

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
HOWARD, KANSAS

FINANCIAL STATEMENTS
JUNE 30, 2011

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

**Board of Education
West Elk Unified School District No. 282
Howard, Kansas**

We have audited the accompanying financial statements of **West Elk Unified School District No. 282, Howard, Kansas**, as of and for the year ended **June 30, 2011**, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative financial information has been derived from the District's 2010 financial statements and, in our report dated September 30, 2010, we expressed an unqualified opinion that the financial statements were fairly presented in accordance with the cash basis and budget laws of the State of Kansas.

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

As described more fully in Note 1, **West Elk Unified School District No. 282, Howard, Kansas**, has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

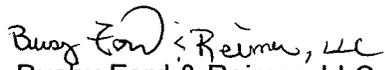
In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **West Elk Unified School District No. 282, Howard, Kansas**, as of **June 30, 2011**, or changes in financial position for the year then ended.

**Board of Education
West Elk Unified School District No. 282**

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **West Elk Unified School District No. 282, Howard, Kansas**, as of **June 30, 2011**, and its cash receipts and expenditures and budgetary comparisons, for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012, on our consideration of **West Elk Unified School District No. 282, Howard, Kansas**, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of **West Elk Unified School District No. 282, Howard, Kansas**, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.


Busby Ford & Reimer, LLC
February 6, 2012

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		Ending Cash Balance
						Outstanding Encumbrances and Accounts Payable	Ending Cash Balance	
General Fund	\$ (202,599)	\$ 186	\$ 3,326,001	\$ 3,339,053	\$ (215,465)	\$ 12,918	\$ 0	\$ (202,547)
Special Revenue Funds								
Supplemental General At Risk (4 Year Old)	(65,095)	3,914	1,095,365	1,048,177	(13,993)	149,679	0	135,686
At Risk (K-12)	0	0	16,500	16,500	0	0	0	0
Capital Outlay	418,214	580	394,988	312,979	82,009	0	0	82,009
Driver Training	4,372	0	374,176	36,148	756,822	18,074	0	774,896
Food Service	83,972	20	2,000	4,203	2,169	0	0	2,169
Professional Development	139	0	192,262	209,254	67,000	10	0	67,010
Special Education	100,000	0	0	139	0	0	0	0
Vocational Education	0	0	762,127	762,127	100,000	28,173	0	128,173
Special Education Cooperative	860,312	0	136,934	136,934	0	0	0	0
KPERS Contribution	0	86	2,123,574	2,038,532	945,440	0	0	945,440
Federal Funds	0	0	362,213	362,213	0	0	0	0
Gifts and Grants	143,076	935	211,096	212,031	0	29,024	0	29,024
Contingency Reserve	190,080	0	1,711	6,358	138,429	0	0	138,429
Textbook and Student Material Revolving	21,837	0	9,646	5,280	176,969	9,230	0	186,199
District Activity Funds	6,416	0	30,024	28,779	26,203	0	0	26,203
	<u>\$ 1,560,724</u>	<u>\$ 0</u>	<u>\$ 9,038,617</u>	<u>\$ 8,531,818</u>	<u>\$ 2,073,244</u>	<u>\$ 247,108</u>	<u>\$ 2,320,352</u>	<u>\$ 2,320,352</u>

Composition of Cash:

Checking Accounts	\$ 683,469
Savings Accounts	1,144,253
Certificates of Deposit	505,000
	<u>2,332,722</u>
Agency Funds	<u>(12,370)</u>
	<u>\$ 2,320,352</u>

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Certified Budget	Adjustment to		Adjustment for		Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Favorable (Unfavorable)
		Comply with Legal Max	Legal Max	Qualifying Budget Credits	Qualifying Budget Credits			
General Fund	\$ 3,303,080	\$ (143,244)	\$	179,217	\$	3,339,053	\$	\$ 0
Special Revenue Funds								
Supplemental General	1,048,177	0	0	0	1,048,177	1,048,177	0	0
At Risk (4 Year Old)	16,500	0	0	0	16,500	16,500	0	0
At Risk (K-12)	317,000	0	0	0	317,000	312,979	4,021	4,021
Capital Outlay	590,113	0	0	0	590,113	36,148	553,965	553,965
Driver Training	4,365	0	0	0	4,365	4,203	162	162
Food Service	255,700	0	0	7,405	263,105	209,254	53,851	53,851
Professional Development	139	0	0	0	139	139	0	0
Special Education	1,128,000	0	0	0	1,128,000	762,127	365,873	365,873
Vocational Education	130,000	0	0	6,934	136,934	136,934	0	0
Special Education Cooperative	2,287,350	0	0	0	2,287,350	2,038,532	248,818	248,818
KPERS Contribution	308,356	0	0	0	308,356	362,213	(53,857)	(53,857)
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	212,031	XXXXXXXXXX	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	6,358	XXXXXXXXXX	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	13,111	XXXXXXXXXX	XXXXXXXXXX
Textbook and Student Material								
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	5,280	XXXXXXXXXX	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	28,779	XXXXXXXXXX	XXXXXXXXXX
	\$ 9,388,780	\$ (143,244)	\$	193,556	\$ 9,439,092	\$ 8,531,818	\$	\$ 1,172,833

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>General Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 340,327	\$ 465,553	\$ 292,967	\$ 172,586
County Sources	794	734	0	734
State Sources	2,978,544	2,709,344	2,955,453	(246,109)
Federal Sources	151,696	150,370	54,660	95,710
	<u>3,471,361</u>	<u>3,326,001</u>	<u>\$ 3,303,080</u>	<u>\$ 22,921</u>
Expenditures				
Instruction	1,122,852	1,052,476	\$ 1,051,526	\$ (950)
Student Support Services	11,507	16,957	11,400	(5,557)
Instructional Support Staff	10,175	12,611	11,500	(1,111)
General Administration	248,118	336,394	271,548	(64,846)
School Administration	298,049	209,752	221,500	11,748
Operations & Maintenance	331,102	259,956	296,300	36,344
Student Transportation Services	268,925	241,351	283,806	42,455
Transfers	994,817	1,209,556	1,155,500	(54,056)
Adjustment to Comply With Legal Max	0	0	(143,244)	(143,244)
Adjustment for Qualifying Budget Credits	0	0	179,217	179,217
	<u>3,285,545</u>	<u>3,339,053</u>	<u>\$ 3,339,053</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	185,816	(13,052)		
Unencumbered Cash, Beginning	(388,415)	(202,599)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>186</u>		
Unencumbered Cash, Ending	<u>\$ (202,599)</u>	<u>\$ (215,465)</u>		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Supplemental General Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 551,201	\$ 528,248	\$ 510,514	\$ 17,734
County Sources	72,950	76,995	86,066	(9,071)
State Sources	326,565	490,122	425,266	64,856
Federal Sources	118,628	0	0	0
	<u>1,069,344</u>	<u>1,095,365</u>	<u>\$ 1,021,846</u>	<u>\$ 73,519</u>
Expenditures				
Instruction	374,177	492,688	\$ 545,177	\$ 52,489
General Administration	83,249	12,381	15,000	2,619
Operations & Maintenance	91,491	109,925	0	(109,925)
Transfers	519,808	433,183	488,000	54,817
	<u>1,068,725</u>	<u>1,048,177</u>	<u>\$ 1,048,177</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	619	47,188		
Unencumbered Cash, Beginning	(65,714)	(65,095)		
Prior Year Canceled Encumbrances	<u>0</u>	<u>3,914</u>		
Unencumbered Cash, Ending	<u>\$ (65,095)</u>	<u>\$ (13,993)</u>		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>At Risk Fund (4Year Old)</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Transfers	\$ 14,763	\$ 16,500	\$ 16,500	\$ 0
	<u>14,763</u>	<u>16,500</u>	<u>16,500</u>	<u>0</u>
Expenditures				
Instruction	7,948	14,018	\$ 11,401	\$ (2,617)
Operations & Maintenance	3,715	482	1,999	1,517
Student Transportation Services	3,100	2,000	3,100	1,100
	<u>14,763</u>	<u>16,500</u>	<u>\$ 16,500</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>At Risk Fund (K-12)</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Transfers	\$ 316,948	\$ 394,988	\$ 317,000	\$ 77,988
	<u>316,948</u>	<u>394,988</u>	<u>\$ 317,000</u>	<u>\$ 77,988</u>
Expenditures				
Instruction	315,768	311,866	\$ 317,000	\$ 5,134
Student Support Services	1,180	1,113	0	(1,113)
	<u>316,948</u>	<u>312,979</u>	<u>\$ 317,000</u>	<u>\$ 4,021</u>
Receipts Over (Under) Expenditures	0	82,009		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 82,009</u>		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Capital Outlay Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year			
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 79,872	\$ 45,212	\$ 9,603	\$ 35,609
County Sources	12,085	11,348	12,296	(948)
Federal Sources	358	2,548	0	2,548
Transfers	0	315,068	150,000	165,068
	<u>92,315</u>	<u>374,176</u>	<u>\$ 171,899</u>	<u>\$ 202,277</u>
Expenditures				
Instruction	26,199	36,148	\$ 40,000	\$ 3,852
General Administration	2,303	0	60,000	60,000
Transportation	600	0	100,000	100,000
Facility Acquisition & Construction Services	342,925	0	390,113	390,113
	<u>372,027</u>	<u>36,148</u>	<u>\$ 590,113</u>	<u>\$ 553,965</u>
Receipts Over (Under) Expenditures	(279,712)	338,028		
Unencumbered Cash, Beginning	697,926	418,214		
Prior Year Canceled Encumbrances	<u>0</u>	<u>580</u>		
Unencumbered Cash, Ending	<u>\$ 418,214</u>	<u>\$ 756,822</u>		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Driver Training Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
State Sources	\$ 1,300	\$ 0	\$ 1,400	\$ (1,400)
Transfers	4,000	2,000	2,000	0
	<u>5,300</u>	<u>2,000</u>	<u>\$ 3,400</u>	<u>\$ (1,400)</u>
Expenditures				
Instruction	2,500	3,200	\$ 3,265	\$ 65
Operations & Maintenance	465	1,003	1,100	97
	<u>2,965</u>	<u>4,203</u>	<u>\$ 4,365</u>	<u>\$ 162</u>
Receipts Over (Under) Expenditures	2,335	(2,203)		
Unencumbered Cash, Beginning	2,037	4,372		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 4,372</u>	<u>\$ 2,169</u>		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Food Service Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
Cash Receipts				
Local Sources	\$ 61,004	\$ 59,819	\$ 58,646	\$ 1,173
State Sources	2,097	1,936	1,696	240
Federal Sources	136,459	108,451	113,515	(5,064)
Transfers	132,297	22,056	100,000	(77,944)
	<u>331,857</u>	<u>192,262</u>	<u>\$ 273,857</u>	<u>\$ (81,595)</u>
Expenditures				
Operations & Maintenance	1,044	497	\$ 1,100	\$ 603
Food Service Operations	317,183	208,757	254,600	45,843
Adjustment for Qualifying Budget Credits	0	0	7,405	7,405
	<u>318,227</u>	<u>209,254</u>	<u>\$ 263,105</u>	<u>\$ 53,851</u>
Receipts Over (Under) Expenditures	13,630	(16,992)		
Unencumbered Cash, Beginning	70,342	83,972		
Prior Year Canceled Encumbrances	<u>0</u>	<u>20</u>		
Unencumbered Cash, Ending	<u>\$ 83,972</u>	<u>\$ 67,000</u>		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Professional Development Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Transfers	\$ 0	\$ 0	\$ 0	\$ 0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instructional Support Staff	0	139	\$ 139	\$ 0
	<u>0</u>	<u>139</u>	<u>\$ 139</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	(139)		
Unencumbered Cash, Beginning	139	139		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 139</u>	<u>\$ 0</u>		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Special Education Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 0	\$ 200,000	\$ (200,000)
Transfers	922,067	762,127	928,000	(165,873)
	922,067	762,127	\$ 1,128,000	\$ (365,873)
Expenditures				
Instruction	822,067	762,127	\$ 1,128,000	\$ 365,873
	822,067	762,127	\$ 1,128,000	\$ 365,873
Receipts Over (Under) Expenditures	100,000	0		
Unencumbered Cash, Beginning	0	100,000		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 100,000	\$ 100,000		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Vocational Education Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
Federal Sources	\$ 4,368	\$ 6,934	\$ 0	\$ 6,934
Transfers	124,550	130,000	130,000	0
	128,918	136,934	\$ 130,000	\$ 6,934
Expenditures				
Instruction	128,068	136,934	\$ 128,500	\$ (8,434)
Student Support Services	0	0	500	500
Operations & Maintenance	850	0	1,000	1,000
Adjustment for Qualifying Budget Credits	0	0	6,934	6,934
	128,918	136,934	\$ 136,934	\$ 0
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	\$ 0	\$ 0		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Special Education Cooperative Fund</u>	<u>Current Year</u>			Variance -
	Prior Year			Favorable
	Actual	Actual	Budget	(Unfavorable)
Cash Receipts				
Local Sources	\$ 1,737,201	\$ 1,617,679	\$ 1,556,388	\$ 61,291
Federal Sources	488,483	505,895	425,423	80,472
	<u>2,225,684</u>	<u>2,123,574</u>	<u>\$ 1,981,811</u>	<u>\$ 141,763</u>
Expenditures				
Instruction	1,853,390	1,765,275	\$ 2,038,000	\$ 272,725
Student Support Services	69,893	111,043	86,500	(24,543)
Instructional Support Staff	12,585	11,624	15,000	3,376
Special Area Admin. Services	1,544	1,949	1,500	(449)
School Administration	74,914	98,821	104,000	5,179
Operations & Maintenance	20,703	10,712	7,500	(3,212)
Student Transportation Services	41,272	38,788	31,350	(7,438)
Other Supplemental Services	6,740	320	3,500	3,180
	<u>2,081,041</u>	<u>2,038,532</u>	<u>\$ 2,287,350</u>	<u>\$ 248,818</u>
Receipts Over (Under) Expenditures	144,643	85,042		
Unencumbered Cash, Beginning	715,669	860,312		
Prior Year Canceled Encumbrances	<u>0</u>	<u>86</u>		
Unencumbered Cash, Ending	<u>\$ 860,312</u>	<u>\$ 945,440</u>		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>KPERS Contribution Fund</u>	Current Year			Variance - Favorable (Unfavorable)
	Prior Year			
	Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 136,725	\$ 362,213	\$ 308,356	\$ 53,857
	<u>136,725</u>	<u>362,213</u>	<u>\$ 308,356</u>	<u>\$ 53,857</u>
Expenditures				
Instruction	105,278	278,906	\$ 200,265	\$ (78,641)
Student Support Services	1,367	3,622	1,992	(1,630)
General Administration	4,102	10,866	17,545	6,679
School Administration	9,571	25,354	35,380	10,026
Operations and Maintenance	5,469	14,489	19,676	5,187
Student Transportation Services	5,469	14,488	16,877	2,389
Food Service Operations	5,469	14,488	16,621	2,133
	<u>136,725</u>	<u>362,213</u>	<u>\$ 308,356</u>	<u>\$ (53,857)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Federal Funds</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	\$ 189,611	\$ 211,096
	<u>189,611</u>	<u>211,096</u>
 Expenditures		
Instruction	181,083	203,633
Student Support Services	<u>8,528</u>	<u>8,398</u>
	<u>189,611</u>	<u>212,031</u>
 Receipts Over (Under) Expenditures	 0	 (935)
 Unencumbered Cash, Beginning	 0	 0
 Prior Year Canceled Encumbrances	 <u>0</u>	 <u>935</u>
 Unencumbered Cash, Ending	 <u>\$ 0</u>	 <u>\$ 0</u>

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

Gifts and Grants Funds

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 3,684	\$ 1,711
	<u>3,684</u>	<u>1,711</u>
Expenditures		
Instruction	<u>4,473</u>	<u>6,358</u>
	<u>4,473</u>	<u>6,358</u>
Receipts Over (Under) Expenditures	(789)	(4,647)
Unencumbered Cash, Beginning	143,865	143,076
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 143,076</u>	<u>\$ 138,429</u>

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

Contingency Reserve Fund

	<u>Prior Year</u> <u>Actual</u>	<u>Current Year</u> <u>Actual</u>
Cash Receipts		
Transfers	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
Expenditures		
Operations & Maintenance	0	13,111
	<u>0</u>	<u>13,111</u>
Receipts Over (Under) Expenditures	0	(13,111)
Unencumbered Cash, Beginning	190,080	190,080
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 190,080</u>	<u>\$ 176,969</u>

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

Textbook and Student Material Revolving Fund

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Local Sources	\$ 7,375	\$ 9,646
	<u>7,375</u>	<u>9,646</u>
 Expenditures		
Instruction	363	30
Student Support Services	6,160	5,250
	<u>6,523</u>	<u>5,280</u>
 Receipts Over (Under) Expenditures	852	4,366
 Unencumbered Cash, Beginning	20,985	21,837
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 21,837</u>	<u>\$ 26,203</u>

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

	Beginning Cash		Cash	Ending Cash
	<u>Balance</u>	<u>Cash Receipts</u>	<u>Disbursements</u>	<u>Balance</u>
West Elk Junior/Senior High School				
Senior Class	\$ 4	\$ 114	\$ 117	\$ 1
Junior Class	104	6,187	5,954	337
Sophomore Class	128	62	128	62
Freshman Class	62	75	62	75
FFA	2,766	16,796	15,126	4,436
FBLA	264	0	0	264
Entrepreneurship	239	0	0	239
FCCLA	49	7,109	7,032	126
Drama	2,371	2,359	898	3,832
STUCO	322	6,828	6,360	790
Jr. High STUCO	10	91	0	101
NHS	432	0	67	365
Concessions	98	13,867	13,736	229
Jr. High Cheerleaders	615	411	844	182
Spirit Club	1,939	1,196	2,647	488
Band Council	635	662	684	613
Choir Council	230	0	0	230
	<u>\$ 10,268</u>	<u>\$ 55,757</u>	<u>\$ 53,655</u>	<u>\$ 12,370</u>

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2011

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
West Elk Junior/Senior High School							
Gate Receipts	\$ 744	0	\$ 18,499	\$ 17,970	\$ 1,273	0	\$ 1,273
Yearbook	5,608	0	6,034	5,739	5,903	0	5,903
Miscellaneous	64	0	5,491	5,070	485	0	485
	<u>\$ 6,416</u>	<u>\$ 0</u>	<u>\$ 30,024</u>	<u>\$ 28,779</u>	<u>\$ 7,661</u>	<u>\$ 0</u>	<u>\$ 7,661</u>

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

West Elk Unified School District No. 282 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Howard, Severy and Moline, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statements include all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

The District serves as the sponsoring District for a Special Education Cooperative (Coop). The Coop includes the District plus two additional districts. Funds for the Coop are provided by assessments from the participating districts in addition to State and Federal grants. The Coop is presented as a budgeted special revenue fund within the District.

Basis of Presentation – Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The District has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, receipts and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions.

The following types of funds comprise the financial activities of the District for the year:

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 receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

Agency Funds-To account for resources held by the District as an agent for others.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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.

The District has approved a resolution that is in compliance with K.S.A. 75-110a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the statutory basis of accounting.

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

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, 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, matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Budget and Tax Cycle

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no amendments for the year ended June 30, 2011.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds:

Federal Funds	Gifts and Grants Fund
Contingency Reserve Fund	District Activity Funds
Textbook and Student Material Revolving Fund	

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.

Note 2 - Compensated Absences:

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

Note 3 - On-Behalf Payments for Fringe Benefits and Salaries:

The District recognizes as revenues and expenses contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERs) on behalf of the District's employees. For the year ended June 30, 2011, the State made contributions of \$227,677. These contributions are recorded in the KPERs Contribution Fund as receipts and expenditures.

Note 4 - Prior Year Balances:

Certain prior year balances are presented for comparison purposes. Certain items have been reclassified in the June 30, 2010, financial statements in order to conform to the June 30, 2011, presentation.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 5 - Deposits:

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

K.S.A. 12-1675 limits the District'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 District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$2,332,722 and the bank balance was \$2,486,462. The bank balance is held by four banks. Of the bank balance, \$764,780 was covered by depository insurance, and the remaining \$1,721,682 was collateralized with securities held by the pledging financial institution's agent in the District's name.

Note 6 - Interfund Transactions:

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

	Transfer to:							Total
	At Risk (4 Year Old)	At Risk (K-12)	Capital Outlay	Drivers Training	Food Service	Special Education	Vocational Education	
Transfer from:								
General Fund	\$ 16,500	\$ 294,256	\$ 315,068	\$ 2,000	\$ 0	\$ 540,000	\$ 41,732	\$ 1,209,556
Supplemental General Fund	0	100,732	0	0	22,056	222,127	88,268	433,183
	<u>\$ 16,500</u>	<u>\$ 394,988</u>	<u>\$ 315,068</u>	<u>\$ 2,000</u>	<u>\$ 22,056</u>	<u>\$ 762,127</u>	<u>\$ 130,000</u>	<u>\$ 1,642,739</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 7 - Postemployment Benefits:

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

Note 8 - 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 Ave., Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at a minimum of 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 contributed 9.17% of covered payroll for the year ended June 30, 2011. These contribution requirements are established by KPERS and are periodically revised. Kansas contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010 and 2009 were \$253,834,044, \$248,468,186 and \$242,277,363 respectively, equal to the required contributions for each year.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 9 - Contingencies:

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Note 10 - Reimbursed Expenses:

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

Note 11 - Subsequent Events:

The District has evaluated subsequent events through February 6, 2012, the date which the financial statements were available to be issued.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 12 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d):

K.S.A. 72-6417(d) 72-6434(d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes.

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011

	<u>Statutory</u>	<u>Budget</u>	Variance - Favorable (Unfavorable)
	<u>Transactions</u>		
Statutory Revenues			
Local Sources	\$ 465,553	\$ 292,967	\$ 172,586
County Sources	734	0	734
State Sources	2,722,986	2,955,453	(232,467)
Federal Sources	<u>150,370</u>	<u>54,660</u>	<u>95,710</u>
	<u>3,339,643</u>	<u>\$ 3,303,080</u>	<u>\$ 36,563</u>
Expenditures			
Instruction	1,052,476	\$ 1,051,526	\$ (950)
Student Support Services	16,957	11,400	(5,557)
Instructional Support Staff	12,611	11,500	(1,111)
General Administration	336,394	271,548	(64,846)
School Administration	209,752	221,500	11,748
Operations & Maintenance	259,956	296,300	36,344
Student Transportation Services	241,351	283,806	42,455
Transfers	1,209,556	1,155,500	(54,056)
Adjustment to Comply With Legal Max	0	(143,244)	(143,244)
Adjustment for Qualifying Budget Credits	<u>0</u>	<u>179,217</u>	<u>179,217</u>
	<u>3,339,053</u>	<u>\$ 3,339,053</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	590		
Modified Unencumbered Cash, Beginning	0		
Prior Year Canceled Encumbrances	<u>186</u>		
Modified Unencumbered Cash, Ending	<u>\$ 776</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011
Supplemental General Fund

	<u>Statutory</u>	<u>Budget</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Transactions</u>		
Statutory Revenues			
Local Sources	\$ 528,248	\$ 510,514	\$ 17,734
County Sources	76,995	86,066	(9,071)
State Sources	423,880	425,266	(1,386)
	<u>1,029,123</u>	<u>\$ 1,021,846</u>	<u>\$ 7,277</u>
Expenditures			
Instruction	492,688	\$ 545,177	\$ 52,489
General Administration	12,381	15,000	2,619
Operations & Maintenance	109,925	0	(109,925)
Transfers	433,183	488,000	54,817
	<u>1,048,177</u>	<u>\$ 1,048,177</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(19,054)		
Modified Unencumbered Cash, Beginning	26,331		
Prior Year Canceled Encumbrances	<u>3,914</u>		
Modified Unencumbered Cash, Ending	<u>\$ 11,191</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011

KPERS Contribution Fund

	<u>Statutory</u>	<u>Budget</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Transactions</u>		
Statutory Revenues			
State Sources	\$ 227,677	\$ 308,356	\$ (80,679)
	<u>227,677</u>	<u>\$ 308,356</u>	<u>\$ (80,679)</u>
Expenditures			
Instruction	175,311	\$ 200,265	\$ 24,954
Student Support Services	2,277	1,992	(285)
General Administration	6,830	17,545	10,715
School Administration	15,938	35,380	19,442
Operations and Maintenance	9,107	19,676	10,569
Student Transportation Services	9,107	16,877	7,770
Food Service Operations	9,107	16,621	7,514
	<u>227,677</u>	<u>\$ 308,356</u>	<u>\$ 80,679</u>
Receipts Over (Under) Expenditures	0		
Modified Unencumbered Cash, Beginning	0		
Prior Year Canceled Encumbrances	<u>0</u>		
Modified Unencumbered Cash, Ending	<u>\$ 0</u>		

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

**Board of Education
West Elk Unified School District No. 282
Howard, Kansas**

We have audited the financial statements of **West Elk Unified School District No. 282, Howard, Kansas**, as of and for the year ended **June 30, 2011**, and have issued our report thereon dated February 6, 2012, which was adverse because of the District's policy to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our 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

Management of **West Elk Unified School District No. 282, Howard, Kansas**, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered **West Elk Unified School District No. 282, Howard, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **West Elk Unified School District No. 282, Howard, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **West Elk Unified School District No. 282, Howard, Kansas'** 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 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.

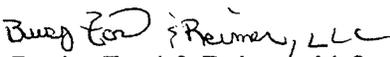
**Board of Education
West Elk Unified School District No. 282**

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as Findings 2011-01 and 2011-02 that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **West Elk Unified School District No. 282, Howard, Kansas'** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education and management of **West Elk Unified School District No. 282, Howard, Kansas**, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Busby Ford & Reimer, LLC
February 6, 2012



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

REPORT 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

Independent Auditor's Report

**Board of Education
West Elk Unified School District No. 282
Howard, Kansas**

Compliance

We have audited **West Elk Unified School District No. 282, Howard, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133, Compliance Supplement* that could have a direct and material effect on each of **West Elk Unified School District No. 282, Howard, Kansas'** major federal programs for the year ended **June 30, 2011**. **West Elk Unified School District No. 282, Howard, Kansas'** major federal programs are identified in the summary of auditors' 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 **West Elk Unified School District No. 282, Howard, Kansas'** management. Our responsibility is to express an opinion on **West Elk Unified School District No. 282, Howard, Kansas'** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **West Elk Unified School District No. 282, Howard, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **West Elk Unified School District No. 282, Howard, Kansas'** compliance with those requirements.

In our opinion, **West Elk Unified School District No. 282, Howard, Kansas** complied, in all material respects, with the compliance 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**.

**Board of Education
West Elk Unified School District No. 282**

Internal Control Over Compliance

Management of **West Elk Unified School District No. 282, Howard, Kansas** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **West Elk Unified School District No. 282, Howard, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **West Elk Unified School District No. 282, Howard, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Board of Education and management of **West Elk Unified School District No. 282, Howard, Kansas**, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, The Kansas Department of Education, and other federal and state audit agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Busby Ford & Reimer, LLC
February 6, 2012

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Grant Title	Federal CFDA No.	Program Amount	Unencumbered		Unencumbered	
			Cash 7-1-10	Receipts	Cash 6-30-11	Expenditures
Department of Education						
Indian Education Grants	84.060	\$ 6,898	\$ 0	\$ 6,898	\$ 6,898	\$ 0
Rural Education Achievement Program	84.358	13,721	0	13,721	13,721	0
		<u>20,619</u>	<u>0</u>	<u>20,619</u>	<u>20,619</u>	<u>0</u>
(Passes Through Kansas Department of Education)						
Department of Agriculture						
School Breakfast Program	10.553	27,889				
National School Lunch Program	10.555	80,562				
Meal Costs	10.558	3,463				
		<u>111,914</u>	<u>0</u>	<u>111,914</u>	<u>111,914</u>	<u>0</u>
Department of Education						
Title I Low Income	84.010	105,286	0	105,286	105,286	0
EHC Flo-Thru	84.027	271,152	0	271,152	271,152	0
EC Flo-Thru	84.173	25,540	0	25,540	25,540	0
Tech Literacy	84.318	356	0	356	356	0
Title II	84.367	34,503	0	34,503	34,503	0
Tech Literacy-ARRA	84.386	1,629	0	1,629	1,629	0
Title I Low Income-ARRA	84.389	48,703	0	48,703	48,703	0
Special Ed Part B-ARRA	84.391	134,373	0	134,373	134,373	0
Special Ed Part B-Preschool-ARRA	84.392	5,641	0	5,641	5,641	0
Stabilization-ARRA	84.394	54,660	0	54,660	54,660	0
Education Jobs Fund	84.410	95,710	0	95,710	95,710	0
		<u>777,553</u>	<u>0</u>	<u>777,553</u>	<u>777,553</u>	<u>0</u>
(Passes Through Kansas SRS)						
Department of Health and Human Services						
Medicaid	93.778	5,194	0	5,194	5,194	0
(Passes Through Southeast Kansas Education Service Center)						
Department of Education						
Carl Perkins	84.048	6,934	0	6,934	6,934	0
Department of Health and Human Services						
Medicaid	93.778	63,080	0	63,080	63,080	0
Total Federal Financial Assistance		<u>\$ 985,294</u>	<u>\$ 0</u>	<u>\$ 985,294</u>	<u>\$ 985,294</u>	<u>\$ 0</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **West Elk Unified School District No. 282, Howard, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an adverse opinion on the financial statements of **West Elk Unified School District No. 282, Howard, Kansas**.
2. Two significant deficiencies were reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* and are reported in the Findings-Financial Statement Audit section. The deficiency has been determined not to be a material weakness.
3. No instances of noncompliance material to the financial statements of **West Elk Unified School District No. 282, Howard, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report 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.
5. The auditors' report on compliance for the major federal award programs for **West Elk Unified School District No. 282, Howard, Kansas**, expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **West Elk Unified School District No. 282, Howard, Kansas**.
7. The programs tested as major programs were:

EHC Flo-Thru	84.027
EC Flo-Thru	84.173
Special Ed Part B-ARRA	84.391
Special Ed Part B-PreSchool-ARRA	84.392
Education Jobs Fund	84.410
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **West Elk Unified School District No. 282, Howard, Kansas**, was determined not to be a low-risk auditee.

**WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

FINDINGS-FINANCIAL STATEMENT AUDIT

2011-01 Bank Reconciliations

Condition: The monthly bank reconciliations for the District were not completed during the year.

Criteria: Timely completion of the monthly bank reconciliations provide an important control over cash.

Cause: The reconciliations were not completed each month due to unknown resolved differences.

Effect: Without reconciling the cash accounts to the financial statements there is an increased risk a misstatement can occur.

Recommendation: The bank reconciliations should be completed by a specified date on a monthly basis. In the event the District is unable to resolve differences or is unable to complete the reconciliations, third party assistance should be obtained.

Response: The District agrees with the finding and the recommended procedure has been implemented.

2011-02 Reconciliation of Payroll Liability Accounts

Condition: The various payroll liability accounts were not reconciled on a monthly basis.

Criteria: Reconciliation of these accounts provides an important control as to the timely payment in accordance with various federal and state regulations.

Cause: Reconciliations of the liability accounts were not completed each month.

Effect: Payments were not made timely for employee annuity withholdings.

Recommendation: The payroll liability accounts should be reconciled monthly.

Response: The District agrees with the finding and the recommended procedure has been implemented.

**WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

There are no prior audit findings.