

CITY OF ST. JOHN, KANSAS

Financial Statement With Independent Auditors' Report

For the Year Ended December 31, 2013

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the City Council
City of St. John, Kansas
St. John, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of St. John, Kansas**, as of and for the year ended December 31, 2013 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by **City of St. John, Kansas** to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas*

Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **City of St. John, Kansas** as of December 31, 2013, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **City of St. John, Kansas** as of December 31, 2013, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* as described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and summary of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2012 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2013 basic financial statement upon which we rendered an unmodified opinion dated March 18, 2014. The 2012 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2012 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 basic financial statement. The 2012 comparative information was subjected to the auditing procedures applied in the audit of the 2012 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statement or to the 2012 basic financial statement itself, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 comparative information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014, on our consideration of **City of St. John, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **City of St. John, Kansas'** internal control over financial reporting and compliance.

Adams, Brown, Beran & Ball, Chtd.

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

March 18, 2014

CITY OF ST. JOHN, KANSAS
 Summary Statement of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended December 31, 2013

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund	\$ 197,790	15,687	764,949	703,405	275,021	61,457	336,478
Special Purpose Funds							
Library Fund	633	-	18,446	18,385	694	-	694
Special Highway Fund	2,003	-	31,997	34,000	-	8,395	8,395
Special Parks and Recreation Fund	76	-	1,717	607	1,186	607	1,793
Equipment Reserve Fund	77,408	-	48,000	4,906	120,502	-	120,502
Jubilee Fund	2,789	-	4,513	4,591	2,711	-	2,711
Capital Improvement Fund	15,242	-	10,000	20,242	5,000	-	5,000
Bond and Interest Funds							
Series 2001 Bond and Interest Fund	4,164	-	7,286	7,287	4,163	-	4,163
Series 2003 Bond and Interest Fund	-	-	13,482	13,027	455	-	455
Capital Project Fund							
Nitrate Removal Plant Loan Fund	-	-	2,417,072	2,417,072	-	-	-
Business Funds							
Water and Light Fund	1,098,580	133,217	1,609,326	2,246,849	594,274	967,312	1,561,586
Electric and Waterworks Utility Surplus Fund	261,481	-	60,000	18,047	303,434	-	303,434
Sewer Service Fund	30,567	21,700	95,216	106,066	41,417	24,362	65,779
Sewer Replacement Fund	118,642	-	21,404	-	140,046	-	140,046
Solid Waste Fund	48,733	-	131,284	128,172	51,845	-	51,845
Storm Water Utility Fund	14,953	-	17,150	15,000	17,103	-	17,103
Storm Water Utility Replacement Fund	75,000	-	15,000	-	90,000	-	90,000
Water System Capital Improvement Fund	170,757	-	52,375	15,245	207,887	-	207,887
Trust Funds							
Edna Smith Park Memorial Fund	11,715	-	42	-	11,757	-	11,757
Cornwell Memorial Fund	213,636	-	1,821	1,698	213,759	-	213,759
Witt Memorial Fund	64,261	-	400	2,258	62,403	-	62,403
Total Reporting Entity (Excluding Agency Funds)	\$ 2,408,430	170,604	5,321,480	5,756,857	2,143,657	1,062,133	3,205,790
Composition of Cash							
						\$	2,035,330
							393,764
							797,128
							999
							3,227,221
							(21,431)
						\$	3,205,790

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

CITY OF ST. JOHN, KANSAS
Notes to Financial Statement
December 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of St. John, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is 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.

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.

Financial Reporting Entity

The City is a municipal corporation governed by an elected mayor and five elected council members. A related municipal entity is an entity established to benefit the City and/or its constituents. The City has no related municipal entities.

Basis of Presentation – Fund Accounting

The accounts of the City 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 types of funds comprise the financial activities of the City for the year ended December 31, 2013.

Regulatory Basis Fund Types

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Business Fund – financed in whole or in part by fees charged to users of the goods or services (enterprise and internal service funds).

