

THE CITY OF MACKSVILLE, KANSAS
FINANCIAL STATEMENTS
For the Year Ended December 31, 2011

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants
Larned, Kansas 67550

The City of Macksville, Kansas
Financial Statements
For the Year Ended December 31, 2011

TABLE OF CONTENTS

<u>Item</u>	<u>Page Number</u>
FINANCIAL SECTION	
Auditors' Report on Financial Statements	1-2
Statement 1	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	3-5
Statement 2	
Summary of Expenditures - Actual and Budget	6-7
Statement 3	
Statement of Cash Receipts and Expenditures - Actual and Budget	
General Fund	8
Special Revenue Funds	9-16
Enterprise Funds	17-21
Statement 4	
Statement of Cash Receipts and Cash Disbursements - Agency Funds	22
Notes to the Financial Statements	23-29
ADDITIONAL INFORMATION	
Schedule 1	
Graphical Analysis	30-38

This page intentionally left blank.

VONFELDT, BAUER & VONFELDT, CHTD.

CERTIFIED PUBLIC ACCOUNTANTS

Telephone: (620) 285-2107

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND

818 Broadway

Fax (620) 285-2110

KANSAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 127

Larned, KS 67550

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Macksville, Kansas

We have audited the accompanying primary government financial statements of the City of Macksville, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Macksville, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial (and summarized) comparative financial information has been derived from the City's 2010 financial statements and, in our report dated March 11, 2011, we expressed an unqualified opinion on the financial statements taken as a whole.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As discussed more fully in Note 1, the City has prepared these financial statements in conformity 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, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the omission of the discretely presented component units, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended.

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

The schedules presented as additional information in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The additional schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants

February 24, 2012

The City of Macksville, Kansas
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances
Governmental Type Funds:		
General Fund	\$ 44,675.40	\$ 0.00
Special Revenue Funds:		
Library Fund	536.95	0.00
Park Memorial Fund	5,705.62	0.00
Special Highway Fund	1,121.82	0.00
Police Fund	4,695.14	0.00
Diversion Fund	1,793.39	0.00
Machinery Reserve Fund	24,352.15	0.00
Capital Improvement Fund	72,459.19	0.00
Library Donations Fund	0.00	0.00
Proprietary Type Funds:		
Enterprise Funds:		
Sewer Utility Fund	15,156.09	0.00
Sewer Reserve Fund	20,585.53	0.00
Refuse Utility Fund	2,692.82	0.00
Water Utility Fund	35,986.78	0.00
Water Reserve Fund	75,925.45	0.00
 Total Primary Government Excluding Agency Funds (Memorandum Only)	 \$ 305,686.33	 \$ 0.00

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

<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 197,504.49	\$ 203,511.21	\$ 38,668.68	\$ 2,226.30	\$ 40,894.98
5,262.18	5,262.18	536.95	0.00	536.95
9,500.00	3,748.80	11,456.82	0.00	11,456.82
13,644.10	9,092.71	5,673.21	0.00	5,673.21
1,826.99	3,061.66	3,460.47	0.00	3,460.47
800.00	0.00	2,593.39	0.00	2,593.39
10,000.00	7,250.34	27,101.81	0.00	27,101.81
10,000.00	0.00	82,459.19	0.00	82,459.19
3,380.28	0.00	3,380.28	0.00	3,380.28
32,611.67	33,030.66	14,737.10	77.40	14,814.50
6,000.00	0.00	26,585.53	0.00	26,585.53
35,594.40	35,195.00	3,092.22	0.00	3,092.22
74,530.69	70,289.63	40,227.84	423.60	40,651.44
<u>6,000.00</u>	<u>0.00</u>	<u>81,925.45</u>	<u>0.00</u>	<u>81,925.45</u>
<u>\$ 406,654.80</u>	<u>\$ 370,442.19</u>	<u>\$ 341,898.94</u>	<u>\$ 2,727.30</u>	<u>\$ 344,626.24</u>

The City of Macksville, Kansas
Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2011

Balance to be Accounted for:	<u>\$ 344,626.24</u>
Composition of Cash:	
Petty Cash:	
Cash on Hand	\$ 200.00
Other City Accounts:	
Checking Account - American State Bank, Macksville, KS	381.52
NOW Account - American State Bank, Macksville, KS	28,492.85
Less Outstanding Checks	(10,253.44)
NOW Account - St John National Bank, St John, KS	3,380.28
MMA Account - American State Bank, Macksville, KS	29,901.18
MMA Account - St John National Bank, St John, KS	19,929.07
Certificates of Deposit - American State Bank, Macksville, KS	225,000.00
Certificates of Deposit - St John National Bank, St John, KS	<u>50,000.00</u>
Total Cash	\$ 347,031.46
Agency Funds per Statement 4	<u>(2,405.22)</u>
Total Primary Government (Excluding Agency Funds)	<u>\$ 344,626.24</u>

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

The City of Macksville, Kansas
 Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 For the Year Ended December 31, 2011

Funds	Certified Budget	Adjustment for Qualifying Budget Credits
Governmental Type Funds:		
General Fund	\$ 270,000.00	\$ 0.00
Special Revenue Funds:		
Library Fund	6,500.00	0.00
Park Memorial Fund	18,000.00	0.00
Special Highway Fund	15,500.00	0.00
Police Fund	10,000.00	0.00
Diversion Fund	4,000.00	0.00
Proprietary Type Funds:		
Enterprise Funds:		
Sewer Utility Fund	53,000.00	0.00
Refuse Utility Fund	40,000.00	0.00
Water Utility Fund	118,000.00	0.00

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

<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
\$ 270,000.00	\$ 203,511.21	\$ (66,488.79)
6,500.00	5,262.18	(1,237.82)
18,000.00	3,748.80	(14,251.20)
15,500.00	9,092.71	(6,407.29)
10,000.00	3,061.66	(6,938.34)
4,000.00	0.00	(4,000.00)
53,000.00	33,030.66	(19,969.34)
40,000.00	35,195.00	(4,805.00)
118,000.00	70,289.63	(47,710.37)

The City of Macksville, Kansas
GENERAL FUND
Statement 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 104,180.42	\$ 104,521.01	\$ 118,968.00	\$ (14,446.99)
Delinquent Tax	3,897.55	5,706.49	500.00	5,206.49
Motor Vehicle Tax	27,360.43	25,863.90	29,408.00	(3,544.10)
Recreational Vehicle Tax	446.43	385.97	605.00	(219.03)
16/20 M Vehicle Tax	1,047.86	988.62	978.00	10.62
Sales Tax	30,456.99	33,602.77	35,000.00	(1,397.23)
Franchise Tax	18,380.05	16,574.07	17,000.00	(425.93)
Fines and Permits	1,154.32	878.11	2,500.00	(1,621.89)
Charges for Services	1,790.75	1,977.25	3,000.00	(1,022.75)
Building Rent	900.00	0.00	0.00	0.00
Reimbursements	7,382.38	3,991.75	5,000.00	(1,008.25)
Miscellaneous	2,837.78	604.84	1,000.00	(395.16)
Interest on Idle Funds	3,974.46	2,409.71	5,000.00	(2,590.29)
Total Cash Receipts	<u>203,809.42</u>	<u>197,504.49</u>	<u>\$ 218,959.00</u>	<u>\$ (21,454.51)</u>
Expenditures				
Salaries & Payroll Taxes	83,958.50	73,896.77	85,000.00	(11,103.23)
Medical Insurance	7,771.62	8,729.23	10,000.00	(1,270.77)
Supplies	34,135.33	18,596.08	35,000.00	(16,403.92)
Insurance	19,644.00	20,292.00	25,000.00	(4,708.00)
Utilities	24,500.94	27,134.56	30,000.00	(2,865.44)
Repairs	1,225.89	362.64	10,000.00	(9,637.36)
Professional Fees	18,196.06	22,693.70	25,000.00	(2,306.30)
Fire Protection	12,724.00	4,000.00	4,000.00	0.00
Capital Outlay	0.00	0.00	20,000.00	(20,000.00)
Library Appropriation	3,500.00	3,500.00	5,000.00	(1,500.00)
Miscellaneous	4,108.75	4,306.23	1,000.00	3,306.23
Operating Transfers:				
To Machinery Reserve	8,000.00	10,000.00	8,000.00	2,000.00
To Capital Improvements	12,000.00	10,000.00	12,000.00	(2,000.00)
Total Expenditures	<u>229,765.09</u>	<u>203,511.21</u>	<u>\$ 270,000.00</u>	<u>\$ (66,488.79)</u>
Receipts Over (Under) Expenditures	(25,955.67)	(6,006.72)		
Unencumbered Cash, Beginning	<u>70,631.07</u>	<u>44,675.40</u>		
Unencumbered Cash, Ending	<u>\$ 44,675.40</u>	<u>\$ 38,668.68</u>		

