

**CITY OF CHETOPA, KANSAS**

---

**FINANCIAL STATEMENT**  
**and**  
**SUPPLEMENTAL INFORMATION**  
***with***  
**INDEPENDENT AUDITORS' REPORTS**

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**December 31, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Chetopa, Kansas

We have audited the summary statement of cash receipts, expenditures and unencumbered cash balances of the City of Chetopa, Kansas, as of and for the year ended December 31, 2011. This financial statement is the responsibility of the City's 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, the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards and guidance 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 Chetopa, 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 Chetopa, Kansas, as of December 31, 2011.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Chetopa, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures – actual and budget and individual fund schedules of cash receipts and expenditures – actual and budget (schedules 1 and 2, listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the statutory financial statement. The accompanying schedules of expenditures of federal awards and Findings and Questioned Costs (schedules 3 and 4, as listed in the table of contents), are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are also not a required part of the statutory financial statement. 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.

Stafford & Westwell, Chartered  
Parsons, Kansas  
December 10, 2012

CITY OF CHETOPA, KANSAS

SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES  
For The Year Ended December 31, 2011

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>GOVERNMENTAL TYPE FUNDS:</b>							
GENERAL FUND	\$ 29,906	-	\$ 498,783	\$ 470,310	\$ 58,379	\$ 11,889	\$ 70,268
<b>SPECIAL REVENUE FUNDS:</b>							
Library	-0-	-	9,939	9,548	391	-	391
Park Fund	34,471	-	31,959	21,999	44,431	-	44,431
Special City and County Highway	140,449	-	41,379	63,399	118,429	-	118,429
Industrial Development	10,460	-	17,585	26,547	1,498	-	1,498
Fire Fighting Equipment	31,164	-	7,940	6,116	32,988	1,016	34,004
Employee Benefits	3,182	-	150,692	151,851	2,023	1,390	3,413
Special Law Enforcement	185	-	-	-	185	-	185
Special Liabilities	15,751	-	158,846	121,343	53,254	-	53,254
	235,662	-	418,340	400,803	253,199	2,406	255,605
<b>GOVERNMENTAL TYPE FUNDS:</b>							
ENTERPRISE FUNDS:							
Electric	543,284	-	1,339,577	1,457,789	425,072	94,284	519,356
Garbage and Refuse	113,989	-	117,243	131,546	99,666	5,773	105,439
Water	140,203	-	369,933	347,164	162,972	4,373	167,345
Sewer	(180,307)	-	701,071	259,451	261,313	5,790	267,103
	617,149	-	2,527,824	2,195,950	949,023	110,220	1,059,243
<b>CAPITAL PROJECTS FUNDS:</b>							
Capital project fund	-	-	2,500,764	1,882,667	618,097	-	618,097
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>882,717</b>	<b>-</b>	<b>5,945,711</b>	<b>4,949,730</b>	<b>1,878,698</b>	<b>124,515</b>	<b>2,003,213</b>
<b>COMPONENT UNITS: (Note 1)</b>							
Chetopa City Library	18,392	-	15,532	18,121	15,803	-	15,803
Chetopa Historical Society	4,010	-	3,186	3,811	3,385	-	3,385
<b>TOTAL REPORTING ENTITY</b>	<b>\$ 905,119</b>	<b>\$ -</b>	<b>\$ 5,964,429</b>	<b>\$ 4,971,662</b>	<b>\$ 1,897,886</b>	<b>\$ 124,515</b>	<b>\$ 2,022,401</b>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS.

CITY OF CHETOPA, KANSAS

**SUMMARY STATEMENT OF CASH RECEIPTS, EXPENDITURES AND  
UNENCUMBERED CASH BALANCES (continued)  
For The Year Ended December 31, 2011**

**COMPOSITION OF CASH:  
as of December 31, 2011**

*PRIMARY GOVERNMENT*

Cash in bank:

<b>Chetopa State Bank, Chetopa, Kansas</b>			
Main checking	\$	1,098,438	
Deposits in transit		8,376	
Less outstanding checks		<u>(1,958)</u>	\$ 1,104,856
 Sewer construction checking			 618,097
 Petty cash checking		1,285	
Less outstanding checks		<u>(2,225)</u>	(940)
 Certificates of deposit			 281,000
 Cash on hand			 <u>200</u>
 Total Primary Government			 <u>2,003,213</u>

*COMPONENT UNITS*

*Chetopa City Library*

<b>Chetopa State Bank, Chetopa, Kansas</b>			
Main checking		89	
SEK Library checking		21	
Library State Aid checking		82	
Improvement fund checking		611	
<b>US Bank, Joplin, Missouri</b>			
Certificate of deposit		<u>15,000</u>	* 15,803

*Chetopa Historical Society*

<b>Chetopa State Bank, Chetopa, Kansas</b>			
Main checking		588	
Savings		2,752	
Petty Cash		<u>45</u>	<u>3,385</u>

Total Component Units 19,188

TOTAL REPORTING ENTITY \$ 2,022,401

\*K.S.A. 9-1401 Violation - See Note 8.

