

**CITY OF ST. FRANCIS, KANSAS**

Primary Government Financial Statement  
With Independent Auditors' Report

For the Year Ended December 31, 2017

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
**City of St. Francis, Kansas**  
St. Francis, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of St. Francis, Kansas**, as of and for the year ended December 31, 2017 and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

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

### Auditors' Responsibility

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

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

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

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

As described in Note 1, the financial statement is prepared by **City of St. Francis, Kansas** on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which

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

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **City of St. Francis, Kansas** as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **City of St. Francis, Kansas** as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

### **Other Matters**

#### **Supplementary Information**

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

The 2016 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2016 basic financial statement upon which we rendered an unmodified opinion dated July 10, 2017. The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. Such 2016 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 basic financial statement and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statement or to the 2016 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information is fairly stated in all material respects in relation to the 2016 basic financial statement as a whole, on the basis of accounting described in Note 1.

*Adams, Brown, Beran & Ball, Chartered*

**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

June 11, 2018

**CITY OF ST. FRANCIS, KANSAS**  
Summary Statement of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2017

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds</b>							
<b>General Fund</b>	\$ 43,458	40	1,280,899	976,856	347,541	34,356	381,897
<b>Special Purpose Funds</b>							
Library Fund	-	-	33,910	33,290	620	-	620
Special Parks and Recreation Fund	276	-	843	413	706	-	706
Special Highway Fund	94,714	-	34,631	23,273	106,072	-	106,072
Equipment Reserve Fund	240,756	750	55,574	58,922	238,158	-	238,158
Capital Improvement Fund	187,962	-	136,076	155,339	168,699	37,102	205,801
Tourism and Convention Fund	15,456	-	3,749	6,934	12,271	-	12,271
Swimming Pool Fund	1,416	-	-	-	1,416	-	1,416
Digital Sign Fund	64	-	-	-	64	-	64
Weinstein Recognition Fund	350	-	-	-	350	-	350
Keller Pond Trail Project Fund	30,000	-	26,245	52,490	3,755	-	3,755
<b>Business Funds</b>							
Electric and Water Utility Fund	466,452	-	1,769,103	1,934,273	301,282	86,797	388,079
Refuse Utility Fund	38,727	-	165,196	183,496	20,427	13,284	33,711
Sewer Utility Fund	50,644	6,775	148,975	173,429	32,965	216	33,181
Theatre Enterprise Fund	8,371	-	70,814	76,488	2,697	2,066	4,763
<b>Total Primary Government</b>	<u>1,178,646</u>	<u>7,565</u>	<u>3,726,015</u>	<u>3,675,203</u>	<u>1,237,023</u>	<u>173,821</u>	<u>1,410,844</u>
<b>Related Municipal Entity</b>							
<b>St. Francis, Kansas Public Building Commission</b>							
Project Fund	282,244	-	122,600	401,241	3,603	-	3,603
Cost of Issuance Fund	-	20,558	-	20,558	-	-	-
Debt Service Fund	2,207	-	115,615	115,615	2,207	-	2,207
<b>Total Related Municipal Entity</b>	<u>284,451</u>	<u>20,558</u>	<u>238,215</u>	<u>537,414</u>	<u>5,810</u>	<u>-</u>	<u>5,810</u>
<b>Total Primary Government (Excluding Agency Funds)</b>	<u>\$ 1,463,097</u>	<u>28,123</u>	<u>3,964,230</u>	<u>4,212,617</u>	<u>1,242,833</u>	<u>173,821</u>	<u>1,416,654</u>
<b>Composition of Cash</b>				Checking Accounts		\$	933,845
				Cash on Hand			100
				Certificates of Deposits			517,000
				Total Cash			1,450,945
				Agency Funds per Schedule 3			(34,291)
				<b>Total Primary Government (Excluding Agency Funds)</b>		\$	<u>1,416,654</u>

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

## **CITY OF ST. FRANCIS, KANSAS**

### **Notes to Financial Statement**

December 31, 2017

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#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**City of St. Francis, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

##### **Use of Estimates**

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

##### **Financial Reporting Entity**

The City is a municipal corporation governed by an elected five-member council. This financial statement presents the City (the municipality) and its related municipal entity, St. Francis, Kansas Public Building Commission, shown below. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. This financial statement does not include the related municipal entities St. Francis Housing Authority and St. Francis Public Library, shown below.

##### **St. Francis Housing Authority**

The City's Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Audited financial statements can be obtained by contacting the housing authority's office.

##### **St. Francis Public Library**

The City's Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. Unaudited financial statements can be obtained by contacting the library.

##### **St. Francis, Kansas Public Building Commission**

The Public Building Commission is a municipal corporation of the State of Kansas formed under the authority of K.S.A. 12-1757 *et seq.* and City Ordinance No. 602 of **City of St. Francis, Kansas**. The Commission has been organized by the governing body of **City of St. Francis, Kansas** (the "City") for the purposes of acquiring a site or sites for constructing, reconstructing, equipping and furnishing, or purchasing or otherwise acquiring, a building or buildings or other facilities or a revenue producing character. The financial information for the Commission is included in the audited financial statement of the City.

