

**CITY OF ST. JOHN, KANSAS**

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2011

**CITY OF ST. JOHN, KANSAS**  
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 For the Year Ended December 31, 2011

**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 Sewer Service Fund .....	20
3-17 Sewer Replacement Fund .....	21
3-18 Solid Waste Fund .....	22
3-19 Storm Water Utility Fund .....	23
3-20 Storm Water Utility Replacement Fund .....	24
3-21 Water System Capital Improvement Fund .....	25
<b>Fiduciary Fund Category</b>	
<b>Private Purpose Trust Fund</b>	
3-22 Witt Memorial Fund .....	26
Statement 4 – Summary of Cash Receipts and Cash Disbursements	
Agency Funds .....	27
Notes to Financial Statements .....	28



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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, 2011, 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 effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the 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, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **City of St. John, Kansas**, as of December 31, 2011, and their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

*Adams, Brown, Beran & Ball, Chtd.*

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

July 03, 2012

## 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, 2011, 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 effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the 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, 2011, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **City of St. John, Kansas**, as of December 31, 2011, and their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

*Adams, Brown, Beran & Ball, Chtd.*

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

July 03, 2012

**CITY OF ST. JOHN, KANSAS**  
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
 For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Fund Categories</b>							
General Fund	\$ 126,223	3,581	728,675	728,182	130,297	59,058	189,355
<b>Special Revenue Funds</b>							
Library Fund	633	-	16,774	16,774	633	-	633
Special Highway Fund	872	-	32,219	32,353	738	7,218	7,956
Special Parks and Recreation Fund	573	-	238	500	311	500	811
Equipment Reserve Fund	24,442	-	43,000	22,661	44,781	-	44,781
Jubilee Fund	2,046	-	4,577	4,011	2,612	-	2,612
Capital Improvement Fund	5,242	-	5,000	-	10,242	-	10,242
<b>Debt Service Funds</b>							
Series 2001 Bond and Interest Fund	4,167	-	6,820	6,821	4,166	-	4,166
Series 2003 Bond and Interest Fund	4	-	13,053	13,057	-	-	-
<b>Permanent Funds</b>							
Edna Smith Park Memorial Fund	11,553	-	94	-	11,647	-	11,647
Cornwell Memorial Fund	207,941	-	3,187	-	211,128	-	211,128
<b>Proprietary Fund Category</b>							
<b>Enterprise Funds</b>							
Water and Light Fund	631,527	43,349	1,642,974	1,558,115	759,735	158,838	918,573
Electric and Waterworks Utility Surplus Fund	141,481	-	60,000	-	201,481	-	201,481
Sewer Service Fund	19,004	-	100,968	93,275	26,697	1,447	28,144
Sewer Replacement Fund	75,834	-	21,404	-	97,238	-	97,238
Solid Waste Fund	40,985	-	121,148	116,573	45,560	-	45,560
Storm Water Utility Fund	12,827	-	17,364	15,000	15,191	-	15,191
Storm Water Utility Replacement Fund	45,000	-	15,000	-	60,000	-	60,000
Water System Capital Improvement Fund	108,492	-	52,985	39,247	122,230	-	122,230
<b>Fiduciary Fund Category</b>							
<b>Private Purpose Trust Fund</b>							
Witt Memorial Fund	63,011	-	700	-	63,711	-	63,711
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 1,521,857</b>	<b>46,930</b>	<b>2,886,180</b>	<b>2,646,569</b>	<b>1,808,398</b>	<b>227,061</b>	<b>2,035,459</b>
<b>Composition of Cash</b>							
						\$	1,825,930
							70,888
							159,024
							1,100
							2,056,942
							(21,483)
<b>Total Reporting Entity (Excluding Agency Funds)</b>						<b>\$</b>	<b>2,035,459</b>

