

**CITY OF CHEROKEE, KANSAS**

Statutory Basis Financial Statement  
and Independent Auditors' Report  
with Supplemental Information

For the Year Ended December 31, 2011

**CITY OF CHEROKEE, KANSAS**  
December 31, 2011

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

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Cherokee, Kansas

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the City of Cherokee, Kansas, as of and for the year ended December 31, 2011. This financial statement is the responsibility of the City of Cherokee, Kansas' management. Our responsibility is to express an opinion on the financial statement based on our audit. The prior year summarized comparative information has been derived from the City's 2010 financial statement and, in our report dated June 20, 2011, we expressed an unqualified opinion on the financial statement of the City of Cherokee, Kansas, prepared in accordance with the statutory basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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.

As described more fully in Note 1, the City of Cherokee, Kansas has prepared this financial statement using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget 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 effects of the matter 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 Cherokee, Kansas, as of December 31, 2011, or the respective changes in financial position and changes in cash flows, where applicable, for the year then ended.

In our opinion, the financial statement referred above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Cherokee, 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, and schedule of cash receipts and cash 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 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*  
JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

June 29, 2012  
Chanute, Kansas

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

Funds	Beginning		Cash Receipts	Expenditures	Ending		Encumbrances and Accounts Payable	Cash Balance	
	Unencumbered Cash Balances	Cash			Unencumbered Cash Balances	Payable		2011	December 31, 2010
<b>GOVERNMENTAL TYPE FUNDS</b>									
General	\$ 11,879.05	\$ 191,535.12	\$ 203,046.93	\$ 367.24	\$ 4,992.21	\$ 5,359.45	\$ 20,333.43		
Special Revenue Funds:									
Special Parks and Recreation	4,952.96	1,466.38	1,252.69	5,166.65	-	5,166.65	4,952.96		
Special Highway	17,213.75	21,242.38	29,962.77	8,493.36	1,166.27	9,659.63	18,051.78		
<b>PROPRIETARY TYPE FUNDS</b>									
Enterprise Funds:									
Water Utility	30,158.63	236,367.32	213,269.96	53,255.99	4,769.24	58,025.23	35,934.30		
Water Utility Principal and Interest	17,887.42	43,107.96	43,107.50	17,887.88	-	17,887.88	17,887.42		
Water Utility Bond Reserve	6,720.00	1,680.00	-	8,400.00	-	8,400.00	6,720.00		
Sewer Utility	61,949.99	46,771.72	75,392.96	33,328.75	-	33,328.75	62,134.05		
Meter Deposit	-	1,227.00	1,227.00	-	10,465.00	10,465.00	10,415.00		
<b>FIDUCIARY TYPE FUNDS</b>									
Expendable Trust Funds									
Cemetery Perpetual Care	11,610.16	82.13	-	11,692.29	-	11,692.29	11,610.16		
Total Primary Government (Excluding Agency Funds)	\$ 162,371.96	\$ 543,480.01	\$ 567,259.81	\$ 138,592.16	\$ 21,392.72	\$ 159,984.88	\$ 188,039.10		
<b>Composition of Cash:</b>									
Cash on Hand						\$ 183.80	\$ 183.80		
Checking Accounts									
General						45,011.46	20,149.22		
Police Dept						361.86	360.33		
Fire Dept						527.44	262.44		
Cemetery Building						197.58	197.58		
Investments									
Savings - Cemetery Care						16,082.51	15,974.92		
Certificates of Deposit						97,982.09	151,262.66		
Total Cash						160,346.74	188,390.95		
Less Agency Funds - Schedule 3						(361.86)	(351.85)		
Total Reporting Entity (Less Agency Funds)						\$ 159,984.88	\$ 188,039.10		

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

**CITY OF CHEROKEE, KANSAS**  
Notes to the Financial Statement  
For the Year Ended December 31, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statement and schedules of the City of Cherokee, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity

The City of Cherokee, Kansas, (the City), has developed criteria to determine whether outside agencies with activities which benefit the residents of the City should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service and special financing relationships. The City has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a component unit in this financial statement.

Basis of Presentation - Fund Accounting

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 activities of the City of Cherokee, Kansas, for the year of 2011:

**GOVERNMENTAL FUNDS**

General Fund - The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund.

Special Revenue Funds - These funds are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are designated by law or administrative action to finance particular functions or activities of the City.