The City is the primary government as defined in GASB #61. The City council is elected by the public. The council has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

##### **Basis of Presentation – Fund Accounting**

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

The following types of funds comprise the financial activities of the City for the year ended December 31, 2017.

## CITY OF ST. FRANCIS, KANSAS

### Notes to Financial Statement

December 31, 2017

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#### Regulatory Basis Fund Types

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

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

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

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

#### Basis of Accounting

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

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

#### Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, and temporary notes are not presented in the financial statement.

#### Property Tax Calendar

Collection of current year property tax by the City 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 City 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.



## **CITY OF ST. FRANCIS, KANSAS**

### **Notes to Financial Statement**

December 31, 2017

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#### **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 funds of the City for special purposes.

#### **Reimbursements**

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

#### **NOTE 2 – BUDGETARY INFORMATION**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There 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 schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Swimming Pool Fund, Digital Sign Fund, Equipment Reserve Fund, Capital Improvement Fund, Weinstein Recognition Fund, and Keller Pond Trail Project 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.

## CITY OF ST. FRANCIS, KANSAS

### Notes to Financial Statement

December 31, 2017

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#### NOTE 3 – DEPOSITS AND INVESTMENTS

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

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the City in which the City is located, or in an adjoining City 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.

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

##### Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

##### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2017.

At December 31, 2017, the City's carrying amount of deposits was \$1,445,135 and the bank balance was \$1,458,553. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$1,069,208 was covered by federal depository insurance and \$389,345 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2017, the Public Building Commission's carrying amount of deposits was \$5,810 and the bank balance was \$5,810. The bank balance was held by one bank resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

##### 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, 2017.

#### NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of St. Francis, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2017 were as follows:

**CITY OF ST. FRANCIS, KANSAS**

## Notes to Financial Statement

December 31, 2017

From	To	Regulatory Authority	Amount
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	\$ 10,005
Electric and Water Utility Fund	General Fund	K.S.A. 12-825d	405,000
Electric and Water Utility Fund	Capital Improvement Fund	K.S.A. 12-1,118	100,000
Electric and Water Utility Fund	Equipment Reserve Fund	K.S.A. 12-1,117	40,000
Sewer Utility Fund	General Fund	K.S.A. 12-825d	90,000
Sewer Utility Fund	Equipment Reserve Fund	K.S.A. 12-1,117	15,000
Refuse Utility Fund	Capital Improvement Fund	K.S.A. 12-1,118	25,000

**NOTE 5 – LITIGATION**

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

**NOTE 6 – RISK MANAGEMENT**

**City of St. Francis, Kansas** is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain worker's compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in KMIT, a public entity risk pool currently operating as a common risk management and insurance program for 160 participating members.

The City pays an annual premium to KMIT for its worker's compensation insurance coverage. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

**City of St. Francis, Kansas** carries commercial insurance for all other risks of loss, including property, general liability, inland marine, business auto, law enforcement liability, linebacker, cyber solutions, commercial output, employee dishonesty, and treasurer bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 7 – GRANTS AND SHARED REVENUES**

**City of St. Francis, Kansas** participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the 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 8 – OPERATING LEASES**

The City entered into a 25-year lease agreement on January 1, 2013 with Keller Ranch, Inc. for the purpose of maintaining, developing, and operating land as a public recreational area, walking trail, and fishing grounds. The City is responsible only for the upkeep and maintenance expenses of the land. There is no periodic lease payment.

## **CITY OF ST. FRANCIS, KANSAS**

### **Notes to Financial Statement**

**December 31, 2017**

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#### **NOTE 9 – DEFERRED COMPENSATION PLAN**

**City of St. Francis, Kansas** sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The City is not required to make any contributions.

#### **NOTE 10 – DEFINED BENEFIT PENSION PLAN**

##### **General Information about the Pension Plan**

###### **Plan Description**

**City of St. Francis, Kansas** participates in 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. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

###### **Contributions**

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. Contributions to the pension plan from the City were \$44,942 for the year ended December 31, 2017.

##### **Net Pension Liability**

At December 31, 2017, the City's proportionate share of the collective net pension liability reported by KPERS was \$435,782. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

## CITY OF ST. FRANCIS, KANSAS

### Notes to Financial Statement

December 31, 2017

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#### NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of St. Francis, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

#### NOTE 12 – COMPENSATED ABSENCES

##### Vacation

**City of St. Francis, Kansas'** policy regarding vacation entitles employees to 80 hours of vacation upon the completion of 1 year's continuous service from the date of employment. Each employee is entitled to 96 hours of vacation after 5 years of continuous service, 120 hours of vacation after 10 years of continuous service, and 144 hours after 20 years of continuous service. At the discretion of the Council, employees are allowed to carry over up to 40 hours of vacation in the following year, effective on their anniversary of employment. Any employee who is eligible for vacation, but has not yet taken it at the time he/she terminates or is terminated, will receive his/her vacation pay at the regular rates at the time of termination. The potential liability for vacation at December 31, 2017 was \$16,557. This is not reflected in the financial statement.