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, 2011

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>	\$ 835,132	-	835,132	<b>728,182</b>	(106,950)
<b>Special Revenue Funds</b>					
Library Fund	18,253	-	18,253	<b>16,774</b>	(1,479)
Special Highway Fund	32,430	-	32,430	<b>32,353</b>	(77)
Special Parks and Recreation Fund	508	-	508	<b>500</b>	(8)
<b>Debt Service Funds</b>					
Series 2001 Bond and Interest Fund	6,821	-	6,821	<b>6,821</b>	-
Series 2003 Bond and Interest Fund	13,731	-	13,731	<b>13,057</b>	(674)
<b>Proprietary Fund Category</b>					
<b>Enterprise Funds</b>					
Water and Light Fund	1,698,206	-	1,698,206	<b>1,558,115</b>	(140,091)
Sewer Service Fund	115,214	-	115,214	<b>93,275</b>	(21,939)
Sewer Replacement Fund	97,238	-	97,238	-	(97,238)
Solid Waste Fund	124,500	-	124,500	<b>116,573</b>	(7,927)
Storm Water Utility Fund	31,408	-	31,408	<b>15,000</b>	(16,408)
Storm Water Utility Replacement Fund	60,000	-	60,000	-	(60,000)

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 299,698	<b>308,973</b>	317,784	(8,811)
Delinquent	9,716	<b>8,788</b>	4,500	4,288
Motor Vehicle	63,350	<b>62,879</b>	74,608	(11,729)
Recreational Vehicle	1,165	<b>1,325</b>	1,648	(323)
Local Alcohol Liquor	339	<b>238</b>	250	(12)
County Sales	76,908	<b>83,481</b>	84,000	(519)
Park Concessions	3,602	<b>3,687</b>	4,500	(813)
Franchise Fees	33,037	<b>32,168</b>	35,500	(3,332)
Licenses, Fees and Permits	1,812	<b>2,199</b>	2,500	(301)
Miscellaneous Rentals	1,520	<b>1,259</b>	100	1,159
Municipal Court Fines, Bonds and Diversion Fees	4,232	<b>1,329</b>	2,800	(1,471)
Reimbursed Expenses	8,152	<b>981</b>	3,500	(2,519)
Interest	21,903	<b>17,424</b>	21,074	(3,650)
Transfers In	182,000	<b>202,000</b>	202,000	-
Other	2,205	<b>1,944</b>	2,600	(656)
<b>Total Cash Receipts</b>	<b>\$ 709,639</b>	<b>728,675</b>	<b>757,364</b>	<b>(28,689)</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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Expenditures</b>				
General Administrative	\$ 65,887	<b>73,974</b>	84,340	(10,366)
Public Safety				
Fire Department	62,209	<b>47,489</b>	71,645	(24,156)
Police Department	169,353	<b>193,800</b>	196,540	(2,740)
Recreation				
Park Department	49,097	<b>49,720</b>	58,690	(8,970)
Swimming Pool	34,934	<b>32,594</b>	44,625	(12,031)
Street Department	140,672	<b>101,168</b>	132,600	(31,432)
Transportation for Elderly	1,190	<b>2,940</b>	2,075	865
Beautification, Tree Board, Demolition	-	-	8,500	(8,500)
Municipal Court	4,090	<b>3,848</b>	4,750	(902)
City Shop	3,420	<b>4,027</b>	4,500	(473)
Capital Outlay	55,819	<b>53,500</b>	45,000	8,500
Witt Community Center	10,350	<b>10,170</b>	12,650	(2,480)
Employee Benefits	128,152	<b>144,306</b>	157,450	(13,144)
Transfers Out	4,000	<b>5,000</b>	6,000	(1,000)
Neighborhood Revitalization Rebate	4,607	<b>5,646</b>	5,767	(121)
<b>Total Expenditures</b>	<u>733,780</u>	<u><b>728,182</b></u>	<u>835,132</u>	<u>(106,950)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(24,141)	<b>493</b>		
<b>Unencumbered Cash - Beginning</b>	139,834	<b>126,223</b>		
<b>Prior Year Cancelled Encumbrances</b>	<u>10,530</u>	<u><b>3,581</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>126,223</u>	<u><b>130,297</b></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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 15,076	13,558	13,944	(386)
Delinquent	331	362	225	137
Motor Vehicle	1,987	2,795	3,770	(975)
Recreational Vehicle	37	59	83	(24)
<b>Total Cash Receipts</b>	<u>17,431</u>	<u>16,774</u>	<u>18,022</u>	<u>(1,248)</u>
<b>Expenditures</b>				
Appropriations	17,197	16,526	18,000	(1,474)
Neighborhood Revitalization Rebate	233	248	253	(5)
<b>Total Expenditures</b>	<u>17,430</u>	<u>16,774</u>	<u>18,253</u>	<u>(1,479)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	1	-		
<b>Unencumbered Cash - Beginning</b>	<u>632</u>	<u>633</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>633</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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
State Gasoline Tax	\$ 31,517	32,219	32,430	(211)
<b>Expenditures</b>				
Commodities	37,038	32,353	32,430	(77)
<b>Cash Receipts Over (Under) Expenditures</b>	(5,521)	(134)		
<b>Unencumbered Cash - Beginning</b>	288	872		
<b>Prior Year Cancelled Encumbrances</b>	6,105	-		
<b>Unencumbered Cash - Ending</b>	\$ 872	738		

