

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

FINANCIAL STATEMENTS  
For the fiscal year ended June 30, 2011

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

FINANCIAL STATEMENTS  
For the fiscal year ended June 30, 2011

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

FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Southwest Plains Regional Service Center, Unified School District No. 626, as of and for the year ended June 30, 2011, as listed in the table of contents. These statutory basis financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these statutory basis financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the Kansas Municipal Audit Guide; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the School District prepares its financial statements using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do 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, 2011, the changes in its financial position, or, where applicable, its cash flows for the year then ended. Further, Unified School District No. 626 has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

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In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Southwest Plains Regional Service Center, Unified School District No. 626, as of June 30, 2011, and its respective cash receipts and expenditures and budgetary comparisons for the year then ended, in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated October 4, 2011 on our consideration of Southwest Plains Regional Service Center, Unified School District No. 626's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the statutory basis financial statements of Southwest Plains Regional Service Center, Unified School District No. 626, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the statutory basis financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounts and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole, on the basis of accounting described in Note 1.

Hay.Rice & Associates, Chartered

October 4, 2011

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

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

We have audited the financial statements of Southwest Plains Regional Service Center, Unified School District No. 626, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 4, 2011, which was qualified because Southwest Plains Regional Service Center, Unified School District No. 626, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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.

The Board of Directors  
Southwest Plains Regional Service Center  
Unified School District No. 626  
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### **Internal Control Over Financial Reporting (Continued)**

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Unified School District No. 626's statutory basis financial statements are free of 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

**Hay.Rice & Associates, Chartered**

October 4, 2011

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

Statement 1

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
For the fiscal year ended June 30, 2011

<u>Funds</u>	<u>Beginning</u> <u>Unencumbered</u> <u>Cash</u>	<u>Prior Year</u> <u>Cancelled</u> <u>Encumbrances</u>	<u>Cash</u> <u>Receipts</u>	<u>Expenditures</u>	<u>Ending</u> <u>Unencumbered</u> <u>Cash</u>	<u>Add</u> <u>Outstanding</u> <u>Encumbrances</u> <u>&amp; Accounts</u> <u>Payable</u>	<u>Ending</u> <u>Cash</u> <u>Balance</u>
Governmental Type Funds:							
General Fund	\$ 696,123	\$ -	\$ 614,182	\$ 386,341	\$ 923,964	\$ 1,378	\$ 925,342
Special Revenue Funds:							
2-Way	350,787	-	179,330	157,469	372,648	-	372,648
Instructional Services	498,800	-	1,276,178	1,076,285	698,693	1,686	700,379
Capital Outlay	138,779	-	47,004	22,303	163,480	3,814	167,294
HSPN	32,695	-	257,612	244,072	46,235	409	46,644
Community Learning Centers	206,374	-	1,065,219	1,159,158	112,435	68,474	180,909
Parents as Teachers	24	-	94,304	91,828	2,500	-	2,500
Grant Writing Center	-	-	109,915	108,805	1,110	-	1,110
CLC Administration	11,775	-	178,209	171,536	18,448	409	18,857
University Service	-	-	28,918	28,918	-	-	-
Virtual School	-	-	578	578	-	-	-
New Facilities	24,860	-	-	-	24,860	-	24,860
Migrant	-	-	1,771,868	1,771,868	-	215,203	215,203
Migrant Education	-	4,384	38,340	42,724	-	-	-
Human Sexuality Grant	9,990	-	4,000	12,486	1,504	-	1,504
School Business Services	44,286	-	347,647	299,474	92,459	-	92,459
Title III	-	-	66,588	65,588	1,000	-	1,000
Virtual High School	-	-	10,650	10,650	-	-	-
Perkins Grant	-	-	101,496	101,496	-	1,000	1,000
Teacher Recruitment	24,762	-	-	-	24,762	-	24,762
Character Education	-	-	4,400	4,400	-	-	-
Discretionary Funds	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>1,100</u>	<u>13,900</u>	<u>-</u>	<u>13,900</u>
 Total Reporting Entity	 <u>\$2,054,255</u>	 <u>\$ 4,384</u>	 <u>\$6,196,438</u>	 <u>\$5,757,079</u>	 <u>\$2,497,998</u>	 <u>\$292,373</u>	 <u>\$2,790,371</u>

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

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

Statement 1  
(Continued)

SUMMARY OF CASH RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH

For the fiscal year ended June 30, 2011

Composition of Cash:		
Investments and Time Deposits:		
Money market	\$1,966,174	
Cash in Checking:		
General Account	822,697	
Building Account	<u>1,500</u>	
Total Reporting Entity		<u>\$2,790,371</u>

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

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

Statement 2

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
(BUDGETED FUNDS ONLY)

For the fiscal year ended June 30, 2011

<u>Funds</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavor.)</u>
Governmental Type Funds:			
General Fund	\$1,200,504	\$ 386,341	\$814,163
Special Revenue Funds:			
2-Way	484,268	157,469	326,799
Instructional Services	1,610,977	1,076,285	534,692
Capital outlay	180,657	22,303	158,354
HSPN	277,500	244,072	33,428
Community Learning Center	1,169,438	1,159,158	10,280
Parents as Teachers	85,800	91,828	(6,028)
Grant Writing Center	104,292	108,805	(4,513)
CLC Administration	186,749	171,536	15,213
University Service	29,884	28,918	966
Migrant	1,738,668	1,771,868	(33,200)
Human Sexuality Grant	18,990	12,486	6,504
Title III	66,588	65,588	1,000
Perkins Grant	101,483	101,496	(13)

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

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

Statement 3

STATEMENTS OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

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

Statement 3-1

GENERAL FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
(with comparative actual totals for the prior year ended June 30, 2010)

	Current Year			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
LEA tuition	\$ 98,000	\$ 120,000	\$ (22,000)	\$108,000
Consulting services	78,150	80,000	(1,850)	80,632
Interest on investments	2,168	5,000	(2,832)	2,931
CLC Revenue share	191,627	80,000	111,627	208,741
Other revenue	4,410	-	4,410	4,358
Grant	44,028	70,000	(25,972)	11,875
Federal aid	3,750	-	3,750	1,000
Transfers	<u>192,049</u>	<u>169,881</u>	<u>22,168</u>	<u>147,265</u>
 Total cash receipts	 <u>\$614,182</u>	 <u>\$ 524,881</u>	 <u>\$ 89,301</u>	 <u>\$564,802</u>
 <u>Expenditures and Transfers</u>				
Salaries	\$170,755	\$ 162,732	\$ (8,023)	\$ 98,224
Employees' benefits	26,989	36,252	9,263	14,573
Purchased professional services	6,736	40,500	33,764	12,134
Purchased property services	15,704	29,500	13,796	15,640
Other purchased services	50,487	13,100	(37,387)	35,964
Supplies and materials	20,972	9,000	(11,972)	16,390
Other	10,030	889,420	879,390	3,177
Transfers	<u>84,668</u>	<u>20,000</u>	<u>(64,668)</u>	<u>59,200</u>
 Total expenditures and transfers	 <u>\$386,341</u>	 <u>\$1,200,504</u>	 <u>\$814,163</u>	 <u>\$255,302</u>
 Receipts over (under) expenditures	 \$227,841			 \$309,500
 Unencumbered Cash, Beginning	 <u>696,123</u>			 <u>386,623</u>
 Unencumbered Cash, Ending	 <u>\$923,964</u>			 <u>\$696,123</u>

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

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

Statement 3-2

2-WAY  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Current Year		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
Member LEA receipts	\$ 40,640	\$ 40,640	\$ -	\$ 76,542
E*Rate reimbursement	<u>138,690</u>	<u>92,842</u>	<u>45,848</u>	<u>94,303</u>
Total cash receipts	<u>\$179,330</u>	<u>\$133,482</u>	<u>\$ 45,848</u>	<u>\$170,845</u>
<u>Expenditures and Transfers</u>				
Purchased property services	\$135,460	\$136,960	\$ 1,500	\$135,460
Property	-	5,000	5,000	-
Other	<u>22,009</u>	<u>342,308</u>	<u>320,299</u>	<u>-</u>
Total expenditures and transfers	<u>\$157,469</u>	<u>\$484,268</u>	<u>\$326,799</u>	<u>\$135,460</u>
Receipts over (under) expenditures	\$ 21,861			\$ 35,385
Unencumbered Cash, Beginning	<u>350,787</u>			<u>315,402</u>
Unencumbered Cash, Ending	<u>\$372,648</u>			<u>\$350,787</u>

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

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

Statement 3-3

INSTRUCTIONAL SERVICES  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
(with comparative actual totals for the prior year ended June 30, 2010)

	Current Year			
	Actual	Budget	Variance Favorable (Unfavor.)	Prior Year Actual
<u>Cash Receipts</u>				
Service provided LEA's	\$1,204,770	\$1,363,304	\$ (158,534)	\$841,332
Product sales	4,877	13,000	(8,123)	14,219
Consulting	27,540	10,500	17,040	121,682
Other revenue	30,346	10,000	20,346	13,201
State aid	8,250	-	8,250	1,875
Federal aid	395	-	395	6,886
 Total cash receipts	<u>\$1,276,178</u>	<u>\$1,396,804</u>	<u>\$ (120,626)</u>	<u>\$999,195</u>
 <u>Expenditures and Transfers</u>				
Salaries	\$ 712,394	\$ 673,110	\$ (39,284)	\$548,426
Employees' benefits	131,863	124,990	(6,873)	89,337
Purchased professional services	16,922	7,200	(9,722)	8,088
Other purchased services	69,419	242,150	172,731	191,698
Supplies and materials	106,014	6,000	(100,014)	6,138
Property	-	20,000	20,000	-
Other	1,673	509,527	507,854	1,901
Transfers	38,000	28,000	(10,000)	28,000
 Total expenditures and transfers	<u>\$1,076,285</u>	<u>\$1,610,977</u>	<u>\$ 534,692</u>	<u>\$873,588</u>
 Receipts over (under) expenditures	 \$ 199,893			 \$125,607
 Unencumbered Cash, Beginning	 498,800			 373,193
 Unencumbered Cash, Ending	 \$ 698,693			 \$498,800

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

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

Statement 3-4

CAPITAL OUTLAY  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Current Year			
	Actual	Budget	Variance Favorable (Unfavor.)	Prior Year Actual
<u>Cash Receipts</u>				
Interest on investments	\$ 11,004	\$ 15,000	\$ (3,996)	\$ 10,480
Transfers	<u>36,000</u>	<u>28,000</u>	<u>8,000</u>	<u>75,721</u>
Total cash receipts	<u>\$ 47,004</u>	<u>\$ 43,000</u>	<u>\$ 4,004</u>	<u>\$ 86,201</u>
<u>Expenditures and Transfers</u>				
Purchased professional services	\$ 25	\$ -	\$ (25)	\$ 12
Property	<u>22,278</u>	<u>180,657</u>	<u>158,379</u>	<u>26,458</u>
Total expenditures and transfers	<u>\$ 22,303</u>	<u>\$180,657</u>	<u>\$158,354</u>	<u>\$ 26,470</u>
Receipts over (under) expenditures	\$ 24,701			\$ 59,731
Unencumbered Cash, Beginning	<u>138,779</u>			<u>79,048</u>
Unencumbered Cash, Ending	<u>\$163,480</u>			<u>\$138,779</u>

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

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

Statement 3-5

HSPN  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
(with comparative actual totals for the prior year ended June 30, 2010)

	<u>Current Year</u>			<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Member LEA receipts	\$ 90,000	\$ 90,000	\$ -	\$ 88,958
Parts	12,574	6,000	6,574	-
Service provided LEA	84,382	136,500	(52,118)	90,749
Grants	70,556	45,000	25,556	15,000
Federal aid	<u>100</u>	<u>-</u>	<u>100</u>	<u>280</u>
Total cash receipts	<u>\$257,612</u>	<u>\$277,500</u>	<u>\$ (19,888)</u>	<u>\$194,987</u>
<u>Expenditures and Transfers</u>				
Salaries	\$149,839	\$145,229	\$ (4,610)	\$128,305
Employees' benefits	33,064	20,235	(12,829)	37,939
Purchased professional services	400	4,270	3,870	400
Purchased property services	1,965	-	(1,965)	3,170
Other purchased services	12,843	20,450	7,607	9,398
Supplies and materials	16,017	7,500	(8,517)	3,425
Property	20	-	(20)	214
Other	1,315	-	(1,315)	241
Transfers	<u>28,609</u>	<u>79,816</u>	<u>51,207</u>	<u>-</u>
Total expenditures and transfers	<u>\$244,072</u>	<u>\$277,500</u>	<u>\$ 33,428</u>	<u>\$183,092</u>
Receipts over (under) expenditures	\$ 13,540			\$ 11,895
Unencumbered Cash, Beginning	<u>32,695</u>			<u>20,800</u>
Unencumbered Cash, Ending	<u>\$ 46,235</u>			<u>\$ 32,695</u>

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

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

Statement 3-6

COMMUNITY LEARNING CENTERS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	<u>Current Year</u>		<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
	<u>Actual</u>	<u>Budget</u>		
<u>Cash Receipts</u>				
Member LEA receipts	\$ <u>1,065,219</u>	\$ <u>983,428</u>	\$ <u>81,791</u>	\$ <u>1,136,108</u>
<u>Expenditures and Transfers</u>				
Salaries	\$ 603,738	\$ 555,188	\$ (48,550)	\$ 665,439
Employees' benefits	67,676	142,440	74,764	62,362
Purchased property services	51,385	33,399	(17,986)	51,385
Other purchased services	59,189	104,342	45,153	61,513
Supplies and materials	22,299	26,700	4,401	24,823
Property	18,595	4,500	(14,095)	9,463
Other	144,649	222,869	78,220	132,717
Revenue share	<u>191,627</u>	<u>80,000</u>	<u>(111,627)</u>	<u>208,741</u>
Total expenditures and transfers	\$ <u>1,159,158</u>	\$ <u>1,169,438</u>	\$ <u>10,280</u>	\$ <u>1,216,443</u>
Receipts over (under) expenditures	\$ (93,939)			\$ (80,335)
Unencumbered Cash, Beginning	206,374			266,270
Prior year cancelled encumbrances	<u>-</u>			<u>20,439</u>
Unencumbered Cash, Ending	\$ <u>112,435</u>			\$ <u>206,374</u>

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

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

Statement 3-7

PARENTS AS TEACHERS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Current Year		<u>Variance</u>	<u>Prior</u>
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u>	<u>Year</u>
			<u>(Unfavor.)</u>	<u>Actual</u>
<u>Cash Receipts</u>				
State aid	\$ 51,509	\$ 52,000	\$ (491)	\$ 50,642
Member LEA receipts	41,793	33,800	7,993	32,800
Services provided LEA's	1,002	-	1,002	-
Total cash receipts	\$ 94,304	\$ 85,800	\$ 8,504	\$ 83,442
<u>Expenditures and Transfers</u>				
Salaries	\$ 72,768	\$ 69,785	\$ (2,983)	\$ 71,298
Employees' benefits	8,684	9,674	990	8,785
Other purchased services	8,785	4,841	(3,944)	9,019
Supplies and materials	213	1,000	787	465
Other	1,378	500	(878)	916
Total expenditures and transfers	\$ 91,828	\$ 85,800	\$ (6,028)	\$ 90,483
Receipts over (under) expenditures	\$ 2,476			\$ (7,041)
Unencumbered Cash, Beginning	24			7,041
Prior year cancelled encumbrances	-			24
Unencumbered Cash, Ending	\$ 2,500			\$ 24

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

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

Statement 3-8

GRANT WRITING CENTER  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Current Year			<u>Prior Year Actual</u>
	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavor.)</u>	
<u>Cash Receipts</u>				
Grant evaluation	\$ 18,896	\$ 30,000	\$ (11,104)	\$ 47,188
Grant writing	26,900	10,000	16,900	-
Other revenue	29	-	29	-
Transfers	64,090	64,292	(202)	39,200
Total cash receipts	\$109,915	\$104,292	\$ 5,623	\$ 86,388
<u>Expenditures and Transfers</u>				
Salaries	\$ 92,068	\$ 83,842	\$ (8,226)	\$ 82,027
Employees' benefits	11,554	11,500	(54)	10,586
Other purchased services	5,183	8,450	3,267	6,292
Supplies and materials	-	500	500	72
Total expenditures and transfers	\$108,805	\$104,292	\$ (4,513)	\$ 98,977
Receipts over (under) expenditures	\$ 1,110			\$ (12,589)
Unencumbered Cash, Beginning	-			12,589
Unencumbered Cash, Ending	\$ 1,110			-

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

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

Statement 3-9

CLC ADMINISTRATION  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
(with comparative actual totals for the prior year ended June 30, 2010)

	Current Year			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Administrative services	\$ 82,876	\$ 81,576	\$ 1,300	\$ 88,640
Computer tech support	33,399	33,399	-	36,110
Services provided LEA	30,936	40,000	(9,064)	28,058
Grants	29,029	20,000	9,029	4,375
Federal aid	1,969	-	1,969	-
Total cash receipts	\$178,209	\$174,975	\$ 3,234	\$157,183
<u>Expenditures and Transfers</u>				
Salaries	\$132,185	\$129,156	\$ (3,029)	\$123,382
Employees' benefits	20,239	21,638	1,399	24,407
Purchased professional services	400	400	-	400
Other purchased services	15,319	18,300	2,981	14,732
Supplies and materials	3,357	2,500	(857)	2,599
Property	36	-	(36)	176
Other	-	12,755	12,755	-
Transfers	-	2,000	2,000	-
Total expenditures and transfers	\$171,536	\$186,749	\$ 15,213	\$165,696
Receipts over (under) expenditures	\$ 6,673			\$ (8,513)
Unencumbered Cash, Beginning	11,775			20,288
Unencumbered Cash, Ending	\$ 18,448			\$ 11,775

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

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

Statement 3-10

UNIVERSITY SERVICE  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Current Year			
	Actual	Budget	Variance Favorable (Unfavor.)	Prior Year Actual
<u>Cash Receipts</u>				
Tuition	\$ -	\$ -	\$ -	\$ 9,844
Services provided LEA's	-	-	-	38,825
Grants	<u>28,918</u>	<u>29,884</u>	<u>(966)</u>	<u>32,285</u>
 Total cash receipts	 <u>\$ 28,918</u>	 <u>\$ 29,884</u>	 <u>\$ (966)</u>	 <u>\$ 80,954</u>
 <u>Expenditures and Transfers</u>				
Salaries	\$ 10,660	\$ 10,660	\$ -	\$ 42,703
Employees' benefits	894	1,035	141	3,387
Other purchased services	3,046	5,750	2,704	5,990
Supplies and materials	673	500	(173)	107
Transfers	<u>13,645</u>	<u>11,939</u>	<u>(1,706)</u>	<u>73,892</u>
 Total expenditures and transfers	 <u>\$ 28,918</u>	 <u>\$ 29,884</u>	 <u>\$ 966</u>	 <u>\$126,079</u>
 Receipts over (under) expenditures	 -			 \$ (45,125)
 Unencumbered Cash, Beginning	 <u>-</u>			 <u>45,125</u>
 Unencumbered Cash, Ending	 <u>-</u>			 <u>-</u>

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

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

Statement 3-11

MIGRANT  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Current Year			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Federal grant	\$1,771,868	\$1,738,668	\$ 33,200	-
<u>Expenditures and Transfers</u>				
Salaries	\$ 947,111	\$1,116,332	\$169,221	-
Employees' benefits	137,414	169,550	32,136	-
Purchased professional services	86,096	19,700	(66,396)	-
Purchased property services	56,440	27,536	(28,904)	-
Other purchased services	152,027	202,000	49,973	-
Supplies and materials	80,692	20,000	(60,692)	-
Property	149,297	75,300	(73,997)	-
Other	43,685	1,682	(42,003)	-
Transfers	119,106	106,568	(12,538)	-
Total expenditures and transfers	\$1,771,868	\$1,738,668	\$ (33,200)	-
Receipts over (under) expenditures	-			-
Unencumbered Cash, Beginning	-			-
Unencumbered Cash, Ending	-			-

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

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

Statement 3-12

HUMAN SEXUALITY GRANT  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Current Year			
	Actual	Budget	Variance Favorable (Unfavor.)	Prior Year Actual
<u>Cash Receipts</u>				
Federal aid	\$ 4,000	\$ 9,000	\$ (5,000)	\$ 14,188
<u>Expenditures and Transfers</u>				
Salaries	\$ 6,900	\$ 12,990	\$ 6,090	\$ 8,277
Purchased professional services	4,000	5,000	1,000	936
Supplies and materials	1,586	1,000	(586)	55
Total expenditures and transfers	\$ 12,486	\$ 18,990	\$ 6,504	\$ 9,268
Receipts over (under) expenditures	\$ (8,486)			\$ 4,920
Unencumbered Cash, Beginning	9,990			5,070
Unencumbered Cash, Ending	\$ 1,504			\$ 9,990

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

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

Statement 3-13

TITLE III  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Current Year			
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>	<u>Prior</u> <u>Year</u> <u>Actual</u>
<u>Cash Receipts</u>				
Federal aid	\$ 66,588	\$ 66,588	-	\$ 98,593
 <u>Expenditures and Transfers</u>				
Salaries	\$ 46,550	\$ 49,050	\$ 2,500	\$ 57,865
Purchased professional services	8,110	10,000	1,890	16,617
Supplies and materials	9,596	7,538	(2,058)	20,167
Transfer	1,332	-	(1,332)	3,944
Total expenditures and transfers	\$ 65,588	\$ 66,588	\$ 1,000	\$ 98,593
Receipts over (under) expenditures	\$ 1,000			-
Unencumbered Cash, Beginning	-			-
Unencumbered Cash, Ending	\$ 1,000			-

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

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

Statement 3-14

PERKINS GRANT  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES  
ACTUAL AND BUDGET

For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Current Year			
	Actual	Budget	Variance Favorable (Unfavor.)	Prior Year Actual
<u>Cash Receipts</u>				
Federal aid	\$101,496	\$101,496	-	\$105,634
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>28</u>
 Total cash receipts	 <u>\$101,496</u>	 <u>\$101,496</u>	 <u>-</u>	 <u>\$105,662</u>
 <u>Expenditures and Transfers</u>				
Salaries	\$ 4,707	\$ 4,705	\$ (2)	\$ 18,303
Purchased professional services	54,770	50,735	(4,035)	38,813
Supplies and materials	2,419	4,270	1,851	43,265
Property	36,698	36,698	-	-
Transfers	<u>2,902</u>	<u>5,075</u>	<u>2,173</u>	<u>5,281</u>
 Total expenditures and transfers	 <u>\$101,496</u>	 <u>\$101,483</u>	 <u>\$ (13)</u>	 <u>\$105,662</u>
 Receipts over (under) expenditures	 -			 -
 Unencumbered Cash, Beginning	 <u>-</u>			 <u>-</u>
 Unencumbered Cash, Ending	 <u>-</u>			 <u>-</u>

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

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

Statement 3

STATEMENTS OF CASH RECEIPTS AND EXPENDITURES – ACTUAL

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

Statement 3-15

MIGRANT EDUCATION  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Year	
	Current	Prior
<u>Cash Receipts</u>		
Services provided	\$ -	\$ 803
Federal aid	<u>38,340</u>	<u>979,395</u>
Total cash receipts	<u>\$ 38,340</u>	<u>\$980,198</u>
<u>Expenditures and Transfers</u>		
Salaries	\$ -	\$601,348
Employee benefits	294	77,280
Purchased professional services	-	59,550
Purchased property services	-	24,358
Supplies and materials	5,541	22,223
Property	25,295	25,130
Other	7,139	128,366
Transfers	<u>4,455</u>	<u>48,400</u>
Total expenditures and transfers	<u>\$ 42,724</u>	<u>\$986,655</u>
Receipts over (under) expenditures	\$ (4,384)	\$ (6,457)
Unencumbered Cash, Beginning	-	-
Prior year cancelled encumbrances	<u>4,384</u>	<u>6,457</u>
Unencumbered Cash, Ending	<u>-</u>	<u>-</u>

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

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

Statement 3-16

VIRTUAL SCHOOL  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Year	
	Current	Prior
<u>Cash Receipts</u>		
Membership	\$ -	\$ 52,156
Transfer	578	-
Total cash receipts	\$ 578	\$ 52,156
<u>Expenditures and Transfers</u>		
Salaries	\$ 2	\$ 6,491
Other purchased services	-	151
Supplies and materials	576	15,383
Transfers	-	53,775
Total expenditures and transfers	\$ 578	\$ 75,800
Receipts over (under) expenditures	-	\$ (23,644)
Unencumbered Cash, Beginning	-	23,644
Unencumbered Cash, Ending	-	-

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

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

Statement 3-17

VIRTUAL HIGH SCHOOL  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Year	
	Current	Prior
<u>Cash Receipts</u>		
Other	\$ 10,650	\$ 1,275
Transfer	-	3,547
Total cash receipts	\$ 10,650	\$ 4,822
<u>Expenditures and Transfers</u>		
Salaries	\$ 4,700	\$ -
Purchased professional services	-	4,900
Supplies and materials	5,950	-
Total expenditures and transfers	\$ 10,650	\$ 4,900
Receipts over (under) expenditures	-	\$ (78)
Unencumbered Cash, Beginning	-	78
Unencumbered Cash, Ending	-	-

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

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

Statement 3-18

NEW FACILITIES  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Year	
	Current	Prior
<u>Cash Receipts</u>		
Other	-	\$ 523
 <u>Expenditures and Transfers</u>	-	-
Receipts over (under) expenditures	\$ -	\$ 523
Unencumbered Cash, Beginning	24,860	24,337
Unencumbered Cash, Ending	\$ 24,860	\$ 24,860

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

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

Statement 3-19

SCHOOL BUSINESS SERVICES  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Year	
	Current	Prior
<u>Cash Receipts</u>		
Products	\$347,578	\$177,617
Volume purchasing	69	72
Total cash receipts	\$347,647	\$177,689
 <u>Expenditures and Transfers</u>		
Supplies and materials	299,474	183,562
Receipts over (under) expenditures	\$ 48,173	\$ (5,873)
Unencumbered Cash, Beginning	44,286	50,159
Unencumbered Cash, Ending	\$ 92,459	\$ 44,286

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

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

Statement 3-20

CHARACTER EDUCATION  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Year	
	Current	Prior
<u>Cash Receipts</u>		
Federal grant	\$ 4,400	\$ -
Transfer	-	2,507
Total cash receipts	\$ 4,400	\$ 2,507
<u>Expenditures and Transfers</u>		
Purchased professional services	\$ 4,400	\$ -
Other purchased services	-	2,507
Total expenditures and transfers	\$ 4,400	\$ 2,507
Receipts over (under) expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	-

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

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

Statement 3-21

DISCRETIONARY FUNDS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Year	
	Current	Prior
<u>Cash Receipts</u>		
Transfers	\$ -	\$ 15,000
 <u>Expenditures and Transfers</u>		
Salaries	1,100	-
Receipts over (under) expenditures	\$ (1,100)	\$ 15,000
Unencumbered Cash, Beginning	15,000	-
Unencumbered Cash, Ending	\$ 13,900	\$ 15,000

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

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

Statement 3-22

TEACHER RECRUITMENT  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Year	
	Current	Prior
<u>Cash Receipts</u>	-	\$ -
<u>Expenditures and Transfers</u>		
Salaries	-	1,950
Receipts over (under) expenditures	\$ -	\$ (1,950)
Unencumbered Cash, Beginning	24,762	26,712
Unencumbered Cash, Ending	\$ 24,762	\$ 24,762

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

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

Statement 3-23

PRINCIPAL'S LEADERSHIP  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Year	
	Current	Prior
<u>Cash Receipts</u>		
Federal aid	-	\$ 5,000
 <u>Expenditures and Transfers</u>		
Salaries	-	\$ 4,550
Purchased professional services	-	145
Other	-	305
 Total expenditures and transfers	-	\$ 5,000
 Receipts over (under) expenditures	-	-
 Unencumbered Cash, Beginning	-	-
 Unencumbered Cash, Ending	-	-

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

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

Statement 3-24

CAROL M. WHITE P.E. GRANT  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES – ACTUAL  
 For the fiscal year ended June 30, 2011  
 (with comparative actual totals for the prior year ended June 30, 2010)

	Year	
	Current	Prior
<u>Cash Receipts</u>		
Federal aid	-	\$260,270
 <u>Expenditures and Transfers</u>		
Salaries	-	\$100,361
Employee benefits	-	21,878
Purchased professional services	-	26,272
Other purchased services	-	10,696
Supplies and materials	-	26,743
Property	-	63,572
Transfers	-	10,748
Total expenditures and transfers	-	\$260,270
Receipts over (under) expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	-	-

The notes to the financial statements 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, 2011

Note 1: Summary of Significant Accounting Policies

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. These financial statements present all funds included in the Service Center's legally adopted budget and trust and agency funds controlled or administered by the District.

Fund Accounting

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.

The following types of funds comprise the financial activities of the school district for the year ended June 30, 2011:

Governmental Funds:

General Fund – to account for all unrestricted cash resources except those required to be accounted for in another fund.

Special Revenue Funds – to account for the proceeds of special cash revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Fiduciary Funds:

Agency Funds – to account for assets held by a governmental unit as a trustee or agent for others.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund.

Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

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 statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America

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 generally accepted accounting principles. 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, 2011

(Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2011

(Continued)

Note 2: Transfers

<u>From</u>	<u>To</u>	<u>Amount</u>
University Service	General	\$ 13,645
Instructional Services	General	30,000
Migrant	General	119,106
Migrant Education	General	4,455
General	Grant Writing Center	64,090
Title III	General	1,332
HSPN	General	20,609
Perkins Grant	General	2,902
General	Capital Outlay	20,000
Instructional Services	Capital Outlay	8,000
HSPN	Capital Outlay	8,000
General	Virtual School	578

Note 3: Budgets

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received, and expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

The budget law K.S.A. 79-2925 applies to taxing subdivisions or municipalities. Since 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 School District is a management tool, which is used to establish the Service Center's internal spending limits.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

(Continued)

Note 4: Defined Benefit Pension Plan

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. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for all employees hired before July 1, 2009 and 6% for all employees hired after July 1, 2009. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011 and 2010 were \$253,834,044 and \$140,318,394, respectively.

Note 5: 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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

(Continued)

Note 6: Contingent Liabilities

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, 2011. These compliance audits have not been conducted as of October 4, 2011. Accordingly, the School District'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 School District expects such amounts, if any, to be immaterial.

Note 7: Deposits and Investments

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

K.S.A. 12-1675 limits Unified School District No. 626's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

(Continued)

Note 7: Deposits and Investments (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, Unified School District No. 626's deposits may not be returned to it. State statutes require Unified School District No. 626's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, the Federal Home Loan Bank of Topeka, or the UMB Bank of America, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, Unified School District No. 626's carrying amount of deposits was \$2,790,371 and the bank balance was \$3,180,962. 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, \$2,680,962 was collateralized with securities held by the pledging financial institutions' agents in Unified School District No. 626's name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, 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 8: Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government 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 these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government 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. There is no cost to the government under this program.

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

(Continued)

Note 9: Long-Term Debt

Changes in long-term liabilities for Southwest Plains Regional Service Center, Unified School District No. 626, for the year ended June 30, 2011 were as follows:

<u>Issue</u>	<u>Interest Rate</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>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
Capital Leases:										
2008 Odyssey	4.76%	07/02/08	\$ 25,459	06/01/10	\$ 8,857	\$ -	\$ 8,857	\$ (8,857)	\$ -	\$ 231
2008 Odyssey	4.46%	07/02/08	24,547	06/01/10	8,518	-	8,518	(8,518)	-	207
2009 Odyssey	5.67%	07/07/09	24,892	06/06/11	16,979	-	8,249	(8,249)	8,730	751
2009 Odyssey	5.67%	07/07/09	24,892	06/06/11	16,979	-	8,249	(8,249)	8,730	751
2010 CRV	5.99%	07/12/10	22,844	06/11/13	-	22,844	7,242	15,602	15,602	1,055
2010 CRV	5.99%	07/12/10	22,844	06/11/13	-	22,844	7,242	15,602	15,602	1,055
2010 CRV	5.99%	07/12/10	22,844	06/11/13	-	22,844	7,242	15,602	15,602	1,055
2010 CRV	5.99%	07/12/10	22,844	06/11/13	-	22,844	7,242	15,602	15,602	1,055
2011 Odyssey	6.57%	07/14/11	30,994	06/13/14	-	30,994	9,779	21,215	21,215	1,569
2011 Odyssey	6.57%	08/04/11	30,994	07/03/14	-	30,994	9,779	21,215	21,215	1,569
<b>Total Long-Term Debt</b>					<u>\$ 51,333</u>	<u>\$153,364</u>	<u>\$ 82,399</u>	<u>\$ 70,965</u>	<u>\$122,298</u>	<u>\$ 9,298</u>

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

(Continued)

Note 9: Long-Term Debt (Continued)

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

	<u>2012</u>	<u>2013</u>	<u>Total</u>
Principal:			
Capital lease purchase	\$ 68,252	\$ 54,046	\$122,298
Interest:			
Capital lease purchase	<u>5,632</u>	<u>1,838</u>	<u>7,470</u>
Total Principal and Interest	<u>\$ 73,884</u>	<u>\$ 55,884</u>	<u>\$129,768</u>

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

SUPPLEMENTAL SCHEDULES

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Education  
Southwest Plains Regional Service Center  
Unified School District No. 626  
Sublette, Kansas 67877

**Compliance**

We have audited Southwest Plains Regional Service Center's, Unified School District No. 626, compliance with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements referred to above is the responsibility of the School District's management. Our responsibility is to express an opinion on Southwest Plains Regional Service Center's, Unified School District No. 626, compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Southwest Plains Regional Service Center's, Unified School District No. 626, compliance with those requirements.

In our opinion, Southwest Plains Regional Service Center, Unified School District No. 626, complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2011.

The Board of Education  
Southwest Plains Regional Service Center  
Unified School District No. 626  
Sublette, Kansas 67877

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## **Internal Control Over Compliance**

The 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 compliance requirements referred to above. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

**Hay.Rice & Associates, Chartered**

October 4, 2011

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

Schedule 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the fiscal year ended June 30, 2011

<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:		
Character Education Initiative	84.215	\$ 17,253
English Language Acquisition	84.365	66,588
** Title I-Migrant	84.011	1,810,208
Title VI	84.369	1,969
School Improvement	84.010	395
Title VI-Part B IDEA Administration	84.027	100
Program Improvement	84.048	101,496
Aids Education	93.938	<u>4,000</u>
Total Pass Through Department of Education		<u>\$2,002,009</u>
 Total Federal Awards Expended		 <u>\$2,002,009</u>

\*\* Major Programs.

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

NOTE TO SCHEDULE 1  
June 30, 2011

Expenditures are prepared on a cash disbursement basis adjusted for beginning and ending payables and encumbrances.

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

Schedule 2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the statutory basis financial statements of Southwest Plains Regional Service Center, Unified School District No. 626.
2. 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.
3. No reportable conditions relating to the audit or the major federal awards is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
4. 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 unqualified opinion.
5. There were no audit findings relative to the major federal award programs for Southwest Plains Regional Service Center, Unified School District No. 626.
6. The program tested as a major program was:

Title I Migrant Grant CFDA #84.011.
7. The threshold for determining type A and B programs was:

Type A – the larger of \$300,000 or 3% of total federal awards expended

Type B – any programs that do not meet type A criteria specified above
8. Southwest Plains Regional Service Center, Unified School District No. 626, was not determined to be a low-risk auditee.