

CITY OF KANOPOLIS, KANSAS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
December 31, 2011

CLUBINE AND RETTELE, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS
Salina, Kansas

CITY OF KANOPOLIS, KANSAS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
December 31, 2011

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CITY OF KANOPOLIS, KANSAS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
December 31, 2011

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**CLUBINE &
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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Kanopolis, Kansas

We have audited the accompanying financial statements of the City of Kanopolis, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the City of Kanopolis as listed in the table of contents. These financial statements are the responsibility of the City of Kanopolis management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City of Kanopolis financial statements and, in our report dated September 17, 2011, we expressed an unqualified opinion on the respective financial statements which were prepared using accounting practices prescribed or permitted by the State of Kansas.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide* prescribed by the Division of Accounts and Reports of the State of Kansas. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

As described more fully in Note 2, the City of Kanopolis has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory 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 statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of The City of Kanopolis as of December 31, 2011, the changes in its financial position, or, where applicable, its cash flows for the year then ended. Further, the City of Kanopolis has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of The City of Kanopolis as of December 31, 2011, and their respective cash receipts and disbursements, and the respective budgetary comparison for the General Fund and budgeted Special Revenue Funds for the year then ended, on the basis of accounting described in Note 2.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City of Kanopolis financial statements for the year ended December 31, 2010, from which such partial information was derived.

Clubine and Rettele, Chartered

Salina, Kansas
September 20, 2012

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CITY OF KANOPOLIS, KANSAS
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash (Statutory Basis)
 For the Year Ended December 31, 2011

Statement 1

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:						
General Fund						
General	\$ 136,241.28	\$ 185,365.54	\$ 192,370.85	\$ 129,235.97	\$ 2,116.53	\$ 131,352.50
Special Revenue Funds						
Employee Benefits	23,884.63	67,705.88	64,126.28	27,464.23	553.44	28,017.67
Library	408.68	8,954.57	8,932.39	430.86	133.46	564.32
Noxious Weed	1,435.68	224.52	314.73	1,345.47	-	1,345.47
Special Highway	3.98	12,995.54	12,990.00	9.52	-	9.52
Recreation	2,061.33	3,349.60	1,621.81	3,789.12	113.22	3,902.34
Cemetery	(323.07)	3,924.96	1,972.45	1,629.44	-	1,629.44
Municipal Equipment	32,177.23	15,000.00	4,663.43	42,513.80	-	42,513.80
Municipal Improvement	48,222.37	16,065.00	30,196.76	34,090.61	18.25	34,108.86
Capital Projects	-	3,788.00	3,148.00	640.00	-	640.00
Proprietary Type Funds:						
Enterprise Funds						
Solid Waste Disposal	10,542.55	39,464.00	39,414.50	10,592.05	3,371.50	13,963.55
Water Utility	48,968.52	96,431.42	94,500.14	50,899.80	1,533.42	52,433.22
Sewer Utility	62,813.50	40,723.22	37,323.84	66,212.88	293.26	66,506.14
Sewer Revolving Loan	12,522.28	6,900.00	5,878.54	13,543.74	-	13,543.74
	<u>378,958.96</u>	<u>500,892.25</u>	<u>497,453.72</u>	<u>382,397.49</u>	<u>8,133.08</u>	<u>390,530.57</u>
Component Units:						
Public Library	35,594.70	28,083.86	29,515.75	34,162.81	-	34,162.81
Total Reporting Entity	<u>\$ 414,553.66</u>	<u>\$ 528,976.11</u>	<u>\$ 526,969.47</u>	<u>\$ 416,560.30</u>	<u>\$ 8,133.08</u>	<u>\$ 424,693.38</u>
Composition of Cash:				Certificates of Deposit		\$ 246,056.49
				Checking Accounts		37,422.14
				Savings Accounts		106,799.94
				Petty Cash		252.00
				Total Component Units		<u>34,162.81</u>
				Total Reporting Entity		<u>\$ 424,693.38</u>

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

CITY OF KANOPOLIS, KANSAS
 Summary of Expenditures - Actual and Budget (Statutory Basis)
 For the Year Ended December 31, 2011