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Local Alcohol Liquor	\$ 339	238	200	38
<b>Expenditures</b>				
Contractual Services	-	500	508	(8)
<b>Cash Receipts Over (Under) Expenditures</b>	339	(262)		
<b>Unencumbered Cash - Beginning</b>	108	573		
<b>Prior Year Cancelled Encumbrances</b>	126	-		
<b>Unencumbered Cash - Ending</b>	\$ 573	311		

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 54,000	43,000
<b>Expenditures</b>		
Capital Outlay	31,579	22,661
<b>Cash Receipts Over (Under) Expenditures</b>	22,421	20,339
<b>Unencumbered Cash - Beginning</b>	2,021	24,442
<b>Unencumbered Cash - Ending</b>	\$ 24,442	44,781

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, 2011**  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Miscellaneous	\$ 3,940	4,077
Interest	500	500
<b>Total Cash Receipts</b>	<b>4,440</b>	<b>4,577</b>
<b>Expenditures</b>		
Contractual Service	54	54
Commodities	3,253	3,957
<b>Total Expenditures</b>	<b>3,307</b>	<b>4,011</b>
<b>Cash Receipts Over (Under) Expenditures</b>	1,133	566
<b>Unencumbered Cash - Beginning</b>	913	2,046
<b>Unencumbered Cash - Ending</b>	\$ 2,046	2,612

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 4,000	5,000
<b>Expenditures</b>		
Capital Outlay	6,545	-
<b>Cash Receipts Over (Under) Expenditures</b>	(2,545)	5,000
<b>Unencumbered Cash - Beginning</b>	7,787	5,242
<b>Unencumbered Cash - Ending</b>	\$ 5,242	10,242

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Special Assessments	\$ 7,055	<b>6,820</b>	<u>6,820</u>	-
<b>Expenditures</b>				
Principal Payments	5,000	<b>5,000</b>	5,000	-
Interest Payments	2,055	<b>1,820</b>	1,820	-
Commissions and Fees	1	<b>1</b>	1	-
<b>Total Expenditures</b>	<u>7,056</u>	<u><b>6,821</b></u>	<u>6,821</u>	-
<b>Cash Receipts Over (Under) Expenditures</b>	(1)	(1)		
<b>Unencumbered Cash - Beginning</b>	<u>4,168</u>	<u><b>4,167</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>4,167</u>	<u><b>4,166</b></u>		

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 10,275	10,487	10,788	(301)
Delinquent	365	295	152	143
Motor Vehicle	2,477	2,224	2,551	(327)
Recreational Vehicle	45	47	56	(9)
<b>Total Cash Receipts</b>	<u>13,162</u>	<u>13,053</u>	<u>13,547</u>	<u>(494)</u>
<b>Expenditures</b>				
Principal Payments	10,000	10,000	10,000	-
Interest Payments	3,890	2,864	3,530	(666)
Commissions and Fees	3	1	5	(4)
Neighborhood Revitalization Rebate	157	192	196	(4)
<b>Total Expenditures</b>	<u>14,050</u>	<u>13,057</u>	<u>13,731</u>	<u>(674)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(888)	(4)		
<b>Unencumbered Cash - Beginning</b>	<u>892</u>	<u>4</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>4</u>	<u>-</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, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest	\$ 144	94
<b>Expenditures</b>	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	144	94
<b>Unencumbered Cash - Beginning</b>	11,409	11,553
<b>Unencumbered Cash - Ending</b>	\$ 11,553	11,647

