

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
HOWARD, KANSAS

FINANCIAL STATEMENT
JUNE 30, 2012

BFR

BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
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JUNE 30, 2012

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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 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **West Elk Unified School District No. 282, Howard, Kansas**, as of and for the year ended **June 30, 2012**.

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

As described in Note 1 of the financial statement, the financial statement is prepared by **West Elk Unified School District No. 282, Howard, Kansas** to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 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 significance of the matter discussed in the preceding paragraph the financial statement referred to above does 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, 2012**, or the changes in its financial position and cash flows for the year then ended.

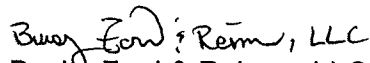
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **West Elk Unified School District No. 282, Howard, Kansas**, as of **June 30, 2012**, and the aggregate cash receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 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 conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, individual funds schedules of cash receipts and expenditures-actual, and schedule of cash receipts and disbursements-agency funds (Supplementary Information as listed in the table of contents) are presented for analysis and are not a required part of the regulatory financial statement. 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 statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement taken as a whole.

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

The 2011 Actual columns presented in the individual fund schedules of cash receipts and expenditures-actual and budget and schedule of cash receipts and disbursements-agency funds (Supplementary Information as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 financial statement upon which we rendered an unqualified opinion dated February 6, 2012. The 2011 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 financial statement and certain additional procedures, including comparing and reconciling such statement to the 2011 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statements as a whole.


Busby Ford & Reimer, LLC
October 4, 2012

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SUMMARY OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

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
General Fund	\$ 776	\$ 1,352	\$ 3,063,702	\$ 3,063,699	\$ 2,131	\$ 80,421	\$ 82,552
Special Purpose Funds							
Supplemental General	11,191	381	907,463	885,000	34,035	16,127	50,162
At Risk (4 Year Old)	0	0	16,500	16,500	0	0	0
At Risk (K-12)	82,009	0	338,659	343,845	76,823	0	76,823
Capital Outlay	756,822	0	195,598	5,428	946,992	0	946,992
Driver Training	2,169	0	5,130	3,250	4,049	0	4,049
Food Service	67,000	10	230,063	225,677	71,396	739	72,135
Special Education	100,000	0	836,495	836,495	100,000	0	100,000
Vocational Education	0	0	136,955	127,556	9,399	502	9,901
Special Education Cooperative	945,440	123	1,955,450	2,218,188	682,825	6,543	689,368
KPERS Contribution	0	0	409,010	409,010	0	0	0
Federal Funds	0	0	149,378	149,378	0	4,948	4,948
Gifts and Grants	138,429	0	10,557	12,610	136,376	1,588	137,964
Contingency Reserve	176,969	416	0	0	177,385	0	177,385
Textbook and Student Material							
Revolving	26,203	0	12,357	5,621	32,939	0	32,939
District Activity Funds	7,661	0	24,610	26,898	5,373	0	5,373
	<u>\$ 2,314,669</u>	<u>\$ 0</u>	<u>\$ 8,291,927</u>	<u>\$ 8,329,155</u>	<u>\$ 2,279,723</u>	<u>\$ 110,868</u>	<u>\$ 2,390,591</u>

Composition of Cash:

Checking Accounts	\$ 759,442
Savings Accounts	1,146,035
Certificates of Deposit	505,000
	<u>2,410,477</u>
Agency Funds	(19,886)
	<u>\$ 2,390,591</u>

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

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies:

Financial 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 statement includes 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 purpose fund within the District.

KMAAG Regulatory Basis of Presentation Fund Definitions:

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

Special Purpose 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 in a trustee or agency capacity for others which therefore cannot be used to support the government's own programs.

Regulatory Basis of Accounting

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the regulatory basis of accounting.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

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 was one amendment for the year ended June 30, 2012.

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.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose 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, 2012, the State made contributions of \$409,010. These contributions are recorded in the KPERS Contribution Fund as receipts and expenditures.

Note 4 - 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, 2012.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

At June 30, 2012, the District's carrying amount of deposits was \$2,410,477 and the bank balance was \$2,405,435. The bank balance is held by four banks. Of the bank balance, \$773,047 was covered by depository insurance, and the remaining \$1,632,388 was collateralized with securities held by the pledging financial institution's agent in the District's name.

