

CITY OF KINGMAN, KANSAS
FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011

**CITY OF KINGMAN, KANSAS
CITY OF THE SECOND CLASS
For the Year Ended December 31, 2011**

BOARD OF CITY COMMISSIONERS

Stan Hacker
Commissioner

Dick Neville
Mayor

Elizabeth A. Madden
Commissioner

Charlus Bishop
Commissioner

Bruce Sterneker
Commissioner

CITY OFFICERS

Denise Niedermann
Treasurer

Frank Soukup
Manager

Curtis Watkins
Attorney

Marc Holloway
Police Chief

Cindy Conrardy
Clerk

Francis E. Meisenheimer
Municipal Judge

CITY OF KINGMAN, KANSAS
FINANCIAL STATEMENT
For the Year Ended December 31, 2011

TABLE OF CONTENTS

SUPPLEMENTARY INFORMATION (CONT.)

		<u>Page Numbers</u>
	<u>Debt Service Fund</u>	
2-18	Bond and Interest Fund.....	39
2-19	TIF Improvement Debt Service Fund	40
	<u>Capital Projects Funds</u>	
2-20	Airport Improvement Fund.....	41
2-21	TIF Fund	42
2-22	Capital Improvement Fund	43
	<u>Permanent Funds</u>	
2-23	Cemetery Endowment Fund.....	44
2-24	Cemetery Capital Improvement Fund.....	45
2-25	Bowren Interest Fund	46
2-26	Keys Estate Fund.....	47
	<u>Enterprise Funds</u>	
2-27	Water Fund.....	48
2-28	Water Principal and Interest Fund	49
2-29	Water Surplus Fund.....	50
2-30	Light Fund.....	51 - 52
2-31	Light Principal and Interest Fund	53
2-32	Light Surplus Fund.....	54
2-33	Disposal System Fund.....	55
2-34	Disposal System Debt Service Fund	56
2-35	Disposal Replacement Fund.....	57
	<u>Agency Funds</u>	
Schedule 3	Summary of Cash Receipts and Cash Disbursements	58
	<u>Component Unit</u>	
Schedule 4	Library Board	59 - 60
Schedule 5	Summary Schedule of Prior Year Findings.....	61 - 63
Schedule 6	Schedule of Findings	64 - 66



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commission
City of Kingman, Kansas 67068

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

As described more fully in Note 1, the City of Kingman, 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, as 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 Kingman, Kansas as of December 31, 2011, or the respective changes in financial position and changes in cash flows, where applicable, for the year then ended.

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

Our audit was conducted for the purpose of forming an opinion on the 2011 financial statement as a whole. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, schedule of cash receipts and expenditures-agency funds, schedules of cash receipts and expenditures-actual-component unit (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2011 financial statement. Such information is the responsibility of management and the 2011 supplementary information was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statement. The 2011 information has been subjected to the auditing procedures applied in the audit of the 2011 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statement or to the 2011 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 2011 financial statement as a whole.

The 2010 Actual columns presented in the individual fund schedules of cash receipts and expenditures-actual and budget, schedules of cash receipts and expenditures-actual-component unit (Schedules 2 and 4 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2010 financial statement upon which we rendered an unqualified opinion dated May 17, 2011. The 2010 financial statements and our accompany report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2010 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2010 financial statement. The 2010 comparative information was subjected to the auditing procedures applied in the audit of the 2010 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2010 financial statement or to the 2010 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2010 comparative information is fairly stated in all material respects in relation to the 2010 financial statement as a whole.

Swindoll, Janzen, Hawk & Loyd, LLC

Certified Public Accountants

March 27, 2012



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Commissioners
City of Kingman, Kansas 67068

We have audited the financial statements of the City of Kingman, Kansas as of and for the year ended December 31, 2011, and have issued our report thereon dated March 27, 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Kingman, Kansas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Kingman, Kansas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Kingman, Kansas' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Kingman, Kansas' financial statements 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 above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting, item 11-01 and 11-02. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Kingman, Kansas' financial statements are 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 11-01 and 11-02.

We noted certain matters that we reported to management of the City of Kingman, Kansas in a separate letter dated March 27, 2012.

The City of Kingman, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Kingman, Kansas' response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Commission, others within the entity and for filing with the Division of Accounts and Reports and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Swindoll, Janzen, Hawk & Loyd, LLC

McPherson, Kansas

March 27, 2012

CITY OF KINGMAN, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2011

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

	<u>Beginning Un- encumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expendi- tures</u>	<u>Ending Un- encumbered Cash Balance</u>	<u>Add: Encum- brances and Accounts Payable</u>	<u>Ending Cash Balance</u>
GENERAL FUND	\$ 586,437	\$ 1,734,073	\$ 1,731,218	\$ 589,292	\$ 49,698	\$ 638,990
SPECIAL REVENUE FUNDS:						
Airport Operations Fund	236,926	117,719	116,753	237,892	2,320	240,212
Airport Bond and Interest Fund	22,550	57,624	53,549	26,625	-	26,625
City Safety Fund	947	2,125	2,090	982	-	982
Convention and Tourism Fund	26,546	24,238	28,800	21,984	-	21,984
Employee Benefit Fund	210,920	336,211	411,272	135,859	4,959	140,818
EMS Training Fund	7,715	2,279	1,353	8,641	-	8,641
Flood Control Fund	73,333	81,253	10,529	144,057	-	144,057
Health and Life Management Fund	1,098,162	462,774	555,227	1,005,709	-	1,005,709
KAMI Fund	1	1,409	1,410	-	147	147
Law Enforcement Trust Fund	938	43	-	981	-	981
Library Fund	9,939	124,537	124,861	9,615	-	9,615
Special Highway Fund	196,556	79,884	67,968	208,472	-	208,472
Special Park Fund	13,209	10,419	2,685	20,943	500	21,443
Economic Development Fund	120,501	84,214	63,610	141,105	119	141,224
Fire Department Trust Fund	-	250	-	250	-	250
Municipal Court Fund	5,460	72,148	70,200	7,408	-	7,408
Total Special Revenue Funds	<u>2,023,703</u>	<u>1,457,127</u>	<u>1,510,307</u>	<u>1,970,523</u>	<u>8,045</u>	<u>1,978,568</u>
DEBT SERVICE FUNDS:						
Bond and Interest Fund	85,161	28,321	16,069	97,413	-	97,413
TIF Improvement Debt Service Fund	23,519	70,022	57,623	35,918	-	35,918
Total Debt Service Funds	<u>108,680</u>	<u>98,343</u>	<u>73,692</u>	<u>133,331</u>	<u>-</u>	<u>133,331</u>

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

CITY OF KINGMAN, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2011

	<u>Beginning Un- encumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expendi- tures</u>	<u>Ending Un- encumbered Cash Balance</u>	<u>Add: Encum- brances and Accounts Payable</u>	<u>Ending Cash Balance</u>
CAPITAL PROJECT FUNDS:						
Airport Improvement Fund	\$ 5,616	\$ 8,775	\$ -	\$ 14,391	\$ -	\$ 14,391
TIF Fund	157,419	81,564	90,252	148,731	2,428	151,159
Capital Improvement Fund	175,060	75,007	129,198	120,869	-	120,869
Total Capital Project Funds	<u>338,095</u>	<u>165,346</u>	<u>219,450</u>	<u>283,991</u>	<u>2,428</u>	<u>286,419</u>
PERMANENT FUNDS:						
Cemetery Endowment Fund	97,829	3,333	-	101,162	-	101,162
Cemetery Capital Improvement Fund	8,845	214	-	9,059	-	9,059
Bowren Interest Fund	3,660	23	-	3,683	-	3,683
Keys Estate Fund	1,346	1	-	1,347	-	1,347
Total Permanent Funds	<u>111,680</u>	<u>3,571</u>	<u>-</u>	<u>115,251</u>	<u>-</u>	<u>115,251</u>
ENTERPRISE FUNDS:						
Water Fund	487,050	681,030	592,967	575,113	6,871	581,984
Water Principal and Interest Fund	363,792	237,793	243,800	357,785	-	357,785
Water Surplus Fund	2,419,450	3,535	-	2,422,985	-	2,422,985
Light Fund	696,778	5,122,835	5,118,079	701,534	233,327	934,861
Light Principal and Interest Fund	353,898	648,450	613,910	388,438	-	388,438
Light Surplus Fund	2,485,989	103,538	141,603	2,447,924	-	2,447,924
Disposal System Fund	156,879	739,161	687,466	208,574	38,441	247,015
Disposal System Debt Service Fund	284,352	291,986	300,008	276,330	-	276,330
Disposal Replacement Fund	776,041	49,120	-	825,161	-	825,161
Total Enterprise Funds	<u>8,024,229</u>	<u>7,877,448</u>	<u>7,697,833</u>	<u>8,203,844</u>	<u>278,639</u>	<u>8,482,483</u>

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

CITY OF KINGMAN, KANSAS

SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
For the Year Ended December 31, 2011

	<u>Beginning Un- encumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expendi- tures</u>	<u>Ending Un- encumbered Cash Balance</u>	<u>Add: Encum- brances and Accounts Payable</u>	<u>Ending Cash Balance</u>
COMPONENT UNIT:						
Library Board	\$ 337,292	\$ 178,328	\$ 170,324	\$ 345,296	\$ -	\$ 345,296
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 11,530,116</u>	<u>\$ 11,514,236</u>	<u>\$ 11,402,824</u>	<u>\$ 11,641,528</u>	<u>\$ 338,810</u>	<u>\$ 11,980,338</u>
COMPOSITION OF CASH:						
Petty Cash						\$ 100
Checking Accounts - Kanza Bank						3,554,019
Checking Accounts - Municipal Court - Kanza Bank						7,408
Investments - US Government H Bonds						1,500
CDARS						8,131,200
Total Component Unit						<u>345,296</u>
Total Cash						12,039,523
Less Agency Funds per Statement 4						<u>(59,185)</u>
Total Reporting Entity (Excluding Agency Funds)						<u>\$ 11,980,338</u>

CITY OF KINGMAN, KANSAS

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The City of Kingman is a municipal corporation governed by an elected commission. The financial statement present the City of Kingman (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.

Discretely Presented Component Unit. The component unit section includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the City. The governing body of this component unit is appointed by the City.

Library Board. The City of Kingman operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. Complete financial records for the Library Board may be reviewed at the administrative offices of the entity at 455 N. Main, Kingman, KS, 67068.

(b) Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for separately. Funds are classified into three categories: governmental, proprietary and fiduciary. Within each of these three categories there are one or more fund types. The City uses the following fund types:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund - This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources other than special assessments, private purpose trusts or major capital projects that are legally restricted to expenditures for specified purposes.

Debt Service Funds - These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds and Special Assessment Funds.

Capital Project Funds - These funds account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary and Permanent Funds.

Proprietary Fund Types

These funds account for operations that are self-supporting through user charges. The funds included in this category are Enterprise Funds and Internal Service Funds.

Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Fiduciary Fund Types

These funds account for assets held by the City as a trustee or agent for individuals, private organizations and other units of governments. These funds are as follows:

Permanent Funds – These funds are used to account for funds where the principal may not be spent.

Agency Funds - These funds are used to account for assets received for, held for, and disbursed to individuals, other State and Local Government unit funds or other governmental or private sector organizations.

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

(d) 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 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 City are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statement.

(e) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Operating Fund, Special Revenue Funds, Debt Service Funds and Enterprise Funds (unless specifically exempted by statute). Although directory rather than mandatory, 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 on or before August 5 of the proposed budget and notice of public hearing on the budget.
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 budget amendments for 2011.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(e) Budgetary Information (cont.)

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 budget expenditure authority lapses at year end.

A legal operating budget is not required for Capital Project Funds, Fiduciary Funds, Permanent Funds, Principal & Interest Enterprise Funds, the following Special Revenue Funds: Airport Bond and Interest, City Safety Fund, EMS Training Fund, Health and Life Management Fund, KAMI Fund, Law Enforcement Trust Fund, Fire Department Trust Fund and Municipal Court Fund and the following Enterprise Funds: Water Principal and Interest Fund, Water Surplus Fund, Light Principal and Interest Fund, Light Surplus Fund, Disposal System Fund, Debt Service Fund, Disposal Replacement Fund.

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

(f) Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

Depository coverage was not adequate for four days in one month in 2011 as required by K.S.A. 9-1402 and K.S.A. 9-1405.

3. DEPOSITS AND INVESTMENTS

As of December 31, 2011, the City had the following investments.

Investment Type	Fair Value	Investments Maturities (in Years)		Rating
		Less than 1	8 -10	
Federal Reserve Bonds	\$ 1,500	\$ -	\$ 1,500	N/A
Library Board-				
Mutual Fund	56,817	56,817	-	Morningstar 3 Star
Mutual Fund	26,850	26,850	-	Morningstar 4 Star
Mutual Fund	41,253	41,253	-	Morningstar 3 Star
Total fair value	\$ 126,420	\$ 124,920	\$ 1,500	

The Kingman Public Library had two investments that were bequeathed to them in prior years, which include limitations that restrict the funds to certain investment practices. The investment income in 2011 and 2010 was \$6,606 and \$17,779, respectively. See Library Schedule 4 for more details.

3. DEPOSITS AND INVESTMENTS (CONT.)

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, 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 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. The rating of the City's investments is noted above.

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. The City's allocation of investments as of December 31, 2011, is as follows:

<u>Investments</u>	<u>Percentage of Investments</u>
Federal Reserve Bonds	1%
Library Board-	
Mutual Fund	45%
Mutual Fund	21%
Mutual Fund	33%

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2011.

At December 31, 2011, the City's carrying amount of deposits was \$11,692,627 and the bank balance was \$11,762,296, and the Library's carrying amount of deposits was \$220,376 and the bank balance was \$230,765. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance, \$8,131,200 was covered by federal depository insurance in the Certificate of Deposit Account Registry Service (CDARS), and the remaining \$3,131,096 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

Restricted Deposits

Certain deposits of the City's proprietary funds are restricted as to their use. The carrying amount of the restricted assets at December 31, 2011 was \$1,022,553.

4. CONCENTRATIONS

A substantial portion of the City's electric sales are to one customer. During 2011, sales to that customer were \$891,010.

5. LONG-TERM DEBT

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:										
Series 2002	4.20% to 5.125%	01-17-02	\$ 675,000	09-01-22	\$ 480,000	\$ -	\$ 30,000	\$ (30,000)	\$ 450,000	\$ 23,548
Series 2003	1.30% to 5.00%	10-01-03	585,000	09-01-19	110,000	-	10,000	(10,000)	100,000	5,450
Series 2006 - B	4.00% to 4.25%	04-15-06	1,200,000	09-01-16	860,000	-	125,000	(125,000)	735,000	36,550
Series 2008	4.25%	08-05-08	425,000	09-01-17	344,000	-	43,000	(43,000)	301,000	14,620
Total General Obligation Bonds					1,794,000	-	208,000	(208,000)	1,586,000	80,168
Revenue Bonds:										
Series 2006 - A	4.00% to 4.375%	04-15-06	5,270,000	09-01-23	4,725,000	-	250,000	(250,000)	4,475,000	202,360
Series 2007	4.00%	06-04-07	1,230,000	09-01-23	595,000	-	220,000	(220,000)	375,000	23,800
Total Revenue Bonds					5,320,000	-	470,000	(470,000)	4,850,000	226,160
Wastewater Revolving Loans:										
Series 2001	3.49%	08-01-00	873,425	03-01-24	491,295	-	35,393	(35,393)	455,902	15,634
Series 2002	2.94%	10-16-02	3,726,575	03-01-22	2,744,516	-	168,314	(168,314)	2,576,202	72,704
Total Wastewater Revolving Loans					3,235,811	-	203,707	(203,707)	3,032,104	88,338
Capital Leases:										
Airport Hangars	5.125%	09-26-02	140,000	09-26-22	100,192	-	6,214	(6,214)	93,978	5,086
Ambulance	4.75%	02-01-07	76,183	02-01-11	1,739	-	1,739	(1,739)	-	7
Caterpillar Loader	3.938%	11-30-07	75,824	12-15-12	32,181	-	15,774	(15,774)	16,407	985
Airport Building	4.09%	02-26-10	75,000	04-20-20	70,985	-	6,377	(6,377)	64,608	2,785
Total Contractual Indebtedness					10,522,727	-	896,037	(896,037)	9,626,690	402,544
Compensated Absences:					70,920	464	-	464	71,384	-
Total Long-Term Debt					\$10,593,647	\$ 464	\$ 896,037	\$ (895,573)	\$ 9,698,074	\$ 402,544

5. LONG-TERM DEBT (CONT.)

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

	Year						Total	
	2012	2013	2014	2015	2016	2017 to 2021		2022 to 2024
PRINCIPAL:								
General Obligation Bonds:								
Series 2002	\$ 30,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 40,000	\$ 225,000	\$ 50,000	\$ 450,000
Series 2003	10,000	10,000	10,000	10,000	15,000	45,000	-	100,000
Series 2006 - B	150,000	140,000	135,000	150,000	160,000	-	-	735,000
Series 2008	45,000	47,000	49,000	51,000	53,000	56,000	-	301,000
Total General Obligations Bonds	235,000	232,000	229,000	246,000	268,000	326,000	50,000	1,586,000
Revenue Bonds:								
Series 2006 - A	260,000	275,000	295,000	305,000	310,000	1,750,000	1,280,000	4,475,000
Series 2007	230,000	145,000	-	-	-	-	-	375,000
Total Revenue Bonds	490,000	420,000	295,000	305,000	310,000	1,750,000	1,280,000	4,850,000
Wastewater Revolving Loans:								
Series 2001	36,639	37,929	39,264	40,646	42,077	233,678	25,669	455,902
Series 2002	173,299	178,432	183,716	189,157	194,759	1,063,809	593,030	2,576,202
Total Wastewater Revolving Loans	209,938	216,361	222,980	229,803	236,836	1,297,487	618,699	3,032,104
Capital Leases:								
Airport Hangars	6,539	6,880	7,240	7,618	8,015	46,808	10,878	93,978
Caterpillar Loader	16,407	-	-	-	-	-	-	16,407
Airport Building	6,643	6,920	7,208	7,509	7,822	28,505	-	64,607
TOTAL PRINCIPAL	948,120	882,161	761,428	795,930	830,673	3,448,800	1,959,577	9,626,689
INTEREST:								
General Obligation Bonds:								
Series 2002	22,228	20,878	19,250	17,570	15,855	47,875	2,563	146,219
Series 2003	5,000	4,500	4,000	3,500	3,000	4,500	-	24,500
Series 2006 - B	31,238	24,863	18,913	13,175	6,800	-	-	94,989
Series 2008	12,792	10,880	8,883	6,800	4,633	2,380	-	46,368
Total General Obligations Bonds	71,258	61,121	51,046	41,045	30,288	54,755	2,563	312,076
Revenue Bonds:								
Series 2006 - A	191,735	180,685	168,998	156,460	143,498	505,050	90,720	1,437,146
Series 2007	15,000	5,800	-	-	-	-	-	20,800
Total Revenue Bonds	206,735	186,485	168,998	156,460	143,498	505,050	90,720	1,457,946
Wastewater Revolving Loans:								
Series 2001	14,477	13,280	12,040	10,757	9,428	25,519	416	85,917
Series 2002	68,143	63,447	58,612	53,634	48,508	160,180	24,162	476,686
Total Wastewater Revolving Loans	82,620	76,727	70,652	64,391	57,936	185,699	24,578	562,603
Capital Leases:								
Airport Hangars	4,761	4,420	4,060	3,682	3,285	9,692	422	30,322
Caterpillar Loader	352	-	-	-	-	-	-	352
Airport Building	2,519	2,242	1,953	1,653	1,340	2,035	-	11,742
TOTAL INTEREST	365,726	328,753	294,756	265,578	235,007	755,196	118,283	2,363,299
TOTAL PRINCIPAL & INTEREST	\$ 1,313,846	\$ 1,210,914	\$ 1,056,184	\$ 1,061,508	\$ 1,065,680	\$ 4,203,996	\$ 2,077,860	\$ 11,989,988

5. LONG-TERM DEBT (CONT.)

(a) *Electric System Covenants*

During the year ended December 31, 2004, the City issued Electric Utility System Revenue Bonds in the amount of \$4,910,000. The bonds were issued for the purpose of providing funds to pay for the costs of reconstructing, altering, repairing, improving, extending or enlarging the electric utility system of the City. During the year ended December 31, 2006, the City issued General Obligation Electric Utility System Refunding Bonds, Series 2006-A in the amount of \$5,270,000 to refinance the bonds issued in 2004.

In connection with the 2006-A bond issue the City has made certain covenants and agreements to provide for the payment and security thereof. Under the terms of Resolution No. 2006-6, the City is required to meet certain requirements for debt service coverage ratios, rate covenants, tax covenants, bond reserve accounts, system reserve accounts and bond and interest payment accounts.

For the year ended December 31, 2011 the Electric System had a debt service coverage ratio, as computed under the bond resolution, of 2.52. The debt service covenant has been met as the debt service coverage ratio exceeded the requirement of 1.00.

The following schedule presents the computation of the debt service coverage ratio in accordance with the resolution.

<u>Light Fund</u>		
Total revenues per report		\$ 5,222,835
Total expenditures per report	\$ 5,118,079	
Less administrative expenditures per report	<u>(1,034,556)</u>	<u>4,083,523</u>
Net revenues		<u>\$ 1,139,312</u>
Debt service requirements for 2006 bond issue		<u>\$ 451,735</u>
Debt service coverage ratio		<u>2.52</u>

Under the terms of Resolution No. 2006-6, the City is required to provide reasonable and adequate reserves for the payment of the principal and interest due on the bonds. The City shall transfer monthly proportionate amounts to accumulate the next maturing principal and interest payments one month prior to payment. Proper transfers have been made for 2011. The City is to transfer all excess funds of the utility system to the surplus account. Funds in this account may be used to pay for the operation and maintenance of the system, system improvement, principal and interest payments, calling bonds, and transfers to the operating account. The balance in the Light Surplus Fund at December 31, 2011, was \$2,447,924.

The City shall levy the necessary taxes to pay the principal and interest maturing on the bonds if the revenue of the system is insufficient to make the payments as they are due. The City cannot mortgage or sell system assets unless certain restrictions are met and approved. The City will carry and maintain a reasonable amount of risk insurance as would be carried by a private company and maintain general liability insurance in an amount not less than the maximum liability of a governmental entity. The Electric System is insured with Employers Mutual through Kingman Insurance of Kingman, Kansas.

Electric Utility customers number 2,007 at January 1, 2011 and 1,995 at December 31, 2011.

5. LONG-TERM DEBT (CONT.)

(b) Water System Covenants

During the year ended December 31, 1995, the City issued Water and Sewer Utility System Revenue Bonds in the amount of \$2,850,000. The bonds were issued for the purpose of providing funds to pay for costs of reconstructing, altering, repairing, improving, extending or enlarging the water and sewer utility systems of the City. During the year ended December 31, 1999 the City issued General Obligation Water Utility System Refunding Bonds in the amount of \$2,415,000 to refinance the bonds issued in 1995. During the year ended December 31, 2007, the City issued General Obligation Water Utility System Refunding Bonds, Series 2007 in the amount of \$1,230,000 to refinance the bonds issued in 1999.

In connection with the 2007 bond issue the City has made certain covenants and agreements to provide for the payment and security thereof. Under the terms of Resolution No. 2007-3, the City is required to meet certain requirements for "Net Revenues", rate covenants, tax covenants, bond reserve accounts, system reserve accounts and bond and interest payment accounts.

For the year ended December 31, 2011 the Water System had a debt service coverage ratio, as computed under the bond resolutions, of 1.95. The debt service covenant has been met as the debt service coverage ratio exceeded the requirement of 1.15.

The following schedule presents the computation of the debt service coverage ratio in accordance with the resolution.

	<u>Water Fund</u>	
Total revenues per report		\$ 681,030
Total expenditures per report	\$ 592,967	
Less administrative expenditures per report	<u>(388,934)</u>	<u>204,033</u>
Net revenues		<u>\$ 476,997</u>
Debt service requirements for 2007 bond issue		<u>\$ 245,000</u>
Debt service coverage ratio		<u>1.95</u>

Under the terms of Resolution No. 2007-3, the City is required to provide reasonable and adequate reserves for the payment of the principal and interest due on the bonds. The City shall transfer monthly proportionate amounts to accumulate the next maturing principal and interest payments one month prior to payment. Proper transfers have been made for 2011. The City is to transfer all excess funds of the utility system to the surplus account. Funds in this account may be used to pay for the operation and maintenance of the system, system improvement, principal and interest payments, calling bonds, and transfers to the operating account. The balance in the Water Surplus Fund at December 31, 2011, was \$2,422,985.

The City shall levy the necessary taxes to pay the principal and interest maturing on the bonds if the revenue of the system is insufficient to make the payments as they are due. The City cannot mortgage or sell system assets unless certain restrictions are met and approved. The City will carry and maintain a reasonable amount of risk insurance as would be carried by a private company and maintain general liability insurance in an amount not less than the maximum liability of a governmental entity. The Water System is insured with Employers Mutual through Kingman Insurance of Kingman, Kansas.

Water Utility customers number 1,650 at January 1, 2011 and 1,636 at December 31, 2011.

(c) Debt Defeasance

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statement. On December 31, 2011, outstanding bonds in the amount of \$4,260,000 are considered defeased.

6. PENSION COSTS AND EMPLOYEE BENEFITS

(a) Defined Benefit Pension Plan

Plan Description. The City contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100; Topeka, KS 66603-3869) 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. 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 rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established for calendar year 2011 was 7.74%. (Included in this rate is the contribution for Group Death and Disability Insurance of 1.0% from April 1, 2011 through June 30, 2011). The City employer contributions to KPERs for the years ending December 31, 2011, 2010, and 2009 were \$111,979, \$102,314, and \$88,236, respectively, equal to the required contributions for each year as set forth by the legislature.

(b) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees who qualify under the plan terms and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

(c) Other Employee Benefits

Vacation – Vacation shall be earned from the most recent date of employment. A full-time employee must accrue 156 hours of service a month to qualify for vacation time for such month of service. Each full-time employee with less than nine years of service shall accrue one working day of vacation for each full month of service. Employees with nine or more years of service shall accrue one and one-quarter working days of vacation for each month of service. Vacations are considered vested on each anniversary date of employment. Vacations shall not be taken during the first 12-months of service with the City. Vacations must be taken within a 12-month period immediately following vesting. Upon termination, an employee shall be compensated for all earned but unused vacation leave at their final rate of pay.

Sick leave – Full-time employees who regularly work not less than 30 hours per week shall be entitled to sick leave with pay for absences resulting from illness, injuries, accidents or other physical incapacity, occurring either on or off the job. Full-time employees shall earn eight hours a month of sick leave for each full month of service. An employee may accumulate a maximum of 704 hours of sick leave. Employees are allowed to sell 48 or less hours at the end of each year depending on the number of sick hours used throughout the year. An employee shall not be paid for any unused sick leave upon termination of his or her employment with the City.

(d) 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 this subsidy has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government 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 government under this program.

7. CLAIMS AND JUDGMENTS

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of March 27, 2012, grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2010 to 2011 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

8. INTERFUND TRANSFERS

A summary of operating transfers by fund is as follows:

From:	To:	Statutory Authority	Amount
General Fund	Capital Improvement Fund	K.S.A.12-1,118	\$ 75,000
Airport Operations Fund	Airport Bond and Interest Fund	K.S.A.12-1,118	57,600
Water Fund	Water Principal and Interest Fund	K.S.A.12-825d	237,000
Light Fund	Light Principal and Interest Fund	K.S.A.12-825d	648,000
Light Fund	Light Surplus Fund	K.S.A.12-825d	100,000
Disposal System Fund	Disposal Replacement Fund	K.S.A.12-825d	48,000
Disposal System Fund	Disposal System Debt Service Fund	K.S.A.12-825d	291,543
TIF Fund	TIF Improvement Debt Service Fund	Ord. No. 1921	69,996
			<u>\$ 1,527,139</u>

9. JOINTLY GOVERNED ORGANIZATION

The City of Kingman along with the Kingman Board of Education entered into an agreement Resolution on May 11, 1951, initiating the establishment of a joint City-School District Recreation Commission. The purpose of the Commission is to organize and coordinate recreational activities to meet the needs of the community.

Management of the Commission is carried out by an appointed five member Commission. The City appoints two members to the Commission, Kingman Board of Education appoints two members and the fifth member is appointed collectively by the other four members of the Commission. Funding is provided by the Kingman Board of Education levying funds for the recreation program.

10. CAPITAL PROJECTS

At year end, capital project authorizations with approved change orders compared with cash disbursements and account payable from inception are as follows:

	Cash Disbursements and Accounts Payable To Date	Project Authorization
Salt Storage Building	\$ 30,932	\$ 30,932
Pool Repair	64,408	64,408
Office Improvement	<u>359,788</u>	<u>360,386</u>
Total	<u>\$ 455,128</u>	<u>\$ 455,726</u>

11. 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 has been unable to obtain worker's compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other Cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for its participating members.

The City pays an annual premium to KMIT for its worker's compensation insurance coverage. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$750,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

During 2011, the City has partially self-funded insurance for eligible health care costs of participating employees. The City is liable for claims up to \$25,000 per employee annually (except for one employee subject to \$75,000 laser with contingency of \$150,000 for chemotherapy, radiation and or surgery), and aggregate claims up to \$385,659.

12. SUBSEQUENT EVENTS

On January 26, 2012, the Commission approved roof repairs to the spec. building. The anticipated costs are \$105,000 and will be paid from economic development.

The Commission approved in 2012 the refinancing of four debt arrangements, the general obligation bonds series 2002, the general obligation bonds series 2003, the wastewater revolving loan series 2001, and the wastewater revolving loan series 2003. The refinancing will take place in 2012 with the sale of general obligation refunding bonds series 2012 for \$3,480,000.

Management has evaluated the effects of the financial statement of subsequent events occurring through March 27, 2012 which is the date at which the financial statement was available to be issued.

CITY OF KINGMAN, KANSAS
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

CITY OF KINGMAN, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

(Budgeted Funds Only)

For the Year Ended December 31, 2011

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
GENERAL FUND	\$ 1,934,018	\$ -	\$ 1,934,018	\$ 1,731,218	\$ 202,800
SPECIAL REVENUE FUNDS:					
Airport Operations Fund	318,257	-	318,257	116,753	201,504
Convention and Tourism Fund	42,000	-	42,000	28,800	13,200
Employee Benefit Fund	481,467	-	481,467	411,272	70,195
Flood Control Fund	151,762	-	151,762	10,529	141,233
Library Fund	124,861	-	124,861	124,861	-
Special Highway Fund	249,009	-	249,009	67,968	181,041
Special Park Fund	16,000	-	16,000	2,685	13,315
Economic Development Fund	172,354	-	172,354	63,610	108,744
Total Special Revenue Funds	<u>1,555,710</u>	<u>-</u>	<u>1,555,710</u>	<u>826,478</u>	<u>729,232</u>
DEBT SERVICE FUND:					
Bond and Interest Fund	102,761	-	102,761	16,069	86,692
CAPITAL PROJECT FUNDS:					
TIF Fund	205,000	-	205,000	90,252	114,748
Capital Improvement Fund	460,000	-	460,000	129,198	330,802
Total Capital Project Funds	<u>665,000</u>	<u>-</u>	<u>665,000</u>	<u>219,450</u>	<u>445,550</u>
ENTERPRISE FUNDS:					
Water Fund	792,960	-	792,960	592,967	199,993
Light Fund	5,700,227	-	5,700,227	5,118,079	582,148
Disposal System Fund	702,359	-	702,359	687,466	14,893
Total Enterprise Funds	<u>7,195,546</u>	<u>-</u>	<u>7,195,546</u>	<u>6,398,512</u>	<u>797,034</u>
Total Primary Government	<u>\$ 11,453,035</u>	<u>\$ -</u>	<u>\$ 11,453,035</u>	<u>\$ 9,191,727</u>	<u>\$ 2,261,308</u>

CITY OF KINGMAN, KANSAS

GENERAL FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2011			Variance - Favorable (Unfavorable)
	2010 Actual	Actual	Budget	
Cash Receipts				
Taxes -				
Ad valorem property tax	\$ 390,681	\$ 409,584	\$ 421,880	\$ (12,296)
Back tax collections	9,861	8,131	-	8,131
Motor vehicle tax	41,211	58,136	47,860	10,276
Recreational vehicle tax	422	497	500	(3)
16/20M vehicle tax	767	938	192	746
Excise tax	36	34	-	34
Antique tag	253	291	-	291
Sales tax	371,980	383,609	300,000	83,609
Liquor tax	1,032	1,056	984	72
Total Taxes	<u>816,243</u>	<u>862,276</u>	<u>771,416</u>	<u>90,860</u>
Intergovernmental Revenues -				
Ambulance county share	110,000	150,000	130,000	20,000
Transportation grant	50,870	56,980	37,000	19,980
Highway connecting links	34,260	34,260	34,000	260
Rural fire contracts	30,400	24,400	24,400	-
Total Intergovernmental Revenues	<u>225,530</u>	<u>265,640</u>	<u>225,400</u>	<u>40,240</u>
Licenses and Permits -				
Utility franchise taxes	248,905	301,343	287,610	13,733
Dog and cat licenses	311	520	175	345
Miscellaneous licenses and permits	8,177	5,930	14,700	(8,770)
Total Licenses and Permits	<u>257,393</u>	<u>307,793</u>	<u>302,485</u>	<u>5,308</u>
Charges for Services -				
Police	4,930	8,994	4,175	4,819
Cemetery	8,363	14,205	2,450	11,755
Ambulance	157,291	183,007	140,000	43,007
Transportation	14,034	14,010	12,000	2,010
Total Charges for Services	<u>184,618</u>	<u>220,216</u>	<u>158,625</u>	<u>61,591</u>
Fines, Forfeitures and Penalties	63,044	51,955	40,850	11,105
Interest on Idle Funds	2,118	1,734	4,872	(3,138)
Use of Property	-	1	-	1
Previous cancelled bills	-	-	1,000	(1,000)
Miscellaneous	12,101	13,315	-	13,315
Reimbursements	10,543	11,143	9,100	2,043
Total Cash Receipts	<u>1,571,590</u>	<u>1,734,073</u>	<u>\$ 1,513,748</u>	<u>\$ 220,325</u>

See Independent Auditor's Report.

CITY OF KINGMAN, KANSAS

GENERAL FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010		2011	
	Actual	Actual	Budget	Variance - Favorable (Unfavorable)
Expenditures				
General Government -				
Personal services	\$ 111,016	\$ 112,790	\$ 114,176	\$ 1,386
Contractual services	136,713	118,379	146,831	28,452
Commodities	22,976	7,519	14,450	6,931
Capital outlay	7,641	2,248	18,000	15,752
Total General Government	<u>278,346</u>	<u>240,936</u>	<u>293,457</u>	<u>52,521</u>
Police -				
Personal services	287,306	299,467	295,908	(3,559)
Contractual services	109,001	103,236	144,200	40,964
Commodities	27,003	39,491	33,968	(5,523)
Capital outlay	35,153	36,429	42,000	5,571
Total Police	<u>458,463</u>	<u>478,623</u>	<u>516,076</u>	<u>37,453</u>
Fire -				
Personal services	18,397	24,609	25,000	391
Contractual services	1,355	6,684	8,300	1,616
Commodities	17,933	21,375	14,800	(6,575)
Capital outlay	5,152	1,296	5,000	3,704
Total Fire	<u>42,837</u>	<u>53,964</u>	<u>53,100</u>	<u>(864)</u>
Streets -				
Personal services	69,273	78,142	72,077	(6,065)
Contractual services	70,686	74,016	95,200	21,184
Commodities	60,257	52,174	66,507	14,333
Capital outlay	12,190	18,573	35,000	16,427
Total Streets	<u>212,406</u>	<u>222,905</u>	<u>268,784</u>	<u>45,879</u>
Parks -				
Personal services	23,735	24,307	20,927	(3,380)
Contractual services	5,963	9,142	12,500	3,358
Commodities	10,559	14,877	13,060	(1,817)
Capital outlay	-	65,415	9,000	(56,415)
Pool and recreation	32,451	43,110	31,500	(11,610)
Total Parks	<u>72,708</u>	<u>156,851</u>	<u>86,987</u>	<u>(69,864)</u>

CITY OF KINGMAN, KANSAS

GENERAL FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	<u>2011</u>			<u>Variance - Favorable (Unfavorable)</u>
	<u>2010 Actual</u>	<u>Actual</u>	<u>Budget</u>	
Expenditures (cont.)				
Cemeteries -				
Personal services	\$ 36,211	\$ 30,206	\$ 35,151	\$ 4,945
Contractual services	1,067	1,907	6,550	4,643
Commodities	10,376	6,653	10,706	4,053
Capital outlay	-	46,875	48,500	1,625
Total Cemeteries	<u>47,654</u>	<u>85,641</u>	<u>100,907</u>	<u>15,266</u>
Street Lighting -				
Contractual services	<u>37,423</u>	<u>38,358</u>	<u>49,000</u>	<u>10,642</u>
City Water -				
Contractual services	<u>9,303</u>	<u>11,774</u>	<u>6,450</u>	<u>(5,324)</u>
Sanitation and Environment -				
Contractual services	<u>1,564</u>	<u>2,319</u>	<u>5,000</u>	<u>2,681</u>
Ambulance -				
Personal services	146,244	151,328	189,583	38,255
Contractual services	19,965	23,547	30,250	6,703
Commodities	27,115	32,356	30,606	(1,750)
Capital outlay	-	473	8,000	7,527
Lease purchase	20,950	1,746	20,000	18,254
Total Ambulance	<u>214,274</u>	<u>209,450</u>	<u>278,439</u>	<u>68,989</u>
Transportation -				
Personal services	57,856	73,691	77,194	3,503
Contractual services	3,211	3,283	4,400	1,117
Commodities	<u>10,825</u>	<u>15,379</u>	<u>14,669</u>	<u>(710)</u>
Total Transportation	<u>71,892</u>	<u>92,353</u>	<u>96,263</u>	<u>3,910</u>
Transfer to Capital Improvement Fund	75,000	75,000	75,000	-
Housing Authority	10,334	10,334	9,100	(1,234)
Caterpillar loader lease	16,759	16,759	16,759	-
Special projects	-	-	50,000	50,000
TIF	11,934	13,026	12,096	(930)
Neighborhood revitalization rebate	<u>13,497</u>	<u>22,925</u>	<u>16,600</u>	<u>(6,325)</u>
Total Expenditures	<u>1,574,394</u>	<u>1,731,218</u>	<u>\$ 1,934,018</u>	<u>\$ 202,800</u>
Receipts Over (Under) Expenditures	(2,804)	2,855		
Unencumbered Cash, Beginning	<u>589,241</u>	<u>586,437</u>		
Unencumbered Cash, Ending	<u>\$ 586,437</u>	<u>\$ 589,292</u>		

See Independent Auditor's Report.

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUNDAIRPORT OPERATIONS FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Ad valorem property tax	\$ 90,001	\$ 62,183	\$ 64,040	\$ (1,857)
Back tax collections	2,854	1,899	-	1,899
Motor vehicle tax	11,998	13,851	11,024	2,827
Recreational vehicle tax	122	119	115	4
16/20M vehicle tax	253	265	44	221
Excise tax	11	9	-	9
Antique tag	75	70	-	70
Use of property	28,948	30,463	22,300	8,163
Pilot exams	5,550	7,650	4,000	3,650
Interest	-	180	-	180
Miscellaneous	3,056	1,030	-	1,030
Total Cash Receipts	142,868	117,719	\$ 101,523	\$ 16,196
Expenditures				
Contractual services	37,377	37,805	\$ 57,800	\$ 19,995
Commodities	5,719	1,827	33,000	31,173
Capital outlay	4,795	2,774	153,000	150,226
Lease purchase	11,300	11,300	11,300	-
Transfer to Airport Bond and Interest Fund	57,600	57,600	57,600	-
Transfer to Airport Improvement Fund	13,500	-	-	-
TIF	2,749	1,978	2,786	808
Neighborhood revitalization rebate	3,109	3,469	2,771	(698)
Total Expenditures	136,149	116,753	\$ 318,257	\$ 201,504
Receipts Over (Under) Expenditures	6,719	966		
Unencumbered Cash, Beginning	230,207	236,926		
Unencumbered Cash, Ending	\$ 236,926	\$ 237,892		

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUND

AIRPORT BOND AND INTEREST FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Interest	\$ 1	\$ 24
Transfer from Airport Operations Fund	<u>57,600</u>	<u>57,600</u>
Total Cash Receipts	<u>57,601</u>	<u>57,624</u>
Expenditures		
Principal	30,000	30,000
Interest	24,838	23,548
Commission and postage	<u>5</u>	<u>1</u>
Total Expenditures	<u>54,843</u>	<u>53,549</u>
Receipts Over (Under) Expenditures	2,758	4,075
Unencumbered Cash, Beginning	<u>19,792</u>	<u>22,550</u>
Unencumbered Cash, Ending	<u>\$ 22,550</u>	<u>\$ 26,625</u>

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUNDCITY SAFETY FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts		
Miscellaneous	\$ -	\$ 2,125
Expenditures		
Safety awards and t-shirts	<u>2,105</u>	<u>2,090</u>
Receipts Over (Under) Expenditures	(2,105)	35
Unencumbered Cash, Beginning	<u>3,052</u>	<u>947</u>
Unencumbered Cash, Ending	<u>\$ 947</u>	<u>\$ 982</u>

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUNDCONVENTION AND TOURISM FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Hotel tax	\$ 22,812	\$ 24,238	\$ 17,000	\$ 7,238
Expenditures				
Capital outlay	30,029	28,800	\$ 42,000	\$ 13,200
Receipts Over (Under) Expenditures	(7,217)	(4,562)		
Unencumbered Cash, Beginning	33,763	26,546		
Unencumbered Cash, Ending	\$ 26,546	\$ 21,984		

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUNDEMPLOYEE BENEFIT FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Ad valorem property tax	\$ 337,541	\$ 271,962	\$ 280,128	\$ (8,166)
Back tax collections	13,426	7,676	-	7,676
Motor vehicle tax	58,932	54,520	41,351	13,169
Recreational vehicle tax	599	471	432	39
16/20M vehicle tax	1,365	1,271	166	1,105
Excise tax	57	36	-	36
Antique tag	368	275	-	275
Miscellaneous	188	-	-	-
Total Cash Receipts	412,476	336,211	\$ 322,077	\$ 14,134
Expenditures				
Social security	58,492	52,209	\$ 63,223	\$ 11,014
Workers' compensation	41,198	43,428	60,000	16,572
KPERS	47,194	47,841	52,058	4,217
Unemployment insurance	1,602	11,791	20,985	9,194
Health insurance	214,336	213,528	245,485	31,957
Flex One plan	400	600	350	(250)
Library benefits	17,000	18,054	18,054	-
TIF	10,311	8,650	10,451	1,801
Neighborhood revitalization rebate	11,661	15,171	10,861	(4,310)
Total Expenditures	402,194	411,272	\$ 481,467	\$ 70,195
Receipts Over (Under) Expenditures	10,282	(75,061)		
Unencumbered Cash, Beginning	200,638	210,920		
Unencumbered Cash, Ending	\$ 210,920	\$ 135,859		

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUND

EMS TRAINING FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts		
Training fees and miscellaneous	\$ 1,982	\$ 2,279
Expenditures		
Commodities	<u>1,828</u>	<u>1,353</u>
Receipts Over (Under) Expenditures	154	926
Unencumbered Cash, Beginning	<u>7,561</u>	<u>7,715</u>
Unencumbered Cash, Ending	<u>\$ 7,715</u>	<u>\$ 8,641</u>

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUND

FLOOD CONTROL FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Ad valorem property tax	\$ 12,708	\$ 77,938	\$ 80,265	\$ (2,327)
Back tax collections	806	519	-	519
Motor vehicle tax	4,170	2,586	1,556	1,030
Recreational vehicle tax	43	23	16	7
16/20M vehicle tax	39	105	6	99
Excise tax	3	2	-	2
Antique tag	24	13	2	11
Interest	-	67	-	67
Total Cash Receipts	<u>17,793</u>	<u>81,253</u>	<u>\$ 81,845</u>	<u>\$ (592)</u>
Expenditures				
Personal services	-	-	\$ 2,000	\$ 2,000
Contractual services	3,366	366	6,000	5,634
Commodities	2,843	3,338	-	(3,338)
Capital outlay	2,760	-	140,000	140,000
TIF	388	2,478	388	(2,090)
Neighborhood revitalization rebate	439	4,347	3,374	(973)
Total Expenditures	<u>9,796</u>	<u>10,529</u>	<u>\$ 151,762</u>	<u>\$ 141,233</u>
Receipts Over (Under) Expenditures	7,997	70,724		
Unencumbered Cash, Beginning	<u>65,336</u>	<u>73,333</u>		
Unencumbered Cash, Ending	<u>\$ 73,333</u>	<u>\$ 144,057</u>		

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUNDHEALTH AND LIFE MANAGEMENT FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Interest	\$ 993	\$ 2,626
Reimbursements	<u>449,698</u>	<u>460,148</u>
Total Receipts	<u>450,691</u>	<u>462,774</u>
Expenditures		
Health insurance premiums	123,182	139,278
Life insurance premiums	2,871	2,685
Health insurance claims	<u>335,112</u>	<u>413,264</u>
Total Expenditures	<u>461,165</u>	<u>555,227</u>
Receipts Over (Under) Expenditures	(10,474)	(92,453)
Unencumbered Cash, Beginning	<u>1,108,636</u>	<u>1,098,162</u>
Unencumbered Cash, Ending	<u>\$ 1,098,162</u>	<u>\$ 1,005,709</u>

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUND

KAMI FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Miscellaneous	\$ 1,830	\$ 1,409
Expenditures		
Miscellaneous	<u>1,829</u>	<u>1,410</u>
Receipts Over (Under) Expenditures	1	(1)
Unencumbered Cash, Beginning	<u>-</u>	<u>1</u>
Unencumbered Cash, Ending	<u>\$ 1</u>	<u>\$ -</u>

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUNDLAW ENFORCEMENT TRUST FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts		
Drug seizure	\$ 2,550	\$ 43
Diversion money	<u>1,500</u>	<u>-</u>
Total Cash Receipts	<u>4,050</u>	<u>43</u>
Expenditures		
Commodities	<u>5,955</u>	<u>-</u>
Receipts Over (Under) Expenditures	(1,905)	43
Unencumbered Cash, Beginning	<u>2,843</u>	<u>938</u>
Unencumbered Cash, Ending	<u>\$ 938</u>	<u>\$ 981</u>

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUNDLIBRARY FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Ad valorem property tax	\$ 105,391	\$ 105,175	\$ 108,333	\$ (3,158)
Back tax collections	3,535	2,345	-	2,345
Motor vehicle tax	15,155	16,448	12,909	3,539
Recreational vehicle tax	155	141	135	6
16/20M vehicle tax	320	335	52	283
Excise tax	14	10	-	10
Antique tag	94	83	25	58
Total Cash Receipts	<u>124,664</u>	<u>124,537</u>	<u>\$ 121,454</u>	<u>\$ 3,083</u>
Expenditures				
Appropriation to Library Board	111,477	115,727	\$ 117,444	\$ 1,717
TIF	3,219	3,345	3,263	(82)
Neighborhood revitalization rebate	3,641	5,789	4,154	(1,635)
Total Expenditures	<u>118,337</u>	<u>124,861</u>	<u>\$ 124,861</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	6,327	(324)		
Unencumbered Cash, Beginning	<u>3,612</u>	<u>9,939</u>		
Unencumbered Cash, Ending	<u>\$ 9,939</u>	<u>\$ 9,615</u>		

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUND

SPECIAL HIGHWAY FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
State of Kansas - fuel tax	\$ 79,577	\$ 79,704	\$ 88,610	\$ (8,906)
Interest	44	180	-	180
Total Cash Receipts	<u>79,621</u>	<u>79,884</u>	<u>\$ 88,610</u>	<u>\$ (8,726)</u>
Expenditures				
Personal services	69,819	67,968	\$ 69,009	\$ 1,041
Contractual services	-	-	30,000	30,000
Commodities	-	-	30,000	30,000
Capital outlay	-	-	120,000	120,000
Total Expenditures	<u>69,819</u>	<u>67,968</u>	<u>\$ 249,009</u>	<u>\$ 181,041</u>
Receipts Over (Under) Expenditures	9,802	11,916		
Unencumbered Cash, Beginning	<u>186,754</u>	<u>196,556</u>		
Unencumbered Cash, Ending	<u>\$ 196,556</u>	<u>\$ 208,472</u>		

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUND

SPECIAL PARK FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	<u>2010 Actual</u>	<u>2011</u>		<u>Variance - Favorable (Unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State of Kansas - liquor tax	\$ 1,032	\$ 1,056	\$ 984	\$ 72
Reimbursements	<u>9,147</u>	<u>9,363</u>	<u>3,772</u>	<u>5,591</u>
Total Cash Receipts	<u>10,179</u>	<u>10,419</u>	<u>\$ 4,756</u>	<u>\$ 5,663</u>
Expenditures				
Capital outlay	<u>4,480</u>	<u>2,685</u>	<u>\$ 16,000</u>	<u>\$ 13,315</u>
Receipts Over (Under) Expenditures	5,699	7,734		
Unencumbered Cash, Beginning	<u>7,510</u>	<u>13,209</u>		
Unencumbered Cash, Ending	<u>\$ 13,209</u>	<u>\$ 20,943</u>		

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUND

ECONOMIC DEVELOPMENT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Interest	\$ -	\$ 7	\$ 500	\$ (493)
Miscellaneous	1,157	-	-	-
Sales tax	81,654	84,207	70,000	14,207
Total Receipts	82,811	84,214	\$ 70,500	\$ 13,714
Expenditures				
Commodities	646	1	\$ -	\$ (1)
Contractual services	55,148	54,447	58,186	3,739
Capital outlay	2,691	-	105,000	105,000
Lease purchase	6,108	9,162	9,168	6
Total Expenditures	64,593	63,610	\$ 172,354	\$ 108,744
Receipts Over (Under) Expenditures	18,218	20,604		
Unencumbered Cash, Beginning	102,283	120,501		
Unencumbered Cash, Ending	\$ 120,501	\$ 141,105		

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUND

FIRE DEPARTMENT TRUST FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts		
Miscellaneous	\$ -	\$ 250
Expenditures		
Miscellaneous	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	250
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 250</u>

CITY OF KINGMAN, KANSAS

SPECIAL REVENUE FUND

MUNICIPAL COURT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Diversion fees	\$ 3,100	\$ 2,630
Court costs	13,188	12,766
Fines	44,700	39,314
Restitution	1,002	2,042
Attorney fees	4,836	4,194
KBI fees	3,824	2,050
Drug/alcohol assessment fees	1,390	670
Law enforcement training fees	6,470	6,541
Reinstatement fees	1,455	1,225
State administrative fees	165	164
Bonds	1,355	550
Interest	15	-
Miscellaneous	2	2
	<hr/>	<hr/>
Total Cash Receipts	81,502	72,148
	<hr/>	<hr/>
Expenditures		
Payments to City of Kingman	57,705	48,478
Bonds	2,596	3,907
Payments to State of Kansas	8,089	7,929
Miscellaneous	14,736	9,886
	<hr/>	<hr/>
Total Expenditures	83,126	70,200
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	(1,624)	1,948
Unencumbered Cash, Beginning	7,084	5,460
	<hr/>	<hr/>
Unencumbered Cash, Ending	\$ 5,460	\$ 7,408
	<hr/>	<hr/>

CITY OF KINGMAN, KANSAS

DEBT SERVICE FUND

BOND AND INTEREST FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Ad valorem property tax	\$ -	\$ 7,060	\$ 7,255	\$ (195)
Back tax collections	599	163	-	163
Motor vehicle tax	2,275	465	-	465
Recreational vehicle tax	23	4	-	4
16/20M vehicle tax	49	50	-	50
Excise tax	2	1	-	1
Antique tag	16	2	-	2
Special assessments	20,381	20,364	16,800	3,564
Interest	3	212	-	212
Total Cash Receipts	<u>23,348</u>	<u>28,321</u>	<u>\$ 24,055</u>	<u>\$ 4,266</u>
Expenditures				
Principal	10,000	10,000	\$ 10,000	\$ -
Interest	5,900	5,450	6,800	1,350
Electric/water contingency	-	-	85,000	85,000
TIF	-	225	305	80
Neighborhood revitalization rebate	-	394	656	262
Total Expenditures	<u>15,900</u>	<u>16,069</u>	<u>\$ 102,761</u>	<u>\$ 86,692</u>
Receipts Over (Under) Expenditures	7,448	12,252		
Unencumbered Cash, Beginning	<u>77,713</u>	<u>85,161</u>		
Unencumbered Cash, Ending	<u>\$ 85,161</u>	<u>\$ 97,413</u>		

CITY OF KINGMAN, KANSAS

DEBT SERVICE FUNDTIF IMPROVEMENT DEBT SERVICE FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts		
Transfer from TIF Fund	\$ 69,996	\$ 69,996
Miscellaneous	-	26
	<u>69,996</u>	<u>70,022</u>
Total Cash Receipts		
Expenditures		
Principal	42,000	43,000
Interest	16,405	14,620
Commission	3	3
	<u>58,408</u>	<u>57,623</u>
Total Expenditures		
Receipts Over (Under) Expenditures	11,588	12,399
Unencumbered Cash, Beginning	<u>11,931</u>	<u>23,519</u>
Unencumbered Cash, Ending	<u>\$ 23,519</u>	<u>\$ 35,918</u>

CITY OF KINGMAN, KANSAS

CAPITAL PROJECT FUND

AIRPORT IMPROVEMENT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts		
Grants	\$ 297,405	\$ 8,775
Transfer from Airport Operations Fund	<u>13,500</u>	<u>-</u>
Total Cash Receipts	<u>310,905</u>	<u>8,775</u>
Expenditures		
Construction costs	<u>315,097</u>	<u>-</u>
Receipts Over (Under) Expenditures	(4,192)	8,775
Unencumbered Cash, Beginning	<u>9,808</u>	<u>5,616</u>
Unencumbered Cash, Ending	<u>\$ 5,616</u>	<u>\$ 14,391</u>

CITY OF KINGMAN, KANSAS

CAPITAL PROJECT FUND

TIF FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Tax increment financing allocation	\$ 71,842	\$ 81,464	\$ 60,000	\$ 21,464
Interest	-	97	-	97
Miscellaneous	-	3	-	3
Total Cash Receipts	<u>71,842</u>	<u>81,564</u>	<u>\$ 60,000</u>	<u>\$ 21,564</u>
Expenditures				
Contractual services	6,679	19,296	\$ 10,000	\$ (9,296)
Commodities	3,516	960	5,000	4,040
Capital outlay	-	-	120,000	120,000
Transfer to TIF Improvement Debt Service Fund	<u>69,996</u>	<u>69,996</u>	<u>70,000</u>	<u>4</u>
Total Expenditures	<u>80,191</u>	<u>90,252</u>	<u>\$ 205,000</u>	<u>\$ 114,748</u>
Receipts Over (Under) Expenditures	(8,349)	(8,688)		
Unencumbered Cash, Beginning	<u>165,768</u>	<u>157,419</u>		
Unencumbered Cash, Ending	<u>\$ 157,419</u>	<u>\$ 148,731</u>		

CITY OF KINGMAN, KANSAS

CAPITAL PROJECT FUND

CAPITAL IMPROVEMENT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Interest	\$ -	\$ 7	\$ -	\$ 7
Transfer from General Fund	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
Total Cash Receipts	<u>75,000</u>	<u>75,007</u>	<u>\$ 75,000</u>	<u>\$ 7</u>
Expenditures				
Capital outlay	6,500	32,957	\$ 10,000	\$ (22,957)
Office improvement	<u>258,267</u>	<u>96,241</u>	<u>450,000</u>	<u>353,759</u>
Total Expenditures	<u>264,767</u>	<u>129,198</u>	<u>\$ 460,000</u>	<u>\$ 330,802</u>
Receipts Over (Under) Expenditures	(189,767)	(54,191)		
Unencumbered Cash, Beginning	<u>364,827</u>	<u>175,060</u>		
Unencumbered Cash, Ending	<u>\$ 175,060</u>	<u>\$ 120,869</u>		

CITY OF KINGMAN, KANSAS

PERMANENT FUND

CEMETERY ENDOWMENT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Permits issued	\$ 1,900	\$ 3,175
Interest	99	158
	<u>1,999</u>	<u>3,333</u>
Total Cash Receipts		
Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	1,999	3,333
Unencumbered Cash, Beginning	<u>95,830</u>	<u>97,829</u>
Unencumbered Cash, Ending	<u>\$ 97,829</u>	<u>\$ 101,162</u>

CITY OF KINGMAN, KANSAS

PERMANENT FUND

CEMETERY CAPITAL IMPROVEMENT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Lots sold	\$ 100	\$ 200
Interest	7	14
	<u>107</u>	<u>214</u>
Total Cash Receipts		
Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	107	214
Unencumbered Cash, Beginning	<u>8,738</u>	<u>8,845</u>
Unencumbered Cash, Ending	<u>\$ 8,845</u>	<u>\$ 9,059</u>

CITY OF KINGMAN, KANSAS

PERMANENT FUND

BOWREN INTEREST FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Interest	\$ 23	\$ 23
Expenditures		
Miscellaneous	<u>18</u>	<u>-</u>
Receipts Over (Under) Expenditures	5	23
Unencumbered Cash, Beginning	<u>3,655</u>	<u>3,660</u>
Unencumbered Cash, Ending	<u>\$ 3,660</u>	<u>\$ 3,683</u>

CITY OF KINGMAN, KANSAS

PERMANENT FUND

KEYS ESTATE FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Interest	\$ 2	\$ 1
Expenditures		
Miscellaneous	<u>18</u>	<u>-</u>
Receipts Over (Under) Expenditures	(16)	1
Unencumbered Cash, Beginning	<u>1,362</u>	<u>1,346</u>
Unencumbered Cash, Ending	<u>\$ 1,346</u>	<u>\$ 1,347</u>

CITY OF KINGMAN, KANSAS

ENTERPRISE FUND

WATER FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Charges for services	\$ 615,058	\$ 676,185	\$ 634,389	\$ 41,796
Interest	-	239	-	239
Miscellaneous	8,290	4,606	850	3,756
Total Cash Receipts	623,348	681,030	\$ 635,239	\$ 45,791
Expenditures				
Production -				
Contractual services	41,727	49,888	\$ 67,650	\$ 17,762
Commodities	5,294	6,362	13,550	7,188
Total Production	47,021	56,250	81,200	24,950
Transmission -				
Personal services	104,196	103,308	121,889	18,581
Contractual services	4,778	4,476	20,800	16,324
Commodities	33,466	38,569	48,400	9,831
Capital outlay	5,239	1,430	-	(1,430)
Total Transmission	147,679	147,783	191,089	43,306
Administration -				
Personal services	99,506	108,871	114,121	5,250
Contractual services	6,663	7,944	15,550	7,606
Commodities	7,012	1,858	54,000	52,142
Capital outlay	-	307	100,000	99,693
Franchise fee	21,687	32,954	-	(32,954)
Transfer to Water Principal and Interest Fund	237,000	237,000	237,000	-
Total Administration	371,868	388,934	520,671	131,737
Total Expenditures	566,568	592,967	\$ 792,960	\$ 199,993
Receipts Over (Under) Expenditures	56,780	88,063		
Unencumbered Cash, Beginning	430,270	487,050		
Unencumbered Cash, Ending	\$ 487,050	\$ 575,113		

CITY OF KINGMAN, KANSAS

ENTERPRISE FUND

WATER PRINCIPAL AND INTEREST FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Interest	\$ 100	\$ 793
Transfer from Water Fund	<u>237,000</u>	<u>237,000</u>
Total Cash Receipts	<u>237,100</u>	<u>237,793</u>
Expenditures		
Principal	205,000	220,000
Interest	<u>32,000</u>	<u>23,800</u>
Total Expenditures	<u>237,000</u>	<u>243,800</u>
Receipts Over (Under) Expenditures	100	(6,007)
Unencumbered Cash, Beginning	<u>363,692</u>	<u>363,792</u>
Unencumbered Cash, Ending	<u>\$ 363,792</u>	<u>\$ 357,785</u>

CITY OF KINGMAN, KANSAS

ENTERPRISE FUND

WATER SURPLUS FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts		
Interest	\$ 1,707	\$ 3,535
Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	1,707	3,535
Unencumbered Cash, Beginning	<u>2,417,743</u>	<u>2,419,450</u>
Unencumbered Cash, Ending	<u>\$ 2,419,450</u>	<u>\$ 2,422,985</u>

CITY OF KINGMAN, KANSAS

ENTERPRISE FUND

LIGHT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Charges for services	\$ 4,783,778	\$ 4,971,057	\$ 4,900,000	\$ 71,057
Kansas Power Pool	69,080	131,790	405,000	(273,210)
Interest	100	629	20,000	(19,371)
Permits	610	500	-	500
Refunds	16,514	-	-	-
Miscellaneous	20,220	18,859	34,500	(15,641)
	<u>4,890,302</u>	<u>5,122,835</u>	<u>\$ 5,359,500</u>	<u>\$ (236,665)</u>
Total Cash Receipts				
Expenditures				
Production -				
Personal services	414,447	406,632	\$ 465,158	\$ 58,526
Contractual services	2,415,990	2,629,676	3,052,500	422,824
Commodities	587,942	555,587	535,000	(20,587)
Capital outlay	-	541	-	(541)
	<u>3,418,379</u>	<u>3,592,436</u>	<u>4,052,658</u>	<u>460,222</u>
Total Production				
Transmission -				
Personal services	261,096	220,325	336,742	116,417
Contractual services	79,301	104,746	88,600	(16,146)
Commodities	140,334	146,246	158,200	11,954
Capital outlay	7,877	19,770	-	(19,770)
	<u>488,608</u>	<u>491,087</u>	<u>583,542</u>	<u>92,455</u>
Total Transmission				

CITY OF KINGMAN, KANSAS

ENTERPRISE FUND

LIGHT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Expenditures (cont.)				
Administrative -				
Personal services	\$ 105,033	\$ 118,629	\$ 120,777	\$ 2,148
Contractual services	21,694	22,405	29,750	7,345
Commodities	11,797	10,215	147,500	137,285
Capital outlay	5,575	307	18,000	17,693
Franchise fee	101,250	135,000	-	(135,000)
Transfer to Light Surplus Fund	100,000	100,000	100,000	-
Transfer to Light Principal and Interest Fund	648,000	648,000	648,000	-
Total Administrative	993,349	1,034,556	1,064,027	29,471
Total Expenditures	4,900,336	5,118,079	\$ 5,700,227	\$ 582,148
Receipts Over (Under) Expenditures	(10,034)	4,756		
Unencumbered Cash, Beginning	706,812	696,778		
Unencumbered Cash, Ending	\$ 696,778	\$ 701,534		

CITY OF KINGMAN, KANSAS

ENTERPRISE FUNDLIGHT PRINCIPAL AND INTEREST FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Interest	\$ 13	\$ 450
Transfer from Light Fund	<u>648,000</u>	<u>648,000</u>
Total Cash Receipts	<u>648,013</u>	<u>648,450</u>
Expenditures		
Principal	360,000	375,000
Interest	<u>254,210</u>	<u>238,910</u>
Total Expenditures	<u>614,210</u>	<u>613,910</u>
Receipts Over (Under) Expenditures	33,803	34,540
Unencumbered Cash, Beginning	<u>320,095</u>	<u>353,898</u>
Unencumbered Cash, Ending	<u>\$ 353,898</u>	<u>\$ 388,438</u>

CITY OF KINGMAN, KANSAS

ENTERPRISE FUND

LIGHT SURPLUS FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Interest	\$ 124	\$ 3,538
Transfer from Light Fund	<u>100,000</u>	<u>100,000</u>
Total Cash Receipts	<u>100,124</u>	<u>103,538</u>
Expenditures		
Contractual services	<u>257,236</u>	<u>141,603</u>
Receipts Over (Under) Expenditures	(157,112)	(38,065)
Unencumbered Cash, Beginning	<u>2,643,101</u>	<u>2,485,989</u>
Unencumbered Cash, Ending	<u>\$ 2,485,989</u>	<u>\$ 2,447,924</u>

CITY OF KINGMAN, KANSAS

ENTERPRISE FUNDDISPOSAL SYSTEM FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

	2010 Actual	2011		Variance - Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Customer bills	\$ 712,253	\$ 738,168	\$ 731,358	\$ 6,810
Permits	45	10	200	(190)
Sewer taps	635	530	500	30
Previously cancelled bills	490	363	1,000	(637)
Interest	-	90	-	90
Miscellaneous	-	-	500	(500)
Total Cash Receipts	<u>713,423</u>	<u>739,161</u>	<u>\$ 733,558</u>	<u>\$ 5,603</u>
Expenditures				
Personal services	110,152	113,189	\$ 114,587	\$ 1,398
Contractual services	139,943	139,994	151,500	11,506
Commodities	28,733	32,478	31,729	(749)
Capital outlay	13,943	25,789	33,000	7,211
Franchise fee	25,745	36,473	32,000	(4,473)
Transfer to Disposal System Debt Service Fund	291,543	291,543	291,543	-
Transfer to Disposal Replacement Fund	48,000	48,000	48,000	-
Total Expenditures	<u>658,059</u>	<u>687,466</u>	<u>\$ 702,359</u>	<u>\$ 14,893</u>
Receipts Over (Under) Expenditures	55,364	51,695		
Unencumbered Cash, Beginning	<u>101,515</u>	<u>156,879</u>		
Unencumbered Cash, Ending	<u>\$ 156,879</u>	<u>\$ 208,574</u>		

CITY OF KINGMAN, KANSAS

ENTERPRISE FUNDDISPOSAL SYSTEM DEBT SERVICE FUNDSCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010 Actual</u>	<u>2011 Actual</u>
Cash Receipts		
Interest	\$ 122	\$ 443
Transfer from Disposal System Fund	<u>291,543</u>	<u>291,543</u>
Total Cash Receipts	<u>291,665</u>	<u>291,986</u>
Expenditures		
Principal	197,662	203,707
Interest	93,885	88,338
Commission and postage	<u>8,461</u>	<u>7,963</u>
Total Expenditures	<u>300,008</u>	<u>300,008</u>
Receipts Over (Under) Expenditures	(8,343)	(8,022)
Unencumbered Cash, Beginning	<u>292,695</u>	<u>284,352</u>
Unencumbered Cash, Ending	<u>\$ 284,352</u>	<u>\$ 276,330</u>

CITY OF KINGMAN, KANSAS

ENTERPRISE FUND

DISPOSAL REPLACEMENT FUND

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2010</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Cash Receipts		
Interest	\$ 434	\$ 1,120
Transfer from Disposal System Fund	<u>48,000</u>	<u>48,000</u>
Total Cash Receipts	<u>48,434</u>	<u>49,120</u>
Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	48,434	49,120
Unencumbered Cash, Beginning	<u>727,607</u>	<u>776,041</u>
Unencumbered Cash, Ending	<u>\$ 776,041</u>	<u>\$ 825,161</u>

CITY OF KINGMAN, KANSAS

AGENCY FUNDS

SUMMARY SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS

For the Year Ended December 31, 2011

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Meter Deposit	\$ 49,297	\$ 46,822	\$ 49,845	\$ 46,274
Sales Tax	10,054	127,622	127,747	9,929
Payroll Clearing	2,234	1,551,048	1,552,290	992
Cafeteria Plan Reimbursement	<u>2,647</u>	<u>4,633</u>	<u>5,290</u>	<u>1,990</u>
Total	<u>\$ 64,232</u>	<u>\$ 1,730,125</u>	<u>\$ 1,735,172</u>	<u>\$ 59,185</u>

CITY OF KINGMAN, KANSAS

COMPONENT UNIT

LIBRARY BOARD

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	2011				
	2010 Actual	General Fund Actual	Gifts & Grants Fund Actual	Capital Improve- ments Fund Actual	Total Actual
Cash Receipts					
Appropriations	\$ 128,477	\$ 133,781	\$ -	\$ -	\$ 133,781
Fines	1,541	1,972	-	-	1,972
Copies	1,542	2,113	-	-	2,113
Donations and memorials	10,990	636	8,981	-	9,617
Reimbursements	-	1,810	-	-	1,810
Investment income	17,779	1,069	5,537	-	6,606
Grants	2,019	1,440	740	-	2,180
SCKLS	13,582	12,291	1,571	-	13,862
Interest	3,785	16	56	11	83
Miscellaneous	931	442	199	-	641
Transfer from General Fund	1,762	-	-	5,663	5,663
Total Cash Receipts	182,408	155,570	17,084	5,674	178,328
Expenditures					
Accounting	1,420	-	-	-	-
Audio visual	1,260	859	173	-	1,032
Books	11,688	8,946	4,823	-	13,769
Capital outlay	2,745	-	-	-	-
Continuing education	388	293	-	-	293
Equipment and furniture	-	-	2,559	-	2,559
Genealogy	-	-	299	-	299
Grants expense	506	1,511	613	-	2,124
Insurance	5,908	5,423	-	-	5,423
Legal and professional fees	-	-	1,800	-	1,800
Maintenance	5,344	3,372	-	-	3,372
Memberships	292	400	-	-	400
Miscellaneous	1,280	34	61	-	95
Payroll	81,856	88,456	-	-	88,456
Periodicals	2,090	453	689	-	1,142
Postage	1,253	590	-	-	590
Employee benefits	16,727	18,121	-	-	18,121

CITY OF KINGMAN, KANSAS

COMPONENT UNIT

LIBRARY BOARD

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL

For the Year Ended December 31, 2011

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

	<u>2011</u>				<u>Total Actual</u>
	<u>2010 Actual</u>	<u>General Fund Actual</u>	<u>Gifts & Grants Fund Actual</u>	<u>Capital Improve- ments Fund Actual</u>	
Expenditures (cont.)					
Summer reading	\$ 1,268	\$ 708	\$ 960	\$ -	\$ 1,668
Supplies and materials	1,939	3,169	492	-	3,661
Taxes	203	-	285	-	285
Technology	6,560	4,703	2,000	-	6,703
Travel	538	969	-	-	969
Utilities	11,981	11,900	-	-	11,900
Transfer to Capital Improvement Fund	1,762	5,663	-	-	5,663
Total Expenditures	<u>157,008</u>	<u>155,570</u>	<u>14,754</u>	<u>-</u>	<u>170,324</u>
Receipts Over (Under) Expenditures	25,400	-	2,330	5,674	8,004
Unencumbered Cash, Beginning	<u>311,892</u>	<u>-</u>	<u>324,801</u>	<u>12,491</u>	<u>337,292</u>
Unencumbered Cash, Ending	<u>\$ 337,292</u>	<u>\$ -</u>	<u>\$ 327,131</u>	<u>\$ 18,165</u>	<u>\$ 345,296</u>

CITY OF KINGMAN, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2011

FINDINGS – FINANCIAL STATEMENT AUDIT

Number 10-01: Segregation of Duties

Condition: Due to the new auditing standards, we are required at a minimum to have a significant deficiency on the operations of an entity that has limited staff to perform segregate duties, and properly review procedures as required in an ideal internal control structure. In order to have ideal segregation of duties, the custody of assets, the authorization of transactions over those assets, and the recording of those transactions should all be performed by separate individuals. In a smaller entity setting, it is very difficult to maintain ideal segregation of duties. We considered this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Criteria: Appropriate segregation of duties is achieved when one or more employees or functions acts as a check and balance on the activities of another so that no employee should be in a position to both commit an irregularity and conceal it. No single individual should be able to:

- *authorize* a transaction,
- *record* the transaction in the books of account, and
- ensure custody of the asset resulting from the transaction, including the receipt/custody of cash.

For example, if one person executes a sale/transaction, that person should not record the transaction, handle the cash receipt, have authority for or access to cash receipts records, and reconcile the bank account.

Due to resource constraints, these conflicting phases of transactions potentially occur throughout your entity at various times throughout the fiscal year. We considered this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Effect: Lack of segregation of duties aids in the possibility that errors and irregularities whether caused by fraud or human error will not be detected.

Cause: Due to the limited staff in the City office, segregation of duties has not been possible as required in an ideal internal control structure. At this time, we feel it would be cost prohibitive to increase staff in the City offices sufficiently to rectify this situation. Current office staff and the City Commission should however, continually review the opportunity to implement segregation of duties that will enhance the internal control structure at a minimal cost to the City.

Recommendation: We recommend that management and the governing body continually review their daily transactions for potential conflicting phases of a transaction as noted above. Below we have detailed actions that management and the governing body should take to compensate for these conflicting phases that have been identified in your daily transaction process:

See Independent Auditor's Report.

CITY OF KINGMAN, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2011

FINDINGS – FINANCIAL STATEMENT AUDIT (CONT.)

Number 10-01: Segregation of Duties (cont.)

Recommendation (cont.):

- **Review reports of detail transactions** – Management and the governing body should review detailed transactions on a regular and timely basis through appropriate computer reports of the detailed transactions.
- **Review selected transactions** – Management and the governing body should select random transactions for review of supporting documents. These selected transactions should be followed through the entire transaction process from start to finish to ensure that all documented internal controls are working appropriately and are not being overridden by any individual within the entity.
- **Take periodic asset counts** – Management and the governing body should periodically conduct counts of physical inventory, equipment, daily cash drawer receipts or other assets and compare these counts with the appropriate accounting records.
- **Check reconciliations** – Management and the governing body should review reconciliations of account balances such as cash, utility billing receivables or other liquid assets on a regular basis. The governing body should perform surprise procedures on these reconciliations independently of management at certain times throughout the fiscal year. These surprise procedures should be documented appropriately by the governing body member, including signature and date conducted.

Management Response: See Number 11-01.

Number 10-02: Financial Statement Reporting

Condition: Our firm has been asked to prepare the financial statements for the City; however, our firm cannot be considered part of the internal control structure of the City in regard to the preparation of the financial statements. We consider this condition related to external financial statement preparation to be a significant deficiency under the standards established by the American Institute of Certified Public Accountants.

Criteria: The City prepares its financial statements in accordance with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, in accordance with the reporting and formatting requirements displayed in the *Kansas Municipal Audit Guide* (KMAG).

See Independent Auditor's Report.

CITY OF KINGMAN, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2011

FINDINGS – FINANCIAL STATEMENT AUDIT (CONT.)

Effect: City personnel does have the skill and knowledge to process all the basic financial transactions and the ability to issue the internal financial statements needed to provide appropriate budget and operating information to the City governing body on an as needed basis. However, the City either has no documented policy or procedures related to the preparation of the external financial statements and/or the policies and procedures are not implemented and adequately followed to ensure the accuracy and completeness of the external financial statements.

Cause: The City Clerk or another designated individual should have an understanding of how the financial statements are assembled and assist the audit firm with any possible missing or incomplete information. It would be to the advantage of the City Clerk and the governing body to obtain the appropriate training and expertise to better understand the preparation and issuance of their external financial statements. However, for the size of your entity, it may be cost prohibitive to secure either the necessary training and expertise or the additional staff to gain the knowledge and expertise necessary to assemble the City's external financial statements.

Recommendation: To strengthen internal control over financial statement preparation, we recommend:

- Obtain a current copy of the Kansas Municipal Audit Guide (KMAG),
- Obtain a report check list for KMAG financial statements,
- Participate in a training session on financial statement preparation and review, and
- Adopt a policy that annual financial statements will be reviewed prior to being subjected to audit.

Management Response: See Number 11-02.

CITY OF KINGMAN, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2011

FINDINGS – FINANCIAL STATEMENT AUDIT

Number 11-01: Segregation of Duties

Condition: Due to the new auditing standards, we are required at a minimum to have a significant deficiency on the operations of an entity that has limited staff to perform segregate duties, and properly review procedures as required in an ideal internal control structure. In order to have ideal segregation of duties, the custody of assets, the authorization of transactions over those assets, and the recording of those transactions should all be performed by separate individuals. In a smaller entity setting, it is very difficult to maintain ideal segregation of duties. We considered this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Criteria: Appropriate segregation of duties is achieved when one or more employees or functions acts as a check and balance on the activities of another so that no employee should be in a position to both commit an irregularity and conceal it. No single individual should be able to:

- *authorize* a transaction,
- *record* the transaction in the books of account, and
- ensure custody of the asset resulting from the transaction, including the receipt/custody of cash.

For example, if one person executes a sale/transaction, that person should not record the transaction, handle the cash receipt, have authority for or access to cash receipts records, and reconcile the bank account.

Due to resource constraints, these conflicting phases of transactions potentially occur throughout your entity at various times throughout the fiscal year. We considered this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Effect: Lack of segregation of duties aids in the possibility that errors and irregularities whether caused by fraud or human error will not be detected.

Cause: Due to the limited staff in the City office, segregation of duties has not been possible as required in an ideal internal control structure. At this time, we feel it would be cost prohibitive to increase staff in the City offices sufficiently to rectify this situation. Current office staff and the City Commission should however, continually review the opportunity to implement segregation of duties that will enhance the internal control structure at a minimal cost to the City.

Recommendation: We recommend that management and the governing body continually review their daily transactions for potential conflicting phases of a transaction as noted above. Below we have detailed actions that management and the governing body should take to compensate for these conflicting phases that have been identified in your daily transaction process:

See Independent Auditor's Report.

CITY OF KINGMAN, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2011

FINDINGS – FINANCIAL STATEMENT AUDIT (CONT.)

Number 11-01: Segregation of Duties (cont.)

Recommendation (cont.):

- **Review reports of detail transactions** – Management and the governing body should review ***detailed*** transactions on a regular and timely basis through appropriate computer reports of the detailed transactions.
- **Review selected transactions** – Management and the governing body should select random transactions for review of supporting documents. These selected transactions should be followed through the entire transaction process from start to finish to ensure that all documented internal controls are working appropriately and are not being overridden by any individual within the entity.
- **Take periodic asset counts** – Management and the governing body should periodically conduct counts of physical inventory, equipment, daily cash drawer receipts or other assets and compare these counts with the appropriate accounting records.
- **Check reconciliations** – Management and the governing body should review reconciliations of account balances such as cash, utility billing receivables or other liquid assets on a regular basis. The governing body should perform surprise procedures on these reconciliations independently of management at certain times throughout the fiscal year. These surprise procedures should be documented appropriately by the governing body member, including signature and date conducted.

Management Response:

We concur with the auditor's findings, however, with limited staff, it is not always possible to segregate duties relating to cash receipts and the recording of the same. We believe that the current reviews by supervisory staff minimizes the potential for fraud, however, we will make every effort to separate duties for better control.

Number 11-02: Financial Statement Reporting

Condition:

Our firm has been asked to prepare the financial statements for the City; however, our firm cannot be considered part of the internal control structure of the City in regard to the preparation of the financial statements. We consider this condition related to external financial statement preparation to be a significant deficiency under the standards established by the American Institute of Certified Public Accountants.

CITY OF KINGMAN, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2011

FINDINGS – FINANCIAL STATEMENT AUDIT (CONT.)

Number 11-02: Financial Statement Reporting (cont.)

Criteria: The City prepares its financial statements in accordance with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, in accordance with the reporting and formatting requirements displayed in the *Kansas Municipal Audit Guide* (KMAG).

Effect: City personnel does have the skill and knowledge to process all the basic financial transactions and the ability to issue the internal financial statements needed to provide appropriate budget and operating information to the City governing body on an as needed basis. However, the City either has no documented policy or procedures related to the preparation of the external financial statements and/or the policies and procedures are not implemented and adequately followed to ensure the accuracy and completeness of the external financial statements.

Cause: The City Clerk or another designated individual should have an understanding of how the financial statements are assembled and assist the audit firm with any possible missing or incomplete information. It would be to the advantage of the City Clerk and the governing body to obtain the appropriate training and expertise to better understand the preparation and issuance of their external financial statements. However, for the size of your entity, it may be cost prohibitive to secure either the necessary training and expertise or the additional staff to gain the knowledge and expertise necessary to assemble the City's external financial statements.

Recommendation: To strengthen internal control over financial statement preparation, we recommend:

- Obtain a current copy of the Kansas Municipal Audit Guide (KMAG),
- Obtain a report check list for KMAG financial statements,
- Participate in a training session on financial statement preparation and review, and
- Adopt a policy that annual financial statements will be reviewed prior to being subjected to audit.

Management Response: We concur with the auditor's findings that the financial information supplied is not presented in the form expressed in the KMAG. However, we do believe that the information provided in current form accurately expresses the financial and budgetary condition of the City. Additional training may be required to fulfill the requirement setforth.