**PROPRIETARY FUNDS**

Enterprise Funds - Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges -- or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation - Fund Accounting (Continued)

**FIDUCIARY FUNDS**

Trust and Agency Funds - These funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust Funds and Agency Funds.

Basis of Presentation – Statutory Basis of Accounting

The statutory basis of accounting, as used in 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 or 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 the cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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

Departures from Accounting Principles Generally Accepted in the United States of America

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

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as revenues. In the financial statements and budget comparisons presented in this report, reimbursements and refunds are recorded as revenues. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. For funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

### Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data in each of the statements have not been presented since their inclusion would make the statements unduly complex and difficult to read.

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

### 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. Although directory rather than mandatory, the statutes provide for the following timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. 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 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. There were no such budget amendments for this year.

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

All legal annual operating budgets are prepared using the 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 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.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (Continued)

Budgetary Information (Continued)

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds.

In addition, an operating budget is not required for enterprise principal and interest funds and enterprise reserve funds.

Spending in funds which are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Revenue Bond Requirements

The City is required, under ordinances of the Water System Revenue Refunding Bonds, to maintain in its Enterprise Fund certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts as described below:

RESERVE ACCOUNT	REQUIRED AMOUNT	ACTUAL AMOUNT
Water System Principal and Interest Fund - requires transfers monthly of 1/6 of next maturing interest, beginning September 1, 2004, and 1/12 of next maturing principal.	\$ 15,562.50	\$ 17,887.88

The City agrees to fix, establish, maintain and collect such rates, fees or charges for water service furnished by or through the Water System, which will be sufficient to enable the City to have in each fiscal year net revenues in an amount that will be not less than 125% of the next succeeding fiscal year's principal and interest requirements on all water system bonds of the City, at the time, outstanding. Net income is defined as gross income less operating expenses, but before any transfers, depreciation, and capital expense.

As of December 31, 2011, the City's Water Utility System was serving 349 customers. For the year ended December 31, 2011, the Water Utility Fund had a net operating income of \$95,510.08. Net income is defined as gross income less operating expenses, but before any transfers, depreciation, and capital outlay expense. The City was in compliance with the water utility rate requirements as net operating income was 163.66% of year 2012 principal and interest requirements.

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in compliance with Kansas cash basis and budget laws.

The City was in violation of K.S.A. 12-1608 which requires that the treasurer of each city shall publish, within 30 days after the year end, financial statements by fund. The 2011 required publication was completed after the 30 day requirement.

### **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 branch or branch bank in the county in which the City is located or in an adjoining county if such institution has been designated as an official depository, and the bank 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. All deposits were legally secured at December 31, 2011.

*Deposits:* At December 31, 2011, the City's carrying amount of deposits was \$160,162.94 and the bank balance was \$162,715.91. The bank balance was held at two banks resulting in a concentration of credit risk. Of the bank balance, \$162,715.91 was covered by federal depository insurance (FDIC).

**4. LONG-TERM LIABILITIES**

Changes in long-term liabilities for the City for the year ended December 31, 2011, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Paid with Utility Revenues Series 2004 - Water System Refunding Bonds	2.00% to 3.75%	October 29, 2004	\$ 310,000.00	September 1, 2012	\$ 85,000.00	-	\$ 40,000.00		\$ 45,000.00	\$ 3,107.50
Capital Leases Lift Station	4.50%	August 26, 2009	14,744.00	August 26, 2012	8,435.82	-	4,985.34		3,450.48	277.62
Total Contractual Indebtedness					93,435.82	-	44,985.34		48,450.48	3,385.12
Compensated Absences	N/A	N/A	N/A	N/A	4,489.43			\$ (3,128.44)	1,360.99	N/A
Total Long-Term Liabilities					\$ 97,925.25	-	\$ 44,985.34	\$ (3,128.44)	\$ 49,811.47	\$ 3,385.12

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

Issue	2012	Total
Principal		
General Obligation		
Paid with Utility Revenues		
Series 2004 - Water System		
Refunding Bonds	\$ 45,000.00	\$ 45,000.00
Capital Leases		
Lift Station	3,450.48	3,450.48
Total Principal Payments	48,450.48	48,450.48
Interest		
General Obligation		
Paid with Utility Revenues		
Series 2004 - Water System		
Refunding Bonds	1,687.50	1,687.50
Capital Leases		
Lift Station	58.16	58.16
Total Interest Payments	1,745.66	1,745.66
Total Principal and Interest	\$ 50,196.14	\$ 50,196.14

**5. CAPITAL LEASES**

The City has entered into a capital lease agreement dated August 26, 2009, to purchase a lift station. The cost of the lift station was \$14,744.00. The City agreed to make monthly payments of \$438.58, which includes imputed interest at 4.50% for a period of three years.

GENERAL OBLIGATION

2012	\$ 3,508.64
Total Net Minimum Lease Payments	3,508.64
Less: Imputed Interest	<u>(58.16)</u>
 NET PRESENT VALUE OF CAPITAL LEASE	 3,450.48
Less: Current Maturities	<u>(3,450.48)</u>
 Long-Term Capital Lease Obligations	 <u>\$ 0.00</u>

**6. COMPENSATED ABSENCES**

Regular employees earn and accumulate vacation leave as follows:

- After One Full Year of Employment - 10 Days
- After Ten Full Years of Employment - 15 Days

Vacation is not earned for partial years worked. Employees shall not accumulate more than ten vacation days.

Regular employees earn and accumulate sick leave from the beginning of employment at the rate of .20 days per week of service. Sick leave may be accumulated to a maximum of 60 days. Any unused sick leave at date of termination is lost.

The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has estimated a liability for vacation pay, which has been earned, but not taken by City employees. The liability for compensated absences is reflected in the long-term liabilities footnote 4 since it is anticipated that none of the liability will be liquidated with available financial resources. The City has not accrued a liability for sick leave earned, but not taken, by City employees, in accordance with guidance provided by FAS 43, the amounts cannot be reasonably estimated at this time.

**7. ECONOMIC DEPENDENCY**

During 2011, the City sold 27.48% of its water available for sale to Rural Water District #5 and 28.94% to the City of McCune, Kansas. The City purchased 28.25% of its water from Public Wholesale Water Supply District #11.

**8. OTHER POST EMPLOYMENT BENEFITS**

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The Premium is paid in full by the insured. There is no cost the City under this program.

**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; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

**10. ENVIRONMENTAL CONTINGENCY**

The Kansas Rural Water Association inspected the city's wastewater lagoons and recommended having the sludge removed from the first cell. The cost of removing the sludge from the first two cells, including some improvements to the Lift Station, has been estimated at \$171,000.00. The city is currently pursuing various financing options.

**11. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Water Utility	Water Utility Principal and Interest	K.S.A. 12-825d	\$ 43,107.96
Water Utility	Water Utility Bond Reserve	K.S.A. 12-825d	1,680.00
Water Utility	General	K.S.A. 12-825d	12,000.00
Sewer Utility	General	K.S.A. 12-825d	10,000.00

**12. SUBSEQUENT EVENTS**

In 2012 the City was approved for a grant in the amount of \$212,350.00 from FEMA to build a storm shelter. The City will be responsible for an additional \$70,784.00 of the cost. The City has signed a lease purchase with Labette Bank to cover their share.

Additionally, the City evaluated events and transactions occurring subsequent year end, and there were no additional subsequent events requiring recognition in the financial statements.

## **SUPPLEMENTAL INFORMATION**

**Schedule 1**

**CITY OF CHEROKEE, KANSAS**  
 Summary of Expenditures - Budgeted Funds Only  
 For the Year Ended December 31, 2011

Funds	Total	Adjustments for	Total	Expenditures	Variance - Over (Under)
	Certified Budget	Qualifying Budget Credits	Certified Budget for Comparison	Charged to Current Year Budget	
<b>GOVERNMENTAL TYPE FUNDS</b>					
General Fund	\$ 227,897.00	\$ -	\$ 227,897.00	\$ 203,046.93	\$ (24,850.07)
<b>Special Revenue Funds:</b>					
Special Parks and Recreation	8,597.00	-	8,597.00	1,252.69	(7,344.31)
Special Highway	72,329.00	-	72,329.00	29,962.77	(42,366.23)
<b>PROPRIETARY TYPE FUNDS</b>					
<b>Enterprise Funds:</b>					
Water Utility	205,795.00	10,030.11	215,825.11	213,269.96	(2,555.15)
Sewer Utility	84,371.00	-	84,371.00	75,392.96	(8,978.04)

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**GENERAL FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011

(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Taxes and Shared Revenue</b>				
Ad Valorem Property Tax	\$ 51,954.84	\$ 52,816.36	\$ 59,327.00	\$ (6,510.64)
Delinquent Tax	3,155.82	5,745.91	4,665.00	1,080.91
Motor Vehicle Tax	18,397.69	16,035.41	17,456.00	(1,420.59)
Recreational Vehicle Tax	-	221.20	202.00	19.20
16 & 20 M Truck Tax	17.71	21.65	17.00	4.65
Special Assessment	489.74	-	-	-
Sales Tax	51,108.87	53,520.08	52,000.00	1,520.08
Alcohol Liquor Tax	1,346.01	1,201.42	1,277.00	(75.58)
Franchise Tax	19,549.95	18,672.47	17,000.00	1,672.47
<b>Intergovernmental</b>				
Federal Grants - FEMA	-	11,891.14	-	11,891.14
<b>Licenses and Permits</b>				
Other Licenses and Permits	357.00	252.00	170.00	82.00
Fines, Forfeitures, and Penalties	6,557.00	4,875.00	10,520.00	(5,645.00)
<b>Use of Money and Property</b>				
Interest	1,748.61	1,117.52	1,750.00	(632.48)
Rent - Cherokee Village	4,950.00	-	5,585.00	(5,585.00)
Sale of Rocks, Culverts and Dirt	327.50	882.50	325.00	557.50
<b>Charges for Services</b>				
Grave Openings and Sale of Cemetery Lots	1,125.00	670.00	1,000.00	(330.00)
Copies and Fax Charges	-	5.00	50.00	(45.00)
<b>Other Revenues</b>				
Donations	290.00	300.00	-	300.00
Reimbursed Expense	7,832.59	-	-	-
Miscellaneous	1,653.26	1,307.46	800.00	507.46
<b>Operating Transfers from:</b>				
Water Utility Fund	-	12,000.00	10,000.00	2,000.00
Sewer Utility fund	10,000.00	10,000.00	10,000.00	-
<b>Total Cash Receipts</b>	<b>180,861.59</b>	<b>191,535.12</b>	<b>\$ 192,144.00</b>	<b>\$ (608.88)</b>

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**GENERAL FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2011

(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures and Transfers				
Subject to Budget				
General Government				
Personal Services	\$ 66,491.19	\$ 37,123.19	\$ 52,973.00	\$ (15,849.81)
Contractual Services	33,434.56	38,790.66	40,000.00	(1,209.34)
Commodities	9,460.15	8,162.68	8,500.00	(337.32)
Capital Outlay	15,954.60	15,854.85	9,230.00	6,624.85
Police Department				
Personal Services	35,667.94	50,977.00	41,672.00	9,305.00
Contractual Services	5,866.67	4,167.32	5,500.00	(1,332.68)
Commodities	8,962.31	7,062.19	5,000.00	2,062.19
Capital Outlay	23,800.39	-	3,000.00	(3,000.00)
Fire Department				
Personal Services	3,195.44	3,729.07	5,234.00	(1,504.93)
Contractual Services	5,863.92	4,600.50	7,800.00	(3,199.50)
Commodities	2,561.25	2,298.38	3,800.00	(1,501.62)
Capital Outlay	1,376.42	-	1,500.00	(1,500.00)
Street Department				
Personal Services	8,681.47	3,907.83	8,246.00	(4,338.17)
Contractual Services	7,704.05	6,366.06	10,000.00	(3,633.94)
Commodities	4,186.47	7,898.28	5,000.00	2,898.28
Capital Outlay	9,852.75	-	5,000.00	(5,000.00)
Parks and Recreation Department				
Contractual Services	387.85	265.76	1,500.00	(1,234.24)
Commodities	-	137.89	-	137.89
Cemetery Department				
Personal Services	856.29	981.43	942.00	39.43
Contractual Services	14,728.73	9,487.33	13,000.00	(3,512.67)
Commodities	91.36	1,236.51	-	1,236.51
Total Expenditures and Transfers				
Subject to Budget	259,123.81	203,046.93	\$ 227,897.00	\$ (24,850.07)
Receipts Over (Under) Expenditures	(78,262.22)	(11,511.81)		
Unencumbered Cash, Beginning	90,141.27	11,879.05		
Unencumbered Cash, Ending	\$ 11,879.05	\$ 367.24		

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**SPECIAL PARKS AND RECREATION FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2011

(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Alcohol Liquor Tax	\$ 1,346.01	\$ 1,201.42	\$ 1,278.00	\$ (76.58)
Special Parks and Recreation Distribution	270.27	264.96	182.00	82.96
<b>Total Cash Receipts</b>	<u>1,616.28</u>	<u>1,466.38</u>	<u>\$ 1,460.00</u>	<u>\$ 6.38</u>
Expenditures and Transfers				
Subject to Budget				
Culture and Recreation				
Personal Services	1,315.48	-	\$ -	\$ -
Contractual Services	723.00	47.22	2,000.00	(1,952.78)
Commodities	376.00	125.87	2,000.00	(1,874.13)
Capital Outlay	-	1,079.60	4,597.00	(3,517.40)
<b>Total Expenditures and Transfers Subject to Budget</b>	<u>2,414.48</u>	<u>1,252.69</u>	<u>\$ 8,597.00</u>	<u>\$ (3,826.91)</u>
Receipts Over (Under) Expenditures	(798.20)	213.69		
Unencumbered Cash, Beginning	<u>5,751.16</u>	<u>4,952.96</u>		
Unencumbered Cash, Ending	<u>\$ 4,952.96</u>	<u>\$ 5,166.65</u>		

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**SPECIAL HIGHWAY FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended December 31, 2011

(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental				
State Highway Payment	\$ 19,230.25	\$ 18,671.68	\$ 19,740.00	\$ (1,068.32)
County Fuel Tax	2,612.08	2,570.70	2,450.00	120.70
<b>Total Cash Receipts</b>	<u>21,842.33</u>	<u>21,242.38</u>	<u>\$ 22,190.00</u>	<u>\$ (947.62)</u>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Street Maintenance				
Personal Services	-	4,605.52	\$ -	\$ 4,605.52
Contractual Services	323.49	1,039.56	52,329.00	(51,289.44)
Commodities	7,692.89	5,576.11	10,000.00	(4,423.89)
Capital Outlay	26,856.59	18,741.58	10,000.00	8,741.58
<b>Total Expenditures and Transfers</b>				
Subject to Budget	<u>34,872.97</u>	<u>29,962.77</u>	<u>\$ 72,329.00</u>	<u>\$ (42,366.23)</u>
Receipts Over (Under) Expenditures	(13,030.64)	(8,720.39)		
Unencumbered Cash, Beginning	<u>30,244.39</u>	<u>17,213.75</u>		
Unencumbered Cash, Ending	<u>\$ 17,213.75</u>	<u>\$ 8,493.36</u>		

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**WATER UTILITY FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011

(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Water Sales	\$ 187,706.83	\$ 221,860.10	\$ 185,000.00	\$ 36,860.10
Other Sales	150.00	-	436.00	(436.00)
Permits and Fees	694.57	1,106.74	-	1,106.74
Penalties	2,277.14	3,254.67	2,250.00	1,004.67
Other Revenues				
Miscellaneous	155.09	115.70	-	115.70
Reimbursed Expense	-	10,030.11	-	10,030.11
Sale of Assets	332.56	-	-	-
Total Cash Receipts	<u>191,316.19</u>	<u>236,367.32</u>	<u>\$ 187,686.00</u>	<u>\$ 48,681.32</u>
Expenditures and Transfers				
Subject to Budget				
Production and Distribution				
Personal Services	58,139.12	55,326.02	\$ 75,407.00	\$ (20,080.98)
Contractual Services	19,212.18	20,512.99	22,000.00	(1,487.01)
Commodities	62,472.77	65,018.23	50,000.00	15,018.23
Capital Outlay	5,296.65	15,624.76	3,600.00	12,024.76
Operating Transfers to:				
General Fund	-	12,000.00	10,000.00	2,000.00
Water Utility Principal and Interest Fund	49,085.88	43,107.96	43,108.00	(0.04)
Water Utility Bond Reserve Fund	1,680.00	1,680.00	<u>1,680.00</u>	-
Total Certified Budget			205,795.00	7,474.96
Adjustments for Qualifying				
Budget Credits			<u>10,030.11</u>	<u>(10,030.11)</u>
Total Expenditures and Transfers Subject to Budget	<u>195,886.60</u>	<u>213,269.96</u>	<u>\$ 215,825.11</u>	<u>\$ (2,555.15)</u>
Receipts Over (Under) Expenditures	(4,570.41)	23,097.36		
Unencumbered Cash, Beginning	<u>34,729.04</u>	<u>30,158.63</u>		
Unencumbered Cash, Ending	<u>\$ 30,158.63</u>	<u>\$ 53,255.99</u>		

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**WATER UTILITY PRINCIPAL AND INTEREST FUND**

Schedule of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2011

(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers from:		
Water Utility Fund	\$ 49,085.88	\$ 43,107.96
Total Cash Receipts	<u>49,085.88</u>	<u>43,107.96</u>
Expenditures and Transfers		
Debt Service		
Principal	45,000.00	40,000.00
Interest	<u>4,615.00</u>	<u>3,107.50</u>
Total Expenditures and Transfers	<u>49,615.00</u>	<u>43,107.50</u>
Receipts Over (Under) Expenditures	(529.12)	0.46
Unencumbered Cash, Beginning	<u>18,416.54</u>	<u>17,887.42</u>
Unencumbered Cash, Ending	<u>\$ 17,887.42</u>	<u>\$ 17,887.88</u>

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**WATER UTILITY BOND RESERVE FUND**

Schedule of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2011

(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers from:		
Water Utility Fund	\$ 1,680.00	\$ 1,680.00
Total Cash Receipts	<u>1,680.00</u>	<u>1,680.00</u>
Expenditures and Transfers		
Debt Service		
Principal	-	-
Interest	-	-
Total Expenditures and Transfers	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	1,680.00	1,680.00
Unencumbered Cash, Beginning	<u>5,040.00</u>	<u>6,720.00</u>
Unencumbered Cash, Ending	<u>\$ 6,720.00</u>	<u>\$ 8,400.00</u>

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**SEWER UTILITY FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011

(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Sewer Charges	\$ 45,143.51	\$ 46,694.82	\$ 45,000.00	\$ 1,694.82
Other Revenues				
Miscellaneous	93.74	76.90	-	76.90
<b>Total Cash Receipts</b>	<u>45,237.25</u>	<u>46,771.72</u>	<u>\$ 45,000.00</u>	<u>\$ 1,771.72</u>
Expenditures and Transfers				
Subject to Budget				
Treatment and Distribution				
Personal Services	13,083.69	43,434.82	\$ 28,785.00	\$ 14,649.82
Contractual Services	11,071.26	10,476.16	20,000.00	(9,523.84)
Commodities	1,560.41	5,639.42	3,000.00	2,639.42
Capital Outlay	5,296.65	579.60	17,323.00	(16,743.40)
Debt Service				
Lease Purchase - Lift Station	5,262.96	5,262.96	5,263.00	(0.04)
Operating Transfers to				
General Fund	10,000.00	10,000.00	10,000.00	-
<b>Total Expenditures and Transfers</b>				
Subject to Budget	<u>46,274.97</u>	<u>75,392.96</u>	<u>\$ 84,371.00</u>	<u>\$ (8,978.04)</u>
Receipts Over (Under) Expenditures	(1,037.72)	(28,621.24)		
Unencumbered Cash, Beginning	<u>62,987.71</u>	<u>61,949.99</u>		
Unencumbered Cash, Ending	<u>\$ 61,949.99</u>	<u>\$ 33,328.75</u>		

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**METER DEPOSIT FUND**

Schedule of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011

(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Meter Deposits	\$ 1,817.79	\$ 1,227.00
Total Cash Receipts	<u>1,817.79</u>	<u>1,227.00</u>
Expenditures and Transfers		
Operation and Maintenance		
Contractual Services	<u>1,817.79</u>	<u>1,227.00</u>
Total Expenditures and Transfers	<u>1,817.79</u>	<u>1,227.00</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**CEMETERY PERPETUAL CARE FUND**

Schedule of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011

(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Use of Money and Property		
Interest Income	\$ 207.22	\$ 82.13
 Total Cash Receipts	207.22	82.13
 Expenditures and Transfers		
General Government		
Capital Outlay	-	-
 Total Expenditures and Transfers	-	-
 Receipts Over (Under) Expenditures	207.22	82.13
 Unencumbered Cash, Beginning	11,402.94	11,610.16
 Unencumbered Cash, Ending	\$ 11,610.16	\$ 11,692.29

See accompanying independent auditors' report

**CITY OF CHEROKEE, KANSAS**  
**AGENCY FUNDS**

Schedule of Cash Receipts and Cash Disbursements  
 For the Year Ended December 31, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Drug Seizure Funds	\$ 351.85	\$ 10.01	\$ -	\$ 361.86
	<u>\$ 351.85</u>	<u>\$ 10.01</u>	<u>\$ -</u>	<u>\$ 361.86</u>

See accompanying independent auditors' report