

# City of St. Paul, Kansas



Annual Financial Report  
2011  
City of St. Paul, Kansas

**City of St. Paul, Kansas  
Annual Financial Report  
For the Year Ended December 31, 2011**

**Mayor:**

Robert Kroenke

**City Council:**

Jeff Gard  
Keith Smith - Council President  
Linda Green  
Eric Shoemaker  
Mike Grosdidier

**City Officers:**

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

The Annual Financial Report was prepared by Jeri Heitman, **City Clerk**.

The financial statements in the AFR were created using Governmental Suite, governmental financial accounting software copyrighted by Custom Micro Works, Inc.

The remainder of the AFR was prepared using a single template document copyrighted by Custom Micro Works, Inc.

**City of St. Paul, Kansas  
Annual Financial Report  
For the Year Ended December 31, 2011**

**Table of Contents**

Independent Auditors' Report-----	3
Statement 1:	
Summary of Cash Receipts, Expenditures and Unencumbered Cash-----	5
Notes to the Financial Statement-----	6
Supplemental Information:	
Schedule 1: Summary of Expenditures (Actual and Budget)-----	15
Schedule 2: Schedule of Cash Receipts and Expenditures (Actual and Budget)	
General Fund-----	16
Special Revenue Funds:	
Special Highway Fund-----	18
Park & Recreation Fund-----	19
Local Sales Tax Fund-----	20
Capital Improvement Fund-----	21
Sewer Reserve Fund-----	22
Water Line Repair Fund-----	23
Water Bond Reserve Fund-----	24
Equipment Reserve Fund-----	25
Enterprise Funds:	
Water Operating Fund-----	26
Sanitation Operating Fund-----	27
Sewer Operating Fund-----	28
Agency Funds:	
Payroll Clearing Fund-----	29

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the City of St. Paul, Kansas, as of and for the year ended December 31, 2011. This financial statement is the responsibility of the City of St. Paul, Kansas' management. 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 Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements, referred to above, do not include financial data of the St. Paul Area Recreation Commission, a component unit, which should be included in order to conform with accounting principles generally accepted in the United States of America. If the omitted component unit had been included, the cash and unencumbered cash balance would have been increased by \$10,774.60 at December 31, 2011.

As described more fully in Note 1, the City of St. Paul, Kansas has prepared this financial statement using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the omission of the St. Paul Area Recreation Commission, a component unit, and the City's policy to prepare its financial statement on the basis of accounting discussed in the preceding 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. Paul, Kansas, as of December 31, 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended.

In our opinion, except for the effects of omitting the component unit, the financial statement referred above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of St. Paul, Kansas, as of December 31, 2011, and the aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statements. 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the 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 financial statement as a whole.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

June 4, 2012  
Chanute, Kansas

**City of St Paul**  
**Statement 1 - Summary of Cash Receipts, Expenditures and Unencumbered Cash**  
**For the Year Ended 12/31/2011**

	Beginning Unencumbered Cash	Prior Year Cancelled Encumbrances	Cash Receipts	Actual Expenditures	Ending Unencumbered Cash	Outstanding Encumbrances	Ending Cash	
General Fund	\$ 106,142.68	\$ 0	\$ 328,170.72	\$ 329,258.53	\$ 105,054.87	\$ 3,576.88	\$ 108,631.75	
Special Revenue Funds								
Special Highway Fund	7,475.73	0	16,857.22	16,786.25	7,546.70	0	7,546.70	
Park and Recreation Fund	32,100.83	0	3,635.74	0	35,736.57	0	35,736.57	
Local Sales Tax Fund	28,495.13	0	69,208.72	51,842.31	45,861.54	1,883.10	47,744.64	
Capital Improvement Fund	30,987.76	0	15,000.00	0	45,987.76	0	45,987.76	
Sewer Reserve Fund	100,789.47	0	10,000.00	1,160.00	109,629.47	0	109,629.47	
Waterline Repair Fund	49,025.83	0	17,670.00	0	66,695.83	0	66,695.83	
Water Bond Reserve Fund	40,921.00	0	6,800.00	0	47,721.00	0	47,721.00	
Equipment Reserve Fund	20,000.00	0	5,000.00	0	25,000.00	0	25,000.00	
Enterprise Funds								
Water Operating Fund	70,994.56	0	206,960.15	206,709.97	71,244.74	2,271.69	73,516.43	
Sanitation Fund	269.27	0	39,247.15	39,075.80	440.62	0	440.62	
Sewer Operating Fund	49,080.10	0	48,016.75	24,494.32	72,602.53	0	72,602.53	
Agency Funds								
Payroll Clearing	10,996.37	0	123,784.84	121,007.16	13,774.05	2,312.90	16,086.95	
<b>Total</b>	<b>\$ 547,278.73</b>	<b>\$ 0</b>	<b>\$ 890,351.29</b>	<b>\$ 790,334.34</b>	<b>\$ 647,295.68</b>	<b>\$10,044.57</b>	<b>\$657,340.25</b>	
			Composition of Cash:					
					Investments		\$ 406,747.26	
					Checking Accounts		250,498.99	
					Other Accounts		94.00	
					Total		\$ 657,340.25	

