

City of St. Paul, Kansas
Annual Financial Report
For the Year Ended December 31, 2021

Mayor:

Jeff Gard

City Council:

Keith VanLeeuwen - Council President
Lewis Hundley
Mike Mann
Jamie Aday
Mike Grosdidier

City Officers:

City Clerk - Jeri Giefer
City Treasurer - Alice Coomes
City Attorney - Richard Tucker
Municipal Judge - Thomas Milkulka

City of St. Paul, Kansas
Annual Financial Report
For the Year Ended December 31, 2021

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of St. Paul, Kansas

Adverse and Unmodified Opinion

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of St. Paul, Kansas, as of and for the year ended December 31, 2021 and the related notes to the financial statement.

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 and Unmodified Opinion" section of our report, the accompanying 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. Paul as of December 31, 2021, 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 accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of St. Paul as of December 31, 2021, 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 2.

Basis for Adverse and Unmodified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the Kansas Municipal Audit and Accounting Guide. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinion.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 2 of the financial statement, the financial statement is prepared by the City of St. Paul 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 schedule of regulatory basis receipts and expenditures-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 accompanying supplementary 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 2.

A handwritten signature in cursive script that reads "Jarred, Gilmore & Phillips, PA".

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 09, 2022
Chanute, Kansas

CITY OF ST. PAUL, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis

For the Year Ended December 31, 2021

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Ending Cash Balance December 31, 2021
General	\$ 242,162.45	\$ 337,720.76	\$ 329,718.62	\$ 250,164.59	\$ 2,225.58	\$ 252,390.17
Special Revenue Funds:						
Special Highway	62,173.07	17,284.87	14,837.02	64,620.92	-	64,620.92
Parks and Recreation	34,383.58	777.57	545.00	34,616.15	-	34,616.15
Local Sales Tax	125,469.48	90,211.70	77,460.51	138,220.67	-	138,220.67
Waterline Repair	66,061.12	24,646.00	22,288.84	68,418.28	-	68,418.28
Capital Improvement Reserve	145,170.12	15,000.00	-	160,170.12	-	160,170.12
Capital Equipment Reserve	1,555.28	5,000.00	-	6,555.28	-	6,555.28
Water Bond Reserve	25,045.80	-	-	25,045.80	-	25,045.80
Sewer Reserve	23,200.87	-	-	23,200.87	-	23,200.87
American Rescue Plan Act	-	45,553.83	13,249.86	32,303.97	-	32,303.97
Enterprise Funds:						
Grocery Store	105,202.57	978,500.97	982,105.80	101,597.74	11,816.48	113,414.22
Water	103,847.20	186,982.96	175,118.81	115,711.35	1,641.49	117,352.84
Sewer	75,853.03	64,170.84	63,897.28	76,126.59	440.32	76,566.91
Sanitation	3,487.82	43,178.28	43,530.70	3,135.40	-	3,135.40
Total Reporting Entity (Excluding Agency Funds)	\$ 1,013,612.39	\$ 1,809,027.78	\$ 1,722,752.44	\$ 1,099,887.73	\$ 16,123.87	\$ 1,116,011.60
Composition of Cash:						
				Cash on Hand.....		\$ 834.00
				Checking Accounts.....		908,162.74
				Investments.....		218,675.95
				Total Cash		1,127,672.69
				Agency Funds Per Schedule 3		(11,661.09)
				Total Reporting Entity.....		\$ 1,116,011.60

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

City of St. Paul
St. Paul, Kansas
Notes to the Financial Statement
For the Year Ended December 31, 2021

1. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Management is aware of no statutory violations for the year ended December 31, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1st.
- Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- Public hearing on or before August 15th, but at least ten days after publication of the notice of hearing.
- 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 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal annual budget is not required by State law for the following funds:

Capital Improvement Fund (Capital Projects Fund)
Sewer Reserve Fund (Special Purpose Fund)
Water Bond Reserve Fund (Special Purpose Fund)
Equipment Reserve Fund (Special Purpose Fund)
Payroll Clearing Fund (Agency Fund)

Sales Tax Clearing Fund (Agency Fund)
Deposit Clearing Fund (Agency Fund)
Penalty Clearing Fund (Agency Fund)
Mission Township Fund (Agency Fund)
ARPA Grant Fund (Special Purpose Fund)

This summary of significant accounting policies of the City is presented to assist in understanding the City's financial statement. The financial statement and notes are representations of the City's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statement.

