

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

FINANCIAL STATEMENTS  
For the fiscal year ended June 30, 2021

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

FINANCIAL STATEMENTS  
For the fiscal year ended June 30, 2021

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SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Southwest Plains Regional Service Center  
Unified School District No. 626  
Sublette, Kansas 67877

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Southwest Plains Regional Service Center, Unified School District No. 626, as of and for the fiscal 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; 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 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 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.

To the Board of Directors  
Southwest Plains Regional Service Center  
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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 Southwest Plains Regional Service Center, Unified School District No. 626, 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 Southwest Plains Regional Service Center, Unified School District No. 626, as of June 30, 2021, 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 Southwest Plains Regional Service Center, Unified School District No. 626, 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.

*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 summary of regulatory basis expenditures-actual and budget, individual fund schedules

To the Board of Directors  
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of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 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 schedule of expenditures of federal awards (Schedule 3 as listed in the table of contents) is presented for 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* (Uniform Guidance) and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Southwest Plains Regional Service Center, Unified School District No. 626, as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated November 9, 2020, which contained an unmodified opinion on the basic financial statement. 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 <https://admin.ks.gov/offices/oar/municipal-services>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. 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 basic financial statement as a whole for the year ended June 30, 2020, on the basis of accounting described in Note 1.

To the Board of Directors  
Southwest Plains Regional Service Center  
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*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021, on our consideration of Southwest Plains Regional Service Center's, Unified School District No. 626, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southwest Plains Regional Service Center's, Unified School District No. 626, 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 Southwest Plains Regional Service Center's, Unified School District No. 626, internal control over financial reporting and compliance.

*Hay•Rice & Associates, Chartered*

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November 17, 2021



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

To the Board of Directors  
Southwest Plains Regional Service Center  
Unified School District No. 626  
Sublette, Kansas 67877

We have audited, in accordance with the 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 Southwest Plains Regional Service Center, Unified School District No. 626, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statement, which collectively comprise Southwest Plains Regional Service Center's, Unified School District No. 626, basic financial statement, and have issued our report thereon dated November 17, 2021, which was qualified because Southwest Plains Regional Service Center, Unified School District No. 626, prepares its financial statements 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Service Center'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 opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Service Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Service Center'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.

To the Board of Directors  
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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 Southwest Plains Regional Service Center's, Unified School District No. 626, 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 results 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.

*Hay•Rice & Associates, Chartered*

Hay•Rice & Associates, Chartered

November 17, 2021

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Statement 1

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
REGULATORY BASIS  
For the fiscal year ended June 30, 2021

<u>Funds</u>	<u>Beginning</u> <u>Unencumbered</u> <u>Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending</u> <u>Unencumbered</u> <u>Cash Balance</u>	<u>Add</u> <u>Encumbrances</u> <u>&amp; Accounts</u> <u>Payable</u>	<u>Ending</u> <u>Cash</u> <u>Balance</u>
General Fund:						
General	\$ 425,304	\$ 665,930	\$ 573,875	\$ 517,359	\$ 101	\$ 517,460
Special Purpose Funds:						
Instructional Services	532,067	1,689,131	1,318,247	902,951	575	903,526
Capital Outlay	196,807	11,200	38,395	169,612	-	169,612
Community Learning Centers	143,300	257,367	257,156	143,511	101	143,612
Grant Writing Center	94,534	170,114	169,864	94,784	-	94,784
Migrant Services	(74,976)	870,417	726,524	68,917	10,516	79,433
Title III	(615)	90,700	64,638	25,447	11,803	37,250
Perkins Grant	-	109,716	109,716	-	-	-
KLN Priority	(376,321)	1,319,575	1,199,031	(255,777)	1,009	(254,768)
KLN Special Projects	4,305,471	-	603,606	3,701,865	293,200	3,995,065
Contingency	2,051,606	-	-	2,051,606	-	2,051,606
Link-Striving Leaders	(29,332)	1,048,673	1,324,072	(304,731)	61,763	(242,968)
EMINTS Seed Grant	(10,577)	20,800	11,391	(1,168)	-	(1,168)
Parents as Teachers	-	82,175	75,786	6,389	10,682	17,071
Discretionary Funds	<u>11,979</u>	<u>-</u>	<u>-</u>	<u>11,979</u>	<u>-</u>	<u>11,979</u>
Total Reporting Entity	<u>\$7,269,247</u>	<u>\$6,335,798</u>	<u>\$6,472,301</u>	<u>\$7,132,744</u>	<u>\$389,750</u>	<u>\$7,522,494</u>