##### Sick Leave

The City's policy for sick leave permits a full-time employee to earn sick leave at the rate of 8 hours for each full month of service up to a maximum of 96 hours sick leave per year. Sick leave accumulates on the basis of the unused portion of each employee's 96 hour allowance per year up to a maximum of 960 hours. Employees are paid for accrued sick leave at that rate of \$1.00 per hour of sick leave available to the employee as of their last day of employment. The potential liability for sick leave at December 31, 2017 was \$3,135. This is not reflected in the financial statement.

##### Comp Time

All hourly staff is eligible to accrue comp time in lieu of overtime pay at a rate of one and one half hours of comp time for each hour of overtime worked. The maximum amount of comp time that can be earned is 60 hours. Accrued comp time must be used within 12 months of occurrence or it will be paid at the rate earned. At the council's discretion it may be required for law enforcement officers to accrue comp time up to a maximum of 60 hours. The potential liability for comp time at December 31, 2017 was \$1,153. This is not reflected in the financial statement.

#### NOTE 13 – JOINT VENTURE

St. Francis Recreation Commission is a qualifying recreation commission promoting and encouraging recreational activities in **City of St. Francis, Kansas** and Cheyenne County, Kansas. On September 26, 2016, **City of St. Francis, Kansas** and St. Francis Recreation Commission entered into an Interlocal Agreement where the Recreation Commission will implement a five mill ad valorem tax levy payable to the **City of St. Francis, Kansas**. The City will pay the semiannual lease payments to the St. Francis, Kansas Public Building Commission from the funds derived from the mill levy imposed on the property within the Recreation Commission's taxing district. The City's lease payments will be sufficient to pay in full the semiannual principal and interest payments on the St. Francis, Kansas Public Building Commission's revenue bonds until paid off on September 1, 2036. The financial information for the Public Building Commission is included in the audited financial statement of the City.

**CITY OF ST. FRANCIS, KANSAS**

Notes to Financial Statement

December 31, 2017

**NOTE 14 – ST. FRANCIS, KANSAS PUBLIC BUILDING COMMISSION****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. **St. Francis, Kansas Public Building Commission'** interfund transfers and regulatory authority for the year ended December 31, 2017 were as follows:

From	To	Regulatory Authority	Amount
Cost of Issuance Fund	Project Fund	Board Approved	\$ 20,558

**Capital Projects**

**St. Francis, Kansas Public Building Commission** capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures to Date
Swimming Pool and Bathhouse Master Plan	\$ 2,229,573	\$ 2,229,573

**Lease Receivable**

**St. Francis, Kansas Public Building Commission** entered into a lease agreement with **City of St. Francis, Kansas** for the lease of the swimming pool and equipment. The City is obligated to make payments to the Commission equivalent to the debt that the Commission has assumed and to pay its outstanding revenue bonds. The Commission covenants that, unless the City is in default under the lease obligation, it will not, without the City's written consent unless required by law, sell or otherwise part with or encumber its fee or other ownership interest in the project at any time during the life of the lease obligation. The City covenants and agrees that it will, during the term of the lease obligation, keep and maintain the project and all parts thereof in good condition and repair, including but not limited to the furnishing of all parts, mechanisms and devices required to keep the pool, equipment, and personal property constituting a part of the project in good mechanical and working order, and that during said period of time it will keep the project and all parts thereof free from filth, nuisance or conditions unreasonably increasing the danger of fire. The Public Building Commission will surrender and deliver the swimming pool and equipment to the City upon the expiration of these lease obligations. The term of the lease obligations shall commence on October 13, 2016 and end on September 1, 2036. Total payments receivable are as follows:

Years Ending December 31	Total
2018	\$ 115,350
2019	113,550
2020	116,750
2021	114,800
2022	112,850
2023-2027	578,050
2028-2032	571,600
2033-2036	457,200
<b>Total</b>	<b>\$ <u>2,180,150</u></b>

## **CITY OF ST. FRANCIS, KANSAS**

### **Notes to Financial Statement**

**December 31, 2017**

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#### **Long-Term Debt**

St. Francis, Kansas Public Building Commission has the following type of long-term debt.

#### **Revenue Bonds**

On October 13, 2016, the Commission issued \$1,600,000 in Series 2016 Bonds for the purpose of providing funds to pay for the costs of building a swimming pool. The bonds will mature on September 1, 2036 with semiannual payments and an interest rate of 3.00%.

#### **NOTE 15 – LONG-TERM DEBT**

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

#### **KDHE Revolving Loan**

The City entered into a \$481,860 revolving loan agreement on May 25, 2005 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance a sewer system upgrade. The City will use proceeds generated by the operation of the facility for loan repayment, which began December 31, 2006.

