

**CITY OF ST. JOHN, KANSAS**

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2010

**CITY OF ST. JOHN, KANSAS**  
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 For the Year Ended December 31, 2010

**TABLE OF CONTENTS**

Independent Auditors' Report .....	1
Statement 1 – Summary of Cash Receipts, Expenditures, and Unencumbered Cash .....	2
Statement 2 – Summary of Expenditures - Actual and Budget .....	3
Statement 3 – Statement of Cash Receipts and Expenditures - Actual and Budget	
<b>Governmental Fund Categories</b>	
<b>General Fund</b>	
3-1 General Fund .....	4
<b>Special Revenue Funds</b>	
3-2 Library Fund .....	6
3-3 Special Highway Fund .....	7
3-4 Special Parks and Recreation Fund .....	8
3-5 Equipment Reserve Fund .....	9
3-6 Jubilee Fund .....	10
3-7 Capital Improvement Fund .....	11
<b>Debt Service Funds</b>	
3-8 Series 2001 Bond and Interest Fund .....	12
3-9 Series 2003 Bond and Interest Fund .....	13
<b>Permanent Funds</b>	
3-10 Edna Smith Park Memorial Fund .....	14
3-11 Cornwell Memorial Fund .....	15
<b>Proprietary Fund Category</b>	
<b>Enterprise Funds</b>	
3-12 Water and Light Fund .....	16
3-13 Electric and Waterworks Utility Surplus Fund .....	17
3-14 2003 Electric and Waterworks Principal and Interest Fund .....	18
3-15 2003 Bond Reserve Account Fund .....	19
3-16 Meter Deposit Fund .....	20
3-17 Sewer Service Fund .....	21
3-18 Sewer Replacement Fund .....	22
3-19 Solid Waste Fund .....	23
3-20 Storm Water Utility Fund .....	24
3-21 Storm Water Utility Replacement Fund .....	25
3-22 Water System Capital Improvement Fund .....	26
<b>Fiduciary Fund Category</b>	
<b>Private Purpose Trust Fund</b>	
3-23 Witt Memorial Fund .....	27
Statement 4 – Summary of Cash Receipts and Cash Disbursements – Agency Funds .....	28
Notes to Financial Statements .....	29



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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
**City of St. John, Kansas**  
St. John, Kansas

We have audited the accompanying financial statements of **City of St. John, Kansas**, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of **City of St. John, 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.

As described more fully in Note 1, **City of St. John, Kansas** has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **City of St. John, Kansas**, as of December 31, 2010, or the changes in its financial position for the year then ended. Further, **City of St. John, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **City of St. John, Kansas**, as of December 31, 2010, 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

July 19, 2011

**CITY OF ST. JOHN, KANSAS**  
**Summary of Cash Receipts, Expenditures, and Unencumbered Cash**  
**For the Year Ended December 31, 2010**

