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, 2025

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, 2025

Table of Contents

	Page Numbers
Independent Auditor's Report	1
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to the Financial Statement	5
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE 1	
Schedule of Receipts and Expenditures	
General Fund	12
Special Purpose Funds	13
SUPPLEMENTARY INFORMATION	
SCHEDULE 2	
Schedule of Receipts and Expenditures	
Head Start	18
SINGLE AUDIT SECTION	
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 Audit Standards*	19
Independent Auditor's Report On Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	21
SCHEDULE 3	
Schedule of Expenditures of Federal Awards	24
Notes to the Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs	27

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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 Audit of the Financial Statement

Adverse and Unmodified Opinions

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, 2025, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Northwest Kansas Educational Service Center Interlocal District No. 602 as of June 30, 2025, or changes in the financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Northwest Kansas Educational Service Center Interlocal District No. 602 as of June 30, 2025, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide,* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Northwest Kansas Educational Service Center Interlocal District No. 602, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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

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

Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Kansas Educational Service Center Interlocal District No. 602's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwest Kansas Educational Service Center Interlocal District No. 602'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 Northwest Kansas Educational Service Center Interlocal District No. 602'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 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*. The schedule of expenditures of federal awards (Schedule 3 as listed in the table of contents), as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026, 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 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 Northwest Kansas Educational Service Center Interlocal District No. 602'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 Northwest Kansas Educational Service Center Interlocal District No. 602's s internal control over financial reporting and compliance.

Mapes & Miller LLP
Certified Public Accountants
Quinter, Kansas

March 12, 2026

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, 2025

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	$ 735,648	110	3,985,753	3,990,142	731,369	204,090	935,459
Special Purpose Funds:							
Capital Outlay Fund	661,955	0	362,146	271,510	752,591	553	753,144
Professional Development Fund	308,363	0	191,062	176,923	322,502	7,918	330,420
Special Education Fund	3,701,137	0	10,715,612	10,629,380	3,787,369	754,994	4,542,363
Food Service Fund	5,468	0	139,424	144,892	0	0	0
Parents As Teachers Fund	383	0	20,542	20,925	0	0	0
Federal Grants Fund	(49,326)	0	1,171,399	1,175,233	(53,160)	25,355	(27,805)
Medicaid Fund	806,736	0	147,473	47,104	907,105	10,158	917,263
Adult Services Fund	47,495	0	427,682	471,536	3,641	2,163	5,804
Gifts and Grants Fund	32,717	0	0	4,535	28,182	0	28,182
Total Reporting Entity	$ 6,250,576	110	17,161,093	16,932,180	6,479,599	1,005,231	7,484,830

Composition of Cash:

Farmers State Bank, Oakley, KS		
Checking Accounts	$	1,500
Super NOW Accounts		5,477,297
Certificates of Deposit		2,000,000
The Bank, Oakley, KS		
Checking Accounts		6,033
Total Reporting Entity	$	7,484,830

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

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, 2025:

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 follows 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) 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.

(e) 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.

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, 2025.

At June 30, 2025, the District's carrying amount of deposits was $7,484,830 and the bank balance was $7,604,159. The bank balance was held by two financial institutions resulting in a concentration of credit risk. Of the bank balance, $506,033 was covered by federal depository insurance and $7,098,126 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, 2025.

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 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.kspers.gov 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 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 13.38% and 12.57%, respectively, for the fiscal year ended June 30, 2024. The actuarially determined employer contribution rate and the statutory contribution rate was 11.60% and 11.54% for the fiscal year ended June 30, 2025.

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

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

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

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

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, 2025, the District remitted $45,251 for retired employees.

Net Pension Liability

At June 30, 2025, the District's proportionate share of the collective net pension liability reported by KPERS was $550,693. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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, 2024. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

4. Other Long-Term Obligations from Operations

(a) Compensated Absences

Classified employees are granted universal leave based upon their work agreement. Unused universal 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 universal leave per contract year. Universal 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 hours are paid at a rate of $100 per day on or before June 30. Retiring certified employees are paid $50 per day for sick leave hours in excess of 240 hours.

The District's estimated liability for accrued sick and vacation leave as of June 30, 2025, was $104,393.

(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 years 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, 2025, two certified retirees participated in this plan and the District paid $3,500 in premiums for these retirees. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes healthcare 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.

(c) Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2025.

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 130 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, 2024, with Ghumm's Autos & Treasures for twenty vehicles. Payments under this operating lease were $88,860 for the year ended June 30, 2025. The operating lease will terminate on May 30, 2026 and the future minimum operating lease commitment under this lease is $75,400.

The District is committed under an operating lease dated August 1, 2023, with MC Rentals for sixteen vehicles. Payments under this operating lease were $64,944 for the year ended June 30, 2025. This operating lease terminated on May 31, 2025.

