

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS

Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended June 30, 2012

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Primary Government Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2012

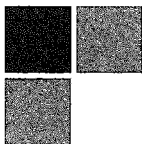
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For the Year Ended June 30, 2012

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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, 2012, 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 \$53,177 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 effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the two preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District No. 297 St. Francis, Kansas, as of June 30, 2012, or the changes in its financial position for the year then ended.

Unified School District No. 297 St. Francis, Kansas

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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, 2012, 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 11, 2012

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustments	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	\$ (65,613)	65,613	-	2,160,220	2,160,220	-	6,255	6,255
Supplemental General Fund	293,779	-	-	557,531	578,767	272,543	7,435	279,978
Special Revenue Funds								
Capital Outlay Fund	1,114,707	-	-	252,164	431,170	935,701	185,560	1,121,261
Driver Training Fund	26,064	-	-	21,128	20,699	26,493	-	26,493
Food Service Fund	78,565	-	-	281,300	276,827	83,038	-	83,038
Professional Development Fund	20,144	-	-	2,990	4,731	18,403	-	18,403
Special Education Fund	174,426	-	-	255,242	289,503	160,165	-	160,165
Vocational Education Fund	-	-	-	39,193	39,193	-	-	-
KPERS Special Retirement Contribution Fund	-	-	-	214,234	214,234	-	-	-
Contingency Reserve Fund	85,827	-	-	-	14,630	71,197	-	71,197
At Risk (K-12) Fund	-	-	-	166,576	166,576	-	-	-
Student Material Revolving Fund	4,486	-	-	2,986	3,242	4,230	-	4,230
Textbook Rental Fund	3,889	-	-	8,770	2,455	10,204	1,583	11,787
Title I Low Income Fund	-	-	-	44,568	44,568	-	-	-
Title II A Teacher Quality Fund	-	-	-	16,288	16,288	-	-	-
REAP Grant Fund	-	-	-	18,395	18,395	-	-	-
Recreation Commission Fund	-	-	-	31,576	31,576	-	-	-
District Activity Funds	39,665	-	-	112,849	112,497	40,017	-	40,017
Fiduciary Fund Category								
Private Purpose Trust Funds								
Dr. JHA Peck Scholarship Fund	3,396	-	-	28	500	2,924	-	2,924
Alice Danielson Memorial Fund	193	-	-	4	-	197	-	197
Alice Gillispie Scholarship Fund	38,777	-	-	329	1,500	37,606	-	37,606
Pauline Wagner Scholarship Fund	1,991	-	-	17	200	1,808	-	1,808
Don Worley Scholarship Fund	1,576	-	-	13	100	1,489	-	1,489
CN Co Jaycees Scholarship Fund	745	-	-	5	750	-	-	-
B. Gorthy Kehlbeck Scholarship Fund	350	-	-	-	350	-	-	-
Short Term Scholarship Fund	4,208	-	-	2,695	2,500	4,403	-	4,403
Carl Sperry Scholarship Fund	15,515	-	-	132	500	15,147	-	15,147
G and P Faulkender Scholarship Fund	1,671	-	-	14	100	1,585	-	1,585
Larry Walz Music Scholarship Fund	3,819	-	-	32	300	3,551	-	3,551
Ray Huffman Scholarship Fund	10,804	-	-	1,084	1,000	10,888	-	10,888
Penny and Kody Krien Scholarship Fund	1,000	-	-	-	500	500	-	500

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, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustments	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Private Purpose Trust Funds (continued)								
Gary Brown Scholarship Fund	\$ 5,496	-	-	45	700	4,841	-	4,841
Kevin Brown Scholarship Fund	3,873	-	-	32	300	3,605	-	3,605
Bud Burnham Scholarship Fund	4,829	-	-	40	500	4,369	-	4,369
Robert Yost Scholarship Fund	2,526	-	-	19	1,000	1,545	-	1,545
Gordon and Betty Orth Scholarship Fund	5,355	-	-	46	-	5,401	-	5,401
Tedd and Jeff Zielke Scholarship Fund	2,016	-	-	20	500	1,536	-	1,536
Ethyle Roelfs Scholarship Fund	665	-	-	-	-	665	-	665
Total Primary Government (Excluding Agency Funds) \$	1,884,744	65,613	-	4,190,565	4,416,871	1,724,051	200,833	1,924,884
Composition of Cash								
								Checking Accounts \$ 499,517
								Certificates of Deposit 1,441,237
								Cash on Hand (Elementary School) 50
								Total Cash 1,940,804
								Agency Funds per Statement 4 (15,920)
								Total Primary Government (Excluding Agency Funds) \$ 1,924,884

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, 2012

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	\$ 2,325,078	(171,234)	6,376	2,160,220	2,160,220	-
Supplemental General Fund	788,634	(41,227)	-	747,407	578,767	(168,640)
Special Revenue Funds						
Capital Outlay Fund	1,450,000	-	-	1,450,000	431,170	(1,018,830)
Driver Training Fund	36,000	-	-	36,000	20,699	(15,301)
Food Service Fund	370,000	-	-	370,000	276,827	(93,173)
Professional Development Fund	25,000	-	-	25,000	4,731	(20,269)
Special Education Fund	440,000	-	-	440,000	269,503	(170,497)
Vocational Education Fund	50,000	-	-	50,000	39,193	(10,807)
KPERS Special Retirement Contribution Fund	235,767	-	-	235,767	214,234	(21,533)
At Risk (K-12) Fund	220,000	-	-	220,000	166,576	(53,424)
Recreation Commission Fund	60,000	-	-	60,000	31,576	(28,424)

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 481,177	518,038	446,836	71,202
Delinquent Tax	3,878	7,830	2,439	5,391
Intergovernmental Revenues				
Mineral Severance Tax	30,150	24,316	23,442	874
Special Education Aid	192,842	209,433	209,433	-
Federal Aid - ARRA	41,476	1,047	-	1,047
Federal Aid - Education Jobs	72,625	-	-	-
Equalization Aid	1,380,604	1,393,180	1,471,694	(78,514)
Reimbursement	-	6,376	-	6,376
Total Cash Receipts	2,202,752	2,160,220	2,153,844	6,376
Expenditures				
Instruction	1,345,365	1,353,942	1,476,041	(122,099)
Student Support Services	-	-	-	-
Instructional Support Services	-	-	-	-
General Administration	158,801	157,568	164,453	(6,885)
School Administration	105,378	107,240	116,584	(9,344)
Operations and Maintenance	4,238	-	-	-
Student Transportation Services	93,845	-	-	-
Transfers Out	495,125	541,470	568,000	(26,530)
Adjustment to Comply with Legal Max	-	-	(171,234)	171,234
Legal General Fund Budget	2,202,752	2,160,220	2,153,844	6,376
(a) Adjustment for Qualifying Budget Credit	-	-	6,376	(6,376)
Total Expenditures	2,202,752	2,160,220	2,160,220	-
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning As Previously Stated	-	(65,613)		
Prior Period Adjustment	-	65,613		
Unencumbered Cash - Beginning As Restated	-	-		
Unencumbered Cash - Ending	\$ -	-		
(a) Adjustment for Qualifying Budget Credit				
Reimbursements Over Amount Budgeted			\$ 6,376	

