

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

**FINANCIAL STATEMENTS  
AND  
REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT**

June 30, 2011

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

FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011

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SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH - STATUTORY BASIS - CONTINUED  
 For the Year Ended June 30, 2011

Funds	Beginning		Cash Receipts	Expenditures	Ending		Outstanding Encumbrances and Payable	Ending Cash Balance
	Unencumbered Cash Balance	Cash			Unencumbered Cash Balance	Payable		
<b>Special revenue funds</b>								
Carl Perkins I	27	186,195	186,195	-	27	-	-	27
KELC Grant	(242)	8,504	9,861	-	(1,599)	-	-	(1,599)
Capital Outlay	30,465	63,500	47,285	-	46,681	-	-	46,681
Project CURB	-	119,673	119,673	-	-	-	-	-
FLAP Grant	-	132,334	132,334	-	-	-	-	-
Parents as Teachers	30	15,144	15,174	-	-	-	-	-
Title III - ESL	-	14,965	14,965	-	-	-	-	-
PEP Grant	-	81,630	81,630	-	-	-	-	-
Title IIA - Teacher Quality	-	8,864	8,864	-	-	4,999	-	4,999
Title IID - Education Technology	-	114	114	-	-	-	-	-
Tipton Community School	3,706	196,932	194,138	-	6,500	-	-	6,500
Carl Perkins Title I, Part A-R	27,287	-	-	-	27,287	-	-	27,287
<b>Total Reporting Entity</b>	<b>\$ 671,135</b>	<b>\$ 4,526,963</b>	<b>\$ 4,297,110</b>	<b>\$ 52,550</b>	<b>\$ 900,988</b>	<b>\$ 52,550</b>	<b>\$ 953,538</b>	<b>\$ 953,538</b>

**Composition of cash  
 Checking Accounts**  
 Sunflower Bank, N.A.

\$ 953,538

GENERAL FUNDS  
GENERAL

STATEMENT OF CASH RECEIPTS AND EXPENDITURES, ACTUAL AND BUDGET - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Cash receipts</b>			
Alternative education programs	\$ 437,210	\$ 450,000	\$ (12,790)
Annual assessments	134,861	150,000	(15,139)
Associate membership	22,467	-	22,467
Character Education Partnership	16,218	-	16,218
Consultant fees	243,238	225,000	18,238
Crisis Intervention	9,300	3,480	5,820
Environmental Compliance	13,903	-	13,903
E-Rate refund	3,636	-	3,636
Grant administration	21,336	25,000	(3,664)
Interest income	1,065	1,000	65
ITBS Scanning	2,634	-	2,634
Mandarian instruction	2,900	-	2,900
Miscellaneous income	74,331	70,000	4,331
Other services income	16,714	20,000	(3,286)
Program revenue	43,518	60,000	(16,482)
StarLab	800	1,000	(200)
Volume Purchasing	16,945	-	16,945
	<u>16,945</u>	<u>-</u>	<u>16,945</u>
 Total Cash Receipts	 <u>\$ 1,061,077</u>	 <u>\$ 1,005,480</u>	 <u>\$ 55,597</u>

**Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629**

Statement 2

GENERAL FUNDS (CONT'D)  
GENERAL

STATEMENT OF CASH RECEIPTS AND EXPENDITURES, ACTUAL AND BUDGET - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures</b>			
Administrative, board and staff expense	\$ 1,138	\$ 6,000	\$ 4,862
Consultants	12,085	-	(12,085)
Equipment	31,579	20,000	(11,579)
Fixed costs - COBRA paid insurance	936	-	(936)
Fixed costs - Employer paid insurance	41,621	53,000	11,379
Fixed costs - Payroll expenses	41,757	53,087	11,330
Insurance	24,273	27,000	2,727
Legal and accounting	12,745	10,000	(2,745)
Occupancy costs	79,706	87,000	7,294
Office expense	18,219	47,500	29,281
Other expenses	47,037	72,832	25,795
Salaries	456,899	504,266	47,367
Software	2,778	-	(2,778)
Summer school	12,464	-	(12,464)
Training	-	-	-
Travel	18,325	22,899	4,574
Operating Transfers	<u>50,000</u>	<u>50,000</u>	<u>-</u>
 Total Expenditures	 <u>851,561</u>	 <u>\$ 953,584</u>	 <u>\$ 102,023</u>
 Receipts Over (Under) Expenditures	 209,516		
 Unencumbered Cash, Beginning	 <u>572,742</u>		
 Unencumbered Cash, Ending	 <u>\$ 782,258</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**

Statement 2

GENERAL FUNDS  
PROFESSIONAL DEVELOPMENT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<b>Actual</b>
<b>Cash receipts</b>	
Book club revenue	\$ 1,100
Consultant fees	38,884
District on assistance consulting	62,700
Friends University Graduate Credit	36,090
KELPA	2,540
Miscellaneous income	188
MTSS revenue	84,497
NWEA revenue	1,015
Smoky Hill Adventure program	17,031
Travel revenue	4,732
Workshop fees	126,019
Total Cash Receipts	374,795
<b>Expenditures</b>	
Book club	719
Consultants	24,108
Copier	8,756
Equipment	1,306
Fixed costs - Payroll expenses	22,591
Friends University Graduate Credit	33,425
General program fees	33,794
Miscellaneous expense	6,491
MTSS expenses	14,723
Occupancy expenses	274
Postage	1,670
Salaries	158,047
Smoky Hill Adventure program	13,499
Special event expenses	10,845
Supplies	1,311
Training	3,515
Travel	29,462
Workshop supplies	10,262
Total Expenditures	374,795
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 2

GENERAL FUNDS  
ITBS SCANNING FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Scanning revenue	\$ 3,279
 <b>Expenditures</b>	
General program fees	2,634
Postage	17
Supplies and materials	544
Travel	<u>83</u>
 Total Expenditures	<u>3,279</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**

GENERAL FUNDS  
VOLUME PURCHASING - SOFTWARE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Learn 360 district subscriptions	\$ 14,039
Return from CSI	3,682
Return from e-Academy	321
SOCS commission	<u>2,919</u>
 Total Cash Receipts	<u>20,960</u>
 <b>Expenditures</b>	
General program fees	14,082
Learn 360 subscriptions	<u>6,878</u>
 Total Expenditures	<u>20,960</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**

Statement 2

GENERAL FUNDS  
VOLUME PURCHASING - HARDWARE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Haddock Computers - 2% Fee	\$ 245
Return from CSI - hardware	5,932
Program fees	<u>12,261</u>
Total Cash Receipts	<u>18,438</u>
<b>Expenditures</b>	
ENO Whiteboard	2,000
General program fees	4,162
Travel	<u>14</u>
Total Expenditures	<u>6,177</u>
Receipts Over (Under) Expenditures	12,261
Unencumbered Cash, Beginning	<u>(12,261)</u>
Unencumbered Cash, Ending	<u>\$ -</u>

**Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629**

GENERAL FUNDS  
VOLUME PURCHASING PLAN FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Volume purchasing district administrative fee	\$ 5,173
Volume purchasing vendor administrative fee	<u>37,611</u>
Total Cash Receipts	<u>42,784</u>
<b>Expenditures</b>	
eSchool Mall bid award fees	3,908
Fixed costs - Payroll expenses	1,984
General program fees	(1,300)
Salaries	28,872
Software	7,974
Travel	397
Volume purchasing fees to ESC	<u>948</u>
Total Expenditures	<u>42,784</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

Statement 2

GENERAL FUNDS  
TEACHER ENHANCEMENT & RETENTION PROGRAM FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
BTMT - year one program	\$ 8,400
BTMT - year two program	<u>875</u>
 Total Cash Receipts	 <u>9,275</u>
 <b>Expenditures</b>	
Fixed costs - Payroll expenses	574
General program fees	1,094
Salaries	6,863
Supplies	92
Travel	172
Workshop expenses	<u>480</u>
 Total Expenditures	 <u>9,275</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

Statement 2

GENERAL FUNDS  
ENVIRONMENTAL COMPLIANCE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash Receipts</b>	
Memberships	\$ 23,000
Other income	508
Workshop fees	<u>3,195</u>
 Total Cash Receipts	 <u>26,703</u>
 <b>Expenditures</b>	
Curriculum	363
Fixed costs - Payroll expenses	90
General program fees	13,903
Other expenses	88
Salaries	8,952
Supplies and materials	2,224
Training	580
Travel	<u>505</u>
 Total Expenditures	 <u>26,703</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**

Statement 2

GENERAL FUNDS  
DICKINSON COUNTY LEARNING EXCHANGE - CHARTER SCHOOL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
District FTE flow through	\$ <u>10,000</u>
<b>Expenditures</b>	
Miscellaneous expense - GPF	<u>10,000</u>
Total Expenditures	<u>10,000</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**

GENERAL FUNDS  
E-RATE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Program revenue	\$ <u>48,868</u>
<b>Expenditures</b>	
Fixed costs - Payroll expenses	7,888
General program fees	(32,188)
Postage	111
Salaries	71,812
Supplies and materials	471
Travel	<u>773</u>
Total Expenditures	<u>48,868</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**

Statement 2

GENERAL FUNDS  
POWERSCHOOL PROGRAM

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
In-District workshops	\$ 600
PowerSchool consultant services	2,198
PowerSchool user's group	1,910
Travel revenue	<u>535</u>
Total Cash Receipts	<u>5,243</u>
<b>Expenditures</b>	
General program fees	4,888
Training	65
Travel	<u>290</u>
Total Expenditures	<u>5,243</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**

GENERAL FUNDS  
INTEGRATED INSTRUCTIONAL TECHNOLOGY PROGRAM

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Other income	\$ 3
Technology Cadre	4,380
Travel revenue	3,150
Workshop fees	<u>51,247</u>
Total Cash Receipts	<u>58,780</u>
<b>Expenditures</b>	
Equipment	1,002
General program fees	(12,718)
Fixed costs - Payroll expenses	4,796
Salaries	61,117
Supplies/materials	386
Training	855
Travel	<u>3,342</u>
Total Expenditures	<u>58,780</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**

Statement 2

GENERAL FUNDS  
INFORMATION TECHNOLOGY PROGRAM FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Consultant fees	\$ 41,400
Other services income	448
Tech services - Hill City	10,528
Travel revenue - Hill City	<u>3,512</u>
Total Cash Receipts	<u>55,888</u>
<b>Expenditures</b>	
General program fees	15,817
Fixed costs - Payroll expenses	5,976
Salaries	32,700
Supplies	22
Travel	<u>1,373</u>
Total Expenditures	<u>55,888</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**

GENERAL FUNDS  
DISTANCE LEARNING PROGRAM

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Distance learning revenue	\$ 5,146
Other income	<u>168</u>
Total Cash Receipts	<u>5,313</u>
<b>Expenditures</b>	
General program fees	4,638
Memberships	25
Other expenses	12
Supplies	441
Training	50
Travel	<u>147</u>
Total Expenditures	<u>5,313</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

Statement 2

GENERAL FUNDS  
FAST FORWARD FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>ACTUAL</u>
<b>Cash receipts</b>	
FFWD Annual Progress Tracker & Updates	\$ 32,650
Other fees	1,393
Software licensing fees	15,215
Training fees	<u>4,305</u>
Total Cash Receipts	<u>53,563</u>
<b>Expenditures</b>	
Annual progress fee	33,133
Program fees	11,468
Software	8,565
Travel	<u>396</u>
Total Expenditures	<u>53,563</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

Statement 2

GENERAL FUNDS  
 ALP FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
 For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
District FTE flow through	\$ 89,290
Registration and course fees	<u>772</u>
 Total Cash Receipts	 <u>90,062</u>
 <b>Expenditures</b>	
Advertising	34
Consultants	3,000
Curriculum	1,167
Fixed costs - Payroll expenses	2,578
FTE Audit Adjustments	3,715
Insurance	500
Miscellaneous expense - GPF	25,080
Other administrative services	4,000
Rent	1,000
Salaries	25,657
Software	20,153
Student training expense	130
Supplies	32
Technical services	3,000
Travel	<u>16</u>
 Total Expenditures	 <u>90,062</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.

GENERAL FUNDS  
THE LEARNING CENTER @ DICKINSON COUNTY LEARNING EXCHANGE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
District FTE flow through	\$ 32,393
Registration and course fees	3,518
Other income	<u>53</u>
 Total Cash Receipts	 <u>35,965</u>
 <b>Expenditures</b>	
Advertising	176
Copier	25
Fixed costs - Payroll expenses	3,129
FTE Audit adjustments	608
Miscellaneous expense - GPF	8,829
Rent	850
Salaries	22,039
Supplies	33
Training	265
Travel	59
Utilities	<u>117</u>
 Total Expenditures	 <u>36,130</u>
 Receipts Over (Under) Expenditures	 (165)
 Unencumbered Cash, Beginning	 <u>-</u>
 Unencumbered Cash, Ending	 <u>\$ (165)</u>

**Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629**

Statement 2

GENERAL FUNDS  
THE LEARNING CENTER @ SMOKY HILL EDUCATION SERVICE CENTER FUND  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<b>Actual</b>
<b>Cash receipts</b>	
Achieve3000 classes	\$ 22,500
District FTE flow through	346,776
Registration and course fees	13,865
Other income	55
Plato classes	89,017
Total Cash Receipts	472,213
<b>Expenditures</b>	
Advertising	618
Consultants	6,000
Copier	511
Curriculum	5,100
ELL advertising	335
Fixed costs - Payroll expenses	31,168
FTE Audit adjustment	24,444
Insurance	1,000
Internet access	23
Miscellaneous expense - GPF	172,219
Other administrative services	20,000
Other expense	20
Other office expense	1,172
Postage	1,158
Rent	12,000
Repairs	322
Salaries	172,907
Software	21,862
Student expense	391
Supplies and materials	1,274
Technical services	6,000
Telephone	738
Training	2,072
Travel	259
Total Expenditures	481,593
Receipts Over (Under) Expenditures	(9,380)
Unencumbered Cash, Beginning	49,380
Unencumbered Cash, Ending	\$ 40,000

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**

Statement 2

GENERAL FUNDS  
SMITH COUNTY LEARNING CENTER FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<b>Actual</b>
<b>Cash receipts</b>	
District FTE flow through	\$ 269,945
Registration and course fees	1,470
 Total Cash Receipts	 271,415
 <b>Expenditures</b>	
Advertising	202
Consultants	6,000
Copier	325
Curriculum	1,500
Fixed costs - Payroll expenses	9,124
FTE Audit adjustments	5,070
Insurance	1,000
Internet access	1,200
Miscellaneous expense - GPF	151,477
Other administrative services	8,000
Other expenses	315
Postage	70
Rent	6,000
Salaries	50,369
Software	20,153
Supplies and materials	243
Technical Services	6,000
Telephone	142
Travel	4,123
Utilities	102
 Total Expenditures	 271,415
 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 2

GENERAL FUNDS  
ST. FRANCIS ACADEMY - ELLSWORTH JUVENILE DETENTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Miscellaneous income	\$ 46,413
Unified School District No. 327 FTE flow through	<u>197,681</u>
 Total Cash Receipts	 <u>244,094</u>
 <b>Expenditures</b>	
Consultants	4,000
Curriculum	166
Fixed costs - Payroll expenses	10,342
Indirect costs	8,425
Other administrative services	9,500
Other expenses	(20,701)
Postage	500
Salaries	131,266
Software	9,300
SPED Services	84,112
Technical services	4,000
Telephone	1,000
Travel	<u>2,184</u>
 Total Expenditures	 <u>244,094</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

Statement 2

GENERAL FUNDS  
ST. FRANCIS ACADEMY - ELLSWORTH TITLE I FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Unified School District No. 327 FTE flow through	\$ 68,368
<b>Expenditures</b>	
Consultants	4,000
Curriculum	7,176
Fixed costs - Payroll expenses	8,577
Indirect costs	2,393
Other administrative services	9,500
Salaries	30,722
Supplies and materials	2,000
Technical services	4,000
	<u>68,368</u>
Total Expenditures	<u>68,368</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

Statement 2

GENERAL FUNDS  
ST. FRANCIS ACADEMY - SALINA JUVENILE DETENTION FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Miscellaneous income	\$ 72,118
Unified School District No. 305 FTE flow through	<u>164,102</u>
 Total Cash Receipts	 <u>236,220</u>
 <b>Expenditures</b>	
Equipment	3,544
Fixed costs - Payroll expenses	6,597
Indirect costs	8,426
Other administrative services	7,800
Other expenses	44,949
Postage	500
Salaries	81,747
Software	9,637
SPED services	72,118
Telephone	600
Travel	<u>302</u>
 Total Expenditures	 <u>236,220</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**

Statement 2

GENERAL FUNDS  
ST. FRANCIS ACADEMY - SALINA TITLE I FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<b>Actual</b>
<b>Cash receipts</b>	
Unified School District No. 305 ARRA funds	\$ 17,915
Unified School District No. 305 Title I flow through	57,886
USD No. 305 ARRA funds-Salina Youth Care	8,880
USD No. 305 Title I funds-Salina Youth Care	15,008
 Total Cash Receipts	 99,689
<b>Expenditures</b>	
Consultants	4,000
Copier	2,222
Curriculum	5,886
Fixed costs - Payroll expenses	9,408
Indirect costs	3,389
Other administrative services	9,700
Salaries	57,064
Supplies and materials	4,020
Technical services	4,000
 Total Expenditures	 99,689
 Receipts Over (Under) Expenditures	 -
 Unencumbered Cash, Beginning	 -
 Unencumbered Cash, Ending	 \$ -

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

## Interlocal School District No. 629

GENERAL FUNDS  
ST. FRANCIS ACADEMY - SALINA TITLE I FUND (CARRYOVER FUNDS)

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<b>Actual</b>
<b>Cash receipts</b>	
USD No. 305 Title I flow through - carryover funds	\$ 18,211
 <b>Expenditures</b>	
Consultants	2,500
Curriculum	4,995
Fixed costs - Payroll expenses	876
Indirect costs	637
Salaries	6,703
Technical services	2,500
 Total Expenditures	 18,211
 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 2

GENERAL FUNDS  
THE LEARNING CENTER @ SALINE COUNTY JAIL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Unified School District No. 305 FTE flow through	\$ 101,748
<b>Expenditures</b>	
Consultants	6,000
Curriculum	1,000
Fixed costs - Payroll expenses	5,760
FTE Audit adjustments	1,911
Internet service	770
Other administrative services	6,000
Other expenses	2,444
Postage	928
Salaries	65,936
Software	5,000
Technical services	6,000
	<u>101,748</u>
Total Expenditures	<u>101,748</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**

GENERAL FUNDS  
JUVENILE DETENTION CENTER - SALINA FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Unified School District No. 305 - JDC	\$ 60,000
<b>Expenditures</b>	
Equipment	449
Fixed costs - Payroll expenses	4,667
Other expense	23,290
Salaries	31,167
Supplies and materials	428
	<u>60,000</u>
Total Expenditures	<u>60,000</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

Statement 2

GENERAL FUNDS  
TIPTON ACADEMY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Unified School District No. 272 FTE flow through	\$ 98,899
<b>Expenditures</b>	
Consultants	4,000
Curriculum	3,500
Equipment	80
Fixed costs - Payroll expenses	12,307
FTE Audit adjustments	1,911
Other administrative services	6,000
Other expense	277
Salaries	64,885
Software	1,383
Technical Services	4,000
Travel	557
	<u>98,899</u>
Total Expenditures	<u>98,899</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

Statement 2

GENERAL FUNDS  
MEADOWLARK ACADEMY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Unified School District No. 239 FTE flow through	\$ 83,060
<b>Expenditures</b>	
Curriculum	2,000
Fixed costs - Payroll expenses	3,710
FTE Audit adjustment	17,860
Other expense	24,678
Salaries	32,180
Software	1,383
Supplies and materials	255
Travel	995
	<u>83,060</u>
Total Expenditures	<u>83,060</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

Statement 2

GENERAL FUNDS  
ROSETTA STONE FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Foreign language class	\$ 200
License Ticket Revenue	<u>24,000</u>
 Total Cash Receipts	 <u>24,200</u>
 <b>Expenditures</b>	
Program fees	7,700
Software tickets	<u>16,500</u>
 Total Expenditures	 <u>24,200</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

Statement 3

SPECIAL REVENUE FUNDS  
CARL PERKINS I FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Federal aid	
Vocational Education - Basic Grants to States	<u>\$ 186,195</u>
<b>Expenditures</b>	
Equipment	65,937
Fixed costs - Payroll expenses	3,111
Memberships	2,400
Other administrative services	9,309
Registration fees	12,238
Resources	10,017
Salaries	36,430
Software	10,355
Substitutes	8,000
Travel	<u>28,398</u>
Total Expenditures	<u>186,195</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>27</u>
Unencumbered Cash, Ending	<u>\$ 27</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**

Statement 3

SPECIAL REVENUE FUNDS  
KELC GRANT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
State Aid	
KELC Grant Funds	\$ 7,657
Unified School District No. 307 match	<u>847</u>
Total Cash Receipts	<u>8,504</u>
<b>Expenditures</b>	
Fixed costs - Payroll expenses	663
Salaries	5,950
Supplies/materials	1,060
Training	775
Travel	<u>1,414</u>
Total Expenditures	<u>9,861</u>
Receipts Over (Under) Expenditures	(1,357)
Unencumbered Cash, Beginning	<u>(242)</u>
Unencumbered Cash, Ending	\$ <u>(1,599)</u>

**Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629**

Statement 3

SPECIAL REVENUE FUNDS  
CAPITAL OUTLAY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Rent income	\$ 13,500
Transfer from General Fund	<u>50,000</u>
Total Cash Receipts	<u>63,500</u>
<b>Expenditures</b>	
Debt service - Principal	38,680
Debt service - Interest	<u>8,605</u>
Total Expenditures	<u>47,285</u>
Receipts Over (Under) Expenditures	16,215
Unencumbered Cash, Beginning	<u>30,465</u>
Unencumbered Cash, Ending	\$ <u>46,681</u>

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

SPECIAL REVENUE FUNDS  
PROJECT CURB FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Federal aid	
Changing Use and Risky Behavior	\$ 119,673
<b>Expenditures</b>	
Consultants	56,000
Fixed costs - Payroll expenses	3,500
Other administrative services	5,708
Salaries	25,000
Software	1,920
Supplies/materials	3,779
Travel	<u>23,766</u>
Total Expenditures	<u>119,673</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

Statement 3

SPECIAL REVENUE FUNDS  
FLAP GRANT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Federal aid	
Foreign Languages Assistance Program	\$ 132,334
<b>Expenditures</b>	
Curriculum	12,015
Equipment	9,500
Fixed costs - Payroll expenses	2,488
Marketing consultant	18,000
Other administrative services	5,665
Other expenses	2,000
Project evaluator	4,165
Room rental	750
Salaries	69,625
Supplies	4,183
Travel	3,943
Total Expenditures	<u>132,334</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.

SPECIAL REVENUE FUNDS  
PARENTS AS TEACHERS FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
State aid	
Parent Education Program	\$ 9,144
Unified School District No. 307 match	<u>6,000</u>
 Total Cash Receipts	 <u>15,144</u>
 <b>Expenditures</b>	
Consultants	100
Copier	100
Fixed costs - Payroll expenses	1,053
Postage	100
Refund Ell-Saline, reduction in funding	56
Salaries	11,700
Supplies and materials	1,084
Telephone	200
Training	240
Travel	<u>541</u>
 Total Expenditures	 <u>15,174</u>
 Receipts Over (Under) Expenditures	 (30)
 Unencumbered Cash, Beginning	 <u>30</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**

Statement 3

SPECIAL REVENUE FUNDS  
TITLE III - ESL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Federal Aid	
Title III - ESL	\$ 14,965
<b>Expenditures</b>	
Consultants	10,575
Other administrative services	299
Supplies and materials	1,291
Travel	<u>2,800</u>
Total Expenditures	<u>14,965</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**

SPECIAL REVENUE FUNDS  
PEP GRANT FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Federal Aid	
SPARK - Standards-based Physical Activity for Rural Kids	\$ 81,630
<b>Expenditures</b>	
Consultants	48,046
Fixed costs - Payroll expenses	1,711
Salaries	7,445
Supplies	9,622
Travel	<u>14,806</u>
Total Expenditures	<u>81,630</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<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**

Statement 3

SPECIAL REVENUE FUNDS  
TITLE IIA - TEACHER QUALITY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Federal Aid	
Tite IIA - teacher quality	\$ 8,864
<b>Expenditures</b>	
Other administrative services	351
Purchased services	<u>8,513</u>
Total Expenditures	<u>8,864</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**

SPECIAL REVENUE FUNDS  
TITLE IID - EDUCATION TECHNOLOGY FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Federal aid	
Title IID - education technology	\$ 114
<b>Expenditures</b>	
Other administrative services	4
Purchased services	<u>110</u>
Total Expenditures	<u>114</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**

Statement 3

SPECIAL REVENUE FUNDS  
TIPTON COMMUNITY SCHOOL FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<b>Actual</b>
<b>Cash receipts</b>	
Other income - salary reimbursement	\$ 5,932
Unified School District No. 272 FTE flow through	191,000
 Total Cash Receipts	 196,932
 <b>Expenditures</b>	
Consultants	3,000
Copier	1,050
Curriculum	1,201
Fixed costs - Payroll expenses	18,918
Internet access	49
Other administrative services	15,000
Other office expense	237
Postage	182
Repairs	324
Salaries	149,993
Student expenses	325
Supplies and materials	1,913
Telephone	744
Training	670
Travel	532
 Total Expenditures	 194,138
 Receipts Over (Under) Expenditures	 2,793
 Unencumbered Cash, Beginning	 3,706
 Unencumbered Cash, Ending	 \$ 6,500

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 3

SPECIAL REVENUE FUNDS  
CARL PERKINS TITLE I, PART A-R FUND

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - STATUTORY BASIS  
For the Year Ended June 30, 2011

	<u>Actual</u>
<b>Cash receipts</b>	
Federal Aid	
Carl Perkins Title I, Part A-R	\$ -
<b>Expenditures</b>	<u>-</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>27,287</u>
Unencumbered Cash, Ending	<u>\$ 27,287</u>

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

STATEMENT OF CHANGES IN LONG TERM DEBT - STATUTORY BASIS  
 For the Year Ended June 30, 2011

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	\$ 167,086	\$ -	\$ 38,680	\$ (38,680)	\$ 128,407	\$ 8,605
Total Indebtedness			362,474		167,086	-	38,680	(38,680)	128,407	8,605
Total Long-Term Debt			\$ 362,474		\$ 167,086	\$ -	\$ 38,680	\$ (38,680)	\$ 128,407	\$ 8,605

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

SCHEDULE OF MATURITY OF LONG TERM DEBT - STATUTORY BASIS  
 For the Year Ended June 30, 2011

	2012	2013	2014	Total
Principal				
Capital Leases	\$ 40,672	\$ 42,766	\$ 44,969	\$ 128,407
Interest				
Capital Leases	<u>6,613</u>	<u>4,518</u>	<u>2,316</u>	<u>13,447</u>
Total Principal and Interest	<u>\$ 47,285</u>	<u>\$ 47,285</u>	<u>\$ 47,285</u>	<u>\$ 141,854</u>

**Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**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 nine 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 it is unaudited at June 30, 2011.

**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, 2011

**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**

Cash is deposited in Sunflower Bank, N.A. The Interlocal held no investments during the year ending June 30, 2011.

**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.

**E. Receipts and Expenditures**

**1. Ad Valorem Tax Revenue**

The Interlocal does not have taxing 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.

**Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

**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 Interlocal.

There are apparent cash basis violations (K.S.A. 10-1113) in the following listed fund:

KELC Grant	\$ (1,599)
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This fund records federal monies and therefore is exempt from the cash basis statute per K.S.A. 12-1664.

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.

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. All deposits were legally secured at June 30, 2011.

**Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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

**A. Deposits and Investments - continued**

**Deposits - continued**

At year-end, the carrying amount of Smoky Hill Central Kansas Education Service Center deposits was \$953,538. The bank balance was \$994,808. 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, \$779,001 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Interlocal's name, with \$248,140 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.

Cash is deposited in Sunflower Bank, N.A. The Interlocal did not have any investments at June 30, 2011.

**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, 2011.

**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 \$43,988.

Minimum future rental payments under operating leases as of June 30, 2011 are:

<u>June 30,</u>	<u>Copiers</u>	<u>Vehicles</u>	<u>Buildings</u>	<u>Total</u>
2012	\$ 1,034	\$ 7,492	\$ 32,700	\$ 41,226
2013	-	7,492	10,800	18,292
2014	-	1,873	-	1,873
	<u>\$ 1,034</u>	<u>\$ 16,857</u>	<u>\$ 43,500</u>	<u>\$ 61,391</u>

**Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

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

**C. General Long-Term Debt**

At June 30, 2011, 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, 2011 were as follows:

	<u>Balance July 1 2010</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance June 30 2011</u>	<u>Interest Paid</u>
Franklin Bld	\$ 167,086	-	\$ 38,680	\$ 128,407	\$ 8,605
	<u>\$ 167,086</u>	<u>\$ -</u>	<u>\$ 38,680</u>	<u>\$ 128,407</u>	<u>\$ 8,605</u>

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

<u>June 30,</u>	<u>General Obligation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 40,672	\$ 6,613	\$ 47,285
2013	42,766	4,518	47,285
2014	44,969	2,316	47,285
	<u>\$ 128,407</u>	<u>\$ 13,447</u>	<u>\$ 141,854</u>

Effective May 27, 2010, Koch Financial Corporation assigned and sold the Lease Purchase Agreement dated May 10, 2004, to Banc of America Public Capital Corp.

**IV. OTHER INFORMATION**

**A. Defined Benefit Pension Plan**

*Plan description.* The District 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.

**Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629**

**NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**IV. OTHER INFORMATION - continued**

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

*Funding Policy.* K.S.A.74-4919 establishes the KPERS member-employee contribution rate at 4% for employees hired before July 1, 2009 and 6% for those hired after July 1, 2009 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 9.17% 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, 2001, 2010, and 2009, were \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year. For year ended June 30, 2011, \$64,969,692 of the \$253,834,044 was contributed by July 12, 2011.

**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. Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the Interlocal allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the interlocal is subsidizing the retirees because each participant is charged a level 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 Interlocal under this program.

**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.

**Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2011

**IV. OTHER INFORMATION - continued**

**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, 2011.

**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.

**H. Interfund Transfers**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Capital Outlay	K.S.A. 72-6428	\$ 50,000

**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, 2011 there are no transactions between the Interlocal and the Smoky Hill Education Foundation.

**J. Subsequent events**

The District has evaluated subsequent events through November 10, 2011, the date the financial statements were available to be issued.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2011

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Revenues	Expenditures
U.S. Department of Education:			
Changing Use and Risky Behavior	84.184A	\$ 119,673	\$ 120,309
Standards-based Physical Activity for Rural Kids	84.215F	81,630	81,930
Foreign Language Acquisition Program	84.293B	132,334	132,334
Pass-through program from State of Kansas Department of Education			
Vocational Education - Basic Grants to States	84.048	186,195	186,195
Character Education Initiative	84.215	14,889	14,889
Title IID - Technology Literacy	84.318	114	114
Title III - English Language Acquisition	84.365	14,965	15,384
Title IIA - Improving Teacher Quality	84.367	8,864	9,302
 Total Expenditures of Federal Awards		\$ 558,664	\$ 560,457

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.