Note 5 - 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	\$ 290,304	\$ 150,000	\$ 2,000	\$ 0	\$ 611,495	\$ 130,000	\$ 1,200,299
Supplemental	0	48,355	0	0	55,000	225,000	0	328,355
General Fund	<u>\$ 16,500</u>	<u>\$ 338,659</u>	<u>\$ 150,000</u>	<u>\$ 2,000</u>	<u>\$ 55,000</u>	<u>\$ 836,495</u>	<u>\$ 130,000</u>	<u>\$ 1,528,654</u>

Note 6 - 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 7 - 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.

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

Note 8 - 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 9 - 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 9.77% of covered payroll for the year ended June 30, 2012. 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, 2012, 2010 and 2009 were \$298,635,383, \$253,834,044 and \$248,468,186 respectively, equal to the required contributions for each year.

Note 10 - Subsequent Events:

The District has evaluated subsequent events through October 4, 2012, the date which the financial statements were available to be issued

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2012

Note 11 - Beginning Unencumbered Cash:

For prior periods K.S.A. 72-6417(d) and 72-6434(d) required the school district to record any payment of general state aid that was due to be paid during the month of June and was paid to the school district after June 30, as a receipt for the school year ending June 30. The previous statutory basis of accounting required the payment to be recorded when received. For years ending on or after June 30, 2012, the current regulatory basis includes such payments as received for the school year ending June 30. Beginning unencumbered cash has been restated to reflect such payments for June 30, 2011. The following reconciles the balances previously reported with the restated amounts:

	6/30/2011		6/30/2011
	Balance		Balance
	Previously	July State Aid	Balance
	Reported	Payment	Restated
General Fund	\$ (215,465)	\$ 216,241	\$ 776
Supplemental General Fund	(13,993)	25,184	11,191
	<u>\$ (229,458)</u>	<u>\$ 241,425</u>	<u>\$ 11,967</u>

SUPPLEMENTARY INFORMATION

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Fund	Certified Budget	Adjustment to		Adjustment for		Total Budget for Comparison	Expenditures		Variance - Favorable (Unfavorable)
		Comply with Legal Max	0 \$	Qualifying Budget Credits	17,397 \$		Chargeable to Current Year	0 \$	
General Fund	\$ 3,046,302	\$	0	\$	17,397	\$ 3,063,699	\$ 3,063,699	\$	0
Special Purpose Funds									
Supplemental General	885,000	0	0	0	0	885,000	885,000	0	0
At Risk (4 Year Old)	16,500	0	0	0	0	16,500	16,500	0	0
At Risk (K-12)	397,421	0	0	0	0	397,421	343,845	53,576	53,576
Capital Outlay	919,421	0	0	0	0	919,421	5,428	913,993	913,993
Driver Training	4,169	0	0	0	0	4,169	3,250	919	919
Food Service	257,700	0	0	843	843	258,543	225,677	32,866	32,866
Special Education	921,852	0	0	0	0	921,852	836,495	85,357	85,357
Vocational Education	130,000	0	0	6,955	6,955	136,955	127,556	9,399	9,399
Special Education Cooperative	2,412,262	0	0	0	0	2,412,262	2,218,188	194,074	194,074
KPERS Contribution	421,203	0	0	0	0	421,203	409,010	12,193	12,193
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	149,378	XXXXXXXXXX	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	12,610	XXXXXXXXXX	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	0	XXXXXXXXXX	XXXXXXXXXX
Textbook and Student Material									
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	5,621	XXXXXXXXXX	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	26,898	XXXXXXXXXX	XXXXXXXXXX
	\$ 9,411,830	\$	0	\$	25,195	\$ 9,437,025	\$ 8,329,155	\$	1,302,377

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>General Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 465,553	\$ 295,707	\$ 255,737	\$ 39,970
County Sources	734	515	0	515
State Sources	2,722,986	2,763,614	2,789,789	(26,175)
Federal Sources	150,370	3,866	0	3,866
	<u>3,339,643</u>	<u>3,063,702</u>	<u>\$ 3,045,526</u>	<u>\$ 18,176</u>
Expenditures				
Instruction	1,052,476	830,798	\$ 802,057	\$ (28,741)
Student Support Services	16,957	11,375	9,800	(1,575)
Instructional Support Staff	12,611	11,615	12,000	385
General Administration	336,394	279,589	274,100	(5,489)
School Administration	209,752	219,591	186,000	(33,591)
Operations & Maintenance	259,956	230,256	261,350	31,094
Student Transportation Services	241,351	280,176	274,000	(6,176)
Transfers	1,209,556	1,200,299	1,226,995	26,696
Adjustment for Qualifying Budget Credits	0	0	17,397	17,397
	<u>3,339,053</u>	<u>3,063,699</u>	<u>\$ 3,063,699</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	590	3		
Unencumbered Cash, Beginning	0	776		
Prior Year Canceled Encumbrances	<u>186</u>	<u>1,352</u>		
Unencumbered Cash, Ending	<u>\$ 776</u>	<u>\$ 2,131</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Supplemental General Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 528,248	\$ 499,730	\$ 475,691	\$ 24,039
County Sources	76,995	82,292	84,392	(2,100)
State Sources	423,880	325,441	313,726	11,715
	<u>1,029,123</u>	<u>907,463</u>	<u>\$ 873,809</u>	<u>\$ 33,654</u>
Expenditures				
Instruction	492,688	522,919	\$ 590,000	\$ 67,081
General Administration	12,381	12,792	5,000	(7,792)
Operations & Maintenance	109,925	20,934	0	(20,934)
Transfers	433,183	328,355	290,000	(38,355)
	<u>1,048,177</u>	<u>885,000</u>	<u>\$ 885,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(19,054)	22,463		
Unencumbered Cash, Beginning	26,331	11,191		
Prior Year Canceled Encumbrances	<u>3,914</u>	<u>381</u>		
Unencumbered Cash, Ending	<u>\$ 11,191</u>	<u>\$ 34,035</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>At Risk Fund (4Year Old)</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Transfers	\$ 16,500	\$ 16,500	\$ 16,500	\$ 0
	<u>16,500</u>	<u>16,500</u>	<u>\$ 16,500</u>	<u>\$ 0</u>
Expenditures				
Instruction	14,018	10,390	\$ 11,401	\$ 1,011
Operations & Maintenance	482	3,010	5,099	2,089
Student Transportation Services	<u>2,000</u>	<u>3,100</u>	<u>0</u>	<u>(3,100)</u>
	<u>16,500</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>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>At Risk Fund (K-12)</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Transfers	\$ 394,988	\$ 338,659	\$ 317,000	\$ 21,659
	<u>394,988</u>	<u>338,659</u>	<u>\$ 317,000</u>	<u>\$ 21,659</u>
Expenditures				
Instruction	311,866	342,606	\$ 397,421	\$ 54,815
Student Support Services	<u>1,113</u>	<u>1,239</u>	<u>0</u>	<u>(1,239)</u>
	<u>312,979</u>	<u>343,845</u>	<u>\$ 397,421</u>	<u>\$ 53,576</u>
Receipts Over (Under) Expenditures	82,009	(5,186)		
Unencumbered Cash, Beginning	0	82,009		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 82,009</u>	<u>\$ 76,823</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Capital Outlay Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 45,212	\$ 26,871	\$ 6,000	\$ 20,871
County Sources	11,348	10,593	7,105	3,488
Federal Sources	2,548	8,134	0	8,134
Transfers	315,068	150,000	150,000	0
	<u>374,176</u>	<u>195,598</u>	<u>\$ 163,105</u>	<u>\$ 32,493</u>
Expenditures				
Instruction	36,148	5,428	\$ 40,000	\$ 34,572
General Administration	0	0	60,000	60,000
Transportation	0	0	100,000	100,000
Facility Acquisition & Construction Services	<u>0</u>	<u>0</u>	<u>719,421</u>	<u>719,421</u>
	<u>36,148</u>	<u>5,428</u>	<u>\$ 919,421</u>	<u>\$ 913,993</u>
Receipts Over (Under) Expenditures	338,028	190,170		
Unencumbered Cash, Beginning	418,214	756,822		
Prior Year Canceled Encumbrances	<u>580</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 756,822</u>	<u>\$ 946,992</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Driver Training Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 1,250	\$ 0	\$ 1,250
State Sources	0	1,880	0	1,880
Transfers	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
	<u>2,000</u>	<u>5,130</u>	<u>\$ 2,000</u>	<u>\$ 3,130</u>
Expenditures				
Instruction	3,200	3,000	\$ 3,500	\$ 500
Operations & Maintenance	<u>1,003</u>	<u>250</u>	<u>669</u>	<u>419</u>
	<u>4,203</u>	<u>3,250</u>	<u>\$ 4,169</u>	<u>\$ 919</u>
Receipts Over (Under) Expenditures	(2,203)	1,880		
Unencumbered Cash, Beginning	4,372	2,169		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 2,169</u>	<u>\$ 4,049</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Food Service Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 59,819	\$ 58,369	\$ 55,798	\$ 2,571
State Sources	1,936	1,931	1,550	381
Federal Sources	108,451	114,763	100,443	14,320
Transfers	22,056	55,000	65,000	(10,000)
	<u>192,262</u>	<u>230,063</u>	<u>\$ 222,791</u>	<u>\$ 7,272</u>
Expenditures				
Operations & Maintenance	497	522	\$ 1,100	\$ 578
Food Service Operations	208,757	225,155	256,600	31,445
Adjustment for Qualifying Budget Credits	0	0	843	843
	<u>209,254</u>	<u>225,677</u>	<u>\$ 258,543</u>	<u>\$ 32,866</u>
Receipts Over (Under) Expenditures	(16,992)	4,386		
Unencumbered Cash, Beginning	83,972	67,000		
Prior Year Canceled Encumbrances	<u>20</u>	<u>10</u>		
Unencumbered Cash, Ending	<u>\$ 67,000</u>	<u>\$ 71,396</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Special Education Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 0	\$ 100,000	\$ (100,000)
Transfers	<u>762,127</u>	<u>836,495</u>	<u>821,852</u>	<u>14,643</u>
	<u>762,127</u>	<u>836,495</u>	<u>\$ 921,852</u>	<u>\$ (85,357)</u>
Expenditures				
Instruction	<u>762,127</u>	<u>836,495</u>	<u>\$ 921,852</u>	<u>\$ 85,357</u>
	<u>762,127</u>	<u>836,495</u>	<u>\$ 921,852</u>	<u>\$ 85,357</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	100,000	100,000		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 100,000</u>	<u>\$ 100,000</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Vocational Education Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Federal Sources	\$ 6,934	\$ 6,955	\$ 0	\$ 6,955
Transfers	<u>130,000</u>	<u>130,000</u>	<u>130,000</u>	<u>0</u>
	<u>136,934</u>	<u>136,955</u>	<u>\$ 130,000</u>	<u>\$ 6,955</u>
Expenditures				
Instruction	136,934	126,882	\$ 123,160	\$ (3,722)
Student Support Services	0	0	5,840	5,840
Operations & Maintenance	0	674	1,000	326
Adjustment for Qualifying Budget Credits	<u>0</u>	<u>0</u>	<u>6,955</u>	<u>6,955</u>
	<u>136,934</u>	<u>127,556</u>	<u>\$ 136,955</u>	<u>\$ 9,399</u>
Receipts Over (Under) Expenditures	0	9,399		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 9,399</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Special Education Cooperative Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 1,617,679	\$ 1,616,998	\$ 1,837,483	\$ (220,485)
Federal Sources	505,895	338,452	425,423	(86,971)
	<u>2,123,574</u>	<u>1,955,450</u>	<u>\$ 2,262,906</u>	<u>\$ (307,456)</u>
Expenditures				
Instruction	1,765,275	1,888,723	\$ 2,085,380	\$ 196,657
Student Support Services	111,043	99,989	139,500	39,511
Instructional Support Staff	11,624	10,514	12,000	1,486
Special Area Admin. Services	1,949	1,081	1,500	419
School Administration	98,821	131,426	118,887	(12,539)
Operations & Maintenance	10,712	12,455	29,495	17,040
Student Transportation Services	38,788	39,187	25,000	(14,187)
Other Supplemental Services	320	34,813	500	(34,313)
	<u>2,038,532</u>	<u>2,218,188</u>	<u>\$ 2,412,262</u>	<u>\$ 194,074</u>
Receipts Over (Under) Expenditures	85,042	(262,738)		
Unencumbered Cash, Beginning	860,312	945,440		
Prior Year Canceled Encumbrances	<u>86</u>	<u>123</u>		
Unencumbered Cash, Ending	<u>\$ 945,440</u>	<u>\$ 682,825</u>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>KPERS Contribution Fund</u>	<u>Current Year</u>			Variance - Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 227,677	\$ 409,010	\$ 421,203	\$ (12,193)
	<u>227,677</u>	<u>409,010</u>	<u>\$ 421,203</u>	<u>\$ (12,193)</u>
Expenditures				
Instruction	175,311	314,938	\$ 306,384	\$ (8,554)
Student Support Services	2,277	4,090	5,000	910
Instructional Support	0	0	7,819	7,819
General Administration	6,830	12,270	17,500	5,230
School Administration	15,938	28,631	35,000	6,369
Operations and Maintenance	9,107	16,360	16,500	140
Student Transportation Services	9,107	16,360	16,500	140
Food Service Operations	9,107	16,361	16,500	139
	<u>227,677</u>	<u>409,010</u>	<u>\$ 421,203</u>	<u>\$ 12,193</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>		

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

<u>Federal Funds</u>		Prior Year	Current Year
		Actual	Actual
Cash Receipts			
Federal Sources		\$ 211,096	\$ 149,378
		<u>211,096</u>	<u>149,378</u>
Expenditures			
Instruction		203,633	144,172
Student Support Services		<u>8,398</u>	<u>5,206</u>
		<u>212,031</u>	<u>149,378</u>
Receipts Over (Under) Expenditures		(935)	0
Unencumbered Cash, Beginning		0	0
Prior Year Canceled Encumbrances		<u>935</u>	<u>0</u>
Unencumbered Cash, Ending		<u>\$ 0</u>	<u>\$ 0</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Gifts and Grants Funds

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 1,711	\$ 5,528
State Sources	<u>0</u>	<u>5,029</u>
	<u>1,711</u>	<u>10,557</u>
Expenditures		
Instruction	<u>6,358</u>	<u>12,610</u>
	<u>6,358</u>	<u>12,610</u>
Receipts Over (Under) Expenditures	(4,647)	(2,053)
Unencumbered Cash, Beginning	143,076	138,429
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 138,429</u>	<u>\$ 136,376</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
Expenditures		
Operations & Maintenance	13,111	0
	<u>13,111</u>	<u>0</u>
Receipts Over (Under) Expenditures	(13,111)	0
Unencumbered Cash, Beginning	190,080	176,969
Prior Year Canceled Encumbrances	<u>0</u>	<u>416</u>
Unencumbered Cash, Ending	<u>\$ 176,969</u>	<u>\$ 177,385</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

Textbook and Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 9,646	\$ 12,357
	<u>9,646</u>	<u>12,357</u>
Expenditures		
Instruction	30	4,958
Student Support Services	5,250	663
	<u>5,280</u>	<u>5,621</u>
Receipts Over (Under) Expenditures	4,366	6,736
Unencumbered Cash, Beginning	21,837	26,203
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 26,203</u>	<u>\$ 32,939</u>

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Beginning Cash		Cash		Ending Cash
	Balance	Cash Receipts	Disbursements	Balance	
West Elk Junior/Senior High School					
Senior Class	\$ 1	\$ 336	\$ 287	\$ 50	
Junior Class	337	6,227	6,207	357	
Sophomore Class	62	75	62	75	
Freshman Class	75	133	75	133	
FFA	4,436	20,940	16,699	8,677	
FBLA	264	0	0	264	
Entrepreneurship	239	0	0	239	
FCCLA	126	10,012	8,590	1,548	
Drama	3,832	1,645	1,220	4,257	
STUCO	790	6,397	4,743	2,444	
Jr. High STUCO	101	0	0	101	
NHS	365	0	120	245	
Concessions	229	18,895	19,113	11	
Jr. High Cheerleaders	182	1,625	1,685	122	
Spirit Club	488	233	201	520	
Band Council	613	0	0	613	
Choir Council	230	0	0	230	
	<u>\$ 12,370</u>	<u>\$ 66,518</u>	<u>\$ 59,002</u>	<u>\$ 19,886</u>	

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

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	\$ 1,273	0	17,862	\$ 18,585	\$ 550	0	\$ 550
Yearbook	5,903	0	4,695	5,810	4,788	0	4,788
Miscellaneous	485	0	2,053	2,503	35	0	35
	<u>\$ 7,661</u>	<u>0</u>	<u>\$ 24,610</u>	<u>\$ 26,898</u>	<u>\$ 5,373</u>	<u>0</u>	<u>\$ 5,373</u>

FEDERAL AWARD INFORMATION



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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 statement of **West Elk Unified School District No. 282, Howard, Kansas**, as of and for the year ended **June 30, 2012**, and have issued our report thereon dated October 4, 2012. In our report, our opinion on the financial statement was unqualified based on the 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 statement, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **West Elk Unified School District No. 282, Howard, Kansas'** financial statement is 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*.

We noted certain matters that we reported to management of **West Elk Unified School District No. 282, Howard, Kansas**, in a separate letter dated October 4, 2012.

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, Office of Management Analysis and Standards, 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
October 4, 2012



BUSBY FORD & REIMER, LLC

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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**

**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, 2012**. **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, 2012**.

**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 the 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, Office of Management Analysis and Standards, 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
October 4, 2012

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grant Title	Federal CFDA No.	Program Amount	Unencumbered		Receipts	Expenditures	Unencumbered Cash 6-30-12
			Cash 7-1-11				
Department of Education							
Indian Education Grants to Local Educational Agencies	84.060	\$ 12,022	\$ 0	\$ 12,022	\$ 12,022	\$ 0	
Rural Education	84.358	5,206	0	5,206	5,206	0	
		17,228	0	17,228	17,228	0	
(Passes Through Kansas Department of Education)							
Department of Agriculture							
Child Nutrition Cluster-Cluster	10.553	40,170					
School Breakfast Program	10.555	74,593					
National School Lunch Program		114,763					
		3,140					
Child and Adult Care Food Program	10.558	117,903	0	117,903	117,903	0	
Department of Education							
Title I, Part A Cluster-Cluster							
Title I Grants to Local Educational Agencies	84.010	102,034	0	102,034	102,034	0	
Special Education Cluster (IDEA)-Cluster							
Special Education Grants to States	84.027	260,114	0	260,114	260,114	0	
Special Education Preschool Grants	84.173	25,517	0	25,517	25,517	0	
		285,631	0	285,631	285,631	0	
Fund for the Improvement of Education	84.215	2,500	0	2,500	2,500	0	
Improving Teacher Quality State Grants	84.367	30,116	0	30,116	30,116	0	
Education Jobs Fund	84.410	1,366	0	1,366	1,366	0	
		421,647	0	421,647	421,647	0	
(Passes Through Kansas SRS)							
Department of Health and Human Services							
Medicaid-Cluster							
Medical Assistance Program	93.778	8,134	0	8,134	8,134	0	
(Passes Through Southeast Kansas Education Service Center)							
Department of Education							
Career and Technical Education-Basic Grants to States	84.048	6,955	0	6,955	6,955	0	
Department of Health and Human Services							
Medicaid-Cluster							
Medical Assistance Program	93.778	49,681	0	49,681	49,681	0	
Total Federal Awards		\$ 621,548	\$ 0	\$ 621,548	\$ 621,548	\$ 0	

WEST ELK UNIFIED SCHOOL DISTRICT NO. 282
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the financial statement of **West Elk Unified School District No. 282, Howard, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statement 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 Independent Auditors' 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 independent 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:

Title I, Part A Cluster-Cluster	
Title I Grants to Local Educational Agencies	84.010
Special Education Cluster (IDEA)-Cluster	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
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 PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Finding 2011-01 Bank Reconciliations

Recommendation

It was recommended the bank reconciliation should be completed by a specified date on a monthly basis.

Status

Upon completion of the prior year audit, the bank reconciliations were brought up-to-date and completed monthly on a timely basis.

Finding 2011-02 Reconciliation of Payroll Liability Accounts

Recommendation

It was recommended the District reconcile the various payroll liability accounts on a monthly basis.

Status

The District implemented the recommendation, made the appropriate corrections to the balances and is monitoring/reconciling the balances on a monthly basis.