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, 2011**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

**Reporting Entity**

The City is a municipal corporation governed by an elected five-member council. The accompanying financial statements present the City (the primary government), but omit its component unit, entities for which the city is considered to be financially accountable.

The City's component unit is discussed separately below. The governing body of the component unit is appointed by the City. The component unit has not been audited and is not included in the accompanying financial statements.

- St. Paul Area Recreation Commission. The St. Paul Area Recreation Commission oversees recreational activities. Bond issuance or acquisition of real property must be approved by the City. Separate financial statements are not prepared. The Commission had expenditures totaling \$10,914 for the year ended December 31, 2011. The Commission's December 31, 2011 year-end cash balance was \$10,774.

**Financial Statement Presentation**

The financial activities of the City are recorded and presented on the basis of funds. A fund is an independent accounting entity used to segregate financial transactions 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 are used, by the City:

- Governmental Funds

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

Special Revenue Funds - To account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Projects Funds - to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

- Proprietary Funds

Enterprise Funds - to report any activity for which a fee is charged to external users for goods or services.

- **Fiduciary Funds**

Agency Funds - to account for situations where the government's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

### **Basis of Accounting**

The statutory basis of accounting, as used in the preparation of this statutory basis financial statement and schedules, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

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

### **Statutory Basis Financial Statements**

Statutory basis financial statements consist of the following:

- **Statement 1 - Summary of Cash Receipts, Expenditures and Unencumbered Cash.** This is a fund summary statement containing all funds, and showing, for each fund, beginning unencumbered cash, prior year cancelled encumbrances, cash receipts, expenditures, ending unencumbered cash, outstanding encumbrances and ending cash. This statement also reconciles total ending cash in funds to total composition of cash. The composition of cash is summarized by investments, typically certificates of deposit, bank accounts, and other accounts such as a petty cash fund. This statement demonstrates the city's compliance with the cash basis laws of the State of Kansas.
- **Schedule 1 - Summary of Expenditures (Actual and Budget).** This is a fund summary statement containing only budgeted funds, and showing the variance between actual expenditures and budgeted expenditures. This statement demonstrates the city's compliance with the budget laws of the State of Kansas.
- **Schedule 2 - Statement of Cash Receipts and Expenditures.** Schedule 2 is actually a series of statements, one for each fund shown on Statement 1. Each individual fund statement in Schedule 2 mirrors the same fund in Statement 1, but shows detailed cash receipts and expenditures.

### **Departure from Generally Accepted Accounting Principles 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 non-cash 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 (as defined under generally accepted accounting principles) or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

### **Budgetary Information**

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise 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 1<sup>st</sup>.
- Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
- Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of the notice of hearing.
- Adoption of the final budget on or before August 25<sup>th</sup>.

