

**CITY OF LOUISBURG, KANSAS**

**Financial Statements**

**For the Year Ended December 31, 2011**

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CITY OF LOUISBURG, KANSAS  
 Financial Statements  
 For the Year Ended December 31, 2011  
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COMPANY P.A.

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Mayor and City Council  
City of Louisburg, Kansas

We have audited the accompanying financial statements of the City of Louisburg, Kansas (the City), as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Louisburg, Kansas. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the City's financial statements for the year ended December 31, 2010. In our report dated April 7, 2011 on these financial statements, we expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and an unqualified opinion as to presentation on the Kansas prescribed basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the "Kansas Municipal Audit Guide." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City of Louisburg, Kansas prepares its financial statements on a basis of accounting prescribed by the State of Kansas which demonstrates 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 effect on the financial statements of those differences is also described in Note 1.

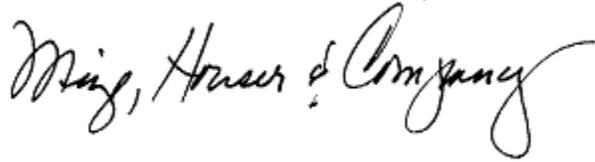
In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Louisburg, Kansas, as of December 31, 2011, or the respective changes in financial position for the year then ended.

[www.mizehouser.com](http://www.mizehouser.com) ■ [mhco@mizehouser.com](mailto:mhco@mizehouser.com)

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f  
534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f  
7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f  
120 E Ninth ■ Lawrence, KS 66044-2682 ■ 785.842.8844 p ■ 785.842.9049 f  
900 Massachusetts, Suite 301 ■ Lawrence, KS 66044-2868 ■ 785.749.5050 p ■ 785.749.5061 f

Also, in our opinion, the primary government financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Louisburg, Kansas, as of December 31, 2011, and its cash receipts and expenditures by fund, and fund budget to actual comparisons, for the year then ended, taken as a whole, on the prescribed basis of accounting described in Note 1.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2011, from which such partial information was derived.

A handwritten signature in cursive script that reads "Ring, Horner & Company". The signature is written in black ink and is positioned below the main body of text.

April 2, 2012

## STATEMENT 1

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

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 2,705,825	\$ -	\$ 1,739,828	\$ 2,300,667	\$ 2,144,986	\$ 23,540	\$ 2,168,526
Special Revenue Funds:							
Special Street Fund	673,946	-	878,267	187,136	1,365,077	-	1,365,077
Excise Tax Fund	201,940	-	1,520	-	203,460	-	203,460
Cops for Kids Fund	1,490	-	4,402	1,116	4,776	-	4,776
Aquatic Center Operations Fund	90,937	-	458,287	396,634	152,590	317	152,907
Lewis Young Park Donations Fund	54,010	-	20,237	20,380	53,867	-	53,867
Lewis Young Park Lighting Fund	31,870	-	9,247	-	41,117	-	41,117
Infrastructure Improvement Fund	59,790	-	178,730	53,049	185,471	-	185,471
Stormwater Fund	285,680	-	85,577	-	371,257	-	371,257
Cemetery Commission Fund	81,681	-	21,062	29,939	72,804	-	72,804
Fox Hall Commission Fund	26,221	-	9,423	5,381	30,263	-	30,263
Debt Service Fund:							
Bond and Interest Fund	672,698	-	1,953,359	1,855,576	770,481	-	770,481
Enterprise Funds:							
Natural Gas Fund	1,152,142	-	1,319,422	860,926	1,610,638	119,436	1,730,074
Natural Gas Capital Improvement Fund	13,086	-	98	-	13,184	-	13,184
Water Fund	-	-	1,436,519	1,436,519	-	22,723	22,723
Water Capital Improvement Fund	460,259	-	3,464	-	463,723	-	463,723
Water Utility Surplus Fund	1,076,675	-	241,743	247,941	1,070,477	-	1,070,477
Wastewater Fund	1,201,940	-	423,704	497,163	1,128,481	13,028	1,141,509
Benefit District Fund	-	-	-	-	-	-	-
Wastewater Capital Improvement Fund	59,311	-	476	-	59,787	-	59,787
State Revolving Loan Fund	57,539	-	60,338	59,867	58,010	-	58,010
Water/Sewer Bond Reserve Fund	280,000	-	-	-	280,000	-	280,000
Water/Sewer Depreciation Reserve Fund	181,707	-	61,574	-	243,281	-	243,281
Deferred Bond Payment Fund	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 9,368,747</b>	<b>\$ -</b>	<b>\$ 8,907,277</b>	<b>\$ 7,952,294</b>	<b>\$ 10,323,730</b>	<b>\$ 179,044</b>	<b>\$10,502,774</b>

## COMPOSITION OF CASH:

Peoples Bank	
Checking	\$ 152,271
Fox Hall	10,077
Petty Cash	1,856
Municipal Court	7,118
Freedom Fund	5,042
First National Bank	
Checking	1,769
Cemetery	32,804
Savings	13,416
Certificates of Deposit	40,000
Landmark	
Fox Hall Checking	6,771
First Option Bank	
Checking	<u>10,243,810</u>
<b>Total Cash</b>	<b>10,514,934</b>
Less: Agency Funds	<u>[12,160]</u>
<b>Total (Excluding Agency Funds)</b>	<b><u>\$10,502,774</u></b>

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

CITY OF LOUISBURG, KANSAS  
 Summary of Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Positive [Negative]</u>
General Fund	\$ 3,409,000	\$ -	\$ 3,409,000	\$ 2,300,667	\$ 1,108,333
Special Revenue Funds:					
Special Street Fund	2,960,000	-	2,960,000	187,136	2,772,864
Cops for Kids Fund	10,000	-	10,000	1,116	8,884
Aquatic Center Operations Fund	462,528	-	462,528	396,634	65,894
Lewis Young Park Donations Fund	40,000	-	40,000	20,380	19,620
Lewis Young Park Lighting Fund	15,000	-	15,000	-	15,000
Cemetery Commission Fund	80,000	-	80,000	29,939	50,061
Fox Hall Commission Fund	15,000	-	15,000	5,381	9,619
Debt Service Fund:					
Bond and Interest Fund	2,014,576	-	2,014,576	1,855,576	159,000
Enterprise Funds:					
Natural Gas Fund	1,738,758	-	1,738,758	860,926	877,832
Water Fund	1,280,000	-	1,280,000	1,141,870	138,130
Wastewater Fund	913,021	-	913,021	497,163	415,858
State Revolving Loan Fund	59,867	-	59,867	59,867	-

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

CITY OF LOUISBURG, KANSAS  
 General Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 761,244	\$ 643,683	\$ 643,287	\$ 396
Intergovernmental	709,489	795,673	612,519	183,154
Licenses and permits	93,967	95,125	21,000	74,125
Fines and fees	89,175	87,611	125,000	[37,389]
Use of money and property	91,500	89,520	60,000	29,520
Miscellaneous	9,897	28,216	28,000	216
Transfer in	-	-	20,000	[20,000]
<b>Total Cash Receipts</b>	<b><u>1,755,272</u></b>	<b><u>1,739,828</u></b>	<b><u>\$ 1,509,806</u></b>	<b><u>\$ 230,022</u></b>
Expenditures and Transfers Subject to Budget				
General government	160,538	288,672	\$ 585,000	\$ 296,328
Public safety	728,088	736,441	825,000	88,559
Building and zoning	49,141	42,446	120,000	77,554
Parks and recreation	114,936	136,552	209,000	72,448
Public works	158,309	313,435	375,000	61,565
Municipal court	38,986	43,752	70,000	26,248
Building inspection	37,928	39,369	65,000	25,631
Civic center	-	-	300,000	300,000
Miscellaneous	-	-	10,000	10,000
Transfer out	<u>450,000</u>	<u>700,000</u>	<u>850,000</u>	<u>150,000</u>
<b>Total Expenditures and Transfers Subject to Budget</b>	<b><u>1,737,926</u></b>	<b><u>2,300,667</u></b>	<b><u>\$ 3,409,000</u></b>	<b><u>\$ 1,108,333</u></b>
Receipts Over [Under] Expenditures	17,346	[560,839]		
Unencumbered Cash, Beginning	<u>2,688,479</u>	<u>2,705,825</u>		
Unencumbered Cash, Ending	<b><u>\$ 2,705,825</u></b>	<b><u>\$ 2,144,986</u></b>		

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

CITY OF LOUISBURG, KANSAS  
Special Street Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Intergovernmental	\$ 388,378	\$ 145,266	\$ 1,670,000	[\$1,524,734]
Use of money and property	4,399	6,426	3,000	3,426
Developer proceeds	275,000	-	-	-
Reimbursed expense	-	26,575	-	26,575
Transfer in	450,000	700,000	850,000	[150,000]
Total Cash Receipts	<u>1,117,777</u>	<u>878,267</u>	<u>\$ 2,523,000</u>	<u>[\$1,644,733]</u>
Expenditures and Transfers Subject to Budget				
Highways and streets	<u>758,988</u>	<u>187,136</u>	<u>\$ 2,960,000</u>	<u>\$ 2,772,864</u>
Total Expenditures and Transfers Subject to Budget	<u>758,988</u>	<u>187,136</u>	<u>\$ 2,960,000</u>	<u>\$ 2,772,864</u>
Receipts Over [Under] Expenditures	358,789	691,131		
Unencumbered Cash, Beginning	<u>315,157</u>	<u>673,946</u>		
Unencumbered Cash, Ending	<u>\$ 673,946</u>	<u>\$ 1,365,077</u>		

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

STATEMENT 3-3

CITY OF LOUISBURG, KANSAS  
Excise Tax Fund  
Statement of Cash Receipts and Expenditures - Actual\*  
For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ -	\$ 1,520
Fines and fees	5,150	-
Taxes	<u>1,642</u>	<u>-</u>
Total Cash Receipts	<u>6,792</u>	<u>1,520</u>
Expenditures and Transfers Subject to Budget		
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	6,792	1,520
Unencumbered Cash, Beginning	<u>195,148</u>	<u>201,940</u>
Unencumbered Cash, Ending	<u>\$ 201,940</u>	<u>\$ 203,460</u>

\* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS  
 Cops for Kids Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Donations	\$ 8,070	\$ 2,041	\$ 10,000	\$ [7,959]
Intergovernmental	-	1,283	-	1,283
Use of money and property	28	27	-	27
Miscellaneous	-	1,051	-	1,051
Total Cash Receipts	<u>8,098</u>	<u>4,402</u>	<u>\$ 10,000</u>	<u>\$ [5,598]</u>
Expenditures and Transfers Subject to Budget				
Public safety	<u>9,920</u>	<u>1,116</u>	<u>\$ 10,000</u>	<u>\$ 8,884</u>
Total Expenditures and Transfers Subject to Budget	<u>9,920</u>	<u>1,116</u>	<u>\$ 10,000</u>	<u>\$ 8,884</u>
Receipts Over [Under] Expenditures	[1,822]	3,286		
Unencumbered Cash, Beginning	<u>3,312</u>	<u>1,490</u>		
Unencumbered Cash, Ending	<u>\$ 1,490</u>	<u>\$ 4,776</u>		

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

## STATEMENT 3-5

CITY OF LOUISBURG, KANSAS  
 Aquatic Center Operations Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 105,060	\$ 101,254	\$ 97,000	\$ 4,254
Intergovernmental	334,804	355,726	340,000	15,726
Miscellaneous	-	20	1,000	[980]
Use of money and property	<u>1,220</u>	<u>1,287</u>	<u>1,000</u>	<u>287</u>
Total Cash Receipts	<u>441,084</u>	<u>458,287</u>	<u>\$ 439,000</u>	<u>\$ 19,287</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	139,808	159,106	\$ 225,000	\$ 65,894
Transfer out	<u>296,392</u>	<u>237,528</u>	<u>237,528</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>436,200</u>	<u>396,634</u>	<u>\$ 462,528</u>	<u>\$ 65,894</u>
Receipts Over [Under] Expenditures	4,884	61,653		
Unencumbered Cash, Beginning	<u>86,053</u>	<u>90,937</u>		
Unencumbered Cash, Ending	<u>\$ 90,937</u>	<u>\$ 152,590</u>		

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

CITY OF LOUISBURG, KANSAS  
 Lewis Young Park Donations Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Donations	\$ 775	\$ 6,083	\$ 3,000	\$ 3,083
Intergovernmental	12,203	13,766	-	13,766
Use of money and property	384	388	-	388
Miscellaneous	-	-	13,000	[13,000]
Total Cash Receipts	<u>13,362</u>	<u>20,237</u>	<u>\$ 16,000</u>	<u>\$ 4,237</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	-	20,380	\$ 40,000	\$ 19,620
Total Expenditures and Transfers Subject to Budget	-	<u>20,380</u>	<u>\$ 40,000</u>	<u>\$ 19,620</u>
Receipts Over [Under] Expenditures	13,362	[143]		
Unencumbered Cash, Beginning	<u>40,648</u>	<u>54,010</u>		
Unencumbered Cash, Ending	<u>\$ 54,010</u>	<u>\$ 53,867</u>		

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

## STATEMENT 3-7

CITY OF LOUISBURG, KANSAS  
 Lewis Young Park Lighting Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Donations	\$ 10,715	\$ 5,340	\$ 1,000	\$ 4,340
Fines and fees	-	3,635	12,000	[8,365]
Use of money and property	<u>253</u>	<u>272</u>	<u>-</u>	<u>272</u>
Total Cash Receipts	<u>10,968</u>	<u>9,247</u>	<u>\$ 13,000</u>	<u>\$ [3,753]</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	<u>5,644</u>	<u>-</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>
Total Expenditures and Transfers Subject to Budget	<u>5,644</u>	<u>-</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>
Receipts Over [Under] Expenditures	5,324	9,247		
Unencumbered Cash, Beginning	<u>26,546</u>	<u>31,870</u>		
Unencumbered Cash, Ending	<u>\$ 31,870</u>	<u>\$ 41,117</u>		

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

CITY OF LOUISBURG, KANSAS  
 Infrastructure Improvement Fund  
 Statement of Cash Receipts and Expenditures - Actual\*  
 For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Intergovernmental	\$ 59,718	\$ 177,863
Use of money and property	<u>72</u>	<u>867</u>
Total Cash Receipts	<u>59,790</u>	<u>178,730</u>
Expenditures and Transfers Subject to Budget		
Capital outlay	<u>-</u>	<u>53,049</u>
Total Expenditures and Transfers Subject to Budget	<u>-</u>	<u>53,049</u>
Receipts Over [Under] Expenditures	59,790	125,681
Unencumbered Cash, Beginning	<u>-</u>	<u>59,790</u>
Unencumbered Cash, Ending	<u>\$ 59,790</u>	<u>\$ 185,471</u>

\* - This fund is not required to be budgeted.

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

STATEMENT 3-9

CITY OF LOUISBURG, KANSAS  
 Stormwater Fund  
 Statement of Cash Receipts and Expenditures - Actual\*  
 For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Charges for services	\$ 83,459	\$ 83,141
Use of money and property	<u>2,041</u>	<u>2,436</u>
Total Cash Receipts	<u>85,500</u>	<u>85,577</u>
Expenditures and Transfers Subject to Budget		
Operations	<u>-</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	85,500	85,577
Unencumbered Cash, Beginning	<u>200,180</u>	<u>285,680</u>
Unencumbered Cash, Ending	<u>\$ 285,680</u>	<u>\$ 371,257</u>

\* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS  
 Cemetery Commission Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 23,650	\$ 19,225	\$ 30,000	\$ [10,775]
Donations	350	1,200	10,000	[8,800]
Use of money and property	<u>1,329</u>	<u>637</u>	<u>1,000</u>	<u>[363]</u>
Total Cash Receipts	<u>25,329</u>	<u>21,062</u>	<u>\$ 41,000</u>	<u>\$ [19,938]</u>
Expenditures and Transfers Subject to Budget				
General government	<u>41,499</u>	<u>29,939</u>	<u>\$ 80,000</u>	<u>\$ 50,061</u>
Total Expenditures and Transfers Subject to Budget	<u>41,499</u>	<u>29,939</u>	<u>\$ 80,000</u>	<u>\$ 50,061</u>
Receipts Over [Under] Expenditures	[16,170]	[8,877]		
Unencumbered Cash, Beginning	<u>97,851</u>	<u>81,681</u>		
Unencumbered Cash, Ending	<u>\$ 81,681</u>	<u>\$ 72,804</u>		

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

CITY OF LOUISBURG, KANSAS  
 Fox Hall Commission Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Rents	\$ 6,800	\$ 7,730	\$ 9,000	\$ [1,270]
Use of money and property	202	143	-	143
Donations	<u>1,450</u>	<u>1,550</u>	<u>2,000</u>	<u>[450]</u>
Total Cash Receipts	<u>8,452</u>	<u>9,423</u>	<u>\$ 11,000</u>	<u>\$ [1,577]</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	<u>10,726</u>	<u>5,381</u>	<u>\$ 15,000</u>	<u>\$ 9,619</u>
Total Expenditures and Transfers Subject to Budget	<u>10,726</u>	<u>5,381</u>	<u>\$ 15,000</u>	<u>\$ 9,619</u>
Receipts Over [Under] Expenditures	[2,274]	4,042		
Unencumbered Cash, Beginning	<u>28,495</u>	<u>26,221</u>		
Unencumbered Cash, Ending	<u>\$ 26,221</u>	<u>\$ 30,263</u>		

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

CITY OF LOUISBURG, KANSAS  
 Bond and Interest Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 1,153,256	\$ 1,040,853	\$ 690,486	\$ 350,367
Use of money and property	4,171	7,566	5,000	2,566
Miscellaneous	-	437,500	-	437,500
Bond proceeds	231,877	-	437,500	[437,500]
Transfer in	<u>1,143,427</u>	<u>467,440</u>	<u>634,086</u>	<u>[166,646]</u>
Total Cash Receipts	<u>2,532,731</u>	<u>1,953,359</u>	<u>\$ 1,767,072</u>	<u>\$ 186,287</u>
Expenditures and Transfers Subject to Budget				
Principal	1,453,453	1,493,063	\$ 1,440,000	\$ [53,063]
Interest	407,283	362,513	415,576	53,063
Cash basis reserve	-	-	159,000	159,000
Total Expenditures and Transfers Subject to Budget	<u>1,860,736</u>	<u>1,855,576</u>	<u>\$ 2,014,576</u>	<u>\$ 159,000</u>
Receipts Over [Under] Expenditures	671,995	97,783		
Unencumbered Cash, Beginning	<u>703</u>	<u>672,698</u>		
Unencumbered Cash, Ending	<u>\$ 672,698</u>	<u>\$ 770,481</u>		

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

CITY OF LOUISBURG, KANSAS  
Natural Gas Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges to customers	\$ 1,552,067	\$ 1,307,673	\$ 1,601,500	\$ [293,827]
Use of money and property	9,634	11,749	2,000	9,749
Miscellaneous	-	-	2,000	[2,000]
Total Cash Receipts	<u>1,561,701</u>	<u>1,319,422</u>	<u>\$ 1,605,500</u>	<u>\$ [286,078]</u>
Expenditures and Transfers Subject to Budget				
Operations	969,691	782,168	\$ 1,550,000	\$ 767,832
Capital outlay	-	-	50,000	50,000
Transfer out	81,405	78,758	138,758	60,000
Total Expenditures and Transfers Subject to Budget	<u>1,051,096</u>	<u>860,926</u>	<u>\$ 1,738,758</u>	<u>\$ 877,832</u>
Receipts Over [Under] Expenditures	510,605	458,496		
Unencumbered Cash, Beginning	636,537	1,152,142		
Prior Period Restatement	<u>5,000</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 1,152,142</u>	<u>\$ 1,610,638</u>		

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

CITY OF LOUISBURG, KANSAS  
 Natural Gas Capital Improvement Fund  
 Statement of Cash Receipts and Expenditures - Actual\*  
 For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ 109	\$ 98
Total Cash Receipts	<u>109</u>	<u>98</u>
Expenditures and Transfers Subject to Budget		
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	109	98
Unencumbered Cash, Beginning	<u>12,977</u>	<u>13,086</u>
Unencumbered Cash, Ending	<u>\$ 13,086</u>	<u>\$ 13,184</u>

\* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS  
Water Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges to customers	\$ 1,116,348	\$ 1,186,063	\$ 1,275,000	\$ [88,937]
Lake proceeds	205,623	-	-	-
Transfer in	524,596	247,941	-	247,941
Miscellaneous	-	-	5,000	[5,000]
Use of money and property	6	2,515	-	2,515
Total Cash Receipts	<u>1,846,573</u>	<u>1,436,519</u>	<u>\$ 1,280,000</u>	<u>\$ 156,519</u>
Expenditures and Transfers Subject to Budget				
Administration	268,932	86,745	\$ 225,000	\$ 138,255
Operations	992,026	1,016,032	815,000	[201,032]
Production	29,647	36,702	55,000	18,298
Rebate	-	-	5,000	5,000
Capital outlay	2,466	2,391	10,000	7,609
Transfer out	-	-	170,000	170,000
Total Expenditures and Transfers Subject to Budget	<u>1,293,071</u>	<u>1,141,870</u>	<u>\$ 1,280,000</u>	<u>\$ 138,130</u>
Expenditures Not Subject to the Budget				
Transfer out	541,897	294,649		
Legal fees related to water projects	19,455	-		
Total Expenditures Not Subject to the Budget	<u>561,352</u>	<u>294,649</u>		
Receipts Over [Under] Expenditures	[7,850]	-		
Unencumbered Cash, Beginning	-	-		
Prior Period Restatement	<u>7,850</u>	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

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

CITY OF LOUISBURG, KANSAS  
 Water Capital Improvement Fund  
 Statement of Cash Receipts and Expenditures - Actual\*  
 For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ 3,818	\$ 3,464
Total Cash Receipts	<u>3,818</u>	<u>3,464</u>
Expenditures and Transfers Subject to Budget		
Capital outlay	-	-
Total Expenditures and Transfers Subject to Budget	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	3,818	3,464
Unencumbered Cash, Beginning	<u>456,441</u>	<u>460,259</u>
Unencumbered Cash, Ending	<u>\$ 460,259</u>	<u>\$ 463,723</u>

\* - This fund is not required to be budgeted.

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

STATEMENT 3-17

CITY OF LOUISBURG, KANSAS  
 Water Utility Surplus Fund  
 Statement of Cash Receipts and Expenditures - Actual\*  
 For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ 9,204	\$ 7,094
Transfer in	<u>276,273</u>	<u>234,649</u>
Total Cash Receipts	<u>285,477</u>	<u>241,743</u>
 Expenditures and Transfers Subject to Budget		
Transfers out	<u>524,596</u>	<u>247,941</u>
 Receipts Over [Under] Expenditures	 [239,119]	 [6,198]
 Unencumbered Cash, Beginning	 <u>1,315,794</u>	 <u>1,076,675</u>
 Unencumbered Cash, Ending	 <u>\$ 1,076,675</u>	 <u>\$ 1,070,477</u>

\* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS  
Wastewater Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges to customers	\$ 399,821	\$ 415,018	\$ 415,000	\$ 18
Use of money and property	-	-	5,000	[5,000]
Miscellaneous	<u>10,454</u>	<u>8,686</u>	<u>-</u>	<u>8,686</u>
Total Cash Receipts	<u>410,275</u>	<u>423,704</u>	<u>\$ 420,000</u>	<u>\$ 3,704</u>
Expenditures and Transfers Subject to Budget				
Operations	277,171	273,641	\$ 450,000	\$ 176,359
Capital outlay	1,201	12,501	202,000	189,499
Transfer out	<u>261,163</u>	<u>211,021</u>	<u>261,021</u>	<u>50,000</u>
Total Expenditures and Transfers Subject to Budget	<u>539,535</u>	<u>497,163</u>	<u>\$ 913,021</u>	<u>\$ 415,858</u>
Receipts Over [Under] Expenditures	[129,260]	[73,459]		
Unencumbered Cash, Beginning	<u>1,331,200</u>	<u>1,201,940</u>		
Unencumbered Cash, Ending	<u>\$ 1,201,940</u>	<u>\$ 1,128,481</u>		

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

CITY OF LOUISBURG, KANSAS  
Benefit District Fund  
Statement of Cash Receipts and Expenditures - Actual\*  
For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Miscellaneous	\$ -	\$ -
Total Cash Receipts	<u>-</u>	<u>-</u>
Expenditures and Transfers		
Capital outlay	1,270	-
Transfer out	<u>322,071</u>	<u>-</u>
Total Expenditures and Transfers	<u>323,341</u>	<u>-</u>
Receipts Over [Under] Expenditures	[323,341]	-
Unencumbered Cash, Beginning	<u>323,341</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

\* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS  
Wastewater Capital Improvement Fund  
Statement of Cash Receipts and Expenditures - Actual\*  
For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Transfer in	\$ 50,000	\$ -
Miscellaneous	<u>440</u>	<u>476</u>
Total Cash Receipts	<u>50,440</u>	<u>476</u>
 Expenditures and Transfers Subject to Budget		
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>-</u>	<u>-</u>
 Receipts Over [Under] Expenditures	50,440	476
 Unencumbered Cash, Beginning	<u>8,871</u>	<u>59,311</u>
 Unencumbered Cash, Ending	<u>\$ 59,311</u>	<u>\$ 59,787</u>

\* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS  
 State Revolving Loan Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Amounts For the Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Use of money and property	\$ 505	\$ 471	\$ 200	\$ 271
Transfer in	<u>59,480</u>	<u>59,867</u>	<u>59,867</u>	<u>-</u>
Total Cash Receipts	<u>59,985</u>	<u>60,338</u>	<u>\$ 60,067</u>	<u>\$ 271</u>
Expenditures and Transfers Subject to Budget				
Principal	53,389	55,660	\$ 55,660	\$ -
Interest	6,478	4,207	3,957	[250]
Miscellaneous	-	-	250	250
Total Expenditures and Transfers Subject to Budget	<u>59,867</u>	<u>59,867</u>	<u>\$ 59,867</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	118	471		
Unencumbered Cash, Beginning	<u>57,421</u>	<u>57,539</u>		
Unencumbered Cash, Ending	<u>\$ 57,539</u>	<u>\$ 58,010</u>		

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

CITY OF LOUISBURG, KANSAS  
 Water/Sewer Bond Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual\*  
 For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Miscellaneous	\$ -	\$ -
Total Cash Receipts	<u>-</u>	<u>-</u>
Expenditures and Transfers		
Miscellaneous	-	-
Total Expenditures and Transfers	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	<u>280,000</u>	<u>280,000</u>
Unencumbered Cash, Ending	<u>\$ 280,000</u>	<u>\$ 280,000</u>

\* This fund is not required to be budgeted

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

STATEMENT 3-23

CITY OF LOUISBURG, KANSAS  
 Water/Sewer Depreciation Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual\*  
 For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ 1,270	\$ 1,574
Transfer in	<u>60,000</u>	<u>60,000</u>
Total Cash Receipts	<u>61,270</u>	<u>61,574</u>
Expenditures and Transfers		
Miscellaneous	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	61,270	61,574
Unencumbered Cash, Beginning	<u>120,437</u>	<u>181,707</u>
Unencumbered Cash, Ending	<u>\$ 181,707</u>	<u>\$ 243,281</u>

\* This fund is not required to be budgeted

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

CITY OF LOUISBURG, KANSAS  
 Deferred Bond Payment Fund  
 Statement of Cash Receipts and Expenditures - Actual\*  
 For the Year Ended December 31, 2011 and 2010

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ -	\$ -
Total Cash Receipts	<u>-</u>	<u>-</u>
Expenditures and Transfers		
Transfer out	<u>86,252</u>	<u>-</u>
Total Expenditures and Transfers	<u>86,252</u>	<u>-</u>
Receipts Over [Under] Expenditures	[86,252]	-
Unencumbered Cash, Beginning	<u>86,252</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

\* This fund is not required to be budgeted

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

STATEMENT 4

CITY OF LOUISBURG, KANSAS  
 Statement of Cash, Cash Receipts and Disbursements  
 Agency Funds  
 For the Year Ended December 31, 2011

<u>FUNDS</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Municipal Court	\$ 2,297	\$ 16,100	\$ 11,279	\$ 7,118
Freedom Fund	<u>4,160</u>	<u>6,312</u>	<u>5,430</u>	<u>5,042</u>
Total Agency Funds	<u>\$ 6,457</u>	<u>\$ 22,412</u>	<u>\$ 16,709</u>	<u>\$ 12,160</u>

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

CITY OF LOUISBURG, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2011

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Louisburg (the City) is a municipal corporation governed by an elected council. These financial statements present the City (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

The Louisburg Cemetery Commission serves all the citizens of the government and is governed by a board appointed by the City Council. The Commission's annual budget is approved by the City Council. The Commission has a December 31 year end, and is reported as a special revenue fund.

The Fox Hall Commission is charged with the operation and management of the Fox Hall Community Building. It is comprised of five members appointed by the City Council. The Commission has a December 31 year end, and is reported as a special revenue fund.

Basis of Accounting

These financial statements are presented on a basis of accounting, which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, 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.

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, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

The City has a waiver from accounting principles generally accepted in the United States of America, which allows the City to use the prescribed basis of accounting.

CITY OF LOUISBURG, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording cash balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The City's governmental fund types are:

General Fund – is used to account for all unrestricted cash except that required to be accounted for in another fund. This is the principal operating fund of the City.

Special Revenue Funds - are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are restricted to finance particular functions or activities of the City.

Debt Service Fund - is used to account for the accumulation of cash for, and the payment of, principal, interest and other related costs of the City's general obligation bonds.

Proprietary Fund Types

The proprietary funds are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. The City's proprietary fund types are:

Enterprise Funds – are used to account for operations that are financed and operated in a manner similar to private business enterprise - where the intent of the governing body 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.

Agency Fund

Agency Funds – are used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds. Agency funds are custodial in nature and do not involve measurement of operations.

CITY OF LOUISBURG, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the City Council to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The 2011 budget was not amended.

The statutes permit transferring budgeted amounts between accounts 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. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, agency funds, and certain special revenue funds.

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

NOTE 2 - Deposits

The City's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the City is located or in a county adjacent to that county and the bank(s) provide an acceptable rate for active funds.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to K.S.A. 9-1402.

The City does not have any formal investment policies that would further limit concentration of credit risk, interest rate, or custodial credit risks beyond state statutes.

CITY OF LOUISBURG, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2011

**NOTE 3 - Retirement Plan**

Plan description - The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to KPERS (611 South Kansas Avenue, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% 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 bases. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate was 6.74% from January 1 to December 31, 2011. The City employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$69,013, \$67,744, and \$59,899, respectively, equal to the required contributions for each year.

**NOTE 4 - Long-Term Debt**

Following is a detailed listing of the City's outstanding general obligation debt:

<u>General Obligation Bonds</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Series 2001A	4.30 - 5.75%	\$ 405,000	\$ 995,000	09/01/01	09/01/16
Series 2003A	2.00 - 4.20%	1,345,000	7,085,000	06/05/03	09/01/18
Series 2003B	3.50 - 4.35%	725,000	1,200,000	12/12/03	09/01/19
Series 2006A	4.00 - 5.00%	3,035,000	3,590,000	01/15/06	09/01/26
Series 2006B	3.70 - 4.50%	2,325,000	2,990,000	11/01/06	09/01/22
Series 2008A	3.80 - 4.30%	<u>1,175,000</u>	1,600,000	11/04/08	9/1/2018
Total		<u>\$ 9,010,000</u>			

Annual debt service requirements to maturity for the general obligation bonds are as follows:

<u>Year Ending December 31,</u>	
2012	\$ 1,569,283
2013	1,364,363
2014	1,124,753
2015	1,075,555
2016	1,050,645
2017-2021	3,384,140
2022-2026	<u>1,581,805</u>
Total Principal and Interest	11,150,543
Less: Interest	<u>2,140,543</u>
Total	<u>\$ 9,010,000</u>

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NOTE 4 - Long-Term Debt (Continued)

Kansas Revolving Loan. Kansas Revolving Loan outstanding at year end is as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Kansas Revolving Loan	4.21%	\$ <u>58,028</u>	\$ 871,100	02/29/92	03/01/13

The Kansas Revolving loan debt service requirements to maturity:

	<u>Year Ending December 31,</u>	
	2012	\$ <u>59,757</u>
Total Principal and Interest		59,757
Less: Interest		<u>1,729</u>
Total		\$ <u>58,028</u>

Following is a summary of changes in long-term debt for the year ended December 31, 2011:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
General Obligation Bonds	\$ 10,450,000	\$ -	\$ 1,440,000	\$ 9,010,000
Kansas Revolving Loan	<u>113,688</u>	<u>-</u>	<u>55,660</u>	<u>58,028</u>
Total	<u>\$ 10,563,688</u>	<u>\$ -</u>	<u>\$ 1,495,660</u>	<u>\$ 9,068,028</u>

NOTE 5 - Operating Leases

The City rents office space under an operating lease. Rent expense for the year ended December 31, 2011 was \$52,629. Future minimum lease payments under the non-cancelable office space lease are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2012	\$ 55,260

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NOTE 6 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City is also a party in a number of lawsuits as a result of the ordinary course of City business. City management and legal counsel anticipate that the potential claims against the City not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

NOTE 7 - Interfund Transfers

A reconciliation of transfers by fund type for 2011 follows:

<u>Fund</u>	<u>To</u>	<u>From</u>
General	\$ -	\$ 700,000
Special Street	700,000	-
Aquatic Center Operations	-	237,528
Bond and Interest	467,440	-
Natural Gas	-	78,758
Water	247,941	294,649
Water Utility Surplus	234,649	247,941
Wastewater	-	211,021
Water/Sewer Depreciation Reserve	60,000	-
State Revolving Loan	<u>59,867</u>	<u>-</u>
 Total	 <u>\$ 1,769,897</u>	 <u>\$ 1,769,897</u>

NOTE 8 - Customer Deposits

Customer deposits payable, in the amount of \$23,600 and \$13,870, are reported as outstanding encumbrances in the Natural Gas and Water Funds, respectively.

NOTE 9 - Compensated Absences

Full-time employees earn one working day of sick leave each full month of service. Upon termination, an employee in good standing shall be compensated for sick leave as follows:

- 5 years of service - 15% of accumulated leave
- 10 years of service - 25% of accumulated leave
- 15 years of service - 50% of accumulated leave
- 20 years of service - 75% of accumulated leave
- 25 years of service - 100% of accumulated leave

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For the Year Ended December 31, 2011

NOTE 9 - Compensated Absences (Continued)

Accumulated sick leave benefits are to be paid at a rate equal to the pay rate at the time of termination. Total accrued sick leave was \$87,103 at December 31, 2011.

Full-time employees accrue vacation at the rate of four hours per each full calendar month of employment, provided that the total accrued days shall not exceed twenty hours each six months. The employee shall not accumulate more than one hundred sixty hours of vacation beyond the last day of the calendar year. Upon termination, an employee shall be compensated for all earned but unused vacation leave at their final rate of pay. Total accrued vacation leave was \$42,312 at December 31, 2011.

NOTE 10 - Commitments

In June 2005, the Marais Des Cygnes Public Utility Authority (the Authority) was created by an interlocal agreement between the cities of Louisburg and Paola, Kansas. The Authority was established to construct and operate a public water supply utility to serve each of the cities. In November 2007, the Authority issued \$33,000,000 of water facilities revenue bonds to provide funds to acquire, construct, and equip a water supply system. The Authority's estimated debt service requirements with respect to the Series 2007 Bonds are as follows:

Year Ending			
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 130,000	\$ 1,478,613	\$ 1,608,613
2013	195,000	1,473,413	1,668,413
2014	270,000	1,465,613	1,735,613
2015	345,000	1,454,813	1,799,813
2016	430,000	1,441,013	1,871,013
2017-2021	3,135,000	6,890,263	10,025,263
2022-2026	4,715,000	6,108,388	10,823,388
2027-2031	6,805,000	4,871,863	11,676,863
2032-2036	9,525,000	3,086,725	12,611,725
2037-2038	<u>7,385,000</u>	<u>576,738</u>	<u>7,961,738</u>
Total	<u>\$ 32,935,000</u>	<u>\$ 28,847,438</u>	<u>\$ 61,782,438</u>

The City of Louisburg (the City) entered into a water supply service agreement with the Authority on September 1, 2007. The payments required under the agreement are payable solely from the revenues of the City's water utility system, which are pledged to pay the obligations under the agreement. The City's obligations under the agreement are payable whether or not water service is actually received from the Authority. Under the agreement, the City has covenanted to charge rates sufficient to allow revenues of its water utility system, net of operating and maintenance expenses of such water utility system, to cover its respective share of debt service due on the Series 2007 Bonds (the "Water Base Charge" specified in the agreement) by 125%.

The agreement will remain in force until the last day of the year in which all bonds and the interest have been paid in full.