SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
PRATT, KANSAS

FINANCIAL STATEMENT

FISCAL YEAR ENDED
JUNE 30, 2024

LOYD GROUP, LLC

Certified Public Accountants

South Central Kansas Special Education Cooperative
Pratt, Kansas

Fiscal Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
South Central Kansas Special Education Cooperative
412 Sandy Lane
Pratt, KS 67124

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of South Central Kansas Special Education Cooperative , Kansas (Cooperative), a Municipal Financial Reporting Entity, as of and for the year ended June 30, 2024, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Cooperative as of June 30, 2024, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Cooperative as of June 30, 2024, 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 (GAAS), 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Cooperative, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the Cooperative 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 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.

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 Cooperative's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures—actual (Schedule 1 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*. 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 previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of as of and for the year ended June 30, 2023 (not presented herein), and have issued their report thereon dated December 12, 2023, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and their 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/municipalservices. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual for the year ended June 30, 2024 (Schedule 1 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 2023 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 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 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 2023 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, 2023, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement of South Central Kansas Special Education Cooperative, Kansas. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole, 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 20, 2025, on our consideration of South Central Kansas Special Education Cooperative'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 South Central Kansas Special Education Cooperative'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 South Central Kansas Special Education Cooperative's internal control over financial reporting and compliance.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
January 20, 2025

South Central Kansas Special Education Cooperative
Pratt, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis
For the Year ended June 30, 2024

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND:						
General Fund	$ 1,652,231	$ -	$ 1,652,231	$ -	$ -	$ -
SPECIAL PURPOSE FUNDS:						
Federal Funds Fund	841,245	1,621,586	1,621,586	841,245	-	841,245
Special Education Services Fund	1,533	14,166,162	12,500,983	1,666,712	10,272	1,676,984
Deaf-Blind Grant Fund	(27)	-	(27)	-	-	-
ELC Grant Fund	180,148	-	180,148	-	-	-
Kingman Life Skills Fund	(30,826)	-	(30,826)	-	-	-
Pre-K Pilot Program Fund	(222,661)	-	(222,661)	-	-	-
Professional Development Fund	-	94,598	92,750	1,848	2,713	4,561
Gifts and Grants Fund	-	550,185	515,370	34,815	-	34,815
Total Reporting Entity (Excluding Agency Funds)	$ 2,421,643	$ 16,432,531	$ 16,309,554	$ 2,544,620	$ 12,985	$ 2,557,605

COMPOSITION OF CASH:	
Checking Account	$ 768,673
Freedom Business	511,621
Certificate of Deposit	1,277,311
Total Cash	$ 2,557,605

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

SOUTH CENTRAL KANSAS SPECIAL EDUATION COOPERATIVE
Pratt, Kansas

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Municipal Financial Reporting Entity

The South Central Kansas Special Education Cooperative (the "Cooperative") is a municipal corporation governed by a Board of Directors consisting of one member from the Board of Education of each school district that is a part of the Cooperative. This regulatory financial statement presents the Cooperative, a municipality.

(b) Regulatory Basis Fund Types

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

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

Business Fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.).

Trust Fund—funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

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

(c) Basis of Accounting

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

The 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Budgetary Information

The Cooperative is not subject to the Kansas statutes that require an annual operating budget be legally adopted for any of its funds. While the Cooperative is not legally required to publish and adhere to a budget, it does prepare an annual budget to help the governing body control spending and expenditures in the various funds. Since the Cooperative is not subject to budgetary statutes, expenditures may exceed the amount budgeted without consequence. Even though fund expenditures may exceed budgeted amounts, the Cooperative's funds are still subject to the cash basis statutes requiring enough cash be available to cover all expenditures and encumbrances.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Kansas municipalities are subject to the cash-basis law as stated in Kansas Statute 10-1113. The Pre-K Pilot Program Fund, Kingman Life Skills Fund and the Deaf and Blind Fund have negative unencumbered cash balances at July 1, 2023, which is allowable under Kansas Statute 12-1663.

3. DEPOSITS AND INVESTMENTS

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 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 9-1405. At June 30, 2024, the Cooperative held no investments.

Custodial credit risk. Custodial credit risk is the risk that in the event of 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. All deposits were legally secured at June 30, 2024.

At year end, the carrying amount of the Cooperative's deposits was $2,557,605 and the bank balance was $3,814,497. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by FDIC insurance, $3,564,497 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 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.