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 408,094	450,611	380,077	70,534
Delinquent Tax	2,322	5,012	2,082	2,930
Motor Vehicle Tax	34,742	36,648	45,787	(9,139)
Recreational Vehicle Tax	889	819	1,193	(374)
Intergovernmental Revenues				
State Aid	3,585	64,441	65,716	(1,275)
Total Cash Receipts	<u>449,632</u>	<u>557,531</u>	<u>494,855</u>	<u>62,676</u>
Expenditures				
Instruction	113,145	99,070	90,500	8,570
Instructional Support Services	-	-	54,292	(54,292)
Operations and Maintenance	304,613	400,504	305,536	94,968
Transportation	-	-	190,306	(190,306)
Transfers Out	130,684	79,193	148,000	(68,807)
Adjustment to Comply with Legal Max	-	-	(41,227)	41,227
Total Expenditures	<u>548,442</u>	<u>578,767</u>	<u>747,407</u>	<u>(168,640)</u>
Cash Receipts Over (Under) Expenditures	(98,810)	(21,236)		
Unencumbered Cash - Beginning	<u>392,589</u>	<u>293,779</u>		
Unencumbered Cash - Ending	\$ <u>293,779</u>	<u>272,543</u>		

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 104,828	112,311	97,487	14,824
Delinquent Tax	838	1,756	533	1,223
Motor Vehicle Tax	12,252	11,872	14,720	(2,848)
Recreational Vehicle Tax	314	182	384	(202)
Interest Income	17,789	12,259	90,000	(77,741)
Miscellaneous Income	11,190	66,184	49,169	17,015
Transfers In	76,500	47,600	83,000	(35,400)
Total Cash Receipts	<u>223,711</u>	<u>252,164</u>	<u>335,293</u>	<u>(83,129)</u>
Expenditures				
Instruction	68,831	134,067	150,000	(15,933)
Instructional Support Services	-	-	5,000	(5,000)
Student Support Services	-	-	5,000	(5,000)
General Administration	500	-	5,000	(5,000)
School Administration	1,392	1,822	10,000	(8,178)
Operations and Maintenance	6,543	3,059	10,000	(6,941)
Student Transportation Services	18,752	60,282	100,000	(39,718)
Facility Acquisition and Construction	215,348	231,940	1,165,000	(933,060)
Total Expenditures	<u>311,366</u>	<u>431,170</u>	<u>1,450,000</u>	<u>(1,018,830)</u>
Cash Receipts Over (Under) Expenditures	<u>(87,655)</u>	<u>(179,006)</u>		
Unencumbered Cash - Beginning	<u>1,202,362</u>	<u>1,114,707</u>		
Unencumbered Cash - Ending	<u>\$ 1,114,707</u>	<u>935,701</u>		

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 1,010	1,128	1,406	(278)
Miscellaneous Income	-	-	530	(530)
Transfers In	20,000	20,000	8,000	12,000
Total Cash Receipts	21,010	21,128	9,936	11,192
Expenditures				
Instruction	20,293	20,026	26,998	(6,972)
Operations and Maintenance	419	447	2,000	(1,553)
Vehicle Operations and Maintenance	135	226	7,002	(6,776)
Total Expenditures	20,847	20,699	36,000	(15,301)
Cash Receipts Over (Under) Expenditures	163	429		
Unencumbered Cash - Beginning	25,901	26,064		
Unencumbered Cash - Ending	\$ 26,064	26,493		

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 1,889	1,713	1,515	198
Federal Aid	92,427	94,662	90,162	4,500
Charges for Services	77,489	77,095	81,931	(4,836)
Miscellaneous Income	13,051	16,330	27,827	(11,497)
Transfers In	77,500	91,500	90,000	1,500
Total Cash Receipts	<u>262,356</u>	<u>281,300</u>	<u>291,435</u>	<u>(10,135)</u>
Expenditures				
Operations and Maintenance	8,304	9,440	23,737	(14,297)
Food Service Operation	253,718	267,387	346,263	(78,876)
Total Expenditures	<u>262,022</u>	<u>276,827</u>	<u>370,000</u>	<u>(93,173)</u>
Cash Receipts Over (Under) Expenditures	334	4,473		
Unencumbered Cash - Beginning	<u>78,231</u>	<u>78,565</u>		
Unencumbered Cash - Ending	<u>\$ 78,565</u>	<u>83,038</u>		

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
Cash Receipts				
Miscellaneous Income	\$ 35	1,629	4,856	(3,227)
Transfers In	5,528	1,361	-	1,361
Total Cash Receipts	5,563	2,990	4,856	(1,866)
Expenditures				
Instructional Support Services	7,852	4,731	25,000	(20,269)
Cash Receipts Over (Under) Expenditures	(2,289)	(1,741)		
Unencumbered Cash - Beginning	22,433	20,144		
Unencumbered Cash - Ending	\$ 20,144	18,403		

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
Federal Aid - ARRA	\$ 16,062	-	-	-
Miscellaneous Income	801	809	574	235
Transfers In	243,570	254,433	265,000	(10,567)
Total Cash Receipts	260,433	255,242	265,574	(10,332)
Expenditures				
Instruction	260,111	269,503	440,000	(170,497)
Operations and Maintenance	23	-	-	-
Total Expenditures	260,134	269,503	440,000	(170,497)
Cash Receipts Over (Under) Expenditures	299	(14,261)		
Unencumbered Cash - Beginning	174,127	174,426		
Unencumbered Cash - Ending	\$ 174,426	160,165		

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 41,722	39,193	50,000	(10,807)
Expenditures				
Instruction	38,212	35,392	43,218	(7,826)
Operations and Maintenance	3,510	3,801	6,782	(2,981)
Total Expenditures	41,722	39,193	50,000	(10,807)
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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 124,088	214,234	235,767	(21,533)
Expenditures				
Instruction	90,212	155,747	171,403	(15,656)
Instructional Support Services	2,718	4,692	5,164	(472)
General Administration	7,079	12,222	13,450	(1,228)
School Administration	8,088	13,964	15,367	(1,403)
Operations and Maintenance	5,463	9,432	10,380	(948)
Student Transportation Services	5,028	8,681	9,553	(872)
Food Service	5,500	9,496	10,450	(954)
Total Expenditures	124,088	214,234	235,767	(21,533)
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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ -	-
Expenditures		
Instruction	18,200	14,630
Cash Receipts Over (Under) Expenditures	(18,200)	(14,630)
Unencumbered Cash - Beginning	104,027	85,827
Unencumbered Cash - Ending	\$ 85,827	71,197

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 160,989	166,576	220,000	(53,424)
Expenditures				
Instruction	160,989	166,576	220,000	(53,424)
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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Fees for Materials	\$ 4,555	2,986
Expenditures		
Materials and Supplies	5,490	3,242
Cash Receipts Over (Under) Expenditures	(935)	(256)
Unencumbered Cash - Beginning	5,421	4,486
Unencumbered Cash - Ending	\$ 4,486	4,230

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Textbook Rental Income	\$ 7,303	8,770
Expenditures		
Instruction	9,285	2,455
Cash Receipts Over (Under) Expenditures	(1,982)	6,315
Unencumbered Cash - Beginning	5,871	3,889
Unencumbered Cash - Ending	\$ 3,889	10,204

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 42,156	44,568
Federal Aid - ARRA	10,834	-
Total Cash Receipts	52,990	44,568
Expenditures		
Instruction	52,990	44,568
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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 18,734	16,288
Expenditures		
Instruction	18,734	16,288
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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 22,865	18,395
Expenditures		
Instruction	23,232	18,395
Cash Receipts Over (Under) Expenditures	(367)	-
Unencumbered Cash - Beginning	367	-
Unencumbered Cash - Ending	\$ -	-

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Recreation Commission Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 26,211	28,078	24,372	3,706
Delinquent Tax	211	442	133	309
Motor Vehicle Tax	3,074	2,994	3,712	(718)
Recreational Vehicle Tax	79	62	97	(35)
Other Revenue	-	-	31,686	(31,686)
Total Cash Receipts	<u>29,575</u>	<u>31,576</u>	<u>60,000</u>	<u>(28,424)</u>
Expenditures				
Appropriations	<u>29,575</u>	<u>31,576</u>	<u>60,000</u>	<u>(28,424)</u>
Total Expenditures	<u>29,575</u>	<u>31,576</u>	<u>60,000</u>	<u>(28,424)</u>
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	<u>\$ -</u>	<u>-</u>		

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 50	28
Expenditures		
Scholarships	500	500
Cash Receipts Over (Under) Expenditures	(450)	(472)
Unencumbered Cash - Beginning	3,846	3,396
Unencumbered Cash - Ending	\$ 3,396	2,924

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 83	4
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	83	4
Unencumbered Cash - Beginning	110	193
Unencumbered Cash - Ending	\$ 193	197

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 539	329
Expenditures		
Scholarships	1,500	1,500
Cash Receipts Over (Under) Expenditures	(961)	(1,171)
Unencumbered Cash - Beginning	39,738	38,777
Unencumbered Cash - Ending	\$ 38,777	37,606

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 29	17
Expenditures		
Scholarships	200	200
Cash Receipts Over (Under) Expenditures	(171)	(183)
Unencumbered Cash - Beginning	2,162	1,991
Unencumbered Cash - Ending	\$ 1,991	1,808

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 22	13
Expenditures		
Scholarships	100	100
Cash Receipts Over (Under) Expenditures	(78)	(87)
Unencumbered Cash - Beginning	1,654	1,576
Unencumbered Cash - Ending	\$ 1,576	1,489

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 15	5
Expenditures		
Scholarships	600	750
Cash Receipts Over (Under) Expenditures	(585)	(745)
Unencumbered Cash - Beginning	1,330	745
Unencumbered Cash - Ending	\$ 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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 10	-
Expenditures		
Scholarships	-	350
Cash Receipts Over (Under) Expenditures	10	(350)
Unencumbered Cash - Beginning	340	350
Unencumbered Cash - Ending	\$ 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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 1,748	2,695
Expenditures		
Scholarships	2,630	2,500
Cash Receipts Over (Under) Expenditures	(882)	195
Unencumbered Cash - Beginning	5,090	4,208
Unencumbered Cash - Ending	\$ 4,208	4,403

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 215	132
Expenditures		
Scholarships	500	500
Cash Receipts Over (Under) Expenditures	(285)	(368)
Unencumbered Cash - Beginning	15,800	15,515
Unencumbered Cash - Ending	\$ 15,515	15,147

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 24	14
Expenditures		
Scholarships	100	100
Cash Receipts Over (Under) Expenditures	(76)	(86)
Unencumbered Cash - Beginning	1,747	1,671
Unencumbered Cash - Ending	\$ 1,671	1,585

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 52	32
Expenditures		
Scholarships	-	300
Cash Receipts Over (Under) Expenditures	52	(268)
Unencumbered Cash - Beginning	3,767	3,819
Unencumbered Cash - Ending	\$ 3,819	3,551

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 1,000	1,000
Interest Income	<u>134</u>	<u>84</u>
Total Cash Receipts	1,134	1,084
Expenditures		
Scholarships	<u>1,000</u>	<u>1,000</u>
Cash Receipts Over (Under) Expenditures	134	84
Unencumbered Cash - Beginning	<u>10,670</u>	<u>10,804</u>
Unencumbered Cash - Ending	<u><u>\$ 10,804</u></u>	<u><u>10,888</u></u>

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

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

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 80	45
Expenditures		
Scholarships	700	700
Cash Receipts Over (Under) Expenditures	(620)	(655)
Unencumbered Cash - Beginning	6,116	5,496
Unencumbered Cash - Ending	\$ 5,496	4,841

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 55	32
Expenditures		
Scholarships	300	300
Cash Receipts Over (Under) Expenditures	(245)	(268)
Unencumbered Cash - Beginning	4,118	3,873
Unencumbered Cash - Ending	\$ 3,873	3,605

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest Income	\$ 69	40
Expenditures		
Scholarships	500	500
Cash Receipts Over (Under) Expenditures	(431)	(460)
Unencumbered Cash - Beginning	5,260	4,829
Unencumbered Cash - Ending	\$ 4,829	4,369

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, 2012
(With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 1,000	-
Interest Income	16	19
 Total Cash Receipts	1,016	19
Expenditures		
Scholarships	1,000	1,000
Cash Receipts Over (Under) Expenditures	16	(981)
Unencumbered Cash - Beginning	2,510	2,526
Unencumbered Cash - Ending	\$ 2,526	1,545

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Donations	\$ 100	-
Interest Income	<u>33</u>	<u>46</u>
Total Cash Receipts	133	46
Expenditures		
Scholarships	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	133	46
Unencumbered Cash - Beginning	<u>5,222</u>	<u>5,355</u>
Unencumbered Cash - Ending	<u><u>\$ 5,355</u></u>	<u><u>5,401</u></u>

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ -	-
Interest Income	16	20
Total Cash Receipts	16	20
Expenditures		
Scholarships	500	500
Cash Receipts Over (Under) Expenditures	(484)	(480)
Unencumbered Cash - Beginning	2,500	2,016
Unencumbered Cash - Ending	\$ 2,016	1,536

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, 2012
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Donations	\$ 665	-
Expenditures		
Scholarships	-	-
Cash Receipts Over (Under) Expenditures	665	-
Unencumbered Cash - Beginning	-	665
Unencumbered Cash - Ending	\$ 665	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, 2012

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Class of 2012	\$ 2,809	-	2,809	-
Class of 2013	-	11,454	9,096	2,358
FFA	6,305	37,614	41,578	2,341
Indian Band	3,839	7,285	6,314	4,810
Special Pom	5,766	1,207	3,880	3,093
Special Cheer	1,179	4,328	4,255	1,252
FCA	101	-	-	101
KS State Historical Society	-	2,500	1,880	620
JH Music Festival	-	1,206	1,206	-
Drama	1,298	960	913	1,345
Total High School	<u>21,297</u>	<u>66,554</u>	<u>71,931</u>	<u>15,920</u>
Grade School				
Book Club	-	2,492	2,492	-
Non-Student Organization				
Payroll Clearing	-	120	120	-
Total Agency Funds	<u>\$ 21,297</u>	<u>69,166</u>	<u>74,543</u>	<u>15,920</u>

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, 2012

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	\$ -	-	4,260	4,260	-	-	-
Industrial Arts	-	-	2,132	2,132	-	-	-
Student Meals	-	-	41,659	41,659	-	-	-
Other	-	-	861	861	-	-	-
Total High School	-	-	48,912	48,912	-	-	-
Grade School							
Book Rental Fees	-	-	4,510	4,510	-	-	-
Total Fee and User Charges	-	-	53,422	53,422	-	-	-
Gate Receipts							
High School Athletics	17,694	-	31,280	27,999	20,975	-	20,975
School Projects							
High School							
Annual	4,808	-	14,743	18,129	1,422	-	1,422
Emergency Disaster Fund	2,237	-	-	-	2,237	-	2,237
Yearbook Special Account	1,522	-	1,323	2,078	767	-	767
Student Activity	9,050	-	8,323	7,888	9,485	-	9,485
Total High School	17,617	-	24,389	28,095	13,911	-	13,911
Grade School							
General	3,871	-	2,258	1,470	4,659	-	4,659
Activity	483	-	1,500	1,511	472	-	472
Total Grade School	4,354	-	3,758	2,981	5,131	-	5,131
Total School Projects	21,971	-	28,147	31,076	19,042	-	19,042
Total District Activity Funds	\$ 39,665	-	112,849	112,497	40,017	-	40,017

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS

Notes to Financial Statements

June 30, 2012

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, 2012.

Governmental Fund Categories

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS

Notes to Financial Statements

June 30, 2012

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,

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Notes to Financial Statements
June 30, 2012

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

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS

Notes to Financial Statements

June 30, 2012

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, 2012.

At June 30, 2012, the District's carrying amount of deposits was \$1,940,804 and the bank balance was \$2,187,401. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$748,492 was covered by federal depository insurance and \$1,438,909 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, 2012.

Compensated Absences

Vacation

The District's policy with regard to vacation 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.

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS

Notes to Financial Statements

June 30, 2012

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 two additional personal leave days per year.

As of June 30, 2012, the amount of accumulated vacation and sick leave was \$7,563. No amount representing the liability has been included in the financial statements.

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 9.77% of covered payroll and 18.96% for non-licensed KPERS retirees and 22.96% 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, 2012, 2011 and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, 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, 2012, 2011, and 2010 were \$214,234, \$124,088, and \$143,501 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.

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS

Notes to Financial Statements

June 30, 2012

NOTE 1— SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor 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, 2012 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Professional Development Fund	K.S.A. 72-6428	\$ 1,361
General Fund	Capital Outlay Fund	K.S.A. 72-6428	47,600
General Fund	Special Education Fund	K.S.A. 72-6428	254,433
General Fund	Food Service Fund	K.S.A. 72-6428	71,500
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	166,576
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	39,193
Supplemental General Fund	Driver Training Fund	K.S.A. 72-6433	20,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	20,000

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.

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Notes to Financial Statements
June 30, 2012

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 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 83 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 2012, the District contributed \$16,461 to the fund for this insurance coverage.

The District carries 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. 10-1118 states that the Treasurer shall keep a record of the amount of money on hand in the treasury and of each particular fund. These records were maintained by the Clerk.

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.

UNIFIED SCHOOL DISTRICT NO. 297 ST. FRANCIS, KANSAS
Notes to Financial Statements
June 30, 2012

NOTE 7 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

K.S.A. 44-1030 states that contracts for construction, alteration, or repair of any public building or public work, or for the acquisition of materials, equipment, supplies, or services comply with the mandatory nondiscrimination provisions. The District did not include the mandatory nondiscrimination provisions in their contracts.

Subject to exemptions, K.S.A. 72-6760 states that no expenditures involving an amount greater than \$20,000 for construction or purchase of materials and goods/wares shall be made except upon sealed proposals, and to the lowest responsible bidder. The District did not follow this procedure for the purchase of a used bus.

The District does not make mandatory purchases of products and services offered by Kansas Industries for the Blind and Severely Disabled as required by K.S.A. 75-3317 through 75-3322.

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 \$8,837 were made on these leases during the year ended June 30, 2012. Future scheduled payments are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 7,490
2014	5,835

NOTE 9 – RELATED PARTY TRANSACTIONS

The following related party transaction was identified for the year ended June 30, 2012. Related party transactions do not include compensation arrangements, expense allowances and reimbursements, and similar items incurred in the ordinary course of operations and, accordingly, such items are not included below.

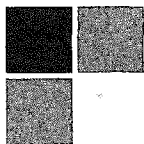
Lampe Hardware, Inc.	
Ed Marin, Board Member	\$8,214

NOTE 10 – IN-SUBSTANCE RECEIPT IN TRANSIT

The District received \$92,886 subsequent to June 30, 2012 and as required by K.S.A. 72-6417 and 72-6434, the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2012.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

The General Fund Unencumbered Cash has been restated to \$0 to be in conformity with the regulatory basis of accounting as of July 1, 2011.



Certified
Public
Accountants

October 11, 2012

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, 2012, 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not 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 control. 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

Unified School District No. 297 St. Francis, Kansas

Page 2

October 11, 2012

to the extent that they possess all the skills in order to apply generally accepted accounting principles when preparing financial statements, including relevant note 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, 2012 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.

A handwritten signature in black ink, reading "Adams, Brown, Beran & Ball, Chtd". The signature is written in a cursive, flowing style.

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants