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CITY OF JAMESTOWN, KANSAS

**Financial Statements for the
Year Ended December 31, 2011
And Independent Auditors' Report**

CITY OF JAMESTOWN, KANSAS

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Jamestown, Kansas

We were engaged to audit the accompanying financial statements of the City of Jamestown, Kansas (City) as of December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the City's management.

The City uses an electronic spreadsheet to record their receipts and disbursements by fund and category. Because the spreadsheet is not a database it is difficult to obtain certain details without performing various spreadsheet functions such as sorting and subtotalling, as well as ensuring the information and files have not been overwritten or deleted.

The City lacks segregation of duties, as only one employee is primarily responsible for the cash receipts and disbursements as well as the customers' balances. However, this is not uncommon for small cities.

As described more fully in Note 1, the City prepares its financial statements on a basis of accounting prescribed by the Kansas Division of Accounts and Reports to demonstrate compliance with the cash basis laws of the State of Kansas, which basis differs from generally accepted accounting principles.

Since the City uses an electronic spreadsheet to record their receipts and disbursements by fund and category, and since the City lacks segregation of duties as only one employee is primarily responsible for the cash receipts and customers' balances, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on these financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 statements. However, the accompanying supplementary information has not been subjected to the procedures applied in the audit of the basic financial statements and, therefore, we express no opinion on it.

June 30, 2011

CITY OF JAMESTOWN, KANSAS

SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2011

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	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
General Fund	\$ 4,044	\$ 62,684	\$ 65,118	\$ 1,610
Special Revenue Funds:				
Library Fund	-	3,609	3,609	-
Employee Benefit Fund	-	20,877	20,800	77
Special Park and Recreation Fund	76	854	910	20
Industrial Development	321	1,504	1,785	39
Special Highway Fund	22	8,717	8,659	80
Noxious Weed Fund	-	943	937	6
911 Tax Fund	726	918	526	1,118
Capital Improvement Fund	16,304	40,714	45,966	11,053
Enterprise Funds:				
Electric Fund	91,309	6,612	2,155	95,766
Water Fund	10,260	57,872	58,916	9,216
Gas Fund	25,816	126,900	132,785	19,932
Sewer Fund	11,817	33,812	33,347	12,282
Solid Waste Fund	-	25,355	25,355	-
Total Reporting Entity	\$ <u>160,696</u>	\$ 391,368	\$ 400,867	\$ <u>151,198</u>
Less Transfers		<u>10,845</u>	<u>10,845</u>	
Net Receipts and Disbursements		<u>380,523</u>	<u>390,022</u>	
COMPOSITION OF CASH:				
Jamestown State Bank - Checking Account				\$ 54,887
Jamestown State Bank - Savings Accounts				37,097
Jamestown State Bank - Certificates of Deposit				<u>59,214</u>
				\$ <u>151,198</u>

CITY OF JAMESTOWN, KANSAS

SUMMARY OF CASH DISBURSEMENTS - ACTUAL AND BUDGET
YEAR ENDED DECEMBER 31, 2011

	Cash Disbursements		Budget		Variance Favorable (Unfavorable)
General Fund	\$ 65,118	\$	66,810	\$	1,693
Special Revenue Funds:					
Library Fund	3,609		3,600		(9)
Employee Benefit Fund	20,800		20,800		-
Special Park & Recreation Fund	910		910		-
Industrial Development	1,785		1,785		-
Special Highway Fund	8,659		11,764		3,105
Noxious Weed Fund	937		937		-
911 Tax Fund	526		2,120		1,594
Capital Improvement Fund	45,966		28,544		(17,422)
Enterprise Funds:					
Electric Fund	2,155		50,000		47,845
Water Fund	58,916		81,300		22,384
Gas Fund	132,785		237,744		104,959
Sewer Fund	33,347		49,080		15,733
Solid Waste Fund	25,355		27,900		2,546
Total Budgeted Funds	<u>400,867</u>	\$	<u>583,294</u>	\$	<u>182,429</u>