#### **Lease Obligations**

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

The City entered into a lease obligation for \$1,600,000 with St. Francis, Kansas Public Building Commission for the lease of the swimming pool and equipment. The City is obligated to make payments to St. Francis, Kansas Public Building Commission equivalent to the debt that the Public Building Commission has assumed and to pay its outstanding revenue bonds. The Public Building Commission covenants that unless the City is in default under the lease obligation, it will not, without the City's written consent unless required by law, sell or otherwise part with or encumber its fee or other ownership interest in the project at any time during the life of the lease obligation. The covenants agreed to state that the City, during the term of the lease obligation, shall keep and maintain the project and all parts thereof in good condition and repair, including but not limited to the furnishing of all parts, mechanisms and devices required to keep the swimming pool, equipment, and personal property constituting a part of the project in good mechanical and working order, and that during said period of time it will keep the project and all parts thereof free from filth, nuisance or conditions unreasonably increasing the danger of fire.

**CITY OF ST. FRANCIS, KANSAS**  
Notes to Financial Statement  
December 31, 2017

Changes in long-term liabilities for the City for the year ended December 31, 2017, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
<b>Revolving Loan</b>									
KDHE Revolving Loan	2.91%	05/25/05	\$ 481,860	09/01/24	\$ 221,803	-	(25,004)	196,799	6,274
<b>Capital Lease</b>									
Public Building Commission Pool and Equipment	3.00%	10/13/16	1,600,000	09/01/36	1,600,000	-	(65,000)	1,535,000	50,615
<b>Total Contractual Indebtedness - City</b>					<b>1,821,803</b>	<b>-</b>	<b>(90,004)</b>	<b>1,731,799</b>	<b>56,889</b>
<b>Related Municipal Entity Debt</b>									
<b>Revenue Bonds</b>									
Series 2016 Public Building Commission	3.00%	10/13/16	1,600,000	09/01/36	1,600,000	-	(65,000)	1,535,000	50,615
<b>Total Contractual Indebtedness</b>					<b>\$ 3,421,803</b>	<b>-</b>	<b>(155,004)</b>	<b>3,266,799</b>	<b>107,504</b>

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
	2018	2019	2020	2021	2022	2023-2027	2028-2032	2033-2037	
<b>City Debt</b>									
<b>Principal</b>									
KDHE Revolving Loan	\$ 25,737	26,491	27,268	28,067	28,890	60,346	-	-	196,799
Capital Lease	60,000	60,000	65,000	65,000	65,000	370,000	435,000	415,000	1,535,000
<b>Total Principal</b>	<b>85,737</b>	<b>86,491</b>	<b>92,268</b>	<b>93,067</b>	<b>93,890</b>	<b>430,346</b>	<b>435,000</b>	<b>415,000</b>	<b>1,731,799</b>
<b>Interest</b>									
KDHE Revolving Loan	5,541	4,787	4,010	3,211	2,388	2,211	-	-	22,148
Capital Lease	55,350	53,550	51,750	49,800	47,850	208,050	136,600	42,200	645,150
<b>Total Interest</b>	<b>60,891</b>	<b>58,337</b>	<b>55,760</b>	<b>53,011</b>	<b>50,238</b>	<b>210,261</b>	<b>136,600</b>	<b>42,200</b>	<b>667,298</b>
<b>Total Principal and Interest - City</b>	<b>146,628</b>	<b>144,828</b>	<b>148,028</b>	<b>146,078</b>	<b>144,128</b>	<b>640,607</b>	<b>571,600</b>	<b>457,200</b>	<b>2,399,097</b>
<b>Related Municipal Entity Debt</b>									
<b>Principal</b>									
Revenue Bond	60,000	60,000	65,000	65,000	65,000	370,000	435,000	415,000	1,535,000
<b>Interest</b>									
Revenue Bond	55,350	53,550	51,750	49,800	47,850	208,050	136,600	42,200	645,150
<b>Total Principal and Interest - RME</b>	<b>115,350</b>	<b>113,550</b>	<b>116,750</b>	<b>114,800</b>	<b>112,850</b>	<b>578,050</b>	<b>571,600</b>	<b>457,200</b>	<b>2,180,150</b>
<b>Total Principal and Interest</b>	<b>\$ 261,978</b>	<b>258,378</b>	<b>264,778</b>	<b>260,878</b>	<b>256,978</b>	<b>1,218,657</b>	<b>1,143,200</b>	<b>914,400</b>	<b>4,579,247</b>