The District is committed under an operating lease dated November 1, 2023, with Ghumm's Autos & Treasures for a vehicle. Payments under this operating lease were $5,985 for the year ended June 30, 2025. The operating lease commitment will terminate on November 30, 2026, and the future minimum operating lease commitment under this lease is $8,415.

7. 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.

8. Stewardship, Compliance and Accountability

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 $53,160. 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.

9. Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through March 12, 2026, which is the date at which the financial statement was available to be issued.

10. Professional Tuition Fee Assistance

For the year ended June 30, 2025, the District received grant proceeds of $58,922 from Dane G. Hansen Foundation to provide tuition assistance to employees pursuing degrees to fill positions that are needed or vacant within the District. Under the program the District can provide up to $15,000 to assist each participant continuing their education with an accredited program. Upon completion of an educational program, the participant must be employed and provide services to the District. In exchange, the District will grant forgiveness of up to $3,750 for each academic year of service provided to the District. If the participant fails to comply with the terms of the tuition assistance agreement prior to completing the full-time service obligation, all unforgiven amounts advanced to the participant will be due within thirty days with a one percent interest charged per month. $29,766 was disbursed to five eligible participants during the year ended June 30, 2025.

11. Interfund Transfers

Operating transfers were as follows:

From	To		Amount	Regulatory Authority
Capital Outlay Fund	Special Education Fund	$	200,000	Board Approved

12. Long-Term Debt

Changes in long-term liabilities for the year ended June 30, 2025, 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
Finance Leases:									
Signature Bank - Energy Improvements	3.723%	2018	$ 88,936	2026	$ 29,198		11,356	17,842	895
	Total Contractual Indebtedness				$ 29,198	0	11,356	17,842	895

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

	Year Ended June 30,		
	2026	2027	Total
Principal			
Finance Leases	$ 11,786	6,056	17,842
Interest			
Finance Leases	465	70	535
Total Principal and Interest	$ 12,251	6,126	18,377

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, 2025

		Actual
Receipts:		
Participating Districts	$	238,971
Federal Aid		3,249,230
State Aid		62,415
Other Contracts		17,000
Other Grants		58,922
Miscellaneous (printing, etc.)		24,522
Sale of Surplus Equipment		7,000
Reimbursements		324,720
Donations		2,973
Total Receipts		3,985,753
Expenditures:		
Instruction		2,889,343
Student Support Services		59,060
Instructional Support Staff		84,019
General Administration		252,313
School Administration		380,256
Operations and Maintenance		189,366
Other Supplemental Services		135,785
Total Expenditures		3,990,142
Receipts over (under) Expenditures		(4,389)
Unencumbered Cash, Beginning		735,648
Prior Year Cancelled Encumbrances		110
Unencumbered Cash, Ending	$	731,369

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, 2025

		Actual
Capital Outlay Fund		
Receipts:		
Interest on Idle Funds	$	311,011
Participating Districts		50,285
Other		850
Total Receipts		362,146
Expenditures:		
Instruction		31,992
Student Support Services		70
Operations and Maintenance		18,567
Land Improvement		3,052
Building Improvements		14,064
Other		3,765
Transfer to Special Education Fund		200,000
Total Expenditures		271,510
Receipts over (under) Expenditures		90,636
Unencumbered Cash, Beginning		661,955
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	752,591
Professional Development Fund		
Receipts:		
State Aid	$	3,023
Federal Aid		88,662
Participating Districts		62,104
Fees - Other		6,656
Reimbursements		30,617
Total Receipts		191,062
Expenditures:		
Instruction		38,459
Instructional Support Staff		138,464
Total Expenditures		176,923
Receipts over (under) Expenditures		14,139
Unencumbered Cash, Beginning		308,363
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	322,502

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, 2025

		Actual
Special Education Fund		
Receipts:		
State Aid	$	4,055,410
Federal Aid		1,653,456
Participating Districts		4,466,682
Medicaid		265,000
Other Grants		8,566
Other Revenue From Local Sources		57,798
Sale of Surplus Equipment		8,700
Transfer from Capital Outlay Fund		200,000
Total Receipts		10,715,612
Expenditures:		
Instruction		6,687,297
Student Support Services		1,541,692
Instructional Support Staff		703,090
Special Area Administration Services		112,162
School Administration		1,017,648
Operations and Maintenance		12,579
District Reimbursements		554,912
Total Expenditures		10,629,380
Receipts over (under) Expenditures		86,232
Unencumbered Cash, Beginning		3,701,137
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	3,787,369
Food Service Fund		
Receipts:		
Federal Aid	$	139,424
Expenditures:		
Food Service Operations		144,892
Receipts over (under) Expenditures		(5,468)
Unencumbered Cash, Beginning		5,468
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	0

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, 2025

	Actual
Parents As Teachers Fund	
Receipts:	
Participating Districts	20,538
Reimbursements	4
Total Receipts	20,542
Expenditures:	
Student Support Services	20,925
Receipts over (under) Expenditures	(383)
Unencumbered Cash, Beginning	383
Prior Year Cancelled Encumbrances	0
Unencumbered Cash, Ending	$ 0
Federal Grants Fund	
Receipts:	
Federal Aid	$ 1,130,735
Reimbursements	28,464
Sale of Surplus Equipment	12,200
Total Receipts	1,171,399
Expenditures:	
Instruction	69,263
Student Support Services	29,479
Instruction Support Staff	1,045,460
General Administration	31,031
Total Expenditures	1,175,233
Receipts over (under) Expenditures	(3,834)
Unencumbered Cash, Beginning	(49,326)
Prior Year Cancelled Encumbrances	0
Unencumbered Cash, Ending	$ (53,160)

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, 2025

		Actual
Medicaid Fund		
Receipts:		
Kansas Health Policy Authority - Medicaid	$	147,473
Expenditures:		
Instruction		47,104
Receipts over (under) Expenditures		100,369
Unencumbered Cash, Beginning		806,736
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	907,105
Adult Services Fund		
Receipts:		
State Aid	$	300
Federal Aid		1,108
Other Revenue From Local Sources		49,701
Other Grants		376,573
Total Receipts		427,682
Expenditures:		
Instruction		77,823
Student Support Services		156,534
Instructional Support Staff		37,607
General Administration		145,503
School Administration		5,694
Other Supplemental Services		48,375
Total Expenditures		471,536
Receipts over (under) Expenditures		(43,854)
Unencumbered Cash, Beginning		47,495
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	3,641

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, 2025

		Actual
Gifts and Grants Fund		
Receipts:	$	0
Expenditures:		
Student Support Services		4,535
Receipts over (under) Expenditures		(4,535)
Unencumbered Cash, Beginning		32,717
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	28,182

SUPPLEMENTARY INFORMATION

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Head Start
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2025

	Actual
Receipts:	
Federal Aid	$ 2,581,283
Expenditures:	
Salaries	1,558,970
Payroll Taxes & Employee Benefits	432,979
Contractual Services & Supplies	658,178
Travel	57,808
Indirect Cost	23,682
Food Purchases and Supplies	35,459
Total Expenditures	2,767,076
Receipts over (under) Expenditures	(185,793)
Unencumbered Cash, Beginning	(523,739)
Prior Year Cancelled Encumbrances	110
Unencumbered Cash, Ending	$ (709,422)

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, 2024 to June 30, 2025.

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

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide,* the financial statement of Northwest Kansas Educational Service Center Interlocal District No. 602, as of and for the year ended June 30, 2025, and the related notes to the financial statement, and have issued our report thereon dated March 12, 2026. In our report on the financial statement, we expressed an adverse opinion on the financial statement. As discussed in the Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph in the report on the financial statement, the financial statement was prepared 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.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on 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*.

Northwest Kansas Educational Service Center Interlocal District No. 602's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Northwest Kansas Educational Service Center Interlocal District No. 602's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Northwest Kansas Educational Service Center Interlocal District No. 602's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

March 12, 2026

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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

Opinion on Each Major Federal Program

We have audited Northwest Kansas Educational Service Center Interlocal District No. 602's compliance with the types of compliance requirements identified as subject to audit 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, 2025. 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.

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, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Northwest Kansas Educational Service Center Interlocal District No. 602 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 Northwest Kansas Educational Service Center Interlocal District No. 602'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 Northwest Kansas Educational Service Center Interlocal District No. 602'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 Northwest Kansas Educational Service Center Interlocal District No. 602's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northwest Kansas Educational Service Center Interlocal District No. 602's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northwest Kansas Educational Service Center Interlocal District No. 602'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 Northwest Kansas Educational Service Center Interlocal District No. 602'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 Northwest Kansas Educational Service Center Interlocal District No. 602's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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.

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.

