EDUCATIONAL SERVICES AND STAFF DEVELOPMENT ASSOCIATION OF CENTRAL KANSAS INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622

Hutchinson, Kansas

Financial Statements
June 30, 2008

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Financial Statements
Year Ended June 30, 2008
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Educational Services and Staff Development
Association of Central Kansas
Interlocal Unified School District No. 622
Hutchinson, Kansas

We were engaged to audit the accompanying financial statements of the individual funds of Interlocal Unified School District No. 622, Hutchinson, Kansas, as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Interlocal's management.

The Interlocal did not maintain certain customary accounting records and supporting documents relating to transactions with suppliers and members, nor, in our opinion, was the system of internal control adequate to assure proper recording of transactions in accordance with the State of Kansas statutory basis of accounting. Accordingly, it was impracticable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

Since the Interlocal did not maintain certain customary accounting records or documents, or an adequate system of internal control, as described in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion of the financial statements referred to above.

This report is intended solely for the use of the management of Interlocal Unified School District No. 622 and the Kansas Department of Education, and should not be used for any other purpose.

Peterson Peterson & Goss LC

September 27, 2010

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Summary of Cash Receipts, Expenditures and Unencumbered Cash
Year Ended June 30, 2008

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
General	$ 8,797	$ 1,090,157	$ 1,351,861	$ (252,907)	$ 260,859	$ 7,952
Special revenue:						
Capital Outlay	-	124,073	73,402	50,671		50,671
Staff Development	-	161,544	161,250	294		294
Media	-	153,085	135,067	18,018		18,018
Learning Centers	926,830	3,618,363	4,197,421	347,772		347,772
Kan Ed	7,029	-	7,029	-	-	-
Kids Assistance Grant	1,250	-	-	1,250		1,250
Governance	14,857	392,739	338,574	69,022		69,022
Technology	62,291	765,395	716,387	111,299		111,299
Virtual Learning	365,068	961,163	1,254,100	72,131		72,131
Finance	64,156	1,430,123	1,395,642	98,637		98,637
Professional Development	52,942	1,664,940	1,520,980	196,902		196,902
Federal Funds:						
Title I	-	8,663	8,663	-		-
Title III ESL	8,369	68,328	69,712	6,985		6,985
Carl Perkins	-	150,141	150,141	-		-
Drug Free Schools	8,618	23,947	17,036	15,529		15,529
Total Primary Government	1,520,207	10,612,661	11,397,265	735,603	260,859	996,462
Component Unit:						
Health Insurance Group	7,834,386	14,861,238	15,224,187	7,471,437	3,889,103	11,360,540
Total Reporting Entity	$ 9,354,593	$ 25,473,899	$ 26,621,452	$ 8,207,040	$ 4,149,962	$ 12,357,002

Composition of Cash:	
Checking Accounts - Bank of Kansas	$ 17,584
Checking Accounts - Central Bank and Trust	978,878
Total Primary Government	996,462
Component Unit:	
Certificates of Deposit - Central Bank and Trust	9,375,000
Repurchase Agreement - Central Bank and Trust	1,985,540
Total Component Unit	11,360,540
Total Reporting Entity	$ 12,357,002

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Summary of Expenditures - Actual and Budget
Year Ended June 30, 2008

Funds	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General	$ 9,370,340	$ 1,351,861	$ 8,018,479
Special revenue:			
Capital Outlay	186,285	73,402	112,883

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash receipts:			
Membership fees	$ 3,870,286	$ 850	$ (3,869,436)
Room fees	5,615,232	637,029	(4,978,203)
Reimbursements	-	15,155	15,155
Interest income	45,000	37,726	(7,274)
Other	131,000	26,889	(104,111)
Transfers from:			
Learning Centers	- -	157,487	157,487
Virtual Learning	-	215,021	215,021
Total cash receipts	9,661,518	1,090,157	(8,571,361)
Expenditures:			
General administration	9,196,340	1,351,861	7,844,479
Transfers to:			
Capital outlay	156,500	-	156,500
Professional development	17,500	-	17,500
Total expenditures	9,370,340	1,351,861	8,018,479
Receipts over (under) expenditures	291,178	(261,704)	(552,882)
Unencumbered cash, beginning	1,506,153	8,797	(1,497,356)
Unencumbered cash, ending	$ 1,797,331	$ (252,907)	$ (2,050,238)

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
Year Ended June 30, 2008

	Budget	Actual	Variance Favorable (Unfavorable)
Cash receipts:			
District assessments	$ 29,785	$ 124,073	$ 94,288
Transfers from:			
General	156,500	-	(156,500)
Total cash receipts	186,285	124,073	(62,212)
Expenditures:			
Capital outlay	186,285	73,402	112,883
Receipts over (under) expenditures	-	50,671	50,671
Unencumbered cash, beginning	-	-	-
Unencumbered cash, ending	$ -	$ 50,671	$ 50,671

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Staff Development Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Actual
Cash receipts:	
Membership	$ 155,944
Program services	5,600
Total cash receipts	161,544
Expenditures:	
Transfer to Technology	161,250
Receipts over (under) expenditures	294
Unencumbered cash, beginning	-
Unencumbered cash, ending	$ 294

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Media Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Actual
Cash receipts:	
Membership	$ 13,804
Program services	5,855
Transfers from:	
Learning Centers	130,176
Drug Free Schools	3,250
Total cash receipts	153,085
Expenditures:	
Administration	130,083
Instruction	4,984
Total expenditures	135,067
Receipts over (under) expenditures	18,018
Unencumbered cash, beginning	-
Unencumbered cash, ending	$ 18,018

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Learning Centers Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Actual
Cash receipts:	
District assessments	$ 3,617,524
Other	839
Total cash receipts	3,618,363
Expenditures:	
Instruction	1,710,701
Materials	83,654
Rent	297,567
Purchased services	356,283
Other	46,606
Transfers to:	
Professional Development	801,894
Governance	234,077
Technology	170,974
Media	130,176
General	157,487
Virtual Learning	208,002
Total expenditures	4,197,421
Receipts over (under) expenditures	(579,058)
Unencumbered cash, beginning	926,830
Unencumbered cash, ending	$ 347,772

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Kan Ed Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Actual
Expenditures:	
Transfers to:	
Technology	$ 7,029
Total expenditures	7,029
Receipts over (under) expenditures	(7,029)
Unencumbered cash, beginning	7,029
Unencumbered cash, ending	$ -

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Kids Assistance Grant Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Actual
Unencumbered cash, beginning	$ 1,250
Unencumbered cash, ending	$ 1,250

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Governance Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Actual
Cash receipts:	
Federal aid	$ 4,364
District assessments	145,548
Transfers from:	
Learning Centers	234,077
Virtual Learning	8,750
Total cash receipts	392,739
Expenditures:	
Administration	217,168
Instruction	121,406
Total expenditures	338,574
Receipts over (under) expenditures	54,165
Unencumbered cash, beginning	14,857
Unencumbered cash, ending	$ 69,022

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Technology Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Actual
Cash receipts:	
State aid	$ 9,605
District assessments	239,718
Balance entry adjustment	20,400
Transfers from:	
Staff Development	161,250
Professional Development	163,448
Learning Centers	170,974
Total cash receipts	765,395
Expenditures:	
Administration	525,067
Materials	25,603
Equipment	113,705
Travel	45,935
Instruction	6,077
Total expenditures	716,387
Receipts over (under) expenditures	49,008
Unencumbered cash, beginning	62,291
Unencumbered cash, ending	$ 111,299

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Virtual Learning Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Actual
Cash receipts:	
District assessments	$ 753,161
Transfers from:	
Learning Centers	208,002
Total cash receipts	961,163
Expenditures:	
Administration	768,793
Materials	20,079
Workshops	86,281
Equipment	138,937
Travel	11,854
Instruction	4,194
Transfers to:	
General	215,021
Governance	8,750
Finance	191
Total expenditures	1,254,100
Receipts over (under) expenditures	(292,937)
Unencumbered cash, beginning	365,068
Unencumbered cash, ending	$ 72,131

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Finance Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Actual
Cash receipts:	
Federal aid	
District assessments	1,199,863
Workshop fees	111,524
Transfers from:	
Virtual Learning	191
Professional Development	118,545
Total cash receipts	1,430,123
Expenditures:	
Administration	448,381
Rent	725,279
Workshops	206,101
Equipment	497
Travel	14,747
Instruction	637
Total expenditures	1,395,642
Receipts over (under) expenditures	34,481
Unencumbered cash, beginning	64,156
Unencumbered cash, ending	$ 98,637

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Actual
Cash receipts:	
Federal aid	
Kan ed conference	202,782
District assessments	660,264
Transfers from:	
Learning Centers	801,894
Total cash receipts	1,664,940
Expenditures:	
Administration	822,542
Materials	110,596
Workshops	92,149
Equipment	37,278
Travel	88,183
Purchased services	3,621
Miscellaneous	54,522
Instruction	29,446
Transfers to:	
Finance	118,545
Technology	163,448
Title VI	650
Total expenditures	1,520,980
Receipts over (under) expenditures	143,960
Unencumbered cash, beginning	52,942
Unencumbered cash, ending	$ 196,902

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Federal Funds
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

	Title II	Title III ESL	Carl Perkins	Drug Free Schools
Cash receipts:				
Federal aid	$ 8,663	$ 34,708	$ 150,141	$ 13,913
District assessments		33,620		2,355
Transfers from:				
Kan Ed				7,029
Professional Development				650
Total cash receipts	8,663	68,328	150,141	23,947
Expenditures:				
Direct services	8,663	69,712	150,141	11,140
Workshops				2,646
Transfer to Media				3,250
Total expenditures	8,663	69,712	150,141	17,036
Receipts over (under) expenditures	-	(1,384)	-	6,911
Unencumbered cash, beginning	-	8,369	-	8,618
Unencumbered cash, ending	$ -	$ 6,985	$ -	$ 15,529

See notes to financial statements

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Component Unit
Health Insurance Group
Statement of Cash Receipts and Expenditures - Actual
Year Ended June 30, 2008

Cash receipts:	
Premiums and fees collected	$ 14,861,238
Expenditures:	
Claims incurred and fees paid	15,224,187
Receipts over (under) expenditures	(362,949)
Unencumbered cash, beginning	7,834,386
Unencumbered cash, ending	$ 7,471,437

See notes to financial statements.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Notes to Financial Statements
June 30, 2008

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Educational Services and Staff Development Association of Central Kansas, Interlocal Unified School District No. 622 (the Interlocal) is presented to assist in understanding the Interlocal's financial statements. The financial statements and notes are representations of the Interlocal's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Reporting Entity

Educational Services and Staff Development Association of Central Kansas, Interlocal Unified School District No. 622 (the primary government), is an interlocal unified school district established as a cooperative to provide staff development services to participating unified school districts. In addition, the Interlocal formed a health benefit insurance group available to itself and participating districts. The Interlocal cannot levy taxes, but receives its revenue from federal and state aid and contracting participating unified school districts for staff development services. The Interlocal annually prepares a formal budget, which is filed with the Kansas State Department of Education. These financial statements present Unified School District No. 622 (the primary government) and its component unit. The component unit is included in the Unified School District's reporting entity because of the significance of its operational and financial relationship with the Unified School District No. 622.

Discretely Presented Component Unit. The component unit's section of the financial statements includes the financial data of the discretely presented component unit, Health Insurance Group. This component unit is reported separately to emphasize that it is legally separate from the Unified School District. The governing body of this component unit is appointed by the Unified School District.

Health Insurance Group

On October 1, 1993, the Interlocal formed a health insurance group for itself and participating districts. Blue Cross and Blue Shield serves as the third party administrator, handling claims and collecting premiums. The Interlocal serves as a flow through entity for these funds only.

At June 30, 2008, the estimated claims incurred but not reported totaled $3,889,103, which was encumbered at year-end.

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation

Fund 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 for the fiscal year of 2008.

Governmental Funds

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

Special Revenue Funds - to account for the proceeds of specific revenue sources, that are restricted by law or administrative action to expenditures for specified purposes.

Basis of Accounting

The statutory basis of accounting, as used in the preparation of these 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 or 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.

The Interlocal has approved a waiver from generally accepted accounting principles, allowed by the State of Kansas, which allows the Interlocal to report on the statutory basis of accounting.

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

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 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. General fixed assets that account for the land, building and equipment owned by the Interlocal are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements.

Budget

The Interlocal is required to file an annual budget with the Kansas State Board of Education for the general and capital outlay funds only. All other funds are internally budgeted. This budget is not required to be published.

2. Defined Benefit Pension Plan

The Interlocal 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 benefits 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. 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 Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 6.77% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contribution to KPERS for all Kansas public school employees for the years ending June 30, 2008, 2007 and 2006 were $220,815,154, $192,425,626 and $159,728,918 respectively, equal to the required contributions for each year.

3. Compensated Absences

Vacation

Full time employees are granted paid vacation according to the following provisions:

1 – 5 years service = 10 days per year vacation
6 – 10 years service = 15 days per year vacation
+ 11 years = 20 days per year vacation

Vacation time may accumulate to 40 days. Days in excess of this limit must be used within the next fiscal year. Terminated or retiring employees are compensated for their unused vacation at their current daily rate.

Sick Leave

Full-time employees are granted 10 days of leave per year with the ability to accumulate up to 70 days of sick leave if the days are not used in the current year. Terminated or retiring employees are compensated for their unused sick leave at the rate of $15.00 per day.

The estimated liability for compensated absences at June 30, 2008 is $108,315.

4. Deposits and Investments

Deposits

At June 30, 2008, the carrying amounts of the Interlocal's deposits were $12,357.002. The bank balances were $12,539,225. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, $9,375,000, via CDARS was covered by FDIC insurance and the remaining $3,164,225 was collateralized by pledged securities held under joint custody receipts issued by third-party banks in the Interlocal's name. The third-party banks holding the pledged securities are independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the Interlocal, the pledging bank and the independent third-party banks holding the pledged securities.

4. Deposits and Investments (cont'd)

Investments

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, 2008. However, the component unit did have investments which are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Interlocal or its agent in the Interlocal's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer banks trust department or agent in the Interlocal's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the Interlocal.

	Risk Category			Carrying	Market
	1	2	3	Amount	Value
Repurchase Agreement	$ --	$1,985,540	$ --	$1,985,540	$1,985,540
Total	$ --	$1,985,540	$ --	$1,985,540	$1,985,540

5. Interfund Transactions

Operating transfers were as follows:

From	To	Amount
Learning Centers	General	$157,487
Learning Centers	Media	130,176
Learning Centers	Professional Development	801,894
Learning Centers	Governance	234,077
Learning Centers	Technology	170,974
Learning Centers	Virtual Learning	208,002
Drug Free Schools	Media	3,250
Drug Free Schools	Kan Ed	7,029

5. Interfund Transactions (cont'd)

From	To	Amount
Staff Development	Technology	$161,250
Professional Development	Finance	118,545
Professional Development	Technology	163,448
Professional Development	Title VI	650
Virtual Learning	General	215,021
Virtual Learning	Governance	8,750
Virtual Learning	Finance	191

6. Lease Commitments

As of June 30, 2008, the Interlocal leased office space under various non-cancelable operating leases. Future minimum lease payments required under the operating leases are as follows:

Year Ended June 30,	Amount
2009	$157,708
2010	154,311
2011	154,311
2012	154,311
2013	154,311
thereafter	180,985
Total minimum lease payments	$955,937

The Interlocal also has several month-to-month leases for various locations that are considered as operating leases with either party able to cancel with appropriate notice.

7. Compliance with Kansas Statutes

The Interlocal was in violation of K.S.A. 10-1117 and K.S.A. 10-1118, regarding maintenance of records to reflect money in each fund.

Management is aware of no other statutory violations for the period.

EDUCATIONAL SERVICES AND STAFF DEVELOPMENT
ASSOCIATION OF CENTRAL KANSAS
INTERLOCAL UNIFIED SCHOOL DISTRICT NO. 622
Notes to Financial Statements
Year Ended June 30, 2008

9. Long-term Debt

Changes in long-term debt for the year ended June 30, 2008 are reflected below. In the addition the future annual debt service requirements are disclosed.

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Capital Leases:										
Copiers	10.60%	7/9/2003	$ 18,281	7/9/2008	$ 4,807		$ 4,430		$ 377	$ 298
Copiers	10.90%	9/13/2004	7,709	10/13/2009	3,601		1,694		1,907	310
Copiers	7.70%	6/14/2004	91,837	7/13/2009	45,701		19,342		26,359	2,846
Copiers	7.70%	7/27/2004	8,710	7/13/2009	4,806		1,593		3,213	315
Computer Equipment	6.92%	7/10/2005	22,757	7/10/2007	7,570		7,570		-	606
Computer Equipment	6.70%	7/14/2006	81,798	8/14/2008	52,746		25,518		27,228	3,540
Computer Equipment	6.49%	3/23/2007	135,888	7/5/2010	135,888		39,516		96,372	1,763
Computer Software	11.13%	4/23/2007	151,206	6/23/2010	141,815		42,141		99,674	14,724
Copiers	7.00%	5/25/2007	101,688	4/25/2012	98,275		17,658		80,617	6,426
Copiers	7.00%	6/5/2007	16,568	6/5/2012	16,241		2,859		13,382	1,064
Copiers	6.41%	7/6/2007	46,814	9/6/2009	-	46,814	19,018		27,796	2,249
Copiers	7.47%	7/6/2007	19,017	12/6/2008	-	19,017	12,075		6,942	931
Copiers	6.99%	8/28/2007	78,335	8/28/2012	-	78,335	11,234		67,101	4,275
Copiers	7.12%	4/18/2008	39,489	4/18/2013	-	39,489	1,103		38,386	466
Copiers	6.90%	7/9/2007	129,080	7/9/2011	-	129,080	26,521		102,559	7,419
Copiers	11.73%	7/6/2007	10,249	3/6/2008	-	10,249	10,249		-	456
Copiers		3/13/2008	53,687	2/13/2013	-	53,687	3,579		50,108	
Total Capital Leases					511,450	376,671	246,100	-	642,021	47,688
Compensated Absences					32,352	-	-	75,963	108,315	-
Total Long-Term Debt					$ 543,802	$ 376,671	$ 246,100	$ 75,963	$ 750,336	$ 47,688

Annual Debt Service Requirements

	2009	2010	2011	2012	2013	Total
Principal:						
Capital Leases	$ 248,182	$ 192,925	$ 120,125	$ 62,962	$ 17,827	$ 642,021
Interest:						
Capital Leases	39,601	21,851	9,274	2,550	278	73,554
Total Principal and Interest	$ 287,783	$ 214,776	$ 129,399	$ 65,512	$ 18,105	$ 715,575