**CITY OF ST. FRANCIS, KANSAS**

Regulatory-Required Supplementary Information

**CITY OF ST. FRANCIS, KANSAS**  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>Governmental Type Funds</b>					
<b>General Fund</b>	\$ 1,067,674	-	1,067,674	<b>976,856</b>	(90,818)
<b>Special Purpose Funds</b>					
Library Fund	33,291	-	33,291	<b>33,290</b>	(1)
Special Parks and Recreation Fund	425	-	425	<b>413</b>	(12)
Special Highway Fund	113,462	-	113,462	<b>23,273</b>	(90,189)
Tourism and Convention Fund	21,316	-	21,316	<b>6,934</b>	(14,382)
<b>Business Funds</b>					
Electric and Water Utility Fund	2,054,033	-	2,054,033	<b>1,934,273</b>	(119,760)
Refuse Utility Fund	204,874	-	204,874	<b>183,496</b>	(21,378)
Sewer Utility Fund	200,160	-	200,160	<b>173,429</b>	(26,731)
Theatre Enterprise Fund	115,241	-	115,241	<b>76,488</b>	(38,753)

**CITY OF ST. FRANCIS, KANSAS**  
**General Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 269,497	275,863	279,109	(3,246)
Delinquent Tax	11,078	8,290	6,308	1,982
Motor Vehicle Tax	54,278	57,776	57,223	553
16/20 Vehicle Tax	2,574	2,827	2,565	262
Commercial Vehicle Tax	582	624	592	32
Recreational Vehicle Tax	784	798	777	21
Excise Tax	36	2	-	2
Tax Specials	225	1,050	-	1,050
Local Alcoholic Liquor Tax	478	843	321	522
Local Sales Tax	94,106	90,509	97,492	(6,983)
Licenses and Permits	18,432	19,342	18,682	660
Charges for Services	29,483	24,631	26,038	(1,407)
Use of Money and Property	21,830	108,472	13,088	95,384
Grants	14,298	14,632	-	14,632
Recreation Commission Distribution	-	137,159	-	137,159
Miscellaneous	43,456	44,818	23,864	20,954
Neighborhood Revitalization Rebate	(1,935)	(1,737)	(1,822)	85
Transfers In	125,000	495,000	535,000	(40,000)
<b>Total Receipts</b>	684,202	1,280,899	1,059,237	221,662
<b>Expenditures</b>				
General Government	90,399	80,387	108,794	(28,407)
Police Department	131,288	160,192	176,670	(16,478)
Municipal Court	-	11,655	19,465	(7,810)
Streets	65,164	55,273	77,190	(21,917)
Fire	13,598	13,819	28,000	(14,181)
Recycling	18,890	21,511	23,209	(1,698)
Parks and Recreation	107,129	118,234	120,304	(2,070)
Pool	30,473	42,035	29,718	12,317
Public Building Commission	-	122,227	-	122,227
Employee Benefits	252,621	249,049	370,893	(121,844)
Property Cleanup	-	-	50,000	(50,000)
Grant Expense	-	8,007	10,963	(2,956)
Economic Development Program	3,774	2,230	4,108	(1,878)
Cheyenne County Development Corp Contribution	24,378	24,378	24,378	-
Shop Expense	8,389	11,266	3,855	7,411
Library Expense	3,502	2,521	1,848	673
Theatre	2,573	21,278	230	21,048
Theatre Utilities	542	550	556	(6)
Ball Diamond	-	250	21	229
Animal Shelter Expense	268	266	272	(6)
Recycle Expense	295	2,481	-	2,481
Transportation Program	10,700	8,286	8,500	(214)
Senior Citizen Center	8,000	8,000	8,000	-
Building Repairs	25,235	680	-	680
Miscellaneous	8,664	2,276	700	1,576
Transfers Out	-	10,005	-	10,005
<b>Total Expenditures</b>	805,882	976,856	1,067,674	(90,818)
<b>Receipts Over (Under) Expenditures</b>	(121,680)	304,043		
<b>Unencumbered Cash - Beginning</b>	150,096	43,458		
<b>Prior Year Cancelled Encumbrances</b>	15,042	40		
<b>Unencumbered Cash - Ending</b>	\$ 43,458	347,541		

## CITY OF ST. FRANCIS, KANSAS

## Library Fund

## Schedule of Receipts and Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 26,637	27,110	27,425	(315)
Delinquent Tax	1,143	839	620	219
Motor Vehicle Tax	5,475	5,771	5,655	116
16/20 Vehicle Tax	260	281	254	27
Recreational Vehicle Tax	78	79	77	2
Commercial Vehicle Tax	-	1	59	(58)
Excise Tax	4	-	-	-
Neighborhood Revitalization Rebate	(191)	(171)	(179)	8
<b>Total Receipts</b>	33,406	33,910	33,911	(1)
<b>Expenditures</b>				
Appropriations	33,406	33,290	33,291	(1)
<b>Receipts Over (Under) Expenditures</b>	-	620		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ -	620		

