

**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, 2020

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, 2020

Table of Contents

	<u>Page Numbers</u>
Independent Auditor's Report	1
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to the Financial Statement	5
<u>REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION</u>	
SCHEDULE 1	
Schedule of Receipts and Expenditures	
General Fund	12
Special Purpose Funds	13
<u>SUPPLEMENTARY INFORMATION</u>	
SCHEDULE 2	
Schedule of Receipts and Expenditures	
Head Start	17
<u>SINGLE AUDIT SECTION</u>	
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 <i>Government Audit Standards</i>	18
Independent Auditor's Report On Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	20
SCHEDULE 3	
Schedule of Expenditures of Federal Awards	22
Notes to the Schedule of Expenditures of Federal Awards	24
Schedule of Findings and Questioned Costs	25



# Mapes & Miller LLP

Certified Public Accountants & Business Advisors

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

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

JOHN D MAPES, CPA, CHTD  
DENIS W. MILLER, CPA, PA  
THOMAS B. CARPENTER, CPA, PA  
DON E. TILTON, CPA, PA  
BRIAN S. THOMPSON, CPA, PA  
REBECCA A. LIX, CPA, PA  
STEPHANIE M. HEIER, CPA, PA

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statement

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Northwest Kansas Educational Service Center Interlocal District No. 602 as of and for the year ended June 30, 2020, and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

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

### Auditor's Responsibility

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

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

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

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

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

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

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Northwest Kansas Educational Service Center Interlocal District No. 602 as of June 30, 2020, or changes in financial position and cash flows thereof for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Northwest Kansas Educational Service Center Interlocal District No. 602 as of June 30, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

### **Other Matters**

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The individual fund schedules of regulatory basis receipts and expenditures-actual and the schedule of regulatory basis receipts and expenditures – Head Start (Schedule 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the financial statement. However, Schedule 1 is required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management, was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

### *Other Information*

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

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2021, 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 25, 2021

**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, 2020

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>General Funds:</b>							
General Fund	\$ 504,360	494	4,191,595	3,703,612	992,837	218,308	1,211,145
<b>Special Purpose Funds:</b>							
Capital Outlay Fund	331,224	0	126,425	69,751	387,898	33,347	421,245
Professional Development Fund	385,865	500	178,726	104,180	460,911	26,450	487,361
Special Education Fund	2,021,200	24	9,088,986	8,886,780	2,223,430	616,171	2,839,601
Food Service Fund	0	0	90,781	88,549	2,232	0	2,232
Parents As Teachers Fund	0	0	61,620	61,620	0	138	138
Federal Grants Fund	(7,098)	0	650,177	756,805	(113,726)	28,310	(85,416)
Medicaid Fund	810,076	0	321,145	500,000	631,221	0	631,221
Adult Services Fund	175,017	751	136,726	92,607	219,887	3,035	222,922
<b>Total Reporting Entity</b>	<b>\$ 4,220,644</b>	<b>1,769</b>	<b>14,846,181</b>	<b>14,263,904</b>	<b>4,804,690</b>	<b>925,759</b>	<b>5,730,449</b>

**Composition of Cash:**

Farmers State Bank, Oakley, KS	
Checking Accounts	\$ 1,500
Super NOW Accounts	3,723,719
Certificates of Deposit	2,000,000
The Bank, Oakley, KS	
Checking Accounts	<u>5,230</u>
<b>Total Reporting Entity</b>	<b>\$ <u>5,730,449</u></b>

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

**NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER**

**Interlocal District No. 602**

Notes to the Financial Statement

June 30, 2020

**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, 2020:

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) Budgetary Information**

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

**(e) Reimbursements**

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

**2. Deposits and Investments**

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

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

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

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by the federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2020.

At June 30, 2020, the District's carrying amount of deposits was \$5,730,449 and the bank balance was \$5,812,663. The bank balance was held by two financial institutions resulting in a concentration of credit risk. Of the bank balance, \$505,230 was covered by federal depository insurance and \$5,307,433 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, 2020.



### 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](http://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 14.59% and 13.21% respectively, for fiscal year ended June 30, 2019. The actuarially determined employer contribution rate and the statutory contribution rate was 16.15% and 14.41% respectively, for fiscal year ended June 30, 2020.

Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64.13 million for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million per year. The first-year payment of \$6.4 million was received in July 2017 and appropriations for fiscal year 2018 were made for the State/School group at the statutory contribution rate of 12.01% for that year.

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194 million for the fiscal year ended June 30, 2019. Section 56(19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million per year.

2018 House Substitute for Senate Bill 109 provided for additional funding for 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.

2019 Senate Bill 9 authorized a payment of \$115 million for the KPERS School group.

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, 2020, the District remitted \$81,440 for retired employees.

### Net Pension Liability

At June 30, 2020, the District's proportionate share of the collective net pension liability reported by KPERS was \$837,310. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. 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, 2019. 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](http://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, 2020, was \$77,049.

### **(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, 2020, two certified retirees participated in this plan and the District paid \$3,267 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, 2020.

**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 111 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, 2018, with Harries Leasing Company for twenty-six vehicles. Expenditures under this operating lease were \$101,140 for the year ended June 30, 2020. This operating lease terminated on May 31, 2020.

The District is committed under an operating lease dated August 1, 2019, with Harries Leasing Company for twenty vehicles. Expenditures under this operating lease were \$92,400 for the year ended June 30, 2020. This operating lease will terminate on May 31, 2021, and the future minimum operating lease commitment under this lease for the year ending June 30, 2020, is \$77,000.

The District is committed under an operating lease dated November 1, 2017, with Harries Leasing Company for a vehicle. Expenditures under this operating lease were \$6,589 for the year ended June 30, 2020. This operating lease terminated on May 31, 2020.

The District is committed under an operating lease dated August 1, 2019, with Harries Leasing Company for a vehicle. Expenditures under this operating lease were \$5,148 for the year ended June 30, 2020. This operating lease will terminate on May 31, 2021, and the future minimum operating lease commitment under this lease for the year ending June 30, 2020, is \$4,290.

**7. Interfund Transfers**

The District’s operating transfers for the year ended June 30, 2020, were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statute</u>
Medicaid Fund	Special Education Fund	\$ 500,000	Board Approved

**8. Grant Programs**

The District participates in various federal and state grant programs. Such awards are to be expended in accordance with the provisions of the various grants. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability which may arise as a result of these audits cannot be reasonably determined at this time. Although, it is believed the amount, if any, would not be material.

**9. Stewardship, Compliance and Accountability**

**(a) Cash Violation**

K.S.A. 10-1113 requires each fund to comply with the cash-basis laws of the State of Kansas. That is, no commitments or indebtedness should be incurred unless there is available cash in the fund. The Federal Grants Fund incurred indebtedness in excess of the available cash balance by \$113,726. However, K.S.A. 12-1664 allows a deficit unencumbered cash balance for federal aid funds. The deficit is expected to be eliminated when the federal grant proceeds are received.

**10. Subsequent Events**

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

**11. Professional Tuition Fee Assistance**

The District received grant proceeds of \$76,500 from Dane G. Hansen Foundation to provide tuition assistance to employees pursuing degrees to fill positions that are needed or vacant within the District. In addition to the grant proceeds, the District utilized local funds of \$19,926. 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, 2020, \$96,426 was disbursed to twenty-one eligible participants.

**12. Long-Term Debt**

Changes in long-term liabilities for the year ended June 30, 2020 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Balance End of Year	Interest Paid
Capital Leases Payable:									
Signature Bank - Energy Improvements	3.723%	2018	\$ 88,936	2026	\$ 80,059	0	9,430	70,629	2,821
Total Contractual Indebtedness					\$ 80,059	0	9,430	70,629	2,821

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,						
	2021	2022	2023	2024	2025	2026-2030	Total
Principal							
Capital Leases Payable	\$ 9,787	10,158	10,543	10,942	11,356	17,843	70,629
Interest							
Capital Leases Payable	2,464	2,093	1,708	1,309	895	534	9,003
Total Principal and Interest	\$ 12,251	12,251	12,251	12,251	12,251	18,377	79,632

**13. COVID-19**

On March 11, 2020, the Novel Coronavirus Disease, COVID-19, was declared a pandemic by the World Health Organization. On March 13, 2020, a national emergency was declared in the United States concerning the COVID-19 Outbreak. The economic uncertainties related to the pandemic could potentially have a negative impact on the District but management currently is unable to reasonable determine the effects it may have on the District's financial conditions and operations.

**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, 2020

SCHEDULE 1

Page 1

	<u>Actual</u>
Receipts:	
Participating Districts	\$ 443,950
Federal Aid	3,228,359
Other Contracts	43,185
Other Grants	200,282
Miscellaneous (printing, etc.)	89,525
Reimbursements	181,960
Donations	<u>4,334</u>
Total Receipts	<u>4,191,595</u>
Expenditures:	
Instruction	2,663,780
Student Support Services	101,984
Instructional Support Staff	143,609
General Administration	238,657
School Administration	350,325
Operations and Maintenance	88,312
Other Supplemental Services	<u>116,945</u>
Total Expenditures	<u>3,703,612</u>
Receipts over (under) Expenditures	487,983
Unencumbered Cash, Beginning	504,360
Prior Year Cancelled Encumbrances	<u>494</u>
Unencumbered Cash, Ending	<u><u>\$ 992,837</u></u>

**NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER**

**Interlocal District No. 602**

Special Purpose Funds

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended June 30, 2020

SCHEDULE 1

Page 2

	<u>Actual</u>
<b>Capital Outlay Fund</b>	
Receipts:	
Interest on Idle Funds	\$ 76,807
Participating Districts	49,528
Other Revenue from Local Source	<u>90</u>
 Total Receipts	 <u>126,425</u>
Expenditures:	
Instruction	4,923
Student Support Services	19,826
Operations and Maintenance	13,839
Land Improvement	2,129
Building Improvements	27,144
Other	<u>1,890</u>
 Total Expenditures	 <u>69,751</u>
Receipts over (under) Expenditures	56,674
Unencumbered Cash, Beginning	331,224
Prior Year Cancelled Encumbrances	<u>0</u>
 Unencumbered Cash, Ending	 <u>\$ 387,898</u>
 <b>Professional Development Fund</b>	
Receipts:	
State Aid	\$ 9,817
Federal Aid	89,020
Participating Districts	35,991
Local Grant	8,400
Fees - Other	<u>35,498</u>
 Total Receipts	 <u>178,726</u>
Expenditures:	
Instructional Support Staff	<u>104,180</u>
Receipts over (under) Expenditures	74,546
Unencumbered Cash, Beginning	385,865
Prior Year Cancelled Encumbrances	<u>500</u>
 Unencumbered Cash, Ending	 <u>\$ 460,911</u>



NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER

Interlocal District No. 602

Special Purpose Funds

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended June 30, 2020

SCHEDULE 1

Page 3

	<u>Actual</u>
<b>Special Education Fund</b>	
Receipts:	
State Aid	\$ 4,368,137
Federal Aid	1,159,835
Participating Districts	2,950,173
Medicaid	6,167
Other Grants	27,126
Other Revenue From Local Sources	77,548
Transfer from Medicaid Fund	<u>500,000</u>
Total Receipts	<u>9,088,986</u>
Expenditures:	
Instruction	6,156,019
Student Support Services	1,177,848
Instructional Support Staff	622,750
Special Area Administration Services	93,946
School Administration	771,530
Operations and Maintenance	12,110
District Reimbursements	<u>52,577</u>
Total Expenditures	<u>8,886,780</u>
Receipts over (under) Expenditures	202,206
Unencumbered Cash, Beginning	2,021,200
Prior Year Cancelled Encumbrances	<u>24</u>
Unencumbered Cash, Ending	<u>\$ 2,223,430</u>
<b>Food Service Fund</b>	
Receipts:	
Federal Aid	\$ <u>90,781</u>
Expenditures:	
Food Service Operations	<u>88,549</u>
Receipts over (under) Expenditures	2,232
Unencumbered Cash, Beginning	0
Prior Year Cancelled Encumbrances	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 2,232</u>

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER

Interlocal District No. 602

Special Purpose Funds

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended June 30, 2020

SCHEDULE 1

Page 4

	<u>Actual</u>
<b>Parents As Teachers Fund</b>	
Receipts:	
State Aid	\$ 41,061
Participating Districts	16,821
Reimbursements	<u>3,738</u>
Total Receipts	<u>61,620</u>
Expenditures:	
Student Support Services	60,704
Instructional Support Staff	<u>916</u>
Total Expenditures	<u>61,620</u>
Receipts over (under) Expenditures	0
Unencumbered Cash, Beginning	0
Prior Year Cancelled Encumbrances	<u>0</u>
Unencumbered Cash, Ending	<u><u>\$ 0</u></u>
<b>Federal Grants Fund</b>	
Receipts:	
Reimbursements	\$ 85
Federal Aid	<u>650,092</u>
Total Receipts	<u>650,177</u>
Expenditures:	
Instruction	311,350
Student Support Services	127,786
Instruction Support Staff	286,669
General Administration	<u>31,000</u>
Total Expenditures	<u>756,805</u>
Receipts over (under) Expenditures	(106,628)
Unencumbered Cash, Beginning	(7,098)
Prior Year Cancelled Encumbrances	<u>0</u>
Unencumbered Cash, Ending	<u><u>\$ (113,726)</u></u>

NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER

Interlocal District No. 602

Special Purpose Funds

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended June 30, 2020

SCHEDULE 1

Page 5

	<u>Actual</u>
<b>Medicaid Fund</b>	
Receipts:	
Kansas Health Policy Authority - Medicaid	\$ <u>321,145</u>
Expenditures:	
Transfer to Special Education Fund	<u>500,000</u>
Receipts over (under) Expenditures	(178,855)
Unencumbered Cash, Beginning	810,076
Prior Year Cancelled Encumbrances	<u>0</u>
Unencumbered Cash, Ending	\$ <u><u>631,221</u></u>

<b>Adult Services Fund</b>	
Receipts:	
Federal Aid	\$ 27,006
Other Revenue From Local Sources	15,040
Other Grants	<u>94,680</u>
Total Receipts	<u>136,726</u>
Expenditures:	
Instruction	65,366
Student Support Services	11,162
Instructional Support Staff	5,264
Other Supplemental Services	<u>10,815</u>
Total Expenditures	<u>92,607</u>
Receipts over (under) Expenditures	44,119
Unencumbered Cash, Beginning	175,017
Prior Year Cancelled Encumbrances	<u>751</u>
Unencumbered Cash, Ending	\$ <u><u>219,887</u></u>

## **SUPPLEMENTARY INFORMATION**

**Interlocal District No. 602**  
 Head Start  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended June 30, 2020

	Continuation Actual	Covid-19 Actual	Head Start Total
Receipts:			
Federal Aid	\$ 2,379,039	219,702	2,598,741
Expenditures:			
Salaries	1,189,938	27,977	1,217,915
Payroll Taxes & Employee Benefits	376,454	0	376,454
Contractual Services & Supplies	478,416	27,837	506,253
Travel	71,628	0	71,628
Food Purchases and Supplies	30,873	0	30,873
Total Expenditures	2,147,309	55,814	2,203,123
Receipts over (under) Expenditures	231,730	163,888	395,618
Unencumbered Cash, Beginning	(308,090)	0	(308,090)
Prior Year Cancelled Encumbrances	324	0	324
Unencumbered Cash, Ending	\$ (76,036)	163,888	87,852

**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, 2019 to June 30, 2020.

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](mailto:dtilton@mmcpas.net)

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

JOHN D MAPES, CPA, CHTD  
DENIS W. MILLER, CPA, PA  
THOMAS B. CARPENTER, CPA, PA  
DON E. TILTON, CPA, PA  
BRIAN S. THOMPSON, CPA, PA  
REBECCA A. LIX, CPA, PA  
STEPHANIE M. HEIER, CPA, PA

## 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, 2020, and the related notes to the financial statement, and have issued our report thereon dated January 25, 2021. In our report on the financial statement, we expressed an adverse opinion on the financial statement. As discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph in the report on the financial statement, the financial statement was prepared on the regulatory basis of accounting to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northwest Kansas Educational Service Center Interlocal District No. 602's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Kansas Educational Service Center Interlocal District No. 602's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mapes & Miller LLP*

Certified Public Accountants  
Quinter, Kansas

January 25, 2021





# Mapes & Miller LLP

Certified Public Accountants & Business Advisors

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

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

JOHN D MAPES, CPA, CHTD  
DENIS W. MILLER, CPA, PA  
THOMAS B. CARPENTER, CPA, PA  
DON E. TILTON, CPA, PA  
BRIAN S. THOMPSON, CPA, PA  
REBECCA A. LIX, CPA, PA  
STEPHANIE M. HEIER, CPA, PA

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

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

### Report on Compliance for Each Major Federal Program

We have audited Northwest Kansas Educational Service Center Interlocal District No. 602's compliance with the types of compliance requirements described in the *OMB Circular Supplement* that could have a direct and material effect on each of Northwest Kansas Educational Service Center Interlocal District No. 602's major federal programs for the year ended June 30, 2020. Northwest Kansas Educational Service Center Interlocal District No. 602's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

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

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

### **Opinion on Each Major Federal Program**

In our opinion, Northwest Kansas Educational Service Center Interlocal District No. 602 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Mapes & Miller LLP*

Certified Public Accountants  
Quinter, Kansas

January 25, 2021

**NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER**  
**Interlocal District No. 602**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

	Federal CFDA Number	Agency or Pass-through Number	Passed through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Direct Aid:</b>				
School Safety National Activities EVERS - FY 2020	84.184	N/A	\$ -	\$ 211,640
<b>Total Direct Aid</b>			-	211,640
<b>Passed through Kansas State Department of Education:</b>				
<b>Special Education Cluster (IDEA)</b>				
Special Education – Grants to States				
VI-B (94-142) - IDEA - FY 2019	84.027	3234-3050	-	1,282,088
VI-B (94-142) - Discretionary Special Projects - FY 2019	84.027	3234-3050	-	57,958
<b>Total VI-B (94-142)</b>			-	1,340,046
Special Education – Preschool Grants				
IDEA Preschool - FY 2019	84.173	3535-3550	-	70,934
<b>Total Special Education Cluster (IDEA)</b>			-	1,410,980
English Language Acquisition State Grants				
Title III - FY 2019	84.365	3522-3820	-	24,457
Title III - FY 2020	84.365	3522-3820	-	7,693
<b>Total English Language Acquisition State Grants</b>			-	32,150
Migrant Education - State Grant Program				
Title I Migrant - FY 2019	84.011	3537-3570	-	27,376
Title I Migrant - FY 2020	84.011	3537-3570	-	485,483
<b>Total Migrant Education - State Grant Program</b>			-	512,859
<b>Total Passed through Kansas State Department of Education</b>			-	1,955,989
<b>Passed through Kansas Department of Health and Environment:</b>				
Special Education – Grants for Infants and Families				
Part C - FY 2020	84.181	3516-5010	-	104,111
<b>Total Passed through Kansas Department of Health and Environment</b>			-	104,111
<b>Passed through the University of Kansas:</b>				
Assistive Technology				
Regional Atech - FY 2019	84.224	2545-2689	-	1,281
Regional Atech - FY 2020	84.224	2545-2689	-	17,890
<b>Total Assistive Technology</b>			-	19,171
<b>Total Passed through the University of Kansas</b>			-	19,171
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			\$ -	\$ 2,290,911

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, 2020

	Federal CFDA Number	Agency or Pass-through Number	Passed through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES</b>				
<b>Direct Aid:</b>				
Head Start				
Head Start - FY 2019	93.600	N/A	\$ -	\$ 28,086
Head Start - FY 2020	93.600	N/A	-	1,671,004
Head Start COVID-19 - FY 2020	93.600	N/A	-	55,814
Early Head Start - FY 2020	93.600	N/A	-	448,220
<b>Total Head Start</b>			-	2,203,124
<b>Total Direct Aid</b>			-	2,203,124
<b>Passed through Kansas Department for Children and Families:</b>				
Temporary Assistance for Needy Families				
Kansas Early Head Start Home Visitation - FY 2019	93.558	3028-0522	-	4,302
Kansas Early Head Start Home Visitation - FY 2020	93.558	3028-0522	-	623,819
<b>Total Passed through the Kansas Department for Children and Families</b>			-	628,121
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES</b>			-	2,831,245
 <b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Passed through Kansas State Department of Education:</b>				
Child and Adult Care Food Program - FY 2020	10.558	3531-3510	-	88,549
<b>Total Passed through the Kansas State Department of Education</b>			-	88,549
<b>Passed through Kansas State University:</b>				
<b>Passed through SKIL Resource Center, Inc.:</b>				
Cooperative Extension Service				
Agrability - FY 2019	10.500	929772554	-	7,897
Agrability - FY 2020	10.500	929772554	-	18,360
<b>Total Cooperative Extension Service</b>			-	26,257
<b>Total Passed through the Kansas State University</b>			-	26,257
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			-	114,806
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 5,236,962

See accompanying notes to the schedule of expenditures of federal awards

**NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER**  
**Interlocal District No. 602**

Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

**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, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

**Note 2 - Summary of Significant Accounting Policies**

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

**Note 3 - Indirect Cost Rate**

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

**NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER**  
**Interlocal District No. 602**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

FINANCIAL STATEMENT

Type of auditors’ report issued:

In accordance with Generally Accepted Accounting Principles Adverse

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

Internal control over financial reporting:

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

FEDERAL AWARDS

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

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_ Yes    x No

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
93.600	Head Start
	<b>Special Education Cluster (IDEA):</b>
84.027	Special Education Grants to States - VI-B (94-142)
84.173	Special Education Preschool Grants - IDEA Preschool

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

Auditee qualified as low-risk auditee? \_\_ Yes    x No

**NORTHWEST KANSAS EDUCATIONAL SERVICE CENTER**

**Interlocal District No. 602**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2020

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**None**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**None**

**SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**None**