# Thomas G. Arnett, CPA, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Executive Committee  
Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629  
Salina, Kansas 67401

I have audited the accompanying financial statements of the individual funds of Smoky Hill Central Kansas Education Service Center as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the Interlocal's primary government as listed in the table of contents. These financial statements are the responsibility of the Interlocal's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

The financial statements do not include financial data for the Interlocal's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the Interlocal's primary government unless the Interlocal also issues financial statements for the financial reporting entity that include the financial data for its component unit. The Interlocal has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the discretely presented component unit would have been reported as \$55,598, \$0, \$55,598, \$11,239 and \$5,653 respectively.

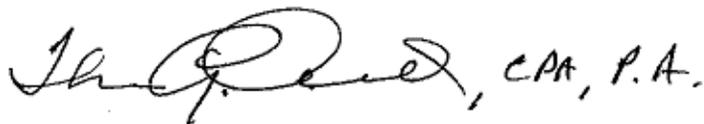
As described in Note I-B, the Interlocal has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, Division of Accounts and Reports, which practices differ from accounting principles generally accepted in the United States of America. The effects 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 my opinion, because of the effects of the matter discussed in the preceding paragraphs, 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 Smoky Hill Central Kansas Education Service Center as of June 30, 2011 or the changes in its financial position for the year then ended.

In my opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the individual funds of the primary government of Smoky Hill Central Kansas Education Service Center as of June 30, 2011, and its cash receipts and expenditures, for the year then ended on the basis of accounting described in Note I-B.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 10, 2011, on my consideration of the Interlocal's internal control over financial reporting and on my 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 my 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 my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements of the Interlocal, 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 State, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting 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 my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, reading "J. P. Reed, CPA, P.A.". The signature is written in a cursive style with a large, looped initial "J".

Salina, Kansas  
November 10, 2011

# Thomas G. Arnett, CPA, P.A.

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Committee  
Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629  
Salina, Kansas 67401

I have audited the financial statements of Smoky Hill Central Kansas Education Service Center as of and for the year ended June 30, 2011, and have issued my report thereon dated November 10, 2011. The Interlocal prepares its financial statements on a basis of accounting which 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. I conducted the audit in accordance with auditing standards generally accepted in the United States of America 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 my audit, I considered Interlocal's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Interlocal's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Interlocal's internal control over financial reporting.

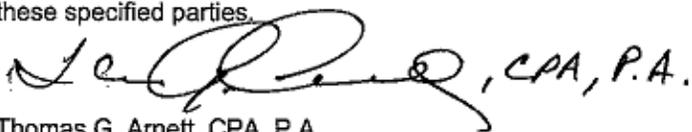
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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.

My 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 the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Interlocal's financial statements are free of material misstatement, I 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 my audit, and accordingly I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

  
Thomas G. Arnett, CPA, P.A.

Salina, Kansas  
November 10, 2011

# Thomas G. Arnett, CPA, P.A.

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Executive Committee  
Smoky Hill Central Kansas Education Service Center  
Interlocal School District No. 629  
Salina, Kansas 67401

### Compliance

I have audited the compliance of Smoky Hill Central Kansas Education Service Center, Interlocal School District No. 629, with the types of compliance requirements described *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Interlocal's 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 of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Interlocal's management. My responsibility is to express an opinion on the Interlocal's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Interlocal's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Interlocal's compliance with those requirements.

In my opinion, the Interlocal complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

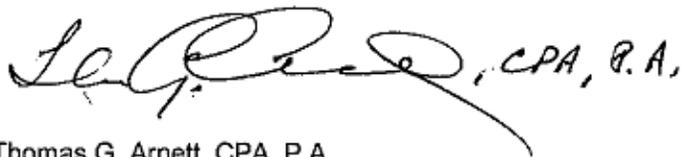
### Internal Control Over Compliance

The management of the Interlocal is responsible for establishing and maintaining effective internal control and to test and report on internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the Interlocal's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine my auditing procedures for the purpose of expressing my 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, I do not express an opinion on the effectiveness of the Interlocal's 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weakness, as defined above.

This report is intended solely for the information and use of management, the Executive Committee 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.

A handwritten signature in black ink, appearing to read 'T. G. Arnett, CPA, P.A.', with a long, sweeping underline that extends to the right.

Thomas G. Arnett, CPA, P.A.

Salina, Kansas  
November 10, 2011

SMOKY HILL CENTRAL KANSAS EDUCATION SERVICE CENTER  
 Interlocal School District No. 629  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2011

SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued:	Unqualified
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:

<b>CFDA Number</b>	<b>Name of Federal Program</b>	<b>Amount</b>
84.184A	Changing Use and Risky Behavior	\$120,309
84.215F	Standards-based Physical Activity for Rural Kids	\$81,930
84.293B	Foreign Language Acquisition Program	\$132,334
Dollar threshold used to distinguish between Type A and Type B programs		\$300,000
Auditee qualified as a low-risk auditee?		No