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest	\$ 4,045	3,187
<b>Expenditures</b>		
Miscellaneous	3,324	-
<b>Cash Receipts Over (Under) Expenditures</b>	721	3,187
<b>Unencumbered Cash - Beginning</b>	207,220	207,941
<b>Unencumbered Cash - Ending</b>	\$ 207,941	211,128

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, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Sales to Customers				
Electric	\$ 1,499,968	<b>1,496,464</b>	1,510,000	(13,536)
Water	88,203	<b>105,229</b>	83,000	22,229
Penalties	17,899	<b>24,088</b>	17,000	7,088
Reimbursed Expenses	3,373	<b>15,236</b>	6,000	9,236
Miscellaneous	2,570	<b>1,957</b>	2,671	(714)
Transfers In	92,973	-	-	-
<b>Total Cash Receipts</b>	<u>1,704,986</u>	<u><b>1,642,974</b></u>	<u>1,618,671</u>	<u>24,303</u>
<b>Expenditures</b>				
Production Light	756,540	<b>760,023</b>	352,552	407,471
Production Water	80,553	<b>105,713</b>	352,552	(246,839)
Light Distribution	180,279	<b>198,431</b>	352,551	(154,120)
General Administrative	203,880	<b>208,263</b>	352,551	(144,288)
Main Street Funding	246	<b>685</b>	3,000	(2,315)
Equipment Reserve Transfer	54,000	<b>43,000</b>	43,000	-
Transfers Out	242,000	<b>242,000</b>	242,000	-
<b>Total Expenditures</b>	<u>1,517,498</u>	<u><b>1,558,115</b></u>	<u>1,698,206</u>	<u>(140,091)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	187,488	<b>84,859</b>		
<b>Unencumbered Cash - Beginning</b>	444,039	<b>631,527</b>		
<b>Prior Year Cancelled Encumbrances</b>	-	<b>43,349</b>		
<b>Unencumbered Cash - Ending</b>	\$ <u>631,527</u>	<u><b>759,735</b></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, 2011**  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 60,000	60,000
<b>Expenditures</b>	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	60,000	60,000
<b>Unencumbered Cash - Beginning</b>	81,481	141,481
<b>Unencumbered Cash - Ending</b>	\$ 141,481	201,481

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, 2011**  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>	\$ -	-	-	-
<b>Expenditures</b>				
Transfers Out	22,473	-	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	(22,473)	-		
<b>Unencumbered Cash - Beginning</b>	22,473	-		
<b>Unencumbered Cash - Ending</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, 2011**  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

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

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Sewer Service Charges	\$ 102,633	100,162	105,000	(4,838)
Reimbursed Expenses	107	806	-	806
<b>Total Cash Receipts</b>	<u>102,740</u>	<u>100,968</u>	<u>105,000</u>	<u>(4,032)</u>
<b>Expenditures</b>				
Personal Services	35,146	37,422	41,510	(4,088)
Contractual Services	5,944	5,078	8,600	(3,522)
Commodities	6,163	5,759	9,200	(3,441)
Capital Outlay	5,600	3,612	14,500	(10,888)
Transfers Out	59,904	41,404	41,404	-
<b>Total Expenditures</b>	<u>112,757</u>	<u>93,275</u>	<u>115,214</u>	<u>(21,939)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(10,017)	7,693		
<b>Unencumbered Cash - Beginning</b>	28,961	19,004		
<b>Prior Year Cancelled Encumbrances</b>	<u>60</u>	<u>-</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>19,004</u>	<u>26,697</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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 59,904	21,404	21,404	-
<b>Expenditures</b>				
Capital Outlay	-	-	97,238	(97,238)
<b>Cash Receipts Over (Under) Expenditures</b>	59,904	21,404		
<b>Unencumbered Cash - Beginning</b>	15,930	75,834		
<b>Unencumbered Cash - Ending</b>	\$ 75,834	97,238		

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Trash Charges	\$ 112,299	<b>121,148</b>	128,000	(6,852)
<b>Expenditures</b>				
Personal Services	2,236	<b>2,403</b>	3,500	(1,097)
Contractual Services	103,824	<b>114,170</b>	119,000	(4,830)
Capital Outlay	-	-	2,000	(2,000)
<b>Total Expenditures</b>	106,060	<b>116,573</b>	124,500	(7,927)
<b>Cash Receipts Over (Under) Expenditures</b>	6,239	<b>4,575</b>		
<b>Unencumbered Cash - Beginning</b>	34,746	<b>40,985</b>		
<b>Unencumbered Cash - Ending</b>	\$ 40,985	<b>45,560</b>		

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Storm Sewer Fee	\$ 17,419	<b>17,364</b>	18,000	(636)
<b>Expenditures</b>				
Contractual Services and Commodities	-	-	16,408	(16,408)
Transfers Out	15,000	<b>15,000</b>	15,000	-
<b>Total Expenditures</b>	15,000	<b>15,000</b>	<b>31,408</b>	<b>(16,408)</b>
<b>Cash Receipts Over (Under) Expenditures</b>	2,419	<b>2,364</b>		
<b>Unencumbered Cash - Beginning</b>	10,408	<b>12,827</b>		
<b>Unencumbered Cash - Ending</b>	\$ 12,827	<b>15,191</b>		

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, 2011  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 15,000	15,000	15,000	-
<b>Expenditures</b>	-	-	60,000	(60,000)
<b>Cash Receipts Over (Under) Expenditures</b>	15,000	15,000		
<b>Unencumbered Cash - Beginning</b>	30,000	45,000		
<b>Unencumbered Cash - Ending</b>	\$ 45,000	60,000		

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, 2011**  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Improvement Fees	\$ 53,388	52,985
<b>Expenditures</b>		
Contractual Services	-	39,247
<b>Cash Receipts Over (Under) Expenditures</b>	53,388	13,738
<b>Unencumbered Cash - Beginning</b>	55,104	108,492
<b>Unencumbered Cash - Ending</b>	\$ 108,492	122,230

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, 2011  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest	\$ 1,107	700
<b>Expenditures</b>	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	1,107	700
<b>Unencumbered Cash - Beginning</b>	61,904	63,011
<b>Unencumbered Cash - Ending</b>	\$ 63,011	63,711

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, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Section 125 Cafeteria Fund	\$ 4,603	9,658	9,623	4,638
Meter Deposit Fund	13,975	6,332	3,462	16,845
<b>Total Agency Funds</b>	<b>\$ 18,578</b>	<b>15,990</b>	<b>13,085</b>	<b>21,483</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, 2011

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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, 2011.

**Governmental Fund Categories**

**General Fund** - to account for all financial resources except those required to be reported 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, 2011

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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 an 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 City 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

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2011

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

revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2011

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

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 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, 2011.

At December 31, 2011, the City's carrying amount of deposits was \$2,056,942 and the bank balance was \$2,101,299. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$326,040 was covered by federal depository insurance, and \$1,775,259 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, 2011.

**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.

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2011

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

**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 worked up to a maximum of 120 days, which is cancelled upon the termination of the employee.

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.

**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 2011 was 7.74%. The City's employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$36,070, \$32,001, and \$28,013, 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

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2011

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

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 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 agency and 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, 2011 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

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2011

**NOTE 2 – INTERFUND TRANSFERS (continued)**

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
Sewer Service Fund	Sewer Replacement Fund	K.S.A. 12-825d	21,404
Water and Light Fund	Equipment Reserve Fund	K.S.A. 12-1,117	43,000
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	5,000
Sewer Service Fund	General Fund	K.S.A. 12-825d	20,000

**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.

**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 – 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 titled "Cornwell Memorial Fund."

**CITY OF ST. JOHN, KANSAS**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 7 – DESIGNATED FUNDS (continued)**

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 titled "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.

**NOTE 8 – 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 was paid in 2011, and the balance of \$8,598 is due in 2012.

**NOTE 9 – 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, 2011

**NOTE 9 - LONG-TERM DEBT (continued)**

Changes in long-term liabilities for the City for the year ended December 31, 2011, 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	\$ 36,000	-	5,000	(5,000)	31,000	1,820
Series 2003	3.30% - 4.70%	01/2003	138,000	2018	80,000	-	10,000	(10,000)	70,000	3,530
<b>Total General Obligation Bonds</b>					<u>116,000</u>	<u>-</u>	<u>15,000</u>		<u>101,000</u>	<u>5,350</u>
<b>Capital Leases</b>										
Johnson MX450 Street Sweeper	4.00%	03/2005	126,500	2012	31,449	-	21,392	(21,392)	10,057	1,268
Fire Truck	4.00%	12/21/2007	49,808	2012	20,397	-	9,981	(9,981)	10,416	827
1997 IHC Dump Truck	3.20%	07/22/2011	14,000	2014	-	14,000	-	14,000	14,000	-
<b>Total Capital Leases</b>					<u>51,846</u>	<u>14,000</u>	<u>31,373</u>		<u>34,473</u>	<u>2,095</u>
<b>Total Contractual Indebtedness</b>					167,846	14,000	46,373		135,473	7,445
<b>Compensated Absences</b>					149,160	-	-	29,846	179,006	-
<b>Total Long-Term Debt</b>					<u>\$ 317,006</u>	<u>14,000</u>	<u>46,373</u>	<u>29,846</u>	<u>314,479</u>	<u>7,445</u>

**CITY OF ST. JOHN, KANSAS**

Notes to Financial Statements

December 31, 2011

**NOTE 9 - 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
	2012	2013	2014	2015	2016	2017 - 2021	
<b>Principal</b>							
General Obligation Bonds							
Series 2001	\$ 6,000	6,000	6,000	6,000	7,000	-	31,000
Series 2003	10,000	10,000	10,000	10,000	10,000	20,000	70,000
Total General Obligation Bonds	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>17,000</u>	<u>20,000</u>	<u>101,000</u>
Capital Leases							
Johnson MX450 Street Sweeper	10,057	-	-	-	-	-	10,057
Fire Truck	10,416	-	-	-	-	-	10,416
1997 IHC 4900 Dump Truck	4,658	4,595	4,747	-	-	-	14,000
Total Capital Leases	<u>25,131</u>	<u>4,595</u>	<u>4,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,473</u>
<b>Total Principal</b>	<u>41,131</u>	<u>20,595</u>	<u>20,747</u>	<u>16,000</u>	<u>17,000</u>	<u>20,000</u>	<u>135,473</u>
<b>Interest</b>							
General Obligation Bonds							
Series 2001	1,580	1,285	986	680	367	-	4,898
Series 2003	3,140	2,740	2,320	1,880	1,410	1,410	12,900
Total General Obligation Bonds	<u>4,720</u>	<u>4,025</u>	<u>3,306</u>	<u>2,560</u>	<u>1,777</u>	<u>1,410</u>	<u>17,798</u>
Capital Leases							
Johnson MX450 Street Sweeper	333	-	-	-	-	-	333
Fire Truck	409	-	-	-	-	-	409
1997 IHC 4900 Dump Truck	242	305	154	-	-	-	701
Total Capital Leases	<u>984</u>	<u>305</u>	<u>154</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,443</u>
<b>Total Interest</b>	<u>5,704</u>	<u>4,330</u>	<u>3,460</u>	<u>2,560</u>	<u>1,777</u>	<u>1,410</u>	<u>19,241</u>
<b>Total Principal and Interest</b>	<u>\$ 46,835</u>	<u>24,925</u>	<u>24,207</u>	<u>18,560</u>	<u>18,777</u>	<u>21,410</u>	<u>154,714</u>