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 Revenue Fund)  
Water Line Repair Fund (Special Revenue Fund)  
Water Bond Reserve Fund (Special Revenue Fund)  
Equipment Reserve Fund (Special Revenue Fund)  
Payroll Clearing Fund (Agency Fund)

The City, at its option for management purposes, can prepare a budget for a fund, even though a legal annual budget is not required by State law for that fund. Such "management" budgets are not subject to the statutory budget limits that a legal annual budget is subject to. Thus, the City would not be in violation of the budget law if expenditures in a fund not required to have a legal annual budget exceeded its "management" budget limit. A "management" budget is shown in the financial statements for the following funds that are not required to have a legal annual budget:

#### **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.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Management is aware of no statutory violations for the year ended December 31, 2011.

## **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 at December 31, 2011.

At December 31, 2011, the City's carrying amount of deposits was \$657,246 and the bank balance was \$669,912. The bank balance was held by the bank resulting in a concentration of credit risk. Of the bank balance, \$454,300 was covered by the federal depository insurance; \$215,612 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

**Custodial Credit Risk - Investments.** For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

#### 4. CAPITAL LEASES

The City made payments on three active capital leases during the year ended December 31, 2011 - Cat 420D Backhoe, Chevy Pickup and Vertical Turbine pump.

**Cat 420D Backhoe.** The City entered into a capital lease agreement dated July 11, 2006 with Caterpillar Financial Services Corporation, to purchase a Case backhoe. The City agreed to make ten semi-annual payments of \$5,281 each for a total of \$45,225. The imputed interest rate is 5.85%. The first semi-annual payment was made on February 14, 2007 and the last payment was made on August 14, 2011. The lease payment for this capital lease was made entirely from the City Sales Tax Fund and is paid in full. The backhoe is used for Water Plant purposes.

**Chevy Pickup.** The City entered into a capital lease agreement dated December 1, 2008 with Farmers National Bank, to purchase a Chevy Pickup. The City agreed to make 60 monthly payments of \$253 each for a total of \$15,170. The imputed interest rate is 5.5%. The first semi-annual payment was made on January 15, 2009 and the last payment will be made on December 15, 2013. The lease payment for this capital lease will be made entirely from the General Fund. The Chevy Pickup is used for Water Plant purposes.

**Vertical Turbine Pump.** The City entered into a capital lease agreement dated December 8, 2011 with Exchange State Bank, to purchase a Vertical Turbine Pump. The City agreed to make 60 monthly installments of \$1,173 each for a total of \$65,371. The imputed interest rate is 2.95%. The first monthly payment will be made on January 8<sup>th</sup>, 2012 and the last payment will be made on December 8<sup>th</sup>, 2016. The lease payment for this capital lease will be made entirely from the General Fund. The Vertical Turbine Pump is used at the River Intake for water purposes.

#### Future Minimum Lease Payments

	Year				2016	Less Imputed	Net
	2012	2013	2014	2015	After	Interest	Present Value
2008 Chevy Pickup	3,034	3,034	3,034	0	0	334	5,733
Vertical Turbine Pump	14,079	14,079	14,079	14,079	14,079	5,025	65,371
<b>Minimum Lease Payments</b>	<b>17,113</b>	<b>17,113</b>	<b>17,113</b>	<b>14,079</b>	<b>14,079</b>	<b>5,359</b>	<b>71,104</b>

## 5. WATER TOWER MAINTENANCE-CONTRACT

As of December 31, 2009, the City has entered into a maintenance contract for water tower maintenance. Scheduled maintenance payments for the year ended December 31, 2011, was \$46,174. Under the current agreements, the future minimum maintenance payments are as follows:

	2012	2013	2014	2015
#1 Tower	25,658	8,656	8,656	8,656
#2 Tower	20,516	9,435	9,435	9,435
<b>Total Maintenance Payments</b>	<b>46,174</b>	<b>18,091</b>	<b>18,091</b>	<b>18,091</b>

## 6. LONG TERM DEBT

The City has the following long-term debt:

- 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, 2011

Issue	Beginning Unpaid Principal	Additions to Principal	Reductions to Principal	Ending Unpaid Principal	Interest Paid
GO Bond Series 2003	425,000	0	30,000	395,000	19,965
GO Bond Series 2008-A	279,882	0	2,994	276,888	12,244
GO Bond Series 2008-B	258,312	0	3,263	255,049	9,363
<b>Total Long-Term Debt</b>	<b>963,194</b>	<b>0</b>	<b>36,257</b>	<b>926,937</b>	<b>41,572</b>