Mapes & Miller LLP
Certified Public Accountants
Quinter, Kansas

March 12, 2026

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agency or Pass-through Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Aid:			
School Safely National Activities			
EVERS - FY 2024	84.184	N/A	$ 227,472
Total Direct Aid			227,472
Passed through Kansas State Department of Education:			
Special Education Cluster (IDEA)			
Special Education Grants to States			
VI-B (94-142) - IDEA - FY 2024	84.027	3234-3050	1,544,502
VI-B (94-142) - Discretionary Special Projects - FY 2025	84.027	3234-3050	57,800
Total VI-B (94-142)			1,602,302
Special Education Preschool Grants			
IDEA Preschool - FY 2025	84.173	3535-3550	71,274
Total Special Education Cluster (IDEA)			1,673,576
Special Education – Grants for Infants and Families			
Coordinating Council on EC - FY 2025	84.181A	3056-3200	2,000
English Language Acquisition State Grants			
Title III - FY 2025	84.365	3522-3820	20,412
Migrant Education State Grant Program			
Title I Migrant - FY 2024	84.011	3537-3570	92,782
Elementary and Secondary School Emergency Relief Fund			
ESSER III COVID-19 - FY 2025	84-425U	3233-3040	3,675
Total Passed through Kansas State Department of Education			1,792,445
Passed through Kansas Department for Children and Families:			
Rehabilitation Services: Vocational Rehabilitation Grants to States			
Voc Rehab - FY 2025	84.126	3028-0522	1,108
Passed through Kansas Department of Health and Environment:			
Special Education – Grants for Infants and Families			
Part C - FY 2025	84.181	3516-5010	31,033
Total Passed through Kansas Department of Health and Environment			31,033
Passed through the University of Kansas:			
Assistive Technology			
Regional Atech - FY 2025	84.224	2545-2689	56,143
Total Passed through the University of Kansas			56,143
TOTAL U.S. DEPARTMENT OF EDUCATION			$ 2,108,201

See accompanying notes to the schedule of expenditures of federal awards

Federal Grantor/Pass through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Agency or Pass-through Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Aid:			
Head Start Cluster			
Head Start - FY 2025	93.600	N/A	$ 2,767,077
Total Head Start Cluster			2,767,077
Substance Abuse and Mental Health Services Projects of Regional and National Significance			
Project Frontier- FY 2025	93.243	N/A	834,567
Total Direct Aid			3,601,644
Passed through Kansas State Department of Education:			
477 Cluster			
Temporary Assistance for Needy Families			
Early Learning Kansans - FY 2024	93.558	3323-0531	62,415
Total Passed through Kansas State Department of Education			62,415
Passed through Kansas Department for Children and Families:			
477 Cluster			
Temporary Assistance for Needy Families			
Kansas Early Head Start Home Visitation - FY 2025	93.558	3028-0522	604,283
Total Passed through Kansas Department for Children and Families			604,283
Total 477 Cluster			666,698
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES			4,268,342
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Kansas Department of Education:			
Child and Adult Care Food Program - FY 2025	10.558	3531-3510	139,424
TIG - Technology Innovation Grant	10.541	2312-2200	1,505
Total Passed through the Kansas Department of Education			140,929
TOTAL U.S. DEPARTMENT OF AGRICULTURE			140,929
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 6,517,472

See accompanying notes to the schedule of expenditures of federal awards

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, 2025. 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). Because the Schedule presents only a selected portion of the operations of the 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 a regulatory basis of accounting prescribed by the Kansas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

Northwest Kansas Educational Service Center Interlocal District No. 602 has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Sub-recipients

No federal awards were passed-through to sub-recipients.

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENT

Type of auditors' report issued:

In accordance with Generally Accepted Accounting Principles	Adverse Opinion
In accordance with the regulatory basis of accounting described in Note 1	Unmodified Opinion

Internal control over financial reporting:

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

FEDERAL AWARDS

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

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:

Federal Assistance Listing Number	Name of Federal Program
	Head Start Cluster
93.600	Head Start
	Special Education Cluster (IDEA)
84.027	Special Education Grants to State – VI-B (94-142)
84.173	Special Education Preschool Grants – IDEA Preschool
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? __ Yes _X_ No

SECTION II – FINDINGS - FINANCIAL STATEMENT AUDIT

2025-001 SIGNIFICANT DEFICIENCY – REVIEW AND APPROVAL OF JOURNAL ENTRIES

Condition: During the testing of journal entries, we noted three entries that were not properly recorded by District personnel which resulted in audit adjustments that were material.

Criteria: The District should have an internal control in place to ensure that journal entries are properly recorded.

Cause: The internal control implemented is not adequate to identify errors or misstatements.

Effect: Miscoded journal entries may cause the financial statement to be misstated.

Perspective: The journal entries were reviewed but the review process did not identify the misstatements.

Recommendation: The District should appoint an employee with adequate time and experience to review and approve all journal entries.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this finding. The District has assigned staff within the accounting department with the expertise to review and approve journal entries. The District has corrected the miscoded journal entries.

SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

Head Start Cluster
93.600 Head Start
There were no reportable findings.

Special Education Cluster (IDEA)
84.027 Special Education Grants to State – VI-B (94-142)
84.173 Special Education Preschool Grants – IDEA Preschool
There were no reportable findings**.**

93.243 Substance Abuse and Mental Health Services
Projects of Regional and National Significance
There were no reportable findings.