

**NORTH CENTRAL KANSAS SPECIAL EDUCATION
COOPERATIVE INTERLOCAL NO. 636**

Financial Statement With Independent Auditors' Report

For the Year Ended June 30, 2020

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
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For the Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

North Central Kansas Special Education Cooperative Interlocal No. 636
Phillipsburg, Kansas

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **North Central Kansas Special Education Cooperative Interlocal No. 636**, as of and for the year ended June 30, 2020 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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



Phone (785) 628-3046 ■ Fax (785) 628-3089 ■ www.abbb.com

718 Main Street ■ Suite 224 ■ P.O. Box 1186

Hays, Kansas 67601-4465

Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

North Central Kansas Special Education Cooperative Interlocal No. 636

Phillipsburg, Kansas

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **North Central Kansas Special Education Cooperative Interlocal No. 636**, as of and for the year ended June 30, 2020 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by **North Central Kansas Special Education Cooperative Interlocal No. 636** on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **North Central Kansas Special Education Cooperative Interlocal No. 636** as of June 30, 2020, 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **North Central Kansas Special Education Cooperative Interlocal No. 636** as of June 30, 2020, 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.

Other Matters

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 and individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for 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*. 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 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 **North Central Kansas Special Education Cooperative Interlocal No. 636** as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated November 18, 2019, which contained an unmodified opinion on the basic financial statement. The 2019 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 <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>.

The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2020 (Schedule 2 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 2019 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 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 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 2019 basic financial statement or to the 2019 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 2019 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, 2019, on the basis of accounting described in Note 1.

Other 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 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. The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2020, on our consideration of **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control over financial reporting and compliance.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

October 19, 2020

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
 Summary Statement of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended June 30, 2020

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
Special Purpose Funds							
Coop Special Education Fund	\$ 1,436,961	-	7,759,603	7,641,689	1,554,875	566,258	2,121,133
Gifts and Grants Fund	1,319	-	32,736	23,098	10,957	-	10,957
Health Care Reserve Fund	911,047	-	1,325,653	1,538,671	698,029	101,575	799,604
Professional Development Fund	5,800	-	33,893	22,484	17,209	-	17,209
Total Reporting Entity	\$ 2,355,127	-	9,151,885	9,225,942	2,281,070	667,833	2,948,903
Composition of Cash							
						Checking Accounts	\$ 642,172
						Certificates of Deposit	<u>2,306,731</u>
Total Reporting Entity							\$ <u>2,948,903</u>

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

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636

Notes to Financial Statement

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

North Central Kansas Special Education Cooperative Interlocal No. 636 (the Cooperative) has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The Cooperative is a municipal corporation governed by an elected board. The Board is composed of one member from the board of education of each school Cooperative that is a member of the Cooperative. A related municipal entity is an entity established to benefit the Cooperative and/or its constituents. The Cooperative has no related municipal entities.

Basis of Presentation – Fund Accounting

The accounts of the Cooperative are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following type of funds comprises the financial activities of the Cooperative for the year ended June 30, 2020.

Regulatory Basis Fund Type

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

Basis of Accounting

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

Reimbursements

The Cooperative 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 KMAAG regulatory basis of accounting.

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636

Notes to Financial Statement

June 30, 2020

NOTE 2 – BUDGETARY INFORMATION

The Cooperative is not subject to the legal annual operating budget requirements but is controlled by the use of an internal budget established by the governing body. The internal budget is the source of the budget amounts listed on Statement 2.

NOTE 3 – DEPOSITS AND INVESTMENTS

North Central Kansas Special Education Cooperative Interlocal No. 636 follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the Cooperative. The statute requires banks eligible to hold the Cooperative's funds have a main or branch bank in the county in which the Cooperative 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 Cooperative has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Cooperative'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 Cooperative has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the Cooperative may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Cooperative's deposits may not be returned to it. State statutes require the Cooperative'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%. The Cooperative does not use "peak periods". All deposits were legally secured at June 30, 2020.

At June 30, 2020, the Cooperative's carrying amount of deposits was \$2,948,903 and the bank balance was \$3,008,951. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$320,612 was covered by federal depository insurance and \$2,688,339 was collateralized with securities held by the pledging financial institutions' agents in the Cooperative's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Cooperative will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The Cooperative had no investments at June 30, 2020.

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636

Notes to Financial Statement

June 30, 2020

NOTE 4 – LITIGATION

North Central Kansas Special Education Cooperative Interlocal No. 636 is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the Cooperative.

NOTE 5 – RISK MANAGEMENT

North Central Kansas Special Education Cooperative Interlocal No. 636 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 Cooperative has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the Cooperative joined together with other Cooperatives in the State to participate in Kansas Association of School Boards (KASB), a public entity risk pool currently operating as a common risk management and insurance program for 109 participating members.

The Cooperative pays an annual premium to Kansas Association of School Boards for its workers' compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Association of School Boards management.

The Cooperative carries commercial insurance for all other risks of loss, including commercial property, commercial general liability, crime, business auto, linebacker, employee dishonesty and cyber solutions. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 6 – GRANTS AND SHARED REVENUES

North Central Kansas Special Education Cooperative Interlocal No. 636 participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Cooperative has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Cooperative, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 7 – RISKS AND UNCERTAINTIES

The United States has experienced a nationwide pandemic from the novel coronavirus known as COVID-19. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact the financial operations of the Cooperative. Management is unable to reasonably determine the total effects of this virus on the operations of the Cooperative as of the date of these financial statements.

NOTE 8 – DEFERRED COMPENSATION PLAN

North Central Kansas Special Education Cooperative Interlocal No. 636 sponsors deferred compensation plans under Internal Revenue Code Sections 457(b) and 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636

Notes to Financial Statement

June 30, 2020

NOTE 9 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

North Central Kansas Special Education Cooperative Interlocal No. 636 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 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 14.59% and 13.21%, respectively, for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rate and the statutory contribution rate was 16.15% and 14.41%, respectively, for the fiscal year ended June 30, 2020.

Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64.13 million for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million per year. The first year payment of \$6.4 million was received in July 2017 and appropriations for fiscal year 2018 were made for the State/School group at the statutory contribution rate of 12.01% for that year.

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194.0 million for the fiscal year ended June 30, 2019. Section 56(19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million per year.

2018 House Substitute for Senate Bill 109 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.

2019 Senate Bill 9 authorized a payment of \$115 million for the KPERS School group.

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636

Notes to Financial Statement

June 30, 2020

The State of Kansas is required to contribute the statutory required employer's share except for retired Cooperative employees. The Cooperative is responsible for the employer's portion of the cost for retired Cooperative employees. The Cooperative received and remitted amounts equal to the statutory contribution rate, which totaled \$743,286 for the year ended June 30, 2020.

Net Pension Liability

At June 30, 2020, the Cooperative's proportionate share of the collective net pension liability reported by KPERS was \$15,458. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The Cooperative's proportion of the net pension liability was based on the ratio of the Cooperative'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, 2019. 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 10 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **North Central Kansas Special Education Cooperative Interlocal No. 636** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Cooperative is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Cooperative 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.

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, 2020.

NOTE 11 – COMPENSATED ABSENCES

North Central Kansas Special Education Cooperative Interlocal No. 636's contracts with various employees permit the employees to accumulate various amounts of vacation, sick and personal leave.

Vacation

The Cooperative's policy for vacation is that the Director, Clerk and Treasurer each receive 20 days per year, and the Assistant Director receives 25 days per year. Vacation does not accumulate from year to year.

Sick Leave

The Cooperative's sick leave policy for the Director and Assistant Director is that each receives 70 days of non-cumulative sick leave each year. The Clerk and Treasurer receive 10 days and may accumulate a

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636

Notes to Financial Statement

June 30, 2020

maximum of 60 days of sick leave. No accumulated sick leave is paid to employees at separation of service for any reason.

The Cooperative's sick leave policy for certified and licensed employees, other than the Director and Assistant Director, is that employees receive 10 days per year and may accumulate a maximum of 75 days of sick leave. Any employee sick leave that exceeds the 75 day limit at the end of the school year is paid \$30 per day for each day in excess of the 75 days. The Cooperative allows for accrued sick leave to be paid upon separation of service due to retirement, disability, or death, provided the employee has been employed by the Cooperative or previous USD 325 Phillipsburg certified experience for at least 10 consecutive years and has met KPERS retirement eligibility for "unreduced" benefits. The amount paid due to separation from service is equal to \$30 a day times the number of days accumulated not to exceed 85 days. No accumulated sick leave is paid to employees at separation of service for any other reason.

The Cooperative's sick leave policy for paraeducators and PAT/COTA/PTA employees is that each receives 8 days of sick leave per year based on the number of daily hours assigned to each employee and may accumulate a maximum of 300 hours of sick leave. No accumulated sick leave is paid at separation of service for any reason.

Sick Leave Bank

The sick leave bank is voluntary and open to all certified employees and paraeducators. The purpose of the sick leave bank is to allow staff members to contribute unused sick leave to a pool and allow participating members, who have exhausted their accumulated sick leave to draw from the pool and avoid having their pay reduced. The sick leave bank is administered by the Cooperative pursuant to the guidelines it has established. At the beginning of the school year each employee who wishes to participate in the bank must donate one day by September 1. Days remaining in the bank at the end of the regular school year shall accumulate from year to year. If, on the 1st day of the contract year the number of days accumulated in the bank is less than three times the number of employees applying for participation, all applying will contribute one day to the bank. If the number of accumulated days is more than three times the number of employees participating, only employees who did not participate the previous year will contribute one day to the bank. Employees shall not be eligible for the sick leave bank until they have depleted their current and accumulated individual sick leave. Use of the sick leave bank is subject to approval by the bank committee after the employee becomes eligible. Participating employees shall be limited to a maximum of 30 days use during any one school year.

Personal Leave

The Cooperative's personal leave policy for certified and licensed employees, other than the Director and Assistant Director, is that employees receive 2 days per year for employees having completed less than 5 years, and 3 days per year for employees completing more than 5 years. Employees completing more than 10 years may exchange 1 paid sick leave day for 1 personal leave day. Personal leave days do not accumulate from year to year. Any amount unused at the end of the school year will roll over into sick leave.

The Cooperative's personal leave policy for paraeducators and PAT/COTA/PTA employees is that each receives one day of personal leave per year based on the number of daily hours assigned to each employee. Employees with more than 10 consecutive years experience will receive 1 additional personal leave day. Personal leave does not accumulate from year to year.

Health Savings Account

Each certified employee and full-time classified employee has the option of participating in the Health Savings Account established by the Cooperative. All contributions to the account are made by the employees.

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636

Notes to Financial Statement

June 30, 2020

NOTE 12 – SELF-INSURANCE PLANS

Health Care Coverage – Certified employees of **North Central Kansas Special Education Cooperative Interlocal No. 636** are covered by the Cooperative’s medical partially self-funded insurance plan (the “plan”). The premium contributed is approximately \$76 (\$0) (\$0), \$572 (\$531) (\$482), \$649 (\$610) (\$560), and \$1,297 (\$1,233) (\$1,154) per month per employee with single, employee with children, employee with spouse and family coverage, respectively, for the \$500 deductible plan (\$1,000 deductible plan) (\$2,000 deductible plan). The Cooperative contributes \$760 for every certified employee and pays the premium difference through authorized withholdings.

Paraeducator employees are covered by the plan. The premium contributed is approximately \$329 (\$253) (\$93), \$825 (\$784) (\$735), \$902 (\$863) (\$813), and \$1,550 (\$1,486) (\$1,407) per month per employee with single, employee with children, employee with spouse and family coverage, respectively, for the \$500 deductible plan (\$1,000 deductible plan) (\$2,000 deductible plan). The Cooperative contributes \$507 for every paraeducator employee and pays the premium difference through authorized withholdings.

The PAT/COTA/PTA employees are covered by the plan. The premium contributed is approximately \$266 (\$190) (\$30), \$762 (\$721) (\$672), \$839 (\$800) (\$750), and \$1,487 (\$1,423) (\$1,344) per month per employee with single, employee with children, employee with spouse and family coverage, respectively, for the \$500 deductible plan (\$1,000 deductible plan) (\$2,000 deductible plan). The Cooperative contributes \$570 for every PAT/COTA/PTA employee and pays the premium difference through authorized withholdings.

Claims are paid by a third party administrator acting on behalf of the Cooperative. The administration contract between the Cooperative and the third party administration is renewable annually and administration fees are included in the contractual provisions. The Cooperative is protected against unanticipated catastrophic individual loss or aggregate loss by stop loss coverage carried through Blue Cross Blue Shield of Kansas. Stop loss coverage is in effect for individual claims exceeding \$50,000 and for aggregate loss with an annualized maximum claim limit of 125% or \$1,549,934. The annualized maximum claim limit is set annually by Blue Cross Blue Shield of Kansas, based on previous year’s claims.

<u>Self-Insurance Liability</u>	<u>Current Year Beginning of Fiscal Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>	<u>Assets Available to Pay Claims At June 30</u>
2020	\$ 61,828	1,538,670	1,498,923	101,575	698,029

**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**

To the Board of Directors

North Central Kansas Special Education Cooperative Interlocal No. 636

Phillipsburg, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the Kansas Municipal Audit and Accounting Guide 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 **North Central Kansas Special Education Cooperative Interlocal No. 636**, as of and for the year ended June 30, 2020, and the related notes to the financial statement, and have issued our report thereon dated October 19, 2020. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control. Accordingly, we do not express an opinion on the effectiveness of **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs (2020-001) that we consider to be a material weakness.

Certified
Public
Accountants

**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**

To the Board of Directors

North Central Kansas Special Education Cooperative Interlocal No. 636

Phillipsburg, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the Kansas Municipal Audit and Accounting Guide 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 **North Central Kansas Special Education Cooperative Interlocal No. 636**, as of and for the year ended June 30, 2020, and the related notes to the financial statement, and have issued our report thereon dated October 19, 2020. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control. Accordingly, we do not express an opinion on the effectiveness of **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs (2020-001) that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **North Central Kansas Special Education Cooperative Interlocal No. 636's** 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Central Kansas Special Education Cooperative Interlocal No. 636's Response to Findings

North Central Kansas Special Education Cooperative Interlocal No. 636's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **North Central Kansas Special Education Cooperative Interlocal No. 636's** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

October 19, 2020

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

To the Board of Directors

North Central Kansas Special Education Cooperative Interlocal No. 636

Phillipsburg, Kansas

Report on Compliance for Each Major Federal Program

We have audited **North Central Kansas Special Education Cooperative Interlocal No. 636's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **North Central Kansas Special Education Cooperative Interlocal No. 636's** major federal programs for the year ended June 30, 2020. **North Central Kansas Special Education Cooperative Interlocal No. 636's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **North Central Kansas Special Education Cooperative Interlocal No. 636's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit and Accounting Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **North Central Kansas Special Education Cooperative Interlocal No. 636's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **North Central Kansas Special Education Cooperative Interlocal No. 636's** compliance.

Opinion on Each Major Federal Program

In our opinion, **North Central Kansas Special Education Cooperative Interlocal No. 636** 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, 2020.



Phone (785) 628-3046 ■ Fax (785) 628-3089 ■ www.abbb.com

718 Main Street ■ Suite 224 ■ P.O. Box 1186

Hays, Kansas 67601-4465

Certified
Public
Accountants

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

To the Board of Directors

North Central Kansas Special Education Cooperative Interlocal No. 636

Phillipsburg, Kansas

Report on Compliance for Each Major Federal Program

We have audited **North Central Kansas Special Education Cooperative Interlocal No. 636's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **North Central Kansas Special Education Cooperative Interlocal No. 636's** major federal programs for the year ended June 30, 2020. **North Central Kansas Special Education Cooperative Interlocal No. 636's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **North Central Kansas Special Education Cooperative Interlocal No. 636's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit and Accounting Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **North Central Kansas Special Education Cooperative Interlocal No. 636's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **North Central Kansas Special Education Cooperative Interlocal No. 636's** compliance.

Opinion on Each Major Federal Program

In our opinion, **North Central Kansas Special Education Cooperative Interlocal No. 636** 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, 2020.

Report on Internal Control Over Compliance

Management of **North Central Kansas Special Education Cooperative Interlocal No. 636** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **North Central Kansas Special Education Cooperative Interlocal No. 636's** internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

October 19, 2020

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636

Regulatory-Required Supplementary Information

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2020

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
Special Purpose Funds					
Coop Special Education Fund	\$ 9,550,410	-	9,550,410	7,641,689	(1,908,721)
Gifts and Grants Fund	32,600	-	32,600	23,098	(9,502)
Professional Development Fund	36,000	-	36,000	22,484	(13,516)

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
Coop Special Education Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Local Sources				
Payments From Districts - Assessments	\$ 2,173,790	2,338,631	2,332,831	5,800
Payments From Districts - Flow-thru	4,017,689	4,004,384	4,387,161	(382,777)
Interest on Idle Funds	47,357	36,973	60,000	(23,027)
Other Revenue From Local Sources	67,918	89,605	120,000	(30,395)
State Aid				
Special Education Aid	221,274	215,198	235,575	(20,377)
Medicaid	144,308	172,578	300,000	(127,422)
Federal Aid				
Federal Grants - IDEA	887,244	902,234	864,504	37,730
Total Receipts	<u>7,559,580</u>	<u>7,759,603</u>	<u>8,300,071</u>	<u>(540,468)</u>
Expenditures				
Instruction	5,197,745	5,123,657	6,583,930	(1,460,273)
Student Support Services	1,593,396	1,704,768	1,981,820	(277,052)
Instructional Support Staff	55,029	54,469	60,000	(5,531)
Administration	434,040	413,355	532,160	(118,805)
Operations and Maintenance	29,061	32,994	40,500	(7,506)
Vehicle Operation Services	139,552	120,753	157,000	(36,247)
Other Supplemental Services	161,804	191,693	195,000	(3,307)
Total Expenditures	<u>7,610,627</u>	<u>7,641,689</u>	<u>9,550,410</u>	<u>(1,908,721)</u>
Receipts Over (Under) Expenditures	(51,047)	117,914		
Unencumbered Cash - Beginning	<u>1,488,008</u>	<u>1,436,961</u>		
Unencumbered Cash - Ending	\$ <u>1,436,961</u>	<u>1,554,875</u>		

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
Parents As Teachers Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State Aid				
Parents as Teachers	\$ 50,295	-	-	-
Local Sources				
Payments From Districts - Assessments	7,313	-	-	-
Total Receipts	<u>57,608</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Student Support Services	80,093	-	-	-
Instructional Support Staff	650	-	-	-
Other Supplemental Services	2,154	-	-	-
Rent	2,100	-	-	-
Total Expenditures	<u>84,997</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	(27,389)	-		
Unencumbered Cash - Beginning	<u>27,389</u>	<u>-</u>		
Unencumbered Cash - Ending	\$ <u>-</u>	<u>-</u>		

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
Gifts and Grants Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended June 30, 2020

(With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Dane G. Hansen Foundation	\$ 4,000	2,680	-	2,680
Other Gifts	-	30,056	32,600	(2,544)
Total Receipts	<u>4,000</u>	<u>32,736</u>	<u>32,600</u>	<u>136</u>
Expenditures				
Instruction	2,640	23,098	32,025	(8,927)
General Administration	41	-	575	(575)
Total Expenditures	<u>2,681</u>	<u>23,098</u>	<u>32,600</u>	<u>(9,502)</u>
Receipts Over (Under) Expenditures	1,319	9,638		
Unencumbered Cash - Beginning	-	1,319		
Unencumbered Cash - Ending	\$ <u>1,319</u>	<u>10,957</u>		

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
Health Care Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Board Paid Health Benefit	\$ 954,764	979,172
Employee Health Cost	323,014	333,962
Retiree Health Cost	23,836	12,519
Total Receipts	1,301,614	1,325,653
Expenditures		
Blue Cross Blue Shield	1,374,852	1,538,671
Receipts Over (Under) Expenditures	(73,238)	(213,018)
Unencumbered Cash - Beginning	984,285	911,047
Unencumbered Cash - Ending	\$ <u>911,047</u>	<u>698,029</u>

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
Professional Development Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2020
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Local Sources				
Payments From Districts	\$ 29,775	30,200	30,418	(218)
State Aid	5,582	3,693	7,000	(3,307)
Total Receipts	35,357	33,893	<u>37,418</u>	<u>(3,525)</u>
Expenditures				
Instructional Support Staff	36,000	22,484	<u>36,000</u>	<u>(13,516)</u>
Receipts Over (Under) Expenditures	(643)	11,409		
Unencumbered Cash - Beginning	6,225	5,800		
Prior Year Cancelled Encumbrance	218	-		
Unencumbered Cash - Ending	\$ <u>5,800</u>	<u>17,209</u>		

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636

Supplementary Information

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statement was prepared in accordance with a special purpose framework that is not in compliance with GAAP.

Unmodified

Internal control over financial reporting:

- Material weakness identified? X Yes No
- Significant deficiency identified? Yes X None Reported
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X None Reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

 Yes X No

Identification of major programs/cluster:

CFDA Number	Name of Federal Program
Special Education (IDEA) Cluster	
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 Yes X No

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Material Weakness in Internal Control

2020-001

Criteria or specific requirement

Internal controls should be in place to ensure that employees do not have incompatible duties.

Condition

Proper segregation of duties does not exist in the accounting system.

Effect

Management may not become aware of problems or irregularities in a timely manner.

Cause

The Cooperative is unable to hire additional personnel due to its size.

Recommendation

Procedures should be established and implemented where the Cooperative implements segregation of duties in the receipts and expenditures cycles and implements additional internal controls.

Views of responsible officials and planned corrective actions

The Cooperative is aware that employees have incompatible duties; however, due to the size of the Cooperative, it would not be feasible to hire additional personnel.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.

Debra E. Reha
Director
dreha@ncksec.net

Wes Topel
Asst. Director
wtopel@ncksec.net

Thunder Ridge
Usd 110

Norton
Usd 211

Northern Valley
Usd 212

Smith Center
Usd 237

Palco
Usd 269

Plainville
Usd 270

Stockton
Usd 271

Phillipsburg
Usd 325

Logan
Usd 326

Osborne
Usd 392

Natoma
Usd 399

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Material Weakness in Internal Control

2019-001

Criteria or specific requirement

Internal controls should be in place to ensure that employees do not have incompatible duties.

Condition

Proper segregation of duties does not exist in the accounting system.

Effect

Management may not become aware of problems or irregularities in a timely manner.

Cause

The Cooperative is unable to hire additional personnel due to its size.

Recommendation

Procedures should be established and implemented where the Cooperative implements segregation of duties in the receipts and expenditures cycles and implements additional internal controls.

Status

The Cooperative is aware that employees have incompatible duties; however, due to the size of the Cooperative, it would not be feasible to hire additional personnel.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2020

Federal Grantor/ Pass-through Grantor/ or Cluster Title	Federal CFDA Number	Pass- through Identifying Number	Total Federal Expenditures
U.S. Department of Education			
Special Education IDEA Cluster			
Special Education - Grants to States	84.027	703-5010	\$ 855,271
Special Education - Preschool Grants	84.173	703-5010	<u>46,963</u>
Total Expenditures of Federal Awards			\$ <u>902,234</u>

NORTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE INTERLOCAL NO. 636

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **North Central Kansas Special Education Cooperative Interlocal No. 636**, and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 Cooperative has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

NOTE 3 – OTHER EXPENDITURES

The Cooperative did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees and incurred no expenditures in relation thereof for the year ended June 30, 2020.