RENO COUNTY EDUCATION COOPERATIVE NO. 610
HUTCHINSON, KANSAS

FINANCIAL STATEMENT
JUNE 30, 2023



RENO COUNTY EDUCATION COOPERATIVE NO. 610
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Reno County Education Cooperative No. 610
Hutchinson, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Reno County Education Cooperative No. 610, Hutchinson, Kansas**, as of and for the year ended **June 30, 2023**, and the related notes to the financial statement.

Adverse and Unmodified Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Reno County Education Cooperative No. 610, Hutchinson, Kansas**, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Reno County Education Cooperative No. 610, Hutchinson, Kansas**, as of **June 30, 2023**, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of the report. We are required to be independent of **Reno County Education Cooperative No. 610, Hutchinson, Kansas** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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Board of Directors
Reno County Education Cooperative No. 610

Matter Giving Rise to Adverse Opinion on Accounting Principles Generally Accepted in the United State of America
As discussed in Note 1 of the financial statement, the financial statement is prepared by **Reno County Education Cooperative No. 610, Hutchinson, Kansas**, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual, and combining fund schedule of regulatory basis receipts, expenditures, and unencumbered cash balances-Special Education Funds (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In

our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the **Reno County Education Cooperative No. 610, Hutchinson, Kansas**, as of and for the year ended June 30, 2022, and have issued our report thereon dated March 28, 2023, which contained an unmodified opinion on the basic financial statement.

The 2022 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link: https://admin.ks.gov/offices/oar/municipal-services. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2022 (as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 basic financial statement or to the 2022 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2022, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2024, on our consideration of **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** internal control over financial reporting and compliance.

BFR CPA, LLC

BFR CPA, LLC
February 1, 2024

RENO COUNTY EDUCATION COOPERATIVE NO. 610
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Special Purpose Funds							
Special Education	$ 1,335,461	$ 0	$ 11,616,159	$ 11,691,260	$ 1,260,360	$ 0	$ 1,260,360
Professional Development	235	0	0	235	0	0	0
Transitional Learning Center Activity	46	0	0	0	46	0	46
	$ 1,335,742	$ 0	$ 11,616,159	$ 11,691,495	$ 1,260,406	$ 0	$ 1,260,406

Composition of Cash:	Checking and Money Market Accounts	$ 1,260,406

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

RENO COUNTY EDUCATION COOPERATIVE NO. 610
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Reno County Education Cooperative No. 610 is a municipal corporation established under State of Kansas statutes. The Cooperative was formed in the mid-1970's and last renewed July 1, 1985, through an agreement of five Kansas Unified School Districts (Nickerson, Fairfield, Pretty Prairie, Haven and Buhler) located in and around Reno County, Kansas to meet special education requirements at the primary and secondary levels. The Cooperative is governed by an elected five-member Board of Directors. The Cooperative's financial statement includes all funds over which the Board of Directors exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

> 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.

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

Budget and Assessment Cycle

The Cooperative prepares a budget under the Kansas cash-basis and budget laws to determine assessment to member Cooperatives and other financial planning purposes. Assessments are made in three variable installments in October, January, and May.

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

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

Note 2 - Contingencies:

Grant Programs
The Cooperative participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management
The 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 carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Medicaid Payments
The Cooperative submits reports of time for providing medical services to children with disabilities to a third party. The third party reviews the reports and files claims for Medicaid reimbursement. Medicaid then pays the third party based on Medicaid's determination of allowed payment. The third party retains a percentage of the payment based on an agreement with the Cooperative and remits the remainder approximately monthly for the previous month's claims. Due to adjustments made by both the third party and Medicaid, the actual amount to be received by the Cooperative is undeterminable and has not been recorded. It will be recorded as received.

Note 3 - Termination Benefits:

The Cooperative has an early retirement plan for certified personnel. Personnel qualify if they have 15 years of service with the Cooperative, are at least 55 years old and are retired under KPERS. Payments under the plan are paid quarterly until age 65 based on 12% of the annual salary upon retirement but not more than $6,500 annually. In addition, $549 per month is contributed toward health insurance of the early retirees if they continue coverage under the Cooperative's group health plan.

It is the policy of the Cooperative to record these benefits as expenditures when paid. Payments were made during the year under the plan to six individuals amounting to $38,396.

Note 4 - Deposits:

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 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 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%. All deposits were legally secured at June 30, 2023.

At June 30, 2023, the Cooperative's carrying amount of deposits was $1,260,406 and the bank balance was $2,270,730. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balances, $250,046 was covered by federal depository insurance and the remaining $2,020,684 was collateralized with securities held by the pledging financial institution's agent in the Cooperative's name.