	Year						
	2012	2013	2014	2015	2016	2017 After	Total
<b>Principal:</b>							
Series 2008-A	3,092	3,261	3,403	3,552	3,676	259,904	276,888
Series 2008-B	3,356	3,503	3,630	3,762	3,874	236,924	255,049
Series 2003	35,000	35,000	35,000	35,000	30,000	225,000	395,000
<b>Total Principal</b>	<b>41,448</b>	<b>41,764</b>	<b>42,033</b>	<b>42,314</b>	<b>37,550</b>	<b>721,828</b>	<b>926,937</b>
<b>Interest:</b>							
Series 2003	18,840	17,440	15,986	14,500	12,750	53,500	133,016
Series 2008-A	12,113	11,978	11,835	11,687	11,531	228,219	287,363
Series 2008-B	9,245	9,123	8,996	8,865	8,728	167,413	212,370
<b>Total Interest</b>	<b>40,198</b>	<b>38,541</b>	<b>36,817</b>	<b>35,052</b>	<b>33,009</b>	<b>449,132</b>	<b>632,749</b>

## 7. DEFINED BENEFIT PENSION PLAN

**Plan Description.** The City contributes to the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

**Funding Policy.** K.S.A. 74-4919 establishes the KPERS member-employee contribution rate of 4% or 6% of covered salary. The City (employer) collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for calendar year 2011 was 6.74% plus the Death & Disability rate of 1.00%. There was a moratorium on KPERS Death & Disability premiums from 4/1/11 to 6/30/11. The City's contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$6,960, \$6,184, and \$5,757, respectively, equal to the statutory required contributions for each year.

## 8. COMPENSATED ABSENCES

**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 at December 31, 2011, if all employees with an annual leave carryover balance were to terminate employment, would be \$6,191.

**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 at December 31, 2011, if all employees with accumulated sick leave were to terminate employment, would be \$2,437.

## **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 currently in legal proceedings at this time involving pumps for the River Intake.

## **11. INTERFUND TRANSFERS**

The City made the following operating transfers during the year ended December 31, 2011:

- **\$5,000** transferred **from** General Fund **to** Equipment Reserve Fund as authorized by K.S.A. 12-1,117
- **\$15,000** transferred **from** General Fund **to** Capital Improvement Fund as authorized by K.S.A. 12-1, 118
- **\$6,800** transferred **from** Water Operating Fund **to** Water Reserve Fund as authorized by K.S.A. 12-825d
- **\$10,000** transferred **from** Sewer Operating Fund **to** Sewer Reserve Fund as authorized by K.S.A. 12-825d

## **12. RELATED PARTY TRANSACTIONS**

- The City paid \$1,085 during the year ended December 31, 2011 to a local auto repair shop owned by the mayor.
- The City paid \$2,947 during the year ended December 31, 2011 to a local construction company owned by a council member for repairs to the River Intake.
- Management is not aware of any other related party transactions during the year ended December 31, 2011.

## **13. BUSINESS CONCENTRATIONS**

- The City sold 24.70% of its water to Rural Water District #8 during the year ended December 31, 2011.

## **14. SUBSEQUENT EVENTS**

- Management is not aware of any subsequent events that might have an impact on the City.

# **Supplemental Information**

**City of St Paul**  
**Schedule 1 - Summary of Expenditures (Actual and Budget)**  
**For the Year Ended 12/31/2011**

	Certified Budget	Actual Expenditures	Variance Favorable (Unfavorable)
General Fund	\$ 349,224.00	\$ 329,258.53	\$ 19,965.47
Special Revenue Funds			
Special Highway Fund	19,967.00	16,786.25	3,180.75
Park and Recreation Fund	13,608.00	0	13,608.00
Local Sales Tax Fund	79,508.00	51,842.31	27,665.69
Enterprise Funds			
Water Operating Fund	213,368.00	206,709.97	6,658.03
Sanitation Fund	44,062.00	39,075.80	4,986.20
Sewer Operating Fund	59,469.00	24,494.32	34,974.68

See accompanying Independent Auditors' Report.

City of St Paul  
General Fund

Schedule 2 - Schedule of Receipts and Expenditures (Actual and Budget)  
for the Year-to-Date as of: 12/31/2011

	Certified Budget	Actual	Variance - Favorable (Unfavorable)
<u>Cash Receipts</u>			
Ad Valorem Tax	\$ 0	\$ 113,074.41	\$ 113,074.41
Motor Vehicle Tax	26,915.00	22,522.84	(4,392.16)
Rec Vehicle Tax	161.00	264.29	103.29
16/20M Vehicle Tax	727.00	725.35	(1.65)
Delinquent Tax	0	6,371.17	6,371.17
Interest on Idle Funds	0	5,128.66	5,128.66
Sales Tax	35,360.00	36,464.17	1,104.17
Local Alcoholic Tax	2,460.00	1,745.76	(714.24)
Franchise Tax	30,000.00	28,882.09	(1,117.91)
Lease Purchase	0	65,371.01	65,371.01
Fee Licenses and Permits	3,000.00	2,582.50	(417.50)
Township Fire Payment	3,500.00	0	(3,500.00)
Charges for Services	1,000.00	60.00	(940.00)
Rents	3,000.00	3,600.00	600.00
Re-Instate	0	612.50	612.50
Fines and Penalties	20,000.00	25,138.52	5,138.52
Diversions	2,400.00	3,400.00	1,000.00
Interest Income	10,000.00	0	(10,000.00)
Gifts and Donations	0	2,484.00	2,484.00
Reimbursed Expenses	0	8,851.27	8,851.27
Dividend	0	892.18	892.18
Miscellaneous	2,000.00	0	(2,000.00)
Total Cash Receipts	<u>140,523.00</u>	<u>328,170.72</u>	<u>187,647.72</u>
<u>Expenditures</u>			
<u>General Government</u>			
Personal Services	54,600.00	44,909.49	9,690.51
Contractual Services	80,000.00	152,359.24	(72,359.24)
Materials and Supplies	26,000.00	0	26,000.00
Materials and Supplies	0	23,022.67	(23,022.67)
Capital Outlay	67,583.00	499.99	67,083.01
GO Bond Principal	0	2,994.00	(2,994.00)
GO Bond Interest	0	12,244.84	(12,244.84)
Lease-Purchase Payments	0	3,034.08	(3,034.08)
	<u>228,183.00</u>	<u>239,064.31</u>	<u>(10,881.31)</u>
<u>Municipal Court</u>			
Personal Services	0	633.19	(633.19)
Contractual Services	9,000.00	10,868.00	(1,868.00)
	<u>9,000.00</u>	<u>11,501.19</u>	<u>(2,501.19)</u>
<u>Fire</u>			
Personal Services	7,991.00	4,173.00	3,818.00
Contractual Services	7,500.00	8,681.14	(1,181.14)
Materials and Supplies	3,000.00	0	3,000.00
Materials and Supplies	0	1,881.78	(1,881.78)
Capital Outlay	3,000.00	0	3,000.00
	<u>21,491.00</u>	<u>14,735.92</u>	<u>6,755.08</u>
<u>Streets</u>			
Personal Services	33,186.00	37,528.27	(4,342.27)
Contractual Services	300.00	0	300.00
Materials and Supplies	1,000.00	0	1,000.00
Materials and Supplies	0	2,789.22	(2,789.22)

City of St Paul  
General Fund

Schedule 2 - Schedule of Receipts and Expenditures (Actual and Budget)  
for the Year-to-Date as of: 12/31/2011

	Certified Budget	Actual	Variance - Favorable (Unfavorable)
Capital Outlay	28,564.00	0	28,564.00
	<u>63,050.00</u>	<u>40,317.49</u>	<u>22,732.51</u>
Parks and Recreation			
Personal Services	500.00	699.73	(199.73)
Contractual Services	3,000.00	1,757.75	1,242.25
Materials and Supplies	1,000.00	0	1,000.00
Materials and Supplies	0	1,182.14	(1,182.14)
Capital Outlay	3,000.00	0	3,000.00
	<u>7,500.00</u>	<u>3,639.62</u>	<u>3,860.38</u>
Transfer Out			
Transfer to Cap Imp Res	15,000.00	15,000.00	0
Transfer to Cap Eq Res	5,000.00	5,000.00	0
	<u>20,000.00</u>	<u>20,000.00</u>	<u>0</u>
Total Expenditures	<u>349,224.00</u>	<u>329,258.53</u>	<u>19,965.47</u>
Receipts Over (Under) Expenditures		(1,087.81)	
Beginning Unencumbered Cash		106,142.68	
Prior Year Cancelled Encumbrances		0	
Ending Unencumbered Cash		<u>----- \$ 105,054.87</u>	

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Special Highway Fund**  
**Schedule 2 - Schedule of Receipts and Expenditures (Actual and Budget)**  
**for the Year-to-Date as of: 12/31/2011**

	Certified Budget	Actual	Variance - Favorable (Unfavorable)
<u>Cash Receipts</u>			
State Motor Fuels Tax	\$ 18,990.00	\$ 16,857.22	\$ (2,132.78)
Total Cash Receipts	<u>18,990.00</u>	<u>16,857.22</u>	<u>(2,132.78)</u>
<u>Expenditures</u>			
<u>Streets</u>			
Contractual Services	0	1.25	(1.25)
Materials and Supplies	319.00	0	319.00
Capital Outlay	2,651.00	0	2,651.00
GO Bond Principal	15,000.00	15,000.00	0
GO Bond Interest	1,997.00	1,785.00	212.00
	<u>19,967.00</u>	<u>16,786.25</u>	<u>3,180.75</u>
Total Expenditures	<u>19,967.00</u>	<u>16,786.25</u>	<u>3,180.75</u>
Receipts Over (Under) Expenditures		70.97	
Beginning Unencumbered Cash		7,475.73	
Prior Year Cancelled Encumbrances		0	
Ending Unencumbered Cash		----- <u>\$ 7,546.70</u>	

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Park and Recreation Fund**  
**Schedule 2 - Schedule of Receipts and Expenditures (Actual and Budget)**  
**for the Year-to-Date as of: 12/31/2011**

	Certified Budget	Actual	Variance - Favorable (Unfavorable)
<u>Cash Receipts</u>			
Local Alcoholic Tax	\$ 2,460.00	\$ 1,745.74	\$ (714.26)
Fee Licenses and Permits	0	1,605.00	1,605.00
Rents	1,000.00	0	(1,000.00)
Gifts and Donations	100.00	285.00	185.00
Total Cash Receipts	3,560.00	3,635.74	75.74
<u>Expenditures</u>			
<u>Parks and Recreation</u>			
Contractual Services	1,000.00	0	1,000.00
Materials and Supplies	3,000.00	0	3,000.00
Capital Outlay	9,608.00	0	9,608.00
Total Expenditures	13,608.00	0	13,608.00
Receipts Over (Under) Expenditures		3,635.74	
Beginning Unencumbered Cash		32,100.83	
Prior Year Cancelled Encumbrances		0	
Ending Unencumbered Cash		\$ 35,736.57	

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Local Sales Tax Fund**  
**Schedule 2 - Schedule of Receipts and Expenditures (Actual and Budget)**  
**for the Year-to-Date as of: 12/31/2011**

	Certified Budget	Actual	Variance - Favorable (Unfavorable)
Cash Receipts			
<u>Sales Tax</u>	\$ 65,000.00	\$ 63,838.72	\$ (1,161.28)
Reimbursed Expenses	0	5,370.00	5,370.00
Total Cash Receipts	<u>65,000.00</u>	<u>69,208.72</u>	<u>4,208.72</u>
Expenditures			
General Government			
Contractual Services	0	8,099.53	(8,099.53)
Capital Outlay	2,539.00	0	2,539.00
	<u>2,539.00</u>	<u>8,099.53</u>	<u>(5,560.53)</u>
Water Utility			
Capital Outlay	2,539.00	0	2,539.00
GO Bond Principal	21,257.00	15,000.00	6,257.00
GO Bond Interest	39,575.00	18,180.00	21,395.00
Lease-Purchase Payments	13,598.00	10,562.78	3,035.22
	<u>76,969.00</u>	<u>43,742.78</u>	<u>33,226.22</u>
Total Expenditures	<u>79,508.00</u>	<u>51,842.31</u>	<u>27,665.69</u>
Receipts Over (Under) Expenditures		17,366.41	
Beginning Unencumbered Cash		28,495.13	
Prior Year Cancelled Encumbrances		0	
Ending Unencumbered Cash		----- \$ 45,861.54	