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CITY OF JAMESTOWN, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem Property Tax	\$ 13,471	\$ 13,857	\$ 13,692	\$ 165
Delinquent	602	372	806	(434)
Motor Vehicle	5,969	5,680	6,119	(439)
Recreational Vehicle	33	87	54	33
Sales Tax	33,906	30,748	28,500	2,248
Intangible	1,590	933	-	933
Franchise Tax	5,545	4,185	5,300	(1,115)
Licenses and Permits	472	613	350	263
Other	5,565	6,069	-	6,069
Reimbursed Expenses	561	100	50	50
Interest on Idle Funds	106	41	-	41
Total Cash Receipts	67,819	62,684	\$ 54,871	\$ 7,813
CASH DISBURSEMENTS:				
Personal Services	21,662	18,516	\$ 24,000	\$ 5,484
Contractual Services	34,188	30,824	32,000	1,176
Commodities	2,787	3,843	2,805	(1,038)
Capital Outlay	850	1,012	3,505	2,493
Transfers	5,000	400	1,000	600
Other	5,318	10,522	3,500	(7,022)
Total Cash Disbursements	69,804	65,118	\$ 66,810	\$ 1,693
Receipts Over (Under) Disbursements	(1,986)	(2,434)		
CASH, BEGINNING BALANCE	6,030	4,044		
CASH, ENDING BALANCE	\$ 4,044	\$ 1,610		

CITY OF JAMESTOWN, KANSAS

LIBRARY FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem Property Tax	\$ 2,366	\$ 2,552	\$ 2,523	\$ 29
Delinquent	64	66	149	(83)
Motor Vehicle	1,037	976	1,061	(85)
Recreational Vehicle	6	15	16	(1)
Total Cash Receipts	<u>3,473</u>	<u>3,609</u>	<u>\$ 3,749</u>	<u>\$ (140)</u>
CASH DISBURSEMENTS:				
Appropriation	<u>3,473</u>	<u>3,609</u>	<u>\$ 3,600</u>	<u>\$ (9)</u>
Total Cash Disbursements	<u>3,473</u>	<u>3,609</u>	<u>\$ 3,600</u>	<u>\$ (9)</u>
Receipts Over (Under) Disbursements	-	-		
CASH, BEGINNING BALANCE	-	-		
CASH, ENDING BALANCE	<u>\$ -</u>	<u>\$ -</u>		

CITY OF JAMESTOWN, KANSAS

EMPLOYEE BENEFIT FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem Property Tax	\$ 13,547	\$ 14,088	\$ 13,938	\$ 150
Delinquent	350	369	821	(452)
Motor Vehicle	5,562	5,487	6,078	(591)
Recreational Vehicle	31	81	92	(11)
Other	887	851	82	769
Total Cash Receipts	<u>20,377</u>	<u>20,877</u>	<u>\$ 21,011</u>	<u>\$ (134)</u>
CASH DISBURSEMENTS:				
Benefits	17,693	11,546	\$ 20,800	\$ 9,254
Other	2,683	9,254	-	(9,254)
Total Cash Disbursements	<u>20,377</u>	<u>20,800</u>	<u>\$ 20,800</u>	<u>\$ -</u>
Receipts Over (Under) Disbursements	-	77		
CASH, BEGINNING BALANCE	-	-		
CASH, ENDING BALANCE	<u>\$ -</u>	<u>\$ 77</u>		

CITY OF JAMESTOWN, KANSAS

SPECIAL PARK AND RECREATION FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem Property Tax	\$ 567	\$ 598	\$ 590	\$ 8
Delinquent	16	16	35	(19)
Motor Vehicle	260	236	254	(18)
Recreational Vehicle	1	4	4	-
Total Cash Receipts	<u>844</u>	<u>854</u>	<u>\$ 883</u>	<u>\$ (29)</u>
CASH DISBURSEMENTS:				
Contractual Services	433	574	\$ 305	\$ (269)
Commodities	83	96	340	244
Other	350	240	-	(240)
Capital Outlay	-	-	265	265
Total Cash Disbursements	<u>865</u>	<u>910</u>	<u>\$ 910</u>	<u>\$ -</u>
Receipts Over (Under) Disbursements	(21)	(56)		
CASH, BEGINNING BALANCE	<u>98</u>	<u>76</u>		
CASH, ENDING BALANCE	<u>\$ 76</u>	<u>\$ 20</u>		

CITY OF JAMESTOWN, KANSAS

INDUSTRIAL DEVELOPMENT FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem Property Tax	\$ 1,022	\$ 1,036	\$ 1,023	\$ 13
Motor Vehicle	508	337	465	(128)
Delinquent	29	130	60	70
Total Cash Receipts	<u>1,559</u>	<u>1,504</u>	<u>\$ 1,548</u>	<u>\$ (44)</u>
CASH DISBURSEMENTS:				
Transfer to Capital Improvement	1,115	1,170	\$ 1,200	\$ 30
Contractual Services	50	50	585	535
Other	530	565	-	(565)
Total Cash Disbursements	<u>1,695</u>	<u>1,785</u>	<u>\$ 1,785</u>	<u>\$ -</u>
Receipts Over Disbursements	(136)	(281)		
CASH, BEGINNING BALANCE	<u>457</u>	<u>321</u>		
CASH, ENDING BALANCE	<u>\$ 321</u>	<u>\$ 39</u>		

CITY OF JAMESTOWN, KANSAS

SPECIAL HIGHWAY FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
State - Fuel Tax	10,030	\$ 8,557	\$ 10,310	\$ (1,753)
Reimbursements	\$ 186	160	250	(90)
Total Cash Receipts	10,215	8,717	\$ 10,560	\$ (1,843)
CASH DISBURSEMENTS:				
Personal Services	115	301	\$ -	\$ (301)
Contractual Services	1,086	651	3,500	2,849
Commodities	5,067	3,284	1,109	(2,175)
Capital Outlay	605	-	-	-
Transfer to Capital Improvement	2,700	2,855	5,500	2,645
Other	689	1,568	1,655	87
Total Cash Disbursements	10,262	8,659	\$ 11,764	\$ 3,105
Receipts Over (Under) Disbursements	(46)	58		
CASH, BEGINNING BALANCE	68	22		
CASH, ENDING BALANCE	\$ 22	\$ 80		

CITY OF JAMESTOWN, KANSAS

NOXIOUS WEED FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Ad Valorem Property Tax	\$ 567	\$ 686	\$ 679	\$ 7
Delinquent	16	16	40	(24)
Motor Vehicle	260	236	254	(18)
Recreational Vehicle	1	4	4	(0)
Total Cash Receipts	<u>844</u>	<u>943</u>	<u>\$ 977</u>	<u>\$ (34)</u>
CASH DISBURSEMENTS:				
Contractual Services	233	171	\$ 902	\$ -
Commodities	511	541	-	(541)
Other	100	225	35	(190)
Total Cash Disbursements	<u>844</u>	<u>937</u>	<u>\$ 937</u>	<u>\$ (731)</u>
Receipts Over (Under) Disbursements	-	6		
CASH, BEGINNING BALANCE	<u>-</u>	<u>-</u>		
CASH, ENDING BALANCE	<u>\$ -</u>	<u>\$ 6</u>		

CITY OF JAMESTOWN, KANSAS

911 TAX FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
E911 Tax	\$ 429	\$ 918	\$ 820	\$ 98
Other	-	-	-	-
Total Cash Receipts	429	918	\$ 820	\$ 98
CASH DISBURSEMENTS:				
Commodities	542	501	\$ 709	\$ 208
Other	-	26	-	(26)
Capital Outlay	711	-	1,411	1,411
Total Cash Disbursements	1,252	526	\$ 2,120	\$ 1,593
Receipts Over (Under) Disbursements	(823)	392		
CASH, BEGINNING BALANCE	1,550	726		
CASH, ENDING BALANCE	\$ 726	\$ 1,118		

CITY OF JAMESTOWN, KANSAS

CAPITAL IMPROVEMENT FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Transfer In	\$ 8,815	\$ 4,425	\$ 2,200	\$ 2,225
Franchise Fees	4,100	7,367	3,900	3,467
Rent	750	725	-	725
Other	7,185	28,188	6,500	21,688
Interest on Idle Funds	10	10	135	(125)
Total Cash Receipts	<u>20,860</u>	<u>40,714</u>	<u>\$ 12,735</u>	<u>\$ 27,979</u>
CASH DISBURSEMENTS:				
Personal Services	-	-	\$ 150	\$ 150
Contractual Services	3,363	3,329	2,309	(1,020)
Commodities	2,570	3,095	2,200	(895)
Capital Outlay	7,492	7,890	18,000	10,110
Other	610	31,651	5,885	(25,766)
Total Cash Disbursements	<u>14,036</u>	<u>45,966</u>	<u>\$ 28,544</u>	<u>\$ (17,421)</u>
Receipts Over (Under) Disbursements	6,824	(5,251)		
CASH, BEGINNING BALANCE	<u>9,480</u>	<u>16,304</u>		
CASH, ENDING BALANCE	<u>\$ 16,304</u>	<u>\$ 11,053</u>		

CITY OF JAMESTOWN, KANSAS

ELECTRIC FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Reimbursements		\$	\$	\$
Transfers In	8,130	6,420	10,800	(4,380)
Interest on Idle Funds	159	192	225	(33)
Total Cash Receipts	8,289	6,612	11,025	(4,413)
CASH DISBURSEMENTS:				
Transfer to Capital Improvement	-	-	-	-
Capital Outlay	-	2,155	50,000	47,845
Total Cash Disbursements	-	2,155	50,000	47,845
Receipts Over (Under) Disbursements	8,289	4,457		
CASH, BEGINNING BALANCE	83,020	91,309		
CASH, ENDING BALANCE	\$ 91,309	\$ 95,766		

CITY OF JAMESTOWN, KANSAS

WATER FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Water Sales	\$ 50,460	\$ 49,073	\$ 56,500	\$ (7,427)
Meter Fees	5,967	8,151	6,500	1,651
Other	549	476	250	226
Interest on Idle Funds	237	172	305	(133)
Total Cash Receipts	<u>57,213</u>	<u>57,872</u>	<u>\$ 63,555</u>	<u>\$ (5,683)</u>
CASH DISBURSEMENTS:				
Personal Services	37,251	35,808	\$ 38,500	\$ 2,692
Contractual Services	8,113	7,964	12,800	4,836
Commodities	4,557	4,655	8,000	3,345
Capital Outlay	331	2,500	9,500	7,000
Operating Transfers	2,710	2,140	3,600	1,460
Other	3,350	5,848	8,900	3,052
Total Cash Disbursements	<u>56,313</u>	<u>58,916</u>	<u>\$ 81,300</u>	<u>\$ 22,384</u>
Receipts (Under) Disbursements	901	(1,044)		
CASH, BEGINNING BALANCE	<u>9,359</u>	<u>10,260</u>		
CASH, ENDING BALANCE	<u>\$ 10,260</u>	<u>\$ 9,216</u>		

CITY OF JAMESTOWN, KANSAS

GAS FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Gas Sales	\$ 146,827	\$ 126,528	\$ 195,620	\$ (69,092)
Reimbursement	18,680	-	-	-
Other	420	-	275	(275)
Interest on Idle Funds	613	372	855	(483)
Total Cash Receipts	<u>166,539</u>	<u>126,900</u>	<u>\$ 196,750</u>	<u>\$ (69,849)</u>
CASH DISBURSEMENTS:				
Personal Services	23,564	23,572	\$ 28,525	\$ 4,953
Contractual Services	6,906	3,804	6,705	2,901
Commodities	1,270	3,074	5,505	2,431
Capital Outlay	1,700	-	18,109	18,109
Gas Purchases	113,049	95,773	165,500	69,727
Operating Transfers	2,710	2,140	3,600	1,460
Other	18,084	4,423	9,800	5,377
Total Cash Disbursements	<u>167,282</u>	<u>132,785</u>	<u>\$ 237,744</u>	<u>\$ 104,958</u>
Receipts Over Disbursements	(742)	(5,885)		
CASH, BEGINNING BALANCE	<u>26,558</u>	<u>25,816</u>		
CASH, ENDING BALANCE	<u>\$ 25,816</u>	<u>\$ 19,931</u>		

CITY OF JAMESTOWN, KANSAS

SEWER FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
Sewer Sales	\$ 23,145	\$ 27,331	\$ 29,800	\$ (2,469)
Sludge Removal	3,374	6,244	6,305	(61)
Other	1,420	-	200	(200)
Interest on Idle Funds	305	237	289	(52)
Total Cash Receipts	<u>28,244</u>	<u>33,812</u>	<u>\$ 36,594</u>	<u>\$ (2,782)</u>
CASH DISBURSEMENTS:				
Personal Services	16,923	20,652	\$ 18,105	\$ (2,547)
Contractual Services	4,358	2,671	3,150	479
Commodities	729	1,789	1,225	(564)
Capital Outlay	-	3,167	18,500	15,333
Operating Transfers	2,710	2,140	3,600	1,460
Other	2,288	2,929	4,500	1,571
Total Cash Disbursements	<u>27,007</u>	<u>33,347</u>	<u>\$ 49,080</u>	<u>\$ 15,733</u>
Receipts Over (Under) Disbursements	1,237	465		
CASH, BEGINNING BALANCE	<u>10,580</u>	<u>11,817</u>		
CASH, ENDING BALANCE	<u>\$ 11,817</u>	<u>\$ 12,282</u>		

CITY OF JAMESTOWN, KANSAS

SOLID WASTE FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
 YEAR ENDED DECEMBER 31, 2011

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	2010 Actual	2011 Actual	2011 Budget	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
User Fees	25,781	\$ 25,355	\$ 26,900	\$ (1,546)
Total Cash Receipts	25,781	25,355	\$ 26,900	\$ (1,546)
CASH DISBURSEMENTS:				
Landfill Charges	12,954	12,714	\$ 10,500	\$ (2,214)
Contractual Services	12,827	12,641	14,850	2,210
Commodities	-	-	2,550	2,550
Total Cash Disbursements	25,781	25,355	\$ 27,900	\$ 2,546
Receipts Over (Under) Disbursements	-	-		
CASH, BEGINNING BALANCE	-	-		
CASH, ENDING BALANCE	\$ -	\$ -		

CITY OF JAMESTOWN, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2011

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Basis of Presentation - Fund Accounting - The accounts of the City of Jamestown, Kansas (City) are organized on the basis of funds, each of which is considered a separate accounting entity.

The following types of funds comprise the financial activities of the City for 2011.

Governmental funds:

General fund - to account for all unrestricted resources except those required to be accounted for in other funds or account groups.

Special revenue funds - to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation.

Proprietary funds:

Enterprise funds - to account for operations that are financed and operated in a manner similar to 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.

- b. Basis of Accounting - These financial statements are presented on a basis of accounting that demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

The municipality has obtained a GAAP waiver which thereby requires this type of special reporting.

- c. Departure from Generally Accepted Accounting Principles - The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash 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. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.
- d. Budgetary Information - Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service

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

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 the year ended December 31, 2011.

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

All legal annual operating budgets are prepared using the cash basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received.

A legal operating budget is not required for capital project funds.

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

2. DEPOSITS

At year-end the carrying amount of the City's deposits was \$151,197 and the bank balance was \$157,138. The differences between the carrying amount and the balance are outstanding checks and deposits in transit. The bank balance is covered by current FDIC insurance up to \$250,000 as well as pledged securities.

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3. CERTIFICATES OF DEPOSIT

The following represents a listing of the certificates of deposit at December 31, 2011:

	Maturity Date	Interest Rate	Amount
Jamestown State Bank	10/5/2012	0.90%	\$ <u>59,214</u>

4. TAXES

Property Taxes – The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the following year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes are due December 20, prior to the fiscal year for which they are budgeted, and the second half is due the following May 10.

Motor Vehicle Taxes – Since 1981 most motor vehicles became subject to a special tax paid at the time of registration instead of the traditional property tax. In 1995, the legislature enacted a five-year phase down in the assessment rate on motor vehicles, from 30% to 20% of market value.

In 2011, the City received the following from county and state taxes:

	General Fund	Special Highway Fund	Library Fund	Employee Benefits Fund	Special Parks Fund	Noxious Weed Fund
Property Taxes	\$ 13,730	\$	\$ 2,531	\$ 13,977	\$ 592	\$ 681
Intangible Taxes	933					
Delinquent Taxes	372		66	369	16	16
Motor Vehicle Taxes	5,893		1,012	5,680	246	246
Sales Tax	30,748					
State Highway Aid		8,557				
	<u>\$ 51,676</u>	<u>\$ 8,557</u>	<u>\$ 3,609</u>	<u>\$ 20,026</u>	<u>\$ 854</u>	<u>\$ 943</u>

	Industrial Development Fund	E911 Tax Fund	Total Taxes
Property Taxes	\$ 1,026	\$	\$ 31,170
Intangible Taxes			1,590
E911 Tax		429	429
Delinquent Taxes	26		1,391
Motor Vehicle Taxes	452		13,725
Sales Tax			33,906
State Highway Aid			10,030
	<u>\$ 1,504</u>	<u>\$ 429</u>	<u>\$ 92,241</u>

The assessed valuation in 2010 was \$632,773, which was used to determine the mill levy for 2011. The mill levy was 54.295 for 2011.

5. UTILITIES

The City provides water, sewer, gas and solid waste services. The City reads the meters by the 30th of each month and mails their utility bills by the 11th day of each month for the month's service. The utility bills are due by the 2nd day of the following month. Payments received after the 2nd are subject to a late charge of 10% on the current month's activity. If bills are not paid by the 15th of the month, the customer's water service is terminated after a reminder notice is sent. A fee of \$50 is charged to reactivate service.

The City requires, at the time of making application for utility service, the property owner or customer to make a non-refundable connect payment in the amount of \$125.

Utility Rates as of December 31, 2011 are as follows:

Water Rates:

Minimum charge	\$17.60
Rate per 1,000	\$3.75 per 1,000 gallons

Sewer Rates:

Minimum charge	\$15.00 includes 2,000 gallons
Excess of 2,000 gallons	\$1.25 per 1,000 gallons
Excess of 4,000 gallons	\$1.50 per 1,000 gallons
Excess of 8,000 gallons	\$1.75 per 1,000 gallons

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6. LONG TERM DEBT

At December 31, 2011, the City had no outstanding general obligation bonds, revenue bonds, temporary notes, no-fund warrants, or lease purchase agreements.

7. CONTRACTS

In January 2001, the City entered into an agreement with Hale's Refuse (Contractor) to provide residential solid waste collection services within the City for a period of three years, with an option to renew automatically each successive year. The current Contractor charges are as follows:

1/1/2011

Base Rate \$ 8.00

8. PENSION PLAN

The City's full-time employees participate in the Kansas Public Employees Retirement System ("System"), a multiple employer public employee retirement system. The payroll for employees covered by the System for 2011 was \$94,787 and the City's total payroll for 2011 was \$96,271.

Covered employees are required by state statute to contribute 4% of their salary to the System. The City is required by statute to contribute 6.74% plus a death and disability rate of 1.0% for calendar year 2011 using the full funding method, which funds current costs each year and past service liability over a 40-year period. The contribution requirement for the year ended December 31, 2011, was \$11,128, which consisted of \$3,791 from employees and \$7,337 from the City.

9. COMPENSATED ABSENCES FOR EMPLOYEES

Each employee earns vacation for the years that the employee has been employed. The employee earns two week after their first year of employment and are forfeited if not used by the following year. Accrued vacation is lost upon termination of employment.

Employees accumulate one day of sick leave per month, beginning with the first month of employment. Sick leave can be carried over to another year and can be accumulated to a maximum of 30 days. Accrued sick leave is lost upon termination of employment.

10. INTERFUND TRANSFERS

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Capital Improvement Fund	\$ 4,425	\$
Electric Fund	6,420	
General Fund		400
Special Highway		2,855
Industrial development Fund		1,170
Water Fund		2,140
Sewer Fund		2,140
Gas Fund		2,140
	<u>\$ 10,845</u>	<u>\$ 10,845</u>

11. CONCENTRATIONS OF CREDIT RISK

The City is engaged in the sale of water, sewer, gas and sanitation to customers located in Cloud County in Kansas. The City grants credit to those customers and requires no collateral. The City had ten customers that accounted for 20% of the 2011 water gallons sold.

12. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the City. Except for the following, there were no apparent statutory violations during the year ended December 31, 2011 for the funds that were part of this audit.

<u>Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Library	\$ 3,609	\$ 3,600	\$ (9)

The City Treasurer did not publish annual financial statements for the year ended 2011 as required by KSA-12-1608.

14. RELATED PARTY TRANSACTIONS

The City does its banking with a local financial institution where one of the Council members is President.

15. RISK MANAGEMENT

The City is subjected to various risks, including liability, workers' compensation, property, etc. The City insures these risks through Employers Mutual Casualty Company.

16. LITIGATION

The City was not involved in any litigation at December 31, 2011.

17. SUBSEQUENT EVENTS

On June 18, 2012, the City increased water rates to take effect in two stages, starting July 1, 2012, with another increase scheduled for July 1, 2013. The City is not aware of any other significant subsequent events that occurred between December 31, 2011 and the date the financial statements were issued.

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CITY OF JAMESTOWN, KANSAS

**SCHEDULE OF SELECTED UTILITY STATISTICS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
WATER STATISTICS:		
Number of customers	149	147
Gallons sold	7,627,000	7,295,000
Gallons purchased / produced	9,564,400	9,228,700
Gross water loss percentage	20.26%	20.95%
Average monthly usage per customer	4,266	4,135
Charges for service	\$ 49,073	\$ 50,460
Average customer charge per month	\$ 27	\$ 29
GAS STATISTICS:		
Number of customers	175	172
Cubic Feet Sold (per 1,000)	14,181	13,692
Average monthly usage per customer	6,753	6,634
Charges for service	\$ 126,528	\$ 146,827
Average customer charge per month	\$ 60	\$ 71
OTHER:		
Population	282	282
Valuation	\$ 632,773	\$ 643,648
Mill Levy	54.295	52.737
Taxes Levied	\$ 87,166	\$ 91,808
Outstanding Debt	\$0	0
Debt per capita	\$0	0