Note 5 - Compensated Absences:

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

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

Note 6 - Interfund Transactions:

Operating transfers were as follows:

	Transfer to:
Transfer from:	Professional Development
Special Education	$ 261,453
Transitional Learning Center	128,341
	$ 389,794

Note 7 - Defined Benefit Plan:

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.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 14.20% and 13.33%, respectively, for the fiscal year ended June 30, 2022. The actuarially determined employer contribution rate and the statutory contribution rate was 13.88% and 13.11% for the fiscal year ended June 30, 2023.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of $56 million was paid in fiscal year 2018. This bill also authorized a payment of $82 million in fiscal year 2019. The 2019 legislative session authorized an additional fiscal year payment for the KPERS School Group. 2019 Senate Bill 9 authorized a payment of $115 million for the KPERS School Group. House Substitute for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in fiscal year 2020 of $51 million.

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General

Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred to KPERS. In Fiscal Year 2023, Senate Bill 421 authorizes two additional transfers which total $271 million.

The State of Kansas is required to contribute the statutory required employer's share. 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, 2023.

Net Pension Liability

The Cooperative is considered a special funding situation. The state contributes 100% of the contractually required employer contributions. However, they do make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, "working after retirement" employees. The resulting proportional share of the "working after retirement" contributions and resulting net pension liability are attributable to the employer.

At June 30, 2023, the Cooperative's proportionate share of the collective net pension liability reported by KPERS was $204,216. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The 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, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

Note 8 - Postemployment 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 the 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.

Note 9 - Subsequent Events:

The Cooperative has evaluated subsequent events through February 1, 2024, the date which the financial statement was available to be issued.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

RENO COUNTY EDUCATION COOPERATIVE NO. 610
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Special Purpose Funds					
Special Education	$ 11,380,889	$ 0	$ 11,380,889	$ 11,691,260	$ 310,371
Professional Development	32,935	0	32,935	235	(32,700)
Transitional Learning Center Activity	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
	$ 11,413,824	$ 0	$ 11,413,824	$ 11,691,495	$ 277,671

RENO COUNTY EDUCATION COOPERATIVE NO. 610
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Special Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 8,755,983	$ 9,524,425	$ 9,107,005	$ 417,420
State Sources	594,921	400,384	547,394	(147,010)
Federal Sources	1,437,496	1,691,350	1,656,103	35,247
	10,788,400	11,616,159	$11,310,502	$ 305,657
Expenditures				
Instruction	6,881,551	7,622,778	$ 7,512,049	$ 110,729
Student Support Services	2,598,673	2,891,410	2,678,224	213,186
Instructional Support Staff	83,585	55,436	91,573	(36,137)
General Administration	813,970	965,063	934,104	30,959
Operations & Maintenance	96,896	103,394	113,439	(10,045)
Student Transportation Services	21,830	48,102	25,000	23,102
Other Support Services	7,433	5,077	26,500	(21,423)
Transfers	21,153	0	0	0
	10,525,091	11,691,260	$11,380,889	$ 310,371
Receipts Over (Under) Expenditures	263,309	(75,101)		
Unencumbered Cash, Beginning	1,072,152	1,335,461		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 1,335,461	$ 1,260,360		

RENO COUNTY EDUCATION COOPERATIVE NO. 610
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Professional Development Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
State Sources	$ 0	$ 0	$ 32,700	$ (32,700)
Transfers	21,153	0	0	0
	21,153	0	$ 32,700	$ (32,700)
Expenditures				
Instruction	1,258	0	$ 32,935	$ (32,935)
Instructional Support Staff	19,895	0	0	0
General Administration	0	235	0	235
	21,153	235	$ 32,935	$ (32,700)
Receipts Over (Under) Expenditures	0	(235)		
Unencumbered Cash, Beginning	235	235		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 235	$ 0		

RENO COUNTY EDUCATION COOPERATIVE NO. 610
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023
(With Comparative Actual Totals for the Prior Year Ended June 30, 2022)

Transitional Learning Center
Activity Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 45	$ 0
	45	0
Expenditures		
Instruction	25	0
	25	0
Receipts Over (Under) Expenditures	20	0
Unencumbered Cash, Beginning	26	46
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 46	$ 46