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

The City of Macksville, Kansas
LIBRARY FUND
 Statement 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 3,946.33	\$ 4,024.99	\$ 4,581.00	\$ (556.01)
Delinquent Tax	126.41	204.86	25.00	179.86
Motor Vehicle Tax	912.47	979.63	1,114.00	(134.37)
Recreational Vehicle Tax	16.39	14.63	23.00	(8.37)
16/20 M Vehicle Tax	24.96	38.07	37.00	1.07
Total Cash Receipts	<u>5,026.56</u>	<u>5,262.18</u>	<u>\$ 5,780.00</u>	<u>\$ (517.82)</u>
Expenditures				
Appropriation	<u>5,026.56</u>	<u>5,262.18</u>	<u>6,500.00</u>	<u>(1,237.82)</u>
Total Expenditures	<u>5,026.56</u>	<u>5,262.18</u>	<u>\$ 6,500.00</u>	<u>\$ (1,237.82)</u>
Receipts Over (Under) Expenditures	0.00	0.00		
Unencumbered Cash, Beginning	<u>536.95</u>	<u>536.95</u>		
Unencumbered Cash, Ending	<u>\$ 536.95</u>	<u>\$ 536.95</u>		

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

The City of Macksville, Kansas
PARK MEMORIAL FUND
 Statement 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Donations	\$ 7,825.00	\$ 9,500.00	\$ 10,000.00	\$ (500.00)
Total Cash Receipts	<u>7,825.00</u>	<u>9,500.00</u>	<u>\$ 10,000.00</u>	<u>\$ (500.00)</u>
Expenditures				
Salaries & Payroll Tax	2,797.89	2,433.42	7,500.00	(5,066.58)
Repairs & Supplies	1,833.41	1,315.38	1,500.00	(184.62)
Capital Outlay	<u>0.00</u>	<u>0.00</u>	<u>9,000.00</u>	<u>(9,000.00)</u>
Total Expenditures	<u>4,631.30</u>	<u>3,748.80</u>	<u>\$ 18,000.00</u>	<u>\$ (14,251.20)</u>
Receipts Over (Under) Expenditures	3,193.70	5,751.20		
Unencumbered Cash, Beginning	<u>2,511.92</u>	<u>5,705.62</u>		
Unencumbered Cash, Ending	<u>\$ 5,705.62</u>	<u>\$ 11,456.82</u>		

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

The City of Macksville, Kansas
SPECIAL HIGHWAY FUND
Statement 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Gas Tax	\$ 12,797.71	\$ 13,389.10	\$ 13,170.00	\$ 219.10
Reimbursements	<u>672.88</u>	<u>255.00</u>	<u>50.00</u>	<u>205.00</u>
Total Cash Receipts	<u>13,470.59</u>	<u>13,644.10</u>	<u>\$ 13,220.00</u>	<u>\$ 424.10</u>
Expenditures				
Salaries & Payroll Tax	8,002.68	7,696.82	10,000.00	(2,303.18)
Medical Insurance	267.11	375.63	500.00	(124.37)
Professional Fees	1,810.00	0.00	0.00	0.00
Repairs & Supplies	2,544.59	981.50	5,000.00	(4,018.50)
Miscellaneous	<u>0.00</u>	<u>38.76</u>	<u>0.00</u>	<u>38.76</u>
Total Expenditures	<u>12,624.38</u>	<u>9,092.71</u>	<u>\$ 15,500.00</u>	<u>\$ (6,407.29)</u>
Receipts Over (Under) Expenditures	846.21	4,551.39		
Unencumbered Cash, Beginning	<u>275.61</u>	<u>1,121.82</u>		
Unencumbered Cash, Ending	<u>\$ 1,121.82</u>	<u>\$ 5,673.21</u>		

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

The City of Macksville, Kansas
POLICE FUND
Statement 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Fines & Fees	\$ 2,727.00	\$ 1,803.00	\$ 5,000.00	\$ (3,197.00)
Miscellaneous	28.00	23.99	0.00	23.99
Total Cash Receipts	<u>2,755.00</u>	<u>1,826.99</u>	<u>\$ 5,000.00</u>	<u>\$ (3,173.01)</u>
Expenditures				
Supplies	2,370.02	3,048.67	4,000.00	(951.33)
Capital Outlay	0.00	0.00	6,000.00	(6,000.00)
Miscellaneous	199.43	12.99	0.00	12.99
Total Expenditures	<u>2,569.45</u>	<u>3,061.66</u>	<u>\$ 10,000.00</u>	<u>\$ (6,938.34)</u>
Receipts Over (Under) Expenditures	185.55	(1,234.67)		
Unencumbered Cash, Beginning	<u>4,509.59</u>	<u>4,695.14</u>		
Unencumbered Cash, Ending	<u>\$ 4,695.14</u>	<u>\$ 3,460.47</u>		

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

The City of Macksville, Kansas
 DIVERSION FUND
 Statement 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Fines & Fees	\$ 400.00	\$ 800.00	\$ 750.00	\$ 50.00
Total Cash Receipts	<u>400.00</u>	<u>800.00</u>	<u>\$ 750.00</u>	<u>\$ 50.00</u>
Expenditures				
Supplies	0.00	0.00	4,000.00	(4,000.00)
Professional Fees	<u>1,142.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>1,142.00</u>	<u>0.00</u>	<u>\$ 4,000.00</u>	<u>\$ (4,000.00)</u>
Receipts Over (Under) Expenditures	(742.00)	800.00		
Unencumbered Cash, Beginning	<u>2,535.39</u>	<u>1,793.39</u>		
Unencumbered Cash, Ending	<u>\$ 1,793.39</u>	<u>\$ 2,593.39</u>		

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

The City of Macksville, Kansas
MACHINERY RESERVE FUND
 Statement 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>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Operating Transfer:		
From General	\$ 8,000.00	\$ 10,000.00
Total Cash Receipts	<u>8,000.00</u>	<u>10,000.00</u>
Expenditures		
Capital Outlay	<u>15,000.00</u>	<u>7,250.34</u>
Total Expenditures	<u>15,000.00</u>	<u>7,250.34</u>
Receipts Over (Under) Expenditures	(7,000.00)	2,749.66
Unencumbered Cash, Beginning	<u>31,352.15</u>	<u>24,352.15</u>
Unencumbered Cash, Ending	<u>\$ 24,352.15</u>	<u>\$ 27,101.81</u>

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

The City of Macksville, Kansas
 CAPITAL IMPROVEMENT FUND
 Statement 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>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Operating Transfer:		
From General	\$ 12,000.00	\$ 10,000.00
Total Cash Receipts	<u>12,000.00</u>	<u>10,000.00</u>
Expenditures		
Capital Outlay	<u>650.00</u>	<u>0.00</u>
Total Expenditures	<u>650.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	11,350.00	10,000.00
Unencumbered Cash, Beginning	<u>61,109.19</u>	<u>72,459.19</u>
Unencumbered Cash, Ending	<u>\$ 72,459.19</u>	<u>\$ 82,459.19</u>

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

The City of Macksville, Kansas
LIBRARY DONATIONS FUND
 Statement 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>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Donations	\$ 0.00	\$ 3,379.49
Interest on Idle Funds	<u>0.00</u>	<u>0.79</u>
Total Cash Receipts	<u>0.00</u>	<u>3,380.28</u>
Expenditures		
None	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>0.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	0.00	3,380.28
Unencumbered Cash, Beginning	<u>0.00</u>	<u>0.00</u>
Unencumbered Cash, Ending	<u>\$ 0.00</u>	<u>\$ 3,380.28</u>

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

The City of Macksville, Kansas
SEWER UTILITY FUND
Statement 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Customer Receipts	\$ 32,916.96	\$ 32,611.67	\$ 35,000.00	\$ (2,388.33)
Reimbursements	<u>20.83</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Cash Receipts	<u>32,937.79</u>	<u>32,611.67</u>	<u>\$ 35,000.00</u>	<u>\$ (2,388.33)</u>
Expenditures				
Salaries & Payroll Taxes	24,401.21	20,508.25	25,000.00	(4,491.75)
Medical Insurance	1,785.93	1,944.48	3,000.00	(1,055.52)
Utilities	1,632.96	1,527.76	3,000.00	(1,472.24)
Repairs & Supplies	4,169.30	2,842.72	5,000.00	(2,157.28)
Capital Outlay	0.00	0.00	10,750.00	(10,750.00)
Miscellaneous	420.00	207.45	250.00	(42.55)
Operating Transfer: To Sewer Reserve	<u>6,000.00</u>	<u>6,000.00</u>	<u>6,000.00</u>	<u>0.00</u>
Total Expenditures	<u>38,409.40</u>	<u>33,030.66</u>	<u>\$ 53,000.00</u>	<u>\$ (19,969.34)</u>
Receipts Over (Under) Expenditures	(5,471.61)	(418.99)		
Unencumbered Cash, Beginning	<u>20,627.70</u>	<u>15,156.09</u>		
Unencumbered Cash, Ending	<u>\$ 15,156.09</u>	<u>\$ 14,737.10</u>		

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

The City of Macksville, Kansas
SEWER RESERVE FUND
Statement 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>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Operating Transfer:		
From Sewer Utility	\$ 6,000.00	\$ 6,000.00
Total Cash Receipts	<u>6,000.00</u>	<u>6,000.00</u>
Expenditures		
Capital Outlay	<u>5,000.00</u>	<u>0.00</u>
Total Expenditures	<u>5,000.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	1,000.00	6,000.00
Unencumbered Cash, Beginning	<u>19,585.53</u>	<u>20,585.53</u>
Unencumbered Cash, Ending	<u>\$ 20,585.53</u>	<u>\$ 26,585.53</u>

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

The City of Macksville, Kansas
REFUSE UTILITY FUND
Statement 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Customer Receipts	<u>\$ 32,745.10</u>	<u>\$ 35,594.40</u>	<u>\$ 34,000.00</u>	<u>\$ 1,594.40</u>
Total Cash Receipts	<u>32,745.10</u>	<u>35,594.40</u>	<u>\$ 34,000.00</u>	<u>\$ 1,594.40</u>
Expenditures				
Contractual Services	<u>32,633.30</u>	<u>35,195.00</u>	<u>40,000.00</u>	<u>(4,805.00)</u>
Total Expenditures	<u>32,633.30</u>	<u>35,195.00</u>	<u>\$ 40,000.00</u>	<u>\$ (4,805.00)</u>
Receipts Over (Under) Expenditures	111.80	399.40		
Unencumbered Cash, Beginning	<u>2,581.02</u>	<u>2,692.82</u>		
Unencumbered Cash, Ending	<u>\$ 2,692.82</u>	<u>\$ 3,092.22</u>		

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

The City of Macksville, Kansas
WATER UTILITY FUND
Statement 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Customer Receipts	\$ 72,218.06	\$ 74,530.69	\$ 72,000.00	\$ 2,530.69
Total Cash Receipts	<u>72,218.06</u>	<u>74,530.69</u>	<u>\$ 72,000.00</u>	<u>\$ 2,530.69</u>
Expenditures				
Salaries & Payroll Tax	31,688.77	25,754.42	30,000.00	(4,245.58)
Medical Insurance	2,344.49	2,439.36	5,000.00	(2,560.64)
Repairs & Supplies	11,291.79	2,727.74	10,000.00	(7,272.26)
Utilities	4,497.45	5,681.63	7,500.00	(1,818.37)
Water Fees	2,182.09	1,171.24	2,000.00	(828.76)
Interest on Water Deposits	0.00	0.25	25.00	(24.75)
Professional Fees	4,120.80	4,950.47	750.00	4,200.47
Capital Outlay	0.00	0.00	35,045.00	(35,045.00)
Miscellaneous	387.88	407.02	500.00	(92.98)
Water Bond Principal	15,000.00	15,000.00	15,000.00	0.00
Water Bond Interest	6,650.00	6,155.00	6,155.00	0.00
Water Bond Commission	2.50	2.50	25.00	(22.50)
Operating Transfer:				
To Water Reserve	<u>6,000.00</u>	<u>6,000.00</u>	<u>6,000.00</u>	<u>0.00</u>
Total Expenditures	<u>84,165.77</u>	<u>70,289.63</u>	<u>\$ 118,000.00</u>	<u>\$ (47,710.37)</u>
Receipts Over (Under) Expenditures	(11,947.71)	4,241.06		
Unencumbered Cash, Beginning	<u>47,934.49</u>	<u>35,986.78</u>		
Unencumbered Cash, Ending	<u>\$ 35,986.78</u>	<u>\$ 40,227.84</u>		

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

The City of Macksville, Kansas
WATER RESERVE FUND
Statement 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>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Operating Transfer:		
From Water Utility	\$ 6,000.00	\$ 6,000.00
Total Cash Receipts	<u>6,000.00</u>	<u>6,000.00</u>
Expenditures		
Capital Outlay	<u>10,000.00</u>	<u>0.00</u>
Total Expenditures	<u>10,000.00</u>	<u>0.00</u>
Receipts Over (Under) Expenditures	(4,000.00)	6,000.00
Unencumbered Cash, Beginning	<u>79,925.45</u>	<u>75,925.45</u>
Unencumbered Cash, Ending	<u>\$ 75,925.45</u>	<u>\$ 81,925.45</u>

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

The City of Macksville, Kansas
 AGENCY FUNDS
 Statement of Cash Receipts and 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>
Utility Deposits	\$ 2,010.00	\$ 940.00	\$ 750.00	\$ 2,200.00
Sales Tax	<u>315.04</u>	<u>483.27</u>	<u>593.09</u>	<u>205.22</u>
Total Agency Funds	<u>\$ 2,325.04</u>	<u>\$ 1,423.27</u>	<u>\$ 1,343.09</u>	<u>\$ 2,405.22</u>

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

THE CITY OF MACKSVILLE, KANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Macksville, Kansas is a municipal corporation governed by an elected six-member council. A primary government is a legal entity or public politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. The Macksville City Library oversees the library activities of the City and is a component unit. The Library can sue and be sued, but acquisition of real property by the Library must be approved by the City. The City levies taxes for the Library and bond issuances must be approved by the City. The primary government financial statements presented do not include the financial data of the component unit of the City of Macksville. The financial data of the Library is available at the Library's office.

B. FUND ACCOUNTING

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City of Macksville, Kansas for the year of 2011:

GOVERNMENTAL FUNDS

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

PROPRIETARY FUNDS:

Enterprise Funds--to account for operations that are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses), including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges--or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS:

Trust and Agency Funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individual, private organizations, other governmental units, and/or other funds. These include (a) Pension Trust Funds, (b) Investment Trust Funds, (c) Private Purpose Trust Funds, and (d) Agency Funds.

C. BASIS OF ACCOUNTING

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

The municipality has adopted an ordinance to waive the requirements of generally accepted accounting principles which allows the municipality to revert to the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America: The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of interest bearing checking accounts, money market accounts and certificates of deposit. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

E. COMPENSATED ABSENCES

Vacation Leave Policy:

Full-time employees, after their first year of employment, will be credited with vacation leave at varying rates depending on years of service. Full-time employees will be credited with vacation leave on their anniversary date and cannot be accumulated. Upon termination, full-time employees will be compensated for any unused vacation leave at their final rate of pay. The potential liability for unused vacation leave as of December 31, 2011 is \$1,651.60.

Sick Leave Policy:

Full-time employees shall earn twelve days of sick leave each year with a max accumulation of sixty days. Upon termination, employees will not be compensated for unused sick leave, therefore, there is no potential liability for unused sick leave as of December 31, 2011.

F. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompany individual fund financial statements in order to provide an understanding of changes in the City's financial position and operation. Some prior year balances have been reclassified to conform with the current year presentation.

G. TOTAL COLUMNS (MEMORANDUM ONLY)

Total Columns on the Summary of Receipts, Expenditures and Unencumbered Cash are captioned "Memorandum Only" to indicate that they are presented only to aid in financial analysis. Interfund eliminations have not been made in the aggregation of this data; and it is, therefore, not comparable to a consolidation.

H. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the City by January 20. The second half is due May 10 and distributed to the City by June 5. The City Treasurer draws available funds from the County Treasurer at designated times throughout the year.

I. REIMBURSED EXPENSES

The City records reimbursable expenditures (or expense) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

J. USE OF ESTIMATES

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - 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. 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 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 governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

Note 2 - BUDGETARY INFORMATION (Cont'd.)

Adjustment for Qualifying Budget Credits: Cities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, reimbursements, gifts and donations and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

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

Machinery Reserve Fund
Capital Improvement Fund

Library Donations Fund

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

Note 3 - COMPLIANCE WITH KANSAS STATUTES

Management is aware of no statutory violations for the period covered by the audit.

Note 4 - DEPOSITS

K.S.A. 9-1401 established 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 bank 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 investments of idle funds to time deposits, open accounts, and certificates of deposit with the 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.

Concentration of Credit Risk: State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - 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, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All deposits were legally secured at December 31, 2011.

At December 31, 2011 the City's carrying amount of deposits was \$346,831.46 and the bank balance was \$357,084.90. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$323,690.87 was covered by federal depository insurance, and \$33,394.03 was collateralized with securities held by the pledging financial institutions' agents in the Government's name.

Note 5 - LONG TERM DEBT

Changes in long-term liabilities for the municipality for the year ended December 31, 2010, 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>
General Obligation Bond:				
To be paid with utility revenues:				
Series 2003	1.40 - 4.40%	5/15/2003	\$ 235,000.00	8/1/2018
Capital Leases:				
To be paid with tax levys:				
John Deere 310J Backhoe Loader	3.95%	9/14/2010	32,579.00	10/14/2015
Total Contractual Indebtedness				
Compensated Absences				
Total Long Term Debt				

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

	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2014</u>
PRINCIPAL:			
General Obligation Bond:			
To be paid with utility revenues:			
Series 2003	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
Capital Leases:			
To be paid with tax levys:			
2010 John Deere 310J Backhoe Loader	<u>6,315.89</u>	<u>6,569.93</u>	<u>6,834.20</u>
TOTAL PRINCIPAL	<u>21,315.89</u>	<u>21,569.93</u>	<u>21,834.20</u>
INTEREST:			
General Obligation Bond:			
To be paid with utility revenues:			
Series 2003	5,615.00	5,060.00	4,490.00
Capital Leases:			
To be paid with tax levys:			
2010 John Deere 310J Backhoe Loader	<u>934.45</u>	<u>680.41</u>	<u>416.14</u>
TOTAL INTEREST	<u>6,549.45</u>	<u>5,740.41</u>	<u>4,906.14</u>
TOTAL PRINCIPAL & INTEREST	<u>\$ 27,865.34</u>	<u>\$ 27,310.34</u>	<u>\$ 26,740.34</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>
\$ 150,000.00	\$ 0.00	\$ 15,000.00		\$ 135,000.00	\$ 6,155.00
<u>32,579.00</u>	<u>0.00</u>	<u>5,748.88</u>		<u>26,830.12</u>	<u>1,501.46</u>
182,579.00	0.00	20,748.88		161,830.12	7,656.46
<u>1,426.40</u>			<u>225.20</u>	<u>1,651.60</u>	
<u>\$ 184,005.40</u>	<u>\$ 0.00</u>	<u>\$ 20,748.88</u>	<u>\$ 225.20</u>	<u>\$ 163,481.72</u>	<u>\$ 7,656.46</u>

<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/17-12/31/21</u>	<u>Total</u>
\$ 20,000.00	\$ 20,000.00	\$ 50,000.00	\$ 135,000.00
<u>7,110.10</u>	<u>0.00</u>	<u>0.00</u>	<u>26,830.12</u>
<u>27,110.10</u>	<u>20,000.00</u>	<u>50,000.00</u>	<u>161,830.12</u>
3,890.00	3,060.00	2,200.00	24,315.00
<u>141.24</u>	<u>0.00</u>	<u>0.00</u>	<u>2,172.24</u>
<u>4,031.24</u>	<u>3,060.00</u>	<u>2,200.00</u>	<u>26,487.24</u>
<u>\$ 31,141.34</u>	<u>\$ 23,060.00</u>	<u>\$ 52,200.00</u>	<u>\$ 188,317.36</u>

Note 5 - LONG TERM DEBT (Cont'd.)

The City entered into a lease purchase agreement for a John Deere 310J Backhoe Loader from John Deere Credit on September 14, 2010. The lease requires ten semi-annual payments of \$3,625.17, which began March 2011. The lease is non-cancelable except in the event no funds or insufficient funds are appropriated and budgeted and funds are not otherwise available by any means whatsoever after the City has exercised its best efforts and any administrative reviews and appeals available to secure adequate funds.

Note 6 - INTERFUND TRANSACTIONS

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Machinery Reserve	K.S.A. 12-1,1117	\$ 10,000.00
General	Capital Improvement	K.S.A. 12-1,1118	10,000.00
Sewer Utility	Sewer Reserve	K.S.A. 12-825d	6,000.00
Water Utility	Water Reserve	K.S.A. 12-825d	6,000.00

Note 7 - DEFINED BENEFIT PENSION PLAN

Plan description. The City of Macksville 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 Ave., Suite 100; Topeka, KS 66603-3803) 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 bases. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for calendar year 2011 is 7.74%. The City of Macksville employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$6,887.91, \$7,925.60, and \$6,245.86, respectively, equal to the required contributions for each year.

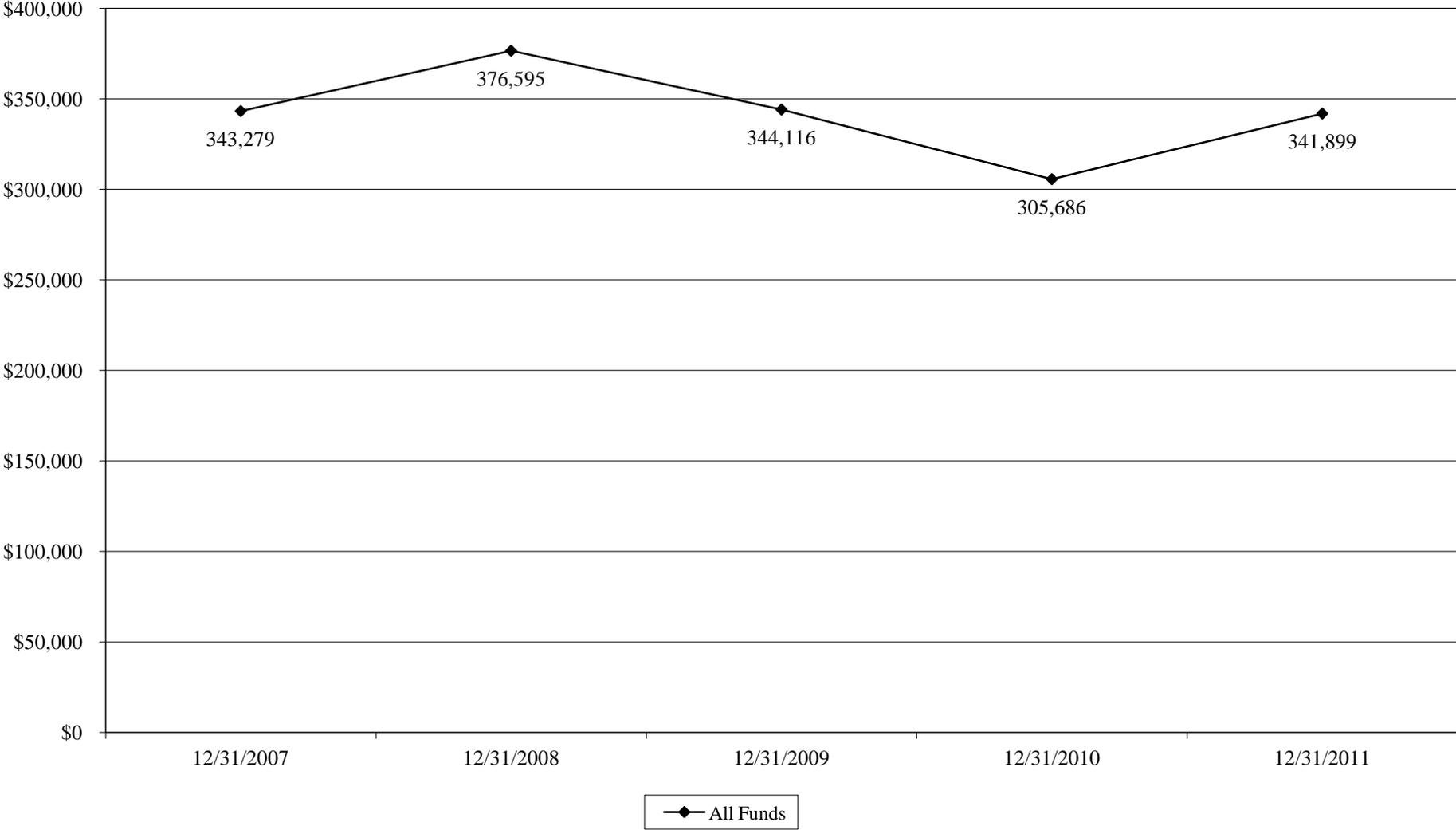
Note 8 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains coverage from commercial insurance companies in order to effectively manage risk. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The City does not participate in a public entity risk pool.

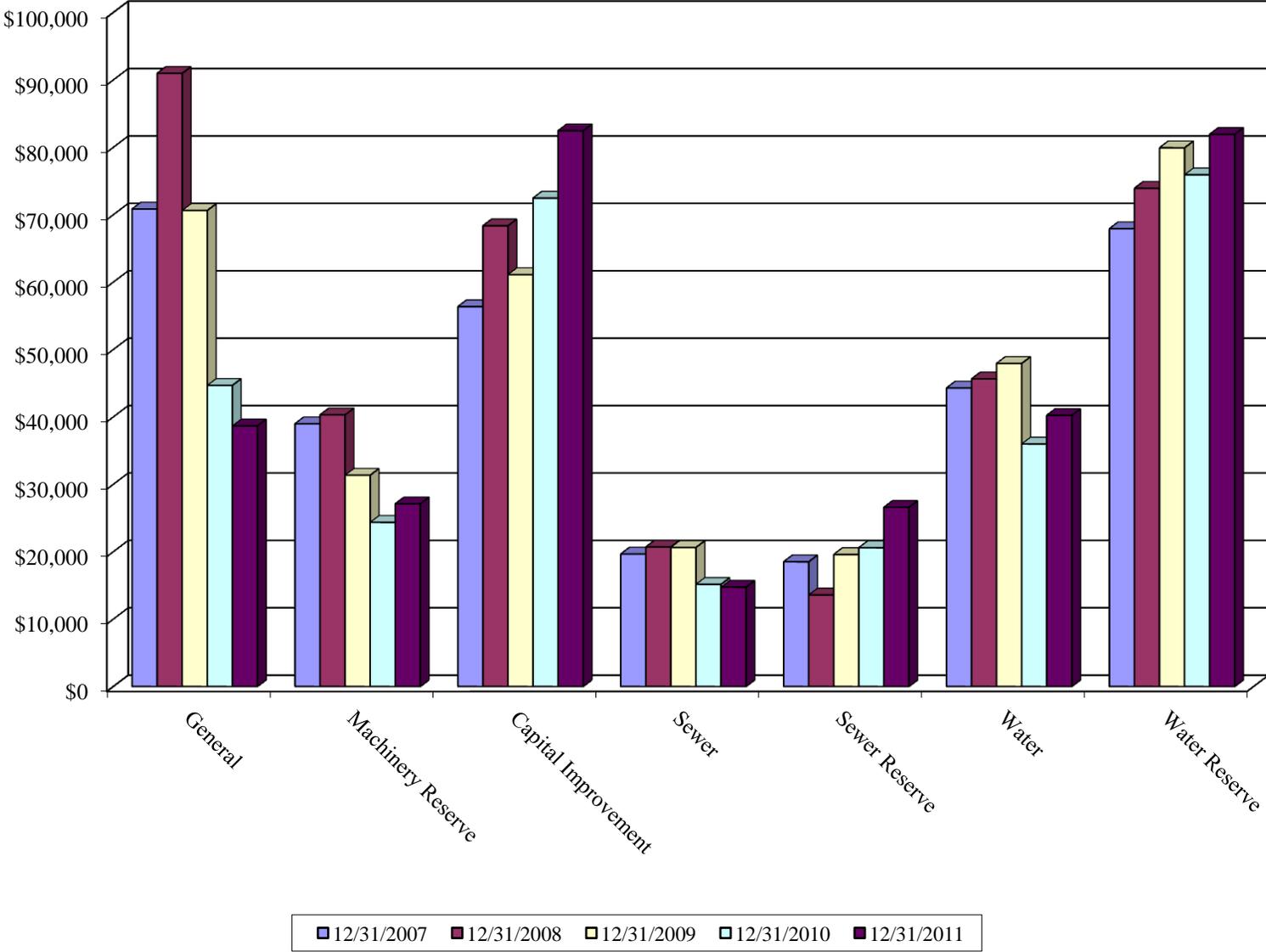
Note 9 - SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through February 24, 2012, and does not believe any events have occurred which effect the financial statements as presented.

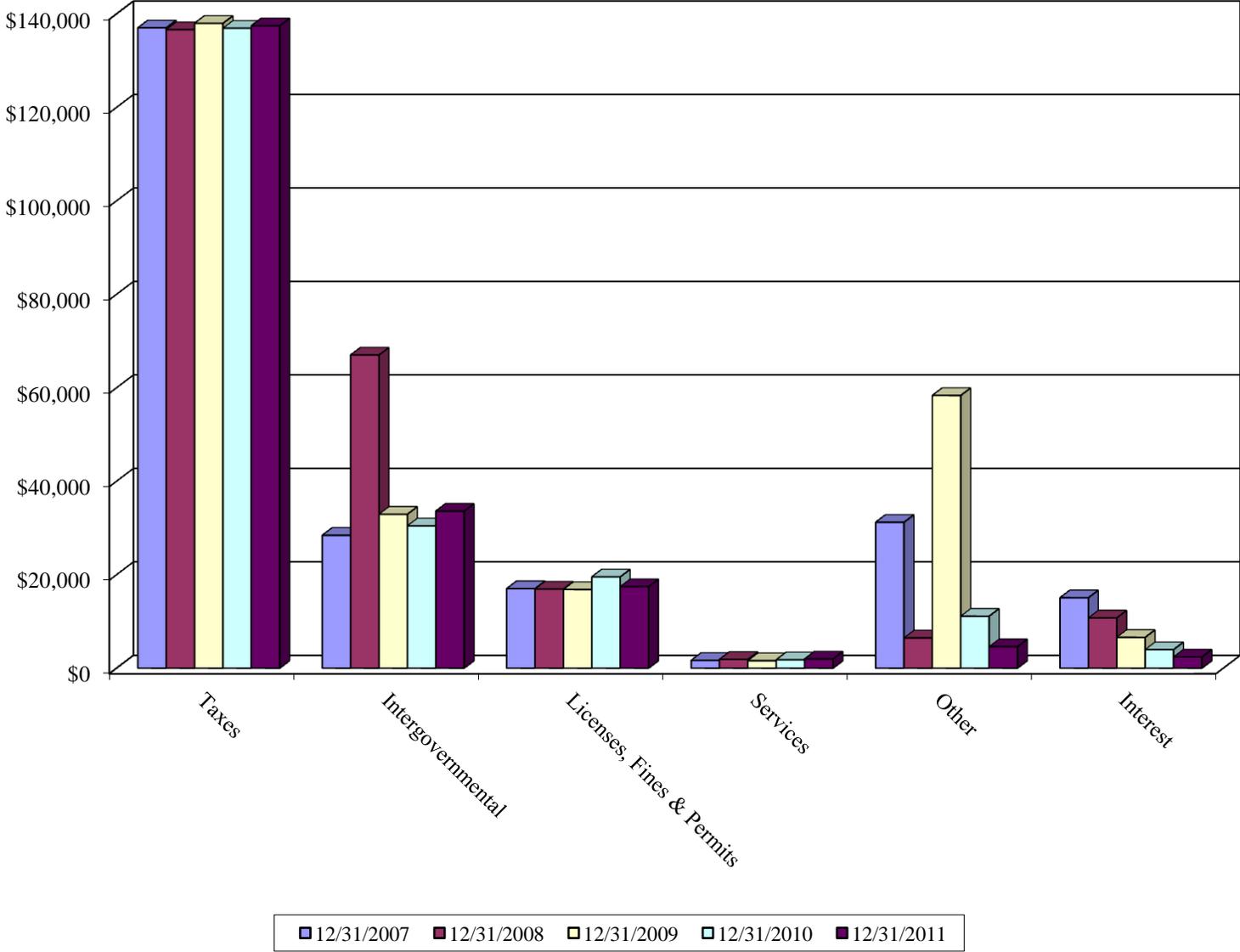
City of Macksville Macksville, Kansas Unencumbered Cash Balance



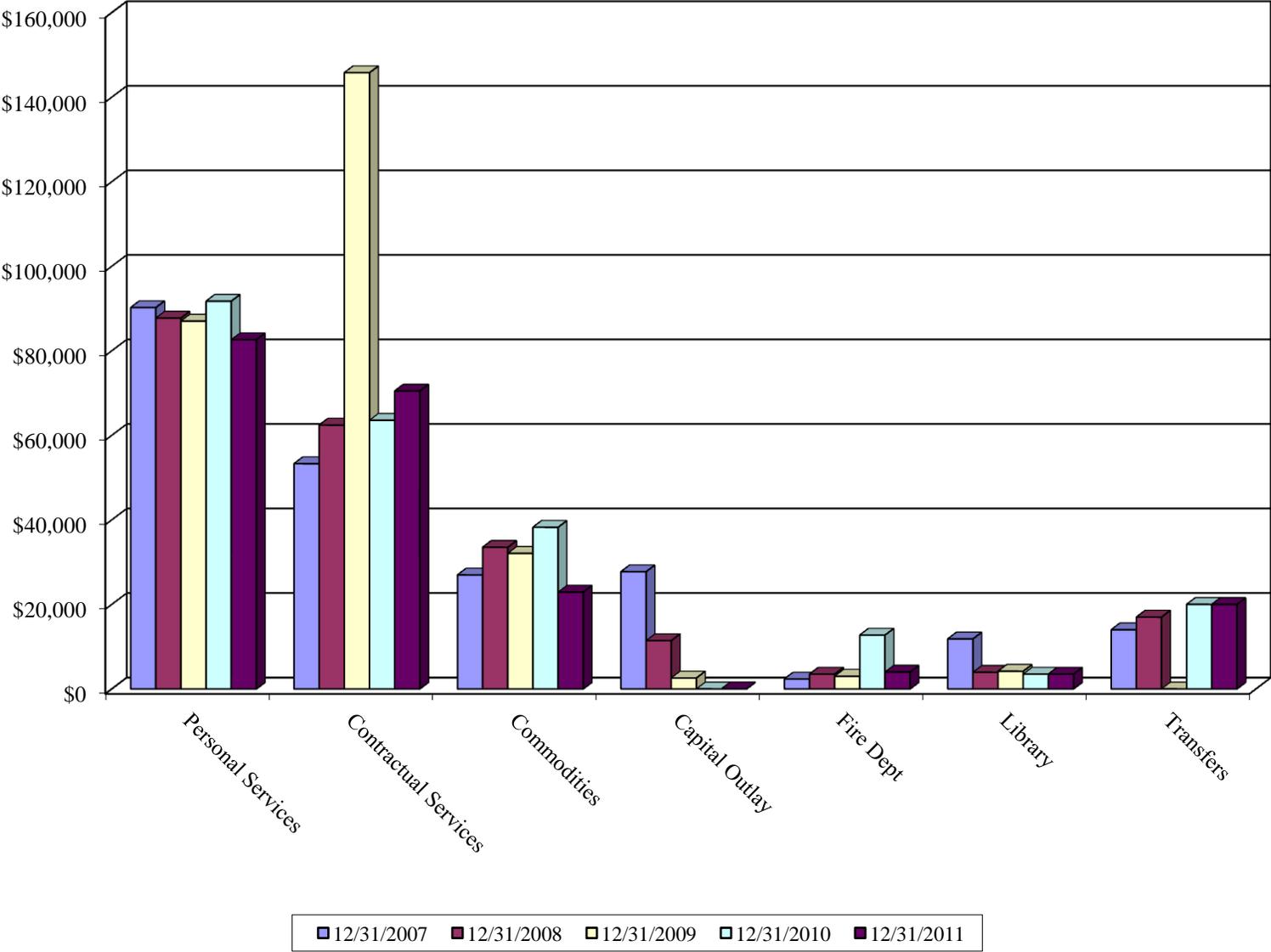
**City of Macksville
Macksville, Kansas
Unencumbered Cash Balances - Selected Funds**



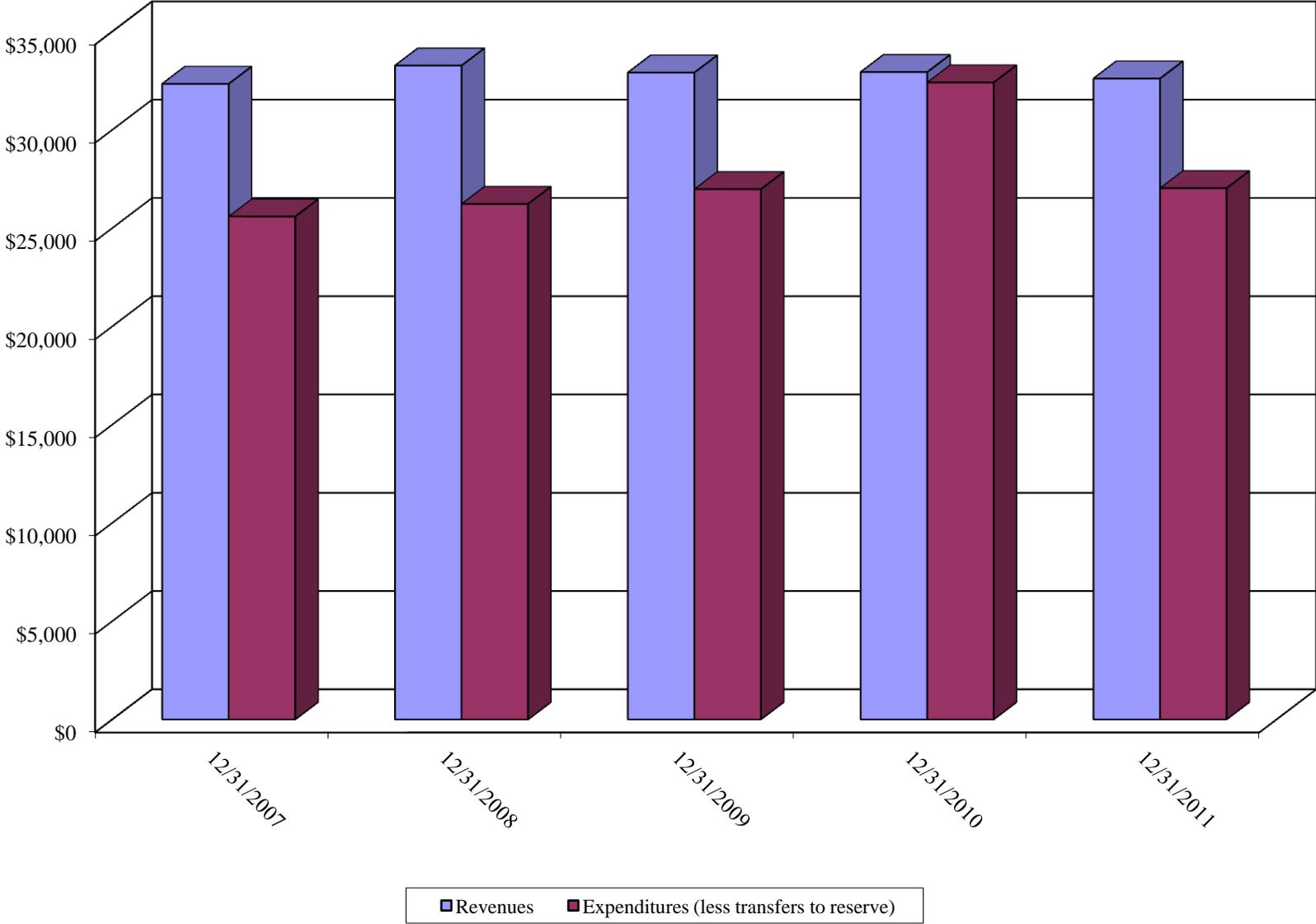
City of Macksville Macksville, Kansas General Fund Revenues



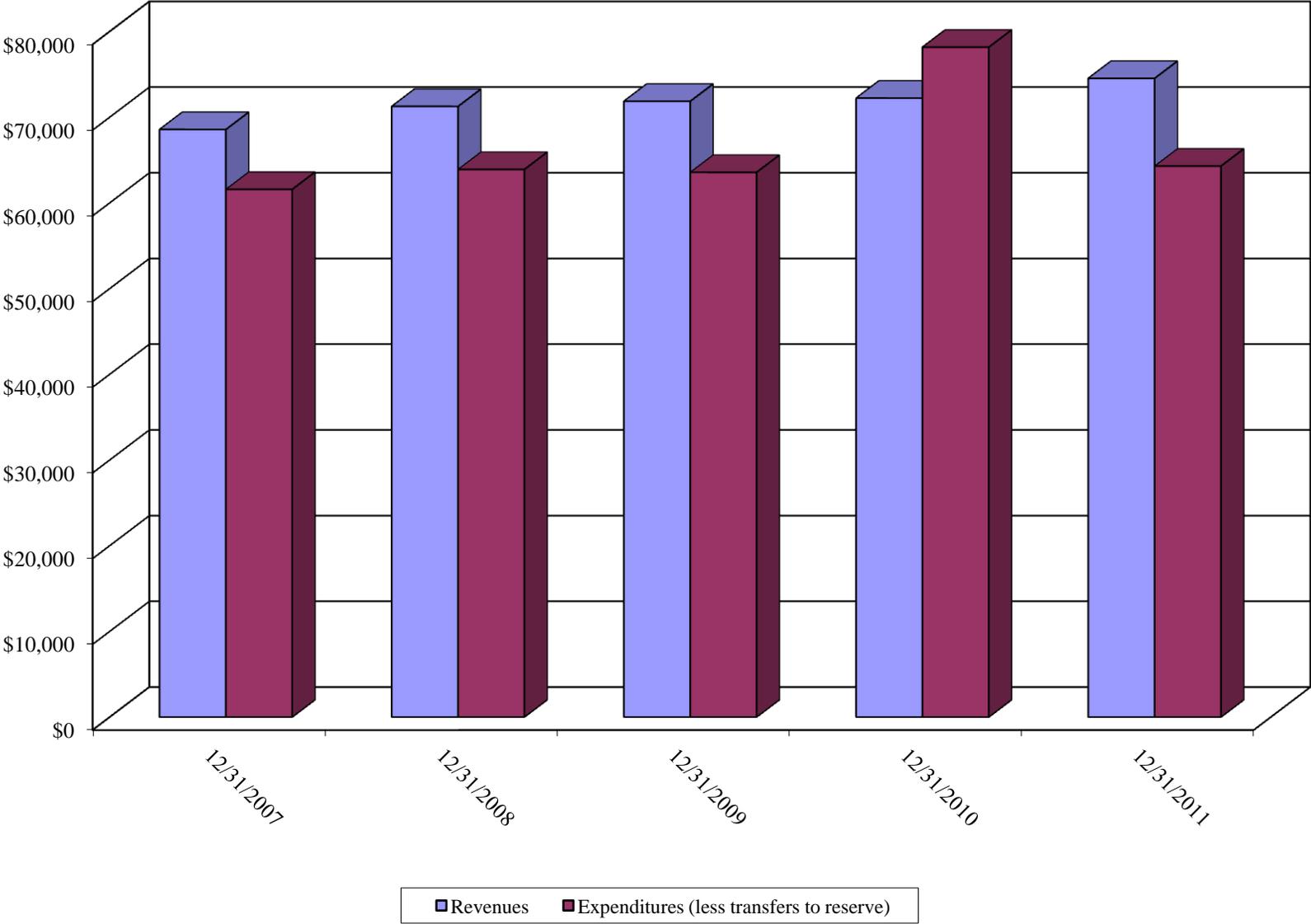
City of Macksville Macksville, Kansas General Fund Expenditures



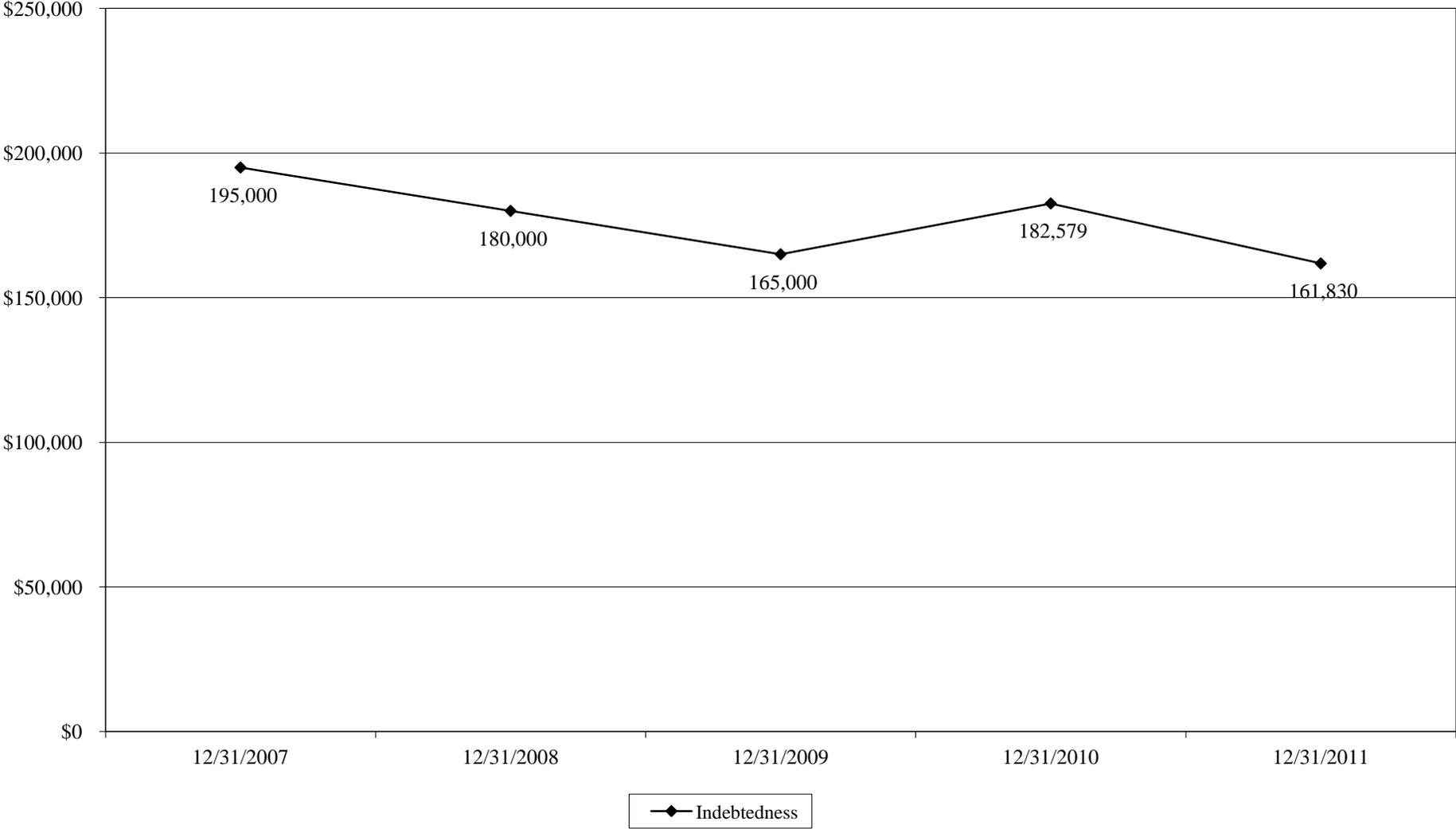
**City of Macksville
Macksville, Kansas
Sewer Fund**



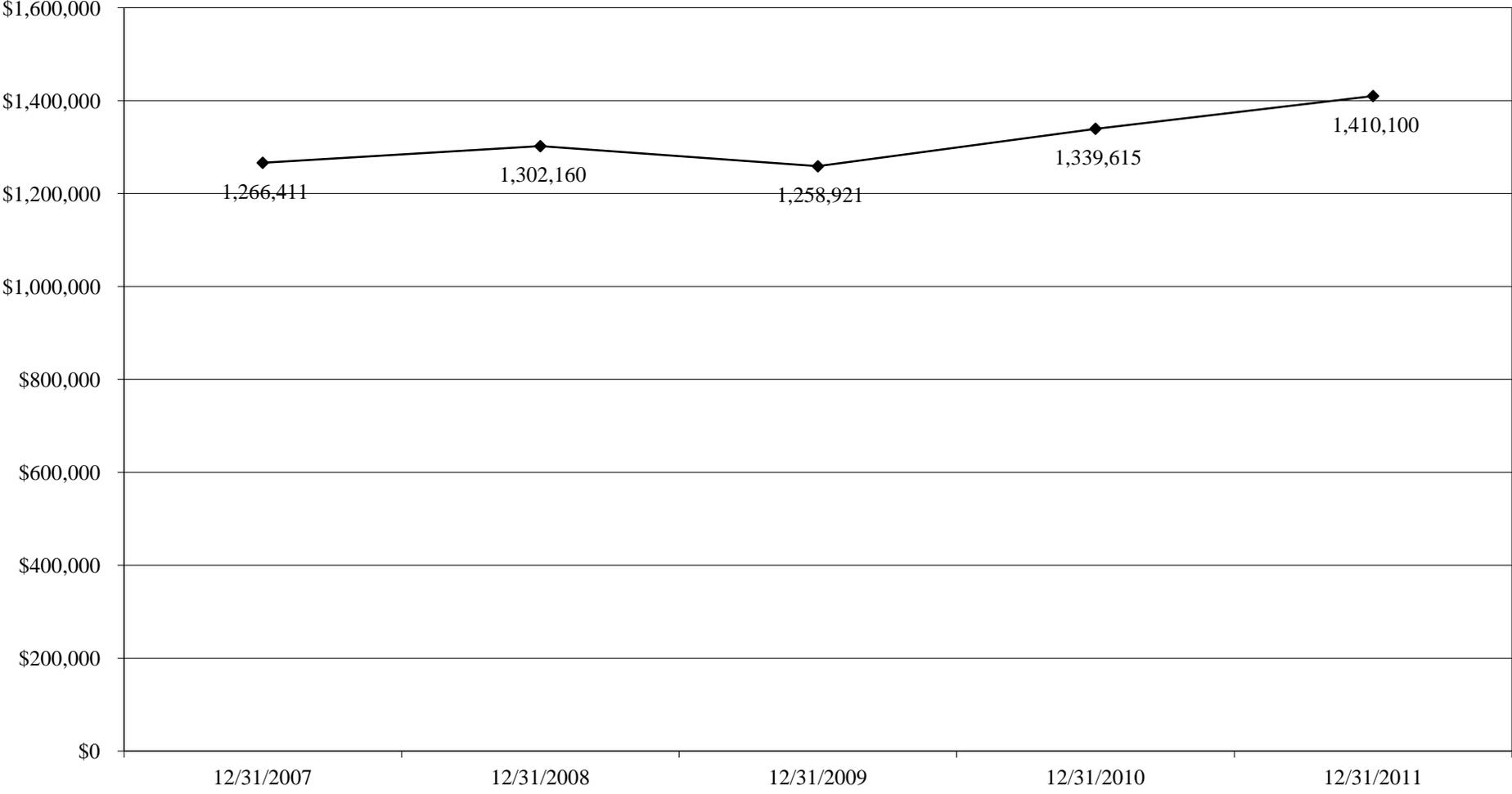
**City of Macksville
Macksville, Kansas
Water Fund**



City of Macksville Macksville, Kansas Indebtedness



City of Macksville Macksville, Kansas Valuation



◆ Valuation

City of Macksville Macksville, Kansas Mill Rate

