

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

FINANCIAL STATEMENTS  
For the fiscal year ended June 30, 2020

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

FINANCIAL STATEMENTS  
For the fiscal year ended June 30, 2020

TABLE OF CONTENTS

	<u>Page Number</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
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	5
<u>Statement 1</u>	
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	7
Notes to the Financial Statements	9
<u>REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION</u>	
<u>Schedule 1</u>	
Summary of Expenditures – Actual and Budget – Regulatory Basis	21
<u>Schedules of Receipts and Expenditures – Actual and Budget – Regulatory Basis</u>	
Schedule 2-1: General Fund	23
Schedule 2-2: Instructional Services	24
Schedule 2-3: Capital Outlay	25
Schedule 2-4: Community Learning Centers	26
Schedule 2-5: Grant Writing Center	27
Schedule 2-6: Migrant Services	28
Schedule 2-7: Title III	29
Schedule 2-8: Perkins Grant	30
Schedule 2-9: KLN Priority	31
Schedule 2-10: KLN Special Projects	32
Schedule 2-11: Contingency	33
Schedule 2-12: Link-Striving Leaders	34
Schedule 2-13: EMINTS Seed Grant	35

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

FINANCIAL STATEMENTS  
For the fiscal year ended June 30, 2020

TABLE OF CONTENTS  
(Continued)

Page  
Number

REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION  
(Continued)

Schedules of Receipts and Expenditures – Regulatory Basis

Schedule 2-14: Discretionary Funds	37
Schedule 2-15: KLN Grant	38

SUPPLEMENTARY INFORMATION

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	40
<u>Schedule 3</u>	
Schedule of Expenditures of Federal Awards	43
Notes to Schedule of Expenditures of Federal Awards	44
<u>Schedule 4</u>	
Schedule of Findings and Questioned Costs	45

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

FINANCIAL SECTION

LIBERAL  
J.H. HAY, CPA  
STEPHEN G. RICE, CPA  
CRAIG HAY, CPA  
DUSTIN ORMISTON, CPA  
RODNEY K. HAY, CPA

21 PLAZA DRIVE  
P.O. BOX 2707  
LIBERAL, KS 67905-2707  
(620) 624-8471  
FAX (620) 624-9260  
HRA@hayrice.com

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, 2020 and the related notes to the financial statement.

*Management's Responsibility for the Financial Statement*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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  
Unified School District No. 626  
Sublette, Kansas 67877

Page 2

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, 2020, or changes in financial position and cash flows thereof for the year then ended.

*Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of Southwest Plains Regional Service Center, Unified School District No. 626, as of June 30, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

*Other Matters*

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules

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

Page 3

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, 2019 (not presented herein), and have issued our report thereon dated October 14, 2019, which contained an unmodified opinion on the basic financial statement. The 2019 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 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2020 (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 2019 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 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 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 2019 basic financial statement or to the 2019 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 2019 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, 2019, on the basis of accounting described in Note 1.

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

Page 4

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020, 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 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 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*

Hay•Rice & Associates, Chartered

November 9, 2020

LIBERAL  
J.H. HAY, CPA  
STEPHEN G. RICE, CPA  
CRAIG HAY, CPA  
DUSTIN ORMISTON, CPA  
RODNEY K. HAY, CPA

21 PLAZA DRIVE  
P.O. BOX 2707  
LIBERAL, KS 67905-2707  
(620) 624-8471  
FAX (620) 624-9260  
HRA@hayrice.com

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, 2020, 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 9, 2020, 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  
Southwest Plains Regional Service Center  
Unified School District No. 626  
Sublette, Kansas 67877

Page 2

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 9, 2020

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, 2020

<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	\$ 377,932	\$ 715,651	\$ 668,279	\$ 425,304	\$ 2,183	\$ 427,487
Special Purpose Funds:						
Instructional Services	528,497	1,840,297	1,836,727	532,067	4,949	537,016
Capital Outlay	177,297	19,510	-	196,807	-	196,807
Community Learning Centers	136,971	264,055	257,726	143,300	106	143,406
Grant Writing Center	46,532	151,513	103,511	94,534	142	94,676
Migrant Services	-	914,083	989,059	(74,976)	46,479	(28,497)
Title III	-	63,044	63,659	(615)	1,050	435
Perkins Grant	-	144,594	144,594	-	4,276	4,276
KLN Priority	(413,322)	1,195,033	1,158,032	(376,321)	17,272	(359,049)
KLN Special Projects	-	5,283,249	977,778	4,305,471	-	4,305,471
Contingency	1,751,606	300,000	-	2,051,606	-	2,051,606
Link-Striving Leaders	(180,560)	1,009,178	857,950	(29,332)	70	(29,262)
EMINTS Seed Grant	-	3,000	13,577	(10,577)	-	(10,577)
Discretionary Funds	<u>11,979</u>	<u>-</u>	<u>-</u>	<u>11,979</u>	<u>-</u>	<u>11,979</u>
Total Reporting Entity	<u>\$2,436,932</u>	<u>\$11,903,207</u>	<u>\$7,070,892</u>	<u>\$7,269,247</u>	<u>\$ 76,527</u>	<u>\$7,345,774</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, 2020

Composition of Cash:	
Investments and Time Deposits:	
Money market	\$2,919,437
Certificate of deposit	4,102,502
Cash in Checking:	
General Account	305,738
Electronic Account	16,597
Building Account	<u>1,500</u>
Total Reporting Entity	<u>\$7,345,774</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, 2020

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, 2020:

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, 2020  
(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, 2020  
(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, 2020  
(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, 2020:

Migrant Services	\$ (74,976)
Title III	(615)
KLN Priority	(376,321)
Link-Striving Leaders	(29,332)
EMINTS Seed Grant	(10,577)

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020  
(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, 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020  
 (Continued)

Note 3: Deposits and Investments (Continued)

At June 30, 2020, Southwest Plains Regional Service Center’s, Unified School District No. 626, carrying amount of deposits was \$7,345,774 and the bank balance was \$7,704,375. 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 \$7,204,375 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:

From	To	Amount
Instructional Services	General	\$ 71,000
Instructional Services	Contingency	300,000

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.

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194.0 million for the fiscal year ended June 30, 2019. Section 56(19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million per year.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020  
(Continued)

Note 5: Defined Benefit Pension Plan

Contributions (Continued)

2018 House Substitute for Senate Bill 109 provided for additional funding for KPERS School group. A payment of \$56 million was paid in fiscal year 2018. This bill also authorized a payment of \$82 million in fiscal year 2019.

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

The State of Kansas contributed 14.41% of covered payroll during fiscal year 2020, excluding the Group Death & Disability Insurance rate. During fiscal year 2021, the State of Kansas will contribute 14.23% of covered payroll. The State of Kansas contribution to KPERS due for all school municipalities for the year ending June 30, 2020, was \$593,407,016.

Net Pension Liability

At June 30, 2020, the Service Center's proportionate share of the collective net pension liability reported by KPERS was \$256,704. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The 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, 2019. 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  
UNIFIED SCHOOL DISTRICT NO. 626  
Sublette, Kansas

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020  
(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, 2020 are as follows:

Beginning balance	\$ 386,946
Contributions	39,888
Withdrawals	(53,497)
Change in value	<u>8,051</u>
Ending balance	<u>\$ 381,388</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, 2020

(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, 2020.

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, 2020. These compliance audits have not been conducted as of November 9, 2020. 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.

Note 9: Subsequent Events

Southwest Plains Regional Service Center, Unified School District No. 626, management has evaluated events and transactions through November 9, 2020, the date which the financial statement was available to be issued.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

(Continued)

Note 10: 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, 2020 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:									
2017 Honda Accord	8.30%	06/01/17	\$ 22,370	07/01/21	\$ 6,263	-	\$ 6,263	\$ -	\$ 288
2017 Honda Accord	8.30%	06/01/17	22,370	07/01/21	6,263	-	6,263	-	288
2018 Honda CR-V	7.30%	06/28/18	29,220	05/27/22	15,580	-	7,506	8,074	892
2018 Honda CR-V	7.30%	06/28/18	29,220	05/27/22	15,580	-	7,506	8,074	892
2018 Honda CR-V	7.30%	06/28/18	29,220	05/27/22	15,580	-	7,506	8,074	892
2018 Honda CR-V	7.30%	06/28/18	27,990	05/27/22	14,921	-	7,189	7,732	851
2018 Honda CR-V	7.30%	06/28/18	27,990	05/27/22	14,921	-	7,189	7,732	851
2018 Honda CR-V	7.30%	06/28/18	27,990	05/27/22	14,921	-	7,189	7,732	851
2019 Honda CR-V	7.30%	06/20/19	26,470	06/20/23	19,919	-	6,362	13,557	1,236
2019 Honda CR-V	7.30%	06/20/19	26,470	06/20/23	<u>19,919</u>	<u>-</u>	<u>6,362</u>	<u>13,557</u>	<u>1,236</u>
Total Contractual Indebtedness					<u>\$143,867</u>	<u>-</u>	<u>\$ 69,335</u>	<u>\$ 74,532</u>	<u>\$ 8,277</u>

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

	<u>6-30-21</u>	<u>6-30-22</u>	<u>Total</u>
Principal:			
Capital leases payable	\$ 61,096	\$ 13,436	\$ 74,532
Interest:			
Capital leases payable	<u>3,417</u>	<u>492</u>	<u>3,909</u>
Total Principal and Interest	<u>\$ 64,513</u>	<u>\$ 13,928</u>	<u>\$ 78,441</u>

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

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, 2020

<u>Funds</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
General Fund:			
General	\$ 673,149	\$ 668,279	\$ (4,870)
Special Purpose Funds:			
Instructional Services	1,783,047	1,836,727	53,680
Community Learning Centers	341,923	257,726	(84,197)
Grant Writing Center	101,734	103,511	1,777
Migrant Services	983,487	989,059	5,572
Title III	76,546	63,659	(12,887)
Perkins Grant	144,594	144,594	-
KLN Priority	1,158,032	1,158,032	-
KLN Special Projects	5,283,249	977,778	(4,305,471)
Link-Striving Leaders	1,162,528	857,950	(304,578)
EMINTS Seed Grant	31,009	13,577	(17,432)

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

Schedule 2

SCHEDULES OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2020

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, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	Current Year			
	Actual	Budget	Variance Over (Under)	Prior Year Actual
<u>Receipts</u>				
LEA tuition	\$172,600	\$172,500	\$ 100	\$193,500
Consulting services	50,873	50,000	873	40,186
Interest on investments	62,703	7,500	55,203	6,868
CLC Revenue share	26,486	-	26,486	-
Indirect fees	316,449	324,563	(8,114)	361,587
Other receipts	15,540	12,000	3,540	10,424
Federal aid	-	-	-	210
Operating Transfers:				
KLN Grant	-	-	-	735
Instructional Services	<u>71,000</u>	<u>-</u>	<u>71,000</u>	<u>-</u>
 Total Receipts	 <u>\$715,651</u>	 <u>\$566,563</u>	 <u>\$149,088</u>	 <u>\$613,510</u>
 <u>Expenditures</u>				
Salaries	\$319,206	\$328,277	\$ (9,071)	\$326,246
Employee Benefits	39,658	38,354	1,304	39,102
Purchased professional services	203,383	176,118	27,265	151,893
Purchased property services	10,148	16,200	(6,052)	14,209
Other purchased services	57,767	78,700	(20,933)	78,937
Supplies and materials	28,531	28,000	531	27,465
Other	<u>9,586</u>	<u>7,500</u>	<u>2,086</u>	<u>14,683</u>
 Total Expenditures	 <u>\$668,279</u>	 <u>\$673,149</u>	 <u>\$ (4,870)</u>	 <u>\$652,535</u>
 Receipts Over (Under) Expenditures	 \$ 47,372			 \$ (39,025)
 Unencumbered Cash, Beginning	 <u>377,932</u>			 <u>416,957</u>
 Unencumbered Cash, Ending	 <u>\$425,304</u>			 <u>\$377,932</u>

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

Schedule 2-2

INSTRUCTIONAL SERVICES  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
For the fiscal year ended June 30, 2020  
(with comparative actual totals for the prior year ended June 30, 2019)

	Current Year			
<u>Receipts</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>	<u>Prior Year Actual</u>
Instructional Tools	\$ 105,714	\$ 13,000	\$ 92,714	\$ 211,215
Workshops	467,460	480,000	(12,540)	487,060
Consulting	1,162,179	1,079,770	82,409	1,062,177
Other receipts	104,665	120,000	(15,335)	132,576
State aid	279	-	279	4,865
Federal aid	-	-	-	412
<b>Total Receipts</b>	<b>\$1,840,297</b>	<b>\$1,692,770</b>	<b>\$147,527</b>	<b>\$1,898,305</b>
<u>Expenditures</u>				
Salaries	\$ 987,171	\$ 997,557	\$ (10,386)	\$1,047,317
Employee Benefits	166,042	171,390	(5,348)	157,488
Purchased professional services	238,497	223,750	14,747	49,770
Other purchased services	40,397	38,350	2,047	30,606
Supplies and materials	29,165	43,000	(13,835)	340,052
Property	4,430	7,500	(3,070)	11,315
Other	25	1,500	(1,475)	30,288
Operating Transfers:				
General	71,000	-	71,000	-
Contingency	300,000	300,000	-	200,000
<b>Total Expenditures</b>	<b>\$1,836,727</b>	<b>\$1,783,047</b>	<b>\$ 53,680</b>	<b>\$1,866,836</b>
Receipts Over (Under) Expenditures	\$ 3,570			\$ 31,469
Unencumbered Cash, Beginning	528,497			497,028
Unencumbered Cash, Ending	<b>\$ 532,067</b>			<b>\$ 528,497</b>

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, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	Current Year			
	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>	<u>Prior Year Actual</u>
<u>Receipts</u>				
Sale of vehicle	\$ 19,510	\$ <u>5,000</u>	\$ <u>14,510</u>	\$ 21,238
<u>Expenditures</u>				
Property	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,884</u>
Receipts Over (Under) Expenditures	\$ 19,510			\$ 3,354
Unencumbered Cash, Beginning	<u>177,297</u>			<u>173,943</u>
Unencumbered Cash, Ending	<u>\$196,807</u>			<u>\$177,297</u>

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

Schedule 2-4

COMMUNITY LEARNING CENTERS  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
 For the fiscal year ended June 30, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	<u>Current Year</u>		<u>Variance Over (Under)</u>	<u>Prior Year Actual</u>
	<u>Actual</u>	<u>Budget</u>		
<u>Receipts</u>				
Member LEA receipts	\$ <u>264,055</u>	\$ <u>268,000</u>	\$ <u>(3,945)</u>	\$ <u>264,277</u>
<u>Expenditures</u>				
Salaries	\$156,462	\$159,858	\$ (3,396)	\$161,397
Employee Benefits	36,522	32,003	4,519	29,945
Purchased property services	769	-	769	-
Other purchased services	17,588	27,750	(10,162)	25,211
Supplies and materials	137	2,500	(2,363)	741
Property	-	-	-	885
Other	46,248	119,812	(73,564)	15,776
Operating Transfers:				
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total Expenditures	\$ <u>257,726</u>	\$ <u>341,923</u>	\$ <u>(84,197)</u>	\$ <u>283,955</u>
Receipts Over (Under) Expenditures	\$ 6,329			\$ (19,678)
Unencumbered Cash, Beginning	<u>136,971</u>			<u>156,649</u>
Unencumbered Cash, Ending	\$ <u>143,300</u>			\$ <u>136,971</u>

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

Schedule 2-5

GRANT WRITING CENTER  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
 For the fiscal year ended June 30, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	Current Year			
	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>	<u>Prior Year Actual</u>
<u>Receipts</u>				
Services provided LEA	\$151,513	\$168,000	\$ (16,487)	\$160,516
<u>Expenditures</u>				
Salaries	\$ 77,455	\$ 81,936	\$ (4,481)	\$ 82,905
Employee Benefits	15,016	13,698	1,318	13,748
Other purchased services	11,008	6,000	5,008	9,511
Supplies and materials	32	100	(68)	-
Operating Transfers:				
Contingency	-	-	-	50,000
Total Expenditures	\$103,511	\$101,734	\$ 1,777	\$156,164
Receipts Over (Under) Expenditures	\$ 48,002			\$ 4,352
Unencumbered Cash, Beginning	46,532			42,180
Unencumbered Cash, Ending	\$ 94,534			\$ 46,532

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

Schedule 2-6

MIGRANT SERVICES  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
 For the fiscal year ended June 30, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	Current Year			<u>Prior Year Actual</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>	
<u>Receipts</u>				
Federal aid	\$ <u>914,083</u>	\$ <u>994,500</u>	\$ <u>(80,417)</u>	\$ <u>990,000</u>
<u>Expenditures</u>				
Salaries	\$536,522	\$537,215	\$ (693)	\$523,220
Employee Benefits	109,615	131,965	(22,350)	98,230
Purchased professional services	65,848	83,285	(17,437)	75,817
Purchased property services	17,829	17,829	-	17,830
Other purchased services	167,361	151,468	15,893	199,290
Supplies and materials	42,159	12,000	30,159	30,583
Property	-	-	-	30
Other	<u>49,725</u>	<u>49,725</u>	<u>-</u>	<u>49,500</u>
Total Expenditures	\$ <u>989,059</u>	\$ <u>983,487</u>	\$ <u>5,572</u>	\$ <u>994,500</u>
Receipts Over (Under) Expenditures	\$ (74,976)			\$ (4,500)
Unencumbered Cash, Beginning	<u>-</u>			<u>4,500</u>
Unencumbered Cash, Ending	\$ <u>(74,976)</u>			<u>-</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, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	Current Year		Variance	Prior
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
<u>Receipts</u>			<u>(Under)</u>	<u>Actual</u>
Federal aid	\$ <u>63,044</u>	\$ <u>76,546</u>	\$ <u>(13,502)</u>	\$ <u>64,641</u>
<u>Expenditures</u>				
Purchased professional services	\$ 36,850	\$ 46,400	\$ (9,550)	\$ 37,502
Supplies and materials	25,279	28,616	(3,337)	25,846
Other	<u>1,530</u>	<u>1,530</u>	<u>-</u>	<u>1,293</u>
Total Expenditures	\$ <u>63,659</u>	\$ <u>76,546</u>	\$ <u>(12,887)</u>	\$ <u>64,641</u>
Receipts Over (Under) Expenditures	\$ (615)			-
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	\$ <u>(615)</u>			<u>-</u>

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

Schedule 2-8

PERKINS GRANT  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET – REGULATORY BASIS  
 For the fiscal year ended June 30, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	Current Year		<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
	<u>Actual</u>	<u>Budget</u>		
<u>Receipts</u>				
Federal aid	\$144,594	\$144,594	-	\$102,509
<u>Expenditures</u>				
Salaries	\$ 7,625	\$ 7,625	-	\$ 7,199
Purchased professional services	40,215	40,215	-	29,008
Other purchased services	13,987	13,987	-	13,921
Supplies and materials	75,670	75,670	-	47,256
Other	<u>7,097</u>	<u>7,097</u>	-	<u>5,125</u>
Total Expenditures	\$144,594	\$144,594	-	\$102,509
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, 2020  
(with comparative actual totals for the prior year ended June 30, 2019)

	Current Year			
	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>	<u>Prior Year Actual</u>
<u>Receipts</u>				
Contracted services	\$1,195,033	\$1,414,946	\$ (219,913)	\$1,064,122
<u>Expenditures</u>				
Salaries	\$ 654,883	\$ 756,274	\$ (101,391)	\$ 741,467
Employee Benefits	86,366	133,839	(47,473)	101,217
Purchased professional services	220,802	14,275	206,527	223,190
Other purchased services	106,375	180,000	(73,625)	174,672
Supplies and materials	34,462	18,500	15,962	18,777
Other	55,144	55,144	-	62,931
Total Expenditures	\$1,158,032	\$1,158,032	-	\$1,322,254
Receipts Over (Under) Expenditures	\$ 37,001			\$ (258,132)
Unencumbered Cash, Beginning	(413,322)			(155,190)
Unencumbered Cash, Ending	\$ (376,321)			\$ (413,322)

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, 2020  
(with comparative actual totals for the prior year ended June 30, 2019)

	Current Year		<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	\$5,283,249	\$ <u>5,283,249</u>	-	-
<u>Expenditures</u>				
Purchased professional services	<u>977,778</u>	\$ <u>5,283,249</u>	\$ <u>(4,305,471)</u>	-
Receipts Over (Under) Expenditures	\$4,305,471			-
Unencumbered Cash, Beginning	-			-
Unencumbered Cash, Ending	<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, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	Current Year			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
<u>Receipts</u>				
Operating Transfers:				
Instructional Services	\$ 300,000	\$300,000	-	\$ 200,000
Grant Writing	-	-	-	50,000
Community Learning Centers	-	-	-	50,000
Total Receipts	\$ 300,000	<u>\$300,000</u>	<u>-</u>	\$ 300,000
<u>Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	\$ 300,000			\$ 300,000
Unencumbered Cash, Beginning	<u>1,751,606</u>			<u>1,451,606</u>
Unencumbered Cash, Ending	<u>\$2,051,606</u>			<u>\$1,751,606</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, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	Current Year			
	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>	<u>Prior Year Actual</u>
<u>Receipts</u>				
Federal aid	\$ <u>1,009,178</u>	\$ <u>1,390,983</u>	\$ <u>(381,805)</u>	\$ <u>759,017</u>
<u>Expenditures</u>				
Salaries	\$ 256,876	\$ 291,692	\$ (34,816)	\$ 245,274
Employee Benefits	5,283	8,299	(3,016)	1,901
Purchased professional services	389,627	542,037	(152,410)	362,475
Purchased property services	47,459	101,529	(54,070)	-
Other purchased services	32,560	85,997	(53,437)	62,921
Supplies and materials	102,911	101,663	1,248	239,380
Other	<u>23,234</u>	<u>31,311</u>	<u>(8,077)</u>	<u>27,626</u>
Total Expenditures	\$ <u>857,950</u>	\$ <u>1,162,528</u>	\$ <u>(304,578)</u>	\$ <u>939,577</u>
Receipts Over (Under) Expenditures	\$ 151,228			\$ (180,560)
Unencumbered Cash, Beginning	<u>(180,560)</u>			<u>-</u>
Unencumbered Cash, Ending	\$ <u>(29,332)</u>			\$ <u>(180,560)</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, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	Current Year		Variance	Prior
	<u>Actual</u>	<u>Budget</u>	<u>Over</u>	<u>Year</u>
			<u>(Under)</u>	<u>Actual</u>
<u>Receipts</u>				
Other	\$ <u>3,000</u>	\$ <u>3,000</u>	<u>-</u>	<u>-</u>
<u>Expenditures</u>				
Salaries	\$ 3,000	\$ 3,000	\$ -	-
Employee Benefits	4,465	5,600	(1,135)	-
Purchased professional services	4,870	19,575	(14,705)	-
Other purchased services	416	980	(564)	-
Property	511	511	-	-
Other	<u>315</u>	<u>1,343</u>	<u>(1,028)</u>	<u>-</u>
Total Expenditures	\$ <u>13,577</u>	\$ <u>31,009</u>	\$ <u>(17,432)</u>	<u>-</u>
Receipts Over (Under) Expenditures			\$ (10,577)	-
Unencumbered Cash, Beginning			<u>-</u>	<u>-</u>
Unencumbered Cash, Ending			\$ <u>(10,577)</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, 2020

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

Schedule 2-14

DISCRETIONARY FUNDS  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

For the fiscal year ended June 30, 2020  
(with comparative actual totals for the prior year ended June 30, 2019)

	<u>6-30-20</u>	<u>6-30-19</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

Schedule 2-15

KLN GRANT  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS  
 For the fiscal year ended June 30, 2020  
 (with comparative actual totals for the prior year ended June 30, 2019)

	<u>6-30-20</u>	<u>6-30-19</u>
<u>Receipts</u>	-	\$ -
<u>Expenditures</u>		
Operating Transfers:		
General Fund	<u>-</u>	<u>735</u>
Receipts Over (Under) Expenditures	-	\$ (735)
Unencumbered Cash, Beginning	<u>-</u>	<u>735</u>
Unencumbered Cash, Ending	<u><u>-</u></u>	<u><u>-</u></u>

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

SUPPLEMENTARY INFORMATION

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, 2020. 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

Page 2

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, 2020.

### **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

Page 3

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 9, 2020

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, 2020

<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	\$ 989,059
Program Improvement	84.048	144,594
English Language Acquisition	84.365	63,044
** Link-Striving Leaders	84.371	<u>857,951</u>
 Total Expenditures of Federal Awards		 <u>\$2,054,648</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, 2020

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

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, 2020

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, 2020

2019-001. 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.