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
<b>Governmental Fund Categories</b>							
<b>General Fund</b>	\$ 139,834	10,530	709,639	733,780	126,223	74,791	201,014
<b>Special Revenue Funds</b>							
Library Fund	632	-	17,431	17,430	633	-	633
Special Highway Fund	288	6,105	31,517	37,038	872	2,218	3,090
Special Parks and Recreation Fund	108	126	339	-	573	-	573
Equipment Reserve Fund	2,021	-	54,000	31,579	24,442	-	24,442
Jubilee Fund	913	-	4,440	3,307	2,046	-	2,046
Capital Improvement Fund	7,787	-	4,000	6,545	5,242	-	5,242
<b>Debt Service Funds</b>							
Series 2001 Bond and Interest Fund	4,168	-	7,055	7,056	4,167	-	4,167
Series 2003 Bond and Interest Fund	892	-	13,162	14,050	4	-	4
<b>Permanent Funds</b>							
Edna Smith Park Memorial Fund	11,409	-	144	-	11,553	-	11,553
Cornwell Memorial Fund	207,220	-	4,045	3,324	207,941	-	207,941
<b>Proprietary Fund Category</b>							
<b>Enterprise Funds</b>							
Water and Light Fund	444,039	-	1,704,986	1,517,498	631,527	113,197	744,724
Electric and Waterworks Utility Surplus Fund	81,481	-	60,000	-	141,481	-	141,481
2003 Electric and Waterworks Principal and Interest Fund	22,473	-	-	22,473	-	-	-
2003 Bond Reserve Account Fund	70,500	-	-	70,500	-	-	-
Meter Deposit Fund	16,260	-	4,740	7,025	13,975	-	13,975
Sewer Service Fund	28,961	60	102,740	112,757	19,004	4,629	23,633
Sewer Replacement Fund	15,930	-	59,904	-	75,834	-	75,834
Solid Waste Fund	34,746	-	112,299	106,060	40,985	-	40,985
Storm Water Utility Fund	10,408	-	17,419	15,000	12,827	-	12,827
Storm Water Utility Replacement Fund	30,000	-	15,000	-	45,000	-	45,000
Water System Capital Improvement Fund	55,104	-	53,388	-	108,492	-	108,492
<b>Fiduciary Fund Category</b>							
Private Purpose Trust Fund							
Whitt Memorial Fund	61,904	-	1,107	-	63,011	-	63,011
<b>Total Reporting Entity (Excluding Agency Funds)</b>	\$ 1,247,078	16,821	2,977,355	2,705,422	1,555,832	194,835	1,730,667
		<b>Composition of Cash</b>					
		Certificates of Deposit					\$ 1,618,647
		Money Market and Savings Accounts					57,345
		Checking Accounts					58,178
		Petty Cash					1,100
		Total Cash					1,735,270
		Agency Funds per Statement 4					(4,603)
		<b>Total Reporting Entity (Excluding Agency Funds)</b>					\$ 1,730,667

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

**CITY OF ST. JOHN, KANSAS**  
 Summary of Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>Governmental Fund Categories</b>					
<b>General Fund</b>	\$ 837,943	-	837,943	<b>733,780</b>	(104,163)
<b>Special Revenue Funds</b>					
Library Fund	18,232	-	18,232	<b>17,430</b>	(802)
Special Highway Fund	37,038	-	37,038	<b>37,038</b>	-
Special Parks and Recreation Fund	492	-	492	-	(492)
<b>Debt Service Funds</b>					
Series 2001 Bond and Interest Fund	7,105	-	7,105	<b>7,056</b>	(49)
Series 2003 Bond and Interest Fund	14,148	-	14,148	<b>14,050</b>	(98)
<b>Proprietary Fund Category</b>					
<b>Enterprise Funds</b>					
Water and Light Fund	1,717,483	-	1,717,483	<b>1,517,498</b>	(199,985)
2003 Electric and Waterworks					
Principal and Interest Fund	89,556	-	89,556	<b>22,473</b>	(67,083)
Sewer Service Fund	124,104	-	124,104	<b>112,757</b>	(11,347)
Sewer Replacement Fund	75,834	-	75,834	-	(75,834)
Solid Waste Fund	116,500	-	116,500	<b>106,060</b>	(10,440)
Storm Water Utility Fund	26,082	-	26,082	<b>15,000</b>	(11,082)
Storm Water Utility Replacement Fund	45,000	-	45,000	-	(45,000)

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

**CITY OF ST. JOHN, KANSAS**  
**General Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 300,073	299,698	305,524	(5,826)
Delinquent	8,263	9,716	-	9,716
Motor Vehicle	69,598	63,350	72,314	(8,964)
Recreational Vehicle	1,644	1,165	1,576	(411)
Local Alcohol Liquor	358	339	250	89
County Sales	83,942	76,908	88,000	(11,092)
Federal Aid	9,230	-	-	-
Park Concessions	3,075	3,602	4,000	(398)
Franchise Fees	37,540	33,037	35,000	(1,963)
Licenses, Fees and Permits	2,162	1,812	2,500	(688)
Miscellaneous Rentals	935	1,520	1,100	420
Municipal Court Fines, Bonds and Diversion Fees	1,483	4,232	3,800	432
Reimbursed Expenses	14,905	8,152	3,500	4,652
Interest	22,063	21,903	18,000	3,903
Transfers In	150,000	182,000	182,000	-
Other	3,941	2,205	2,250	(45)
<b>Total Cash Receipts</b>	<b>\$ 709,212</b>	<b>709,639</b>	<b>719,814</b>	<b>(10,175)</b>

