SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
GODDARD, KANSAS

FINANCIAL STATEMENT
JUNE 30, 2021

BFR

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
TABLE OF CONTENTS
JUNE 30, 2021

	Page
Independent Auditors' Report	1 – 3
Financial Statement	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	4
Notes to Financial Statement	5 – 11
Regulatory Required Supplementary Information	
Summary of Expenditures - Actual and Budget	12
Schedule of Cash Receipts and Expenditures - Actual and Budget	
Capital Outlay Fund	13
Professional Development Fund	14
Special Education Fund	15
Schedule of Cash Receipts and Expenditures - Actual	
Special Donation Fund	16
ILC Activity Fund	17
Schedule of Cash Receipts and Cash Disbursements - Agency Funds	18
Federal Award Information	
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*	19 – 20
Report On Compliance for Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance	21 – 22
Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards	24
Schedule of Findings and Questioned Costs	25
Schedule of Prior Year Findings and Questioned Costs	26

BFR

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sedgwick County Area Educational Services Interlocal Cooperative
Goddard, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas**, as of and for the year ended **June 30, 2021**, 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 to meet the financial reporting requirements of the State of Kansas. 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.

Auditors' 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. 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 auditors' 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 auditors consider 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.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Directors
Sedgwick County Area Educational Services Interlocal Cooperative

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America
As described in Note 1 of the financial statement, the financial statement is prepared by **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas**, 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*, 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 Accounting Principles Generally Accepted in the United States of America
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 **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas,** as of **June 30, 2021**, or changes in financial position and cash flows thereof for the year then ended.

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 **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas**, as of **June 30, 2021**, 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.

Substantial Doubt about the Cooperative's Ability to Continue as a Going Concern
The accompanying financial statement has been prepared assuming that **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas**, will continue as a going concern. As disclosed in Note 7 to the financial statement, the Cooperative ceased operations on June 30, 2021. The financial statement does not include any adjustments that might result from ceasing operations. Our opinion is not modified with respect to that matter.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and agency funds schedules of regulatory basis cash receipts and disbursements (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a

required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement.

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

The 2020 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual (as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2020 basic financial statement upon which we rendered an unmodified opinion dated May 26, 2021. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://da.ks.gov/ar/muniserv/. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 comparative information is fairly stated in all material respects in relation to the 2020 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 May 2, 2022, on our consideration of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'**, 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 **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** internal control over financial reporting and compliance.

BFR CPA, LLC
BFR CPA, LLC
May 2, 2022

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Special Purpose Funds							
Capital Outlay	$ 0	$ 0	$ 251,740	$ 251,740	$ 0	$ 0	$ 0
Professional Development	26,578	0	12,867	39,445	0	0	0
Special Education	4,657,879	0	39,882,803	44,540,682	0	0	0
Special Donation	0	0	0	0	0	0	0
ILC Activity	831	0	707	1,538	0	525	525
	$ 4,685,288	$ 0	$ 40,148,117	$ 44,833,405	$ 0	$ 525	$ 525

Composition of Cash:		
	Checking and Money Market Accounts	$ 525
	Agency Funds	0
		$ 525

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

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies:

Financial Reporting Entity

Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas, represents a cooperative established under State of Kansas statutes. The Cooperative was formed July 1, 1981, through an agreement of nine Kansas Unified School Districts (Burrton, Cheney, Clearwater, Conway Springs, Goddard, Maize, Renwick, Sedgwick, and Valley Center) located in and around Sedgwick County, Kansas to meet special education requirements at the primary and secondary levels. The Cooperative is governed by a Board of Directors comprised of one member from each member district. The Cooperative's financial statement includes all funds over which the Board of Directors exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

KMAAG Regulatory Basis of Presentation Fund Definitions:

> Special Purpose Funds-to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.
>
> Agency Funds-funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.)

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

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. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The Cooperative has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the Cooperative to use the regulatory basis of accounting.