Financial Statement Presentation

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activated of the City of St. Paul, Kansas, for the year of 2021:

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

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

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

Business Funds - 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.)

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.

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

Reimbursements

The City records reimbursable expenditures as a cash receipt in the fund that was charged for the original expenditure. For purposes of budgetary comparison, the amount of the reimbursement is considered to be a budget credit.

Capital Leases

Leases that, from the point of view of the City (the lessee), transfer substantially all the benefits and risks incident to ownership of property to the City, is to be considered capital leases. These are treated as an asset of the City and any related obligations are accounted for as a form of debt.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the city's funds have a main or branch bank in the county in which the City is located 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 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%. All deposits were legally secured on December 31, 2021.

On December 31, 2021, the City's carrying amount of deposits was \$1,126,838.69 and the bank balance was \$1,133,873.78. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$278,721.47 was covered by the federal depository insurance; \$855,152.31 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

4. CAPITAL LEASES

No capital leases at this time.

5. LONG TERM DEBT COMMITMENTS

The City has the following long-term debt commitments:

- GO Bond Series 2003. These General Obligation bonds were issued in 2003. The original amount of the issue was \$645,000. The interest rate is 5.00 percent. The final payment on the bonds will be in 2024. The purpose of these bonds was for water plant and street project.
- GO Bond Series 2008-A. These General Obligations bonds were issued in 2008. The original amount of the issue was \$285,500. The interest rate is 4.375 percent. The final payment on the bonds will be made in 2048. The purpose of these bonds was for the River Intake Project.
- GO Bond Series 2008-B. These General Obligation bonds were issued in 2008. The original amount of the issue was \$264,500. The interest rate is 3.625 percent. The final payment on the bonds will be made in 2048. The purpose of these bonds was for the River Intake Project.

Changes in Long-Term Debt for the year ended December 31, 2021

	Beginning Unpaid Principal	Additions to Principal	Reductions to Principal	Ending Unpaid Principal	Interest Paid
Issue:					
GO Bond Series 2008-A	243,415	0	4,590	238,825	10,649
GO Bond Series 2008-B	219,891	0	4,656	215,235	7,971
GO Bond Series 2003	125,000	0	30,000	95,000	6,250
Total Long-Term Debt	588,306	0	39,246	549,060	24,870

	Year					Total
	2022	2023	2024	2025	2026	
Principal:						
GO Bond Series 2008-A	4,791	5,000	5,191	5,446	5,684	26,112
GO Bond Series 2008-B	4,825	5,000	5,161	5,368	5,563	25,917
GO Bond Series 2003	30,000	30,000	35,000	0	0	95,000
Total Principal	39,616	40,000	45,352	10,814	11,247	147,029
Interest:						
GO Bond Series 2008-A	10,448	10,238	10,020	9,793	9,554	50,053
GO Bond Series 2008-B	7,802	7,627	7,446	7,259	7,064	37,198
GO Bond Series 2003	4,750	3,250	1,750	0	0	9,750
Total Interest	23,000	21,115	19,216	17,052	16,618	97,001
Total Principal & Int.	62,616	61,115	64,568	27,866	27,865	244,030

	Year					
	2027 2031	2032 2036	2037 2041	2042 2046	2047 2048	Total
Principal:						
GO Bond Series 2008-A	32,348	40,056	49,649	61,508	29,152	212,713
GO Bond Series 2008-B	30,967	36,993	44,222	52,844	24,292	189,318
Total Principal	63,315	77,049	93,871	114,352	53,444	402,031
Interest:						
GO Bond Series 2008-A	43,820	36,097	26,531	14,678	1,939	123,065
GO Bond Series 2008-B	32,146	26,113	18,901	10,284	1,334	88,778
Total Interest	75,966	62,210	45,432	24,962	3,273	211,843
Total Principal & Int.	139,281	139,259	139,303	139,314	56,717	613,874

6. COMMITMENTS

TOWER MAINTENANCE-CONTRACT

As of December 31, 2009, the City has entered a maintenance contract for water tower maintenance. Scheduled maintenance payments for the year ended December 31, 2021, was \$22,228.84. Under the current agreements, the future minimum maintenance payments are as follows:

TOWER MAINTENANCE	2022	TOTAL
#1 Tower	10,957	10,957
#2 Tower	11,943	11,943

7. DEFINED BENEFIT PENSION PLAN

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS). A cost sharing multiple employers defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issue 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 South 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 member-employee contribution rates. KPERS have 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 contribution 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 the 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 Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to 11

the pension plan from the City of St. Paul was \$21,882.83 for the year ended December 31, 2021.

Net Pension Liability

On December 31, 2021, the City of St. Paul's proportionate share of the collective net pension liability reported to KPERS was \$142,087. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City of St. Paul's proportion of the net pension liability was based on the ratio of the City of St. Paul'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 allocations 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.

8. OTHER LONG-TERM OBLIGATIONS

Death and Disability Other Post-Employment Benefits

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, 2021.

Annual Leave. All full-time officers and employees of the City shall be entitled to vacation leave as follows:

- From date of employment to December 31 of that year, considered first calendar year, one week (5 working days) will be earned for vacation.
- After second calendar year of employment, January to December, but less than ten calendar years of employment, two weeks (10 working days) will be earned for vacation.
- After ten calendar years of employment, three weeks (15 working days) will be earned for vacation.

Annual leave shall be paid at the employee's regular salary rate during each annual leave period. All requests for annual leave shall be submitted to the Supervisor.

The estimated liability on December 31, 2021, if all employees with an annual leave carryover balance were to terminate employment, would be \$11,454.71.

Sick Leave. All employees of the City that are scheduled to work 20 hours or more per pay period shall be entitled to sick leave for each quarter of service and shall be paid at the employee's regular rate during any such leave period, except that the term "sick leave" as herein used may include necessary absence from duty caused by injury sustained on the job, but does not include absence from work after the

employee becomes eligible for worker's compensation disability benefits. Employees scheduled to work 25 hours per pay period shall earn one (1) day (8) hours of sick leave for each quarter of service worked. Employees scheduled to work 20 hours or more per pay period shall earn ½ day (4) hours of sick leave for each quarter of service worked. The sick leave provisions herein granted shall be accumulated from year to year, but no officer or employee shall be credited with more than two hundred hours (200) hours of accumulated sick leave. The Council may require satisfactory evidence of any illness or absence from duty at the time any payroll is approved.

The estimated liability on December 31, 2021, if all employees with accumulated sick leave were to terminate employment, would be \$2,208.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

10. LITIGATION

The City is not a party to any legal proceedings at this time.

11. INTERFUND TRANSFERS

The City made four (4) operating transfers during the year ended December 31, 2021: General Fund to Capital Improvement Fund in the amount of \$15,000 K.S.A. 12-1, 118. General Fund to Capital Equipment Reserve in the amount of \$5,000 K.S.A. 12-1, 117. Local Sales Tax Fund to General Fund in the amount of \$8,956.06 K.S.A. 12-197. Water Fund to General Fund in the amount of \$102.66 K.S.A. 12-825d. The city made one (1) residual transfer during the year ended December 31, 2021: Mission Township Fund to the General Fund in the amount of \$1,056.05.

12. RELATED PARTY TRANSACTIONS

The City didn't have any related party transaction to during the year ended December 31, 2021.

13. BUSINESS CONCENTRATIONS

The City sold 38.69% of its water to Rural Water District #8 during the year ended December 31, 2021.