Statement 2

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:					
General Fund					
General	\$ 343,229.00	\$ -	\$ 343,229.00	\$ 192,370.85	\$ (150,858.15)
Special Revenue Funds					
Employee Benefits	68,835.00	-	68,835.00	64,126.28	(4,708.72)
Library	9,238.00	-	9,238.00	8,932.39	(305.61)
Noxious Weed	1,975.00	-	1,975.00	314.73	(1,660.27)
Special Highway	13,822.00	-	13,822.00	12,990.00	(832.00)
Recreation	6,440.00	-	6,440.00	1,621.81	(4,818.19)
Cemetery	3,875.00	-	3,875.00	1,972.45	(1,902.55)
Proprietary Type Funds:					
Enterprise Funds					
Solid Waste Disposal	54,873.00	-	54,873.00	39,414.50	(15,458.50)
Water Utility	150,255.00	-	150,255.00	94,500.14	(55,754.86)
Sewer Utility	112,290.00	-	112,290.00	37,323.84	(74,966.16)
Sewer Revolving Loan	17,607.00	-	17,607.00	5,878.54	(11,728.46)

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

CITY OF KANOPOLIS, KANSAS
General Fund

Statement 3

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 67,023.05	\$ 70,172.22	\$ 72,189.00	\$ (2,016.78)
Delinquent	1,485.77	2,724.59	1,900.00	824.59
Motor Vehicle	18,557.78	17,233.64	18,739.00	(1,505.36)
Recreational Vehicle	373.43	488.57	379.00	109.57
16/20M Vehicles	308.18	200.68	280.00	(79.32)
Sales and Use Tax	34,649.01	37,540.53	40,000.00	(2,459.47)
State Aid	2,258.84	1,723.81	3,000.00	(1,276.19)
Franchise	32,980.03	31,732.11	35,000.00	(3,267.89)
Licenses and Permits	730.00	766.00	1,500.00	(734.00)
Fines, Forfeitures and Penalties	621.00	3,957.63	750.00	3,207.63
Insurance	2,077.82	-	-	-
Interest	1,564.26	1,002.49	2,500.00	(1,497.51)
Rural Fire	2,600.00	11,938.46	8,500.00	3,438.46
Other	7,319.42	5,884.81	3,517.00	2,367.81
Total Cash Receipts	172,548.59	185,365.54	\$ 188,254.00	\$ (2,888.46)
Expenditures				
Administration				
Personal Services	20,511.56	27,848.77	\$ 23,805.00	\$ 4,043.77
Contractual Services	15,847.55	4,457.88	30,500.00	(26,042.12)
Commodities	8,978.88	22,710.42	5,100.00	17,610.42
Capital Outlay	3,053.37	168.73	4,400.00	(4,231.27)
Smoky Hill Development Corporation	3,538.50	3,850.00	3,850.00	-
Lease Principal	2,004.56	2,533.50	2,535.00	(1.50)
Lease Interest	256.20	231.06	232.00	(0.94)
Fire	11,789.67	13,562.26	10,500.00	3,062.26
Police	14,232.16	13,359.39	21,250.00	(7,890.61)
Park	2,715.51	2,432.15	3,200.00	(767.85)
Street	80,505.88	72,606.96	211,857.00	(139,250.04)
Street Lighting	11,587.82	13,336.10	11,000.00	2,336.10
Neighborhood Revitalization Rebate	292.78	273.63	-	273.63
Operating Transfers	30,000.00	15,000.00	15,000.00	-
Total Expenditures	205,314.44	192,370.85	\$ 343,229.00	\$ (150,858.15)
Receipts Over (Under) Expenditures	(32,765.85)	(7,005.31)		
Unencumbered Cash, Beginning	169,007.13	136,241.28		
Unencumbered Cash, Ending	\$ 136,241.28	\$ 129,235.97		

