than One Year	Rating
U.S. Treasury Notes	$ 56,956,259	$ 56,531,318	S&P AAAf/S 1+

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. The District's allocation of investments as of June 30, 2025, is as follows:

Investment Type	Percentage of Investments
U.S. Treasury Notes	100%

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

At June 30, 2025, the District's carrying amount of deposits was $26,198,809 and the bank balance was $30,669,913. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $25,566,213 was covered by federal depository insurance and the remaining $5,103,700 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Note 10 - 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 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, 2025, 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
2024 Series	4.50 - 5.00	8/15/2024	$ 58,900,000	9/1/2044

Changes in long-term liabilities for the District for the year ended June 30, 2025, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
2012 Series	$ 8,815,000	$ 0	$ 70,000	$ 8,745,000	$ 238,850
2015 Series	5,820,000	0	2,840,000	2,980,000	190,200
2016 Series	335,000	0	165,000	170,000	75,384
2017 Series	9,705,000	0	0	9,705,000	319,681
2019 Series	10,170,000	0	1,595,000	8,575,000	243,508
2021 Series	19,760,000	0	890,000	18,870,000	276,001
2024 Series	0	58,900,000	0	58,900,000	1,568,449
	$ 54,605,000	$ 58,900,000	$ 5,560,000	$ 107,945,000	$ 2,912,073

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
2026	$ 5,975,000	$ 4,647,000	$ 10,622,000
2027	6,150,000	4,509,930	10,659,930
2028	6,240,000	4,318,117	10,558,117
2029	7,050,000	4,137,572	11,187,572
2030	6,740,000	3,894,571	10,634,571
2031 - 2035	22,460,000	23,885,610	46,345,610
2036 - 2040	23,450,000	31,715,950	55,165,950
2041 - 2045	29,880,000	33,503,513	63,383,513
	$ 107,945,000	$ 110,612,263	$ 218,557,263

Note 12 - Capital Projects:

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures to Date
School Additions and Improvements	$ 63,396,657	$ 53,155,319

Note 13 - Subsequent Events:

The District has evaluated subsequent events through January 28, 2026, the date which the financial statement was available to be issued.

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, 2025

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	$ 27,784,142	$ (1,433,031)	$ 103,868	$ 26,454,979	$ 26,454,979	$ 0
Special Purpose Funds						
Supplemental General	8,342,500	0	0	8,342,500	8,342,500	0
Preschool-Aged At-Risk	396,000	0	0	396,000	394,959	(1,041)
At Risk (K-12)	4,961,500	0	0	4,961,500	4,064,401	(897,099)
Bilingual Education	333,500	0	0	333,500	296,787	(36,713)
Virtual Education	431,400	0	0	431,400	168,435	(262,965)
Capital Outlay	4,435,000	0	0	4,435,000	2,597,260	(1,837,740)
Driver Training	49,600	0	0	49,600	37,593	(12,007)
Food Service	2,572,300	0	0	2,572,300	1,784,778	(787,522)
Professional Development	175,400	0	0	175,400	60,953	(114,447)
Parent Education Program	230,250	0	0	230,250	150,566	(79,684)
Summer School	45,550	0	0	45,550	36,392	(9,158)
Special Education	8,875,306	0	0	8,875,306	7,829,466	(1,045,840)
Career and Postsecondary Education	1,225,150	0	0	1,225,150	936,634	(288,516)
KPERS Contribution	4,019,161	0	0	4,019,161	3,566,116	(453,045)
Special Education Cooperative	9,908,200	0	0	9,908,200	9,906,952	(1,248)
Recreation Commission	1,607,000	0	0	1,607,000	1,565,353	(41,647)
Recreation Commission Employee Benefits	267,000	0	0	267,000	258,822	(8,178)
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	543,546	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	354,716	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
Textbook & Student Material Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	119,884	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	983,356	XXXXXXXXXX
Bond & Interest Fund	8,482,073	0	0	8,482,073	8,471,473	(10,600)
Capital Projects	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	53,155,319	XXXXXXXXXX
	$ 84,141,032	$ (1,433,031)	$ 103,868	$ 82,811,869	$ 78,925,921	$ (5,887,450)

