UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS

Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended June 30, 2011

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Primary Government Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2011

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 297 St. Francis, Kansas
St. Francis, Kansas

We have audited the accompanying primary government financial statements of **Unified School District No. 297 St. Francis, 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 **Unified School District No. 297 St. Francis, Kansas'** management. Our responsibility is to express opinions on these financial statements 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 Guide*. Those standards 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 opinions.

The financial statements do not include financial data for the District's legally separate component unit, St. Francis Recreation Commission. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash and unencumbered cash balances of the aggregate discretely presented component unit would have been reported as $44,284 for the St. Francis Recreation Commission.

As described more fully in Note 1, **Unified School District No. 297 St. Francis, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 297 St. Francis, Kansas**, as of June 30, 2011, or the changes in its financial position for the year then ended. Further, **Unified School District No. 297 St. Francis, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States

has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 297 St. Francis, Kansas**, as of June 30, 2011, and their respective cash receipts and disbursements and budgetary results for the year then ended on the basis of accounting described in Note 1.

Adams, Brown, Beran + Ball, Chtd

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

October 13, 2011

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Outstanding Encumbrances and Accounts Payable	**Ending Cash Balance**
Governmental Fund Categories							
General Funds							
General Fund	$ (75,333)	-	2,212,472	2,202,752	**(65,613)**	6,342	**(59,271)**
Supplemental General Fund	392,589	-	449,632	548,442	**293,779**	10,994	**304,773**
Special Revenue Funds							
Capital Outlay Fund	1,202,362	-	223,711	311,366	**1,114,707**	122,585	**1,237,292**
Driver Training Fund	25,901	-	21,010	20,847	**26,064**	-	**26,064**
Food Service Fund	78,231	-	262,356	262,022	**78,565**	-	**78,565**
Professional Development Fund	22,433	-	5,563	7,852	**20,144**	-	**20,144**
Special Education Fund	174,127	-	260,433	260,134	**174,426**	-	**174,426**
Vocational Education Fund	-	-	41,722	41,722	-	-	-
KPERS Special Retirement Contribution Fund	-	-	124,088	124,088	-	-	-
Contingency Reserve Fund	104,027	-	-	18,200	**85,827**	-	**85,827**
At Risk (K-12) Fund	-	-	160,989	160,989	-	-	-
Student Material Revolving Fund	5,421	-	4,555	5,490	**4,486**	274	**4,760**
Textbook Rental Fund	5,871	-	7,303	9,285	**3,889**	8,107	**11,996**
Title I Low Income Fund	-	-	52,990	52,990	-	-	-
Title II A Teacher Quality Fund	-	-	18,734	18,734	-	-	-
REAP Grant Fund	367	-	22,865	23,232	-	-	-
District Activity Funds	33,829	-	132,924	127,088	**39,665**	-	**39,665**
Total Governmental Funds	$ 1,969,825	-	4,001,347	4,195,233	**1,775,939**	148,302	**1,924,241**

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Fiduciary Fund Category							
Private Purpose Trust Funds							
Dr. JHA Peck Scholarship Fund	$ 3,846	-	50	500	3,396	-	3,396
Alice Danielson Memorial Fund	110	-	83	-	193	-	193
Alice Gillispie Scholarship Fund	39,738	-	539	1,500	38,777	-	38,777
Pauline Wagner Scholarship Fund	2,162	-	29	200	1,991	-	1,991
Don Worley Scholarship Fund	1,654	-	22	100	1,576	-	1,576
CN Co Jaycees Scholarship Fund	1,330	-	15	600	745	-	745
B. Gorthy Kehlbeck Scholarship Fund	340	-	10	-	350	-	350
Short Term Scholarship Fund	5,090	-	1,748	2,630	4,208	-	4,208
Carl Sperry Scholarship Fund	15,800	-	215	500	15,515	-	15,515
G and P Faulkender Scholarship Fund	1,747	-	24	100	1,671	-	1,671
Larry Walz Music Scholarship Fund	3,767	-	52	-	3,819	-	3,819
Ray Huffman Scholarship Fund	10,670	-	1,134	1,000	10,804	-	10,804
Penny and Kody Krien Scholarship Fund	1,000	-	500	500	1,000	-	1,000
Gary Brown Scholarship Fund	6,116	-	80	700	5,496	-	5,496
Kevin Brown Scholarship Fund	4,118	-	55	300	3,873	-	3,873
Bud Burnham Scholarship Fund	5,260	-	69	500	4,829	-	4,829
Robert Yost Scholarship Fund	2,510	-	1,016	1,000	2,526	-	2,526
Gordon and Betty Orth Scholarship Fund	5,222	-	133	-	5,355	-	5,355
Tedd and Jeff Zielke Scholarship Fund	2,500	-	16	500	2,016	-	2,016
Ethyle Roelfs Scholarship Fund	-	-	665	-	665	-	665
Total Private Purpose Trust Funds	112,980	-	6,455	10,630	108,805	-	108,805
Total Primary Government (Excluding Agency Funds)	$ 2,082,805	-	4,007,802	4,205,863	1,884,744	148,302	2,033,046