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

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Statement 1  
(Continued)

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH – REGULATORY BASIS

For the fiscal year ended June 30, 2021

Composition of Cash:	
Investments and Time Deposits:	
Money market	\$3,369,295
Certificate of deposit	3,708,267
Cash in Checking:	
General Account	426,354
Electronic Account	17,078
Building Account	<u>1,500</u>
Total Reporting Entity	<u>\$7,522,494</u>

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

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2021

Note 1: Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

Southwest Plains Regional Service Center, Unified School District No. 626, is a municipal corporation governed by an appointed eight member board of directors. This regulatory financial statement presents only Southwest Plains Regional Service Center, Unified School District No. 626 (the municipality).

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Regulatory Basis Fund Types

The following regulatory basis fund types comprise the financial activities of the Service Center for the fiscal year ended June 30, 2021:

Governmental Funds:

General Fund – The Chief Operating Fund – used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific regulatory receipts (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Fiduciary Funds:

Agency Funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021  
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General capital assets that account for the land, buildings and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021  
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Other Accounting Policies

Cash and Time Deposits

These liquid assets are shown in aggregate. K.S.A. 12-1671 and 12-1672 allow these assets to be shown in aggregate.

Time deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately displayed as "cash and time deposits".

General Fixed Assets

General fixed assets purchased are recorded as expenditures at the time of purchase, except for assets acquired with federally assisted funds.

Vouchers Payable

Vouchers payable are classified on the basis of a claim for payment resulting from legal title to property.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds.

In addition, encumbrances do constitute expenditures of a fund.

Unencumbered Cash Balances

The unencumbered cash balance is the unobligated resources of cash and time deposits of a fund.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021  
(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds.

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 municipality 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.

The budget law K.S.A. 79-2925 applies to taxing subdivisions or municipalities. Several funds exceed their budget, but because the Southwest Plains Regional Service Center, Unified School District No. 626, does not directly levy a tax, it is not subject to the budget law. The budget adopted by the Service Center is a management tool, which is used to establish the Service Center's internal spending limits.

Note 2: Stewardship, Compliance and Accountability

Compliance with Kansas Statutes

Contrary to the provisions of K.S.A. 10-1113, the following funds had a deficit cash balance as of June 30, 2021:

KLN Priority	\$ (255,777)
Link-Striving Leaders	(304,731)
EMINTS Seed Grant	(1,168)



SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

(Continued)

Note 2: Stewardship, Compliance and Accountability (Continued)

Authorized Over-Encumbered Cash Balance – Federal Funds

K.S.A. 12-1664 authorizes the financing from local sources for expenditures to be reimbursed by the federal government.

Note 3: Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by Southwest Plains Regional Service Center, Unified School District No. 626. The statute requires banks eligible to hold the Service Center's funds have a main or branch bank in the county in which Southwest Plains Regional Service Center, Unified School District No. 626, 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. Southwest Plains Regional Service Center, Unified School District No. 626, has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits Southwest Plains Regional Service Center's, Unified School District No. 626, 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. Southwest Plains Regional Service Center, Unified School District No. 626, has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – State statutes place no limit on the amount Southwest Plains Regional Service Center, Unified School District No. 626, 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, Southwest Plains Regional Service Center's, Unified School District No. 626, deposits may not be returned to it. State statutes require Southwest Plains Regional Service Center's, Unified School District No. 626, 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.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021  
(Continued)

Note 3: Deposits and Investments (Continued)

At June 30, 2021, Southwest Plains Regional Service Center's, Unified School District No. 626, carrying amount of deposits was \$7,522,494 and the bank balance was \$8,251,484. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance and \$7,751,484 was collateralized with securities held by the pledging financial institutions' agents in Southwest Plains Regional Service Center's, Unified School District No. 626, name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, Southwest Plains Regional Service Center, Unified School District No. 626, 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.

Note 4: Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Community Learning Centers	General	\$ 12,000
Grant Writing Center	General	71,000

Note 5: Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

Southwest Plains Regional Service Center, Unified School District No. 626, 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.

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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021  
(Continued)

Note 5: Defined Benefit Pension Plan (Continued)

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 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.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021  
(Continued)

Note 5: Defined Benefit Pension Plan

Contributions (Continued)

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 contributed 14.23% of covered payroll during fiscal year 2021, excluding the Group Death & Disability Insurance rate. During fiscal year 2022, the State of Kansas will contribute 13.33% of covered payroll. The State of Kansas contribution to KPERS due for all school municipalities for the year ending June 30, 2021, was \$570,264,986.

Net Pension Liability

At June 30, 2021, the Service Center's proportionate share of the collective net pension liability reported by KPERS was \$210,410. 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 Service Center's proportion of the net pension liability was based on the ratio of the Service Center'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](http://www.kpers.org) or can be obtained as described above.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021  
(Continued)

Note 6: Other Long-Term Obligations from Operations

Compensated Absences

Vacation and Sick Pay

All full time classified and certified employees receive ten days of sick leave, unless otherwise negotiated. Sick leave can be accumulated for up to 35 days for classified staff and up to 50 days for certified staff, but employees are not compensated for unused sick leave.

All full time classified and certified staff employed before July 1, 2010 receive a day of paid vacation per month. Staff members with 10 years or more of service receive three (3) weeks vacation. All full time classified staff employed after July 1, 2010 receive 4 days paid vacation the first year and receive an additional day for each year of service. Vacation time not taken within the period of accrual is neither subject to reimbursement, nor to carry over to the next fiscal year.

Salary Reduction Plan

Southwest Plains Regional Service Center, Unified School District No. 626, has adopted a 403B and/or 457 elective salary reduction plan. The plan transactions for the year ended June 30, 2021 are as follows:

Beginning balance	\$ 381,388
Contributions	31,572
Withdrawals	(11,796)
Change in value	<u>80,832</u>
Ending balance	<u>\$ 481,996</u>

Other Post Employment Benefits

As provided by K.S.A. 12-5040, Southwest Plains Regional Service Center, Unified School District No. 626, allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, Southwest Plains Regional Service Center, Unified School District No. 626, 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 this financial statement.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

(Continued)

Note 6: Other Long-Term Obligations from Operations (Continued)

Other Post Employment Benefits (Continued)

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), Southwest Plains Regional Service Center, Unified School District No. 626, 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.

Death and Disability Other Post Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees 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, 2021.

Note 7: Contingent Liabilities

Southwest Plains Regional Service Center, Unified School District No. 626, participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives for audits of these programs for or including the year ending June 30, 2021. These compliance audits have not been conducted as of November 17, 2021. Accordingly, the Service Center's compliance with applicable grant agreements will be established at some future date. The amount of expenditures, which may be disallowed by the grantor agencies, cannot be determined at this time, although the Service Center expects such amounts, if any, to be immaterial.

Note 8: Operating Leases

Southwest Plains Regional Service Center, Unified School District No. 626, is entered into several real estate leases that are renewed annually.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

(Continued)

Note 9: COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on Southwest Plains Regional Service Center’s, Unified School District No. 626, financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, Southwest Plains Regional Service Center, Unified School District No. 626, is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021.

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK’S first round distribution was to local governments in the amount of \$400 million. Southwest Plains Regional Service Center, Unified School District No. 626, received CRF in the amount of \$5,000 during 2020. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at <https://covid.ks.gov>.

Note 10: Subsequent Events

Southwest Plains Regional Service Center, Unified School District No. 626, management has evaluated events and transactions through November 17, 2021, the date which the financial statement was available to be issued.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

(Continued)

Note 11: Long-Term Debt

Changes in long-term liabilities for Southwest Plains Regional Service Center, Unified School District No. 626, for the fiscal year ended June 30, 2021 were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
Capital Leases Payable:									
2018 Honda CR-V	7.30%	06/28/18	\$ 29,220	05/27/22	\$ 8,074	-	\$ 8,074	-	\$ 324
2018 Honda CR-V	7.30%	06/28/18	29,220	05/27/22	8,074	-	8,074	-	324
2018 Honda CR-V	7.30%	06/28/18	29,220	05/27/22	8,074	-	8,074	-	324
2018 Honda CR-V	7.30%	06/28/18	27,990	05/27/22	7,732	-	7,732	-	308
2018 Honda CR-V	7.30%	06/28/18	27,990	05/27/22	7,732	-	7,732	-	308
2018 Honda CR-V	7.30%	06/28/18	27,990	05/27/22	7,732	-	7,732	-	309
2019 Honda CR-V	7.30%	06/20/19	26,470	06/20/23	13,557	-	13,557	-	1,639
2019 Honda CR-V	7.30%	06/20/19	26,470	06/20/23	<u>13,557</u>	<u>-</u>	<u>13,557</u>	<u>-</u>	<u>1,639</u>
Total Contractual Indebtedness					<u>\$ 74,532</u>	<u>-</u>	<u>\$ 74,532</u>	<u>-</u>	<u>\$ 5,175</u>



SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
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REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 1

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET  
REGULATORY BASIS

For the fiscal year ended June 30, 2021

<u>Funds</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
General Fund:			
General	\$ 607,537	\$ 573,875	\$ (33,662)
Special Purpose Funds:			
Instructional Services	1,198,430	1,318,247	119,817
Capital Outlay	-	38,395	38,395
Community Learning Centers	277,503	257,156	(20,347)
Grant Writing Center	172,430	169,864	(2,566)
Migrant Services	769,612	726,524	(43,088)
Title III	89,485	64,638	(24,847)
Perkins Grant	109,718	109,716	(2)
KLN Priority	1,417,913	1,199,031	(218,882)
KLN Special Projects	5,283,249	603,606	(4,679,643)
EMINTS Seed Grant	16,040	11,391	(4,649)
Link-Striving Leaders	1,379,112	1,324,072	(55,040)
Parents as Teachers	75,702	75,786	84

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
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Schedule 2

SCHEDULES OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2-1

GENERAL FUND  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
<u>Receipts</u>			<u>(Under)</u>	<u>Actual</u>
LEA tuition	\$172,335	\$171,500	\$ 835	\$172,600
Consulting services	31,904	28,000	3,904	50,873
Interest on investments	9,264	6,000	3,264	62,703
CLC Revenue share	18,707	21,103	(2,396)	26,486
Indirect fees	324,177	326,776	(2,599)	316,449
Other receipts	21,543	12,000	9,543	15,540
Federal aid	5,000	-	5,000	-
Operating Transfers:				
Instructional Services	-	-	-	71,000
Community Learning Centers	12,000	12,000	-	-
Grant Writing Center	<u>71,000</u>	<u>71,000</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>\$665,930</u>	<u>\$648,379</u>	<u>\$ 17,551</u>	<u>\$715,651</u>
<u>Expenditures</u>				
Salaries	\$260,654	\$270,728	\$ (10,074)	\$319,206
Employee Benefits	30,983	34,520	(3,537)	39,658
Purchased professional services	196,685	194,159	2,526	203,383
Purchased property services	11,983	19,200	(7,217)	10,148
Other purchased services	43,079	56,550	(13,471)	57,767
Supplies and materials	23,861	28,500	(4,639)	28,531
Other	<u>6,630</u>	<u>3,880</u>	<u>2,750</u>	<u>9,586</u>
Total Expenditures	<u>\$573,875</u>	<u>\$607,537</u>	<u>\$ (33,662)</u>	<u>\$668,279</u>
Receipts Over (Under) Expenditures	\$ 92,055			\$ 47,372
Unencumbered Cash, Beginning	<u>425,304</u>			<u>377,932</u>
Unencumbered Cash, Ending	<u>\$517,359</u>			<u>\$425,304</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
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Schedule 2-2