4. OPERATING LEASES

The Cooperative is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property right or lease obligations and, therefore, the expenditures will be recognized when the lease payments are made. The following schedule shows the composition of total rental expenditures for all operating leases except those with terms of a month or less that were not renewed:

	2024
Minimum rentals:	
Enterprise Lease	$ 81,916

4. OPERATING LEASES (CONT.)

Operating lease obligations for subsequent years are as follows:

2025	$	158,307
2026		96,389
2027		88,408
2028		63,503
2029		40,643
Total	$	447,250

5. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

(a) Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the Cooperative 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.

(b) 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, 2024.

(c) Compensated Absences

Sick Leave

Employees of the Cooperative are allowed to accumulate sick leave to a prescribed level which may be used if they remain in the employment of the Cooperative. Employees lose any sick leave remaining above the allowable accumulation level. No payments are made to terminating employees with exceptions noted for retiring employees. No amounts have been accrued for accumulated annual sick leave.

Vacation Leave

Full time, twelve-month, employees are entitled to various amounts of paid vacation per fiscal year. Vacation days may be accumulated up to 40 days.

(d) Termination Benefits

Early Retirement Plan

The Cooperative provides an early retirement program for certain eligible employees. Licensed teachers who have served the last ten years full time in the Cooperative and meet KPERS retirement requirements are eligible to receive health insurance benefits after retirement for no more than ten years or until they are eligible for Medicare and/or Medicaid. They may also receive a one time payment of up to $3,950 for unused sick leave and personal days.

Retirement Benefits

Licensed teachers who have served at least 20 years, and are Medicare eligible, are eligible at retirement to receive a one time payment of $50 for each unused sick leave day and personal day, up to a maximum of $3,950. No amounts have been accrued.

5. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT.)

(e) 403(b) Plan

In addition to KPERS, the Cooperative also has an Employee 403(b) Plan (Plan). All employees who are eligible for benefits are eligible to participate in the Plan. The Cooperative does not pay 403 (b) contributions for negotiated agreement employees. The Cooperative does provide a 403(b) match per individual contracts (Administrative). The Plan follows the federal regulations as to employee contribution amounts. The minimum amount an employee can contribute is $25 a month, and the maximum annual contribution amount is $20,500 plus an additional $6,000 catch-up limit for employees over 50. The employee can select investment options among those provided within the Plan.

6. DEFINED BENEFIT PENSION PLAN

(a) Plan Description

The Cooperative 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.

(b) 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 1.00% contribution rate for the Death and Disability Program) was 13.88% and 13.11%, respectively, for the fiscal year ended June 30, 2023. The actuarially determined employer contribution rate and the statutory contribution rate was 13.38% and 12.57% for the fiscal year ended June 30, 2024.

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

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

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

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

6. DEFINED BENEFIT PENSION PLAN (CONT.)

The State of Kansas is required to contribute the statutory required employer's share. Since the Cooperative is considered a special funding situation, the Cooperative was not required to contribute amounts equal to the statutory contribution rate for the year ended June 30, 2024. However, the Cooperative is required to contribute towards employees working after retirement. The working after retirement contribution was $55,952, for the fiscal year ended June 30, 2024.

(c) Net Pension Liability

At June 30, 2024, the District's proportionate share of the collective net pension liability reported by KPERS was $889,925. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. 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, 2023. Since the KMAAG regulatory basis of accounting does not recognize longterm 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 public ally available on the website at www.kpers.org or can be obtained as described above.

7. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Special Education Fund	Client driven	$ 1,652,231
Kingman Life Skills Fund	Special Education Fund	Client driven	(30,826)
Deaf Blind Fund	Special Education Fund	Client driven	(27)
ELC Grant Fund	Special Education Fund	Client driven	180,148
Pre-K Pilot Program Fund	Special Education Fund	Client driven	(222,661)
			$ 1,578,865

8. CLAIMS AND JUDGMENTS

The Cooperative participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Cooperative may be required to reimburse the grantor government. As of the date of this report, grant expenditures have not been audited, but the Cooperative believes that disallowed expenditures or overpayments, if any, will not have a material effect on the individual governmental funds or the overall financial position of the Cooperative.

During the ordinary course of its operations, the Cooperative is a party to various claims, legal actions and complaints. It is the opinion of the Cooperative's management and legal counsel that these matters are not anticipated to have a material impact on the Cooperative.