RENO COUNTY EDUCATION COOPERATIVE NO. 610
COMBINING SCHEDULE OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH BALANCES - SPECIAL EDUCATION FUNDS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	General	Early Education Infant Toddler	Early Education Center	Early Education Center Reserve	Learning Center	Target Improvement Grant	Title VI Pass Thru	ESSER	EEC Child Care Grant	Early Childhood Block Grant	ELC Child Care Grant	Combining Adjustments	Total
Cash Receipts													
Local Sources	$ 6,580,784	$ 468,713	$ 1,352,029	$ 0	$ 543,966	$ 0	$ 0	$ 142,709	$ 93,800	$ 272,549	$ 69,875	$ 0	$ 9,524,425
State Sources	2,004	378,829	19,551	0	0	0	0	0	0	0	0	0	400,384
Federal Sources	437,397	73,948	56,242	0	0	41,548	1,082,215	0	0	0	0	0	1,691,350
Transfers	0	0	261,453	0	128,341	0	0	0	0	0	0	(389,794)	0
	7,020,185	921,490	1,689,275	0	672,307	41,548	1,082,215	142,709	93,800	272,549	69,875	(389,794)	11,616,159
Expenditures													
Instruction	4,331,849	348,269	1,013,809	0	496,649	17,225	927,886	102,173	92,178	222,865	69,875	0	7,622,778
Student Support Services	1,775,931	442,114	507,240	0	76,299	22,323	9,823	36,562	0	21,118	0	0	2,891,410
Instructional Support Staff	44,528	2,748	0	0	0	0	7,200	960	0	0	0	0	55,436
General Administration	454,240	86,203	166,717	0	91,038	2,000	137,306	1,890	1,156	24,513	0	0	965,063
Operations & Maintenance	53,830	10,876	18,238	0	19,326	0	0	1,124	0	0	0	0	103,394
Student Transportation Services	25,620	0	22,365	0	117	0	0	0	0	0	0	0	48,102
Other Support Services	0	0	0	0	558	0	0	0	466	4,053	0	0	5,077
Transfers	389,794	0	0	0	0	0	0	0	0	0	0	(389,794)	0
	7,075,792	890,210	1,728,369	0	683,987	41,548	1,082,215	142,709	93,800	272,549	69,875	(389,794)	11,691,260
Receipts Over (Under) Expenditures	(55,607)	31,280	(39,094)	0	(11,680)	0	0	0	0	0	0	0	(75,101)
Unencumbered Cash, Beginning	881,522	69,843	156,442	120,779	106,875	0	0	0	0	0	0	0	1,335,461
Prior Year Canceled Encumbrances	0	0	0	0	0	0	0	0	0	0	0	0	0
Unencumbered Cash, Ending	$ 825,915	$ 101,123	$ 117,348	$ 120,779	$ 95,195	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,260,360

FEDERAL AWARD INFORMATION

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Reno County Education Cooperative No. 610
Hutchinson, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **Reno County Education Cooperative No. 610, Hutchinson, Kansas**, as of and for the year ended **June 30, 2023**, and the related notes to the financial statement, which collectively comprise **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** basic financial statement, and have issued our report thereon dated February 1, 2024. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** internal control.

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

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Board of Directors
Reno County Education Cooperative No. 610

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BFR CPA, LLC

BFR CPA, LLC
February 1, 2024

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

Board of Directors
Reno County Education Cooperative No. 610
Hutchinson, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** major federal programs for the year ended **June 30, 2023**. **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Reno County Education Cooperative No. 610, Hutchinson, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2023**.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Reno County Education Cooperative No. 610, Hutchinson, Kansas** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** compliance with the compliance requirements referred to above.

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Board of Directors
Reno County Education Cooperative No. 610

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 **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** major federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of **Reno County Education Cooperative No. 610, Hutchinson, Kansas'** internal control over compliance. Accordingly, no such opinion is expressed.

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

Board of Directors
Reno County Education Cooperative No. 610

Report on Internal Control over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance, Accordingly, no such opinion is expressed.

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

BFR CPA, LLC

BFR CPA, LLC
February 1, 2024

RENO COUNTY EDUCATION COOPERATIVE NO. 610
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grant Title	Assistance Listing Number	Program Amount	Expenditures
(Passes Through Kansas Department of Education)			
Department of Education			
Special Education Cluster (IDEA)-Cluster			
Special Education - Grants to States	84.027	$ 1,281,082	$ 1,281,082
Special Education - Preschool Grants	84.173	53,977	53,977
		1,335,059	1,335,059
(Passes Through Kansas Department of Health and Environment)			
Department of Health and Human Services			
Medicaid Cluster-Cluster			
Medical Assistance Program	93.778	356,290	356,290
Total Federal Awards		$ 1,691,349	$ 1,691,349

The accompanying notes are an integral part of this schedule.

RENO COUNTY EDUCATION COOPERATIVE NO. 610
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Reno County Education Cooperative No. 610, Hutchinson, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Note 2 - Indirect Cost Rate:

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

RENO COUNTY EDUCATION COOPERATIVE NO. 610
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Reno County Education Cooperative No. 610, Hutchinson, Kansas**.

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

3. No instances of noncompliance material to the financial statement of **Reno County Education Cooperative No. 610, Hutchinson, Kansas**, were disclosed during the audit.

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

5. The independent auditors' report on compliance for the major federal award programs for **Reno County Education Cooperative No. 610, Hutchinson, Kansas**, expresses an unmodified opinion on all major federal programs.

6. There were no audit findings relative to the major federal award programs for **Reno County Education Cooperative No. 610, Hutchinson, Kansas**.

7. The programs tested as major programs were:

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

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

9. **Reno County Education Cooperative No. 610, Hutchinson, Kansas**, was determined not to be a low-risk auditee.

RENO COUNTY EDUCATION COOPERATIVE NO. 610
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

There are no prior audit findings.