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

General Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 210,075	$ 87,082	$ 0	$ 87,082
State Sources	24,484,180	26,367,897	27,784,142	(1,416,245)
	24,694,255	26,454,979	$ 27,784,142	$ (1,329,163)
Expenditures				
Instruction	9,667,229	10,252,065	$ 10,796,635	$ (544,570)
Student Support Services	556,819	672,531	752,000	(79,469)
Instructional Support Staff	691,527	510,590	701,000	(190,410)
General Administration	977,563	929,906	976,000	(46,094)
School Administration	1,949,644	2,014,462	2,087,500	(73,038)
Central Services	732,023	670,794	757,000	(86,206)
Operations & Maintenance	653,352	693,685	914,875	(221,190)
Student Transportation Services	1,063,927	1,185,151	1,256,700	(71,549)
Transfers	8,402,171	9,525,795	9,542,432	(16,637)
Adjustment to Comply with Legal Max	0	0	(1,433,031)	1,433,031
Adjustment for Qualifying Budget Credits	0	0	103,868	(103,868)
	24,694,255	26,454,979	$ 26,454,979	$ 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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Supplemental General Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 2,686,485	$ 3,194,300	$ 86,407	$ 3,107,893
County Sources	264,955	266,690	296,750	(30,060)
State Sources	4,667,847	4,975,440	4,973,799	1,641
	7,619,287	8,436,430	$ 5,356,956	$ 3,079,474
Expenditures				
Instruction	533,280	411,330	$ 748,250	$ (336,920)
Student Support Services	10,870	19,708	15,000	4,708
Instructional Support Staff	70,147	127,478	95,000	32,478
General Administration	5,637	5,639	7,000	(1,361)
School Administration	185,916	187,449	243,500	(56,051)
Central Services	799,991	816,381	888,500	(72,119)
Operations & Maintenance	2,962,286	3,223,607	3,333,100	(109,493)
Transfers	3,025,573	3,550,908	3,012,150	538,758
	7,593,700	8,342,500	$ 8,342,500	$ 0
Receipts Over (Under) Expenditures	25,587	93,930		
Unencumbered Cash, Beginning	127,341	152,928		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 152,928	$ 246,858		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Preschool-Aged At-Risk Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 353,375	$ 395,281	$ 296,000	$ 99,281
	353,375	395,281	$ 296,000	$ 99,281
Expenditures				
Instruction	353,374	384,783	$ 391,000	$ (6,217)
Student Support Services	0	10,176	5,000	5,176
	353,374	394,959	$ 396,000	$ (1,041)
Receipts Over (Under) Expenditures	1	322		
Unencumbered Cash, Beginning	100,003	100,004		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 100,004	$ 100,326		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