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

CITY OF KANOPOLIS, KANSAS

Statement 3

Employee Benefits Fund

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 8,299.05	\$ 6,925.42	\$ 7,123.00	\$ (197.58)
Delinquent	176.74	329.18	250.00	79.18
Motor Vehicle	2,209.50	2,133.95	2,320.00	(186.05)
Recreational Vehicle	44.45	60.49	47.00	13.49
16/20M Vehicles	38.73	23.90	35.00	(11.10)
Insurance	-	13,575.15	-	13,575.15
Employee Withholdings	47,816.83	44,657.79	34,000.00	10,657.79
Total Cash Receipts	58,585.30	67,705.88	\$ 43,775.00	\$ 23,930.88
Expenditures				
Neighborhood Revitalization Rebate	36.25	27.00	\$ -	\$ 27.00
Employee Benefits	57,375.11	64,099.28	68,835.00	(4,735.72)
Total Expenditures	57,411.36	64,126.28	\$ 68,835.00	\$ (4,708.72)
Receipts Over (Under) Expenditures	1,173.94	3,579.60		
Unencumbered Cash, Beginning	22,710.69	23,884.63		
Unencumbered Cash, Ending	\$ 23,884.63	\$ 27,464.23		

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

CITY OF KANOPOLIS, KANSAS
Library Fund

Statement 3

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 6,638.92	\$ 6,925.42	\$ 7,123.00	\$ (197.58)
Delinquent	136.47	254.94	190.00	64.94
Motor Vehicle	1,735.83	1,707.05	1,856.00	(148.95)
Recreational Vehicle	34.94	48.39	38.00	10.39
16/20M Vehicles	27.68	18.77	28.00	(9.23)
Total Cash Receipts	8,573.84	8,954.57	\$ 9,235.00	\$ (280.43)
Expenditures				
Personal Services	6,409.13	7,260.50	\$ 7,000.00	\$ 260.50
Contractual Services	654.02	1,025.73	1,400.00	(374.27)
Capital Outlay	-	346.60	700.00	(353.40)
Commodities	1,111.67	272.56	138.00	134.56
Neighborhood Revitalization Rebate	29.00	27.00	-	27.00
Total Expenditures	8,203.82	8,932.39	\$ 9,238.00	\$ (305.61)
Receipts Over (Under) Expenditures	370.02	22.18		
Unencumbered Cash, Beginning	38.66	408.68		
Unencumbered Cash, Ending	\$ 408.68	\$ 430.86		

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

CITY OF KANOPOLIS, KANSAS
 Noxious Weed Fund

Statement 3

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 166.85	\$ 173.57	\$ 178.00	\$ (4.43)
Delinquent	3.39	6.37	6.00	0.37
Motor Vehicle	43.24	42.90	46.00	(3.10)
Recreational Vehicle	0.88	1.21	1.00	0.21
16/20M Vehicles	0.69	0.47	1.00	(0.53)
Total Cash Receipts	<u>215.05</u>	<u>224.52</u>	<u>\$ 232.00</u>	<u>\$ (7.48)</u>
Expenditures				
Commodities	294.63	314.05	\$ 1,975.00	\$ (1,660.95)
Neighborhood Revitalization Rebate	<u>0.73</u>	<u>0.68</u>	<u>-</u>	<u>0.68</u>
Total Expenditures	<u>295.36</u>	<u>314.73</u>	<u>\$ 1,975.00</u>	<u>\$ (1,660.27)</u>
Receipts Over (Under) Expenditures	(80.31)	(90.21)		
Unencumbered Cash, Beginning	<u>1,515.99</u>	<u>1,435.68</u>		
Unencumbered Cash, Ending	<u>\$ 1,435.68</u>	<u>\$ 1,345.47</u>		

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

CITY OF KANOPOLIS, KANSAS
 Special Highway Fund

Statement 3

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Aid	\$ 13,562.47	\$ 12,995.54	\$ 13,820.00	\$ (824.46)
Expenditures				
Contractual Services	13,560.00	12,990.00	\$ 13,822.00	\$ (832.00)
Receipts Over (Under) Expenditures	2.47	5.54		
Unencumbered Cash, Beginning	1.51	3.98		
Unencumbered Cash, Ending	\$ 3.98	\$ 9.52		

