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, 2022

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, 2022

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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, 2022, 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, 2022, 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, 2022, 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, the Kansas Municipal Audit and Accounting Guide 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, the Kansas Municipal Audit and Accounting Guide 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 schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023, 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

January 23, 2023

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, 2022

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	$ 612,807	0	4,656,344	4,335,674	933,477	130,514	1,063,991
Special Purpose Funds:							
Capital Outlay Fund	370,528	0	37,600	52,856	355,272	0	355,272
Professional Development Fund	437,407	0	165,417	191,002	411,822	29,212	441,034
Special Education Fund	2,919,065	0	9,301,937	9,302,118	2,918,884	613,650	3,532,534
Food Service Fund	0	0	13,365	4,388	8,977	0	8,977
Parents As Teachers Fund	0	0	65,009	65,009	0	0	0
Federal Grants Fund	(140,539)	750	1,661,962	1,489,671	32,502	89,066	121,568
Medicaid Fund	613,653	0	72,275	10,800	675,128	0	675,128
Adult Services Fund	163,042	0	250,788	209,239	204,591	12,801	217,392
Gifts and Grants Fund	12,582	0	105,818	97,165	21,235	10,582	31,817
Total Reporting Entity	$ 4,988,545	750	16,330,515	15,757,922	5,561,888	885,825	6,447,713

Composition of Cash:

Farmers State Bank, Oakley, KS		
Checking Accounts	$	1,500
Super NOW Accounts		4,440,964
Certificates of Deposit		2,000,000
The Bank, Oakley, KS		
Checking Accounts		5,249
Total Reporting Entity	$	6,447,713

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, 2022:

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, 2022.

At June 30, 2022, the District's carrying amount of deposits was $6,447,713 and the bank balance was $6,715,284. The bank balance was held by two financial institutions resulting in a concentration of credit risk. Of the bank balance, $505,249 was covered by federal depository insurance, $3,000,000 was guaranteed by a letter of credit from Federal Home Loan Bank of Topeka, and $3,210,035 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, 2022.

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.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 and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 15.59% and 14.23%, respectively, for fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 14.83% and 13.33%, respectively, for fiscal year ended June 30, 2022.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

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

The 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, 2022, the District remitted $60,059 for retired employees.

Net Pension Liability

At June 30, 2022, the District's proportionate share of the collective net pension liability reported by KPERS was $536,639. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. 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, 2021. 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 publicly 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. 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, 2022, was $75,349.

(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, 2022, three certified retirees participated in this plan and the District paid $7,934 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, 2022.

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 112 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, 2021, with M C Rentals, LLC for twenty vehicles. Expenditures under this operating lease were $81,180 for the year ended June 30, 2022. This operating lease will terminate on May 31, 2023, and the future minimum operating lease commitment under this lease for the year ending June 30, 2022, is $81,180.

The District is committed under an operating lease dated September 10, 2021, with M C Rentals, LLC for a vehicle. Expenditures under this operating lease were $4,500 for the year ended June 30, 2022. This operating lease will terminate on September 30, 2023, and the future minimum operating lease commitment under this lease for the year ending June 30, 2022, is $6,750.

The District is committed under an operating lease dated August 1, 2020 with Ghumm's Autos & Treasures for twenty-two vehicles. Expenditures under this operating lease were $90,266 for the year ended June 30, 2022. This operating lease terminated on May 31, 2022.

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. 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.

9. Stewardship, Compliance and Accountability

(a) Deposits adequately secured

K.S.A. 9-1402 and K.S.A. 9-1405 require the District's deposits in financial institutions to be covered entirely, at any given time, by the federal depository insurance or by collateral held under a joint custody receipt. Bank balances from May 28, 2022 through May 31, 2022, were not adequately secured at Farmers State Bank. This is a violation of the statutes.

(b) Bid procedures

K.S.A. 72-1151 requires the District to follow sealed bid procedures for the construction or purchase of materials or goods exceeding $20,000. The District did not take bids for the 2022 Chevy Trailblazers or the 2022 Ford Escapes that were purchased. This is a violation of the statute.

10. Professional Tuition Fee Assistance

The District received grant proceeds of $69,880 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 $12,000 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 $3,000 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. For the year ended June 30, 2022, $45,008 was disbursed to sixteen eligible participants.

11. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022. Based on current conditions, Management is unable to reasonably determine the future potential impacts that the COVID-19 outbreak may have on financial conditions and operations.

12. Interfund Transfers

The District's operating transfers for the year ended June 30, 2022, were as follows:

From	To	Regulatory Authority	Amount
Special Education Fund	General Fund	Board approved	$ 20,000

13. Long-Term Debt

Changes in long-term liabilities for the year ended June 30, 2022, 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 Payable:									
Signature Bank - Energy Improvements	3.723%	2018	$ 88,936	2026	$ 60,842	0	9,298	51,544	1,932
Total Contractual Indebtedness					$ 60,842	0	9,298	51,544	1,932

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,					
	2023	2024	2025	2026	2027	Total
Principal						
Finance Leases Payable	$ 11,404	10,942	11,356	11,786	6,056	51,544
Interest						
Finance Leases Payable	1,868	1,309	895	465	70	4,607
Total Principal and Interest	$ 13,272	12,251	12,251	12,251	6,126	56,151

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, 2022

		Actual
Receipts:		
Participating Districts	$	344,487
Federal Aid		3,644,823
State Aid		70,958
Other Contracts		66,600
Other Grants		196,619
Miscellaneous (printing, etc.)		95,923
Reimbursements		210,405
Transfer from Special Education Fund		20,000
Donations		6,529
Total Receipts		4,656,344
Expenditures:		
Instruction		3,191,779
Student Support Services		95,737
Instructional Support Staff		104,014
General Administration		300,382
School Administration		417,890
Operations and Maintenance		106,331
Other Supplemental Services		119,541
Total Expenditures		4,335,674
Receipts over (under) Expenditures		320,670
Unencumbered Cash, Beginning		612,807
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	933,477

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, 2022

		Actual
Capital Outlay Fund		
Receipts:		
Interest on Idle Funds	$	12,463
Participating Districts		25,137
Total Receipts		37,600
Expenditures:		
Instruction		2,619
Student Support Services		4,112
Operations and Maintenance		15,769
Land Improvement		2,451
Building Improvements		23,929
Other		3,976
Total Expenditures		52,856
Receipts over (under) Expenditures		(15,256)
Unencumbered Cash, Beginning		370,528
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	355,272
Professional Development Fund		
Receipts:		
State Aid	$	5,900
Federal Aid		107,280
Participating Districts		43,150
Fees - Other		9,087
Total Receipts		165,417
Expenditures:		
Instruction		41,808
Instructional Support Staff		149,194
Total Expenditures		191,002
Receipts over (under) Expenditures		(25,585)
Unencumbered Cash, Beginning		437,407
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	411,822

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, 2022

		Actual
Special Education Fund		
Receipts:		
State Aid	$	3,966,841
Federal Aid		1,552,326
Participating Districts		3,422,398
Medicaid		260,000
Other Grants		25,180
Other Revenue From Local Sources		75,192
Total Receipts		9,301,937
Expenditures:		
Instruction		6,041,568
Student Support Services		1,226,163
Instructional Support Staff		746,143
Special Area Administration Services		142,899
School Administration		934,539
Operations and Maintenance		13,925
District Reimbursements		176,881
Transfer to General Fund		20,000
Total Expenditures		9,302,118
Receipts over (under) Expenditures		(181)
Unencumbered Cash, Beginning		2,919,065
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	2,918,884
Food Service Fund		
Receipts:		
Federal Aid	$	13,365
Expenditures:		
Food Service Operations		4,388
Receipts over (under) Expenditures		8,977
Unencumbered Cash, Beginning		0
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	8,977

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, 2022

		Actual
Parents As Teachers Fund		
Receipts:		
State Aid	$	40,984
Participating Districts		19,375
Reimbursements		4,650
Total Receipts		65,009
Expenditures:		
Student Support Services		65,009
Receipts over (under) Expenditures		0
Unencumbered Cash, Beginning		0
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	0
Federal Grants Fund		
Receipts:		
Federal Aid	$	1,661,962
Expenditures:		
Instruction		442,118
Student Support Services		138,530
Instruction Support Staff		852,642
General Administration		48,581
School Administration		7,800
Total Expenditures		1,489,671
Receipts over (under) Expenditures		172,291
Unencumbered Cash, Beginning		(140,539)
Prior Year Cancelled Encumbrances		750
Unencumbered Cash, Ending	$	32,502

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, 2022

		Actual
Medicaid Fund		
Receipts:		
Kansas Health Policy Authority - Medicaid	$	72,275
Expenditures:		
Instruction		10,800
Receipts over (under) Expenditures		61,475
Unencumbered Cash, Beginning		613,653
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	675,128
Adult Services Fund		
Receipts:		
Federal Aid	$	31,833
State Aid		7,913
Other Revenue From Local Sources		52,718
Other Grants		158,324
Total Receipts		250,788
Expenditures:		
Instruction		99,752
Student Support Services		10,105
Instructional Support Staff		35,367
General Administration		39,144
Other Supplemental Services		24,871
Total Expenditures		209,239
Receipts over (under) Expenditures		41,549
Unencumbered Cash, Beginning		163,042
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	204,591

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, 2022

		Actual
Gifts and Grants Fund		
Receipts:		
Other Revenue from Local Source	$	105,818
Expenditures:		
Instruction		5,966
Student Support Services		91,199
Total Expenditures		97,165
Receipts over (under) Expenditures		8,653
Unencumbered Cash, Beginning		12,582
Prior Year Cancelled Encumbrances		0
Unencumbered Cash, Ending	$	21,235

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, 2022

	Continuation Actual	COVID-19 Actual	Head Start Total
Receipts:			
Federal Aid	$ 2,714,070	299,098	3,013,168
Expenditures:			
Salaries	1,523,640	100,654	1,624,294
Payroll Taxes & Employee Benefits	484,803	4,673	489,476
Contractual Services & Supplies	312,713	26,244	338,957
Travel	45,385	0	45,385
Indirect Cost	20,119	0	20,119
Equipment	32,346	154,121	186,467
Food Purchases and Supplies	35,885	0	35,885
Total Expenditures	2,454,891	285,692	2,740,583
Receipts over (under) Expenditures	259,179	13,406	272,585
Unencumbered Cash, Beginning	(293,867)	(15,500)	(309,367)
Prior Year Cancelled Encumbrances	0	0	0
Unencumbered Cash, Ending	$ (34,688)	(2,094)	(36,782)

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, 2021 to June 30, 2022.

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

230 MAIN, PO BOX 412, QUINTER, KS 67752
PHONE: 785-754-2111 EMAIL: dtilton@mmcpas.net

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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, 2022, and the related notes to the financial statement, and have issued our report thereon dated January 23, 2023. 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) 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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

January 23, 2023

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 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, 2022. 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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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 generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about 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 generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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

January 23, 2023

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

	Federal CFDA Number	Agency or Pass-through Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
Direct Aid:				
Safe and Drug-Free Schools and Communities_National Programs				
EVERS - FY 2021	84.184	N/A	$	$ 287,561
EVERS - FY 2022	84.184	N/A	-	499,091
Total Direct Aid			-	786,652
Passed through Kansas State Department of Education:				
Special Education Cluster (IDEA)				
Special Education_Grants to States				
VI-B (94-142) - IDEA - FY 2021	84.027	3234-3050	-	1,375,753
VI-B (94-142) - Discretionary Special Projects - FY 2022	84.027	3234-3050	-	57,958
Total VI-B (94-142)			-	1,433,711
Special Education_Preschool Grants				
IDEA Preschool - FY 2022	84.173	3535-3550	-	71,132
Total Special Education Cluster (IDEA)			-	1,504,843
English Language Acquisition State Grants				
Title III - FY 2021	84.365	3522-3820	-	18,119
Migrant Education_State Grant Program				
Title I Migrant - FY 2022	84.011	3537-3570	-	608,200
Education Stabilization Fund				
COVID-19 Funds - ESSER II - FY 2021	84.425	3233-3040	-	76,700
Total Passed through Kansas State Department of Education			-	2,207,862
Passed through Kansas Department of Health and Environment:				
Special Education – Grants for Infants and Families				
Part C - FY 2022	84.181	3516-5010	-	128,347
Total Passed through Kansas Department of Health and Environment			-	128,347
Passed through the University of Kansas:				
Assistive Technology				
Regional Atech - FY 2021	84.224	2545-2689	-	12,213
Regional Atech - FY 2022	84.224	2545-2689	-	37,591
Total Assistive Technology			-	49,804
Total Passed through the University of Kansas			-	49,804
TOTAL U.S. DEPARTMENT OF EDUCATION			$ -	$ 3,172,665

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, 2022

	Federal CFDA Number	Agency or Pass-through Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct Aid:				
Head Start				
Head Start - FY 2022	93.600	N/A	$ -	$ 2,454,891
COVID-19 Funds - Head Start FY 2021	93.600	N/A	-	285,692
Total Head Start			-	2,740,583
Total Direct Aid			-	2,740,583
Passed through Kansas Department for Children and Families:				
Temporary Assistance for Needy Families				
Kansas Early Head Start Home Visitation - FY 2022	93.558	3028-0522	-	638,003
Total Passed through the Kansas Department for Children and Families			-	638,003
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES			-	3,378,586
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Kansas State Department of Education:				
COVID-19 Funds - Child and Adult Care Food Program - FY 202	10.558	3531-3510	-	4,388
Total Passed through the Kansas State Department of Education			-	4,388
Passed through Kansas State University:				
Passed through SKIL Resource Center, Inc.:				
Cooperative Extension Service				
Agrability - FY 2021	10.500	929772554	-	2,035
Agrability - FY 2022	10.500	929772554	-	24,104
Total Cooperative Extension Service			-	26,139
Total Passed through the Kansas State University			-	26,139
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	30,527
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 6,581,778

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

June 30, 2022

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, 2022. 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.

Note 4 – Loans and Loan Guarantee Programs

The District did not have any loan or loan guarantee programs outstanding at June 30, 2022.

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER
Interlocal District No. 602
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENT

Type of auditors' report issued:

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

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 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:

CFDA NUMBER	NAME OF FEDERAL PROGRAM
93.600	Head Start
84.184	Safe and Drug-Free Schools and Communities_National Programs

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, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2021-001 Lack of Internal Control

Condition: There was a lack of internal control over recording approved outstanding contracts at year-end.

Corrective Action: After each board meeting, the Board Clerk gives to the Assistant Treasurer and Assistant Clerk the approved bids for encumbering. The Board Clerk then follows up with the Assistant Treasurer and Assistant Clerk to verify that a purchase order has been issued for the bid amount as approved by the board of directors for the fiscal year.

Status: Corrective action implemented.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None