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

**CITY OF ST. JOHN, KANSAS**  
**General Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Expenditures</b>				
General Administrative	\$ 66,455	65,887	83,840	(17,953)
Public Safety				
Fire Department	49,152	62,209	87,345	(25,136)
Police Department	169,157	169,353	198,265	(28,912)
Private Purpose Trust Funds	4,033	4,090	-	4,090
Recreation				
Park Department	46,628	49,097	53,263	(4,166)
Swimming Pool	46,546	34,934	47,350	(12,416)
Street Department	116,257	140,672	130,500	10,172
Transportation for Elderly	1,012	1,190	2,075	(885)
Beautification, Tree Board, Demolition	-	-	3,000	(3,000)
Municipal Court	-	-	4,750	(4,750)
City Shop	4,868	3,420	4,500	(1,080)
Capital Outlay	50,000	55,819	45,000	10,819
Witt Community Center	10,637	10,350	12,000	(1,650)
Employee Benefits	132,103	128,152	157,430	(29,278)
Transfers Out	5,000	4,000	4,000	-
Neighborhood Revitalization Rebate	3,959	4,607	4,625	(18)
<b>Total Expenditures</b>	<u>705,807</u>	<u>733,780</u>	<u>837,943</u>	<u>(104,163)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	3,405	(24,141)		
<b>Unencumbered Cash - Beginning</b>	136,425	139,834		
<b>Prior Year Cancelled Encumbrances</b>	<u>4</u>	<u>10,530</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>139,834</u>	<u>126,223</u>		

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

**CITY OF ST. JOHN, KANSAS**  
**Library Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 9,354	15,076	15,442	(366)
Delinquent	259	331	-	331
Motor Vehicle	2,189	1,987	2,255	(268)
Recreational Vehicle	52	37	49	(12)
<b>Total Cash Receipts</b>	<u>11,854</u>	<u>17,431</u>	<u>17,746</u>	<u>(315)</u>
<b>Expenditures</b>				
Appropriations	12,000	17,197	18,000	(803)
Neighborhood Revitalization Rebate	123	233	232	1
<b>Total Expenditures</b>	<u>12,123</u>	<u>17,430</u>	<u>18,232</u>	<u>(802)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(269)	1		
<b>Unencumbered Cash - Beginning</b>	<u>901</u>	<u>632</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>632</u>	<u>633</u>		

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

**CITY OF ST. JOHN, KANSAS**  
**Special Highway Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
State Gasoline Tax	\$ 29,761	31,517	34,440	(2,923)
<b>Expenditures</b>				
Commodities	36,261	37,038	37,038	-
<b>Cash Receipts Over (Under) Expenditures</b>	(6,500)	(5,521)		
<b>Unencumbered Cash - Beginning</b>	6,788	288		
<b>Prior Year Cancelled Encumbrances</b>	-	6,105		
<b>Unencumbered Cash - Ending</b>	\$ 288	872		

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

**CITY OF ST. JOHN, KANSAS**  
**Special Parks and Recreation Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Local Alcohol Liquor	\$ 358	339	200	139
<b>Expenditures</b>				
Contractual Services	692	-	492	(492)
<b>Cash Receipts Over (Under) Expenditures</b>	(334)	339		
<b>Unencumbered Cash - Beginning</b>	442	108		
<b>Prior Year Cancelled Encumbrances</b>	-	126		
<b>Unencumbered Cash - Ending</b>	\$ 108	573		

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

**CITY OF ST. JOHN, KANSAS**  
**Equipment Reserve Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 25,000	54,000
<b>Expenditures</b>		
Capital Outlay	31,214	31,579
<b>Cash Receipts Over (Under) Expenditures</b>	(6,214)	22,421
<b>Unencumbered Cash - Beginning</b>	8,235	2,021
<b>Unencumbered Cash - Ending</b>	\$ 2,021	24,442

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

**CITY OF ST. JOHN, KANSAS**  
**Jubilee Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Miscellaneous	\$ 3,235	3,940
Interest	500	500
<b>Total Cash Receipts</b>	<u>3,735</u>	<u>4,440</u>
<b>Expenditures</b>		
Contractual Service	54	54
Commodities	4,125	3,253
<b>Total Expenditures</b>	<u>4,179</u>	<u>3,307</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(444)	1,133
<b>Unencumbered Cash - Beginning</b>	<u>1,357</u>	<u>913</u>
<b>Unencumbered Cash - Ending</b>	\$ <u>913</u>	<u>2,046</u>