The Cooperative 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 purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2023 to 2024, and there were no settlements that exceeded insurance coverage during the past three years.

9. SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statements of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
PRATT, KANSAS

REGULATORY-REQUIRED
SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED JUNE 30, 2024

South Central Kansas Special Education Cooperative
Pratt, Kansas

GENERAL FUND

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Receipts:		
USD contributions	$ 4,546,564	$ -
State aid	6,644,391	-
Federal aid	15,604	-
Medicaid	813,475	-
Private grants	17,597	-
Interest on idle funds	13,665	-
Other	114,196	-
Reimbursements	75,333	-
Total Receipts	12,240,825	-
Expenditures:		
Instruction -		
Certified salaries	3,483,404	-
Non-certified salaries	2,799,912	-
Insurance	860,991	-
Social security	540,979	-
Other employee benefits	139,719	-
Property and equipment	14,940	-
Purchased professional services	24,576	-
Supplies	69,362	-
Miscellaneous supplies	7,053	-
Student Support Services -		
Certified salaries	1,183,050	-
Insurance	112,504	-
Social security	83,109	-
Other employee benefits	12,394	-
Purchased professional services	106,521	-
Other purchased services	32,151	-
Supplies	23,939	-
General Supplemental	(20)	-
Instruction Support Staff -		
Other employee benefits	81,723	-
Purchased professional services	48,992	-
Purchased property services	38,568	-
Supplies	16,610	-
Property and equipment	5,463	-

South Central Kansas Special Education Cooperative
Pratt, Kansas

GENERAL FUND

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Expenditures (Cont.):		
General Administration -		
Certified salaries	$ 763,928	$ -
Insurance	80,270	-
Social security	55,085	-
Other employee benefits	8,672	-
Purchased professional services	17,939	-
Purchased property services	12,220	-
Other purchased services	142,349	-
Communications	8,622	-
Supplies	24,459	-
Audit services	42,603	-
Other	234,725	-
Operations and Maintenance -		
Certified salaries	13,696	-
Insurance	534	-
Social Security	1,007	-
Purchased property services	170,427	-
Water/sewer	4,037	-
Repairs and maintenance	63,065	-
Other purchased services	61,257	-
General Supplies	56,933	-
Student Transportation Services -		
Property and Equipment	168,484	-
Transfer to Special Education Fund	-	1,652,231
Total Expenditures	11,616,252	1,652,231
Receipts Over (Under) Expenditures	624,573	(1,652,231)
Unencumbered Cash, Beginning	1,027,658	1,652,231
Unencumbered Cash, Ending	$ 1,652,231	$ -

South Central Kansas Special Education Cooperative
Pratt, Kansas

SPECIAL PURPOSE FUND

FEDERAL FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Receipts:		
EHC Flow thru VI-B	$ 1,027,774	$ 1,621,586
EHC Discretionary	47,598	-
Total Receipts	1,075,372	1,621,586
Expenditures:		
Instruction -		
Certified salaries	955,643	1,077,304
Insurance	96,501	132,586
Social security	67,624	66,793
Other employee benefits	15,210	15,621
Instruction Support Staff -		
Certified salaries	-	249,687
Insurance	-	19,958
Social security	-	19,101
Purchased professional services	2,904	-
Purchased property services	23,303	-
Other purchased services	6,839	29,223
Supplies	2,970	11,313
Operations and Maintenance -		
Other purchased services	(734)	-
Total Expenditures	1,170,260	1,621,586
Receipts Over (Under) Expenditures	(94,888)	-
Unencumbered Cash Beginning	936,133	841,245
Unencumbered Cash, Ending	$ 841,245	$ 841,245

South Central Kansas Special Education Cooperative
Pratt, Kansas

SPECIAL PURPOSE FUND

SPECIAL EDUCATION SERVICES FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Receipts:		
Federal aid	$ -	$ 8,385
Medicaid	-	531,701
State aid	-	612
Local aid	-	11,775,005
Interest on idle funds	-	19,958
Other	-	251,636
Transfer from Kingmam Life Skills Fund	-	(30,826)
Transfer from Deaf Blind Fund	-	(27)
Transfer from ELC Grant Fund	-	180,148
Transfer from Pre-K Pilot Program Fund	-	(222,661)
Transfer from General Fund	-	1,652,231
Total Receipts	-	14,166,162
Expenditures:		
Instruction		
Certified salaries	-	3,144,728
Non-certified salaries	-	3,018,347
Social security	-	405,611
Other employee benefits	-	836,162
Property and equipment	-	1,899
Purchased professional services	-	2,165
Supplies	-	34,636
Other purchased services	-	2,528
Student Support Services		
Certified salaries	-	2,331,251
Non-certified salaries	-	28,545
Social security	-	188,289
Other employee benefits	-	250,593
Purchased professional services	-	289,238
Other purchased services	-	910
Supplies	-	17,466
Property and equipment	-	744
Instruction Support Staff		
Certified salaries	-	86,533
Social security	-	6,428
Other employee benefits	-	13,206
Supplies	-	23

South Central Kansas Special Education Cooperative
Pratt, Kansas

SPECIAL PURPOSE FUND

SPECIAL EDUCATION SERVICES FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Expenditures (cont.):		
General Administration		
Certified salaries	$ -	$ 391,913
Non-certified salaries	-	265,881
Social security	-	47,452
Other employee benefits	-	72,251
Purchased professional services	-	178,276
Purchased property services	-	16,621
Other purchased services	-	19,202
Supplies	-	12,776
Property and equipment	-	7,886
Other	-	132,314
Central Services		
Non-certified salaries	-	22,500
Social security	-	1,563
Purchased professional services	-	34,206
Supplies	-	3,071
Operations and Maintenance		
Non-certified salaries	-	21,984
Social Security	-	1,558
Purchased property services	-	212,475
Other purchased services	-	4,565
Supplies	-	247
Heating	-	17,837
Electricity	-	38,729
Student Transportation Services		
Non-certified salaries	-	5,154
Social security	-	372
Rent of vehicles (lease)	-	168,933
Insurance	-	3,676
Other purchased services	-	100,253
Supplies	-	52,154
Property and equipment	-	7,832
Total Expenditures	-	12,500,983
Receipts Over (Under) Expenditures	-	1,665,179
Unencumbered Cash, Beginning	1,533	1,533
Unencumbered Cash, Ending	$ 1,533	$ 1,666,712

South Central Kansas Special Education Cooperative
Pratt, Kansas

SPECIAL PURPOSE FUND

DEAF-BLIND GRANT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Receipts:		
State aid	$ -	$ -
Expenditures:		
Transfer to Special Education Fund	-	(27)
Receipts Over (Under) Expenditures	-	27
Unencumbered Cash, Beginning	(27)	(27)
Unencumbered Cash, Ending	$ (27)	$ -

South Central Kansas Special Education Cooperative
Pratt, Kansas

SPECIAL PURPOSE FUND

ELC GRANT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Receipts:		
Private grants	$ -	$ -
Expenditures:		
Transfer to Special Education Fund	-	180,148
Receipts Over (Under) Expenditures	-	(180,148)
Unencumbered Cash, Beginning	180,148	180,148
Unencumbered Cash, Ending	$ 180,148	$ -

South Central Kansas Special Education Cooperative
Pratt, Kansas

SPECIAL PURPOSE FUND

KINGMAN LIFE SKILLS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Receipts:		
Miscellaneous revenue	$ -	$ -
Expenditures:		
Instruction -		
Other employee benefits	3,991	-
Student Support Services -		
Supplies	614	-
Operations and Maintenance -		
Other purchased services	5,500	-
Supplies	5,843	-
Transfer to Special Education Fund	-	(30,826)
Total Expenditures	15,948	(30,826)
Receipts Over (Under) Expenditures	(15,948)	30,826
Unencumbered Cash, Beginning	(14,878)	(30,826)
Unencumbered Cash, Ending	$ (30,826)	$ -

South Central Kansas Special Education Cooperative
Pratt, Kansas

SPECIAL PURPOSE FUND

PRE-K PILOT PROGRAM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Receipts:		
Federal aid	$ 176,968	$ -
State aid	280,415	-
Total Receipts	457,383	-
Expenditures:		
Instruction -		
Certified salaries	487,222	-
Employee benefits	36,610	-
Social Security	28,050	-
Supplies	2,296	-
Student Support Services -		
Other purchased services	5,007	-
Instruction Support Staff -		
Purchased professional services	1,420	-
Operations and Maintenance -		
Supplies	425	-
Transfer to Special Education Fund	-	(222,661)
Total Expenditures	561,030	(222,661)
Receipts Over (Under) Expenditures	(103,647)	222,661
Unencumbered Cash, Beginning	(119,014)	(222,661)
Unencumbered Cash, Ending	$ (222,661)	$ -