**CITY OF ST. FRANCIS, KANSAS**  
**Special Parks and Recreation Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<b>Receipts</b>				
Taxes and Shared Revenues				
Local Alcoholic Liquor Tax	\$ 478	843	321	522
<b>Expenditures</b>				
Scout Hut	588	413	425	(12)
<b>Receipts Over (Under) Expenditures</b>	(110)	430		
<b>Unencumbered Cash - Beginning</b>	386	276		
<b>Unencumbered Cash - Ending</b>	\$ 276	706		

**CITY OF ST. FRANCIS, KANSAS**  
**Special Highway Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<b>Receipts</b>				
Taxes and Shared Revenues				
Gasoline Tax	\$ 34,704	<b>34,631</b>	<u>34,050</u>	<u>581</u>
<b>Expenditures</b>				
Capital Outlay	<u>9,982</u>	<u><b>23,273</b></u>	<u>113,462</u>	<u>(90,189)</u>
<b>Receipts Over (Under) Expenditures</b>	24,722	<b>11,358</b>		
<b>Unencumbered Cash - Beginning</b>	<u>69,992</u>	<u><b>94,714</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>94,714</u>	<u><b>106,072</b></u>		

**CITY OF ST. FRANCIS, KANSAS**  
**Equipment Reserve Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Interest	\$ 240	574
Transfers In	40,000	55,000
<b>Total Receipts</b>	40,240	55,574
<b>Expenditures</b>		
Capital Outlay	77,301	58,922
<b>Receipts Over (Under) Expenditures</b>	(37,061)	(3,348)
<b>Unencumbered Cash - Beginning</b>	277,817	240,756
<b>Prior Year Cancelled Encumbrances</b>	-	750
<b>Unencumbered Cash - Ending</b>	\$ 240,756	238,158

**CITY OF ST. FRANCIS, KANSAS**  
**Capital Improvement Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Interest	\$ 465	1,071
Transfers In	245,000	135,005
<b>Total Receipts</b>	245,465	136,076
<b>Expenditures</b>		
Capital Outlay	162,022	112,249
Pool Improvements	-	430
Library Improvements	-	17,207
Theatre Improvements	-	583
Water Improvements	-	24,870
Transfers Out	5,000	-
<b>Total Expenditures</b>	167,022	155,339
<b>Receipts Over (Under) Expenditures</b>	78,443	(19,263)
<b>Unencumbered Cash - Beginning</b>	95,411	187,962
<b>Prior Year Cancelled Encumbrances</b>	14,108	-
<b>Unencumbered Cash - Ending</b>	\$ 187,962	168,699



**CITY OF ST. FRANCIS, KANSAS**  
**Tourism and Convention Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<b>Receipts</b>				
Taxes and Shared Revenues				
Guest Tax	\$ 7,705	<b>3,749</b>	<u>6,903</u>	<u>(3,154)</u>
<b>Expenditures</b>				
Tourism Expenses	<u>2,327</u>	<u><b>6,934</b></u>	<u>21,316</u>	<u>(14,382)</u>
<b>Receipts Over (Under) Expenditures</b>	5,378	<b>(3,185)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>10,078</u>	<u><b>15,456</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>15,456</u>	<u><b>12,271</b></u>		

**CITY OF ST. FRANCIS, KANSAS**  
**Swimming Pool Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>	\$ -	-
<b>Expenditures</b>	-	-
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	1,416	1,416
<b>Unencumbered Cash - Ending</b>	\$ 1,416	1,416

**CITY OF ST. FRANCIS, KANSAS**  
**Digital Sign Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>	\$ -	-
<b>Expenditures</b>	-	-
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	64	64
<b>Unencumbered Cash - Ending</b>	\$ 64	64

**CITY OF ST. FRANCIS, KANSAS**  
**Weinstein Recognition Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>	\$ -	-
<b>Expenditures</b>	-	-
<b>Receipts Over (Under) Expenditures</b>	-	-
<b>Unencumbered Cash - Beginning</b>	350	350
<b>Unencumbered Cash - Ending</b>	\$ 350	350

**CITY OF ST. FRANCIS, KANSAS**  
**Keller Pond Trail Project Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Grant Revenue	\$ 25,000	26,245
Transfers In	5,000	-
<b>Total Receipts</b>	30,000	26,245
<b>Expenditures</b>		
Capital Improvements	-	52,490
<b>Receipts Over (Under) Expenditures</b>	30,000	(26,245)
<b>Unencumbered Cash - Beginning</b>	-	30,000
<b>Unencumbered Cash - Ending</b>	\$ 30,000	3,755