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

CITY OF KANOPOLIS, KANSAS
Recreation Fund

Statement 3

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 1,660.15	\$ 1,732.22	\$ 1,781.00	\$ (48.78)
Delinquent	34.10	63.72	50.00	13.72
Motor Vehicle	433.73	426.87	464.00	(37.13)
Recreational Vehicle	8.73	12.10	9.00	3.10
16/20M Vehicles	6.91	4.69	7.00	(2.31)
Other	955.00	1,110.00	1,517.00	(407.00)
Total Cash Receipts	3,098.62	3,349.60	\$ 3,828.00	\$ (478.40)
Expenditures				
Contractual Services	386.81	421.50	\$ 750.00	\$ (328.50)
Commodities	508.28	1,017.56	800.00	217.56
Capital Outlay	1,471.00	176.00	4,890.00	(4,714.00)
Neighborhood Revitalization Rebate	7.25	6.75	-	6.75
Total Expenditures	2,373.34	1,621.81	\$ 6,440.00	\$ (4,818.19)
Receipts Over (Under) Expenditures	725.28	1,727.79		
Unencumbered Cash, Beginning	1,336.05	2,061.33		
Unencumbered Cash, Ending	\$ 2,061.33	\$ 3,789.12		

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

CITY OF KANOPOLIS, KANSAS
Cemetery Fund

Statement 3

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 1,660.15	\$ 1,732.22	\$ 1,781.00	\$ (48.78)
Delinquent	26.03	49.08	45.00	4.08
Motor Vehicle	432.54	426.87	464.00	(37.13)
Recreational Vehicle	8.73	12.10	9.00	3.10
16/20M Vehicles	0.69	4.69	7.00	(2.31)
Other	50.00	100.00	150.00	(50.00)
Sale of Lots	100.00	1,600.00	800.00	800.00
Total Cash Receipts	<u>2,278.14</u>	<u>3,924.96</u>	<u>\$ 3,256.00</u>	<u>\$ 668.96</u>
Expenditures				
Personal Services	2,276.25	1,198.50	\$ 2,135.00	\$ (936.50)
Contractual Services	469.12	767.20	1,240.00	(472.80)
Commodities	-	-	500.00	(500.00)
Neighborhood Revitalization Rebate	7.25	6.75	-	6.75
Total Expenditures	<u>2,752.62</u>	<u>1,972.45</u>	<u>\$ 3,875.00</u>	<u>\$ (1,902.55)</u>
Receipts Over (Under) Expenditures	(474.48)	1,952.51		
Unencumbered Cash, Beginning	<u>151.41</u>	<u>(323.07)</u>		
Unencumbered Cash, Ending	<u>\$ (323.07)</u>	<u>\$ 1,629.44</u>		

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

CITY OF KANOPOLIS, KANSAS

Statement 3

Municipal Equipment Fund

Statement of Cash Receipts and Expenditures (Statutory Basis)

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
	<u> </u>	<u> </u>
Cash Receipts		
Operating Transfers	\$ 15,000.00	\$ 15,000.00
Expenditures		
Capital Outlay	<u>10,941.83</u>	<u>4,663.43</u>
Receipts Over (Under) Expenditures	4,058.17	10,336.57
Unencumbered Cash, Beginning	<u>28,119.06</u>	<u>32,177.23</u>
Unencumbered Cash, Ending	<u>\$ 32,177.23</u>	<u>\$ 42,513.80</u>

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

CITY OF KANOPOLIS, KANSAS

Statement 3

Municipal Improvement Fund

Statement of Cash Receipts and Expenditures (Statutory Basis)

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers	\$ 15,000.00	\$ 15,000.00
Other	<u>17,815.92</u>	<u>1,065.00</u>
Total Cash Receipts	<u>32,815.92</u>	<u>16,065.00</u>
Expenditures		
Contractual	28,292.67	30,196.76
Lease Payment	<u>2,004.56</u>	<u>-</u>
Total Expenditures	<u>30,297.23</u>	<u>30,196.76</u>
Receipts Over (Under) Expenditures	2,518.69	(14,131.76)
Unencumbered Cash, Beginning	<u>45,703.68</u>	<u>48,222.37</u>
Unencumbered Cash, Ending	<u>\$ 48,222.37</u>	<u>\$ 34,090.61</u>

CITY OF KANOPOLIS, KANSAS

Capital Projects Fund

Statement of Cash Receipts and Expenditures (Statutory Basis)

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ -	\$ 3,788.00
Expenditures	<u>0.50</u>	<u>3,148.00</u>
Receipts Over (Under) Expenditures	(0.50)	640.00
Unencumbered Cash, Beginning	<u>0.50</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 640.00</u>

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

Solid Waste Disposal Fund

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
User Fees	\$ 40,038.25	\$ 39,464.00	\$ <u>45,000.00</u>	\$ <u>(5,536.00)</u>
Expenditures				
Personal Services	679.16	711.00	\$ 2,500.00	\$ (1,789.00)
Contractual Services	<u>39,190.00</u>	<u>38,703.50</u>	<u>52,373.00</u>	<u>(13,669.50)</u>
Total Expenditures	<u>39,869.16</u>	<u>39,414.50</u>	\$ <u>54,873.00</u>	\$ <u>(15,458.50)</u>
Receipts Over (Under) Expenditures	169.09	49.50		
Unencumbered Cash, Beginning	<u>10,373.46</u>	<u>10,542.55</u>		
Unencumbered Cash, Ending	\$ <u>10,542.55</u>	\$ <u>10,592.05</u>		

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

CITY OF KANOPOLIS, KANSAS
Water Utility Fund

Statement 3

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
User Fees	\$ 85,255.25	\$ 93,256.23	\$ 95,000.00	\$ (1,743.77)
Sales Tax	332.80	402.50	750.00	(347.50)
Other	5,168.00	1,056.37	200.00	856.37
Interest	3,429.04	1,716.32	5,000.00	(3,283.68)
Reimbursed Expense	6,816.01	-	9,750.00	(9,750.00)
Total Cash Receipts	<u>101,001.10</u>	<u>96,431.42</u>	<u>\$ 110,700.00</u>	<u>\$ (14,268.58)</u>
Expenditures				
Personal Services	41,229.45	47,175.74	\$ 30,000.00	\$ 17,175.74
Contractual Services	27,200.77	2,908.43	37,000.00	(34,091.57)
Commodities	16,566.73	23,433.76	19,000.00	4,433.76
Capital Outlay	-	2,611.09	43,745.00	(41,133.91)
Customer Refunds	797.19	505.00	500.00	5.00
Principal	25,000.00	-	-	-
Interest	1,750.00	-	-	-
Commissions and Postage	8.75	-	10.00	(10.00)
Other	2,484.62	2,866.12	-	2,866.12
Inner Fund Transfers	-	15,000.00	20,000.00	(5,000.00)
Total Expenditures	<u>115,037.51</u>	<u>94,500.14</u>	<u>\$ 150,255.00</u>	<u>\$ (55,754.86)</u>
Receipts Over (Under) Expenditures	(14,036.41)	1,931.28		
Unencumbered Cash, Beginning	<u>63,004.93</u>	<u>48,968.52</u>		
Unencumbered Cash, Ending	<u>\$ 48,968.52</u>	<u>\$ 50,899.80</u>		

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

CITY OF KANOPOLIS, KANSAS
Sewer Utility Fund

Statement 3

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
User Fees	\$ 40,981.00	\$ 40,618.44	\$ 43,260.00	\$ (2,641.56)
Other	108.77	34.97	-	34.97
Interest	385.75	69.81	750.00	(680.19)
Total Cash Receipts	<u>41,475.52</u>	<u>40,723.22</u>	<u>\$ 44,010.00</u>	<u>\$ (3,286.78)</u>
Expenditures				
Personal Services	15,732.23	20,627.29	\$ 13,750.00	\$ 6,877.29
Contractual Services	4,554.70	3,796.13	4,000.00	(203.87)
Commodities	2,253.81	3,083.16	1,600.00	1,483.16
Capital Outlay	-	2,917.26	86,940.00	(84,022.74)
Operating Transfers	<u>6,900.00</u>	<u>6,900.00</u>	<u>6,000.00</u>	<u>900.00</u>
Total Expenditures	<u>29,440.74</u>	<u>37,323.84</u>	<u>\$ 112,290.00</u>	<u>\$ (74,966.16)</u>
Receipts Over (Under) Expenditures	12,034.78	3,399.38		
Unencumbered Cash, Beginning	<u>50,778.72</u>	<u>62,813.50</u>		
Unencumbered Cash, Ending	<u>\$ 62,813.50</u>	<u>\$ 66,212.88</u>		

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

Sewer Revolving Loan

Statement of Cash Receipts and Expenditures - Actual and Budget (Statutory Basis)

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers	\$ 6,900.00	\$ 6,900.00	\$ 6,000.00	\$ 900.00
Expenditures				
Principal	3,776.25	3,883.87	\$ 3,884.00	\$ (0.13)
Interest	1,916.57	1,818.46	1,819.00	(0.54)
Service Fee	185.72	176.21	200.00	(23.79)
Debt Service Reserve	-	-	11,704.00	(11,704.00)
Total Expenditures	<u>5,878.54</u>	<u>5,878.54</u>	<u>\$ 17,607.00</u>	<u>\$ (11,728.46)</u>
Receipts Over (Under) Expenditures	1,021.46	1,021.46		
Unencumbered Cash, Beginning	<u>11,500.82</u>	<u>12,522.28</u>		
Unencumbered Cash, Ending	<u>\$ 12,522.28</u>	<u>\$ 13,543.74</u>		

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

CITY OF KANOPOLIS, KANSAS

Statement 4

Public Library

Component Unit

Statement of Cash Receipts and Expenditures (Statutory Basis)

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Aid	\$ 503.58	\$ -
Central Kansas Library System	1,711.50	3,054.75
Praxair Grant	2,137.86	-
Interest	419.06	228.79
Other	2,211.86	24,800.32
Total Cash Receipts	<u>6,983.86</u>	<u>28,083.86</u>
Expenditures		
Books and periodicals	1,995.52	3,009.88
Capital Outlay	2,179.81	10,148.64
Supplies	1,809.95	1,511.38
Other	1,762.77	14,845.85
Total Expenditures	<u>7,748.05</u>	<u>29,515.75</u>
Receipts Over (Under) Expenditures	(764.19)	(1,431.89)
Unencumbered Cash, Beginning	<u>36,358.89</u>	<u>35,594.70</u>
Unencumbered Cash, Ending	<u>\$ 35,594.70</u>	<u>\$ 34,162.81</u>

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

CITY OF KANOPOLIS, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 1 Reporting Entity

The City of Kanopolis is a municipal corporation governed by a citizen elected mayor and five council members. These financial statements present the City of Kanopolis (the primary government) and its component unit. The component unit is included in the city's reporting entity because of the significance of its operational or financial relationship with the city.

Blended Presented Component Unit. The component units section of these financial statements include the financial data of the blended presented component unit, the Public Library. This component unit is not reported separately to emphasize that it is essentially an extension of the city. The governing board is appointed by the mayor of the city.

Note 2 Basis of Accounting

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

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

CITY OF KANOPOLIS, KANSAS

NOTES TO FINANCIAL STATEMENTS (Cont.)

December 31, 2011

Note 2 Basis of Accounting (Cont.)

The financial statements include partial-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City of Kanopolis financial statements for the year ended December 31, 2010, from which such partial information was derived.

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), 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 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but a least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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.

A legal operating budget is not required for capital project funds, fiduciary funds, permanent funds, and the following special revenue funds:

Municipal Equipment Fund

Municipal Improvement Fund

CITY OF KANOPOLIS, KANSAS

NOTES TO FINANCIAL STATEMENTS (Cont.)

December 31, 2011

Note 3 Budgetary Information (Continued)

Spending in funds which 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.

Note 4 Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the Government. The statute requires banks eligible to hold the Government's funds have a main or branch bank in the county in which the Government 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 Government has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Government'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 Government has no investment policy that would further limit its investment choices. As of December 31, 2011, the Government had no investments.

Concentration of credit risk. State statutes place no limit on the amount the Government 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 Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The Government has not designated a "peak period." All deposits were legally secured at December 31, 2011.

Deposits. At December 31, 2011, the Government's carrying amount of deposits was \$424,693.38 and the bank balance was \$429,089.51. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$296,858.42 was covered by federal depository insurance. and the remaining \$132,231.09 was collateralized with securities held by the pledging financial institutions agents in the Government's name.

CITY OF KANOPOLIS, KANSAS

NOTES TO FINANCIAL STATEMENTS (Cont.)

December 31, 2011

Note 5 Interfund Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Municipal Improvement Fund	K.S.A. 12-1,117	\$ 15,000.00
Water Utility Fund	Municipal Equipment Fund	K.S.A. 12-110d	15,000.00
Sewer Utility Fund	Sewer Revolving Loan Fund	K.S.A. 12-631o	6,900.00

Note 6 Defined Benefit Pension Plan

Plan Description. On April 9, 1997, the Government passed ordinance 651 establishing an IRS Code Section 457 plan. This is a voluntary deferred compensation plan where employees may elect to defer current federal and state income taxes while investing for future retirement.

Note 7 Compensated Absences

The municipality provides compensation for absences. For an in depth understanding, the policy in its entirety should be reviewed.

Note 8 Other Post Employment Benefits

As provided by K.S.A. 12-5040, the municipality allows retirees under age 65 to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a 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 municipality 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 municipality under this program.

Note 9 Subsequent Events

The municipalities management has evaluated events and transactions occurring after December 31, 2011 through September 20, 2012. The aforementioned date represents the date the financial statements were available to be issued.

CITY OF KANOPOLIS, KANSAS

NOTES TO FINANCIAL STATEMENTS (Cont.)
December 31, 2011

Note 10 Long-Term Debt

Changes in long-term liabilities for the municipality 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	Service Fee and Interest Paid
Capital Leases										
Fire Station	1.00%	9/1/2000	\$ 50,000.00	12/10/2019	\$ 23,737.40	\$ -	\$ 2,533.50	\$ -	\$ 21,203.90	\$ 231.06
Revolving Loan	2.83%	10/28/2004	120,000.00	9/1/2025	71,446.96	-	3,883.87	-	67,563.09	1,994.67
Total Capital Leases					<u>95,184.36</u>	<u>-</u>	<u>6,417.37</u>	<u>-</u>	<u>88,766.99</u>	<u>2,225.73</u>
Total Bonded Indebtedness					95,184.36	-	6,417.37	-	88,766.99	2,225.73
Compensated Absences	N/A	N/A	N/A	N/A	10,917.81	-	-	1,236.45	12,154.26	-
Total Long-Term Debt					<u>\$ 106,102.17</u>	<u>\$ -</u>	<u>\$ 6,417.37</u>	<u>\$ 1,236.45</u>	<u>\$ 100,921.25</u>	<u>\$ 2,225.73</u>

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

	Year						2022-2025	Total
	2012	2013	2014	2015	2016	2017-2021		
Principal:								
Capital Leases								
Fire Station	\$ 2,558.90	\$ 2,584.56	\$ 2,610.47	\$ 2,636.64	\$ 2,663.06	\$ 8,150.27	\$ -	\$ 21,203.90
Revolving Loan	3,994.57	4,108.42	4,225.51	4,345.93	4,469.80	24,334.00	22,084.86	67,563.09
Total Capital Leases	<u>6,553.47</u>	<u>6,692.98</u>	<u>6,835.98</u>	<u>6,982.57</u>	<u>7,132.86</u>	<u>32,484.27</u>	<u>22,084.86</u>	<u>88,766.99</u>
Interest:								
Capital Leases								
Fire Station	205.66	180.00	154.09	127.92	101.50	143.22	-	912.39
Revolving Loan	1,717.54	1,613.75	1,507.01	1,397.22	1,284.30	4,611.82	1,303.02	13,434.66
Total Interest	<u>1,923.20</u>	<u>1,793.75</u>	<u>1,661.10</u>	<u>1,525.14</u>	<u>1,385.80</u>	<u>4,755.04</u>	<u>1,303.02</u>	<u>14,347.05</u>
Service Fee:								
Revolving Loan	166.43	156.37	146.02	135.39	124.44	446.88	126.28	1,301.81
Total Principal, Interest and Service Fee	<u>\$ 8,643.10</u>	<u>\$ 37,686.19</u>	<u>\$ 23,514.16</u>	<u>\$ 104,415.85</u>				