14. COVID-19

The City evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statements. On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022. Future potential impacts include a decline in sales tax collections and utility collections.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the City to assist with the risks and help offset incurred costs of the City. For the year ended December 31, 2021, the City received \$45,553.83 as a result of the American Rescue Plan Act, of which \$13,249.86 has been spent at year end.

15. SUBSEQUENT EVENTS

The city evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

CITY OF ST. PAUL, KANSAS

Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 Regulatory Basis
 For the Year Ended December 31, 2021

Funds	Certified Budget	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	\$ 494,144.00	\$ 329,718.62	\$ (164,425.38)
Special Revenue Funds:			
Special Highway	74,718.00	14,837.02	(59,880.98)
Parks and Recreation	34,743.00	545.00	(34,198.00)
Local Sales Tax	203,612.00	77,460.51	(126,151.49)
Waterline Repair	88,015.00	22,288.84	(65,726.16)
Enterprise Funds:			
Grocery Store	1,041,250.00	982,105.80	(59,144.20)
Water	302,892.00	175,118.81	(127,773.19)
Sewer	138,139.00	63,897.28	(74,241.72)
Sanitation	45,060.00	43,530.70	(1,529.30)

CITY OF ST. PAUL, KANSAS
GENERAL FUNDSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	\$ 138,879.71	\$ 144,981.00	\$ (6,101.29)
Delinquent Tax	8,069.78	-	8,069.78
Motor Vehicle Tax	31,353.39	30,801.00	552.39
Recreational Vehicle Tax	333.62	217.00	116.62
16 & 20M Truck Tax	418.55	351.00	67.55
Commercial Vehicle Tax	7,903.79	7,191.00	712.79
Watercraft Tax	-	106.00	(106.00)
General Sales Tax	40,085.06	32,000.00	8,085.06
Alcoholic Beverage Tax	57.57	-	57.57
Franchise Tax	35,680.96	37,000.00	(1,319.04)
Licenses and Permits			
Fees, Licenses & Permits	1,263.50	500.00	763.50
Reinstate Fees	1,000.00	500.00	500.00
Fines, Forfeitures and Penalties			
Diversions	5,755.00	3,500.00	2,255.00
Fines and Forfeitures	32,289.31	31,000.00	1,289.31
Charges for Services			
Service Fees	252.32	625.00	(372.68)
Fire Protection Services	6,000.00	-	6,000.00
Use of Money and Property			
Interest Income	3,055.69	3,600.00	(544.31)
Other Receipts			
Reimbursed Expenses	10,707.74	5,000.00	5,707.74
Grants and Donations	4,500.00	-	4,500.00
Operating Transfers from:			
Water Fund	102.66	-	102.66
Local Sales Tax Fund	8,956.06	-	8,956.06
Residual Transfer from:			
Mission Township	1,056.05	-	1,056.05
Total Receipts	337,720.76	\$ 297,372.00	\$ 40,348.76
Expenditures			
General Government			
Personal Services	73,606.14	\$ 112,200.00	\$ (38,593.86)
Contractual Services	99,109.29	132,963.00	(33,853.71)
Commodities	45,639.13	60,000.00	(14,360.87)
Capital Outlay	-	35,162.00	(35,162.00)

CITY OF ST. PAUL, KANSAS

GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2021

	Current Year		Variance - Over (Under)
	Actual	Budget	
Expenditures			
Municipal Court			
Personal Services	\$ 666.87	\$ 600.00	\$ 66.87
Contractual Services	22,495.00	15,881.00	6,614.00
Fire			
Personal Services	4,572.20	4,700.00	(127.80)
Contractual Services	29,874.98	13,300.00	16,574.98
Commodities	361.09	2,360.00	(1,998.91)
Equipment	119.37	-	119.37
Streets			
Personal Services	31,461.30	40,000.00	(8,538.70)
Contractual Services	976.49	25,000.00	(24,023.51)
Commodities	-	-	-
Parks and Recreation			
Personal Services	807.38	1,000.00	(192.62)
Contractual Services	29.38	5,000.00	(4,970.62)
Commodities	-	20,000.00	(20,000.00)
Capital Outlay	-	5,978.00	(5,978.00)
Operating Transfers to:			
Capital Improvement Reserve Fund	15,000.00	15,000.00	-
Capital Equipment Reserve Fund	5,000.00	5,000.00	-
Total Expenditures	<u>329,718.62</u>	<u>\$ 494,144.00</u>	<u>\$ (164,425.38)</u>
Receipts Over(Under) Expenditures	8,002.14		
Unencumbered Cash, Beginning	<u>242,162.45</u>		
Unencumbered Cash, Ending	<u>\$ 250,164.59</u>		

CITY OF ST. PAUL, KANSAS
SPECIAL HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Motor Fuel Tax	\$ 8,871.06	\$ 13,540.00	\$ (4,668.94)
Intergovernmental Grants	8,413.81	-	8,413.81
Total Receipts	17,284.87	\$ 13,540.00	\$ 3,744.87
Expenditures			
General Government			
Contractual Services	547.48	\$ 29,859.00	\$ (29,311.52)
Commodities	14,289.54	34,859.00	(20,569.46)
Capital Outlay	-	10,000.00	(10,000.00)
Total Expenditures	14,837.02	\$ 74,718.00	\$ (59,880.98)
Receipts Over(Under) Expenditures	2,447.85		
Unencumbered Cash, Beginning	62,173.07		
Unencumbered Cash, Ending	\$ 64,620.92		

CITY OF ST. PAUL, KANSAS
PARKS AND RECREATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Alcohol Beverage Tax	\$ 57.57	\$ -	\$ 57.57
Licenses and Permits			
Fees, Licenses & Permits	220.00	150.00	70.00
Parks and Recreation Fees	500.00	500.00	-
Total Receipts	<u>777.57</u>	<u>\$ 650.00</u>	<u>\$ 127.57</u>
Expenditures			
Culture and Recreation			
Contractual Servicers	-	\$ 10,000.00	\$ (10,000.00)
Commodities	545.00	10,000.00	(9,455.00)
Capital Outlay	-	14,743.00	(14,743.00)
Total Expenditures	<u>545.00</u>	<u>\$ 34,743.00</u>	<u>\$ (34,198.00)</u>
Receipts Over(Under) Expenditures	232.57		
Unencumbered Cash, Beginning	<u>34,383.58</u>		
Unencumbered Cash, Ending	<u>\$ 34,616.15</u>		

CITY OF ST. PAUL, KANSAS

LOCAL SALES TAX FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2021

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
General Sales Tax	\$ 90,211.70	\$ 85,900.00	\$ 4,311.70
Total Receipts	90,211.70	85,900.00	4,311.70
Expenditures			
Economic Development			
Contractual Services	-	\$ 30,000.00	\$ (30,000.00)
Commodities	15,728.08	60,355.00	(44,626.92)
Capital Outlay	-	113,257.00	(113,257.00)
Grocery Store			
Contractual Services	22,776.37	-	22,776.37
Debt Services			
GO Bond Principal	30,000.00	-	30,000.00
Operating Transfer to:			
General Fund	8,956.06	-	8,956.06
Total Expenditures	77,460.51	\$ 203,612.00	(126,151.49)
Receipts Over(Under) Expenditures	12,751.19		
Unencumbered Cash, Beginning	125,469.48		
Unencumbered Cash, Ending	\$ 138,220.67		

CITY OF ST. PAUL, KANSAS
WATERLINE REPAIR FUNDSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Charges for Services			
Waterline Repair Charge	\$ 24,646.00	\$ 26,592.00	\$ (1,946.00)
Total Receipts	24,646.00	\$ 26,592.00	\$ (1,946.00)
Expenditures			
Waterline Repair			
Contractual Services	-	\$ 31,528.00	\$ (31,528.00)
Tower Maintenance	22,288.84	30,000.00	(7,711.16)
Commodities	-	20,000.00	(20,000.00)
Capital Outlay	-	6,487.00	(6,487.00)
Total Expenditures	22,288.84	\$ 88,015.00	\$ (65,726.16)
Receipts Over(Under) Expenditures	2,357.16		
Unencumbered Cash, Beginning	66,061.12		
Unencumbered Cash, Ending	\$ 68,418.28		

CITY OF ST. PAUL, KANSAS
CAPITAL IMPROVEMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	<u>Current Year Actual</u>
Receipts	
Operation Transfer to:	
General Fund	<u>\$ 15,000.00</u>
Total Receipts	<u>15,000.00</u>
Expenditures	
Capital Outlay	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over(Under) Expenditures	15,000.00
Unencumbered Cash, Beginning	<u>145,170.12</u>
Unencumbered Cash, Ending	<u><u>\$ 160,170.12</u></u>

CITY OF ST. PAUL, KANSAS
CAPITAL EQUIPMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	<u>Current Year Actual</u>
Receipts	
Operating Transfer from:	
General Fund	<u>\$ 5,000.00</u>
Total Receipts	<u>5,000.00</u>
Expenditures	
Capital Outlay	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over(Under) Expenditures	5,000.00
Unencumbered Cash, Beginning	<u>1,555.28</u>
Unencumbered Cash, Ending	<u><u>\$ 6,555.28</u></u>

CITY OF ST. PAUL, KANSAS
WATER BOND RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	<u>Current Year Actual</u>
Receipts	
Operating Transfer from:	
Water Fund	<u>\$ -</u>
Total Receipts	<u>-</u>
Expenditures	
Capital Outlay	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	<u>25,045.80</u>
Unencumbered Cash, Ending	<u><u>\$ 25,045.80</u></u>

CITY OF ST. PAUL, KANSAS
SEWER RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	Current Year Actual
Receipts	
Operating Transfer from:	
Sewer Fund	\$ -
Total Receipts	-
Expenditures	
Capital Outlay	-
Total Expenditures	-
Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	23,200.87
Unencumbered Cash, Ending	\$ 23,200.87

CITY OF ST. PAUL, KANSAS
AMERICAN RESCUE PLAN ACT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	<u>Current Year Actual</u>
Receipts	
Taxes and Shared Receipts	
Federal Grants	<u>\$ 45,553.83</u>
Total Receipts	<u>45,553.83</u>
Expenditures	
Personal Services	<u>13,249.86</u>
Total Expenditures	<u>13,249.86</u>
Receipts Over(Under) Expenditures	32,303.97
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 32,303.97</u></u>

CITY OF ST. PAUL, KANSAS
GROCERY STORE FUNDSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Kansas Sales Tax	\$ 4,568.65	\$ -	\$ 4,568.65
Charges for Services			
Grocery Store Receipts	973,667.01	940,000.00	33,667.01
Other Receipts			
Reimbursed Expense	265.31	-	265.31
Total Receipts	978,500.97	\$ 940,000.00	\$ 38,500.97
Expenditures			
Grocery Store			
Personal Services	181,980.25	\$ 175,000.00	\$ 6,980.25
Contractual Services	68,342.95	99,952.00	(31,609.05)
Commodities	731,782.60	725,000.00	6,782.60
Capital Outlay	-	41,298.00	(41,298.00)
Total Expenditures	982,105.80	\$ 1,041,250.00	\$ (59,144.20)
Receipts Over(Under) Expenditures	(3,604.83)		
Unencumbered Cash, Beginning	105,202.57		
Unencumbered Cash, Ending	\$ 101,597.74		

CITY OF ST. PAUL, KANSAS
WATER FUNDSchedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Charges for Services			
Water Sales	\$ 185,640.27	\$ 197,371.00	\$ (11,730.73)
Utility Meter Connection	445.00	400.00	45.00
Utility Service Charges	810.00	400.00	410.00
Other Receipts			
Reimbursed Expense	87.69	-	87.69
Total Receipts	<u>186,982.96</u>	<u>\$ 198,171.00</u>	<u>\$ (11,188.04)</u>
Expenditures			
Water			
Personal Services	44,663.30	\$ 73,098.00	\$ (28,434.70)
Cotractual Services	54,088.66	60,405.00	(6,316.34)
Commodities	42,147.73	85,797.00	(43,649.27)
Capital Outlay	-	12,676.00	(12,676.00)
Debt Service			
Series 2008B Principal	4,656.00	4,656.00	-
Series 2008A Principal	4,590.00	4,590.00	-
Series 2003 Principal	-	30,000.00	(30,000.00)
GO Bond Interest	6,250.00	-	6,250.00
Series 2008B Interest	7,971.05	7,971.00	0.05
Series 2008A Interest	10,649.41	10,649.00	0.41
Series 2003 Interest	-	6,250.00	(6,250.00)
Operating Transfer to:			
General Fund	102.66	-	102.66
Water Reserve Fund	-	6,800.00	(6,800.00)
Total Expenditures	<u>175,118.81</u>	<u>\$ 302,892.00</u>	<u>\$ (127,773.19)</u>
Receipts Over(Under) Expenditures	11,864.15		
Unencumbered Cash, Beginning	<u>103,847.20</u>		
Unencumbered Cash, Ending	<u>\$ 115,711.35</u>		

CITY OF ST. PAUL, KANSAS
SEWER FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Charges for Services			
Sewer Sales	\$ 64,170.84	\$ 67,102.00	\$ (2,931.16)
Total Receipts	64,170.84	\$ 67,102.00	\$ (2,931.16)
Expenditures			
Sewer			
Personal Services	47,056.26	\$ 63,784.00	\$ (16,727.74)
Contractuatl Services	12,664.59	27,355.00	(14,690.41)
Commodities	4,176.43	37,000.00	(32,823.57)
Operating Transfer to:			
Sewer Reserve Fund	-	10,000.00	(10,000.00)
Total Expenditures	63,897.28	\$ 138,139.00	\$ (74,241.72)
Receipts Over(Under) Expenditures	273.56		
Unencumbered Cash, Beginning	75,853.03		
Unencumbered Cash, Ending	\$ 76,126.59		

CITY OF ST. PAUL, KANSAS

SANITATION FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2021

	Current Year		Variance -
	Actual	Budget	Over (Under)
Receipts			
Charges for Services			
Sanitation Sales	\$ 43,178.28	\$ 42,856.00	\$ 322.28
Total Receipts	43,178.28	\$ 42,856.00	\$ 322.28
Expenditures			
Trash			
Contractual Services	43,530.70	\$ 45,060.00	\$ (1,529.30)
Total Expenditures	43,530.70	\$ 45,060.00	\$ (1,529.30)
Receipts Over(Under) Expenditures	(352.42)		
Unencumbered Cash, Beginning	3,487.82		
Unencumbered Cash, Ending	\$ 3,135.40		

CITY OF ST. PAUL, KANSAS
Agency Funds
 Schedule of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2021

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Payroll Clearing	\$ 3,341.75	\$ 345,164.67	\$ 344,563.89	\$ 3,942.53
Sales Tax Clearing	10,044.58	73,854.80	76,180.82	7,718.56
Deposit Clearing	-	10,627.79	10,627.79	-
Penalty Clearing	-	3,667.61	3,667.61	-
Mission Township	15,000.00	-	15,000.00	-
	<u>\$ 28,386.33</u>	<u>\$ 433,314.87</u>	<u>\$ 450,040.11</u>	<u>\$ 11,661.09</u>



The Honorable Mayor and City Council
City of St. Paul, Kansas

In planning and performing our audit of the financial statement of the City of St. Paul, Kansas as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the City of St. Paul, Kansas' 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 of St. Paul, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of St. Paul, Kansas' 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 certain deficiencies in internal control that we consider to be material weaknesses.

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

Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the City's financial activity is properly recorded, processed, summarized, and reported in the financial statements. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as performing billings, receipting cash, making deposits, reconciling the bank accounts, and having access to all books and records of the City. Due to small staff size, it is not possible for reviews of daily work to take place, potentially resulting in errors in financial records and reports.

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

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
May 09, 2022

Jarred, Gilmore & Phillips, PA
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