**CITY OF ST. FRANCIS, KANSAS**  
**Electric and Water Utility Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Charges for Services				
Collections	\$ 1,750,315	1,705,211	1,787,565	(82,354)
Penalties	13,338	13,417	14,972	(1,555)
Connection Fees	6,613	7,007	7,056	(49)
KMEA Revenue	-	-	324	(324)
Interest	1,860	4,256	571	3,685
Insurance Proceeds	-	27,113	-	27,113
Miscellaneous	2,834	2,343	2,030	313
Reimbursed Expense	46	228	198	30
State Aid	-	1,121	-	1,121
Federal Aid	-	8,407	-	8,407
<b>Total Receipts</b>	1,775,006	1,769,103	1,812,716	(43,613)
<b>Expenditures</b>				
Personal Services	317,157	310,771	357,866	(47,095)
Office Expense	21,296	20,516	18,914	1,602
Vehicle Expense	2,765	5,865	4,021	1,844
Vehicle Gas and Oil	4,555	5,531	5,672	(141)
Legal and Printing	144	52	255	(203)
Insurance	37,001	40,394	35,920	4,474
Audit/Contractual Service	8,414	8,879	8,247	632
Expense and Education	13,644	8,950	12,047	(3,097)
Generating Fuel	1,428	2,021	1,592	429
Plant Outside	33,152	44,678	35,261	9,417
Plant Inside	32,892	37,109	43,028	(5,919)
K.M.E.A., Sunflower, W.A.P.A.	848,623	828,475	843,134	(14,659)
Sales Tax	2,319	1,821	2,672	(851)
Water Expense	20,462	18,099	29,302	(11,203)
Compensating Use Tax	1,161	3,020	2,282	738
Tool Account	-	258	24	234
Equipment Expense	11,337	13,080	6,123	6,957
Clean Drinking Water Fee	3,347	3,011	3,412	(401)
Building Maintenance	659	273	11,459	(11,186)
Set Off Fees	339	255	330	(75)
Miscellaneous	6,962	9,102	8,374	728
Insurance Covered Repairs	-	27,113	39,098	(11,985)
Transfers Out	295,000	545,000	585,000	(40,000)
<b>Total Expenditures</b>	1,662,657	1,934,273	2,054,033	(119,760)
<b>Receipts Over (Under) Expenditures</b>	112,349	(165,170)		
<b>Unencumbered Cash - Beginning</b>	354,103	466,452		
<b>Unencumbered Cash - Ending</b>	\$ 466,452	301,282		

**CITY OF ST. FRANCIS, KANSAS**  
**Refuse Utility Fund**

Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Charges for Services				
Collections	\$ 168,392	<b>165,196</b>	170,730	(5,534)
<b>Expenditures</b>				
Personal Services	14,058	-	-	-
Contractual Services	79,815	<b>153,455</b>	157,500	(4,045)
Vehicle Gas and Oil	1,615	<b>53</b>	-	53
Insurance	3,409	<b>3,027</b>	3,500	(473)
Solid Waste	10,469	<b>120</b>	-	120
Truck Expense	411	-	-	-
Recycle Expense	500	<b>1,090</b>	-	1,090
Miscellaneous	2,346	<b>751</b>	18,874	(18,123)
Transfers Out	70,000	<b>25,000</b>	25,000	-
<b>Total Expenditures</b>	182,623	<b>183,496</b>	204,874	(21,378)
<b>Receipts Over (Under) Expenditures</b>	(14,231)	<b>(18,300)</b>		
<b>Unencumbered Cash - Beginning</b>	52,958	<b>38,727</b>		
<b>Unencumbered Cash - Ending</b>	\$ 38,727	<b>20,427</b>		

**CITY OF ST. FRANCIS, KANSAS**  
**Sewer Utility Fund**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<b>Receipts</b>				
Charges for Services				
Collections	\$ 148,869	<b>148,975</b>	152,273	(3,298)
<b>Expenditures</b>				
Personal Services	17,560	<b>34,890</b>	38,010	(3,120)
Operation Expense	26,744	<b>825</b>	15,801	(14,976)
Miscellaneous Expense	774	<b>562</b>	6,043	(5,481)
Equipment Expense	-	<b>874</b>	-	874
Debt Service	31,278	<b>31,278</b>	32,216	(938)
Capital Outlay	-	-	3,090	(3,090)
Transfers Out	45,000	<b>105,000</b>	105,000	-
<b>Total Expenditures</b>	121,356	<b>173,429</b>	200,160	(26,731)
<b>Receipts Over (Under) Expenditures</b>	27,513	<b>(24,454)</b>		
<b>Unencumbered Cash - Beginning</b>	23,131	<b>50,644</b>		
<b>Prior Year Cancelled Encumbrances</b>	-	<b>6,775</b>		
<b>Unencumbered Cash - Ending</b>	\$ 50,644	<b>32,965</b>		