Trust Fund – used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

CITY OF ST. JOHN, KANSAS
Notes to Financial Statement
December 31, 2013

Agency Fund – used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting

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

The City 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 City to use the regulatory 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, buildings, and equipment owned by the City are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, and temporary notes are not presented in the financial statement.

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 City for special purposes.

Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

CITY OF ST. JOHN, KANSAS
Notes to Financial Statement
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NOTE 2 – BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business 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 was a budget amendment for this year in the Water and Light Fund.

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 schedules 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 regulatory 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 City 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, trust funds, and the following special purpose funds: Equipment Reserve Fund, Jubilee Fund and Capital Improvement Fund.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

City of St. John, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks

CITY OF ST. JOHN, KANSAS
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December 31, 2013

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 City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City 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 City's deposits may not be returned to it. State statutes require the City'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 City does not use "peak periods". All deposits were legally secured at December 31, 2013.

At December 31, 2013, the City's carrying amount of deposits was \$3,227,221 and the bank balance was \$3,237,874. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$321,785 was covered by federal depository insurance, and \$2,916,089 was collateralized with securities held by the pledging financial institutions' agents in the City'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 City 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 City had no investments at December 31, 2013.

NOTE 4 – 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. **City of St. John, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2013 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Capital Project Improvement Fund	K.S.A. 12-1,118	\$ 10,000
Water and Light Fund	General Fund	K.S.A. 12-825d	182,000
Storm Water Utility Fund	Storm Water Utility Replacement Fund	K.S.A. 12-825d	15,000
Water and Light Fund	Electric and Waterworks Utility Surplus Fund	K.S.A. 12-825d	60,000
Sewer Service Fund	Sewer Replacement Fund	K.S.A. 12-825d	21,404
Sewer Service Fund	General Fund	K.S.A. 12-825d	20,000
Water and Light Fund	Equipment Reserve Fund	K.S.A. 12-1,117	48,000

CITY OF ST. JOHN, KANSAS
Notes to Financial Statement
December 31, 2013

NOTE 5 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project Authorization	Expenditures To Date
Nitrate Removal Project	\$ 2,769,622	2,722,692

NOTE 6 – LITIGATION

City of St. John, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the City.

NOTE 7 – RISK MANAGEMENT

City of St. John, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, workers' compensation, umbrella, automobile, linebacker and surety bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – GRANTS AND SHARED REVENUES

City of St. John, 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 City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 9 – CONTINGENCIES

The City has been mandated by the EPA to replace its catalytic converters on its diesel powered power plant. The City was required to have this completed by May 2013, but has applied for a one year extension. The estimated costs for this equipment could be as high as \$266,970, but a definite price was not available at the report date. The City has encumbered \$100,000 of this cost in the 2013 expenditures.

NOTE 10 – DEFERRED COMPENSATION PLAN

City of St. John, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 457(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 City is not required to make any contributions.

CITY OF ST. JOHN, KANSAS
Notes to Financial Statement
December 31, 2013

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description

City of St. John, Kansas participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. Effective July 1, 2009 KPERs has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of St. John, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City 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 this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City 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.

NOTE 13 – COMPENSATED ABSENCES

Vacation

City of St. John, Kansas' policy regarding vacation for full-time employees is as follows:

<u>Years Worked</u>	<u>Amount Earned</u>
0-5	8 hours/month
6-10	10 hours/month
11-15	12 hours/month
16-20	14 hours/month
21 and over	16 hours/month

Part-time employees who work at least 20 hours or more per week shall earn vacation at the rate of 4 hours for each month of employment.

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Employees in training during their initial employment shall be credited with vacation for each month of employment but shall not be permitted to use any vacation prior to the completion of their training period. An employee may carry over the total days earned as of December 31 of the current year plus five days unused from the previous year. Upon termination, an employee shall be compensated for all earned but unused vacation at his/her final rate of pay. The potential liability for vacation at December 31, 2013 was \$31,133. This is not reflected in the financial statement.

Sick Leave

The City's policy regarding sick leave is that an employee can accumulate sick leave at the rate of 8 hours per month up to a maximum of 120 days, which is cancelled upon the termination of the employee. The potential liability for sick leave at December 31, 2013 was \$156,680. This is not reflected in the financial statement.

Included in the accumulated sick leave balance is an amount for the City's sick leave pool. The purpose of the sick leave pool is to allow staff members to contribute unused sick leave to a pool and allow participating members, who would otherwise have their pay reduced, draw from the pool and avoid having their pay reduced. There is no limit to the amount of sick leave used by each individual except for the amount of sick leave in the pool.

Family and Medical Leave

Upon request any employee will be granted up to 12 weeks of unpaid family and medical leave during any 12 month period. Such leave will be available as the result of the birth, adoption or placement of a child for foster care, to care for a spouse, child or parent with a serious health condition or due to the disabling illness of the employee. Where possible, employees are required to provide at least 30 days notice before beginning to take the leave. An employee may choose, or the employer may require, that any accrued paid vacation, sick or personal leave of the employee be substituted for the 12 weeks of leave provided under this law. To be eligible for family and medical leave, an employee must have worked for the city at least 12 months and for a minimum of 1,250 hours during the previous year.

Injury Leave

Any employee injured on the job shall be eligible to receive injury leave with pay during the seven day waiting period for workers' compensation claims.

Comp Time

Comp time is earned at the rate of 1½ hours per every hour worked over 40 hours during a one week period. Employees have the option of taking time off or receiving payment for the hours earned. Comp time is accrued to a maximum of 40 hours for non-public safety employees. The liability for comp time at December 31, 2013 was \$1,821. This is reflected in the financial statement.

NOTE 14 – DEBT RESTRICTIONS AND COVENANTS

KDHE Revolving Loan

The City entered into a loan agreement with the Kansas Department of Health and Environment to fund the construction of a water nitrate removal plant in the amount of \$3,037,691. The City is in compliance as of December 31, 2013.

NOTE 15 – LONG-TERM DEBT

City of St. John, Kansas has the following types of long-term debt.

CITY OF ST. JOHN, KANSAS
Notes to Financial Statement
December 31, 2013

General Obligation Bonds

On September 1, 2001, the City issued \$74,926 in General Obligation Bonds, Series 2001 to provide funds for Centennial Court's streets and guttering.

On January 1, 2003, the City issued \$138,000 in General Obligation Bonds, Series 2003 to provide permanent financing for the acquisition of a fire pumper truck.

KDHE Revolving Loan

The City entered into a \$3,037,691 revolving loan agreement on January 30, 2012 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance the construction of a water nitrate removal plant. The City will use proceeds generated by the operation of the facility for loan repayment, which will tentatively begin on February 1, 2014.

Lease Obligations

The City has entered into a lease agreement with an option to purchase at the expiration of the lease terms. The lease contains a fiscal funding clause.

CITY OF ST. JOHN, KANSAS
Notes to Financial Statement
December 31, 2013

Changes in long-term liabilities for the City for the year ended December 31, 2013, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2001	3.75% - 5.25%	09/2001	\$ 74,926	2016	\$ 25,000	-	6,000	19,000	1,286
Series 2003	3.30% - 4.70%	01/2003	138,000	2018	60,000	-	10,000	50,000	2,740
Total General Obligation Bonds					85,000	-	16,000	69,000	4,026
KDHE Loan									
Nitrate Removal Plant	2.42%	01/2012	3,037,691*	2033	2,348,099	-	750,000	1,598,099	13,040
Capital Lease									
1997 IHC 4900 Dump Truck	3.20%	07/22/2011	14,000	2014	9,335	-	4,607	4,728	299
Total Contractual Indebtedness					\$ 2,442,434	-	770,607	1,671,827	17,365

* An estimated loan forgiveness is included on 40% of the construction costs only. The anticipated loan forgiveness amount based on the contract amount is \$689,592.

CITY OF ST. JOHN, KANSAS
Notes to Financial Statement
December 31, 2013

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	YEAR								Total
	2014	2015	2016	2017	2018	2019 - 2023	2024 - 2028	2029 - 2033	
Principal									
General Obligation Bonds									
Series 2001	\$ 6,000	6,000	7,000	-	-	-	-	-	19,000
Series 2003	10,000	10,000	10,000	10,000	10,000	-	-	-	50,000
KDHE Loan									
Nitrate Removal Plant	68,839	64,260	65,825	67,427	69,069	371,403	418,871	472,405	1,598,099
Capital Lease									
1997 IHC 4900 Dump Truck	4,728	-	-	-	-	-	-	-	4,728
Total Principal	89,567	80,260	82,825	77,427	79,069	371,403	418,871	472,405	1,671,827
Interest									
General Obligation Bonds									
Series 2001	986	680	367	-	-	-	-	-	2,033
Series 2003	2,320	1,880	1,410	940	470	-	-	-	7,020
KDHE Loan									
Nitrate Removal Plant	47,900	31,325	29,987	28,616	27,212	113,770	73,168	27,377	379,355
Capital Lease									
1997 IHC 4900 Dump Truck	172	-	-	-	-	-	-	-	172
Total Interest	51,378	33,885	31,764	29,556	27,682	113,770	73,168	27,377	388,580
Total Principal and Interest	\$ 140,945	114,145	114,589	106,983	106,751	485,173	492,039	499,782	2,060,407



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

To the City Council
City of St. John, Kansas
St. John, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **City of St. John, Kansas**, as of and for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated March 18, 2014. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **City of St. John, Kansas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **City of St. John, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **City of St. John, Kansas'** internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs (2013-001) that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of St. John, Kansas' Response to Findings

City of St. John, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **City of St. John, Kansas'** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

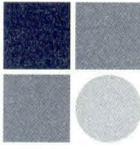
Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Adams, Brown, Beran & Ball, Chtd.

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

March 18, 2014



Certified
Public
Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the City Council
City of St. John, Kansas
St. John, Kansas

Report on Compliance for Each Major Federal Program

We have audited **City of St. John, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **City of St. John, Kansas'** major federal programs for the year ended December 31, 2013. **City of St. John, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **City of St. John, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit and Accounting Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **City of St. John, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **City of St. John, Kansas'** compliance.

Opinion on Each Major Federal Program

In our opinion, **City of St. John, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of **City of St. John, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **City of St. John, Kansas'** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **City of St. John, Kansas'** internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Adams, Brown, Beran + Ball, Chtd.

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

March 18, 2014

CITY OF ST. JOHN, KANSAS

Regulatory-Required Supplementary Information

CITY OF ST. JOHN, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund	\$ 885,421	-	885,421	703,405	(182,016)
Special Purpose Funds					
Library Fund	18,385	-	18,385	18,385	-
Special Highway Fund	34,438	-	34,438	34,000	(438)
Special Parks and Recreation Fund	607	-	607	607	-
Bond and Interest Funds					
Series 2001 Bond and Interest Fund	7,289	-	7,289	7,287	(2)
Series 2003 Bond and Interest Fund	13,027	-	13,027	13,027	-
Business Funds					
Water and Light Fund	2,419,436	-	2,419,436	2,246,849	(172,587)
Sewer Service Fund	110,441	-	110,441	106,066	(4,375)
Sewer Replacement Fund	140,046	-	140,046	-	(140,046)
Solid Waste Fund	129,208	-	129,208	128,172	(1,036)
Storm Water Utility Fund	36,191	-	36,191	15,000	(21,191)
Storm Water Utility Replacement Fund	90,000	-	90,000	-	(90,000)

CITY OF ST. JOHN, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2013
(With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 308,149	310,904	324,178	(13,274)
Delinquent	10,945	12,277	9,000	3,277
Motor Vehicle	58,597	63,670	52,285	11,385
16/20 Motor Vehicle Tax	3,765	4,076	3,885	191
Recreational Vehicle	1,200	998	1,056	(58)
Local Alcohol Liquor	263	1,717	459	1,258
County Sales	88,727	89,827	85,000	4,827
Federal Aid	-	13,101	-	13,101
State Aid	-	453	-	453
Grants	1,930	-	-	-
Park Concessions	4,102	3,900	5,500	(1,600)
Franchise Fees	23,851	30,802	32,700	(1,898)
Licenses, Fees and Permits	2,181	2,001	2,500	(499)
Miscellaneous Rentals	849	1,940	100	1,840
Municipal Court Fines, Bonds and Diversion	1,261	2,994	2,300	694
Reimbursed Expenses	13,647	9,456	3,500	5,956
Interest	16,206	11,972	18,000	(6,028)
Transfers In	202,000	202,000	202,000	-
Other	1,281	2,861	3,000	(139)
Total Receipts	\$ 738,954	764,949	745,463	19,486

CITY OF ST. JOHN, KANSAS
General Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
General Administrative	\$ 72,634	67,610	85,402	(17,792)
Public Safety				
Fire Department	53,147	20,967	60,673	(39,706)
Police Department	145,147	154,171	213,818	(59,647)
Recreation				
Park Department	50,735	50,774	65,211	(14,437)
Swimming Pool	38,657	28,439	44,425	(15,986)
Street Department	94,586	134,709	138,764	(4,055)
Transportation for Elderly	918	1,160	3,950	(2,790)
Beautification, Tree Board, Demolition	1,685	17,201	9,000	8,201
Municipal Court	3,894	4,244	4,750	(506)
City Shop	6,437	7,959	4,500	3,459
Capital Outlay	73,609	45,000	45,000	-
Witt Community Center	11,131	10,938	12,650	(1,712)
Employee Benefits	122,322	141,264	179,061	(37,797)
Transfers Out	5,000	10,000	10,000	-
Neighborhood Revitalization Rebate	6,235	8,969	8,217	752
Total Expenditures	<u>686,137</u>	<u>703,405</u>	<u>885,421</u>	<u>(182,016)</u>
Receipts Over (Under) Expenditures	52,817	61,544		
Unencumbered Cash - Beginning	130,297	197,790		
Prior Year Cancelled Encumbrances	<u>14,676</u>	<u>15,687</u>		
Unencumbered Cash - Ending	\$ <u>197,790</u>	<u>275,021</u>		

CITY OF ST. JOHN, KANSAS
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2013
(With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 14,777	14,550	15,171	(621)
Delinquent	481	569	200	369
Motor Vehicle	2,962	3,099	2,508	591
Recreational Vehicle	61	49	51	(2)
16/20 Motor Vehicle	190	179	186	(7)
Total Receipts	<u>18,471</u>	<u>18,446</u>	<u>18,116</u>	<u>330</u>
Expenditures				
Appropriations	18,167	17,965	18,000	(35)
Neighborhood Revitalization Rebate	304	420	385	35
Total Expenditures	<u>18,471</u>	<u>18,385</u>	<u>18,385</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	61		
Unencumbered Cash - Beginning	<u>633</u>	<u>633</u>		
Unencumbered Cash - Ending	\$ <u><u>633</u></u>	<u><u>694</u></u>		

CITY OF ST. JOHN, KANSAS
Special Highway Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
State Gasoline Tax	\$ 33,287	31,997	<u>33,700</u>	<u>(1,703)</u>
Expenditures				
Commodities	<u>32,022</u>	<u>34,000</u>	<u>34,438</u>	<u>(438)</u>
Receipts Over (Under) Expenditures	1,265	(2,003)		
Unencumbered Cash - Beginning	<u>738</u>	<u>2,003</u>		
Unencumbered Cash - Ending	\$ <u>2,003</u>	<u>-</u>		

CITY OF ST. JOHN, KANSAS
Special Parks and Recreation Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Local Alcohol Liquor	\$ 263	1,717	300	1,417
Expenditures				
Contractual Services	498	607	607	-
Receipts Over (Under) Expenditures	(235)	1,110		
Unencumbered Cash - Beginning	311	76		
Unencumbered Cash - Ending	\$ 76	1,186		

CITY OF ST. JOHN, KANSAS
Equipment Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 48,000	48,000
Expenditures		
Capital Outlay	15,373	4,906
Receipts Over (Under) Expenditures	32,627	43,094
Unencumbered Cash - Beginning	44,781	77,408
Unencumbered Cash - Ending	\$ 77,408	120,502

CITY OF ST. JOHN, KANSAS
Jubilee Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2013
(With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year Actual
Receipts		
Miscellaneous	\$ 3,907	4,013
Interest	500	500
Total Receipts	<u>4,407</u>	<u>4,513</u>
Expenditures		
Contractual Service	54	54
Commodities	4,176	4,537
Total Expenditures	<u>4,230</u>	<u>4,591</u>
Receipts Over (Under) Expenditures	177	(78)
Unencumbered Cash - Beginning	<u>2,612</u>	<u>2,789</u>
Unencumbered Cash - Ending	<u>\$ 2,789</u>	<u>2,711</u>

CITY OF ST. JOHN, KANSAS
Capital Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2013
(With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 5,000	10,000
Expenditures		
Capital Outlay	-	20,242
Receipts Over (Under) Expenditures	5,000	(10,242)
Unencumbered Cash - Beginning	10,242	15,242
Unencumbered Cash - Ending	\$ 15,242	5,000

CITY OF ST. JOHN, KANSAS
Series 2001 Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2013
(With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Special Assessments	\$ 7,579	7,286	7,289	(3)
Expenditures				
Principal Payments	6,000	6,000	6,000	-
Interest Payments	1,580	1,286	1,286	-
Commissions and Fees	1	1	3	(2)
Total Expenditures	7,581	7,287	7,289	(2)
Receipts Over (Under) Expenditures	(2)	(1)		
Unencumbered Cash - Beginning	4,166	4,164		
Unencumbered Cash - Ending	\$ 4,164	4,163		

CITY OF ST. JOHN, KANSAS
Series 2003 Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2013
(With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 10,731	10,677	11,133	(456)
Delinquent	379	426	-	426
Motor Vehicle	2,003	2,206	1,821	385
Recreational Vehicle	41	35	37	(2)
16/20 Motor Vehicle	129	138	135	3
Total Receipts	13,283	13,482	<u>13,126</u>	<u>356</u>
Expenditures				
Principal Payments	10,000	10,000	10,000	-
Interest Payments	3,065	2,718	2,740	(22)
Commissions and Fees	1	1	5	(4)
Neighborhood Revitalization Rebate	217	308	282	26
Total Expenditures	13,283	13,027	<u>13,027</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	455		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	455		

CITY OF ST. JOHN, KANSAS
Nitrate Removal Plant Loan Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Loan Proceeds	\$ 246,718	2,417,072
Expenditures		
Professional Services	182,553	139,019
Project Construction	56,571	2,278,053
Loan Origination Fees	7,594	-
Total Expenditures	246,718	2,417,072
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

CITY OF ST. JOHN, KANSAS
Water and Light Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2013
(With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers				
Electricity	\$ 1,434,406	1,337,708	1,550,000	(212,292)
Water	270,820	243,802	231,200	12,602
Penalties	19,020	19,030	20,000	(970)
State Aid	4,689	-	-	-
Federal Aid	35,171	-	-	-
Reimbursed Expenses	4,664	8,285	5,000	3,285
Miscellaneous	1,563	501	4,170	(3,669)
Total Receipts	<u>1,770,333</u>	<u>1,609,326</u>	<u>1,810,370</u>	<u>(201,044)</u>
Expenditures				
Production Light	704,151	736,356	344,809	391,547
Production Water	75,980	113,940	344,809	(230,869)
Light Distribution	190,002	142,062	344,809	(202,747)
General Administrative	207,865	213,805	344,809	(131,004)
Nitrate Removal Project Principal	-	750,000	750,000	-
Main Street Funding	545	686	200	486
Transfers Out	290,000	290,000	290,000	-
Total Expenditures	<u>1,468,543</u>	<u>2,246,849</u>	<u>2,419,436</u>	<u>(172,587)</u>
Receipts Over (Under) Expenditures	301,790	(637,523)		
Unencumbered Cash - Beginning	759,735	1,098,580		
Prior Year Cancelled Encumbrances	<u>37,055</u>	<u>133,217</u>		
Unencumbered Cash - Ending	\$ <u>1,098,580</u>	<u>594,274</u>		