Composition of Cash	
Checking Accounts	$ 389,563
Certificates of Deposit	1,664,730
Cash on Hand (Elementary School)	50
Total Cash	2,054,343
Agency Funds per Statement 4	(21,297)
Total Primary Government (Excluding Agency Funds)	$ 2,033,046

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2011

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	**Expenditures Chargeable to Current Year**	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	$ 2,369,086	(166,334)	-	2,202,752	**2,202,752**	-
Supplemental General Fund	773,207	(30,986)	-	742,221	**548,442**	(193,779)
Special Revenue Funds						
Capital Outlay Fund	1,600,000	-	-	1,600,000	**311,366**	(1,288,634)
Driver Training Fund	36,000	-	-	36,000	**20,847**	(15,153)
Food Service Fund	390,000	-	-	390,000	**262,022**	(127,978)
Professional Development Fund	35,000	-	-	35,000	**7,852**	(27,148)
Special Education Fund	440,000	-	-	440,000	**260,134**	(179,866)
Vocational Education Fund	50,000	-	-	50,000	**41,722**	(8,278)
KPERS Special Retirement Contribution Fund	193,726	-	-	193,726	**124,088**	(69,638)
At Risk (K-12) Fund	200,000	-	-	200,000	**160,989**	(39,011)

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
General Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	$ 588,751	**481,177**	409,261	71,916
Delinquent Tax	3,311	**3,878**	3,341	537
Intergovernmental Revenues				
Mineral Severance Tax	16,733	**30,150**	5,718	24,432
Special Education Aid	186,585	**192,842**	192,842	-
Federal Aid - ARRA	113,375	**41,476**	41,476	-
Federal Aid - Education Jobs	-	**72,625**	-	72,625
Equalization Aid	1,274,302	**1,390,324**	1,550,114	(159,790)
Total Cash Receipts	2,183,057	**2,212,472**	2,202,752	9,720
Expenditures				
Instruction	1,358,888	**1,345,365**	1,475,732	(130,367)
Student Support Services	6,438	**-**	8,000	(8,000)
Instructional Support Services	50,307	**-**	-	-
General Administration	137,544	**158,801**	147,946	10,855
School Administration	100,492	**105,378**	114,042	(8,664)
Operations and Maintenance	4,687	**4,238**	10,500	(6,262)
Student Transportation Services	101,714	**93,845**	113,366	(19,521)
Transfers Out	492,668	**495,125**	499,500	(4,375)
Adjustment to Comply with Legal Max	-	**-**	(166,334)	166,334
Total Expenditures	2,252,738	**2,202,752**	2,202,752	-
Cash Receipts Over (Under) Expenditures	(69,681)	**9,720**		
Unencumbered Cash - Beginning	(5,652)	**(75,333)**		
Unencumbered Cash - Ending	$ (75,333)	**(65,613)**		

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Supplemental General Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	$ 350,436	**408,094**	340,521	67,573
Delinquent Tax	1,992	**2,322**	1,974	348
Motor Vehicle Tax	31,143	**34,742**	33,747	995
Recreational Vehicle Tax	722	**889**	793	96
Intergovernmental Revenues				
Federal Aid - ARRA	5,011	**-**	-	-
State Aid	11,165	**3,585**	-	3,585
Total Cash Receipts	400,469	**449,632**	377,035	72,597
Expenditures				
Instruction	49,304	**113,145**	112,500	645
Instructional Support Services	-	**-**	54,274	(54,274)
Operations and Maintenance	296,040	**304,613**	406,433	(101,820)
Transfers Out	28,565	**130,684**	200,000	(69,316)
Adjustment to Comply with Legal Max	-	**-**	(30,986)	30,986
Total Expenditures	373,909	**548,442**	742,221	(193,779)
Cash Receipts Over (Under) Expenditures	26,560	**(98,810)**		
Unencumbered Cash - Beginning	366,029	**392,589**		
Unencumbered Cash - Ending	$ 392,589	**293,779**		