## CITY OF ST. FRANCIS, KANSAS

## Theatre Enterprise Fund

## Schedule of Receipts and Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Charges for Services				
Ticket Sales	\$ 50,793	43,207	60,000	(16,793)
Concession Sales	34,873	26,962	40,000	(13,038)
Interest	30	20	40	(20)
Rent Income	400	325	200	125
Grant Revenue	7,500	-	-	-
Miscellaneous	212	300	1,000	(700)
<b>Total Receipts</b>	93,808	70,814	101,240	(30,426)
<b>Expenditures</b>				
Movie Fees	23,809	21,524	33,641	(12,117)
Booking Fees	2,055	2,040	2,500	(460)
Theatre Passes	-	106	-	106
Sales Tax	6,692	5,506	7,500	(1,994)
Concession Supplies	14,157	11,414	20,000	(8,586)
Personal Services	26,795	27,183	30,000	(2,817)
Advertising	1,918	1,900	2,000	(100)
Freight	1,698	2,018	2,000	18
Business Expense	4,429	3,523	6,000	(2,477)
Equipment Rent	1,171	977	1,000	(23)
Equipment Purchased	-	-	7,000	(7,000)
Building Maintenance	7,500	98	3,000	(2,902)
Licenses and Permits	-	-	400	(400)
Debit Card Fees	166	199	200	(1)
<b>Total Expenditures</b>	90,390	76,488	115,241	(38,753)
<b>Receipts Over (Under) Expenditures</b>	3,418	(5,674)		
<b>Unencumbered Cash - Beginning</b>	4,953	8,371		
<b>Unencumbered Cash - Ending</b>	\$ 8,371	2,697		

**CITY OF ST. FRANCIS, KANSAS**  
**St. Francis, Kansas Public Building Commission - Project Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Bond Proceeds	\$ 1,575,970	-
Bond Premium	80,193	-
Grant Revenue	300,000	73,288
Donation Revenue	180,208	23,890
Interest	-	4,864
Transfer In	-	20,558
<b>Total Receipts</b>	<u>2,136,371</u>	<u>122,600</u>
<b>Expenditures</b>		
Construction Costs	1,829,122	400,451
Bond Underwriter's Discount	16,000	-
Legal Fees	9,002	790
Bank Fees	3	-
<b>Total Expenditures</b>	<u>1,854,127</u>	<u>401,241</u>
<b>Receipts Over (Under) Expenditures</b>	282,244	(278,641)
<b>Unencumbered Cash - Beginning</b>	<u>-</u>	<u>282,244</u>
<b>Unencumbered Cash - Ending</b>	<u>\$ 282,244</u>	<u>3,603</u>

**CITY OF ST. FRANCIS, KANSAS**  
**St. Francis, Kansas Public Building Commission - Cost of Issuance Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Bond Proceeds	\$ 24,030	-
<b>Expenditures</b>		
Issuance Costs	24,030	-
Transfer Out	-	<b>20,558</b>
<b>Total Expenditures</b>	<b>24,030</b>	<b>20,558</b>
<b>Receipts Over (Under) Expenditures</b>	-	<b>(20,558)</b>
<b>Unencumbered Cash - Beginning</b>	-	-
<b>Prior Year Cancelled Encumbrances</b>	-	<b>20,558</b>
<b>Unencumbered Cash - Ending</b>	\$ -	-

**CITY OF ST. FRANCIS, KANSAS**  
**St. Francis, Kansas Public Building Commission - Debt Service Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Interest	\$ 2,207	-
Lease Income	-	115,615
<b>Total Receipts</b>	2,207	115,615
<b>Expenditures</b>		
Bond Principal	-	65,000
Bond Interest	-	50,615
<b>Total Expenditures</b>	-	115,615
<b>Receipts Over (Under) Expenditures</b>	2,207	-
<b>Unencumbered Cash - Beginning</b>	-	2,207
<b>Unencumbered Cash - Ending</b>	\$ 2,207	2,207

**CITY OF ST. FRANCIS, KANSAS**  
**Agency Funds**  
Summary of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended December 31, 2017

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Bandshell Fund	\$ 29,112	77	-	<b>29,189</b>
Water Use Fee	586	3,216	3,412	<b>390</b>
Sales Tax	4,609	57,131	57,128	<b>4,612</b>
Tenant Deposits	100	-	-	<b>100</b>
KC Foundation Pass Through	-	80,288	80,288	-
<b>Total</b>	<b>\$ 34,407</b>	<b>140,712</b>	<b>140,828</b>	<b>34,291</b>

Certified  
Public  
Accountants

June 11, 2018

To the City Council and Management  
**City of St. Francis, Kansas**  
St. Francis, Kansas

**Management Letter**

In planning and performing our audit of the primary government financial statement of **City of St. Francis, Kansas** as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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

- **City of St. Francis, Kansas** does not have proper segregation of duties necessary to establish a good system of internal control. We understand that the size of the City's accounting and administrative staff and related budget constraints preclude management from hiring additional personnel to achieve proper segregation of duties. However, limited segregation can and should be implemented to reduce the risk of errors or fraud. Where possible, duties should be segregated. Involvement by the Council can also mitigate the risk of errors or fraud. The Council should remain involved in the financial affairs of the City to provide oversight and independent review functions.

We would like to express our appreciation for the opportunity to perform the December 31, 2017 audit for **City of St. Francis, Kansas** and to the employees for the cooperation and assistance given to us during the audit.

**City of St. Francis, Kansas**

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June 11, 2018

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

*Adams, Brown, Beran & Ball, Chartered*

**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants