

**AUDITED FINANCIAL STATEMENT
AND SUPPLEMENTARY INFORMATION**

CITY OF ST. MARYS, KANSAS

December 31, 2018

Reese & Novelly, PA
Certified Public Accountants
St. Marys, Kansas

Audited Financial Statement and Supplementary Information

City of St. Marys, Kansas

Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

The Mayor and City Commission
City of St. Marys, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of St. Marys, Kansas, as of and for the year ended December 31, 2018, 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 A; 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.

Auditor's 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the 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 A of the financial statement, the financial statement is prepared by the City of St. Marys, 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 A 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 matter 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 the City of St. Marys, Kansas, as of December 31, 2018, 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 the City of St. Marys, Kansas as of December 31, 2018, 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 A.

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-budget and actual, individual fund schedules of regulatory basis receipts and expenditures-budget and actual, summary of 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 A.

Reese + Novelly, PA

St. Marys, Kansas
July 30, 2019

**FINANCIAL STATEMENT
AND NOTE DISCLOSURES**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add		Ending Cash Balance
						Encumbrances and Accounts Payable		
General Funds:								
General	\$ 458,444	\$	\$ 1,099,208	\$ 1,208,455	\$ 349,197	\$ 22,465	\$	371,662
Bond and Interest Funds:								
Bond and Interest	55,426		38,871	42,490	51,807			51,807
Special Purpose Funds:								
Special Highway	40,833		107,801	110,087	38,547	7,432		45,979
Special Parks and Recreation	17,495		33,242	31,753	18,984	281		19,265
Fire Equipment	279,481		84,722		364,203			364,203
County Sales Tax	237,183		397,667	523,108	111,742	38,745		150,487
Police Capital Improvement	81,452		33,007	22,908	91,551	7,070		98,621
Facilities Capital Improvement	4,959		1,894		6,853			6,853
TOTAL SPECIAL PURPOSE	661,403		658,333	687,856	631,880	53,528		685,408

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

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add	
						Encumbrances and Accounts Payable	Ending Cash Balance
Business Funds:							
Electric Utility	201,553		2,459,183	2,254,840	405,896	29,725	435,621
Water Utility	146,423		322,502	389,187	79,738	20,136	99,874
Sewer Service	272,204		470,683	526,711	216,176	2,531	218,707
Sewer Debt Service Reserve			233,417	233,417	-		-
Golf Course	974		136,579	137,049	504	761	1,265
Refuse Utility	44,276		225,189	253,428	16,037	19,208	35,245
Refuse Capital Improvement	5,210		23		5,233		5,233
Electric Capital Improvement	4,864				4,864		4,864
TOTAL BUSINESS FUNDS	675,504		3,847,576	3,794,632	728,448	72,361	800,809
TOTAL REPORTING ENTITY	\$ 1,850,777	\$ -	\$ 5,643,988	\$ 5,733,433	\$ 1,761,332	\$ 148,354	\$ 1,909,686

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

NOTES TO FINANCIAL STATEMENT

CITY OF ST. MARYS, KANSAS

DECEMBER 31, 2018

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of St. Marys, Kansas (Municipality) was chartered October 9, 1869, and operates under a Commission-Manager form of government. The accounting policies of the Municipality conform to the cash-basis and budget laws of Kansas (regulatory basis). The following is a summary of the more significant policies:

1. The Financial Reporting Entity: The financial reporting entity of the City of St. Marys, Kansas is comprised of the primary government (the Municipality). There are no related municipal entities.
2. Regulatory Basis Fund Types: The accounts of the Municipality are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its cash, liabilities, fund balance, receipts, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statement in this report, into generic regulatory basis fund types and broad fund categories as follows:

Governmental Funds

The General Fund is the chief operating fund of the Municipality. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

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

Capital Projects Funds are used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Business Funds

Business Funds are funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.)

Trust and Agency Funds

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

Agency Funds are used to account for assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.).

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America: The municipal reporting entity prepares the financial statement using *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting, which is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas.

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 inflow or outflows, other than those mentioned above.

The Municipality 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 municipality to use the regulatory basis of accounting.

4. 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 1.
 - 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 15, but at least ten days after publication of notice of hearing.
 - d. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts 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 ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison 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 regulatory receipts 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 municipality 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 and business funds:

Special Purpose Funds: Police Capital Improvement; Facilities Capital Improvement

Business Funds: Refuse Capital Improvement, Electric Capital Improvement

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.

5. Special Assessments: Projects financed in part by special assessments are financed through general obligation bonds of the Municipality and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as receipts in the appropriate project. Special assessments received after the issuance of bonds are recorded as receipts in the bond and interest fund.
6. Cash and Investments: The Municipality uses an internally pooled cash system in which the cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments, unless specifically designated, are allocated to the general fund and the utility funds based upon their average cash balances. Investments are stated at cost, which approximates market.
7. Reimbursements: The Municipality 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 reimbursement is recorded as a qualifying budget credit in the fund receiving the reimbursement.
8. Property Tax: The Pottawatomie County Clerk calculates the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the clerk certifies the tax roll to, and prepares tax statement for, the County Treasurer who receives payment.

Taxes levied to finance the budget are made available to the Municipality after January 1 and are distributed by the County Treasurer per statutes. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

9. Other Related Municipal Entities (excluded from municipal financial reporting entity): The Municipality's Commission is also responsible for appointing the members of the board of the St. Marys Housing Authority. However, the Municipality's accountability for this organization does not extend beyond making the appointments and the Municipality's Commission makes no appropriations to the Authority.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Amendments to Legal Budgets: The legal budget for the Water Fund was amended during 2018.

NOTE C – DEPOSITS AND INVESTMENTS

As of December 31, 2018, the Municipality's investments consisted of short-term certificates of deposit.

K.S.A. 9-1401 establishes the depositories which may be used by the Municipality. The statute requires banks eligible to hold the Municipality's funds have a main or branch bank in the county in which the Municipality is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Municipality has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Municipality'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 Municipality has no investment policy that would further limit its investment choices. The Municipality had no investments other than certificates of deposit, which are included in the bank deposits; therefore they do not have a rating.

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

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the Municipality's deposits may not be returned to it. State statutes require the Municipality's deposits in financial institutions to be entirely covered by federally 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 Municipality had no agreements for designated "peak periods." All deposits were legally secured at December 31, 2018.

At December 31, 2018, the carrying amount of the Municipality's deposits was \$1,936,502 and the bank balance was \$1,971,599. The bank balance was held by two banks which resulted in a concentration of credit risk. Of the bank balance, \$605,743 was covered by federal depository insurance and \$1,365,856 was collateralized with securities held by the pledging financial institutions' agents in the Municipality'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 Municipality 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.

NOTE D—LONG TERM DEBT

The following is a summary of debt transactions of the Municipality for the year ended December 31, 2018. See Notes M and N for the schedules of long-term liabilities and current maturities of long-term debt.

	Beginning of Year	Issued	Retired	End of Year
General Obligation Bonds	\$ 75,000	\$	\$ 40,000	\$ 35,000
Revolving Notes	1,323,755		227,372	1,096,383
Total	<u>\$ 1,398,755</u>	<u>\$</u>	<u>\$ 267,372</u>	<u>\$ 1,131,383</u>

Total interest expense for the year was \$46,793.

Conduit Debt

From time to time, the Municipality has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are generally payable from and secured by the project financed and if needed, additional assets and/or revenues of the private-sector entity served by the bond issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Municipality, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of December 31, 2018, there was one series of industrial revenue bond outstanding. The aggregate principal amount payable at December 31, 2018 could not be determined; however, the original issue amount totaled \$2 million.

NOTE E—DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description: The City of St. Marys, 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 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 for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from City of St. Marys, Kansas were \$87,764 for the year ended December 31, 2018.

Net Pension Liability

At December 31, 2018, the City of St. Marys, Kansas proportionate share of the collective net pension liability reported by KPERS was \$736,381. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The Municipality's proportion of the net pension liability was based on the ratio of the Municipality'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 this financial statement.

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 or can be obtained as described above.

NOTE F—DEFERRED COMPENSATION

The City of St. Marys, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). All 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, but annually determines whether matching funds will be paid into the employees' accounts. For the year ended December 31, 2018, the City paid \$9,640 in matching contributions.

The Municipality is not responsible for any loss incurred by an employee under the Municipality's deferred compensation plan. All conditions of the plan shall be controlling.

NOTE G—OTHER POST EMPLOYMENT BENEFIT

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

Under the Consolidated Budget Reconciliation Act (COBRA), the municipality 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.

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2018.

NOTE H—COMPENSATED ABSENCES

The Municipality maintains a policy of providing vacation and sick leave to its full-time employees, granted in varying amounts depending on length of service and date of hire. Vacation days are vesting and accumulate but accumulation is subject to various limits. Sick leave is non-vesting and accumulates up to a maximum of 720 hours for employees hired after January 1, 2005. Employees hired prior to January 1, 2005 have unlimited accumulation of sick leave. At December 31, 2018, the Municipality's liability for unused vacation time is approximately \$58,313 attributable to governmental and proprietary funds.

NOTE I—COMMITMENTS AND CONTINGENCIES

Construction Contracts: At December 31, 2018, the Municipality had several pending construction project contracts. Commitments related to significant contracts include contracts for the Municipality's street improvements.

Risk Management: The Municipality is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Municipality manages these various risks of loss through commercial insurance with varying deductibles. All deductibles are \$1,000 or less. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE J—CAPITAL PROJECTS

Capital project authorizations with approved changed orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures To Date
Bathroom/Storage Building	\$ 78,979	\$ 78,979
Streetlight Project	402,103	402,103
5 th & 6 th Street Sidewalk	81,638	81,638
Total	<u>\$ 562,720</u>	<u>\$ 562,720</u>

NOTE K—TRANSFERS

Operating transfers were as follows:

FROM	TO	Regulatory Authority	Amount
General Fund	Police Capital Imp.	K.S.A. 12-1, 118	\$ 24,000
County Sales Tax	General Fund	Ord. 1175	154,209
County Sales Tax	Golf Course	Ord. 1175	46,725
County Sales Tax	Special Highway	Ord. 1175	35,000
Sewer Service	Sewer Debt Service	K.S.A. 12-631o	233,417
			<u>\$ 493,351</u>

NOTE L—MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS

In preparing this financial statement, the Municipality has evaluated events and transactions for potential recognition or disclosure through July 30, 2019, the date of the financial statement was available to be issued.

NOTE M - SCHEDULE OF LONG-TERM DEBT

The following is a schedule of changes in long term debt for the City for the year ended December 31, 2018

	Interest Rate	Date of Issue	Original Amount	Date of Final Maturity	Beginning Balance	Issued	Retired	Net Change	Ending Balance	Interest Paid
General Obligation Bonds										
Series 2011 Refinance	1.0/3.40%	2/16/2011	\$ 375,000	10/1/2019	\$ 75,000	\$ -	\$ 40,000	\$ (40,000)	\$ 35,000	\$ 2,490
TOTAL GENERAL OBLIGATION BONDS			<u>375,000</u>		<u>75,000</u>	<u>-</u>	<u>40,000</u>	<u>(40,000)</u>	<u>35,000</u>	<u>2,490</u>
KDHE Revolving Loan										
Wastewater Treatment Plant	3.49%	8/22/2000	3,385,268	3/1/2022	964,303		201,506	(201,506)	762,797	31,911
Water Supply	3.51%	2/13/2008	546,673	2/1/2029	359,452		25,866	(25,866)	333,586	12,392
TOTAL REVOLVING LOANS			<u>3,931,941</u>		<u>1,323,755</u>		<u>227,372</u>	<u>(227,372)</u>	<u>1,096,383</u>	<u>44,303</u>
TOTAL INDEBTEDNESS			<u>\$ 4,306,941</u>		<u>\$ 1,398,755</u>	<u>\$ -</u>	<u>\$ 267,372</u>	<u>\$ (267,372)</u>	<u>\$ 1,131,383</u>	<u>\$ 46,793</u>

NOTE N: SCHEDULE OF MATURITY OF LONG TERM DEBT

The current maturities of long term debt and interest for the next five years and in five year increments through maturity is as follows:

	2019	2020	2021	2022	2023	2024-2028	2029-2033	Total
PRINCIPAL								
General obligation bonds	\$ 35,000	\$ 243,675	\$ 252,258	\$ 144,436	\$ 30,782	\$ 171,051	\$ 18,799	\$ 35,000
Revolving loans	235,382							1,096,383
TOTAL PRINCIPAL	270,382	243,675	252,258	144,436	30,782	171,051	18,799	1,131,383
INTEREST								
General obligation bonds	1,190							1,190
Revolving loans	36,293	28,000	19,417	10,531	7,476	20,241	330	122,288
TOTAL INTEREST	37,483	28,000	19,417	10,531	7,476	20,241	330	123,478
TOTAL PRINCIPAL AND INTEREST	\$ 307,865	\$ 271,675	\$ 271,675	\$ 154,967	\$ 38,258	\$ 191,292	\$ 19,129	\$ 1,254,861

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

**SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL
BUDGETED FUNDS ONLY (SCHEDULE 1)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Certified Budget (As Amended)	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Favorable (Unfavorable) Variance
General Funds:					
General	\$ 1,297,212	\$	\$ 1,297,212	\$ 1,208,455	\$ 88,757
Bond and Interest Funds:					
Bond and Interest	104,684		104,684	42,490	62,194
Special Purpose Funds:					
Special Highway	167,338		167,338	110,087	57,251
Special Park and Recreation	42,180		42,180	31,753	10,427
Fire Equipment	321,230		321,230		321,230
County Sales Tax	628,583		628,583	523,108	105,475
Business Funds:					
Electric Utility	2,568,663		2,568,663	2,254,840	313,823
Water Utility	405,000		405,000	389,187	15,813
Sewer Service	759,412		759,412	526,711	232,701
Sewer Debt Service	233,419		233,419	233,417	2
Golf Course	191,587		191,587	137,049	54,538
Refuse Utility	285,166		285,166	253,428	31,738

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Taxes and shared revenues	\$ 464,942	\$ 477,676	\$ 12,734
Intergovernmental revenue	11,686	11,769	83
Sales tax	300,000	336,309	36,309
Fines, forfeitures, and penalties	8,500	18,111	9,611
Licenses, permits, and fees	26,800	32,023	5,223
Charges for services	21,500	14,796	(6,704)
Use of money and property	16,950	23,950	7,000
Reimbursements and grants	7,000	27,108	20,108
Miscellaneous	3,625	3,257	(368)
Operating transfers	154,209	154,209	-
TOTAL CASH RECEIPTS	1,015,212	1,099,208	83,996
Expenditures:			
Personnel expenditures	859,595	842,590	17,005
General	72,252	68,604	3,648
Public safety	132,869	114,354	18,515
Municipal court	6,052	4,899	1,153
Street department	177,187	138,049	39,138
Public buildings and grounds	10,000	998	9,002
Swimming pool	15,257	14,961	296
Operating transfers	24,000	24,000	-
TOTAL EXPENDITURES	1,297,212	1,208,455	88,757
RECEIPTS OVER (UNDER) EXPENDITURES	(282,000)	(109,247)	
Beginning Unencumbered Cash Balance	282,000	458,444	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 349,197	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
BOND AND INTEREST FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Taxes and shared revenues	\$ 42,490	\$ 38,871	\$ (3,619)
Operating transfers	2,142		(2,142)
TOTAL CASH RECEIPTS	44,632	38,871	(5,761)
Expenditures:			
Contractual services and other charges	5		5
Materials and supplies	62,189		62,189
Debt payments:			
Principal	40,000	40,000	-
Interest	2,490	2,490	-
TOTAL EXPENDITURES	104,684	42,490	62,194
RECEIPTS OVER (UNDER) EXPENDITURES	(60,052)	(3,619)	
Beginning Unencumbered Cash Balance	60,052	55,426	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 51,807	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - SPECIAL HIGHWAY
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Taxes and shared revenues	\$ 70,960	\$ 72,218	\$ 1,258
Miscellaneous		583	583
Operating transfers	35,000	35,000	-
TOTAL CASH RECEIPTS	105,960	107,801	1,841
Expenditures:			
Contractual services and other charges	9,000	29,245	(20,245)
Materials and supplies	158,338	80,842	77,496
TOTAL EXPENDITURES	167,338	110,087	57,251
RECEIPTS OVER (UNDER) EXPENDITURES	(61,378)	(2,286)	
Beginning Unencumbered Cash Balance	61,378	40,833	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 38,547	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - SPECIAL PARKS AND RECREATION
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Taxes and shared revenues	\$ 9,738	\$ 10,522	\$ 784
Charges for services	17,800	20,465	2,665
Use of money and property	2,000	2,005	5
Contract revenue		250	250
TOTAL CASH RECEIPTS	29,538	33,242	3,704
Expenditures:			
Personnel expenditures	18,400	13,639	4,761
Contractual services and other charges	11,580	8,355	3,225
Materials and supplies	9,700	9,704	(4)
Capital outlay	2,500		2,500
Miscellaneous		55	(55)
TOTAL EXPENDITURES	42,180	31,753	10,427
RECEIPTS OVER (UNDER) EXPENDITURES	(12,642)	1,489	
Beginning Unencumbered Cash Balance	12,642	17,495	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 18,984	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - FIRE EQUIPMENT
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Miscellaneous	\$	\$ 1,625	\$ 1,625
Contract revenue	78,500	83,097	4,597
TOTAL CASH RECEIPTS	78,500	84,722	6,222
Expenditures:			
Materials and supplies	15,000		15,000
Capital outlay	306,230		306,230
TOTAL EXPENDITURES	321,230	-	321,230
RECEIPTS OVER (UNDER) EXPENDITURES	(242,730)	84,722	
Beginning Unencumbered Cash Balance	242,730	279,481	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 364,203	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - COUNTY SALES TAX
SPECIAL PURPOSE FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Taxes and shared revenues	\$ 380,000	\$ 389,559	\$ 9,559
Use of money and property		2,108	2,108
Miscellaneous		6,000	6,000
TOTAL CASH RECEIPTS	380,000	397,667	17,667
Expenditures:			
Contractual services and other charges		54,946	(54,946)
Capital outlay	409,374	224,519	184,855
Miscellaneous		7,709	(7,709)
Operating transfers	219,209	235,934	(16,725)
TOTAL EXPENDITURES	628,583	523,108	105,475
RECEIPTS OVER (UNDER) EXPENDITURES	(248,583)	(125,441)	
Beginning Unencumbered Cash Balance	248,583	237,183	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 111,742	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
SUMMARY OF NON-BUDGETED SPECIAL PURPOSE FUNDS - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Police Capital Improvement	Facilities Capital Improvement
Cash Receipts:		
Licenses, permits, and fees	\$ 732	\$
Use of money and property		1,894
Miscellaneous	8,275	
Operating transfers	24,000	
TOTAL CASH RECEIPTS	33,007	1,894
Expenditures:		
Materials and supplies	15	
Capital outlay	22,893	
TOTAL EXPENDITURES	22,908	-
RECEIPTS OVER (UNDER) EXPENDITURES	10,099	1,894
Beginning Unencumbered Cash Balance	81,452	4,959
ENDING UNENCUMBERED CASH BALANCE	\$ 91,551	\$ 6,853

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - ELECTRIC UTILITY
BUSINESS FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Charges for services	\$ 2,110,000	\$ 2,411,820	\$ 301,820
Use of money and property	5,150	18,576	13,426
Reimbursements and grants		23,174	23,174
Miscellaneous	4,200	4,207	7
Contract revenue	1,812	1,406	(406)
TOTAL CASH RECEIPTS	2,121,162	2,459,183	338,021
Expenditures:			
Personnel expenditures	345,502	332,060	13,442
Contractual services and other charges	246,964	154,003	92,961
Materials and supplies	1,649,000	1,670,944	(21,944)
Capital outlay	70,000	97,147	(27,147)
Miscellaneous	120	686	(566)
Operating transfers	257,077		257,077
TOTAL EXPENDITURES	2,568,663	2,254,840	313,823
RECEIPTS OVER (UNDER) EXPENDITURES	(447,501)	204,343	
Beginning Unencumbered Cash Balance	872,502	201,553	
ENDING UNENCUMBERED CASH BALANCE	\$ 425,001	\$ 405,896	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - WATER UTILITY
BUSINESS FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Charges for services	\$ 276,800	\$ 313,523	\$ 36,723
Use of money and property	1,125	5,989	4,864
Miscellaneous	5,000	2,990	(2,010)
TOTAL CASH RECEIPTS	282,925	322,502	39,577
Expenditures:			
Personnel expenditures	199,232	155,754	43,478
Contractual services and other charges	132,782	169,398	(36,616)
Materials and supplies	20,000	19,051	949
Capital outlay	14,728	6,628	8,100
Miscellaneous		98	(98)
Debt payments:			
Principal	25,866	25,866	-
Interest	12,392	12,392	-
TOTAL EXPENDITURES	405,000	389,187	15,813
RECEIPTS OVER (UNDER) EXPENDITURES	(122,075)	(66,685)	
Beginning Unencumbered Cash Balance	122,075	146,423	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 79,738	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - SEWER SERVICE
BUSINESS FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Charges for services	\$ 459,400	\$ 469,658	\$ 10,258
Use of money and property	225	964	739
Miscellaneous		61	61
TOTAL CASH RECEIPTS	459,625	470,683	11,058
Expenditures:			
Personnel expenditures	185,879	174,840	11,039
Contractual services and other charges	65,288	89,993	(24,705)
Materials and supplies	21,500	28,310	(6,810)
Capital outlay	234,828		234,828
Miscellaneous		151	(151)
Operating transfers	251,917	233,417	18,500
TOTAL EXPENDITURES	759,412	526,711	232,701
RECEIPTS OVER (UNDER) EXPENDITURES	(299,787)	(56,028)	
Beginning Unencumbered Cash Balance	299,787	272,204	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 216,176	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - SEWER DEBT SERVICE RESERVE
BUSINESS FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Operating transfers	\$ 233,417	\$ 233,417	\$ -
Expenditures:			
Debt payments:			
Principal	201,507	201,506	1
Interest	31,912	31,911	1
TOTAL EXPENDITURES	233,419	233,417	2
RECEIPTS OVER (UNDER) EXPENDITURES	(2)	-	
Beginning Unencumbered Cash Balance	52	-	
ENDING UNENCUMBERED CASH BALANCE	<u>\$ 50</u>	<u>\$ -</u>	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - GOLF COURSE
BUSINESS FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Charges for services	\$ 106,415	\$ 62,159	\$ (44,256)
Use of money and property	26,000	17,689	(8,311)
Reimbursements and grants	2,500	421	(2,079)
Miscellaneous	3,500	5,085	1,585
Contract revenue	4,500	4,500	-
Operating transfers	30,000	46,725	16,725
TOTAL CASH RECEIPTS	172,915	136,579	(36,336)
Expenditures:			
Personnel expenditures	123,888	67,991	55,897
Contractual services and other charges	15,095	21,999	(6,904)
Materials and supplies	9,000	20,171	(11,171)
Capital outlay	39,712	24,835	14,877
Miscellaneous	1,750	2,053	(303)
Operating transfers	2,142	-	2,142
TOTAL EXPENDITURES	191,587	137,049	54,538
RECEIPTS OVER (UNDER) EXPENDITURES	(18,672)	(470)	
Beginning Unencumbered Cash Balance	18,672	974	
ENDING UNENCUMBERED CASH BALANCE	\$ -	\$ 504	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS - REFUSE UTILITY
BUSINESS FUND - (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Budget	Actual	Favorable (Unfavorable) Variance
Cash Receipts:			
Licenses, permits, and fees	\$ 10,500	\$ 438	\$ (10,062)
Charges for services	225,770	219,057	(6,713)
Miscellaneous	5,000	5,694	694
TOTAL CASH RECEIPTS	241,270	225,189	(16,081)
Expenditures:			
Personnel expenditures	163,226	45,132	118,094
Contractual services and other charges	88,746	203,551	(114,805)
Materials and supplies	10,500	4,745	5,755
Operating transfers	22,694		22,694
TOTAL EXPENDITURES	285,166	253,428	31,738
RECEIPTS OVER (UNDER) EXPENDITURES	(43,896)	(28,239)	
Beginning Unencumbered Cash Balance	43,897	44,276	
ENDING UNENCUMBERED CASH BALANCE	\$ 1	\$ 16,037	

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
SUMMARY OF NON-BUDGETED BUSINESS FUNDS (SCHEDULE 2)**

CITY OF ST. MARYS, KANSAS

Year Ended December 31, 2018

	Refuse Capital Improvement	Electric Capital Improvement
Cash Receipts:		
Use of money and property	\$ 23	\$
Expenditures:		
RECEIPTS OVER (UNDER) EXPENDITURES	23	-
Beginning Unencumbered Cash Balance	5,210	4,864
ENDING UNENCUMBERED CASH BALANCE	<u>\$ 5,233</u>	<u>\$ 4,864</u>

See independent auditor's report.

**SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
AGENCY FUNDS (SCHEDULE 3)**

CITY OF ST. MARYS, KANSAS

For the Year Ended December 31, 2018

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Trust and agency:				
Municipal Court ADSAP	\$ 15	\$	\$	\$ 15
Municipal Court		25,050	22,214	2,836
Customer deposits	44,143	37,940	58,118	23,965
TOTAL	<u>\$ 44,158</u>	<u>\$ 62,990</u>	<u>\$ 80,332</u>	<u>\$ 26,816</u>

See independent auditor's report.