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Capital Outlay Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	$ 125,039	**104,828**	91,468	13,360
Delinquent Tax	719	**838**	704	134
Motor Vehicle Tax	12,517	**12,252**	11,908	344
Recreational Vehicle Tax	286	**314**	280	34
Interest Income	24,612	**17,789**	130,000	(112,211)
Miscellaneous Income	15,141	**11,190**	99,278	(88,088)
Transfers In	-	**76,500**	64,000	12,500
Total Cash Receipts	178,314	**223,711**	397,638	(173,927)
Expenditures				
Instruction	64,017	**68,831**	200,000	(131,169)
Instructional Support Services	-	**-**	5,000	(5,000)
Student Support Services	-	**-**	5,000	(5,000)
General Administration	8,785	**500**	5,000	(4,500)
School Administration	540	**1,392**	10,000	(8,608)
Operations and Maintenance	4,900	**6,543**	10,000	(3,457)
Student Transportation Services	6,174	**18,752**	100,000	(81,248)
Facility Acquisition and Construction	171,514	**215,348**	1,265,000	(1,049,652)
Total Expenditures	255,930	**311,366**	1,600,000	(1,288,634)
Cash Receipts Over (Under) Expenditures	(77,616)	**(87,655)**		
Unencumbered Cash - Beginning	1,279,978	**1,202,362**		
Unencumbered Cash - Ending	$ 1,202,362	**1,114,707**		

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Driver Training Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Intergovernmental Revenue				
State Aid	$ 1,200	**1,010**	1,400	(390)
Miscellaneous Income	-	**-**	698	(698)
Transfers In	22,000	**20,000**	8,000	12,000
Total Cash Receipts	23,200	**21,010**	10,098	10,912
Expenditures				
Instruction	20,138	**20,293**	26,998	(6,705)
Operations and Maintenance	558	**419**	2,000	(1,581)
Vehicle Operations and Maintenance	1,717	**135**	7,002	(6,867)
Total Expenditures	22,413	**20,847**	36,000	(15,153)
Cash Receipts Over (Under) Expenditures	787	**163**		
Unencumbered Cash - Beginning	25,114	**25,901**		
Unencumbered Cash - Ending	$ 25,901	**26,064**		

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Food Service Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Intergovernmental Revenues				
State Aid	$ 1,852	**1,889**	1,501	388
Federal Aid	76,446	**92,427**	74,988	17,439
Charges for Services	80,413	**77,489**	85,677	(8,188)
Miscellaneous Income	13,665	**13,051**	9,604	3,447
Transfers In	88,100	**77,500**	140,000	(62,500)
Total Cash Receipts	260,476	**262,356**	311,770	(49,414)
Expenditures				
Operations and Maintenance	10,725	**8,304**	23,762	(15,458)
Food Service Operation	250,246	**253,718**	366,238	(112,520)
Total Expenditures	260,971	**262,022**	390,000	(127,978)
Cash Receipts Over (Under) Expenditures	(495)	**334**		
Unencumbered Cash - Beginning	78,726	**78,231**		
Unencumbered Cash - Ending	$ 78,231	**78,565**		

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Professional Development Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Miscellaneous Income	$ 2,426	**35**	2,566	(2,531)
Transfers In	621	**5,528**	10,000	(4,472)
Total Cash Receipts	3,047	**5,563**	12,566	(7,003)
Expenditures				
Instructional Support Services	6,967	**7,852**	35,000	(27,148)
Cash Receipts Over (Under) Expenditures	(3,920)	**(2,289)**		
Unencumbered Cash - Beginning	26,353	**22,433**		
Unencumbered Cash - Ending	$ 22,433	**20,144**		

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Special Education Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Intergovernmental Revenue				
Federal Aid - ARRA	$ 12,312	**16,062**	-	16,062
Miscellaneous Income	593	**801**	38,372	(37,571)
Transfers In	221,585	**243,570**	227,500	16,070
Total Cash Receipts	234,490	**260,433**	265,872	(5,439)
Expenditures				
Instruction	266,247	**260,111**	440,000	(179,889)
Operations and Maintenance	-	**23**	-	23
Total Expenditures	266,247	**260,134**	440,000	(179,866)
Cash Receipts Over (Under) Expenditures	(31,757)	**299**		
Unencumbered Cash - Beginning	205,884	**174,127**		
Unencumbered Cash - Ending	$ 174,127	**174,426**		

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Vocational Education Fund
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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Transfers In	$ 36,927	**41,722**	50,000	(8,278)
Expenditures				
Instruction	34,678	**38,212**	43,396	(5,184)
Operations and Maintenance	2,249	**3,510**	6,604	(3,094)
Total Expenditures	36,927	**41,722**	50,000	(8,278)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
KPERS Special Retirement Contribution Fund
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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Cash Receipts				
Intergovernmental Revenue				
State Aid	$ 143,501	**124,088**	193,726	(69,638)
Expenditures				
Instruction	104,325	**90,212**	140,838	(50,626)
Instructional Support Services	3,144	**2,718**	4,244	(1,526)
General Administration	8,187	**7,079**	11,052	(3,973)
School Administration	9,353	**8,088**	12,627	(4,539)
Operations and Maintenance	6,318	**5,463**	8,529	(3,066)
Student Transportation Services	5,814	**5,028**	7,849	(2,821)
Food Service	6,360	**5,500**	8,587	(3,087)
Total Expenditures	143,501	**124,088**	193,726	(69,638)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	$ -	-
Expenditures		
Instruction	17,085	18,200
Cash Receipts Over (Under) Expenditures	(17,085)	(18,200)
Unencumbered Cash - Beginning	121,112	104,027
Unencumbered Cash - Ending	$ 104,027	85,827

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
At Risk (K-12) Fund
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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Cash Receipts				
Transfers In	$ 152,000	**160,989**	200,000	(39,011)
Expenditures				
Instruction	152,000	**160,989**	200,000	(39,011)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	$ -	-		

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Student Material Revolving Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Fees for Materials	$ 4,640	**4,555**
Expenditures		
Materials and Supplies	14,849	**5,490**
Cash Receipts Over (Under) Expenditures	(10,209)	**(935)**
Unencumbered Cash - Beginning	15,630	**5,421**
Unencumbered Cash - Ending	$ 5,421	**4,486**

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Textbook Rental Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Prior Year Actual	Current Year Actual
Cash Receipts			
Textbook Rental Income	$	7,315	**7,303**
Expenditures			
Instruction		3,225	**9,285**
Cash Receipts Over (Under) Expenditures		4,090	**(1,982)**
Unencumbered Cash - Beginning		1,781	**5,871**
Unencumbered Cash - Ending	$	5,871	**3,889**

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Title I Low Income Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	$ 37,046	42,156
Federal Aid - ARRA	9,324	10,834
Total Cash Receipts	46,370	52,990
Expenditures		
Instruction	46,370	52,990
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Title II D Education Technology Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	$ 357	-
Federal Aid - ARRA	879	-
Total Cash Receipts	1,236	-
Expenditures		
Instruction	1,236	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Title II A Teacher Quality Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	$ 18,138	18,734
Expenditures		
Instruction	18,138	18,734
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Drug Free Schools Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	$ 1,011	-
Expenditures		
Instruction	1,011	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
REAP Grant Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Prior Year Actual	Current Year Actual
Cash Receipts			
Intergovernmental Revenue			
Federal Aid	$	27,583	22,865
Expenditures			
Instruction		29,367	23,232
Cash Receipts Over (Under) Expenditures		(1,784)	(367)
Unencumbered Cash - Beginning		2,151	367
Unencumbered Cash - Ending	$	367	-

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Dr. JHA Peck Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 87	50
Expenditures		
Scholarships	500	500
Cash Receipts Over (Under) Expenditures	(413)	(450)
Unencumbered Cash - Beginning	4,259	3,846
Unencumbered Cash - Ending	$ 3,846	3,396

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Alice Danielson Memorial Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 240	83
Expenditures		
Equipment	11,346	-
Cash Receipts Over (Under) Expenditures	(11,106)	83
Unencumbered Cash - Beginning	11,216	110
Unencumbered Cash - Ending	$ 110	193

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Alice Gillispie Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 853	**539**
Expenditures		
Scholarships	1,500	**1,500**
Cash Receipts Over (Under) Expenditures	(647)	**(961)**
Unencumbered Cash - Beginning	40,385	**39,738**
Unencumbered Cash - Ending	$ 39,738	**38,777**

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Pauline Wagner Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 48	29
Expenditures		
Scholarships	200	200
Cash Receipts Over (Under) Expenditures	(152)	(171)
Unencumbered Cash - Beginning	2,314	2,162
Unencumbered Cash - Ending	$ 2,162	1,991

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Don Worley Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 36	22
Expenditures		
Scholarships	100	100
Cash Receipts Over (Under) Expenditures	(64)	(78)
Unencumbered Cash - Beginning	1,718	1,654
Unencumbered Cash - Ending	$ 1,654	1,576

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Cole Barnhart Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 5	-
Expenditures		
Scholarships	600	-
Cash Receipts Over (Under) Expenditures	(595)	-
Unencumbered Cash - Beginning	595	-
Unencumbered Cash - Ending	$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
CN Co Jaycees Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 36	15
Expenditures		
Scholarships	600	600
Cash Receipts Over (Under) Expenditures	(564)	(585)
Unencumbered Cash - Beginning	1,894	1,330
Unencumbered Cash - Ending	$ 1,330	745

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
B. Gorthy Kehlbeck Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 7	10
Expenditures		
Scholarships	-	-
Cash Receipts Over (Under) Expenditures	7	10
Unencumbered Cash - Beginning	333	340
Unencumbered Cash - Ending	$ 340	350

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Short Term Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Prior Year Actual	Current Year Actual
Cash Receipts			
Donations	$	3,650	**1,748**
Expenditures			
Scholarships		2,723	**2,630**
Cash Receipts Over (Under) Expenditures		927	**(882)**
Unencumbered Cash - Beginning		4,163	**5,090**
Unencumbered Cash - Ending	$	5,090	**4,208**

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Carl Sperry Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 338	**215**
Expenditures		
Scholarships	500	**500**
Cash Receipts Over (Under) Expenditures	(162)	**(285)**
Unencumbered Cash - Beginning	15,962	**15,800**
Unencumbered Cash - Ending	$ 15,800	**15,515**

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
G and P Faulkender Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 38	24
Expenditures		
Scholarships	100	100
Cash Receipts Over (Under) Expenditures	(62)	(76)
Unencumbered Cash - Beginning	1,809	1,747
Unencumbered Cash - Ending	$ 1,747	1,671

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Larry Walz Music Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 83	52
Expenditures		
Scholarships	300	-
Cash Receipts Over (Under) Expenditures	(217)	52
Unencumbered Cash - Beginning	3,984	3,767
Unencumbered Cash - Ending	$ 3,767	3,819

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Ray Huffman Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

		Prior Year Actual	Current Year Actual
Cash Receipts			
Donations	$	1,000	**1,000**
Interest Income		203	**134**
Total Cash Receipts		1,203	**1,134**
Expenditures			
Scholarships		1,000	**1,000**
Cash Receipts Over (Under) Expenditures		203	**134**
Unencumbered Cash - Beginning		10,467	**10,670**
Unencumbered Cash - Ending	$	10,670	**10,804**

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Penny and Kody Krien Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	$ 500	500
Expenditures		
Scholarships	500	500
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	1,000	1,000
Unencumbered Cash - Ending	$ 1,000	1,000

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Gary Brown Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 138	**80**
Expenditures		
Scholarships	700	**700**
Cash Receipts Over (Under) Expenditures	(562)	**(620)**
Unencumbered Cash - Beginning	6,678	**6,116**
Unencumbered Cash - Ending	$ 6,116	**5,496**

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Kevin Brown Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 90	55
Expenditures		
Scholarships	300	300
Cash Receipts Over (Under) Expenditures	(210)	(245)
Unencumbered Cash - Beginning	4,328	4,118
Unencumbered Cash - Ending	$ 4,118	3,873

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Bud Burnham Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	$ 118	69
Expenditures		
Scholarships	500	500
Cash Receipts Over (Under) Expenditures	(382)	(431)
Unencumbered Cash - Beginning	5,642	5,260
Unencumbered Cash - Ending	$ 5,260	4,829

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Robert Yost Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	$ 2,510	1,000
Interest Income	-	16
Total Cash Receipts	2,510	1,016
Expenditures		
Scholarships	-	1,000
Cash Receipts Over (Under) Expenditures	2,510	16
Unencumbered Cash - Beginning	-	2,510
Unencumbered Cash - Ending	$ 2,510	2,526

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Gordon and Betty Orth Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	$ 5,222	100
Interest Income	-	33
Total Cash Receipts	5,222	133
Expenditures		
Scholarships	-	-
Cash Receipts Over (Under) Expenditures	5,222	133
Unencumbered Cash - Beginning	-	5,222
Unencumbered Cash - Ending	$ 5,222	5,355

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Ted and Jeff Zielke Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	$ 2,500	-
Interest Income	-	16
Total Cash Receipts	2,500	16
Expenditures		
Scholarships	-	500
Cash Receipts Over (Under) Expenditures	2,500	(484)
Unencumbered Cash - Beginning	-	2,500
Unencumbered Cash - Ending	$ 2,500	2,016

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Ethyle Roelfs Scholarship Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	$ -	665
Expenditures		
Scholarships	-	-
Cash Receipts Over (Under) Expenditures	-	665
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	$ -	665

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Agency Funds
Summary of Cash Receipts and Cash Disbursements
For the Year Ended June 30, 2011

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	**Ending Cash Balance**
High School				
Class of 2011	$ 3,694	-	3,694	-
Class of 2012	-	12,616	9,807	**2,809**
Class of 2014	-	3,294	3,294	-
FFA	4,975	41,405	40,075	**6,305**
Indian Band	3,117	5,437	4,715	**3,839**
Special Pom	6,711	33	978	**5,766**
Special Cheer	2,070	1,211	2,102	**1,179**
FCA	101	-	-	**101**
Drama	1,360	864	926	**1,298**
Total High School	22,028	64,860	65,591	**21,297**
Grade School				
Book Club	-	2,639	2,639	-
Non-Student Organization				
Payroll Clearing	5	112	117	-
Total Agency Funds	$ 22,033	67,611	68,347	**21,297**

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
District Activity Funds
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Fee and User Charges							
High School							
Book Rental	$ -	-	3,713	3,713	-	-	-
Industrial Arts	-	-	3,352	3,352	-	-	-
Student Meals	-	-	44,460	44,460	-	-	-
Other	-	-	942	942	-	-	-
Total High School	-	-	52,467	52,467	-	-	-
Grade School							
Book Rental Fees	-	-	3,625	3,625	-	-	-
Total Fee and User Charges	-	-	56,092	56,092	-	-	-
Gate Receipts							
High School Athletics	12,268	-	43,954	38,528	**17,694**	-	**17,694**
School Projects							
High School							
Annual	5,641	-	14,965	15,798	**4,808**	-	**4,808**
Emergency Disaster Fund	2,237	-	-	-	**2,237**	-	**2,237**
Yearbook Special Account	1,834	-	4,125	4,437	**1,522**	-	**1,522**
Student Activity	8,456	-	9,422	8,828	**9,050**	-	**9,050**
Total High School	18,168	-	28,512	29,063	**17,617**	-	**17,617**
Grade School							
General	3,379	-	2,425	1,933	**3,871**	-	**3,871**
Activity	14	-	1,941	1,472	**483**	-	**483**
Total Grade School	3,393	-	4,366	3,405	**4,354**	-	**4,354**
Total School Projects	21,561	-	32,878	32,468	**21,971**	-	**21,971**
Total District Activity Funds	$ 33,829	-	132,924	127,088	**39,665**	-	**39,665**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 297 St. Francis, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to 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. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. The financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The District is the primary government as defined in GASB #14 and further amended by GASB #39. The Board is elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

These financials statements present **Unified School District No. 297 St. Francis, Kansas** (the primary government) and not its component unit. The following is a component unit of the District. The District exercises significant influence or accountability based primarily on operational or financial relationships with the District.

St. Francis Recreation Commission
The District's Recreation Commission oversees recreation activities. The recreation commission operates as a separate governing body but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. The Recreation Commission does not issue audited financial statements. Contact the District Clerk for information on how to obtain their financial information.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the District for the year ended June 30, 2011.

Governmental Fund Categories

General Fund – to account for all financial resources except those required to be reported in another fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

District Activity Funds – a special revenue fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

Fiduciary Fund Categories

Private Purpose Trust Funds – to account for assets held by the District as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

Agency Funds – to account for assets held by the District as trustee or agent for others.

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

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, with disbursements being adjusted for prior year's 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. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District 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 expenses, liabilities such as deferred revenue and 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 generally accepted accounting principles. Capital assets that account for the land,

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information
Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

a. Preparation of the budget for the succeeding calendar year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

d. 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 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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 statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's 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. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds: Contingency Reserve Fund, Student Material Revolving Fund, Textbook Rental Fund, Title I Low Income Fund, Title II A Teacher Quality Fund, REAP Grant Fund, and District Activity funds.

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

Deposits and Investments
The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

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

K.S.A. 12-1675 limits the District's investments 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 K.S.A. 9-1405.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not 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%. The District does not use "peak periods". All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was $2,054,343 and the bank balance was $2,325,280. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, $641,177 was covered by federal depository insurance and $1,684,103 was collateralized with securities held by pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2011.

Compensated Absences
Vacation
The District's policy with regard to vacation leave permits non-certified employees with 12 month employment contracts to accumulate 1 day per month of service, accumulating to a maximum of 12 working days of vacation. The superintendent is permitted to accumulate 21 working days per year, with a maximum accumulation of 21 working days. No allowance for unused vacation is paid upon termination or resignation.

The potential liability for accumulated vacation leave is shown in Note 9.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick Leave
All employees with permanent full-time employment can earn sick leave at the rate of 10 days per year accumulating to 30 working days. No allowance for unused sick leave is paid upon termination or resignation.

Certified personnel receive additional personal leave of 2 days per year.

Deferred Compensation Plan
The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

Defined Benefit Pension Plan
Plan Description
The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy
K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State currently contributes 9.17% of covered payroll and 16.48% for non-licensed KPERS retirees and 20.48% for licensed KPERS retirees. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years 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 as set forth by the legislature. The amounts attributable to the District for the years ending June 30, 2011, 2010, and 2009 were $124,088, $143,501, and $141,020 respectively.

Other Post Employment 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 District 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 District 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 District under this program.

Property Tax Calendar
Collection of current year property tax by the County Treasurer is not completed, apportioned nor

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets
Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the District for special purposes.

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

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 297 St. Francis, Kansas'** interfund transfers and statutory authority for the year ended June 30, 2011 were as follows:

From	To	Statutory Authority	Amount
General Fund	Professional Development Fund	K.S.A. 72-6428	$ 5,528
General Fund	Capital Outlay Fund	K.S.A. 72-6428	76,500
General Fund	Special Education Fund	K.S.A. 72-6428	243,570
General Fund	Vocational Education Fund	K.S.A. 72-6428	8,538
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	160,989
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	33,184
Supplemental General Fund	Driver Training Fund	K.S.A. 72-6433	20,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	77,500

NOTE 3 – LITIGATION

Unified School District No. 297 St. Francis, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

NOTE 4 – RISK MANAGEMENT

Unified School District No. 297 St. Francis, Kansas 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 has been unable to obtain worker's compensation insurance at a cost it considered

NOTE 4 – RISK MANAGEMENT (continued)

to be economically justifiable. For this reason, the District joined together with other districts in the State to participate in Kansas Association of School Boards Risk Management Services, a public entity risk pool currently operating as a common risk management and insurance program for Kansas Association of School Boards Risk Management Services for 86 participating members.

The District pays an annual premium to Kansas Association of School Boards Risk Management Services for its worker's compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards Risk Management Services will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $1,000,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Association of School Boards Risk Management Services management. During 2011, the District contributed $19,927 to the fund for this insurance coverage.

The District continues to carry commercial insurance for risks of loss, including property, liability, crime, inland marine, automobile, linebacker, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – GRANTS AND SHARED REVENUES

Unified School District No. 297 St. Francis, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 6 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 297 St. Francis, Kansas**' cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 7 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

K.S.A. 60-1111 states that whenever any public official enters into a contract exceeding $100,000 for making any public improvements, constructing any public building or making repairs on any public building, such official shall take a surety bond from the contractor in a sum not less than the sum total in the contract conditioned that such contractor shall pay all indebtedness incurred for labor, materials, equipment, or supplies consumed in the construction described above. The District did not properly bond their public work contracts during the current year.

NOTE 8 – OPERATING LEASES

On March 12, 2009, the District entered into two lease agreements with IKON Office Solutions regarding the use of equipment, service and supplies for Canon copy machines and a Ricoh copy machine. The Canon lease agreement calls for a monthly payment of $150 for 36 months plus monthly maintenance costs. The Ricoh lease agreement calls for a monthly payment of $624 for 60 months plus monthly maintenance costs. Payments totaling $9,287 were made on these leases during the year ended June 30, 2011. Future scheduled payments are as follows:

Year	Amount
2012	$ 9,039
2013	7,490
2014	5,835

NOTE 9 – LONG-TERM DEBT

Unified School District No. 297 St. Francis, Kansas has the following types of long-term debt.

Issue	Balance Beginning of Year	Net Change	Balance End of Year
Compensated Absences	$ 9,867	-	9,867

NOTE 10 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require 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 these statutes.

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
General Fund
Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011

		Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues				
Taxes and Shared Revenues				
Ad Valorem Tax	$	**481,177**	409,261	71,916
Delinquent Tax		**3,878**	3,341	537
Intergovernmental Revenues				
Mineral Severance Tax		**30,150**	5,718	24,432
Special Education Aid		**192,842**	192,842	-
Federal Aid - ARRA		**41,476**	41,476	-
Federal Aid - Education Jobs		**72,625**	-	72,625
Equalization Aid		**1,380,604**	1,550,114	(169,510)
Total Statutory Revenues		**2,202,752**	2,202,752	-
Expenditures				
Instruction		**1,345,365**	1,475,732	(130,367)
Student Support Services		**-**	8,000	(8,000)
General Administration		**158,801**	147,946	10,855
School Administration		**105,378**	114,042	(8,664)
Operations and Maintenance		**4,238**	10,500	(6,262)
Student Transportation Services		**93,845**	113,366	(19,521)
Transfers Out		**495,125**	499,500	(4,375)
Adjustment to Comply with Legal Max		**-**	(166,334)	166,334
Total Expenditures and Legal General Fund Budget		**2,202,752**	2,202,752	-
Statutory Revenues Over (Under) Expenditures		-		
Modified Unencumbered Cash - Beginning		-		
Modified Unencumbered Cash - Ending	$	-		

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Certified
Public
Accountants

October 13, 2011

To the Board of Education and Management
Unified School District No. 297 St. Francis, Kansas
St. Francis, Kansas

Management Letter

In planning and performing our audit of the primary government financial statements of **Unified School District No. 297 St. Francis, Kansas** as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the following deficiency in the District's internal control to be a material weakness.

- **Unified School District No. 297 St. Francis, Kansas** does not have proper segregation of duties necessary to establish a good system of internal controls. We understand that the size of the District's accounting and administrative staff and related budget constraints preclude management from hiring additional personnel to achieve proper segregation of duties. However, limited segregation can and should be implemented to reduce the risk of errors or fraud. Where possible, duties should be segregated. Involvement by the Board can also mitigate the risks of error or fraud. The Board should remain involved in the financial affairs of the District to provide oversight and independent review functions.

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. We consider the following deficiency in the District's internal control to be a significant deficiency.

- Statement on Auditing Standard No. 115 (SAS No. 115) requires client personnel responsible for the accounting and reporting function to have the necessary skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or when preparing financial statements. Due to the limited size of the District, it is not practical to hire fully qualified staff

to the extent that they possess all the skills in order to apply generally accepted accounting principles when preparing financial statements, including relevant footnote disclosures. It is important to note the accounting personnel of the District are not expected to have this kind of knowledge. In order to obtain the necessary knowledge, the personnel would have to obtain extensive and continuous training, which is not feasible.

We would like to express our appreciation for the opportunity to perform the June 30, 2011 audit for **Unified School District No. 297 St. Francis, Kansas** and to the employees for the cooperation and assistance given to us during the audit.

This communication is intended solely for the information and use of management, the Board of Education, others within the organization, and State of Kansas, and is not intended to be and should not be used by anyone other than these specified parties.

Adams, Brown, Beran + Ball, Chtd

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants