Southwest Kansas Area Cooperative, District Number 613

Dodge City, Kansas

FINANCIAL STATEMENT

WITH REGULATORY - REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2024

Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas
Table of Contents
For the Year Ended June 30, 2024

	Page Number
Independent Auditor's Report	1
Statement 1	
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to Financial Statement	5
Regulatory Required Supplemental Information	
Schedule 1	
Summary of Expenditures - Actual and Budget (Budgeted Funds Only)	11
Schedule 2	
Schedule of Receipts and Expenditures - Actual and Budget (where applicable)	
2-1 General Fund	12
2-2 ESSER II School District Flow Through	13
2-3 Federal Funds	14
Schedule 3	
Schedule of Receipts and Cash Disbursements	
Agency Funds	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*	17
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Requried by the Uniform Gudiance	19
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	23
Schedule of Finding & Questioned Costs	24
Corrective Action Plan	27

104 N. Main / P.O. Box 885
Ulysses, Kansas 67880
Office (620) 356-4951

Medill & Thooft, CPA

117 N. Main
Lakin, Kansas 67860
Fax (620) 353-1018

INDEPENDENT AUDITOR'S REPORT

Board Members and Management
Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas 67801

Adverse and Unmodified Opinions

We have audited the accompanying financial statement of the Southwest Kansas Area Cooperative, District Number 613 which comprise the statement of receipts, expenditures, and unencumbered cash as of 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 Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Southwest Kansas Area Cooperative, District Number 613, as of June 30, 2024, or changes in net position, or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the financial statement referred to above present fairly, in all material respects, the aggregate cash and unencumbered cash balance of the Southwest Kansas Area Cooperative, District Number 613, 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* as 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, and the *Kansas Municipal Audit and Accounting Guide*. 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 Southwest Kansas Area Cooperative, District Number 613, 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 Opinions on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the Southwest Kansas Area Cooperative, District Number 613, on the basis of the financial reporting provisions of *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 and pervasive.

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 financial statement that are 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 Southwest Kansas Area Cooperative, District Number 613'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 double 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 opinion. 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 generally accepted 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 generally accepted 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 Southwest Kansas Area Cooperative, District Number 613'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 Southwest Kansas Area Cooperative, District Number 613'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 and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures - agency funds (Schedules 1, 2, and 3, as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide.* Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Southwest Kansas Area Cooperative, District Number 613 as of and for the year ended June 30, 2023 (not presented herein), and have issued our reported thereon dated December 20, 2023, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and our accompanying report are not presented herein but are available in electronic form from the web site of the Kansas Department of Administration at the following link: http://admin.ks.gov/offices/oar/municipal-services. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2023 (Schedule 2 as listed in the table of contents) is presented for the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the Southwest Kansas Area Cooperative, District Number 613's basic financial statement. 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* 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 themselves, 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 December 18, 2024, on our consideration of the Southwest Kansas Area Cooperative, District Number 613'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 the Southwest Kansas Area Cooperative, District Number 613'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 Southwest Kansas Area Cooperative, District Number 613's internal control over financial reporting and compliance.

Medill and Thooft, CPA

MEDILL & THOOFT, CPA
Ulysses, Kansas

December 18, 2024

Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2024

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance
General Fund:						
General Fund	$ 5,602,948	$ 18,327,096	$ 18,966,143	$ 4,963,901	$ -	$ 4,963,901
Special Purpose Funds:						
ESSER II School District Flow Through	6,868	-	6,868	-	-	-
Federal Funds	355,292	2,823,705	3,178,997	-	-	-
Total Reporting Entity (Excluding Agency Funds)	$ 5,965,108	$ 21,150,801	$ 22,152,008	$ 4,963,901	$ -	$ 4,963,901

Composition Of Cash	
Cooperative Accounts	$ 4,963,901
Self-Insurance Accounts	48,773
Total Cash	5,012,674
Agency Funds - Per Schedule 3	(48,773)
Total Reporting Entity (Excluding Agency Funds)	$ 4,963,901

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

SOUTHWEST KANSAS AREA COOPERATIVE, DISTRICT NUMBER 613

Dodge City, Kansas

Notes to the Financial Statement

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Reporting Entity

Southwest Kansas Area Cooperative, District Number 613 (Cooperative), Dodge City, Kansas operates as a municipal corporation in accordance with the laws of the State of Kansas. The Cooperative is governed by a fourteen-member board, representing each participating district of the inter-local. 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 Fund – 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.

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

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.

d) Budgetary Information

The Cooperative prepares an annual budget of receipts and expenditures that is required to be submitted to the Kansas State Department of Education on or before August 25th. The interlocal does not levy a tax and thus is not subject to the Kansas Budget Law. The budget is prepared for internal use and to satisfy the requirement of the Kansas State Department of Education.

NOTE 2 – 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 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.

NOTE 2 – DEPOSITS AND INVESTMENTS, CONTINUED

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Cooperative's deposits may not be returned to it. State statutes require the Cooperative's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka except during designated "peak periods" when required coverage is 50%. The Cooperative does not use designated "peak periods".

At June 30, 2024 the carrying amount of the Cooperative's deposits, including certificates of deposit, was $4,963,901 and the bank balance was $6,257,661. The bank balance was held by one (1) bank resulting in a concentration of credit risk. Of the bank balance, the balance was covered by federal depository insurance.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Cooperative will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The Cooperative had no investments of this type on June 30, 2024.

NOTE 3 – RETIREMENT PLAN

General Information about the Pension Plan

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.

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 before July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contribution are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 13.88% 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 KEPRS-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, $600 million was transferred in May/June 2022.

NOTE 3 – RETIREMENT PLAN, CONTINUED

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.

The State of Kansas is required to contribute the statutory required employer's share except for retired Cooperative employees. The Cooperative is responsible for the employer's portion of the cost of retired Cooperative employees, Accordingly, the Cooperative's contributions to the plan were $61,209 for the year ended June 30, 2024.

Net Pension Liability
At June 30, 2024, the District's proportionate share of the collective net pension liability reported by KPERS was $611,602. 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 contribution 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 long-term debt, this liability is not reported in the 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 4 – 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 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) Compensated Absences
Sick Leave. Full-time Para educators, working 30 or more hours a week, begin the school year with 7 hours. The Paras then receive 7 additional hours each month they physically work up to the max of 63 hours accumulated for that school year. Classified staff other than paraeducators have their sick leave prorated. All classified staff with continuous employment with the Cooperative may accumulate up to 180 hours of sick leave.

Paid Time Off. Licensed staff is given 13 days of sick leave based on the months of hiring. Administrators, supervisors and classified exempt employees are given 9 days at the beginning of each school year. Sick leave can accumulate up to 100 days for licensed staff, administrators, and supervisors.

Family and Medical Leave. Employees are eligible for unpaid family and medical leave upon the completion of 12 months of service in the Cooperative.

Vacation/Personal Leave. Full-time Para educators, working 30 or more hours a week, begin the school year with 3 days. Classified and custodial employees receive vacation days based on their years of service with the Cooperative, from 5 to 15 days.

Termination Benefits. Upon termination, Para educators, classified and custodial employees forfeit all unused sick leave. A licensed staff retiring with full retirement with 100 accumulated sick days will receive a lump sum payment of $2,000. Resigning licensed staff with 100 accumulated sick leave days will receive a lump sum payment of $500.

NOTE 5 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, Kansas Department of Administration, and Interpretation by legal repetition of the Municipality.

There were no cash law or budget law violations for the year ending June 30, 2024.

NOTE 6 – CLAIMS, JUDGEMENTS AND RISK MANAGEMENT

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 any 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.

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 in the past three years.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Cooperative has employees participating in a program which allows the employees to go back to college and complete additional courses to obtain a higher degree. The Cooperative pays 100% of the tuition expense for the hours needed to obtain a bachelor's degree in teaching or other degrees related to their position. If the position the employee is in requires that a master's degree is to be obtained to perform their job, then the Cooperative will pay 50% of the tuition to obtain the master's degree. The employees in turn will owe the Cooperative three years of service after the degree has been obtained. If the employee leaves the Cooperative prior to the three years of service, then the tuition will be paid back to the Cooperative prorate. After the three years the employee is allowed to leave the Cooperative with no recourse. There are currently 44 employees participating in the reimbursement of tuition expense as of June 30, 2024.

The Cooperative also has a second version of the grow your own program that will pay for student loans up to $1,000 per semester for a total of $2,000 per year during the employee year of employment. This program is capped at $10,000 per employee. The employee is required to be employed by the district, submit all paperwork timely, apply for all applicable state and federal loan forgiveness programs, and provide proof of outstanding debt at the time of each request. There is currently $81,000 still eligible to the 14 employees participating on June 30, 2024.

NOTE 8 – SELF-FUNDED HEALTH INSURANCE FUND

Southwest Kansas Area Cooperative, District Number 613, participates in a self-insurance fund program for medical insurance, which covers full-time administration, licensed staff, Para educators, and office staff working at least seventeen and a half (17.5) hours per week. The plan also covers retired employees (K.S.A. 12-5040) who are individuals who have terminated employment with the Cooperative and is receiving retirement or disability benefit for services to the Cooperative when employment is terminated.

Premiums from the employees and the Cooperative are paid to the Health insurance bank account. The premiums are available to pay claims and administrative costs of the program by the third-party administrator (Meritain). The agreement to participate provides that the Cooperative will be self-sustaining through member's premiums. The Cooperative purchases secondary insurance (reinsurance), from Optum, for claims in excess of an annual stop loss deductible of $50,000 per person.

NOTE 9 – IRS CORRESPONDENCES

The District is currently in open correspondence with the Internal Revenue Service (IRS) regarding several civil penalties for year ends December 31, 2018, December 31, 2019, December 31, 2020, December 31, 2022, and December 31, 2023. The Director personally delivered all requested materials to the IRS on March 28, 2024. The IRS has since responded that they need "additional time for research." The balance due on the civil penalties related to tax period December 31, 2019 was $368,052. The other original notices explaining the penalties and their current assessed values were not retained by the District.

The District is also currently subject to Employer Shared Responsibility Payment (ESRP) penalties for tax year 2021 and 2020. The IRS has assessed an amount due of $668,210 for the tax year 2020, in which the District responded that they were not subject to the penalties due to Forms 1095-C being filed inaccurately. The IRS has assessed an amount due of $27,743 for the tax year 2021. The District responded to 2021's assessment by recalculating the penalty at only $19,623. The District has not received any correspondences related to their two replies for the ESRP notices.

NOTE 10 – LITIGATION

A lawsuit was filed against the District and USD 443 pertaining to a prior student. A hearing officer issued a decision on April 4, 2024, with a later order on May 20, 2024, siding with the prior student. The District and USD 443 are required to each pay $177,500 a year until the former student enters college. The District and the USD 443 have filed an appeal that is currently under review as of June 30, 2024.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas
Summary of Expenditures - Actual and Budget (Budgeted Funds Only)
Regulatory Basis
For the Year Ended June 30, 2024

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	$ 22,169,005	$ 3,495,661	$ 25,664,666	$ 18,966,143	$ (3,202,862)

Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Charges for Services	$ 4,530,945	$ 5,447,940	$ 5,447,940	$ -
State Aid Flow Thru Districts	8,301,865	8,329,239	8,400,000	(70,761)
Interest	696,101	425,898	500,000	(74,102)
Medicaid	793,595	571,692	500,000	71,692
Arrowhead West Reimbursement	150,852	265,331	511,000	(245,669)
Para Reimbursement	31,959	51,333	-	51,333
Orientation & Mobility Services	-	33,584	-	33,584
Early Childhood	136,448	10,321	-	10,321
Professional Development State Aid	9,566	7,476	-	7,476
Federal Funds Salary Reimbursement	2,709,949	3,178,997	2,826,402	352,595
Miscellaneous	13,975	5,285	10,000	(4,715)
Total Receipts	17,375,255	18,327,096	$ 18,195,342	$ 131,754
Expenditures				
Instruction	12,373,314	13,087,857	13,148,000	(60,143)
Student Support Service	3,536,353	3,994,170	3,589,091	405,079
Instructional Staff Support	480,418	521,261	513,620	7,641
General Administration	992,593	1,016,086	1,092,116	(76,030)
Operation and Maintenance	142,314	121,597	94,881	26,716
Student Transportation - Monitoring	41,680	16,493	-	16,493
Vehicle Operation Services	179,212	195,818	220,636	(24,818)
Vehicle Servicing and Maintenance	68,387	861	15,000	(14,139)
Facility Acquisition and Construction Service	12,000	12,000	-	12,000
Legal General Fund Budget	17,826,271	18,966,143	18,673,344	292,799
Adjustment for Qualifying Budget Credits	-	-	3,495,661	(3,495,661)
Total Expenditures	17,826,271	18,966,143	$ 22,169,005	(3,202,862)
Receipts Over (Under) Expenditures	(451,016)	(639,047)		$ 3,334,616
Unencumbered Cash, July 1	6,053,964	5,602,948		
Unencumbered Cash, June 30	$ 5,602,948	$ 4,963,901		

Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas
ESSER II School District Flow Through
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended June 30, 2024
(With Comparative Actual Totals for the Prior Year Ended June 30, 2023)

	Prior Year	Current Year
Receipts		
School District Flow Thru	$ 259,361	$ -
Total Receipts	259,361	-
Expenditures		
Instruction	270,939	6,868
Total Expenditures	270,939	6,868
Receipts Over (Under) Expenditures	(11,578)	(6,868)
Unencumbered Cash, July 1	18,446	6,868
Unencumbered Cash, June 30	$ 6,868	$ -

Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas
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)

	Preschool Grants	Private School	Title VI B	Targeted Improvement Plan	Total
Receipts					
Federal Aid	$ 69,980	$ 84,304	$ 2,592,515	$ 76,906	$ 2,823,705
Total Receipts	69,980	84,304	2,592,515	76,906	2,823,705
Expenditures					
Instruction	74,980	94,304	2,932,807	76,906	3,178,997
Total Expenditures	74,980	94,304	2,932,807	76,906	3,178,997
Receipts Over (Under) Expenditures	(5,000)	(10,000)	(340,292)	-	(355,292)
Unencumbered Cash, July 1	5,000	10,000	340,292	-	355,292
Unencumbered Cash, June 30	$ -	$ -	$ -	$ -	$ -

Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas
Agency Funds
Schedule of Receipts and Cash Disbursements
For the Year Ended June 30, 2024

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Health Insurance Reserve	$ 137,383	$ 1,727,127	$ 1,815,738	$ 48,773
	$ 137,383	$ 1,727,127	$ 1,815,738	$ 48,773

Southwest Kansas Area Cooperative, District Number 613

Dodge City, Kansas

SINGLE AUDIT SECTION

For the Year Ended June 30, 2024

104 N. Main / P.O. Box 885
Ulysses, Kansas 67880
Office (620) 356-4951

Medill & Thooft, CPA

117 N. Main
Lakin, Kansas 67860
Fax (620) 353-1018

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

Board Members and Management
Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas 67801

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, the financial statement of the Southwest Kansas Area Cooperative, District Number 613 which comprise the statement of receipts, expenditures, and unencumbered cash as of June 30, 2024, and the related notes to the financial statement, which collectively comprise Southwest Kansas Area Cooperative, District Number 613's basic financial statement, and have issued our report thereon dated December 18, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Southwest Kansas Area Cooperative, District Number 613'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 Southwest Kansas Area Cooperative, District Number 613's internal control. Accordingly, we do not express an opinion on the effectiveness of Southwest Kansas Area Cooperative, District Number 613's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Kansas Area Cooperative, District Number 613'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 statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-003.

Southwest Kansas Area Cooperative, District Number 613's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Southwest Kansas Area Cooperative, District Number 613's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Southwest Kansas Area Cooperative, District Number 613's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Medill and Thooft, CPA

MEDILL & THOOFT, CPA
Ulysses, Kansas

December 18, 2024

104 N. Main / P.O. Box 885
Ulysses, Kansas 67880
Office (620) 356-4951

Medill & Thooft, CPA

117 N. Main
Lakin, Kansas 67860
Fax (620) 353-1018

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

Board Members and Management
Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas 67801

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southwest Kansas Area Cooperative, District Number 613's 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 Southwest Kansas Area Cooperative, District Number 613's major federal programs for the year ended June 30, 2024. Southwest Kansas Area Cooperative, District Number 613'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, Southwest Kansas Area Cooperative, District Number 613 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Southwest Kansas Area Cooperative, District Number 613 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 Southwest Kansas Area Cooperative, District Number 613'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 Southwest Kansas Area Cooperative, District Number 613'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 Southwest Kansas Area Cooperative, District Number 613'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 generally accepted auditing standards, *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 Southwest Kansas Area Cooperative, District Number 613's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Southwest Kansas Area Cooperative, District Number 613'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 Southwest Kansas Area Cooperative, District Number 613'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 Southwest Kansas Area Cooperative, District Number 613'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Southwest Kansas Area Cooperative, District Number 613's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Southwest Kansas Area Cooperative, District 613'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.

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 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 item 2024-003 to be a significant deficiency.

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, material weaknesses 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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Medill and Thooft, CPA

MEDILL & THOOFT, CPA
Ulysses, Kansas

December 18, 2024

Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Numbers	Pass Through Identifying Number	Federal Award Expenditures
U.S. Department of Education			
Passed Through State of Kansas Department of Education			
Special Education Cluster (IDEA)			
Title VI-B	84.027A	D0613	$ 3,104,017
Preschool Grants	84.173A	D0613	74,980
Total Special Education Cluster (IDEA)			3,178,997
Total U.S. Department of Education			3,178,997
Total Expenditures of Federal Awards			$ 3,178,997

Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Southwest Kansas Area Cooperative, District Number 613, Dodge City, Kanas (the District) under programs of the federal government for the year ended June 30, 2024. The information in this schedule if 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 select portion of the operations of District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. The Schedule is presented using regulatory basis of accounting prescribed by the Kanas 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Expenditures reported in the Schedule of Expenditures of Federal Awards (SEFA) are reported using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash and budget laws of the State of Kansas, the same as the financial statement accompanying this schedule.

2) Southwest Kansas Area Cooperative, District Number 613 did not use the standard indirect cost rate of 10%.

NOTE 3 – FUNDS EXPENDED

Funds where federal expenditures were receipted and expended:

From State, Federal and Other Grant Funds:	
Preschool Grants	$ 74,980
Private School	94,304
Title VI B	2,932,807
Targeted Improvement Plan	76,906
	$ 3,178,997

Southwest Kansas Area Cooperative, District Number 613
Dodge City, Kansas
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

Section I – Summary of Auditor's Results

Financial Statement:

Type of audit report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
• Noncompliance which is material to the financial statement noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs

Federal Assistance Listing Numbers	**Name of Federal Program or Cluster**
84.027 & 84.173	Special Education Cluster IDEA
Dollar threshold to distinguish between Type A and Type B Programs	$750,000
Auditee qualifies as a low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2024-001
SIGNIFICANT DEFICENCY
Payroll Timecards Internal Controls

Condition: When testing payroll controls, we became aware that the District did not enforce the requirement for supervisor documented approval before each paycheck is issued.

Cause: The internal control related to para timecards are not operating effectively.

Effect: The District is not ensuring employees are being paid for legitimate hours opening themselves up for fraud.

Recommendations: The District are not ensuring that supervisors are approving timecards before issuing paychecks. We suggest a timeline is put into place for timecards. On the 5th of the month, time revisions are due.

On the 6th of the month, reviews are due. On the 7th of the month, the para facilitator is required to check for supervisor review for the paras and HR/board clerk is required to check for supervisor review for non-paras before giving timecard information to the payroll clerk.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding. See separate document for planned corrective actions.

Finding 2024-002
SIGNIFICANT DEFICENCY
Encumbrance Internal Controls

Condition: Invoices received after year end are not being recorded in the correct fiscal year per Kansas Municipal Audit and Accounting Guide (KMAAG).

Cause: The District does not have adequate internal controls and procedures for recording encumbrances.

Effect: Expenditures are not being recorded in their applicable fiscal year.

Recommendations: The District should adopt encumbrance procedures. We suggest an expenditure cutoff be implemented with all staff requiring timely submission of reimbursement requests since they were the largest identified encumbrances not recorded during testing. We also suggest a procedure be implemented in which approved expenses near year-end are adequately recorded as an encumbrance to ensure the software can be rolled timely at year-end.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding. See separate document for planned corrective actions.

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Education
Passed Through Kansas State Department of Education
Program Name: Education Stabilization Fund – Section 1
Federal Assistance Listing Numbers: 84.425D

Finding 2024-003
SIGNIFICANT DEFICENCY
Internal Controls and Compliance

Criteria: Pursuant to the Code of Federal Regulations (CFR), Title 2 *Grants and Agreements*, Subpart D *Post Federal Award Requirements*, Section 200.303 “the non-federal entity must establish and maintain effective internal control over the Federal aware that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

Condition: There were no expenditures coded towards the federal funds for all of the fiscal year 2024.

Cause: The internal control related to allowable costs and allowable activities are non-existent.

Effect: The expenditures in the financial records did not match any expenditure amounts reported to the State to receive federal funds.

Recommendations: The Director and the accounting department need to create procedures to ensure that both parties are reporting the same expenditures. Within the procedures created, there needs to be checks and balances to ensure that the recording is occurring before reporting figures to the State.

Views of Responsible Officials and Planned Corrective Actions: The District agrees with the finding. See separate document for planned corrective actions.

Southwest Kansas Area Cooperative District #613

2112 1st Ave, Suite 252 - Dodge City, KS 67801
Phone: (620) 371-1061 - Fax: (620) 227-1767
http://www.skacd.com
Trina Schmidt, Executive Director

CORRECTIVE ACTION PLAN

December 18, 2024

Kansas State Department of Education and Kansas State Department of Administration

Southwest Kansas Area Cooperative, District Number 613 respectfully submits the following corrective action plan for the year ended June 30, 2024.

Medill & Thooft, CPA
Po Box 885
Ulysses, KS 67880

Audit Period: June 30, 2024
FINDINGS – FEDERAL AWARD PROGRAMS AUDIT
U.S. Department of Education
Passed Through Kansas State Department of Education
Program Name: Education Stabilization Fund – Section 1
Federal Assistance Listing Numbers: 84.425D

Finding 2024-001

Recommendations: The District are not ensuring that supervisors are approving timecards before issuing paychecks. We suggest a timeline is put into place for timecards. On the 5th of the month, time revisions are due. On the 6th of the month, reviews are due. On the 7th of the month, the para facilitator is required to check for supervisor review for the paras and HR/board clerk is required to check for supervisor review for non-paras before giving timecard information to the payroll clerk.

Action Taken: We agree with the recommendation. Our targeted implementation date is March 2025.

Finding 2024-002

Recommendations: The District should adopt encumbrance procedures. We suggest an expenditure cutoff be implemented with all staff requiring timely submission of reimbursement requests since they were the largest identified encumbrances not recorded during testing. We also suggest a procedure be implemented in which approved expenses near year-end are adequately recorded as an encumbrance to ensure the software can be rolled timely at year-end.

Action Taken: We agree with the recommendation. Our targeted implementation date is June 2025.

Finding 2024-002

Recommendations: The Director and the accounting department need to create procedures to ensure that both parties are reporting the same expenditures. Within the procedures created, there needs to be checks and balances to ensure that the recording is occurring before reporting figures to the State.

Action Taken: We agree with the recommendation. Our targeted implementation date is February 2025.

If the Kansas State Department of Education and/or Kansas State Department of Administration has questions regarding this plan, please call Trina Wynn Schmidt at 620-371-1061.

Sincerely yours,

Trina Schmidt

Trina Wynn Schmidt
Director