

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602

Financial Statement and Supplementary Information
with Independent Auditor's Reports
For the Year Ended June 30, 2018

MAPES & MILLER LLP
Certified Public Accountants
Quinter, Kansas

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602

Financial Statement and Supplementary Information
with Independent Auditor's Reports

For the Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northwest Kansas Educational Service Center
Interlocal District No. 602
Oakley, Kansas 67748

Report on the Financial Statement

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Northwest Kansas Educational Service Center Interlocal District No. 602 as of and for the year ended June 30, 2018, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by Northwest Kansas Educational Service Center Interlocal District No. 602 on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Northwest Kansas Educational Service Center Interlocal District No. 602 as of June 30, 2018, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Northwest Kansas Educational Service Center Interlocal District No. 602 as of June 30, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The individual fund schedules of regulatory basis receipts and expenditures-actual and the schedule of regulatory basis receipts and expenditures – Head Start (Schedule 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the financial statement. However, Schedule 1 is required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statement.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of Northwest Kansas Educational Service Center Interlocal District No. 602'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 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 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 Northwest Kansas Educational Service Center Interlocal District No. 602's internal control over financial reporting and compliance.

Mapes & Miller LLP

Certified Public Accountants
Quinter, Kansas

December 19, 2018

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended June 30, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General Fund	\$ 435,485	0	3,674,420	3,431,503	678,402	68,556	746,958
Special Purpose Funds:							
Capital Outlay Fund	344,240	0	147,369	182,744	308,865	85,691	394,556
Professional Development Fund	307,275	0	247,107	194,103	360,279	31,168	391,447
Special Education Fund	2,037,199	0	8,697,246	8,537,868	2,196,577	11,206	2,207,783
Food Service Fund	0	0	114,122	114,122	0	0	0
Parents As Teachers Fund	0	0	54,473	54,473	0	0	0
Federal Grants Fund	(1,001)	0	625,541	628,484	(3,944)	5,443	1,499
Medicaid Fund	877,966	0	251,674	319,076	810,564	0	810,564
Adult Services Fund	142,564	0	129,029	96,285	175,308	277	175,585
Total Reporting Entity	\$ <u>4,143,728</u>	<u>0</u>	<u>13,940,981</u>	<u>13,558,658</u>	<u>4,526,051</u>	<u>202,341</u>	<u>4,728,392</u>

Composition of Cash:

Farmers State Bank, Oakley, KS	
Checking Accounts	\$ 1,500
Super NOW Accounts	2,721,855
Certificates of Deposit	2,000,000
The Bank, Oakley, KS	
Checking Accounts	<u>5,037</u>
Total Reporting Entity	\$ <u>4,728,392</u>

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

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER

Interlocal District No. 602

Notes to the Financial Statement

June 30, 2018

1. Summary of Significant Accounting Policies

(a) Municipal Financial Reporting Entity

Northwest Kansas Educational Service Center Interlocal District No. 602 operates as an interlocal agreement district in accordance with the laws of the State of Kansas. The District provides the following services: general and special education services. The District is operated by a board of directors consisting of one member from the board of education of each member school district. This regulatory financial statement presents only Northwest Kansas Educational Service Center Interlocal District No. 602.

(b) Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the District for the year ended June 30, 2018:

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.

(c) 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 District 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 District to use the regulatory basis of accounting.

d) Budgetary Information

Spending by the Northwest Kansas Educational Service Center is not subject to the legal annual operating budget requirements, but is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

(e) Reimbursements

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that received the reimbursement.

2. Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on the funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by the 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, 2018.

At June 30, 2018, the District's carrying amount of deposits was \$4,728,392 and the bank balance was \$5,441,454. The bank balance was held by two financial institutions resulting in a concentration of credit risk. Of the bank balance, \$505,045 was covered by federal depository insurance and \$4,936,409 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District 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 District had no investments at June 30, 2018.

3. Defined Benefit Pension Plan

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically 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 at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increase in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period of July 1, 2017 through September 30, 2017, for the Death and Disability Program) was 10.81% for fiscal year ended June 30, 2017. The actuarially determined employer contribution rate was 12.01% for the fiscal year ended June 30, 2018. Per 2016 House Substitute for Senate Bill 161, Section 98(a)(1), state general fund and expanded lottery act revenue funds for employer contributions to KPERS were deferred. The amount deferred for school contributions was \$92,917,091 for fiscal year ended June 30, 2016, and the anticipated repayments per SB249 were nullified per HB2052 during fiscal year 2017.

The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2017, received as of June 30th was \$304,596,361. Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. For the year ended June 30, 2018, the District remitted \$75,620 for retired employees.

Net Pension Liability

At June 30, 2018, the District's proportionate share of the collective net pension liability reported by KPERS was \$1,097,543. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2017. Since 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 publically available on the website www.kpers.org or can be obtained as described above.

4. Other Long-Term Obligations from Operations

(a) Compensated Absences

Classified employees are granted personal leave based upon their work agreement. Unused personal leave can be accumulated up to 60 days and carried over to a subsequent year as sick leave. Accumulated leave in excess of 60 days is eligible for buy-back at a rate established annually by the Board of Directors. Unused sick leave is not paid upon termination of employment.

Classified employees on a 245 day work agreement are granted ten days of vacation time per year. After completion of three years of employment, vacation time is increased to fifteen days. Vacation days may be accumulated and must be used within 60 days after the year ends in which the vacation days were earned or at the discretion of the Executive Director. Unused vacation leave is paid upon termination of employment at the employee's hourly rate of pay.

All certified employees working on a full-time basis receive fifteen days of personal leave per contract year. Personal leave not used in the current year may accumulate to a maximum of 480 hours and be used as sick leave. Sick leave hours in excess of 480 days are paid at a rate of \$80 per day on or before June 30. Upon termination of employment, sick leave hours in excess of 240 hours are paid at a rate of \$20 per day. Retiring certified employees are paid \$50 per day for sick leave hours in excess of 240 hours.

The District's liability for accrued sick and vacation leave as of June 30, 2018, was \$87,484.

(b) Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. Certified employees may retire with either 1) twelve or more years of service with the District and retire at age 55 or older or 2) ten year of service, with at least five being full time, and met the KPERS provisions for normal retirement. The District pays a maximum of \$2,800 per year for health insurance until the retiree is eligible for Medicare or is eligible to be covered under another employer's primary group health insurance plan. During the year ended June 30, 2018, five certified retirees participated in this plan and the District paid \$11,667 in premiums for these retirees. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

5. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the District joined together with other school districts in the State to participate in the Kansas Association of School Boards (KASB) Workers Compensation Fund, Inc., a public entity risk pool currently operating as a common risk management and insurance program for 110 participating members.

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

The District continues to carry commercial insurance for all other risks of loss, including property, liability, inland marine, and automobile. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

6. Operating Leases

The District is committed under an operating lease dated August 1, 2016, with Harries Leasing Company for twenty-four vehicles. Expenditures under this operating lease were \$100,560 for the year ended June 30, 2018. This operating lease terminated on May 31, 2018.

The District is committed under an operating lease dated August 1, 2017, with Harries Leasing Company for twenty vehicles. Expenditures under this operating lease were \$94,320 for the year ended June 30, 2018. This operating lease will terminate on May 31, 2019, and the future minimum operating lease commitment under this lease for the year ending June 30, 2018, is \$78,600.

The District is committed under an operating lease dated November 1, 2017, with Harries Leasing Company for one vehicle. Expenditures under this operating lease were \$4,792 for the year ended June 30, 2018. This operating lease will terminate on May 31, 2020, and the future minimum operating lease commitment under this lease for the year ending June 30, 2018, is \$13,777.

7. Interfund Transfers

The District's operating transfers for the year ended June 30, 2018, were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statute</u>
Medicaid Fund	Special Education Fund	\$313,473	Board Approved

8. Grant Programs

The District participates in various federal and state grant programs. Such awards are to be expended in accordance with the provisions of the various grants. 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 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.

9. Stewardship, Compliance and Accountability**(a) Cash Violation**

K.S.A. 10-1113 requires each fund to comply with the cash-basis laws of the State of Kansas. That is, no commitments or indebtedness should be incurred unless there is available cash in the fund. The Federal Grants Fund incurred indebtedness in excess of the available cash balance by \$3,944. However, K.S.A. 12-1663 allows a deficit unencumbered cash balance for federal aid funds. The deficit is expected to be eliminated when the federal grant proceeds are received.

10. Subsequent Events

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

11. Long-Term Debt

Changes in long-term liabilities for the year ended June 30, 2018 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Capital Leases Payable:									
Signature Bank - Energy Improvements	3.723%	2018	\$ 88,936	2026	\$ 0	88,936	0	88,936	0
Total Contractual Indebtedness					\$ 0	88,936	0	88,936	0

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

		2019	2020	Year Ended June 30,		2023	2024-2028	Total
				2021	2022			
Principal								
Capital Leases Payable	\$	8,877	9,430	9,787	10,158	10,543	40,141	88,936
Interest								
Capital Leases Payable		3,374	2,821	2,464	2,093	1,708	2,737	15,197
Total Principal and Interest	\$	12,251	12,251	12,251	12,251	12,251	42,878	104,133

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER

Interlocal District No. 602

General Fund

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended June 30, 2018

SCHEDULE 1

Page 1

	Actual
Receipts:	
State Aid	\$ 31,291
Participating Districts	373,529
Federal Aid	2,735,509
Other Contracts	70,500
Other Grants	98,086
Miscellaneous (printing, etc.)	99,151
Reimbursements	262,668
Donations	3,686
	<hr/>
Total Receipts	3,674,420
	<hr/>
Expenditures:	
Instruction	2,298,903
Student Support Services	131,659
Instructional Support Staff	82,998
General Administration	236,604
School Administration	433,644
Operations and Maintenance	107,352
Student Transportation Services	6,329
Other Supplemental Services	134,014
	<hr/>
Total Expenditures	3,431,503
	<hr/>
Receipts over (under) Expenditures	242,917
Unencumbered Cash, Beginning	435,485
Prior Year Cancelled Encumbrances	0
	<hr/>
Unencumbered Cash, Ending	\$ 678,402
	<hr/>

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER

Interlocal District No. 602

Special Purpose Funds

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended June 30, 2018

SCHEDULE 1

Page 2

	Actual
Capital Outlay Fund	
Receipts:	
Interest on Idle Funds	\$ 46,872
Insurance Proceeds	50,497
Participating Districts	50,000
	<u>147,369</u>
Total Receipts	<u>147,369</u>
Expenditures:	
Instruction	22,033
Student Support Services	52,114
Operations and Maintenance	103,852
Land Improvement	1,640
Building Improvements	3,105
	<u>182,744</u>
Total Expenditures	<u>182,744</u>
Receipts over (under) Expenditures	(35,375)
Unencumbered Cash, Beginning	344,240
Prior Year Cancelled Encumbrances	0
	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 308,865</u>
Professional Development Fund	
Receipts:	
Federal Aid	\$ 87,270
State Aid	9,962
Participating Districts	35,593
Fees - Other	5,359
Reimbursements	108,923
	<u>247,107</u>
Total Receipts	<u>247,107</u>
Expenditures:	
Instructional Support Staff	194,103
	<u>194,103</u>
Receipts over (under) Expenditures	53,004
Unencumbered Cash, Beginning	307,275
Prior Year Cancelled Encumbrances	0
	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 360,279</u>

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER

Interlocal District No. 602

Special Purpose Funds

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended June 30, 2018

SCHEDULE 1

Page 3

	<u>Actual</u>
Special Education Fund	
Receipts:	
State Aid	\$ 4,291,185
Federal Aid	1,430,868
Participating Districts	2,474,188
Medicaid	16,527
Other Grants	28,296
Other Revenue From Local Sources	57,109
Reimbursements	85,600
Transfer from Medicaid Fund	<u>313,473</u>
Total Receipts	<u>8,697,246</u>
Expenditures:	
Instruction	6,127,195
Student Support Services	945,571
Instructional Support Staff	617,759
Special Area Administration Services	129,264
School Administration	699,984
Operations and Maintenance	<u>18,095</u>
Total Expenditures	<u>8,537,868</u>
Receipts over (under) Expenditures	159,378
Unencumbered Cash, Beginning	2,037,199
Prior Year Cancelled Encumbrances	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>2,196,577</u></u>

Food Service Fund

Receipts:	
Federal Aid	\$ <u>114,122</u>
Expenditures:	
Food Service Operations	<u>114,122</u>
Receipts over (under) Expenditures	0
Unencumbered Cash, Beginning	0
Prior Year Cancelled Encumbrances	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>0</u></u>

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER

Interlocal District No. 602

Special Purpose Funds

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended June 30, 2018

SCHEDULE 1

Page 4

	<u>Actual</u>
Parents As Teachers Fund	
Receipts:	
State Aid	\$ 36,983
Participating Districts	15,370
Reimbursements	<u>2,120</u>
Total Receipts	<u>54,473</u>
Expenditures:	
Student Support Services	54,291
Instructional Support Staff	<u>182</u>
Total Expenditures	<u>54,473</u>
Receipts over (under) Expenditures	0
Unencumbered Cash, Beginning	0
Prior Year Cancelled Encumbrances	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>0</u></u>
 Federal Grants Fund	
Receipts:	
Federal Aid	\$ <u>625,541</u>
Expenditures:	
Instruction	402,506
Student Support Services	104,240
Instruction Support Staff	82,897
General Administration	<u>38,841</u>
Total Expenditures	<u>628,484</u>
Receipts over (under) Expenditures	(2,943)
Unencumbered Cash, Beginning	(1,001)
Prior Year Cancelled Encumbrances	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>(3,944)</u></u>

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Special Purpose Funds
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2018

SCHEDULE 1
Page 5

	<u>Actual</u>
Medicaid Fund	
Receipts:	
Kansas Health Policy Authority - Medicaid	\$ <u>251,674</u>
Expenditures:	
Instruction	5,603
Transfer to Special Education Fund	<u>313,473</u>
Total Expenditures	<u>319,076</u>
Receipts over (under) Expenditures	(67,402)
Unencumbered Cash, Beginning	877,966
Prior Year Cancelled Encumbrances	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>810,564</u></u>

Adult Services Fund	
Receipts:	
Federal Aid	\$ 25,430
Other Revenue From Local Sources	13,306
Other Grants	<u>90,293</u>
Total Receipts	<u>129,029</u>
Expenditures:	
Instruction	56,463
Student Support Services	11,165
Instructional Support Staff	7,149
Other Supplemental Services	<u>21,508</u>
Total Expenditures	<u>96,285</u>
Receipts over (under) Expenditures	32,744
Unencumbered Cash, Beginning	142,564
Prior Year Cancelled Encumbrances	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>175,308</u></u>

SUPPLEMENTARY INFORMATION

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER

SCHEDULE 2

Interlocal District No. 602

Head Start

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended June 30, 2018

	Actual
Receipts:	
Federal Aid	\$ 2,130,356
Expenditures:	
Salaries	1,027,107
Payroll Taxes & Employee Benefits	358,521
Contractual Services & Supplies	485,827
Travel	118,571
Food Purchases and Supplies	41,017
Total Expenditures	2,031,043
Receipts over (under) Expenditures	99,313
Unencumbered Cash, Beginning	(153,059)
Unencumbered Cash, Ending	\$ (53,746)

Note A - Basis of Presentation

The information in this schedule is presented, for federal agency reporting purposes only, in accordance with the grant provisions for the budget period July 1, 2017 to June 30, 2018.

The amounts shown on this schedule are also included in the General Fund on the Schedule of Receipts and Expenditures, page 1 of Schedule 1.

Note B - Summary of Significant Accounting Policies

The information in this schedule is presented to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG). 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.

SINGLE AUDIT SECTION



Mapes & Miller LLP

Certified Public Accountants & Business Advisors

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

To the Board of Directors
Northwest Kansas Educational Service Center
Interlocal District No. 602
Oakley, Kansas 67748

We have audited, in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Northwest Kansas Educational Service Center Interlocal District No. 602, as of and for the year ended June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated December 19, 2018. In our report on the financial statement, we expressed an adverse opinion on the financial statement as a whole because, as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph in the report on the financial statement, the financial statement was prepared on the regulatory basis of accounting to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered Northwest Kansas Educational Service Center Interlocal District No. 602's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of Northwest Kansas Educational Service Center Interlocal District No. 602's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwest Kansas Educational Service Center Interlocal District No. 602's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northwest Kansas Educational Service Center Interlocal District No. 602's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Northwest Kansas Educational Service Center Interlocal District No. 602's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Kansas Educational Service Center Interlocal District No. 602's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mapes & Miller LLP

Certified Public Accountants
Quinter, Kansas

December 19, 2018



Mapes & Miller LLP

Certified Public Accountants & Business Advisors

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

To the Board of Directors
Northwest Kansas Educational Service Center
Interlocal District No. 602
Oakley, Kansas 67748

Report on Compliance for Each Major Federal Program

We have audited Northwest Kansas Educational Service Center Interlocal District No. 602's compliance with the types of compliance requirements described in the *OMB Circular Supplement* that could have a direct and material effect on each of Northwest Kansas Educational Service Center Interlocal District No. 602's major federal programs for the year ended June 30, 2018. Northwest Kansas Educational Service Center Interlocal District No. 602's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northwest Kansas Educational Service Center Interlocal District No. 602's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northwest Kansas Educational Service Center Interlocal District No. 602's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northwest Kansas Educational Service Center Interlocal District No. 602's compliance.

Opinion on Each Major Federal Program

In our opinion, Northwest Kansas Educational Service Center Interlocal District No. 602 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, 2018.

Report on Internal Control Over Compliance

Management of Northwest Kansas Educational Service Center Interlocal District No. 602 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered Northwest Kansas Educational Service Center Interlocal District No. 602's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northwest Kansas Educational Service Center Interlocal District No. 602's internal control over compliance.

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

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

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

Mapes & Miller LLP

Certified Public Accountants
Quinter, Kansas

December 19, 2018

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

SCHEDULE 3
Page 1

	Federal CFDA Number	Agency or Pass-through Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed through Kansas State Department of Education:				
Special Education Cluster (IDEA)				
Special Education – Grants to States				
VI-B (94-142) - IDEA - FY 2017	84.027	3234-3050	\$ -	\$ 1,279,617
VI-B (94-142) - Discretionary Special Projects - FY 2017	84.027	3234-3050	-	57,642
Total VI-B (94-142)			-	1,337,259
Special Education – Preschool Grants				
IDEA Preschool - FY 2017	84.173	3535-3550	-	70,948
Total Special Education Cluster (IDEA)			-	1,408,207
English Language Acquisition State Grants				
Title III - FY 2016	84.365	3522-3820	-	1,650
Title III - FY 2017	84.365	3522-3820	-	21,314
Title III - FY 2018	84.365	3522-3820	-	5,965
Total English Language Acquisition State Grants			-	28,929
Student Support and Academic Enrichment Program				
ESSA Title IV Part A - FY 2018	84.424	3113-3113	-	10,884
Migrant Education - State Grant Program				
Title I Migrant - FY 2017	84.011	3537-3570	-	18,170
Title I Migrant - FY 2018	84.011	3537-3570	-	565,043
Total Migrant Education - State Grant Program			-	583,213
Migrant Education - Coordination Program				
Title I Migrant - FY 2017	84.144	3538-3580	-	6,200
Total Passed through Kansas State Department of Education			-	2,037,433
Passed through Kansas Department of Health and Environment:				
Special Education – Grants for Infants and Families				
Part C - FY 2018	84.181	3516-5010	-	101,199
Total Passed through Kansas Department of Health and Environment			-	101,199
Passed through the University of Kansas:				
Assistive Technology				
Regional Atech - FY 2017	84.224	2545-2689	-	7,143
Regional Atech - FY 2018	84.224	2545-2689	-	24,124
Total Assistive Technology			-	31,267
Total Passed through the University of Kansas			-	31,267
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ -	\$ 2,169,899

See accompanying notes to the schedule of expenditures of federal awards

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

SCHEDULE 3
Page 2

	Federal CFDA Number	Agency or Pass-through Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES				
Direct Aid:				
Head Start				
Head Start - FY 2018	93.600	N/A	\$ -	\$ 1,601,352
Early Head Start - FY 2018	93.600	N/A	-	429,690
Total Head Start			-	2,031,042
Total Direct Aid			-	2,031,042
Passed through Kansas Department for Children and Families:				
Child Care and Development Block Grant				
Early Head Start - FY 2018	93.575	3028-0522	-	568,392
Total Passed through the Kansas Department for Children and Families			-	568,392
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES			-	2,599,434
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Kansas State Department of Education:				
Child and Adult Care Food Program - FY 2018	10.558	3531-3510	-	114,122
Total Passed through the Kansas State Department of Education			-	114,122
Passed through Kansas State University:				
Passed through SKIL Resource Center, Inc.:				
Cooperative Extension Service				
Agrability - FY 2017	10.500	929772554	-	7,676
Agrability - FY 2018	10.500	929772554	-	19,422
Total Cooperative Extension Service			-	27,098
Total Passed through the Kansas State University			-	27,098
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	141,220
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 4,910,553

See accompanying notes to the schedule of expenditures of federal awards

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Northwest Kansas Educational Service Center Interlocal District No. 602 under programs of the federal government for the year ended June 30, 2018. 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 - Summary of Significant Accounting Policies

The expenditures in this Schedule are presented on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG), which is a basis of accounting other than accounting principles generally accepted in the United States of America. Expenditures include cash disbursements, certain accounts payable, and encumbrances.

Note 3 - Indirect Cost Rate

Northwest Kansas Educational Service Center Interlocal District No. 602 has not elected to use the 10% de minimis cost rate under Section 200.414(f) of the Uniform Guidance.

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENT

Type of auditors’ report issued:

In accordance with Generally Accepted Accounting Principles

Adverse

In accordance with the statutory basis of accounting described in Note 1

Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ___ Yes x No
- Significant deficiencies identified? ___ Yes x None Reported
- Noncompliance material to financial statement noted? ___ Yes x No

FEDERAL AWARDS

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

Unmodified

Internal control over major programs:

- Material weaknesses identified? ___ Yes x No
- Significant deficiencies identified? ___ Yes x None Reported

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

___ Yes x No

Identification of major programs:

CFDA NUMBER

NAME OF FEDERAL PROGRAM

93.600

Head Start

Special Education Cluster (IDEA):

84.027

Special Education Grants to States - VI-B (94-142)

84.173

Special Education Preschool Grants - IDEA Preschool

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

\$750,000

Auditee qualified as low-risk auditee?

___ Yes x No

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None



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December 19, 2018

To the Board of Directors
Northwest Kansas Educational Service Center
Interlocal District No. 602
Oakley, Kansas 67748

We have audited the financial statement of Northwest Kansas Educational Service Center Interlocal District No. 602 for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 30, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Northwest Kansas Educational Service Center Interlocal District No. 602 are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during year ended June 30, 2018. We noted no transactions entered into by Northwest Kansas Educational Service Center Interlocal District No. 602 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statement and because of the possibility that future events affecting them differ significantly from those expected. No estimates were made by management for the year ended June 30, 2018.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes the financial statement misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 19, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the regulatory-required supplementary information and the supplementary information accompanying the financial statement, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that; 1) the schedule of expenditures of federal awards complies with the requirements of the Uniform Guidance and 2) Schedule 1 and 2 are presented in accordance with *Kansas Municipal Audit and Accounting Guide* (KMAAG). The method of preparing these schedules have not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statement. We compared and reconciled this information to the underlying accounting records used to prepare the financial statement or to the financial statement themselves.

Restriction on Use

This information is intended solely for the use by the board of directors and management of the District and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Mapes & Miller LLP

Certified Public Accountants
Quinter, Kansas

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER

Page 1

Interlocal District No. 602
Adjusting Journal Entries
For the Year Ended June 30, 2018

Reference		Account Number	Description	Debit	Credit
AJE01	Reclassifying	24-081-81030-5206-500	TRANSFER FROM HEAD START FOOD	\$ 33,142	
		24-081-81140-3100-590	OTHER PURCHASED SERVICES		33,142
		RECLASS HEAD START REIMBURSEMENT			
AJE02	Reclassifying	30-043-55460-1321-322	TRAVEL REIMBURSEMENT	8,436	
		30-043-56740-1000-581	STAFF TRAVEL/MILEAGE		7,169
		30-043-56750-1000-599	OTHER TRAVEL EXP-FUEL		1,267
		RECLASS AJE #12509			
AJE03	Reclassifying	30-049-67600-5200-900	TRANSFERS/IN HOUSE REIMB	44,700	
		30-049-67110-1320-110	ASSESSMENTS - BREWSTER		4,006
		30-049-67130-1320-110	ASSESSMENTS - COLBY		10,512
		30-049-67220-1320-110	ASSESSMENTS - OAKLEY		8,012
		30-049-67280-1320-110	ASSESSMENTS - WAKEENEY		8,012
		30-049-67150-1320-110	ASSESSMENTS - GOODLAND		9,006
		30-049-67120-1320-110	ASSESSMENTS - CHEYLIN		4,006
		30-049-67200-1320-110	ASSESSMENTS - HOXIE		1,146
		RECLASS DISTRICT ASSESSMENTS			
AJE04	Reclassifying	30-002-99000-5200-527	IN HOUSE REIMBURSEMENTS	289,192	
		30-002-99420-1321-319	DISTRICT SPECIAL EDUCATION REIMB		289,192
		RECLASS DISTRICT REIMBURSEMENTS OF SPECIAL EDUCATION FLOW THRU MONIES			
TOTAL				\$ <u>375,470</u>	<u>375,470</u>