CITY OF ST. JOHN, KANSAS
Electric and Waterworks Utility Surplus Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 60,000	60,000
Expenditures		
Contractual Services	-	18,047
Receipts Over (Under) Expenditures	60,000	41,953
Unencumbered Cash - Beginning	201,481	261,481
Unencumbered Cash - Ending	<u>\$ 261,481</u>	<u>303,434</u>

CITY OF ST. JOHN, KANSAS
Sewer Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2013
(With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sewer Service Charges	\$ 97,195	93,742	100,000	(6,258)
Miscellaneous Rentals	-	588	-	588
Reimbursed Expenses	22,825	886	1,000	(114)
Total Receipts	120,020	95,216	<u>101,000</u>	<u>(5,784)</u>
Expenditures				
Personal Services	37,116	30,405	42,037	(11,632)
Contractual Services	5,966	6,965	9,500	(2,535)
Commodities	4,031	5,592	10,500	(4,908)
Capital Outlay	27,633	21,700	7,000	14,700
Transfers Out	41,404	41,404	41,404	-
Total Expenditures	116,150	106,066	<u>110,441</u>	<u>(4,375)</u>
Receipts Over (Under) Expenditures	3,870	(10,850)		
Unencumbered Cash - Beginning	26,697	30,567		
Prior Year Cancelled Encumbrances	-	21,700		
Unencumbered Cash - Ending	\$ <u>30,567</u>	<u>41,417</u>		

CITY OF ST. JOHN, KANSAS
Sewer Replacement Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfers In	\$ 21,404	21,404	<u>21,404</u>	<u>-</u>
Expenditures				
Capital Outlay	-	-	<u>140,046</u>	<u>(140,046)</u>
Receipts Over (Under) Expenditures	21,404	21,404		
Unencumbered Cash - Beginning	<u>97,238</u>	<u>118,642</u>		
Unencumbered Cash - Ending	\$ <u>118,642</u>	<u>140,046</u>		

CITY OF ST. JOHN, KANSAS
Solid Waste Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Trash Charges	\$ 125,364	131,284	128,000	3,284
Expenditures				
Personal Services	3,507	4,458	5,208	(750)
Contractual Services	118,684	123,714	122,000	1,714
Capital Outlay	-	-	2,000	(2,000)
Total Expenditures	122,191	128,172	129,208	(1,036)
Receipts Over (Under) Expenditures	3,173	3,112		
Unencumbered Cash - Beginning	45,560	48,733		
Unencumbered Cash - Ending	\$ 48,733	51,845		

CITY OF ST. JOHN, KANSAS
Storm Water Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Storm Sewer Fee	\$ 17,013	17,150	18,000	(850)
Expenditures				
Contractual Services and Commodities	2,251	-	21,191	(21,191)
Transfers Out	15,000	15,000	15,000	-
Total Expenditures	17,251	15,000	36,191	(21,191)
Receipts Over (Under) Expenditures	(238)	2,150		
Unencumbered Cash - Beginning	15,191	14,953		
Unencumbered Cash - Ending	\$ 14,953	17,103		

CITY OF ST. JOHN, KANSAS
Storm Water Utility Replacement Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Transfers In	\$ 15,000	15,000	<u>15,000</u>	<u>-</u>
Expenditures				
Capital Outlay	-	-	<u>90,000</u>	<u>(90,000)</u>
Receipts Over (Under) Expenditures	15,000	15,000		
Unencumbered Cash - Beginning	<u>60,000</u>	<u>75,000</u>		
Unencumbered Cash - Ending	\$ <u>75,000</u>	<u>90,000</u>		

CITY OF ST. JOHN, KANSAS
Water System Capital Improvement Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year Actual
Receipts		
Improvement Fees	\$ 51,783	52,375
Expenditures		
Contractual Services	2,851	-
Service Fees	58	2,205
Interest	347	13,040
Total Expenditures	3,256	15,245
Receipts Over (Under) Expenditures	48,527	37,130
Unencumbered Cash - Beginning	122,230	170,757
Unencumbered Cash - Ending	\$ 170,757	207,887

CITY OF ST. JOHN, KANSAS
Edna Smith Park Memorial Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year Actual
Receipts		
Interest	\$ 68	42
Expenditures	-	-
Receipts Over (Under) Expenditures	68	42
Unencumbered Cash - Beginning	11,647	11,715
Unencumbered Cash - Ending	\$ 11,715	11,757

CITY OF ST. JOHN, KANSAS
Cornwell Memorial Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year Actual
Receipts		
Interest	\$ 2,508	1,821
Expenditures		
Miscellaneous	-	1,698
Receipts Over (Under) Expenditures	2,508	123
Unencumbered Cash - Beginning	211,128	213,636
Unencumbered Cash - Ending	\$ 213,636	213,759

CITY OF ST. JOHN, KANSAS
Witt Memorial Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2012)

	Prior Year Actual	Current Year Actual
Receipts		
Interest	\$ 550	400
Expenditures		
Miscellaneous	-	2,258
Receipts Over (Under) Expenditures	550	(1,858)
Unencumbered Cash - Beginning	63,711	64,261
Unencumbered Cash - Ending	\$ 64,261	62,403

CITY OF ST. JOHN, KANSAS
Agency Funds
 Summary of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2013

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Section 125 Cafeteria Fund	\$ 4,526	4,660	4,660	4,526
Meter Deposit Fund	16,494	7,810	7,399	16,905
Total Agency Funds	\$ 21,020	12,470	12,059	21,431

CITY OF ST. JOHN, KANSAS

Supplementary Information

CITY OF ST. JOHN, KANSAS
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2013

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting

- Material weakness identified? Yes X No
- Significant deficiency identified? X Yes No
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB *Circular A-133*? Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes X No

CITY OF ST. JOHN, KANSAS
Schedule of Findings and Questioned Costs
December 31, 2013

SECTION II – FINANCIAL STATEMENT FINDINGS

Significant Deficiency in Internal Control

2013-001

Criteria or specific requirement

Internal controls should be in place to ensure that employees do not have incompatible duties.

Condition

Proper segregation of duties does not exist in the accounting system.

Effect

Management may not become aware of the problems or irregularities within a timely manner.

Cause

The City is unable to hire additional personnel due to its size.

Recommendation

Procedures should be established and implemented where the City implements segregation of duties in the receipts and expenditures cycles and implements additional internal control.

Views of responsible officials and planned corrective actions

The City is aware that employees have incompatible duties; however, due to the size of the City, it would not be feasible to hire additional personnel.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under OMB Circular A-133.

CITY OF ST. JOHN, KANSAS
Summary Schedule of Prior Audit Findings
December 31, 2013

No material findings or questioned costs for the year ended December 31, 2012 are required to be disclosed under OMB Circular A-133.

CITY OF ST. JOHN, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Environmental Protection Agency			
Passed Through the Kansas Department of Health and Environment Capitalization Grants for Drinking Water State Revolving Funds	66.468	99751611	\$ 2,417,072
U.S. Department of Agriculture Rural Housing Service			
Community Facilities Loans and Grants	10.766	180930486008055	9,700
U. S. Department of Homeland Security			
Passed Through the Kansas Adjutant General's Department Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4112-KS	<u>3,401</u>
Total Expenditures of Federal Awards			\$ <u>2,430,173</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF ST. JOHN, KANSAS
Notes to Schedule of Expenditures of Federal Awards
December 31, 2013

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **City of St. John, Kansas**, and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.