

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629**

FINANCIAL STATEMENTS  
AND  
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

June 30, 2009

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629**

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INDEPENDENT AUDITOR REPORTS

Report of Independent Certified Public Accountant

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Salina, Kansas  
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash - Statutory Basis  
 For the Year Ended June 30, 2009

Statement 1

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Payable	Ending Cash Balance
Governmental Type Funds:						
General Funds						
General	\$ 892,469	\$ 1,847,270	\$ 2,315,342	\$ 424,397	\$ 48,263	\$ 472,659
Special Revenue Funds						
Crisis Intervention	-	1,600	1,600	-	-	-
ITBS Scanning	-	10,456	10,456	-	-	-
Volume Purchasing	-	50,219	50,219	-	-	-
AESOP Program	(1,631)	3,387	1,756	0	-	0
Environmental Compliance	-	20,560	20,560	-	-	-
Capital Outlay	(210,397)	257,682	47,285	0	-	0
E-Rate	-	46,670	46,670	-	-	-
Carl Perkins III	(8,953)	8,953	-	-	-	-
Carl Perkins I	27	154,499	154,499	27	-	27
Tech Prep	(24,631)	24,631	-	(0)	-	(0)
Carl Perkins Title I Reserve	-	7,261	12,738	(5,477)	-	(5,477)
Infant Child Development	-	173,492	173,493	(0)	22,678	22,678
Project CURB	-	161,913	161,913	-	-	-
Math Program FY 2003	-	10,298	10,298	-	-	-
Parents as Teachers	30	15,231	15,231	30	-	30
Lorraine Parents as Teachers	-	21,576	21,576	-	-	-
Title IV - Safe and Drug Free Schools	-	26,382	26,382	-	-	-
Fast ForWord	(21,108)	114,348	93,240	(0)	-	(0)
ALP	-	96,773	96,773	-	-	-
Dickinson County Learning Exchange Charter School	40,490	100,725	110,713	30,502	-	30,502
The Learning Center @ Dickinson Co Learning Exchange	-	43,772	43,772	0	165	166
The Learning Center @ Smoky Hill Education Service Ctr	36,421	412,771	409,990	39,202	(165)	39,037
Smith County Learning Center	-	213,516	213,516	-	-	-
St. Francis Academy - Ellsworth Juvenile Detention	-	285,897	285,897	-	-	-
St. Francis Academy - Ellsworth Title I	-	64,632	64,632	-	-	-
St. Francis Academy - Salina Juvenile Detention	-	223,464	223,464	-	-	-
St. Francis Academy - Salina Title I	-	53,860	53,860	-	-	-
The Learning Center @ Saline County Jail	-	84,878	84,878	-	-	-

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER

Interlocal School District No. 629

Salina, Kansas

Summary of Cash Receipts, Expenditures, and Unencumbered Cash - Statutory Basis - continued

For the Year Ended June 30, 2009

Statement 1

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Payable	Ending Cash Balance
Title III - ESL	3,207	11,174	12,381	2,000	-	2,000
Tipton Academy	-	98,836	98,836	-	-	-
Instructional Practices	-	6,000	6,000	-	-	-
Meadowlark Academy	-	73,408	73,408	-	-	-
PEP Grant	-	155,663	155,663	-	-	-
Custodial Services	-	1,000	1,000	-	-	-
Title IIA - Teacher Quality	-	9,264	9,264	-	-	-
Title IID - Education Technology	-	353	353	-	-	-
Tipton Community School	2,466	187,500	188,775	1,191	2,151	3,343
White Rock Academy	-	68,820	68,820	-	-	-
Achieve3000	-	14,077	14,077	-	-	-
Carl Perkins Title I, Part A-R	(3,667)	48,469	17,515	27,287	-	27,287
Kan-ed FY2008 ETGP Grant	58,956	-	58,956	0	-	0
8th Judicial District Grant	(8,500)	8,500	-	-	-	-
Rosetta Stone	-	23,890	23,890	-	-	-
<b>Total Reporting Entity</b>	<b>\$ 755,179</b>	<b>\$ 5,243,669</b>	<b>\$ 5,479,688</b>	<b>\$ 519,159</b>	<b>\$ 73,092</b>	<b>\$ 592,251</b>

Composition of Cash:

Checking Accounts  
Sunflower Bank, N.S. 592,251

Total checking accounts \$ 592,251

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Summary of Expenditures, Actual and Budget - Statutory Basis  
 For the Year Ended June 30, 2009

Funds	Cabinet Approved Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
Governmental Type Funds:					
General Funds					
General Fund	\$ 1,904,268	\$ -	\$ 1,904,268	\$ 2,123,178	\$ (218,910)

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 General Fund

Statement 3

Statement of Cash Receipts and Expenditures, Actual and Budget - Statutory Basis  
 For the Year Ended June 30, 2009

	Actual	Budget	Variance Favorable (Unfavorable)
Cash Receipts			
AESOP	\$ 91	\$ -	\$ 91
Alternative education programs	404,203	440,000	(35,797)
Annual assessments	148,866	173,000	(24,135)
Associate membership	20,680	-	20,680
Character Education Partnership	14,286	-	14,286
Consultant fees	381,141	420,000	(38,859)
Crisis Intervention	1,592	-	1,592
ECO-EXPO Career Fair	2,427	-	2,427
Environmental Compliance	18,538	-	18,538
E-Rate program	40,410	-	40,410
E-Rate refund	-	10,000	(10,000)
Friends University Graduate Credit	46,530	-	46,530
Grant administration	35,124	25,000	10,124
Inservice Aid	242	-	242
Interest income	2,531	14,000	(11,469)
ITBS Scanning	7,188	15,000	(7,812)
KAN-ED Broadbank Subsidy	3,000	0	3,000
Learn 360	6,971	-	6,971
Make-It-Take-It revenue	97	-	97
Miscellaneous income	114,221	100,000	14,221
MTSS revenue	23,694	25,000	(1,306)
NWEA revenue	5,545	-	5,545
OdysseyWare	3,500	-	3,500
Other services income	170,251	190,000	(19,749)
Program revenue	96,818	150,000	(53,182)
Smoky Hill Adventure Program	10,417	-	10,417
SOCS Commission	942	-	942
StarLab	600	1,200	(600)
Teacher enhancement and retention programs	10,077	14,000	(3,923)
Tech services	22,186	1,000	21,186
Volume Purchasing	16,130	20,000	(3,870)
Workshop fees	238,975	320,000	(81,025)
<b>Total Cash Receipts</b>	<b>\$ 1,847,270</b>	<b>\$ 1,918,200</b>	<b>\$ (70,930)</b>

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER

Statement 3

Interlocal School District No. 629

General Fund (Cont.)

Statement of Cash Receipts and Expenditures, Actual and Budget - Statutory Basis

For the Year Ended June 30, 2009

	Actual	Budget	Variance Favorable (Unfavorable)
<b>Expenditures</b>			
Administrative, board and staff expense	\$ 5,097	\$ 2,500	\$ (2,597)
Consultants	54,357	55,000	643
Equipment	24,840	20,000	(4,840)
Fixed costs - Employer paid insurance	45,053	60,000	14,947
Fixed costs - Employer paid KPERS, retirees	28,339	-	(28,339)
Fixed costs - Payroll expenses	102,615	92,000	(10,615)
Friends University Graduate Credit	39,634	-	(39,634)
Insurance	23,416	18,000	(5,416)
Legal and accounting	18,735	10,500	(8,235)
Occupancy costs	68,340	65,000	(3,340)
Office expense	79,952	60,300	(19,652)
Other expenses	145,838	93,000	(52,838)
Salaries	1,354,827	1,294,668	(60,159)
Software	-	1,000	1,000
Teacher enhancement	1,254	1,000	(254)
Training	4,018	2,500	(1,518)
Travel	76,864	78,800	1,936
Operating Transfers	242,164	50,000	(192,164)
<b>Total Expenditures</b>	<u>2,315,342</u>	<u>\$ 1,904,268</u>	<u>\$ (411,074)</u>
Receipts Over (Under) Expenditures	(468,072)		
Unencumbered Cash, Beginning	<u>892,469</u>		
Unencumbered Cash, Ending	<u>\$ 424,397</u>		

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER      Statement 4  
 Interlocal School District No. 629  
 Crisis Intervention Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Memberships	\$ 1,600
Expenditures	
General program fees	1,592
Travel	8
Total Expenditures	1,600
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 ITBS Scanning Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Scanning revenue	\$ 10,456
Expenditures	
Equipment	-
General program fees	7,188
Other expenses	1,199
Postage	388
Supplies and materials	308
Technical services	1,355
Travel	18
Total Expenditures	10,456
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Volume Purchasing Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Administrative fees	\$ 7,061
Vendor administrative fees	<u>43,158</u>
Total Cash Receipts	<u>50,219</u>
 Expenditures	
eSchool Mall Bid Award Fees	10,892
Fixed costs - Payroll expenses	1,689
General program fees	16,130
Salaries	19,920
Supplies and materials	214
Travel	410
Volume purchasing ESC	<u>964</u>
Total Expenditures	<u>50,219</u>
 Receipts Over (Under) Expenditures	 -
 Unencumbered Cash, Beginning	 <u>10</u>
 Unencumbered Cash, Ending	 <u><u>10</u></u>

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER      Statement 4  
Interlocal School District No. 629  
AESOP Program Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Program fees	\$      3,387
Expenditures	
AESOP expenses	1,756
Receipts Over (Under) Expenditures	1,631
Unencumbered Cash, Beginning	(1,631)
Unencumbered Cash, Ending	\$            0

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Environmental Compliance Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Memberships	\$      20,000
Other income	560
Total Cash Receipts	20,560
Expenditures	
General program fees	18,538
Other expenses	89
Postage	6
Supplies and materials	188
Training	345
Travel	1,394
Total Expenditures	20,560
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$            -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER      Statement 4  
Interlocal School District No. 629  
Capital Outlay Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Building assessment	\$     14,768
Rent income	750
Transfer from General Fund	242,164
Total Cash Receipts	257,682
 Expenditures	
Debt service - Principal	34,984
Debt service - Interest	12,301
Total Expenditures	47,285
 Receipts Over (Under) Expenditures	210,397
 Unencumbered Cash, Beginning	(210,397)
 Unencumbered Cash, Ending	\$           0

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
E-Rate Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Program revenue	\$     46,670
 Expenditures	
General program fees	40,410
Postage	265
Refund E-Rate not used	2,846
Supplies and materials	496
Telephone	302
Travel	2,351
Total Expenditures	46,670
 Receipts Over (Under) Expenditures	0
 Unencumbered Cash, Beginning	-
 Unencumbered Cash, Ending	\$           0

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Carl Perkins III Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Federal Aid	
Vocational Education - Basic Grants to States	
Other Income	\$ 8,953
Total Cash Receipts	8,953
 Expenditures	 -
Receipts Over (Under) Expenditures	8,953
Unencumbered Cash, Beginning	(8,953)
Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Carl Perkins I Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Federal Aid	
Vocational Education - Basic Grants to States	\$ 154,499
Expenditures	
Copier	1,000
Communications	1,000
Curriculum	2,000
Equipment	52,704
Fixed costs - Payroll expenses	5,270
Other administrative services	7,724
Professional development	39,819
Salaries	36,430
Software	2,552
Travel	6,000
Total Expenditures	154,499
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	27
Unencumbered Cash, Ending	\$ 27

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Tech Prep Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Grant Funds	\$ -
Other Income	24,631
Total Cash Receipts	24,631
 Expenditures	 -
Receipts Over (Under) Expenditures	24,631
Unencumbered Cash, Beginning	(24,631)
Unencumbered Cash, Ending	\$ 0

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Carl Perkins Title I Reserve Funds  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Federal Aid	
Carl Perkins Title I Reserve Funds	\$ 7,261
 Expenditures	
Professional development	5,690
Substitute pay	2,092
Travel	4,956
Total Expenditures	12,738
Receipts Over (Under) Expenditures	(5,477)
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ (5,477)

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER      Statement 4  
Interlocal School District No. 629  
Infant Child Development  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Cash Receipts	
Special Education Aid Funds	
Catagoric Aid	\$     107,722
Salina Regional Health Center	<u>        65,770</u>
Total Cash Receipts	<u>        173,492</u>
Expenditures	
Fixed costs - Payroll expenses	12,594
Other expenses	22,678
Salaries	<u>      138,221</u>
Total Expenditures	<u>        173,492</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>                  -</u>
Unencumbered Cash, Ending	<u>\$                   -</u>

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Project CURB  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Cash Receipts	
Federal Aid	
Changing Use and Risky Behavior	\$     161,913
Expenditures	
Consultants	53,376
Curriculum	8,410
Equipment	45,800
Fixed costs - Payroll expenses	3,335
Other administrative services	7,909
Salaries	25,000
Software	2,992
Supplies/materials	5,275
Travel	<u>        9,816</u>
Total Expenditures	<u>        161,913</u>
Receipts Over (Under) Expenditures	(0)
Unencumbered Cash, Beginning	<u>                  -</u>
Unencumbered Cash, Ending	<u>\$                   (0)</u>

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Math Program FY 2003 Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Unified School Districts	\$ 10,298
 Expenditures	
Consultants	3,498
Copier	1,500
Postage	800
Supplies and materials	2,000
Telephone	500
Travel	2,000
Total Expenditures	10,298
 Receipts Over (Under) Expenditures	-
 Unencumbered Cash, Beginning	-
 Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER      Statement 4  
Interlocal School District No. 629  
Parents as Teachers Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
State Aid	
Parent Education Program	\$      9,231
Unified School District No. 307 match	6,000
Total Cash Receipts	15,231
 Expenditures	
Consultants	100
Copier	100
Fixed costs - Payroll expenses	1,053
Postage	100
Salaries	11,700
Supplies and materials	1,197
Telephone	200
Training	240
Travel	541
Total Expenditures	15,231
 Receipts Over (Under) Expenditures	-
 Unencumbered Cash, Beginning	30
 Unencumbered Cash, Ending	\$      30

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Lorraine Parents as Teachers Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Unified School District No. 328	\$ 21,576
Expenditures	
Consultants	200
Copier	100
Fixed costs - Payroll expenses	1,041
Postage	100
Salaries	13,603
Supplies and materials	3,502
Telephone	300
Training	630
Travel	2,100
Total Expenditures	21,576
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Title IV - Safe and Drug Free Schools  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

Statement 4

	Actual
<b>Cash Receipts</b>	
Federal Aid	
Safe and Drug Free Schools and Communities State Grants	\$ 26,382
<b>Expenditures</b>	
Accounting services	750
Consultants	15,000
Copier	1,000
Fixed costs - Payroll expenses	600
Other administrative services	882
Other expenses	1,000
Postage	1,000
Rent	750
Supplies and materials	1,650
Telephone	750
Travel	3,000
Total Expenditures	26,382
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

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

## SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER

Statement 4

Interlocal School District No. 629

Fast ForWord Fund

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Year Ended June 30, 2009

	<u>Actual</u>
Cash Receipts	
FFWD Annual Progress Tracker & Updates	39,500
Other fees	73
Software licensing fees	61,100
Summer school tuition	-
Training fees	<u>13,675</u>
Total Cash Receipts	<u>114,348</u>
Expenditures	
Annual progress fee	-
Other expense	-
Program fees	78,315
Software	13,100
Supplies and materials	60
Training	
Travel	<u>1,765</u>
Total Expenditures	93,240
Receipts Over (Under) Expenditures	21,108
Unencumbered Cash, Beginning	<u>(21,108)</u>
Unencumbered Cash, Ending	<u>\$ -</u>

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

## SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER

Statement 4

Interlocal School District No. 629

ALP Fund

Statement of Cash Receipts and Expenditures - Statutory Basis

For the Year Ended June 30, 2009

	<u>Actual</u>
Cash Receipts	
District FTE flow through	\$ 96,348
Registration and course fees	<u>425</u>
Total Cash Receipts	<u>96,773</u>
 Expenditures	
Accounting services	750
Advertising	95
Consultants	3,000
Copier	863
Curriculum	106
Equipment	3,739
Fixed costs - Payroll expenses	2,223
FTE Audit Adjustments	646
Insurance	250
Internet access	3,875
Miscellaneous expense - GPF	38,455
Other administrative services	4,000
Postage	235
Salaries	25,657
Software	6,722
Student expenses	117
Supplies	201
Technical services	3,000
Telephone	144
Travel	<u>2,695</u>
Total Expenditures	<u>96,773</u>
 Receipts Over (Under) Expenditures	 -
 Unencumbered Cash, Beginning	 <u>-</u>
 Unencumbered Cash, Ending	 <u>\$ -</u>

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Dickinson County Learning Exchange Charter School Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
District FTE flow through	\$ 99,000
Other income	1,725
Total Cash Receipts	100,725
 Expenditures	
Accounting expense	250
Consultants	3,000
Copier	369
Curriculum	81
Fixed costs - Payroll expenses	4,034
Insurance	500
Internet access	3,875
Other administrative services	8,000
Other expense	49
Other office expense	1,148
Postage	54
Rent	10,264
Repairs	2,590
Salaries	48,244
Software	9,989
Student expenses	287
Supplies and materials	1,013
Technical services	3,000
Telephone	501
Training	1,200
Travel	1,536
Utilities	10,730
Total Expenditures	110,713
 Receipts Over (Under) Expenditures	(9,988)
 Unencumbered Cash, Beginning	40,490
 Unencumbered Cash, Ending	\$ 30,502

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER      Statement 4  
Interlocal School District No. 629  
The Learning Center @ Dickinson County Learning Exchange Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
District FTE flow through	\$     41,156
Registration and course fees	2,305
Other income	311
Total Cash Receipts	43,772
 Expenditures	
Advertising	644
Consultants	2,000
Fixed costs - Payroll expenses	3,588
FTE Audit adjustments	204
Other administrative services	5,000
Other expense	(1,478)
Salaries	20,204
Software	11,611
Technical services	2,000
Total Expenditures	43,772
 Receipts Over (Under) Expenditures	(0)
 Unencumbered Cash, Beginning	-
 Unencumbered Cash, Ending	\$           (0)

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER      Statement 4  
Interlocal School District No. 629  
The Learning Center @ Smoky Hill Education Service Center Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
District FTE flow through	\$ 323,262
Registration and course fees	16,770
Other income	39
Plato classes	72,700
Total Cash Receipts	412,771
Expenditures	
Accounting services	750
Advertising	4,575
Consultants	6,000
Curriculum	29
Equipment	130
Fixed costs - Payroll expenses	17,361
FTE Audit adjustment	102
Insurance	1,500
Internet access	3,875
Other administrative services	15,000
Other expense	170,400
Other office expense	948
Postage	984
Repairs	202
Salaries	175,938
Student expense	377
Supplies and materials	3,078
Technical services	6,000
Telephone	843
Training	1,234
Travel	664
Total Expenditures	409,990
Receipts Over (Under) Expenditures	2,781
Unencumbered Cash, Beginning	36,421
Unencumbered Cash, Ending	\$ 39,202

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Smith County Learning Center Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
District FTE flow through	\$ 211,048
Registration and course fees	2,468
Total Cash Receipts	213,516
 Expenditures	
Accounting services	500
Advertising	403
Consultants	6,000
Curriculum	51
Equipment	9,974
Fixed costs - Payroll expenses	6,414
FTE Audit adjustments	1,564
Insurance	250
Internet access	6,571
Other administrative services	8,000
Other expenses	88,228
Other office expenses	100
Postage	70
Rent	6,000
Salaries	53,358
Software	12,722
Supplies and materials	704
Technical services	6,000
Telephone	400
Training	233
Travel	5,677
Utilities	297
Total Expenditures	213,516
 Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
St. Francis Academy - Ellsworth Juvenile Detention Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Unified School District No. 327 FTE flow through	\$ 285,897
 Expenditures	
Auditor	750
Consultants	6,000
Copier	788
Equipment	22,330
Fixed costs - Payroll expenses	10,201
Internet access	5,594
Other administrative services	13,000
Other expenses	50,744
Other office expenses	209
Postage	200
Salaries	118,794
Software	11,945
SPED Services	38,190
Supplies	866
Technical services	6,000
Telephone	285
Total Expenditures	285,897
 Receipts Over (Under) Expenditures	-
 Unencumbered Cash, Beginning	-
 Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER      Statement 4  
Interlocal School District No. 629  
St. Francis Academy - Ellsworth Title I Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Unified School District No. 327 FTE flow through	\$      64,632
 Expenditures	
Consultants	2,000
Copier	500
Curriculum	1,818
Fixed costs - Payroll expenses	8,761
Other administrative services	2,262
Other office expense	500
Postage	150
Repairs	1,000
Salaries	44,541
Supplies and materials	800
Telephone	300
Technical services	2,000
Total Expenditures	64,632
 Receipts Over (Under) Expenditures	-
 Unencumbered Cash, Beginning	-
 Unencumbered Cash, Ending	\$      -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
St. Francis Academy - Salina Juvenile Detention Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Unified School District No. 305 FTE flow through	\$ 223,464
 Expenditures	
Accounting services	750
Consultants	4,500
Equipment	606
Fixed costs - Payroll expenses	8,729
Internet access	3,657
Legal	357
Other administrative services	8,000
Other expenses	6,881
Postage	482
Salaries	104,157
Software	12,776
SPED services	67,134
Supplies	554
Technical services	4,500
Telephone	380
Total Expenditures	223,464
 Receipts Over (Under) Expenditures	-
 Unencumbered Cash, Beginning	-
 Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
St. Francis Academy - Salina Title I Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Unified School District No. 305 Title I flow through	\$ 53,860
 Expenditures	
Adjustment	(20)
Consultants	2,000
Copier	500
Curriculum	4,886
Fixed costs - Payroll expenses	5,631
Other administrative services	2,138
Repairs	1,000
Salaries	33,478
Technical services	2,000
Travel	2,247
Total Expenditures	53,860
 Receipts Over (Under) Expenditures	-
 Unencumbered Cash, Beginning	-
 Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 The Learning Center @ Saline County Jail Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Unified School District No. 305 FTE flow through	\$ 84,878
Expenditures	
Accounting services	750
Consultants	6,000
Copier	250
Curriculum	46
Equipment	7,689
Fixed costs - Payroll expenses	4,418
Insurance	200
Other administrative services	6,000
Postage	168
Salaries	53,340
Student expenses	18
Technical services	6,000
Total Expenditures	84,878
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Title III - ESL Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Federal Aid	
Title III - ESL	\$ 11,174
Expenditures	
Consultants	8,707
Other administrative services	588
Travel	3,086
Total Expenditures	12,381
Receipts Over (Under) Expenditures	(1,207)
Unencumbered Cash, Beginning	3,207
Unencumbered Cash, Ending	\$ 2,000

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Tipton Academy Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Unified School District No. 272 FTE flow through	\$ 98,836
Expenditures	
Accounting services	200
Consultants	4,000
Copier	200
Curriculum	69
Fixed costs - Payroll expenses	5,602
FTE Audit adjustments	748
Other administrative services	6,000
Other expense	2,240
Postage	75
Salaries	66,219
Software	9,267
Student expenses	45
Supplies and materials	170
Technical Services	4,000
Total Expenditures	98,836
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Instructional Practices Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Federal Aid	
Title IIA - Principal's Leadership	\$ 6,000
Expenditures	
Consultants	6,000
Total Expenditures	6,000
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Meadowlark Academy  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Unified School District No. 239 FTE flow through	\$ 73,408
 Expenditures	
Accounting services	500
Consultants	6,000
Copier	200
Curriculum	69
Fixed costs - Payroll expenses	4,286
FTE Audit adjustment	544
Insurance	200
Other administrative services	4,000
Other expense	1,421
Salaries	35,420
Software	12,276
Supplies	398
Technical services	6,000
Travel	2,094
Total Expenditures	73,408
 Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
PEP Grant  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Federal Aid	
SPARK - Standards-based Physical Activity for Rural Kids	\$ 155,663
Expenditures	
Consultants	54,405
Equipment	69,810
Fixed costs - Payroll expenses	822
Other administrative services	3,412
Salaries	6,691
Supplies	7,593
Travel	12,929
Total Expenditures	155,663
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Custodial Services Fund  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Other service income	\$ 1,000
Expenditures	
Other expenses	1,000
Total Expenditures	1,000
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER      Statement 4  
 Interlocal School District No. 629  
 Title IIA - Teacher Quality Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Federal Aid	
Tite IIA - teacher quality	\$ 9,264
Expenditures	
Other administrative services	464
Purchased services	8,800
Total Expenditures	9,264
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Title IID - Education Technology Fund  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Federal Aid	
Title IID - education technology	\$ 353
Expenditures	
Other administrative services	18
Purchased services	335
Total Expenditures	353
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Tipton Community School  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Unified School District No. 272 FTE flow through	\$ 187,500
Total Cash Receipts	187,500
 Expenditures	
Accounting services	200
Consultants	3,000
Copier	573
Curriculum	2,362
Fixed costs - Payroll expenses	15,119
Internet access	732
Other administrative services	12,000
Other office expense	217
Postage	125
Publications	55
Repairs	178
Salaries	143,699
Stipend	500
Student expenses	623
Supplies and materials	4,411
Technical Services	3,000
Telephone	838
Training	600
Travel	544
Total Expenditures	188,775
 Receipts Over (Under) Expenditures	(1,275)
 Unencumbered Cash, Beginning	2,466
 Unencumbered Cash, Ending	\$ 1,191

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
White Rock Academy  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
Unified School District No. 237 FTE flow through	\$ 68,820
Expenditures	
Consultants	3,000
Curriculum	69
FTE Audit adjustments	510
Other administrative services	4,000
Other expense	48,441
Software	9,767
Technical Services	3,000
Travel	33
Total Expenditures	68,820
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Achieve3000  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Consulting/training	\$ 9,450
Reimbursed training revenue	4,627
Total Cash Receipts	14,077
Expenditures	
Other expense	11,034
Reimbursed training expenses	1,434
Travel	1,609
Total Expenditures	14,077
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER      Statement 4  
Interlocal School District No. 629  
Carl Perkins Title I, Part A-R  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Federal Aid	
Carl Perkins Title I, Part A-R	\$      48,469
Total Cash Receipts	48,469
Expenditures	
Communications	600
Hotel expense	818
Professional development	150
Salary	1,700
Teacher externships	14,000
Travel	247
Total Expenditures	17,515
Receipts Over (Under) Expenditures	30,954
Unencumbered Cash, Beginning	(3,667)
Unencumbered Cash, Ending	\$      27,287

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Kan-Ed FY2008 ETGP Grant  
Statement of Cash Receipts and Expenditures - Statutory Basis  
For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Board of Regents	
Kan-ed ETGP Grant	\$            -
Expenditures	
Equipment	58,956
Total Expenditures	58,956
Receipts Over (Under) Expenditures	(58,956)
Unencumbered Cash, Beginning	58,956
Unencumbered Cash, Ending	\$            -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 8th Judicial District Grant  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

Statement 4

	Actual
Cash Receipts	
8th Judicial District Grant	\$ 8,500
Total Cash Receipts	8,500
Expenditures	-
Receipts Over (Under) Expenditures	8,500
Unencumbered Cash, Beginning	(8,500)
Unencumbered Cash, Ending	\$ -

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Rosetta Stone  
 Statement of Cash Receipts and Expenditures - Statutory Basis  
 For the Year Ended June 30, 2009

	Actual
Cash Receipts	
Foreign language Class	\$ 950
Licnese Ticket Revenue	22,940
Total Cash Receipts	23,890
Expenditures	
Program fees	6,469
Software tickets	17,370
Travel	51
Total Expenditures	23,890
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ -

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

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Statement of Changes in Long Term Debt - Statutory Basis  
 For the Year Ended June 30, 2009

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Expense
Capital Leases										
Franklin Bldg. Improvement	5.15%	5/10/2004	\$ 362,474	5/10/2014	\$ 238,855	\$ -	\$ 34,984	\$ (34,984)	\$ 203,872	\$ 12,301
Total Indebtedness			<u>362,474</u>		<u>238,855</u>	<u>-</u>	<u>34,984</u>	<u>(34,984)</u>	<u>203,872</u>	<u>12,301</u>
Total Long-Term Debt			<u>\$ 362,474</u>		<u>\$ 238,855</u>	<u>\$ -</u>	<u>\$ 34,984</u>	<u>\$ (34,984)</u>	<u>\$ 203,872</u>	<u>\$ 12,301</u>

The notes to the financial statements are an integral part of this statement.  
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SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Schedule of Maturity of Long Term Debt - Statutory Basis  
 For the Year Ended June 30, 2009

	2010	2011	2012	2013	2014	Total
Principal Capital Leases	36,785	38,680	40,672	42,766	44,969	203,872
Interest Capital Leases	<u>10,499</u>	<u>8,605</u>	<u>6,613</u>	<u>4,518</u>	<u>2,316</u>	<u>32,552</u>
Total Principal and Interest	<u><u>47,285</u></u>	<u><u>47,285</u></u>	<u><u>47,285</u></u>	<u><u>47,285</u></u>	<u><u>47,285</u></u>	<u><u>236,423</u></u>

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

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER**  
**Interlocal School District No. 629**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Smoky Hill Central Kansas Education Service Center, Interlocal School District No. 629, is a municipal corporation governed by an appointed ten member executive cabinet. These financial statements present the primary government financial statements and do not include all the entities for which the Interlocal is considered to be financially accountable, as required by generally accepted accounting principles. The primary government is a legal entity and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. Component units of the Interlocal include the Smoky Hill Education Foundation. Per *Kansas Municipal Audit Guide*, the financial data for the Smoky Hill Education Foundation is not included in these financial statements as they are unaudited at June 30, 2008.

**B. Basis of Accounting**

*Statutory 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 the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. 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. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Smoky Hill Central Kansas Education Service Center has approved a resolution that is in compliance with K.S.A. 75-1120ac, waiving the requirement for application of generally accepted accounting principles and allowing the Interlocal to use 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 expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, 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. Capital assets that account for the land, buildings, and equipment owned by the Interlocal are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes and compensated absences are not presented in the financial statements.

**C. 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.

The following types of funds comprise the financial activities of the Interlocal.

**General Funds** - To account for all unrestricted resources except those required to be accounted for in other funds.

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**C. Fund Descriptions - continued**

**Special Revenue Funds** - To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

**D. Assets and Liabilities**

**1. Cash and Investments**

The Interlocal did not have any investments at June 30, 2009.

**2. Compensated Absences**

The Interlocal's policy is to recognize the costs of compensated absences when actually paid. The Interlocal grants annual paid vacations to its full-time, regular employees. The amount of vacation to which one is entitled depends on the length of service from the anniversary date, as follows:

<u>Years of Service as of Anniversary Date</u>	<u>Annual Vacation Allowance</u>
1 through 5	10 days
5 or more	15 days

During the first six months of employment, employees may take one half-day vacation for each month employed. Thereafter, vacation may be taken at any point during the year, but may not be carried beyond the anniversary date.

Employees are required to take their earned vacations. No payments will be made in lieu of taking vacations, except for unused vacation at the time of termination of employment.

The Interlocal provides paid sick days to full-time, regular employees and part-time regular employees.

Eligible employees are granted ten sick days per calendar year. Sick days cannot be taken in less than 1/2 day increments and must be authorized by the Executive Director.

Sick days may be carried over from one calendar year to the next, to a total accumulation of sixty days. No payments are made for accrued, unused sick days at the end of any calendar year or in the event of termination of employment.

The procedure to be followed when absent and other important guidelines are set forth in the discussion of absenteeism and tardiness in the Employee Handbook. It is the responsibility of the employee to become familiar with these guidelines.

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**E. Receipts and Expenditures**

**1. Ad Valorem Tax Revenue**

The Interlocal does not have tax authority.

**2. Reimbursements**

The Interlocal records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

A legal operating budget is not required for the Interlocal or any of its special revenue funds.

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

**B. Compliance with Laws and Regulations**

References made herein to statutes are not intended as interpretations of law, but are offered for consideration of the Executive Director and interpretation by the legal representative of the District.

There are apparent cash basis violations (K.S.A. 10-1113) in the following listed funds. These funds record federal monies and therefore are exempt from the cash basis statute per K.S.A. 12-1664.

Carl Perkins Title I, Reserve

Management is not aware of any statutory violations for the period covered by this audit.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

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

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**III. DETAILED NOTES ON ALL FUNDS - continued**

**A. Deposits and Investments - continued**

**Deposits - continued**

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

Custodial credit risk - deposits. Custodial credit risk is the risk in the event of a bank failure, the Interlocal's deposits may not be returned to it. State statutes require the Interlocal'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 District, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Interlocal did not have any designated "peak periods" for the current year. There was an excess in the deposit securities in the amount of \$512,959 at June 30, 2009.

At year-end the carrying amount of Smoky Hill Central Kansas Education Service Center deposits was \$592,251. The bank balance was \$602,824. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance \$250,000 was covered by FDIC insurance, \$664,835 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Interlocal's name, with \$512,959 pledging excess.

**Investments**

**Policy** - Kansas statutes authorize the Interlocal to invest in U.S. Treasury bills and notes, repurchase agreements, and the State Municipal Investment Pool. All investments must be insured, registered, or held by the Interlocal or its agent in the Interlocal's name.

The Interlocal did not have any investments at June 30, 2009.

**Credit Risk** - The Interlocal has no policy regarding limiting investments based upon nationally recognized statistical ratings. Investments in U.S. Government Agencies are rated AAA by Standard & Poor's.

**Interest Rate Risk** - Per Kansas statutes, maturities of investments shall not exceed two years. The Interlocal did not have any investments as of June 30, 2009.

**B. Operating Leases**

The Interlocal conducts a portion of its operations utilizing operating leases for copiers and vehicles. Lease terms expire at various times. Current year rental payments under operating leases were \$71,658.

Minimum future rental payments under operating leases as of June 30, 2009 are:

<u>June 30,</u>	<u>Copiers</u>	<u>Vehicles</u>	<u>Buildings</u>	<u>Total</u>
2010	\$ 7,868	\$ 17,590	\$ 46,200	\$ 71,658
2011	1,551	11,795	-	13,346
2012	1,034	-	-	1,034
	<u>\$ 10,453</u>	<u>\$ 29,385</u>	<u>\$ 46,200</u>	<u>\$ 86,038</u>

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**III. DETAILED NOTES ON ALL FUNDS - continued**

**C. General Long-Term Debt**

At June 30, 2009, the long-term obligations consisted of the following:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date of Final Maturity</u>
Capital Leases Franklin Bldg Improv.	5.15%	5/10/2004	\$ 362,474	5/10/2014

Changes in long-term liabilities for the Smoky Hill Central Kansas Education Service Center for the year ended June 30 were as follows:

	<u>Balance July 1 2008</u>	<u>Additions</u>	<u>Reductions/Payments</u>	<u>Balance June 30 2009</u>	<u>Interest Paid</u>
Franklin Bld	\$238,855	-	\$ 34,984	\$ 203,872	\$ 12,301
	<u>\$238,855</u>	<u>\$ -</u>	<u>\$ 34,984</u>	<u>\$ 203,872</u>	<u>\$ 12,301</u>

Current maturities of long-term debt and interest through maturity are as follows:

<u>Year</u>	<u>General Obligation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2010	\$ 36,785	\$ 10,499	\$ 47,285
2011	38,680	8,605	47,285
2012	40,672	6,613	47,285
2013	42,766	4,518	47,285
2014	44,969	2,316	47,285
	<u>\$ 203,872</u>	<u>\$ 32,552</u>	<u>\$ 236,423</u>

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

*Plan description.* Smoky Hill Central Kansas Education Service Center 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.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of section 414(h) of the Internal Revenue Code. The State of

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER**  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**IV. OTHER INFORMATION - continued**

**A. Defined Benefit Pension Plan - continued**

Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 7.97% of covered payroll for the period July 1, 2008 to June 30, 2009. For school-type municipalities that hire a KPERS retiree who retired from a different KPERS employer, the contribution rate is 15.95% for the period of July 1, 2008 to June 30, 2009. 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, 2009, 2008, and 2007 were \$242,277,363, \$220,815,154, and \$192,425,626, respectively, equal to the required contributions for each year.

**B. Defined Contribution Pension Plan**

The Interlocal has not established a defined contribution pension plan.

**C. Phase Out Option**

The Interlocal does not have a phase out option.

**D. Early Retirement Incentive Plan**

The Interlocal does not have an early retirement incentive plan.

**E. Flexible Benefit Plan (I.R.C. Section 125)**

The Executive Cabinet adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All employees of the Interlocal are eligible to participate in the Plan beginning with the issuance of the first paycheck of their employment. Each participant may elect to reduce his or her salary by an elected amount per month, or have specific amounts deducted, to purchase benefits offered through the Plan. Currently, benefits offered through the Plan include insurance coverage, medical reimbursement and dependent care reimbursements.

**F. Contingencies**

The Interlocal receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the Interlocal at June 30, 2009.

**G. Risk Management**

The Interlocal is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Interlocal carried commercial insurance. Insurance claims for the preceding three years have not exceeded insurance coverage.

**SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER**  
**Interlocal School District No. 629**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2009

**IV. OTHER INFORMATION - continued**

**H. Interfund Transfers**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Capital Outlay	K.S.A. 72-6428	\$ 242,164

**I. Related Party Transactions**

The Smoky Hill Education Foundation is a component unit of the Interlocal. The Foundation is a not-for-profit organization formed for the education purposes of funding education grants to educators of the Interlocal's member districts. During the year ended June 30, 2009 there are no transactions between the Interlocal and the Smoky Hill Education Foundation during 2009.

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2009

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Revenues</u>	<u>Expenditures</u>
U.S. Department of Education:			
Changing Use and Risky Behavior	84.184A	161,913	161,913
Standards-based Physical Activity for Rural Kids	84.215F	155,663	155,663
Pass-through program from State of Kansas Department of Education			
Vocational Education - Basic Grants to States	84.048	154,499	154,499
Vocational Reserve Fund	84.048	55,730	30,253
Safe and Drug Free Schools and Communities State Grants	84.186	26,382	26,382
Character Education Initiative	84.215	21,648	21,648
Title IID - Technology Literacy	84.318	353	353
Title IIA - Improving TQ-Principals Leadership Training	84.367	6,000	6,000
Title III - English Language Acquisition	84.365	11,174	12,381
Title IIA - Improving Teacher Quality	84.367	<u>9,264</u>	<u>9,264</u>
 Total Expenditures of Federal Awards		 <u>\$ 602,625</u>	 <u>\$ 578,356</u>

The above schedule was prepared using a basis of accounting which demonstrates compliance with the cash basis and budget laws of the State of Kansas.

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
Interlocal School District No. 629  
Summary Schedule of Audit Findings  
For the Year Ended June 30, 2009

Federal Award Findings

<u>Programs</u>	<u>Findings</u>	<u>Questioned Costs</u>
None		

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2009

Summary of Auditor's Results

**Financial Statements**

Qualified

Type of auditor's report issued:

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiencies identified not considered to be material weaknesses:

None reported

Noncompliance material to financial statements noted?

No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

No

Significant deficiencies identified not considered to be material weaknesses:

No

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with  
 omb Circular A-133, Section .510(a)?

No

Identification of major programs:

**CFDA Number**

**Name of Federal Program**

**Amount**

84.184A

Changing Use and Risky Behavior

\$161,913

84.215F

Standards-based Physical Activity for Rural Kids

\$155,663

Dollar threshold used to distinguish between Type A and Type B programs

\$300,000

Auditee qualified as a low-risk auditee?

No