INSTRUCTIONAL SERVICES  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
<u>Receipts</u>			<u>(Under)</u>	<u>Actual</u>
Instructional Tools	\$ 136,252	\$ 105,368	\$ 30,884	\$ 105,714
Workshops	384,212	377,780	6,432	467,460
Consulting	988,427	939,681	48,746	1,162,179
Other receipts	179,690	90,000	89,690	104,665
State aid	<u>550</u>	<u>-</u>	<u>550</u>	<u>279</u>
Total Receipts	<u>\$1,689,131</u>	<u>\$1,512,829</u>	<u>\$176,302</u>	<u>\$1,840,297</u>
<u>Expenditures</u>				
Salaries	\$ 813,282	\$ 788,660	\$ 24,622	\$ 987,171
Employee Benefits	145,811	144,847	964	166,042
Purchased professional services	277,886	180,950	96,936	238,497
Other purchased services	24,533	34,988	(10,455)	40,397
Supplies and materials	54,948	40,985	13,963	29,165
Property	1,762	7,500	(5,738)	4,430
Other	25	500	(475)	25
Operating Transfers:				
General	-	-	-	71,000
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total Expenditures	<u>\$1,318,247</u>	<u>\$1,198,430</u>	<u>\$119,817</u>	<u>\$1,836,727</u>
Receipts Over (Under) Expenditures	\$ 370,884			\$ 3,570
Unencumbered Cash, Beginning	<u>532,067</u>			<u>528,497</u>
Unencumbered Cash, Ending	<u>\$ 902,951</u>			<u>\$ 532,067</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2-3

CAPITAL OUTLAY  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Sale of vehicle	\$ 11,200	\$ <u>10,000</u>	\$ <u>1,200</u>	\$ 19,510
<u>Expenditures</u>				
Property	<u>38,395</u>	<u>-</u>	\$ <u>38,395</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ (27,195)			\$ 19,510
Unencumbered Cash, Beginning	<u>196,807</u>			<u>177,297</u>
Unencumbered Cash, Ending	<u>\$169,612</u>			<u>\$196,807</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
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Schedule 2-4

COMMUNITY LEARNING CENTERS  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Member LEA receipts	<u>\$257,367</u>	<u>\$268,000</u>	<u>\$ (10,633)</u>	<u>\$264,055</u>
<u>Expenditures</u>				
Salaries	\$155,062	\$160,025	\$ (4,963)	\$156,462
Employee Benefits	28,756	34,583	(5,827)	36,522
Purchased property services	757	800	(43)	769
Other purchased services	22,626	24,888	(2,262)	17,588
Supplies and materials	541	1,000	(459)	137
Other	37,414	44,207	(6,793)	46,248
Operating Transfers:				
General	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$257,156</u>	<u>\$277,503</u>	<u>\$ (20,347)</u>	<u>\$257,726</u>
Receipts Over (Under) Expenditures	\$ 211			\$ 6,329
Unencumbered Cash, Beginning	<u>143,300</u>			<u>136,971</u>
Unencumbered Cash, Ending	<u>\$143,511</u>			<u>\$143,300</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
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Schedule 2-5

GRANT WRITING CENTER  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Services provided LEA	<u>\$170,114</u>	<u>\$166,254</u>	<u>\$ 3,860</u>	<u>\$151,513</u>
<u>Expenditures</u>				
Salaries	\$ 80,234	\$ 79,004	\$ 1,230	\$ 77,455
Employee Benefits	14,177	15,976	(1,799)	15,016
Other purchased services	4,123	6,350	(2,227)	11,008
Supplies and materials	330	100	230	32
Operating Transfers:				
General	<u>71,000</u>	<u>71,000</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$169,864</u>	<u>\$172,430</u>	<u>\$ (2,566)</u>	<u>\$103,511</u>
Receipts Over (Under) Expenditures	\$ 250			\$ 48,002
Unencumbered Cash, Beginning	<u>94,534</u>			<u>46,532</u>
Unencumbered Cash, Ending	<u>\$ 94,784</u>			<u>\$ 94,534</u>



SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
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Schedule 2-6

MIGRANT SERVICES  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Federal aid	<u>\$870,417</u>	<u>\$870,417</u>	<u>-</u>	<u>\$914,083</u>
<u>Expenditures</u>				
Salaries	\$392,473	\$409,732	\$ (17,259)	\$536,522
Employee Benefits	77,804	108,284	(30,480)	109,615
Purchased professional services	41,407	36,070	5,337	65,848
Purchased property services	-	-	-	17,829
Other purchased services	164,054	158,000	6,054	167,361
Supplies and materials	11,286	18,026	(6,740)	42,159
Other	<u>39,500</u>	<u>39,500</u>	<u>-</u>	<u>49,725</u>
Total Expenditures	<u>\$726,524</u>	<u>\$769,612</u>	<u>\$ (43,088)</u>	<u>\$989,059</u>
Receipts Over (Under) Expenditures	\$143,893			\$ (74,976)
Unencumbered Cash, Beginning	<u>(74,976)</u>			<u>-</u>
Unencumbered Cash, Ending	<u>\$ 68,917</u>			<u>\$ (74,976)</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2-7

TITLE III  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
<u>Receipts</u>			<u>(Under)</u>	<u>Actual</u>
Federal aid	\$ <u>90,700</u>	\$ <u>90,700</u>	<u>-</u>	\$ <u>63,044</u>
<u>Expenditures</u>				
Purchased professional services	\$ 45,226	\$ 60,554	\$ (15,328)	\$ 36,850
Supplies and materials	17,869	27,388	(9,519)	25,279
Other	<u>1,543</u>	<u>1,543</u>	<u>-</u>	<u>1,530</u>
Total Expenditures	\$ <u>64,638</u>	\$ <u>89,485</u>	\$ <u>(24,847)</u>	\$ <u>63,659</u>
Receipts Over (Under) Expenditures	\$ 26,062			\$ (615)
Unencumbered Cash, Beginning	<u>(615)</u>			<u>-</u>
Unencumbered Cash, Ending	\$ <u>25,447</u>			\$ <u>(615)</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
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Schedule 2-8

PERKINS GRANT  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
<u>Receipts</u>			<u>(Under)</u>	<u>Actual</u>
Federal aid	\$109,716	\$109,716	-	\$144,594
<u>Expenditures</u>				
Salaries	\$ 1,440	\$ 1,440	\$ -	\$ 7,625
Purchased professional services	22,977	22,977	-	40,215
Other purchased services	1,037	1,039	(2)	13,987
Supplies and materials	78,777	78,777	-	75,670
Other	<u>5,485</u>	<u>5,485</u>	<u>-</u>	<u>7,097</u>
Total Expenditures	\$109,716	\$109,718	\$ (2)	\$144,594
Receipts Over (Under) Expenditures	-			-
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>-</u>			<u>-</u>

UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2-9

KLN PRIORITY  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Contracted services	\$ <u>1,319,575</u>	\$ <u>1,794,234</u>	\$ <u>(474,659)</u>	\$ <u>1,195,033</u>
<u>Expenditures</u>				
Salaries	\$ 907,799	\$ 906,579	\$ 1,220	\$ 654,883
Employee Benefits	127,828	136,074	(8,246)	86,366
Purchased professional services	17,289	24,550	(7,261)	220,802
Other purchased services	76,046	243,191	(167,145)	106,375
Supplies and materials	12,972	40,000	(27,028)	34,462
Other	<u>57,097</u>	<u>67,519</u>	<u>(10,422)</u>	<u>55,144</u>
Total Expenditures	\$ <u>1,199,031</u>	\$ <u>1,417,913</u>	\$ <u>(218,882)</u>	\$ <u>1,158,032</u>
Receipts Over (Under) Expenditures	\$ 120,544			\$ 37,001
Unencumbered Cash, Beginning	<u>(376,321)</u>			<u>(413,322)</u>
Unencumbered Cash, Ending	\$ <u>(255,777)</u>			\$ <u>(376,321)</u>

UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2-10

KLN SPECIAL PROJECTS  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Federal aid	\$ -	<u>-</u>	<u>-</u>	\$5,283,249
<u>Expenditures</u>				
Purchased professional services	<u>603,606</u>	<u>\$5,283,249</u>	<u>\$ (4,679,643)</u>	<u>977,778</u>
Receipts Over (Under) Expenditures	\$ (603,606)			\$4,305,471
Unencumbered Cash, Beginning	<u>4,305,471</u>			<u>-</u>
Unencumbered Cash, Ending	<u>\$3,701,865</u>			<u>\$4,305,471</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2-11

CONTINGENCY  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
<u>Receipts</u>			<u>(Under)</u>	<u>Actual</u>
Operating Transfers:				
Instructional Services	-	<u>-</u>	<u>-</u>	\$ 300,000
<u>Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ -			\$ 300,000
Unencumbered Cash, Beginning	<u>2,051,606</u>			<u>1,751,606</u>
Unencumbered Cash, Ending	<u>\$2,051,606</u>			<u>\$2,051,606</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2-12

LINK-STRIVING LEADERS  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Federal aid	\$ <u>1,048,673</u>	\$ <u>1,456,805</u>	\$ <u>(408,132)</u>	\$ <u>1,009,178</u>
<u>Expenditures</u>				
Salaries	\$ 282,350	\$ 276,400	\$ 5,950	\$ 256,876
Employee Benefits	2,125	5,100	(2,975)	5,283
Purchased professional services	758,398	827,474	(69,076)	389,627
Purchased property services	54,070	54,070	-	47,459
Other purchased services	14,536	82,924	(68,388)	32,560
Supplies and materials	173,878	92,882	80,996	102,911
Other	<u>38,715</u>	<u>40,262</u>	<u>(1,547)</u>	<u>23,234</u>
Total Expenditures	\$ <u>1,324,072</u>	\$ <u>1,379,112</u>	\$ <u>(55,040)</u>	\$ <u>857,950</u>
Receipts Over (Under) Expenditures	\$ (275,399)			\$ 151,228
Unencumbered Cash, Beginning	<u>(29,332)</u>			<u>(180,560)</u>
Unencumbered Cash, Ending	\$ <u>(304,731)</u>			\$ <u>(29,332)</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2-13

EMINTS SEED GRANT  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Other	\$ <u>20,800</u>	\$ <u>16,040</u>	\$ <u>4,760</u>	\$ <u>3,000</u>
<u>Expenditures</u>				
Salaries	\$ -	\$ -	\$ -	\$ 3,000
Employee Benefits	3,090	5,600	(2,510)	4,465
Purchased professional services	7,813	8,405	(592)	4,870
Other purchased services	460	1,137	(677)	416
Property	-	-	-	511
Other	<u>28</u>	<u>898</u>	<u>(870)</u>	<u>315</u>
Total Expenditures	\$ <u>11,391</u>	\$ <u>16,040</u>	\$ <u>(4,649)</u>	\$ <u>13,577</u>
Receipts Over (Under) Expenditures	\$ 9,409			\$ (10,577)
Unencumbered Cash, Beginning	<u>(10,577)</u>			<u>-</u>
Unencumbered Cash, Ending	\$ <u>(1,168)</u>			\$ <u>(10,577)</u>



SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2-14

PARENTS AS TEACHERS  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Year</u> <u>Actual</u>
<u>Receipts</u>				
PAT Match	\$ 25,236	\$ 25,236	\$ -	-
Other	6,470	-	6,470	-
State aid	<u>50,469</u>	<u>50,469</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>\$ 82,175</u>	<u>\$ 75,705</u>	<u>\$ 6,470</u>	<u>-</u>
<u>Expenditures</u>				
Salaries	\$ 32,090	\$ 64,706	\$ (32,616)	-
Employee Benefits	356	2,852	(2,496)	-
Purchased professional services	6,200	3,405	2,795	-
Other purchased services	8,840	14	8,826	-
Supplies and materials	<u>28,300</u>	<u>4,725</u>	<u>23,575</u>	<u>-</u>
Total Expenditures	<u>\$ 75,786</u>	<u>\$ 75,702</u>	<u>\$ 84</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ 6,389			-
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>\$ 6,389</u>			<u>-</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2  
(Continued)

SCHEDULES OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS  
For the fiscal year ended June 30, 2021

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 2-15

DISCRETIONARY FUNDS  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

For the fiscal year ended June 30, 2021  
(with comparative actual totals for the prior year ended June 30, 2020)

	<u>6-30-21</u>	<u>6-30-20</u>
<u>Receipts</u>	-	-
<u>Expenditures</u>	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	<u>11,979</u>	<u>11,979</u>
Unencumbered Cash, Ending	<u>\$ 11,979</u>	<u>\$ 11,979</u>

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

SUPPLEMENTARY INFORMATION

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

To the Board of Directors  
Southwest Plains Regional Service Center  
Unified School District No. 626  
Sublette, Kansas 67877

**Report on Compliance for Each Major Federal Program**

We have audited Southwest Plains Regional Service Center's, Unified School District No. 626, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southwest Plains Regional Service Center's, Unified School District No. 626, major federal programs for the fiscal year ended June 30, 2021. Southwest Plains Regional Service Center's, Unified School District No. 626, 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 Southwest Plains Regional Service Center's, Unified School District No. 626, 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 the Service Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Directors  
Southwest Plains Regional Service Center  
Unified School District No. 626  
Sublette, Kansas 67877

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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 on Southwest Plains Regional Service Center's, Unified School District No. 626, compliance.

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

In our opinion, Southwest Plains Regional Service Center, Unified School District No. 626, 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 fiscal year ended June 30, 2021.

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

Management of Southwest Plains Regional Service Center, Unified School District No. 626, 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 the Service Center'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 Southwest Plains Regional Service Center's, Unified School District No. 626, 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.

To the Board of Directors  
Southwest Plains Regional Service Center  
Unified School District No. 626  
Sublette, Kansas 67877

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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.

*Hay•Rice & Associates, Chartered*

Hay•Rice & Associates, Chartered

November 17, 2021

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the fiscal year ended June 30, 2021

<u>Federal Grantor/Pass Through Grantor</u> <u>Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Expenditures</u>
U. S. Department of Education – Pass Through Kansas Department of Education:		
** Title I-Migrant	84.011	\$ 870,417
Program Improvement	84.048	109,716
English Language Acquisition	84.365	90,700
** Link-Striving Leaders	84.371	1,048,673
 U.S. Department of Treasury – Pass Through Haskell County:		
Coronavirus Relief Fund	21.019	<u>5,000</u>
 Total Expenditures of Federal Awards		<u>\$2,124,506</u>

\*\* Major Programs.

See accompanying notes to schedule of expenditures of federal awards.



SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended June 30, 2021

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule 3) includes the federal award activity of Southwest Plains Regional Service Center, Unified School District No. 626, under programs of the federal government for the fiscal year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southwest Plains Regional Service Center, Unified School District No. 626, it is not intended to and does not present the aggregate cash and unencumbered cash balances and receipts and expenditures of Southwest Plains Regional Service Center, Unified School District No. 626.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the accompanying Schedule of Expenditures of Federal Awards are reported on the regulatory basis of accounting, which are accounting practices prescribed by the State of Kansas and are described in Note 1 to the School District's regulatory basis financial statement.

Note C: Indirect Cost Rate

Southwest Plains Regional Service Center, Unified School District No. 626, has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 4

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the fiscal year ended June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the regulatory basis financial statements of Southwest Plains Regional Service Center, Unified School District No. 626.
2. No significant deficiencies were disclosed during the audit of the financial statements that would be required to be reported in the Independent Auditor's 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Southwest Plains Regional Service Center, Unified School District No. 626, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during that audit that would be required to be reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Southwest Plains Regional Service Center, Unified School District No. 626, expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in the schedule.
7. The programs tested as major programs were:
  - Title I Migrant Grant CFDA #84.011
  - Link-Striving Leaders CFDA #84.371
8. The threshold for determining type A and B programs was \$750,000.
9. Southwest Plains Regional Service Center, Unified School District No. 626, did not qualify as a low-risk auditee.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

Schedule 4  
(Continued)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the fiscal year ended June 30, 2021

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT

None.

SOUTHWEST PLAINS REGIONAL SERVICE CENTER  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the fiscal year ended June 30, 2021

2020-001. Link-Striving Leaders – CFDA #84.371

Condition: This finding was a significant deficiency stating that there was a lack of adequate internal control over sole source funding reports or time and effort reports.

Recommendation: The auditor recommended that procedures should be implemented that result in better recordkeeping of sole source funding reports or time and effort reports.

Current Status: Proper procedures are now in place.