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Capital Improvement Fund**  
**Schedule 2 - Schedule of Receipts and Expenditures**  
**for the Year-to-Date as of: 12/31/2011**

	Actual
Cash Receipts	
Transfer From Gen Fund	\$ 15,000.00
Total Cash Receipts	15,000.00
Expenditures	
Department Code - None	
Expenditure Code - None	0
Total Expenditures	0
Receipts Over (Under) Expenditures	15,000.00
Beginning Unencumbered Cash	30,987.76
Prior Year Cancelled Encumbrances	0
Ending Unencumbered Cash	\$ 45,987.76

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Sewer Reserve Fund**  
**Schedule 2 - Schedule of Receipts and Expenditures**  
**for the Year-to-Date as of: 12/31/2011**

	Actual
Cash Receipts	
Transfer From Sewer	\$ 10,000.00
Total Cash Receipts	10,000.00
Expenditures	
Sewer Utility	
Contractual Services	1,160.00
Total Expenditures	1,160.00
Receipts Over (Under) Expenditures	8,840.00
Beginning Unencumbered Cash	100,789.47
Prior Year Cancelled Encumbrances	0
Ending Unencumbered Cash	\$ 109,629.47

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Waterline Repair Fund**  
**Schedule 2 - Schedule of Receipts and Expenditures**  
**for the Year-to-Date as of: 12/31/2011**

	Actual
Cash Receipts	
Charges for Services	\$ 17,670.00
Total Cash Receipts	17,670.00
Expenditures	
Department Code - None	
Expenditure Code - None	0
	0
Total Expenditures	0
Receipts Over (Under) Expenditures	17,670.00
Beginning Unencumbered Cash	49,025.83
Prior Year Cancelled Encumbrances	0
Ending Unencumbered Cash	\$ 66,695.83

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Water Bond Reserve Fund**  
**Schedule 2 - Schedule of Receipts and Expenditures**  
**for the Year-to-Date as of: 12/31/2011**

	Actual
Cash Receipts	
Transfer From Water	\$ 6,800.00
Total Cash Receipts	6,800.00
Expenditures	
Department Code - None	
Expenditure Code - None	0
Total Expenditures	0
Receipts Over (Under) Expenditures	6,800.00
Beginning Unencumbered Cash	40,921.00
Prior Year Cancelled Encumbrances	0
Ending Unencumbered Cash	\$ 47,721.00

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Equipment Reserve Fund**  
**Schedule 2 - Schedule of Receipts and Expenditures**  
**for the Year-to-Date as of: 12/31/2011**

	Actual
Cash Receipts	
Transfer From Gen Fund	\$ 5,000.00
Total Cash Receipts	5,000.00
Expenditures	
Department Code - None	
Expenditure Code - None	0
Total Expenditures	0
Receipts Over (Under) Expenditures	5,000.00
Beginning Unencumbered Cash	20,000.00
Prior Year Cancelled Encumbrances	0
Ending Unencumbered Cash	\$ 25,000.00

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Water Operating Fund**  
**Schedule 2 - Schedule of Receipts and Expenditures (Actual and Budget)**  
**for the Year-to-Date as of: 12/31/2011**

	Certified Budget	Actual	Variance - Favorable (Unfavorable)
<b>Cash Receipts</b>			
Sales Tax	\$ 0	\$ 1,288.24	\$ 1,288.24
Fee Licenses and Permits	0	1,850.00	1,850.00
Charges for Services	160,000.00	179,239.11	19,239.11
Utility Hookup Fees	25.00	0	(25.00)
Utility Meter Deposit	0	1,045.00	1,045.00
Utility Fees	0	30.00	30.00
Utility Sales Tax	1,000.00	0	(1,000.00)
Late Charges	4,000.00	5,129.80	1,129.80
Reimbursed Expenses	0	18,378.00	18,378.00
Total Cash Receipts	<u>165,025.00</u>	<u>206,960.15</u>	<u>41,935.15</u>
<b>Expenditures</b>			
<b>Water Utility</b>			
Personal Services	63,000.00	62,549.56	450.44
Contractual Services	90,000.00	89,064.14	935.86
Materials and Supplies	40,000.00	0	40,000.00
Materials and Supplies	0	35,669.46	(35,669.46)
Capital Outlay	12,871.00	0	12,871.00
GO Bond Principal	0	3,263.00	(3,263.00)
GO Bond Interest	0	9,363.81	(9,363.81)
Remittances	697.00	0	697.00
Transfer to Water Res	6,800.00	6,800.00	0
Total Expenditures	<u>213,368.00</u>	<u>206,709.97</u>	<u>6,658.03</u>
Total Expenditures	<u>213,368.00</u>	<u>206,709.97</u>	<u>6,658.03</u>
Receipts Over (Under) Expenditures		250.18	
Beginning Unencumbered Cash		70,994.56	
Prior Year Cancelled Encumbrances		0	
Ending Unencumbered Cash		<u>-----</u> <u>\$ 71,244.74</u>	

See accompanying Independent Auditors' Report.

City of St Paul  
Sanitation Fund

Schedule 2 - Schedule of Receipts and Expenditures (Actual and Budget)  
for the Year-to-Date as of: 12/31/2011

	Certified Budget	Actual	Variance - Favorable (Unfavorable)
Cash Receipts			
Charges for Services	\$ 44,000.00	\$ 39,247.15	\$ (4,752.85)
Total Cash Receipts	44,000.00	39,247.15	(4,752.85)
Expenditures			
Trash Utility			
Contractual Services	44,062.00	39,075.80	4,986.20
Total Expenditures	44,062.00	39,075.80	4,986.20
Receipts Over (Under) Expenditures		171.35	
Beginning Unencumbered Cash		269.27	
Prior Year Cancelled Encumbrances		0	
Ending Unencumbered Cash		\$ 440.62	

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Sewer Operating Fund**  
**Schedule 2 - Schedule of Receipts and Expenditures (Actual and Budget)**  
**for the Year-to-Date as of: 12/31/2011**

	Certified Budget	Actual	Variance - Favorable (Unfavorable)
Cash Receipts			
Charges for Services	\$ 40,000.00	\$ 48,016.75	\$ 8,016.75
Total Cash Receipts	40,000.00	48,016.75	8,016.75
Expenditures			
Sewer Utility			
Contractual Services	3,000.00	2,244.54	755.46
Materials and Supplies	500.00	0	500.00
Materials and Supplies	0	12,249.78	(12,249.78)
Capital Outlay	45,969.00	0	45,969.00
Transfer to Sewer Res	10,000.00	10,000.00	0
Total Expenditures	59,469.00	24,494.32	34,974.68
Receipts Over (Under) Expenditures		23,522.43	
Beginning Unencumbered Cash		49,080.10	
Prior Year Cancelled Encumbrances		0	
Ending Unencumbered Cash		\$ 72,602.53	

See accompanying Independent Auditors' Report.

**City of St Paul**  
**Payroll Clearing**  
**Schedule 2 - Schedule of Receipts and Expenditures**  
**for the Year-to-Date as of: 12/31/2011**

	Actual
Cash Receipts	
Miscellaneous	\$ 123,784.84
Total Cash Receipts	123,784.84
Expenditures	
Payroll Costs	
Personal Services	121,007.16
	121,007.16
Total Expenditures	121,007.16
Receipts Over (Under) Expenditures	2,777.68
Beginning Unencumbered Cash	10,996.37
Prior Year Cancelled Encumbrances	0
Ending Unencumbered Cash	\$ 13,774.05

See accompanying Independent Auditors' Report.