At Risk (K-12) Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Transfers	$ 3,645,803	$ 4,009,920	$ 4,764,871	$ (754,951)
	3,645,803	4,009,920	$ 4,764,871	$ (754,951)
Expenditures				
Instruction	3,136,818	3,222,275	$ 4,100,000	$ (877,725)
Student Support Services	497,481	633,933	626,500	7,433
Instructional Support Staff	13,276	208,193	235,000	(26,807)
	3,647,575	4,064,401	$ 4,961,500	$ (897,099)
Receipts Over (Under) Expenditures	(1,772)	(54,481)		
Unencumbered Cash, Beginning	198,906	197,134		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 197,134	$ 142,653		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Bilingual Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 5,120	$ 9,300	$ 0	$ 9,300
Transfers	255,647	287,491	233,656	53,835
	260,767	296,791	$ 233,656	$ 63,135
Expenditures				
Instruction	259,845	289,880	$ 333,500	$ (43,620)
Instructional Support Staff	927	6,907	0	6,907
	260,772	296,787	$ 333,500	$ (36,713)
Receipts Over (Under) Expenditures	(5)	4		
Unencumbered Cash, Beginning	100,005	100,000		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 100,000	$ 100,004		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Virtual Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 0	$ 700	$ 0	$ 700
Transfers	157,347	167,740	396,400	(228,660)
	157,347	168,440	$ 396,400	$ (227,960)
Expenditures				
Instruction	113,779	123,286	$ 376,300	$ (253,014)
Student Support Services	169	150	200	(50)
Instructional Support Staff	2,751	2,257	0	2,257
School Administration	36,718	38,414	48,700	(10,286)
Operations & Maintenance	3,939	4,328	6,200	(1,872)
	157,356	168,435	$ 431,400	$ (262,965)
Receipts Over (Under) Expenditures	(9)	5		
Unencumbered Cash, Beginning	35,009	35,000		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 35,000	$ 35,005		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Capital Outlay Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 2,542,195	$ 2,214,523	$ 1,320,202	$ 894,321
County Sources	133,119	141,737	162,670	(20,933)
State Sources	920,888	845,132	844,705	427
	3,596,202	3,201,392	$ 2,327,577	$ 873,815
Expenditures				
Instruction	188,872	129,094	$ 250,000	$ (120,906)
Student Support Services	12,440	297,085	100,000	197,085
Instructional Support Staff	19,469	250,899	100,000	150,899
General Administration	9,380	0	50,000	(50,000)
School Administration	66,979	74,028	50,000	24,028
Central Services	65,528	11,039	100,000	(88,961)
Operations & Maintenance	380,733	484,285	750,000	(265,715)
Transportation	357,180	277,567	300,000	(22,433)
Other Support Services	0	0	500,000	(500,000)
Facility Acquisition & Construction Services	723,449	1,073,263	2,235,000	(1,161,737)
	1,824,030	2,597,260	$ 4,435,000	$ (1,837,740)
Receipts Over (Under) Expenditures	1,772,172	604,132		
Unencumbered Cash, Beginning	5,139,994	6,912,166		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 6,912,166	$ 7,516,298		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Driver Training Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 13,365	$ 16,260	$ 18,000	$ (1,740)
State Sources	21,485	21,755	13,365	8,390
	34,850	38,015	$ 31,365	$ 6,650
Expenditures				
Instruction	32,838	37,464	$ 49,100	$ (11,636)
Vehicle Operations, Maintenance Services	162	129	500	(371)
	33,000	37,593	$ 49,600	$ (12,007)
Receipts Over (Under) Expenditures	1,850	422		
Unencumbered Cash, Beginning	30,957	32,807		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 32,807	$ 33,229		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Food Service Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 618,753	$ 600,357	$ 1,330,296	$ (729,939)
State Sources	15,702	14,757	11,861	2,896
Federal Sources	1,076,993	969,362	974,487	(5,125)
	1,711,448	1,584,476	$ 2,316,644	$ (732,168)
Expenditures				
Operations & Maintenance	71,194	79,437	$ 269,300	$ (189,863)
Food Service Operation	1,641,692	1,705,341	2,303,000	(597,659)
	1,712,886	1,784,778	$ 2,572,300	$ (787,522)
Receipts Over (Under) Expenditures	(1,438)	(200,302)		
Unencumbered Cash, Beginning	707,063	705,625		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 705,625	$ 505,323		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Professional Development Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 4,120	$ 0	$ 0	$ 0
State Sources	10,624	6,130	17,250	(11,120)
Transfers	70,000	0	0	0
	84,744	6,130	$ 17,250	$ (11,120)
Expenditures				
Instruction	0	8,620	$ 0	$ 8,620
Instructional Support Staff	83,236	47,350	173,400	(126,050)
Central Services	3,617	4,983	2,000	2,983
	86,853	60,953	$ 175,400	$ (114,447)
Receipts Over (Under) Expenditures	(2,109)	(54,823)		
Unencumbered Cash, Beginning	173,832	171,723		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 171,723	$ 116,900		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Parent Education Program Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 52,500	$ 0	$ 0	$ 0
State Sources	73,030	73,090	73,090	0
Transfers	61,016	38,045	117,725	(79,680)
	186,546	111,135	$ 190,815	$ (79,680)
Expenditures				
Student Support Services	138,288	136,544	$ 220,250	$ (83,706)
Central Services	8,829	14,022	10,000	4,022
	147,117	150,566	$ 230,250	$ (79,684)
Receipts Over (Under) Expenditures	39,429	(39,431)		
Unencumbered Cash, Beginning	6	39,435		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 39,435	$ 4		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Summer School Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 25,775	$ 28,453	$ 15,000	$ 13,453
Transfers	5,000	0	0	0
	30,775	28,453	$ 15,000	$ 13,453
Expenditures				
Instruction	29,239	29,113	$ 44,550	$ (15,437)
Student Support Services	768	787	1,000	(213)
Instructional Support Staff	0	6,492	0	6,492
	30,007	36,392	$ 45,550	$ (9,158)
Receipts Over (Under) Expenditures	768	(7,939)		
Unencumbered Cash, Beginning	30,076	30,844		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 30,844	$ 22,905		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Special Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 389,095	$ 444,876	$ 0	$ 444,876
Federal Sources	0	0	300,000	(300,000)
Transfers	6,081,066	7,387,908	6,098,291	1,289,617
	6,470,161	7,832,784	$ 6,398,291	$ 1,434,493
Expenditures				
Instruction	6,225,211	7,279,292	$ 8,205,306	$ (926,014)
Instructional Support Staff	0	5,842	0	5,842
Student Transportation Services	560,656	544,332	670,000	(125,668)
	6,785,867	7,829,466	$ 8,875,306	$ (1,045,840)
Receipts Over (Under) Expenditures	(315,706)	3,318		
Unencumbered Cash, Beginning	2,792,895	2,477,189		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 2,477,189	$ 2,480,507		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Career and Postsecondary Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 117,665	$ 112,463	$ 0	$ 112,463
State Sources	16,939	0	24,480	(24,480)
Federal Sources	0	0	23,031	(23,031)
Transfers	798,490	790,318	647,639	142,679
	933,094	902,781	$ 695,150	$ 207,631
Expenditures				
Instruction	881,393	888,544	$ 1,115,000	$ (226,456)
Instructional Support Staff	36,436	36,539	84,150	(47,611)
Student Transportation Services	15,336	11,551	26,000	(14,449)
	933,165	936,634	$ 1,225,150	$ (288,516)
Receipts Over (Under) Expenditures	(71)	(33,853)		
Unencumbered Cash, Beginning	530,074	530,003		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 530,003	$ 496,150		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

KPERS Contribution Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
State Sources	$ 3,653,783	$ 3,566,116	$ 4,019,161	$ (453,045)
	3,653,783	3,566,116	$ 4,019,161	$ (453,045)
Expenditures				
Instruction	2,299,948	2,248,530	$ 2,534,187	$ (285,657)
Student Support Services	399,140	394,990	445,170	(50,180)
Instructional Support Staff	148,073	129,662	146,135	(16,473)
General Administration	86,203	82,051	92,474	(10,423)
School Administration	218,257	210,848	237,635	(26,787)
Central Services	124,426	129,196	145,609	(16,413)
Operations & Maintenance	166,564	170,886	192,595	(21,709)
Student Transportation Services	134,996	130,877	147,504	(16,627)
Food Service Operation	76,176	69,076	77,852	(8,776)
	3,653,783	3,566,116	$ 4,019,161	$ (453,045)
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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Special Education Cooperative Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 7,370,763	$ 8,551,505	$ 8,721,835	$ (170,330)
Federal Sources	1,106,597	1,194,612	822,386	372,226
	8,477,360	9,746,117	$ 9,544,221	$ 201,896
Expenditures				
Instruction	6,306,746	6,848,322	$ 6,780,000	$ 68,322
Student Support Services	2,243,007	2,318,393	2,383,000	(64,607)
Instructional Support Staff	314,009	486,361	407,000	79,361
General Administration	255,824	197,147	280,500	(83,353)
Central Services	52,801	54,904	55,700	(796)
Student Transportation Services	1,843	1,825	2,000	(175)
	9,174,230	9,906,952	$ 9,908,200	$ (1,248)
Receipts Over (Under) Expenditures	(696,870)	(160,835)		
Unencumbered Cash, Beginning	1,064,333	367,463		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 367,463	$ 206,628		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Recreation Commission Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 1,289,798	$ 1,422,963	$ 1,450,908	$ (27,945)
County Sources	125,021	129,350	143,076	(13,726)
	1,414,819	1,552,313	$ 1,593,984	$ (41,671)
Expenditures				
Community Service Operations	1,425,000	1,565,353	$ 1,607,000	$ (41,647)
	1,425,000	1,565,353	$ 1,607,000	$ (41,647)
Receipts Over (Under) Expenditures	(10,181)	(13,040)		
Unencumbered Cash, Beginning	23,221	13,040		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 13,040	$ 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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Recreation Commission Employee Benefits Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 214,963	$ 237,268	$ 243,234	$ (5,966)
County Sources	20,832	21,554	23,821	(2,267)
	235,795	258,822	$ 267,055	$ (8,233)
Expenditures				
Community Service Operations	243,455	258,822	$ 267,000	$ (8,178)
	243,455	258,822	$ 267,000	$ (8,178)
Receipts Over (Under) Expenditures	(7,660)	0		
Unencumbered Cash, Beginning	7,660	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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Bond & Interest Fund		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 4,177,898	$ 4,545,887	$ 4,313,608	$ 232,279
County Sources	404,996	416,265	463,073	(46,808)
State Sources	3,649,902	3,712,975	3,710,586	2,389
	8,232,796	8,675,127	$ 8,487,267	$ 187,860
Expenditures				
Debt Service	6,989,550	8,471,473	$ 8,482,073	$ (10,600)
	6,989,550	8,471,473	$ 8,482,073	$ (10,600)
Receipts Over (Under) Expenditures	1,243,246	203,654		
Unencumbered Cash, Beginning	8,863,970	10,107,216		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$10,107,216	$10,310,870		

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Federal Funds

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 0	$ 3,145
Federal Sources	1,664,655	718,349
	1,664,655	721,494
Expenditures		
Instruction	1,172,845	447,255
Student Support Services	274,713	26,997
Instructional Support Staff	51,129	69,294
General Administration	3,449	0
School Administration	20,154	0
Central Services	11,101	0
Operations & Maintenance	31,738	0
Student Transportation Services	28,928	0
Food Service Operation	14,011	0
	1,608,068	543,546
Receipts Over (Under) Expenditures	56,587	177,948
Unencumbered Cash, Beginning	(247,156)	(190,569)
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ (190,569)	$ (12,621)

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 25,180	$ 73,939
State Sources	282,716	233,485
Federal Sources	9,330	0
	317,226	307,424
Expenditures		
Instruction	38,341	23,349
Student Support Services	274,191	297,244
General Administration	1,063	2,652
Central Services	0	0
Operations & Maintenance	0	26,471
Student Transportation Services	0	5,000
	313,595	354,716
Receipts Over (Under) Expenditures	3,631	(47,292)
Unencumbered Cash, Beginning	19,962	23,593
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 23,593	$ (23,699)

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	$ 0	$ 0
	0	0
Expenditures		
Transfers	0	0
	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	1,796,491	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, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

Textbook & Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 250,829	$ 247,911
	250,829	247,911
Expenditures		
Instruction	103,789	119,884
Support Services	47,088	0
	150,877	119,884
Receipts Over (Under) Expenditures	99,952	128,027
Unencumbered Cash, Beginning	128,924	228,876
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 228,876	$ 356,903

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES – CAPITAL PROJECTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025
(With Comparative Actual Totals for the Prior Year Ended June 30, 2024)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest	$ 0	$ 1,539,561
Bond Proceeds	0	61,857,096
	0	63,396,657
Expenditures		
Facility Acquisition & Construction Services	0	53,155,319
	0	53,155,319
Receipts Over (Under) Expenditures	0	10,241,338
Unencumbered Cash, Beginning	0	0
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 0	$10,241,338

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Class of 2024	$ 222	0	222	$ -
Class of 2025	3,988	65	1,942	2,111
Class of 2026	6,320	10,984	8,980	8,324
Class of 2027	3,176	4,118	965	6,329
Class of 2028	0	3,408	704	2,704
Student Services	(159)	1,121	962	0
TLC Student Services	491	0	0	491
Pepsi	592	2,269	2,258	603
Library	499	107	0	606
Sales Tax	464	3,972	3,971	465
Band Activity	290	5,321	4,342	1,269
Choir Activities	3,394	5,922	4,931	4,385
Counselor Activity	2,279	3,465	4,029	1,715
Crime Stoppers	485	0	0	485
Field Trip	124	0	74	50
Gifted	407	0	0	407
Math Department	227	346	372	201
Musical	10,206	8,869	6,490	12,585
Vending DECA	2,475	4,924	4,939	2,460
Hornet Food Pantry	1,482	8,378	3,098	6,762
SALT	264	0	0	264
Serve VC Community	1,000	0	0	1,000
Hornet Studios	29	0	0	29
Next Steps Academy	2,150	6,316	6,905	1,561
Frosty Fruit DECA	19	0	0	19
Auto Parts	751	3,485	4,101	135
Woods Project	186	5,140	5,278	48
Yearbook	4,457	3,129	1,800	5,786
Art Club	1,083	329	639	773
Chess Club	490	2,391	255	2,626
	47,391	84,059	67,257	64,193

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School (Continued)				
DECA	4,638	6,407	7,379	3,666
Drama Club	2,778	2,360	3,770	1,368
FBLA	1,435	0	0	1,435
FCCLA	4,822	509	0	5,331
Friendship Club	605	188	329	464
HOSA	1,027	0	0	1,027
Letterwomen's Club	931	1,297	1,584	644
National Forensics	92	2,500	2,335	257
National Honor Society	359	690	1	1,048
Robotics	3,116	0	170	2,946
SADD	1,069	1,098	1,092	1,075
Scholars Bowl	1,024	557	769	812
Science Club	419	0	0	419
Skills USA/TSA	1,464	0	0	1,464
Spanish Club	17	0	0	17
Student Council	3,926	8,584	8,981	3,529
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	1,299	1,500	908	1,891
FAA Activity	70	0	68	2
Europe Travels	5,063	0	0	5,063
PBS Activity	972	741	743	970
Empowered & Educated	634	253	135	752
Car Club	2,459	1,372	850	2,981
Band DC Travels	936	0	936	0
eSports	570	1,045	283	1,332
eSports	50	0	0	50
eSports	2,000	8,560	10,560	0
Environment Club	738	359	97	1,000
	92,604	122,079	108,247	106,436

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Middle School				
Student Services	85	1,122	1,020	187
Faculty Services	27	2,860	2,882	5
PE Activity Account	1,225	3,712	3,263	1,674
Choir Activity Account	508	250	306	452
Sales Tax	0	2,119	2,119	0
Student Council	1,749	2,237	1,695	2,291
Yearbook	1,179	950	625	1,504
Fundraiser	15	16,541	13,121	3,435
Leadership Program	8	1,884	1,820	72
Band Fundraiser	814	2,936	1,625	2,125
Let's Move Club	383	2,212	1,900	695
MS SHOW Account	1,411	0	0	1,411
Robotics	26	0	0	26
Field Trip	0	3,744	3,744	0
D&D Club	60	0	0	60
Concessions	394	22,177	19,278	3,293
	7,884	62,744	53,398	17,230
Intermediate School				
Faculty Services	163	52	191	24
Student Services	164	3,797	3,750	211
PE Account	1,090	4,790	4,653	1,227
Stuco	5,201	5,336	6,041	4,496
Robotics	65	0	0	65
Kindness Club	797	0	0	797
Sales Tax	0	377	377	0
	7,480	14,352	15,012	6,820

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2025

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Abilene Elementary				
Faculty Account	3,111	953	1,613	2,451
Revolving Account	0	42	180	(138)
Student Services	5,944	363	582	5,725
Gifts and Grants	2,673	0	0	2,673
	11,728	1,358	2,375	10,711
West Elementary				
Faculty Account	1,557	460	491	1,526
Student Services	7,332	5,916	3,543	9,705
PE Account	1,945	719	686	1,978
Sales Tax	116	46	162	0
Owls	26	0	0	26
	10,976	7,141	4,882	13,235
Wheatland Elementary				
Faculty Accounts	589	350	147	792
Student Services	(1,553)	10,411	8,752	106
Sales Tax	191	(120)	36	35
	(773)	10,641	8,935	933
Scholarship and Memorials				
Dawson Scholarship	2,591	77	402	2,266
	2,591	77	402	2,266
Total Agency Funds	$ 132,490	$ 218,392	$ 193,251	$ 157,631

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, 2025

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	$ 120,374	$ 0	$ 764,863	$ 813,412	$ 71,825	$ 0	$ 71,825
Middle School	1,146	0	3,870	4,054	962	0	962
Middle School Athletics	21,324	0	142,424	148,409	15,339	0	15,339
Intermediate School	1,886	0	3,686	4,334	1,238	0	1,238
Abilene Elementary	1,922	0	2,217	2,177	1,962	0	1,962
West Elementary	2,757	0	2,694	2,572	2,879	0	2,879
Wheatland Elementary	7,335	0	6,245	8,398	5,182	0	5,182
Total District Activity Funds	$ 156,744	$	$ 925,999	$ 983,356	$ 99,387	$	$ 99,387

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FEDERAL AWARD INFORMATION

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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, 2025**, 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 28, 2026. 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.

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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 28, 2026

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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, 2025**. **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, 2025**.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (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.

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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 28, 2026

VALLEY CENTER UNIFIED SCHOOL DISTRICT NO. 262
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

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	$ 187,087	$ 187,087
National School Lunch Program	10.555	667,875	667,875
Summer Food Service Program for Children	10.559	108,398	108,398
		963,360	963,360
Child and Adult Care Food Program	10.558	6,002	6,002
		969,362	969,362
Department of Education			
Title I Grants to Local Education Agencies	84.010	389,594	370,345
Special Education Cluster (IDEA)-Cluster			
Special Education Grants to States	84.027	802,034	802,034
Special Education Preschool Grants	84.173	11,926	11,926
		813,960	813,960
Career and Technical Education - Basic Grants to States	84.048	23,366	23,366
Supporting Effective Instruction State Grants	84.367	78,791	84,316
Student Support and Academic Enrichment Program	84.424	335,870	35,833
COVID-19 Education Stabilization Fund	84.425U	120,029	2,479
		1,761,610	1,330,299
Department of Health and Human Services			
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	70,699	24,062
		70,699	24,062
(Passes Through Kansas Department of Health and Environment)			
Department of Health and Human Services			
Medicaid Cluster-Cluster			
Medical Assistance Program	93.778	380,652	380,652
		380,652	380,652
Total Federal Awards		$ 3,182,323	$ 2,704,375

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, 2025

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, 2025

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement in accordance with the regulatory basis of accounting 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:

Title I Grants to Local Education Agencies	84.010
Special Education Cluster (IDEA)-Cluster	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173

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, 2025

There are no prior audit findings.