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

**CITY OF ST. JOHN, KANSAS**  
**Capital Improvement Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 5,000	4,000
<b>Expenditures</b>		
Capital Outlay	6,541	6,545
<b>Cash Receipts Over (Under) Expenditures</b>	(1,541)	(2,545)
<b>Unencumbered Cash - Beginning</b>	9,328	7,787
<b>Unencumbered Cash - Ending</b>	\$ 7,787	5,242

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

**CITY OF ST. JOHN, KANSAS**  
**Series 2001 Bond and Interest Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Special Assessments	\$ 7,285	7,055	7,055	-
<b>Expenditures</b>				
Principal Payments	5,000	5,000	5,000	-
Interest Payments	2,285	2,055	2,055	-
Commissions and Fees	1	1	50	(49)
<b>Total Expenditures</b>	7,286	7,056	7,105	(49)
<b>Cash Receipts Over (Under) Expenditures</b>	(1)	(1)		
<b>Unencumbered Cash - Beginning</b>	4,169	4,168		
<b>Unencumbered Cash - Ending</b>	\$ 4,168	4,167		

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

**CITY OF ST. JOHN, KANSAS**  
**Series 2003 Bond and Interest Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 11,385	10,275	10,447	(172)
Delinquent	320	365	-	365
Motor Vehicle	2,757	2,477	2,743	(266)
Recreational Vehicle	66	45	60	(15)
<b>Total Cash Receipts</b>	<u>14,528</u>	<u>13,162</u>	<u>13,250</u>	<u>(88)</u>
<b>Expenditures</b>				
Principal Payments	10,000	10,000	10,000	-
Interest Payments	4,220	3,890	3,890	-
Commissions and Fees	1	3	100	(97)
Neighborhood Revitalization Rebate	150	157	158	(1)
<b>Total Expenditures</b>	<u>14,371</u>	<u>14,050</u>	<u>14,148</u>	<u>(98)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	157	(888)		
<b>Unencumbered Cash - Beginning</b>	<u>735</u>	<u>892</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>892</u>	<u>4</u>		

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

**CITY OF ST. JOHN, KANSAS**  
**Edna Smith Park Memorial Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest	\$ 173	144
<b>Expenditures</b>	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	173	144
<b>Unencumbered Cash - Beginning</b>	11,236	11,409
<b>Unencumbered Cash - Ending</b>	\$ 11,409	11,553

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

**CITY OF ST. JOHN, KANSAS**  
**Cornwell Memorial Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest	\$ 4,917	4,045
<b>Expenditures</b>		
Miscellaneous	3,270	3,324
<b>Cash Receipts Over (Under) Expenditures</b>	1,647	721
<b>Unencumbered Cash - Beginning</b>	205,573	207,220
<b>Unencumbered Cash - Ending</b>	\$ 207,220	207,941

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

**CITY OF ST. JOHN, KANSAS**  
**Water and Light Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Sales to Customers				
Electric	\$ 1,405,611	1,499,968	1,550,000	(50,032)
Water	83,077	88,203	84,800	3,403
Penalties	18,552	17,899	19,000	(1,101)
Reimbursed Expenses	9,538	3,373	6,000	(2,627)
Miscellaneous	724	2,570	800	1,770
Transfers In	-	92,973	71	92,902
<b>Total Cash Receipts</b>	<u>1,517,502</u>	<u>1,704,986</u>	<u>1,660,671</u>	<u>44,315</u>
<b>Expenditures</b>				
Production Light	651,840	756,540	354,621	401,919
Production Water	68,738	80,553	354,621	(274,068)
Light Distribution	180,158	180,279	354,621	(174,342)
General Administrative	184,595	203,880	354,620	(150,740)
Main Street Funding	794	246	3,000	(2,754)
Debt Service Transfer	22,917	-	-	-
Equipment Reserve Transfer	25,000	54,000	54,000	-
Transfers Out	110,000	242,000	242,000	-
<b>Total Expenditures</b>	<u>1,244,042</u>	<u>1,517,498</u>	<u>1,717,483</u>	<u>(199,985)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	273,460	187,488		
<b>Unencumbered Cash - Beginning</b>	<u>170,579</u>	<u>444,039</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>444,039</u>	<u>631,527</u>		

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

**CITY OF ST. JOHN, KANSAS**  
**Electric and Waterworks Utility Surplus Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 10,000	60,000
<b>Expenditures</b>		
Contractual Services	19,723	-
<b>Cash Receipts Over (Under) Expenditures</b>	(9,723)	60,000
<b>Unencumbered Cash - Beginning</b>	91,204	81,481
<b>Unencumbered Cash - Ending</b>	\$ 81,481	141,481

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

**CITY OF ST. JOHN, KANSAS**  
**2003 Electric and Waterworks Principal and Interest Fund**  
**Statement of Cash Receipts and Expenditures - Actual and Budget**  
**For the Year Ended December 31, 2010**  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 47,917	-	-	-
<b>Expenditures</b>				
Principal Payments	100,000	-	-	-
Interest Payments	3,100	-	-	-
Transfers Out	-	<b>22,473</b>	<b>89,556</b>	<b>(67,083)</b>
<b>Total Expenditures</b>	<b>103,100</b>	<b>22,473</b>	<b>89,556</b>	<b>(67,083)</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(55,183)</b>	<b>(22,473)</b>		
<b>Unencumbered Cash - Beginning</b>	<b>77,656</b>	<b>22,473</b>		
<b>Unencumbered Cash - Ending</b>	<b>\$ 22,473</b>	<b>-</b>		

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

**CITY OF ST. JOHN, KANSAS**  
**2003 Bond Reserve Account Fund**  
 Statement of Cash Receipts and Expenditures  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>	\$ -	-
<b>Expenditures</b>		
Transfers Out	-	<b>70,500</b>
<b>Cash Receipts Over (Under) Expenditures</b>	-	<b>(70,500)</b>
<b>Unencumbered Cash - Beginning</b>	<u>70,500</u>	<u>70,500</u>
<b>Unencumbered Cash - Ending</b>	\$ <u><u>70,500</u></u>	<u><u>-</u></u>

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

**CITY OF ST. JOHN, KANSAS**  
**Meter Deposit Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Meter Deposits	\$ 6,931	4,740
<b>Expenditures</b>		
Deposit Refunds	4,410	7,025
<b>Cash Receipts Over (Under) Expenditures</b>	2,521	(2,285)
<b>Unencumbered Cash - Beginning</b>	13,739	16,260
<b>Unencumbered Cash - Ending</b>	\$ 16,260	13,975

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

**CITY OF ST. JOHN, KANSAS**  
**Sewer Service Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Sewer Service Charges	\$ 104,892	102,633	105,000	(2,367)
Reimbursed Expenses	105	107	-	107
<b>Total Cash Receipts</b>	<u>104,997</u>	<u>102,740</u>	<u>105,000</u>	<u>(2,260)</u>
<b>Expenditures</b>				
Personal Services	34,228	35,146	42,272	(7,126)
Contractual Services	6,624	5,944	8,428	(2,484)
Commodities	6,155	6,163	9,000	(2,837)
Capital Outlay	3,804	5,600	4,500	1,100
Transfers Out	51,404	59,904	59,904	-
<b>Total Expenditures</b>	<u>102,215</u>	<u>112,757</u>	<u>124,104</u>	<u>(11,347)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	2,782	(10,017)		
<b>Unencumbered Cash - Beginning</b>	23,929	28,961		
<b>Prior Year Cancelled Encumbrances</b>	<u>2,250</u>	<u>60</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>28,961</u>	<u>19,004</u>		

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

**CITY OF ST. JOHN, KANSAS**  
**Sewer Replacement Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 1,404	59,904	59,904	-
<b>Expenditures</b>				
Capital Outlay	-	-	75,834	(75,834)
<b>Cash Receipts Over (Under) Expenditures</b>	1,404	59,904		
<b>Unencumbered Cash - Beginning</b>	14,526	15,930		
<b>Unencumbered Cash - Ending</b>	\$ 15,930	75,834		

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

**CITY OF ST. JOHN, KANSAS**  
**Solid Waste Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Trash Charges	\$ 106,745	112,299	123,000	(10,701)
<b>Expenditures</b>				
Personal Services	2,165	2,236	3,500	(1,264)
Contractual Services	98,211	103,824	111,000	(7,176)
Capital Outlay	-	-	2,000	(2,000)
<b>Total Expenditures</b>	100,376	106,060	116,500	(10,440)
<b>Cash Receipts Over (Under) Expenditures</b>	6,369	6,239		
<b>Unencumbered Cash - Beginning</b>	28,377	34,746		
<b>Unencumbered Cash - Ending</b>	\$ 34,746	40,985		

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

**CITY OF ST. JOHN, KANSAS**  
**Storm Water Utility Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Storm Sewer Fee	\$ 17,326	17,419	18,000	(581)
<b>Expenditures</b>				
Contractual Services and Commodities	-	-	11,082	(11,082)
Transfers Out	15,000	15,000	15,000	-
<b>Total Expenditures</b>	15,000	15,000	26,082	(11,082)
<b>Cash Receipts Over (Under) Expenditures</b>	2,326	2,419		
<b>Unencumbered Cash - Beginning</b>	8,082	10,408		
<b>Unencumbered Cash - Ending</b>	\$ 10,408	12,827		

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

**CITY OF ST. JOHN, KANSAS**  
**Storm Water Utility Replacement Fund**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 15,000	<b>15,000</b>	<u>15,000</u>	<u>-</u>
<b>Expenditures</b>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>(45,000)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	15,000	<b>15,000</b>		
<b>Unencumbered Cash - Beginning</b>	<u>15,000</u>	<u>30,000</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>30,000</u>	<u>45,000</u>		

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

**CITY OF ST. JOHN, KANSAS**  
**Water System Capital Improvement Fund**  
**Statement of Cash Receipts and Expenditures**  
**For the Year Ended December 31, 2010**  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Improvement Fees	\$ 53,494	53,388
<b>Expenditures</b>		
Transfers Out	25,000	-
<b>Cash Receipts Over (Under) Expenditures</b>	28,494	53,388
<b>Unencumbered Cash - Beginning</b>	26,610	55,104
<b>Unencumbered Cash - Ending</b>	\$ 55,104	108,492

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

**CITY OF ST. JOHN, KANSAS**  
**Witt Memorial Fund**  
Statement of Cash Receipts and Expenditures  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest	\$ 1,511	1,107
<b>Expenditures</b>		
Contractual Services	1,583	-
<b>Cash Receipts Over (Under) Expenditures</b>	(72)	1,107
<b>Unencumbered Cash - Beginning</b>	61,976	61,904
<b>Unencumbered Cash - Ending</b>	\$ 61,904	63,011

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

**CITY OF ST. JOHN, KANSAS**  
**Agency Funds**  
 Summary of Cash Receipts and Cash Disbursements  
 For the Year Ended December 31, 2010

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Section 125 Cafeteria Fund	\$ 4,649	10,983	11,029	4,603
Insurance Proceeds Fund	17,463	25,911	43,374	-
<b>Total Agency Funds</b>	<b>\$ 22,112</b>	<b>36,894</b>	<b>54,403</b>	<b>4,603</b>

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

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**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 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 City is a municipal corporation governed by an elected mayor and five elected council members. The financial statements of the City consist of all the funds of the City that are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The City has no component units.

**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. Accordingly, actual results could differ from those estimates.

**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 categories of funds comprise the financial activities of the City for the year ended December 31, 2010.

**Governmental Fund Categories**

**General Fund** - to account for all financial resources except those required to be accounted for in another fund.

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

**Debt Service Funds** - to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Permanent Funds** – to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs – that is, for the benefit of the City or its citizenry.

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Proprietary Fund Category**

**Enterprise Funds** – to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Fund Categories**

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

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

**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 expenditure would be charged in the fund from which the transfer is made.

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 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, buildings, and equipment owned by the municipality 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.

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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 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, fiduciary funds, permanent funds, and the following special revenue 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.

**Deposits and Investments**

The City 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 of cash 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 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.

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

K.S.A. 12-1675 limits the City'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 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, 2010.

At December 31, 2010, the City's carrying amount of deposits was \$1,734,170 and the bank balance was \$1,827,082. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$327,416 was covered by federal depository insurance, and \$1,499,666 was collateralized with securities held by the pledging financial institutions' agents in the City's name. In addition, the City had cash on hand of \$1,100.