Budget and Assessment Cycle

The Cooperative prepares a budget under the Kansas cash-basis and budget laws to determine assessment to member districts and other financial planning purposes. Assessments are made in nine variable installments.

The Kansas cash-basis and budget laws permit transferring budgeted amounts between line items within an individual fund. However, such laws prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the Cooperative for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for the following special purpose funds:

Special Donation Fund	ILC Activity Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Note 2 - Defined Contribution Pension Plan:

The Cooperative provides pension benefits for all full-time certified/licensed employees through an Internal Revenue Code Section 403(b) defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The Cooperative contributes $1,000 per employee per contract year and is prorated for employees who are employed less than a full contract year. Employees become vested at 10% following the sixth year of continuous employment. Vesting continues to increase by 15% each year until the employee is fully vested at the beginning of the 12th year of continuous employment with the Cooperative. The plan is administered by Security Benefit with oversight by the Cooperative Retirement Plan Oversight Committee which is comprised of three Board of Director appointees, three Special Services NEA appointees, and a representative of Security Benefit as an ex officio member.

Payments under the plan for the year ended June 30, 2021, were $1,369,298.

Note 3 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the Cooperative to record vacation and sick leave benefits as expenditures when paid.

Note 4 - Defined Benefit Pension Plan:

Plan description
The Cooperative participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions
K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or 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 of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.15% and 14.41%, respectively, for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rate and the statutory contribution rate was 15.59% and 14.23% for the fiscal year ended June 30, 2021.

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 dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 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. Since the Cooperative is considered a special funding situation, the Cooperative was not required to contribute amounts equal to the statutory contribution rate for the year ended June 30, 2021.

Net Pension Liability

The Cooperative is considered a special funding situation. The state contributes 100% of the contractually required employer contributions. However, they do make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, "working after retirement" employees. The resulting proportional share of the "working after retirement" contributions and resulting net pension liability are attributable to the employer.

At June 30, 2021, the Cooperative's proportionate share of the collective net pension liability reported by KPERS was $1,408,683. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The Cooperative's proportion of the net pension liability was based on the ratio of the Cooperative'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, 2020. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 5 - Postemployment Benefits:

As provided by K.S.A. 12-5040, the Cooperative allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Cooperative is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Cooperative makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Note 6 - Deposits:

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Cooperative's deposits may be returned to it. State statutes require the Cooperative's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2021.

At June 30, 2021, the Cooperative's carrying amount of deposits was $525 and the bank balance was $3,571,840. The bank balance is held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance, and the remaining $3,321,840 was collateralized with securities held by the pledging financial institution's agent in the Cooperative's name.

Note 7 - Subsequent Events:

The Cooperative has evaluated subsequent events through May 2, 2022, the date which the financial statement was available to be issued.

The Cooperative's member districts voted to disband the Cooperative and restructure it into three separate Cooperatives. The restructure was approved by the Kansas State Department of Education and **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas**, ceased operations on June 30, 2021, and was liquidated shortly thereafter.

Note 8 - Contingencies:

Grant Programs
The Cooperative participates in various federal and state grant programs. 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 for reimbursement 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.

Risk Management
The Cooperative is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Cooperative carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Medicaid Payments
The Cooperative submits reports of time for providing medical services to children with disabilities to a third party. The third party reviews the reports and files claims for Medicaid reimbursement. Medicaid then pays the third party based on Medicaid's determination of allowed payment. The third party retains a percentage of the payment based on an agreement with the Cooperative and remits the remainder approximately monthly for the previous month's claims. Due to adjustments made by both the third party and Medicaid, the actual amount to be received by the Cooperative is undeterminable and has not been recorded. It will be recorded as received.

Note 9 - Early Retirement Benefits:

The Cooperative has an early retirement plan for certified personnel. Personnel qualify if they have fifteen years of service with the Cooperative and are 55 years of age. Payments under the plan are computed by subtracting the base beginning salary amount for a new certified person with no experience from the base salary of the retiree in the year the retiree applied for retirement. The difference is multiplied by a percentage ranging from 37.5% to 75% based on the age of the retiree. Certified personnel with the Cooperative during 2006-2007 chose the benefits under this plan or the Employer Paid Defined Contribution Plan created effective January 1, 2008.

It is the policy of the Cooperative to record these benefits as expenditures when paid. Payments in the amount of $460,001 were made for 18 retired employees during the year under the plan.

Note 10 - Lease Purchase:

The Cooperative entered into a lease purchase for a building in Mount Hope, Kansas on November 1, 2016, for $600,000. In prior year funds, a portion of the funds were received and disbursed to pay for the acquisition of the building and to reimburse the Cooperative for building improvements during the year. The building was paid off during the year and later sold.

Note 11 - Long-Term Debt:

Lease purchase payments are due monthly.

Terms for long-term liabilities for the Cooperative for the year ended June 30, 2021, were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final
Lease Purchase Agreement Mt Hope Building	2.58	11/1/2016	$ 600,000	4/1/2023

Changes in long-term liabilities for the Cooperative for the year ended June 30, 2021, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Lease Purchase Agreement Mt Hope Building	$ 266,561	$ 0	$ 266,561	$ 0	$ 14,821

REGULATORY REQUIRED SUPPLEMENTARY INFORMATION

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Special Purpose Funds					
Capital Outlay	$ 251,740	$ 0	$ 251,740	$ 251,740	$ 0
Professional Development	87,971	0	87,971	39,445	(48,526)
Special Education	43,647,010	0	43,647,010	44,540,682	893,672
Special Donation	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX
ILC Activity	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	1,538	XXXXXXXXXX
	$ 43,986,721	$ 0	$ 43,986,721	$ 44,833,405	$ 845,146

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

Capital Outlay Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 146,630	$ 251,740	$ 251,740	$ 0
	146,630	251,740	$ 251,740	$ 0
Expenditures				
Facility Acquisition & Construction	146,630	251,740	$ 251,740	$ 0
	146,630	251,740	$ 251,740	$ 0
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 0	$ 0		

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

Professional Development Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$ 45,972	$ 6,200	$ 44,926	$ (38,726)
State Sources	9,306	0	0	0
Federal Sources	11,000	6,667	6,667	0
	66,278	12,867	$ 51,593	$ (38,726)
Expenditures				
Instructional Support Staff	62,369	39,445	$ 87,971	$ (48,526)
	62,369	39,445	$ 87,971	$ (48,526)
Receipts Over (Under) Expenditures	3,909	(26,578)		
Unencumbered Cash, Beginning	22,669	26,578		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 26,578	$ 0		

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

Special Education Fund	Prior Year Actual	Current Year Actual	Current Year Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	$32,837,494	$35,120,034	$34,460,998	$ 659,036
State Sources	11,799	13,848	3,000	10,848
Federal Sources	4,452,752	4,748,921	4,533,821	215,100
	37,302,045	39,882,803	$38,997,819	$ 884,984
Expenditures				
Instruction	23,949,175	25,053,941	$28,877,455	$ (3,823,514)
Student Support Services	10,701,729	11,407,515	11,807,444	(399,929)
Instructional Support Staff	179,628	158,230	223,161	(64,931)
General Administration	1,647,284	7,021,278	1,834,696	5,186,582
Central Services	22,580	18,577	0	18,577
Operations & Maintenance	399,064	677,980	612,254	65,726
Student Transportation Services	234,832	134,816	250,000	(115,184)
Other Support Services	61,330	68,345	42,000	26,345
	37,195,622	44,540,682	$43,647,010	$ 893,672
Receipts Over (Under) Expenditures	106,423	(4,657,879)		
Unencumbered Cash, Beginning	4,551,456	4,657,879		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	$ 4,657,879	$ 0		

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

Special Donation Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 0	$ 0
	0	0
Expenditures		
Instruction and Student Support Services	3,308	0
	3,308	0
Receipts Over (Under) Expenditures	(3,308)	0
Unencumbered Cash, Beginning	3,308	0
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 0	$ 0

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Actual Totals for the Prior Year Ended June 30, 2020)

ILC Activity Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	$ 351	$ 707
	351	707
Expenditures		
Instruction	399	1,538
	399	1,538
Receipts Over (Under) Expenditures	(48)	(831)
Unencumbered Cash, Beginning	879	831
Prior Year Canceled Encumbrances	0	0
Unencumbered Cash, Ending	$ 831	$ 0

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
AGENCY FUNDS
SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Para Health Insurance	$ 147,822	$ 104,158	$ 251,980	$ 0

FEDERAL AWARD INFORMATION

BFR

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sedgwick County Area Educational Services Interlocal Cooperative
Goddard, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas**, as of and for the year ended **June 30, 2021**, and the related notes to the financial statement, which collectively comprise **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** basic financial statement, and have issued our report thereon dated May 2, 2022. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive 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 **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** 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 **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Directors
Sedgwick County Area Educational Services Interlocal Cooperative

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BFR CPA, LLC

BFR CPA, LLC
May 2, 2022

BFR

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

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sedgwick County Area Educational Services Interlocal Cooperative
Goddard, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas,** with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** major federal programs for the year ended **June 30, 2021**. **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** major federal financial programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Kansas Municipal Audit and Accounting Guide*. 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 **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** 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 **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** compliance.

BFR CPA, LLC
10000 W. 37th St. N.
Wichita, Kansas 67205-7700

(316) 945-1500
Fax (316) 945-1505
bfr@bfrcpa.com

Board of Directors
Sedgwick County Area Educational Services Interlocal Cooperative

Opinion on Each Major Federal Program
In our opinion, **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas** 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, 2021**.

Report on Internal Control Over Compliance
Management of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas** 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 **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** 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 **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas'** internal control over compliance.

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

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

BFR CPA, LLC
BFR CPA, LLC
May 2, 2022

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Grant Title	Assistance Listing Number	Program Amount	Unencumbered Cash 7-1-20	Receipts	Expenditures	Unencumbered Cash 6-30-21
(Passes Through Kansas Department of Education)						
Department of Education						
Special Education Cluster (IDEA)-Cluster						
Special Education Grants to States	84.027	$ 4,000,783	$ 0	$ 4,000,783	$ 4,000,783	$ 0
Special Education Preschool Grants	84.173	77,199	0	77,199	77,199	0
		4,077,982	0	4,077,982	4,077,982	0
(Passes Through Kansas Department of Social and Rehabilitation Services)						
Department of Health and Human Services						
Medicaid Cluster-Cluster						
Medical Assistance Program	93.778	677,606	0	677,606	677,606	0
Total Federal Awards		$ 4,755,588	$ 0	$ 4,755,588	$ 4,755,588	$ 0

The accompanying notes are an integral part of this schedule.

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. 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 - Indirect Cost Rate:

The Cooperative has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas**.

2. No significant deficiencies or material weaknesses were reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statement of **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas,** were disclosed during the audit.

4. No significant deficiencies or material weakness were reported in the Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.

5. The independent auditors' report on compliance for the major federal award programs for **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas,** expresses an unmodified opinion on all major federal programs.

6. There were no audit findings relative to the major federal award programs for **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas**.

7. The programs tested as major programs were:

Special Education Cluster (IDEA)-Cluster	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173

8. The threshold for distinguishing Types A and B programs was $750,000.

9. **Sedgwick County Area Educational Services Interlocal Cooperative, Goddard, Kansas,** was determined not to be a low-risk auditee.

SEDGWICK COUNTY AREA EDUCATIONAL SERVICES INTERLOCAL COOPERATIVE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

There are no prior audit findings.