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS.

# CITY OF CHETOPA

## NOTES TO FINANCIAL STATEMENT

December 31, 2011

### NOTE 1. FINANCIAL REPORTING ENTITY

The City of Chetopa is a municipal corporation governed by an elected seven-member council. This financial statement presents the City of Chetopa (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

#### *Discretely Presented Component Units*

The component unit section of these financial statements includes the financial data of the discretely presented component units. The component units are reported separately to emphasize that they are legally separate from the City. The governing bodies of the component units are appointed by the City.

#### *Library*

The City of Chetopa Library Board operates the City's public library. The library board is appointed by the City. Acquisition and disposition of real property by the board must be approved by the City. Bond issuance must also be approved by the City.

#### *Historical Society*

The City of Chetopa Historical Society Board operates the museum. The historical society board is appointed by the City. Acquisition and disposition of real property by the board must be approved by the City. Bond issuance must also be approved by the City.

### NOTE 2. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING

#### FUND DESCRIPTIONS

In governmental 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. Certain funds contain restricted cash because their use is limited by debt covenants, statutory requirements and grant requirements. The following types of funds comprise the financial activities of the City for the year of 2011:

#### *GOVERNMENTAL FUNDS:*

**GENERAL FUND**--to account for all unrestricted 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 major capital projects) which are restricted by law or administrative action to expend for specified purposes.

**CAPITAL PROJECT FUNDS**—to account for financial resources to be used for acquisition or construction of major facilities which are not financed by Proprietary and Permanent Funds.

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS.

**CITY OF CHETOPA**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2011**

**NOTE 2. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING (continued)**

ENTERPRISE FUNDS--to account for operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs 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.

*Statutory Basis of Accounting*

The statutory basis of accounting, as used in the preparation of this statutory basis financial statement, 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 years 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 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 accounting principles generally accepted in the United States of America and allowing the City to use the statutory basis of accounting.

*Departure from Accounting Principles Generally Accepted In The United States of America*

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances. A balance sheet that would have shown non-cash assets such as receivables, inventories, prepaid expenses; liabilities such as deferred revenue and matured principal and interest payables; and reservations of the fund balance is 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 accounting principles generally accepted in the United States of America.

Capital Assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statement. Also, general long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statement.

**CITY OF CHETOPA**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2011**

**NOTE 2. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING (continued)**

*Reimbursed Expenses*

The City records reimbursable expenditures (or expense) in the fund that makes the disbursement and records the reimbursements as revenue in the fund that receives the reimbursements.

*Vacation, Sick Leave and Other Compensated Absences*

City employees are entitled to certain compensated absences based on their length of employment. Compensated absences do not accumulate, are lost if not used without council approval, and are recorded as expenditures when they are paid.

*Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of expenditures and encumbrances and disclosure of contingent liabilities at the date of the financial statement and the reported amounts of expenditures during the reporting period. Actual results could differ from these estimates.

**NOTE 3. 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), and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in adoption of the legal annual operating budget:

1. Preparation of budget for the succeeding year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. 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 budgets for the following funds were amended during the year:

**CITY OF CHETOPA**  
**NOTES TO FINANCIAL STATEMENT**  
**December 31, 2011**

**NOTE 3. BUDGETARY INFORMATION (continued)**

	<u>Original Budget</u>	<u>Amended Budget</u>
General	\$ 496,415	\$ 501,415
Electric	\$ 1,345,800	\$ 1,520,000
Garbage & Refuse	\$ 128,300	\$ 143,300
Special City & Hwy	\$ 40,000	\$ 65,000
Industrial Promotion	\$ 24,400	\$ 28,400
Special Liabilities	\$ 104,000	\$ 164,000

The statutes permit transferring 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 as supplemental information 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 expenditures lapse at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, and certain special revenue funds. For funds which are not subject to the legal annual operating budget requirement, spending is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**NOTE 4. DEPOSITS AND INVESTMENTS**

K.S.A. 9-1401 establishes the depositories which may be used by the City and its component units. 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, or in an adjoining county if such institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's and its component units 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.