**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, 2010.

**Compensated Absences**

**Vacation**

The City's 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
16-19	14 Hours/Month
20 and Over	16 Hours/Month

Employees are allowed to carry over no more than 5 days of vacation from the previous year plus the unused portion of the leave earned within the current year for use in the future. Upon termination, an employee shall be compensated for all earned but unused vacation leave at their final rate of pay.

**Sick Leave**

The policy regarding sick pay is that an employee can accumulate sick leave at the rate of 8 hours per month worked up to a maximum of 120 days, which is cancelled upon the termination of the employee.

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Comp Time**

The policy regarding comp time is that an employee can earn comp time after working 40 hours per week. It is calculated at time and one half. 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.

A potential liability for accumulated vacation, sick leave and comp time is shown on the schedule of long-term debt.

**Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

**Defined Benefit Pension Plan**

**Plan Description**

The City 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) 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. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2010 was 7.14%. The City's employer contributions to KPERS for the years ending December 31, 2010, 2009 and 2008 were \$32,001, \$28,013, and \$25,300, respectively, equal to the required contributions for each year as set forth by the legislature.

**Other Post Employment Benefits**

As provided by K.S.A. 12-5040, the City 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 these financial statements.

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. There is no cost to the City under this program.

**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

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2010

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 permanent funds of the City for special purposes.

**Reimbursements**

The City 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.

**Special Assessments**

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the bond and interest fund. Special assessments received prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund.

**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. **City of St. John, Kansas'** interfund transfers and statutory authority for the year ended December 31, 2010 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
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
2003 Electric and Waterworks Principal and Interest Fund	Water and Light Fund	Closed Fund	22,473
Water and Light Fund	Equipment Reserve Fund	K.S.A. 12-825d	54,000
Sewer Service Fund	Sewer Replacement Fund	K.S.A. 12-825d	59,904
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	4,000
2003 Bond Reserve Account Fund	Water and Light Fund	Closed Fund	70,500

**NOTE 3 – LITIGATION**

**City of St. John, 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 City.

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 4 – 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 calendar years.

**NOTE 5 – 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 6 – COMPARATIVE DATA**

Comparative data for the prior year have been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **City of St. John, 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**

A payroll check was outstanding for more than one year. This is a violation of K.S.A. 58-3935.

**NOTE 8 – DESIGNATED FUNDS**

**City of St. John, Kansas** has cash balances that are designated for specific purposes. The following are the amounts and the specific designations:

- 1) The original principal amount of \$182,113 was donated to the City by Lenore Cornwell. Per the trust agreement, the original principal must be kept intact. The earnings on the principal are to be used in the creation and maintenance of public improvements within the City. The City has invested the monies in a certificate of deposit and accounts for it in a separate fund entitled the "Cornwell Memorial Fund."
- 2) The original principal amount of \$10,000 was donated to the City by Edna Smith. Per the trust agreement, the original amount may be invested and the income generated may be accumulated and added to such fund and reinvested as principal, or may be used for the general maintenance of the parks. The principal of the fund or some portion thereof may also be used for any major improvement program for the parks. The City has invested the monies in a certificate of deposit and accounts for it in a separate fund entitled the "Edna Smith Park Memorial Fund."
- 3) The original principal amount of \$50,000 was donated to the City by Kate Witt. Per the trust agreement, the original amount is invested in a 50 year certificate of deposit with First National Bank and Trust, St. John, Kansas. The interest on the principal is to be used for the maintenance, painting and general repair of the Witt Center. Upon the expiration of 50 years, the \$50,000 certificate will be paid to the City and may be used at the City's discretion.

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2010

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**NOTE 9 – CONTINGENCY AND COMMITMENTS**

**City of St. John, Kansas** entered into a Fire Station Cooperative Agreement with Stafford County, Kansas. The City agreed to pay 37.5% of the cost of the new fire station. Total projected cost of the building is \$116,260. The City's share would be \$43,598. \$25,000 was paid in 2010, \$10,000 is due in 2011, and the balance of \$8,598 is due in 2012.

**NOTE 10 – LONG-TERM DEBT**

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

**General Obligation Bonds**

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.

On September 1, 2001, the City issued \$74,926 in General Obligation Bonds, Series 2001, to provide special assessment funds for Centennial Court.