South Central Kansas Special Education Cooperative
Pratt, Kansas

SPECIAL PURPOSE FUND

PROFESSIONAL DEVELOPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Receipts:		
Other aid	$ -	$ 94,598
Expenditures:		
Instruction Support Staff -		
Purchased professional services	-	457
Other purchased services	-	13,037
Employee benefits	-	264
Other	-	78,992
Total Expenditures	-	92,750
Receipts Over (Under) Expenditures	-	1,848
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 1,848

South Central Kansas Special Education Cooperative
Pratt, Kansas

SPECIAL PURPOSE FUND

GIFTS AND GRANTS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	2023 Actual	2024 Actual
Receipts:		
Federal aid	$ -	$ 292,250
State aid	-	257,685
Other	-	250
Total Receipts	-	550,185
Expenditures:		
CIF	-	257,685
TANF	-	257,685
Total Expenditures	-	515,370
Receipts Over (Under) Expenditures	-	34,815
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 34,815

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
PRATT, KS

OTHER SUPPLEMENTAL INFORMATION

FISCAL YEAR ENDED JUNE 30, 2024

LOYD GROUP, LLC

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INDEPENDENT AUDITOR'S 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*

Board of Directors
South Central Kansas Special Education Cooperative
412 Sandy Lane
Pratt, KS 67124

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting Guide, the financial statement of June 30, 2024 Unified School District Number 418 (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statement which collectively comprise the District's basic financial statement, and have issued our report thereon dated January 20, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the District's 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 opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as described in the accompanying schedule of findings and questioned costs we did identify certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 to 2024-002 that we consider to be a significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 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.*

South Central Kansas Special Education Cooperative's Response to Findings

South Central Kansas Special Education Cooperative's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. South Central Kansas Special Education Cooperative'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.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
January 20, 2025

LOYD GROUP, LLC

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620-654-7565
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
South Central Kansas Special Education Cooperative
412 Sandy Lane
Pratt, KS 67124

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Central Kansas Special Education Cooperative's (the Cooperative) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Cooperative's major federal programs for the year ended June 30, 2024. The Cooperative's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Cooperative, 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, 2024.

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 (GAAS); 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Cooperative and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Cooperative's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Cooperative's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Cooperative's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Cooperative's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Cooperative's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Cooperative's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001 to 2024-002, to be significant deficiencies.

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. *Government Auditing Standards* requires the auditor to perform limited procedures on South Central Kansas Special Education Cooperative's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. South Central Kansas Special Education Cooperative's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
January 20, 2025

South Central Kansas Special Education Cooperative
Pratt, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Pass-Through Grantor/ Federal Grantor Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services			
Passed through Kansas Department of Education -			
Early Learning Kansans	93.558	DO605	$ 257,685
Total U.S. Department of Health and Human Services			257,685
U.S. Department of Education			
Passed through Kansas Department of Education -			
Special Education Cluster (IDEA)			
Special Education - Grants to States - IDEA Part B	84.027	DO605	1,522,434
Special Education - Preschool Grants	84.173	DO605	66,103
COVID Special Education - Preschool Grants	84.173X	DO605	33,049
Total Special Education Cluster			1,621,586
Total U.S. Department of Education			1,621,586
Total Expenditures of Federal Awards			$ 1,879,271

NOTES TO THE SCHEDULE OF EXENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of South Central Kansas Special Education Cooperative, Pratt, Kansas (the Cooperative), under programs of the federal government for the year ended June 30, 2024. The information in the 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). Because the Schedule presents only a selected portion of the operations of the Cooperative, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Cooperative. The Schedule is presented using a regulatory basis of accounting prescribed by the Kansas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

South Central Kansas Special Education Cooperative
Pratt, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The Cooperative has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Funds Expended

Funds where federal expenditures were receipted and expended:

Federal Funds Fund	$1,621,586
Gifts and Grants Fund	257,685
	$1,879,271

South Central Kansas Special Education Cooperative
Pratt, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Section 1 – Summary of Auditor's Results

Financial Statements

1. Type of auditor's opinion issued on whether the financial statements audited were prepared in accordance with GAAP:	Adverse
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	Yes
3. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	Yes
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
4. Identification of major programs:	

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

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

Section 2 – Findings – Financial Statement Audit

2024-001 SIGNIFICANT DEFICIENCY – PAYROLL INTERNAL CONTROLS

Condition: During our testing of controls over payroll, we noted that 1 out of 40 employees was paid incorrectly as well as documentation of certain staff are not made or retained.

Criteria: Controls over payroll include verifying that employees are paid the correct contract rates.

Cause: There was significant turnover in the Human Resources position. Files were not maintained with the Cooperative's policies and controls.

Effect: There is the potential for inaccurate wage rates in the system if there is no verification of wage rates.

2024-001 SIGNIFICANT DEFICIENCY – PAYROLL INTERNAL CONTROLS (CONT.)

Perspective: The Cooperative went through two Human Resource employees during year under audit. In addition, the Cooperative went through every employee and found these errors before the audit did. The employees have been corrected and made whole.

Recommendation: Employee rates should be reviewed and compared with contracts when new contract rates are determined.

2024-002 SIGNIFICANT DEFICIENCY – FINANCIAL REPORTING

Condition: We noted various issues during our audit that we believe show the Cooperative needs to add additional internal controls to their internal control structure in the Cooperative.

Criteria: Controls over the entire financial reporting process to ensure accurate financials are being prepared.

Cause: There was significant turnover in the Cooperative over the last few years, controls set in place previously have been stopped.

Effect: There is the potential for inaccurate financial reporting in the system if there is not proper knowledge of financial reporting.

Perspective: The Cooperative has had a lot of turnover over the last few years as well as additional requirements due to the COVID-19 Pandemic, now that financials are caught up there will be availability to gain a full perspective on financial reporting

Recommendation: The Cooperative should purchase the reporting guideline document (KMAAG) to use as reference as well as send managerial staff to trainings on a yearly basis.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this finding. They have filled the Human Resources position and contracted with an outside party for proper training.

Section 3 – Findings and Questioned Costs – Major Federal Award Programs

Special Education Cluster (IDEA):	
Special Education – Grants to States	84.027
Special Education – Preschool Grants	84.173

There were no compliance findings. Internal control findings specific to the major program are noted above in finding 2024-002.

SCKSEC
Believing in Possibilities

SOUTH CENTRAL KANSAS SPECIAL EDUCATION COOPERATIVE
SCKSEC
412 Sandy Lane, Pratt, KS 67124
Phone (620) 672-7500
Fax (620) 672-7501

SCHEDULE 4

South Central Kansas Special Education Cooperative
Pratt, Kansas

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2024

FINDINGS--FINANCIAL STATEMENTS AUDIT

2023-001 Payroll Benefits

Condition: During the audit, we noted that payroll liabilities had a large debit balance. Upon further investigation, it was determined that new employees added for the 19-20 year were not set up correctly to record the employer benefits, and in some cases, KPERS. It was determined, that since the billings from KPERS, insurance, etc. are calculated independently of the payroll journal entry, that all the bills were appropriately paid, so cash was not materially affected.

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Recommendation: After approximately two years of working to solve and remedy this issue by the Cooperative, we feel they have appropriately resolved these issues. In addition, the Cooperative has recognized the need for better training of future employees in this position and review of their work.

Current Status: Conditions were not corrected for 2020-2021, 2021-2022, 2022-2023 year as the issue was not identified until after the 2020-2021 year had begun. Extensive work was done to make adjustments and ensure balances are accurate, including the utilization of professional help. No longer considered an issue.

2023-002 SIGNIFICANT DEFICIENCY – PAYROLL INTERNAL CONTROLS

Condition: During our testing of controls over payroll, we noted that 3 out of 40 contracts were paid at a lower rate than the approved contract.

Recommendation: Employee rates should be reviewed and compared with contracts when new contract rates are determined.

Current Status: We noted similar issues for the year ended June 30, 2024. See finding 2024-001.

2023-003 SIGNIFICANT DEFICIENCY – FINANCIAL REPORTING

Condition: We noted various issues during our audit that we believe show the Cooperative needs to add additional internal controls to their internal control structure in the Cooperative.

Recommendation: The Cooperative should purchase the reporting guideline document (KMAAG) to use as reference as well as send managerial staff to trainings on a yearly basis.

Current Status: We noted issues again with the Financial Reporting of the Cooperative. See finding 2024-002.