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS.

# CITY OF CHETOPA

## NOTES TO FINANCIAL STATEMENT

December 31, 2011

### NOTE 4. DEPOSITS AND INVESTMENTS (continued)

*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 for 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 be entirely covered by federal depository insurance (FDIC) 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%.

At December 31, 2011 the carrying amount of the City's deposits (and its component units), including certificates of deposit, was \$2,022,401. The bank balance was \$2,017,963. The difference between the carrying amount and the bank balance is outstanding deposits and checks. The bank balance was held by two banks, resulting in a concentration of credit risk. Of the bank balance \$267,065 was covered by FDIC insurance and \$1,750,898 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank and the independent third-party bank holding the pledged securities.

### NOTE 5. DEFINED BENEFIT PENSION PLAN

#### *Plan Description*

The City of Chetopa, Kansas, participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. 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 at 4% of covered salary for employees hired before July 1, 2009 and 6% of covered salary for employees hired on or after July 1, 2009. The 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 rates 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 employer contribution rates. The KPERS employer rate established for 2011 was 6.74% and 7.74%. The City of Chetopa's employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$36,303, \$30,776 and \$25,478, respectively, equal to the required contributions for each year as set forth by legislature.

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS.

**CITY OF CHETOPA**  
**NOTES TO FINANCIAL STATEMENT**

**December 31, 2011**

**NOTE 6. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City continues to carry commercial insurance for all other risks of loss, including fire, theft, accident and liability. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

**NOTE 7. INTERFUND TRANSFERS**

The operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>KSA Authority</u>
Electric	General	\$ 139,000	12-825d
Electric	Employee Benefits	\$ 65,000	12-825d
Electric	Special Liabilities	\$ 110,000	12-825d
Electric	Industrial Promotion	\$ 6,500	12-825d

**NOTE 8. COMPLIANCE**

The Sewer fund expenditures exceeded budget by \$75,231, a violation of K.S.A. 79-2935. The City Library has funds deposited in an out of state bank, a violation of K.S.A. 9-1401. No other violations were noted.

**NOTE 9. OTHER POST EMPLOYMENT BENEFITS**

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

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

CITY OF CHETOPA, KANSAS

NOTES TO FINANCIAL STATEMENT  
December 31, 2011

NOTE 10. LONG-TERM DEBT

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

ISSUE	Interest Rate	Date of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
<b>Capital Leases</b>									
Trash Truck	5.00%	03/07/07	06/06/12	\$ 16,454	\$ -	\$ 13,061	\$ (13,061)	\$ 3,393	\$ 525
Ford F-150 Truck	5.40%	03/28/08	03/10/13	11,622	-	5,005	(5,005)	6,617	467
Backhoe	5.00%	05/28/08	06/06/13	30,690	-	11,819	(11,819)	18,871	1,267
2001 Ford Expedition	5.00%	08/12/08	08/06/11	2,060	-	2,060	(2,060)	-	39
2003 Freightliner FL80 (Fire)	5.00%	04/08/10	04/08/20	75,824	-	6,543	(6,543)	69,281	3,642
2011 Ford f150 PU (Police)	5.00%	04/05/11	04/16/16	-	30,726	3,662	27,064	27,064	978
Pool Liner	5.00%	06/07/11	06/10/16	-	33,871	3,005	30,866	30,866	832
<b>Kansas Department of Health &amp; Environment</b>									
Revolving Loan Fund Project C20 1340-01	3.47%	11/12/96	03/01/18	135,309	-	17,393	(17,393)	117,916	4,546
Water Supply Loan Project 2188	3.59%	05/05/06	02/01/25	1,224,715	-	65,701	(65,701)	1,159,014	43,384
<b>Revenue Bonds</b>									
Revenue Bonds	4.75%	12/21/98	12/01/39	124,900	-	2,200	(2,200)	122,700	5,933
<b>TOTAL BONDED INDEBTEDNESS</b>				<u>\$ 1,621,574</u>	<u>\$ 64,597</u>	<u>\$ 130,449</u>	<u>\$ (65,852)</u>	<u>\$ 1,555,722</u>	<u>\$ 61,613</u>

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS.

CITY OF CHETOPA, KANSAS

NOTES TO FINANCIAL STATEMENT  
December 31, 2011

NOTE 10. LONG-TERM DEBT (continued)

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

	2012	2013	2014	2015	2016	2017-2021	2021-2043	Total
<b>PRINCIPAL</b>								
<b>Capital Leases</b>								
Trash Truck	\$ 3,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,393
Ford Truck	5,260	1,357	-	-	-	-	-	6,617
Backhoe	12,422	6,449	-	-	-	-	-	18,871
2003 Freightliner FL80 (Fire)	6,867	7,228	7,598	7,987	8,390	31,211	-	69,281
2011 Ford F-150	5,734	6,031	6,339	6,664	2,296	-	-	27,064
Pool Liner	6,270	6,595	6,932	7,287	3,782	-	-	30,866
<b>Kansas Department of Health &amp; Environment</b>								
Revolving Loan Fund Project C20 1340-01	18,002	18,632	19,284	19,959	20,658	21,381	-	117,916
Water Supply Loan Project 2188	68,082	70,548	73,103	75,751	78,495	421,956	371,079	1,159,014
<b>Revenue Bonds</b>								
Revenue Bonds	2,300	2,400	2,500	2,700	2,800	16,100	93,900	122,700
<b>TOTAL PRINCIPAL</b>	<b>128,330</b>	<b>119,240</b>	<b>115,756</b>	<b>120,348</b>	<b>116,421</b>	<b>490,648</b>	<b>464,979</b>	<b>1,555,722</b>
<b>INTEREST</b>								
<b>Capital Leases</b>								
Trash Truck	29	-	-	-	-	-	-	29
Ford Truck	212	11	-	-	-	-	-	223
Backhoe	663	94	-	-	-	-	-	757
2003 Freightliner FL80 (Fire)	3,317	2,956	2,586	2,198	1,794	2,737	-	15,588
2011 Ford F-150	1,226	929	621	296	24	-	-	3,096
Pool Liner	1,405	1,080	724	388	55	-	-	3,652
<b>Kansas Department of Health &amp; Environment</b>								
Revolving Loan Fund Project C20 1340-01	3,937	3,307	2,655	1,980	1,281	557	-	13,717
Water Supply Loan Project 2188	41,003	38,537	35,982	33,334	30,590	106,795	27,388	313,629
<b>Revenue Bonds</b>								
Revenue Bonds	5,828	5,719	5,605	5,486	5,358	24,667	45,025	97,688
<b>TOTAL INTEREST</b>	<b>57,620</b>	<b>52,633</b>	<b>48,173</b>	<b>43,682</b>	<b>39,102</b>	<b>134,756</b>	<b>72,413</b>	<b>448,379</b>
<b>TOTAL PRINCIPAL AND INTEREST</b>	<b>\$ 185,950</b>	<b>\$ 171,873</b>	<b>\$ 163,929</b>	<b>\$ 164,030</b>	<b>\$ 155,523</b>	<b>\$ 625,404</b>	<b>\$ 537,392</b>	<b>\$ 2,004,101</b>

SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS.

## CITY OF CHETOPA KANSAS

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
(BUDGETED FUNDS ONLY)  
For The Year Ended December 31, 2011**

	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>GOVERNMENTAL TYPE FUNDS:</b>					
GENERAL FUND	\$ 501,415	\$ -	\$ 501,415	\$ 470,310	\$ (31,105)
<b>SPECIAL REVENUE FUNDS:</b>					
Library	12,000	-	12,000	9,548	(2,452)
Park Fund	43,195	-	43,195	21,999	(21,196)
Special City and County Highway	65,000	-	65,000	63,399	(1,601)
Industrial Development	28,400	-	28,400	26,547	(1,853)
Fire Fighting Equipment	28,200	-	28,200	6,116	(22,084)
Employee Benefits	183,000	-	183,000	151,851	(31,149)
Special Law Enforcement	500	-	500	-	(500)
Special Liabilities	164,000	-	164,000	121,343	(42,657)
	<u>524,295</u>	<u>-</u>	<u>524,295</u>	<u>400,803</u>	<u>(123,492)</u>
<b>GOVERNMENTAL TYPE FUNDS:</b>					
ENTERPRISE FUNDS:					
Electric	1,520,000	-	1,520,000	1,457,789	(62,211)
Garbage and Refuse	143,300	-	143,300	131,546	(11,754)
Water	401,888	-	401,888	347,164	(54,724)
Sewer *	184,220	-	184,220	259,451	75,231
	<u>2,249,408</u>	<u>-</u>	<u>2,249,408</u>	<u>2,195,950</u>	<u>(53,458)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 3,275,118</u>	<u>\$ -</u>	<u>\$ 3,275,118</u>	<u>\$ 3,067,063</u>	<u>\$ (208,055)</u>

\* See Note 8.

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

GENERAL FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad Valorem Taxes	\$ 61,582	69,595	\$ (8,013)
Delinquent Tax	4,080	4,000	80
Motor Vehicle Tax	11,636	15,901	(4,265)
Sales Tax	217,439	220,000	(2,561)
Franchise Fees	11,476	15,000	(3,524)
Fines and Fees	45,236	26,000	19,236
Other Fees and Licenses	786	-	786
Pool Income	2,825	6,000	(3,175)
Interest Income	236	-	236
Miscellaneous	4,487	1,000	3,487
Transfer In (Note 7)	<u>139,000</u>	<u>139,000</u>	<u>-</u>
TOTAL CASH RECEIPTS	<u>498,783</u>	<u>\$ 496,496</u>	<u>\$ 2,287</u>
<b>EXPENDITURES</b>			
General Government	48,318	\$ 61,360	\$ (13,042)
Police	206,889	213,320	(6,431)
Fire Department	29,481	32,485	(3,004)
Streets and Lighting	82,264	80,250	2,014
Parks	16,396	40,100	(23,704)
Swimming Pool	22,530	24,300	(1,770)
1st Responder	7,497	10,100	(2,603)
Museum	920	1,500	(580)
Court	13,402	-	13,402
Transfer to Parks (Note 7)	31,960	30,000	1,960
Transfer to Special City & County Highway (Note 7)	<u>10,653</u>	<u>8,000</u>	<u>2,653</u>
TOTAL EXPENDITURES	<u>470,310</u>	<u>\$ 501,415</u>	<u>\$ (31,105)</u>
Receipts Over Expenditures	28,473		
Unencumbered Cash, Beginning	<u>29,906</u>		
Unencumbered Cash, Ending	<u>\$ 58,379</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

LIBRARY FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad Valorem Taxes	\$ 7,506	\$ 8,336	\$ (830)
Delinquent Tax	565	500	65
Motor Vehicle Tax	<u>1,868</u>	<u>2,547</u>	<u>(679)</u>
<b>TOTAL CASH RECEIPTS</b>	<u>9,939</u>	<u>\$ 11,383</u>	<u>\$ (1,444)</u>
<b>EXPENDITURES</b>			
Appropriations	<u>9,548</u>	<u>\$ 12,000</u>	<u>\$ (2,452)</u>
<b>TOTAL EXPENDITURES</b>	<u>9,548</u>	<u>\$ 12,000</u>	<u>\$ (2,452)</u>
Receipts Over Expenditures	391		
<b>Unencumbered Cash, Beginning</b>	<u>-</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 391</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

PARK FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
Transfer In - (Note 7)	\$ 31,959	\$ 30,000	\$ 1,959
<b>TOTAL CASH RECEIPTS</b>	<u>31,959</u>	<u>\$ 30,000</u>	<u>\$ 1,959</u>
<b>EXPENDITURES</b>			
Commodities	17,426	\$ 4,000	\$ 13,426
Contractual	736	12,800	(12,064)
Capital Outlay	3,837	26,395	(22,558)
<b>TOTAL EXPENDITURES</b>	<u>21,999</u>	<u>\$ 43,195</u>	<u>\$ (21,196)</u>
Receipts Over Expenditures	9,960		
<b>Unencumbered Cash, Beginning</b>	<u>34,471</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 44,431</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

SPECIAL CITY AND COUNTY HIGHWAY FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
<b>CASH RECEIPTS</b>			
State of Kansas	\$ 30,726	\$ 33,750	\$ (3,024)
Transfer In - (Note 7)	<u>10,653</u>	<u>8,000</u>	<u>2,653</u>
<b>TOTAL CASH RECEIPTS</b>	<u>41,379</u>	<u>\$ 41,750</u>	<u>\$ (371)</u>
<b>EXPENDITURES</b>			
Contractual	8,969	\$ 13,200	\$ (4,231)
Commodities	54,430	8,200	46,230
Capital Outlay	<u>-</u>	<u>43,600</u>	<u>(43,600)</u>
<b>TOTAL EXPENDITURES</b>	<u>63,399</u>	<u>\$ 65,000</u>	<u>\$ (1,601)</u>
Receipts (Under) Expenditures	(22,020)		
<b>Unencumbered Cash, Beginning</b>	<u>140,449</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 118,429</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

INDUSTRIAL DEVELOPMENT FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over <u>(Under)</u>
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad Valorem Taxes	\$ 4,889	\$ 5,433	\$ (544)
Motor Vehicle Tax	1,076	1,464	(388)
Loan Repayment	-	10,000	(10,000)
Donations	5,120	-	5,120
Transfer in Note 7	<u>6,500</u>	<u>6,500</u>	<u>-</u>
<b>TOTAL CASH RECEIPTS</b>	<u>17,585</u>	<u>\$ 23,397</u>	<u>\$ (5,812)</u>
<b>EXPENDITURES</b>			
Industrial Promotion and Development	<u>26,547</u>	<u>\$ 28,400</u>	<u>\$ (1,853)</u>
<b>TOTAL EXPENDITURES</b>	<u>26,547</u>	<u>\$ 28,400</u>	<u>\$ (1,853)</u>
Receipts (Under) Expenditures	(8,962)		
<b>Unencumbered Cash, Beginning</b>	<u>10,460</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 1,498</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

FIRE FIGHTING EQUIPMENT FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad Valorem Taxes	\$ 450	\$ 501	\$ (51)
Delinquent Tax	8	-	8
Motor Vehicle Tax	60	83	(23)
Fire Contracts and Miscellaneous	<u>7,422</u>	<u>6,000</u>	<u>1,422</u>
<b>TOTAL CASH RECEIPTS</b>	<u>7,940</u>	<u>\$ 6,584</u>	<u>\$ 1,356</u>
<b>EXPENDITURES</b>			
Contractual	<u>6,116</u>	<u>\$ 28,200</u>	<u>\$ (22,084)</u>
<b>TOTAL EXPENDITURES</b>	<u>6,116</u>	<u>\$ 28,200</u>	<u>\$ (22,084)</u>
Receipts Over Expenditures	1,824		
<b>Unencumbered Cash, Beginning</b>	<u>31,164</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 32,988</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

EMPLOYEE BENEFITS FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad Valorem Taxes	\$ 54,226	\$ 60,234	\$ (6,008)
Delinquent Tax	3,517	2,500	1,017
Motor Vehicle Tax	12,871	17,499	(4,628)
Miscellaneous	15,078	24,000	(8,922)
Transfer In (Note 7)	<u>65,000</u>	<u>65,000</u>	<u>-</u>
 TOTAL CASH RECEIPTS	 <u>150,692</u>	 <u>\$ 169,233</u>	 <u>\$ (18,541)</u>
 <b>EXPENDITURES</b>			
Contractual	<u>151,851</u>	<u>\$ 183,000</u>	<u>\$ (31,149)</u>
 TOTAL EXPENDITURES	 <u>151,851</u>	 <u>\$ 183,000</u>	 <u>\$ (31,149)</u>
 Receipts (Under) Expenditures	 (1,159)		
 <b>Unencumbered Cash, Beginning</b>	 <u>3,182</u>		
 <b>Unencumbered Cash, Ending</b>	 <u>\$ 2,023</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

SPECIAL LAW ENFORCEMENT FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>	\$ -	\$ 500	\$ (500)
<b>TOTAL CASH RECEIPTS</b>	<u>-</u>	<u>\$ 500</u>	<u>\$ (500)</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>\$ 500</u>	<u>\$ (500)</u>
<b>TOTAL EXPENDITURES</b>	<u>-</u>	<u>\$ 500</u>	<u>\$ (500)</u>
Receipts Over Expenditures	-		
<b>Unencumbered Cash, Beginning</b>	<u>185</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 185</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

SPECIAL LIABILITIES FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Taxes and Shared Revenue			
Ad Valorem Taxes	\$ 38,910	\$ 45,375	\$ (6,465)
Delinquent Tax	2,542	-	2,542
Motor Vehicle Tax	7,394	10,024	(2,630)
Transfer In (Note 7)	<u>110,000</u>	<u>110,000</u>	<u>-</u>
<b>TOTAL CASH RECEIPTS</b>	<u>158,846</u>	<u>\$ 165,399</u>	<u>\$ (6,553)</u>
<b>EXPENDITURES</b>			
Contractual	<u>121,343</u>	<u>\$ 164,000</u>	<u>\$ (42,657)</u>
<b>TOTAL EXPENDITURES</b>	<u>121,343</u>	<u>\$ 164,000</u>	<u>\$ (42,657)</u>
Receipts Over Expenditures	37,503		
<b>Unencumbered Cash, Beginning</b>	<u>15,751</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 53,254</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

ELECTRIC FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Sales and Fees	\$ 1,326,583	\$ 1,210,000	\$ 116,583
Interest Income	1,094	-	1,094
Deposits Received	<u>11,900</u>	<u>11,000</u>	<u>900</u>
<b>TOTAL CASH RECEIPTS</b>	<u>1,339,577</u>	<u>\$ 1,221,000</u>	<u>\$ 118,577</u>
<b>EXPENDITURES</b>			
Personal Services	126,482	\$ 91,800	\$ 34,682
Contractual	176,919	170,000	6,919
Commodities	814,538	897,700	(83,162)
Deposit Refunds	19,350	40,000	(20,650)
Transfers Out (Note 7)	<u>320,500</u>	<u>320,500</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>1,457,789</u>	<u>\$ 1,520,000</u>	<u>\$ (62,211)</u>
Receipts (Under) Expenditures	(118,212)		
<b>Unencumbered Cash, Beginning</b>	<u>543,284</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 425,072</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

GARBAGE AND REFUSE FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Fees	\$ 117,007	\$ 110,000	\$ 7,007
Interest Income	<u>236</u>	<u>-</u>	<u>236</u>
<b>TOTAL CASH RECEIPTS</b>	<u>117,243</u>	<u>\$ 110,000</u>	<u>\$ 7,243</u>
<b>EXPENDITURES</b>			
Personal Services	62,385	\$ 64,000	\$ (1,615)
Contractual	42,043	43,000	(957)
Commodities	13,532	20,000	(6,468)
Debt Service	<u>13,586</u>	<u>16,300</u>	<u>(2,714)</u>
<b>TOTAL EXPENDITURES</b>	<u>131,546</u>	<u>\$ 143,300</u>	<u>\$ (11,754)</u>
Receipts (Under) Expenditures	(14,303)		
<b>Unencumbered Cash, Beginning</b>	<u>113,969</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 99,666</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

**WATER FUND**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**For The Year Ended December 31, 2011**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
Sales and Fees	\$ 364,780	\$ 384,000	\$ (19,220)
Interest Income	928	4,000	(3,072)
Deposits Received	4,225	3,500	725
	<hr/>	<hr/>	<hr/>
<b>TOTAL CASH RECEIPTS</b>	<b>369,933</b>	<b>\$ 391,500</b>	<b>\$ (21,567)</b>
<b>EXPENDITURES</b>			
Production			
Personal Services	79,767	\$ 115,000	\$ (35,233)
Commodities	68,815	100,000	(31,185)
Contractual	23,084	50,000	(26,916)
Distribution			
Commodities	24,822	-	24,822
Contractual	1,185	-	1,185
Administration			
Contractual	12,074	-	12,074
Debt Service	125,941	134,388	(8,447)
Deposit Refunds	7,040	2,500	4,540
Sales Tax	2,148	-	2,148
Water Protection Fees	2,288	-	2,288
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>347,164</b>	<b>\$ 401,888</b>	<b>\$ (54,724)</b>
Receipts Over Expenditures	22,769		
<b>Unencumbered Cash, Beginning</b>	<b>140,203</b>		
	<hr/>		
<b>Unencumbered Cash, Ending</b>	<b>\$ 162,972</b>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

SEWER FUND  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For The Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over <u>(Under)</u>
<b>CASH RECEIPTS</b>			
Customer Charges	\$ 174,116	\$ 204,000	\$ (29,884)
Federal Funds	252,693	-	252,693
Interest Income	105	400	(295)
Reimbursement from Capital Project Fund	<u>274,157</u>	<u>-</u>	<u>274,157</u>
<b>TOTAL CASH RECEIPTS</b>	<u>701,071</u>	<u>\$ 204,400</u>	<u>\$ 496,671</u>
<b>EXPENDITURES</b>			
Personal Services	35,228	\$ 30,100	\$ 5,128
Commodities	3,740	5,000	(1,260)
Contractual	194,182	50,000	144,182
Capital Outlay	-	75,000	(75,000)
Debt Service	<u>26,301</u>	<u>24,120</u>	<u>2,181</u>
<b>TOTAL EXPENDITURES *</b>	<u>259,451</u>	<u>\$ 184,220</u>	<u>\$ 75,231</u>
Receipts Over Expenditures	441,620		
<b>Unencumbered Cash, Beginning</b>	<u>(180,307)</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 261,313</u>		

\* See Note 8.

CITY OF CHETOPA, KANSAS

CAPITAL PROJECT FUNDS - (NONBUDGETED)  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For The Year Ended December 31, 2011

	<u>Actual</u>
<b>CASH RECEIPTS</b>	
Loan Advance	\$ 2,500,000
Interest Income	<u>764</u>
<b>TOTAL CASH RECEIPTS</b>	<u>2,500,764</u>
<b>EXPENDITURES</b>	
Contractual	1,607,062
Commodities	1,119
Reimbursement to Sewer Fund	<u>274,486</u>
<b>TOTAL EXPENDITURES</b>	<u>1,882,667</u>
Receipts Over Expenditures	618,097
<b>Unencumbered Cash, Beginning</b>	<u>-</u>
<b>Unencumbered Cash, Ending</b>	<u>\$ 618,097</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

CITY OF CHETOPA, KANSAS

COMPONENT UNITS (NONBUDGETED)  
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For The Year Ended December 31, 2011

	<u>Chetopa City Library</u>	<u>Chetopa Historical Society</u>
<b>CASH RECEIPTS</b>		
City of Chetopa	\$ 9,548	\$ 3,000
SEK Library	3,728	-
State of Kansas	604	-
Donations	1,061	178
Interest Income	<u>591</u>	<u>8</u>
<b>TOTAL CASH RECEIPTS</b>	<u>15,532</u>	<u>3,186</u>
<b>EXPENDITURES</b>		
Personal Services	10,375	-
Contractual	1,991	3,811
Commodities	<u>5,755</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>18,121</u>	<u>3,811</u>
Receipts (Under) Expenditures	(2,589)	(625)
<b>Unencumbered Cash, Beginning</b>	<u>18,392</u>	<u>4,010</u>
<b>Unencumbered Cash, Ending</b>	<u>\$ 15,803</u>	<u>\$ 3,385</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS SCHEDULE.  
SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORTS

SINGLE AUDIT SECTION



**stafford & westervelt**

**Stafford & Westervelt, Chartered**  
Certified Public Accountants

Offices in  
Chanute, Parsons and Pittsburg, Kansas  
Bentonville and Rogers, Arkansas

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF A FINANCIAL STATEMENT PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council  
City of Chetopa, Kansas

We have audited the summary statement of cash receipts, expenditures and unencumbered cash balances of the City of Chetopa, Kansas as of and for the year ended December 31, 2011, and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Kansas Municipal Audit Guide.

**Internal Control Over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

*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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF A FINANCIAL STATEMENT PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Chetopa's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the City Council, State of Kansas, federal awarding agencies and other pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Stafford & Westerman, CPAs*  
Parsons, Kansas

December 10, 2012



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**Stafford & Westervelt, Chartered**

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON ITS MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

To the City Council  
City of Chetopa, Kansas

Compliance

We have audited the City of Chetopa, Kansas' (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2011. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *Kansas Municipal Audit Guide*; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Chetopa complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON ITS MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133 (continued)

Internal Control Over Compliance

Management of the City of Chetopa is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirements of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the City Council, State of Kansas, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

  
Parsons, Kansas

December 10, 2012

## CITY OF CHETOPA, KANSAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2011**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE OR CLUSTER TITLE</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Water & Waste Disposal for Rural Communities-ARRA **	10.781	\$ 1,608,181
U.S. Department of Commerce Passed through Kansas Department of Commerce Community Development Block Grant	14.228	252,693
Environmental Protection Agency Passed through Kansas Department of Health and Environment Capitalization Grants for Clean Water	66.458	8,079
U. S. Department of Agriculture Passed through Kansas State University Kansas Forest Service Volunteer Fire Assistance Protection	<u>3,020</u>	
Total		<u>\$ 1,871,973</u>

\*\* Major Program

**NOTE 1 – BASIS OF PRESENTATION**

The schedule of expenditures of federal awards includes the federal grant activity of The City of Chetopa, Kansas, under programs of the federal government for the year ended December 31, 2011. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133: Audits of States, Local Governments, and Nonprofit Organizations.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported using the accounting practices by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same basis as the financial statement accompanying this schedule except that encumbrances (commitments related to unperformed contracts for goods and services evidenced by a contract) are not included.

See accompanying independent auditors' reports.

Schedule 4

**CITY OF CHETOPA, KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2011**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified: No

Significant deficiencies identified not considered to be material weaknesses: None reported

Type of auditors' report issued on compliance for major Programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? No

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
10.781	Water & Waste disposal for Rural Communities	\$ <u>1,608,181</u>

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as a low-risk auditee? No

Has not had a single audit in the past two years.