**Lease Obligations**

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

See the following pages for the changes in long-term liabilities for the City and the current maturities of long-term debt and interest for the next five years and in five year increments through maturity.

CITY OF ST. JOHN, KANSAS  
Notes to Financial Statements  
December 31, 2010

**NOTE 10 - LONG-TERM DEBT (continued)**

Changes in long-term liabilities for the City for the year ended December 31, 2010, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>										
Series 2001	3.75% - 5.25%	09/2001	\$ 74,926	2016	41,000	-	5,000	(5,000)	36,000	2,055
Series 2003	3.30% - 4.70%	01/2003	138,000	2018	90,000	-	10,000	(10,000)	80,000	3,890
<b>Total General Obligation Bonds</b>					<u>131,000</u>	<u>-</u>	<u>15,000</u>		<u>116,000</u>	<u>5,945</u>
<b>Capital Leases</b>										
Johnson MX450 Street Sweeper		03/2005	126,500	2012	52,001	-	20,552	(20,552)	31,449	2,109
Fire Truck	4.00%	12/21/2007	49,808	2012	30,037	-	9,640	(9,640)	20,397	1,168
2007 Chevrolet 2500 Truck	4.27%	03/01/2007	25,674	2010	8,917	-	8,917	(8,917)	-	396
2005 Ford Crown Victoria	4.29%	10/24/2008	12,700	2010	6,273	-	6,273	(6,273)	-	272
<b>Total Capital Leases</b>					<u>97,228</u>	<u>-</u>	<u>45,382</u>		<u>51,846</u>	<u>3,945</u>
<b>Total Contractual Indebtedness</b>					<u>228,228</u>	<u>-</u>	<u>60,382</u>		<u>167,846</u>	<u>9,890</u>
<b>Compensated Absences</b>					<u>137,720</u>	<u>-</u>	<u>-</u>	<u>11,440</u>	<u>149,160</u>	<u>-</u>
<b>Total Long-Term Debt</b>					<u>\$ 365,948</u>	<u>-</u>	<u>60,382</u>	<u>11,440</u>	<u>317,006</u>	<u>9,890</u>

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2010

**NOTE 10 - LONG-TERM DEBT (continued)**

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
	2011	2012	2013	2014	2015	2016 - 2020	
<b>Principal</b>							
General Obligation Bonds							
Series 2001	5,000	6,000	6,000	6,000	6,000	7,000	36,000
Series 2003	10,000	10,000	10,000	10,000	10,000	30,000	80,000
Total General Obligation Bonds	<u>15,000</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>37,000</u>	<u>116,000</u>
Capital Leases							
Johnson MX450 Street Sweeper	21,403	10,046	-	-	-	-	31,449
Fire Truck	9,992	10,405	-	-	-	-	20,397
Total Capital Leases	<u>31,395</u>	<u>20,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,846</u>
<b>Total Principal</b>	<b><u>46,395</u></b>	<b><u>36,451</u></b>	<b><u>16,000</u></b>	<b><u>16,000</u></b>	<b><u>16,000</u></b>	<b><u>37,000</u></b>	<b><u>167,846</u></b>
<b>Interest</b>							
General Obligation Bonds							
Series 2001	1,819	1,580	1,285	986	680	367	6,717
Series 2003	3,530	3,140	2,740	2,320	1,880	2,820	16,430
Total General Obligation Bonds	<u>5,349</u>	<u>4,720</u>	<u>4,025</u>	<u>3,306</u>	<u>2,560</u>	<u>3,187</u>	<u>23,147</u>
Capital Leases							
Johnson MX450 Street Sweeper	1,258	402	-	-	-	-	1,660
Fire Truck	816	416	-	-	-	-	1,232
Total Capital Leases	<u>2,074</u>	<u>818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,892</u>
<b>Total Interest</b>	<b><u>7,423</u></b>	<b><u>5,538</u></b>	<b><u>4,025</u></b>	<b><u>3,306</u></b>	<b><u>2,560</u></b>	<b><u>3,187</u></b>	<b><u>26,039</u></b>
<b>Total Principal and Interest</b>	<b><u>\$ 53,818</u></b>	<b><u>41,989</u></b>	<b><u>20,025</u></b>	<b><u>19,306</u></b>	<b><u>18,560</u></b>	<b><u>40,187</u></b>	<b><u>193,885</u></b>