

CITY OF OBERLIN, KANSAS
Independent Audit Report
January 1, 2011 to December 31, 2011

MAPES & MILLER LLP
Certified Public Accountants
Norton, Kansas

CITY OF OBERLIN, KANSAS
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MAPES & MILLER LLP

CERTIFIED PUBLIC ACCOUNTANTS

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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INDEPENDENT AUDITOR'S REPORT

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Honorable Mayor and City Council
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We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the City of Oberlin, Kansas, as of and for the year ended December 31, 2011, which comprises the basic financial statement of the City's primary government, as listed in the table of contents. This financial statement is the responsibility of the City of Oberlin, Kansas' management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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The financial statement does not include financial data for the following legally separate component units of the City: Housing Authority of the City of Oberlin and the City of Oberlin Arts and Humanities Commission. Accounting principles generally accepted in the United States of America require the financial data for the component units to 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 unit. The City has not issued such reporting entity financial statements. The effect on the financial statement of the omission of the component unit, although not reasonably determinable, is presumed to be material.

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As described more fully in Note 1, the City of Oberlin, Kansas, has prepared this financial statement in conformity with accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, 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 statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Oberlin, Kansas, as of December 31, 2011, or the changes in financial position for the year then ended.

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

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget and summary of cash receipts and cash disbursements-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Mapes & Miller LLP

Certified Public Accountants

Norton, Kansas
July 5, 2012

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

STATEMENT 1
 Page 1

| Funds | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|----------------------------------|---|---|------------------|--------------|--|---|------------------------|
| Governmental Fund Types: | | | | | | | |
| General | \$ 245,399 | 0 | 1,116,123 | 1,077,520 | 284,002 | 18,722 | 302,724 |
| Special Revenue Funds: | | | | | | | |
| Special Street | 377,230 | 0 | 125,930 | 98,637 | 404,523 | 0 | 404,523 |
| Library | 21,196 | 0 | 92,880 | 93,670 | 20,406 | 0 | 20,406 |
| Employee Benefits | 15,343 | 0 | 23,608 | 38,951 | 0 | 0 | 0 |
| Special Parks and Recreation | 10,258 | 0 | 4,927 | 1,859 | 13,326 | 0 | 13,326 |
| Tourism and Convention Promotion | 0 | 0 | 12,180 | 10,000 | 2,180 | 0 | 2,180 |
| Gateway Civic Center | 93,741 | 0 | 203,648 | 149,324 | 148,065 | 7,631 | 155,696 |
| Community Growth | 15,045 | 0 | 0 | 766 | 14,279 | 0 | 14,279 |
| Centennial Trust | 1,517 | 0 | 2 | 0 | 1,519 | 0 | 1,519 |
| Memorials | 8,792 | 0 | 500 | 0 | 9,292 | 0 | 9,292 |
| Risk Management Reserve | 104,498 | 0 | 0 | 0 | 104,498 | 0 | 104,498 |
| Special Law Enforcement Trust | 61,332 | 0 | 69 | 4,397 | 57,004 | 0 | 57,004 |
| Special Equipment | 101,076 | 0 | 0 | 10,000 | 91,076 | 0 | 91,076 |
| Gateway Donation | 651,216 | 0 | 926 | 134,693 | 517,449 | 0 | 517,449 |
| Cemetery Directory | 0 | 0 | 3,375 | 0 | 3,375 | 0 | 3,375 |
| Debt Service Funds: | | | | | | | |
| Bond and Interest | 37,458 | 0 | 119,114 | 125,520 | 31,052 | 0 | 31,052 |
| Capital Project Funds: | | | | | | | |
| CDBG Wastewater Grant | 1 | 0 | 0 | 1 | 0 | 0 | 0 |
| Water Treatment Plant | 0 | 0 | 4,474,995 | 127,831 | 4,347,164 | 0 | 4,347,164 |
| Proprietary Fund Types: | | | | | | | |
| Enterprise Funds: | | | | | | | |
| Electric Utility | 266,814 | 0 | 1,960,968 | 2,007,476 | 220,306 | 110,397 | 330,703 |
| Electric Reserve | 610,835 | 0 | 78,483 | 0 | 689,318 | 0 | 689,318 |
| Customer Deposits | 0 | 0 | 13,400 | 13,400 | 0 | 27,067 | 27,067 |
| Sewer Utility | 177,377 | 0 | 308,272 | 291,122 | 194,527 | 592 | 195,119 |
| Sewer Reserve | 736,651 | 0 | 66,782 | 0 | 803,433 | 0 | 803,433 |
| Water Utility | 145,847 | 0 | 383,747 | 316,790 | 212,804 | 2,928 | 215,732 |

(Continued)

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

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

STATEMENT 1
 Page 2

| Funds | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Cash Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Outstanding Encumbrances and Accounts Payable | Ending Cash Balance |
|--|---|---|------------------|------------------|--|---|------------------------|
| Waste Water Project | \$ 10,608 | 0 | 8 | 10,616 | 0 | 0 | 0 |
| Sappa Valley Youth | 26,569 | 0 | 1,015 | 275 | 27,309 | 0 | 27,309 |
| Total Primary Government | 3,718,803 | 0 | 8,990,952 | 4,512,848 | 8,196,907 | 167,337 | 8,364,244 |
| Component Units: | | | | | | | |
| Oberlin Public Library: | | | | | | | |
| General | 469 | 0 | 56,274 | 53,801 | 2,942 | 0 | 2,942 |
| State Grant | 0 | 0 | 797 | 797 | 0 | 0 | 0 |
| Northwest Kansas Library System Grant | 0 | 0 | 4,300 | 4,300 | 0 | 0 | 0 |
| Smart Start NWK Project Grant | 500 | 0 | 0 | 0 | 500 | 0 | 500 |
| Memorials and Donations | 46,632 | 0 | 3,171 | 4,056 | 45,747 | 0 | 45,747 |
| Capital Improvement | 967 | 0 | 0 | 0 | 967 | 0 | 967 |
| Total Component Units | 48,568 | 0 | 64,542 | 62,954 | 50,156 | 0 | 50,156 |
| Total Reporting Entity (Excluding Agency Funds) | \$ 3,767,371 | 0 | 9,055,494 | 4,575,802 | 8,247,063 | 167,337 | 8,414,400 |

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

CITY OF OBERLIN, KANSAS
 Composition of Cash
For the Year Ended December 31, 2011

STATEMENT 1
 Page 3

| | |
|--|---------------------|
| Primary Government: | |
| Cash on Hand | \$ 750 |
| | |
| The Bank, Oberlin, Kansas | |
| Checking Accounts | 1,218 |
| NOW Accounts | 3,760,747 |
| Savings Accounts | 154,088 |
| Certificate of Deposit | 1,520 |
| | |
| First National Bank, Oberlin, Kansas | |
| Certificates of Deposit | 100,000 |
| | |
| UMB Bank, Kansas City, Missouri | |
| Money Market | 1,410,946 |
| Investments | <u>2,936,218</u> |
| | |
| Total Cash and Investments | 8,365,487 |
| | |
| Less: Agency Funds - Statement 4 | <u>(1,243)</u> |
| | |
| Total Primary Government | <u>8,364,244</u> |
| | |
| Component Units: | |
| Oberlin Public Library Board: | |
| The Bank, Oberlin, Kansas | |
| NOW Account | 4,342 |
| | |
| First National Bank, Oberlin, Kansas | |
| NOW Account | 13,996 |
| Certificates of Deposit | <u>31,818</u> |
| | |
| Total Component Units | <u>50,156</u> |
| | |
| Total Reporting Entity per Statement 1, Page 2 | <u>\$ 8,414,400</u> |

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

CITY OF OBERLIN, KANSAS

Notes to the Financial Statement

December 31, 2011

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Oberlin, Kansas, the primary government, operates as a third class city in accordance with the laws of the State of Kansas. The City operates under a mayor-council form of government and provides the following services: public safety (police and fire protection), highways and streets, electricity, water, sewer, sanitation, social, culture and recreation, planning and zoning, public improvements and general administrative services.

Discretely Presented Component Unit

The component unit section of this financial statement includes the financial data of a discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the City.

Oberlin Public Library. The Oberlin Public Library operates a municipal public library for the City of Oberlin. A seven-member board of trustees is appointed by the City Council to oversee the operation. The City annually levies a tax for the operation of the Library and also provides the facilities. The City can also issue bonded debt for the benefit of the Library. The Library Board must obtain the approval for the acquisition or disposal of real property from the City Council.

Principles Determining Scope of Reporting Entity

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financial accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the following are component units of the City:

Oberlin Public Library
Housing Authority of the City of Oberlin
City of Oberlin Arts and Humanities Commission

Financial information for the Housing Authority of the City of Oberlin and the City of Oberlin Arts and Humanities Commission have not been reported in the City's financial statement. Accordingly, this financial statement is not a complete presentation in accordance with generally accepted accounting principles.

Housing Authority of the City of Oberlin. The Housing Authority of the City of Oberlin operates the city's public housing facilities. The Housing Authority can sue and be sued, and can buy, sell or lease real property. A five-member board is appointed by the City Council to oversee the operation. The Housing Authority must obtain approval from the City Council for bond issuances. The Housing Authority of the City of Oberlin issues separately audited financial statements that may be obtained from the Executive Director, Oberlin Housing Authority, 202 North EIk, Oberlin, KS 67749.

City of Oberlin Arts and Humanities Commission. The City of Oberlin Arts and Humanities Commission was established by the City to generally stimulate, facilitate, coordinate and cooperate with existing organizations for the development of the arts and historical tradition of the City and to initiate programs and proposals of encouragement for promotion and development of the arts, culture, heritage beauty and tradition of the City. The seven member Commission consists of five Mayor appointees, with City Council approval, one City Council member, and one County Commissioner. Financing is provided primarily from grants, event fees and appropriations from the City. Unaudited financial statements for the City of Oberlin Arts and Humanities Commission may be obtained from the Commission Treasurer, Route 1, Box 65, Oberlin, KS 67749.

Fund Accounting

In governmental 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 Oberlin for the year 2011:

Governmental Funds:

General Fund--To account for all unrestricted financial 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.

Debt Service Funds--To account for the accumulation of resources for and the payment of interest and principal on general long-term debt and the financing of special assessments which are general obligations of the City.

Capital Project Funds--To account for financial resources segregated for the acquisition of major capital facilities (other than those financed by enterprise funds).

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 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:

Private Purpose Trust and Agency Funds--To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Reimbursed Expenditures

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statement meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expenses was directly tied to the amount of the original cash disbursement.

Statutory Basis of Accounting

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

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

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances. Balance sheets that would have shown non-cash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balances 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, building, and equipment owned by the municipality are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statement.

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

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 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. No funds were amended in this manner for the year ended December 31, 2011.

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

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

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

| | <u>Statutory Authority for Exemption</u> |
|-------------------------------|--|
| Special Revenue Funds: | |
| Centennial Trust | K.S.A. 79-2925 |
| Memorials | K.S.A. 79-2925 |
| Cemetery Directory | K.S.A. 79-2925 |
| CDBG Wastewater Grant | K.S.A. 12-1663 |
| Risk Management Reserve | K.S.A. 12-2615 |
| Special Law Enforcement Trust | K.S.A. 60-4117 |
| Special Equipment | K.S.A. 12-1,117 |
| Gateway Donation | K.S.A. 79-2925 |
| Enterprise Funds: | |
| Electric Reserve | K.S.A. 12-825d |
| Customer Deposits | K.S.A. 12-822 |
| Sewer Reserve | K.S.A. 12-631p |
| Water Treatment Plant | K.S.A. 12-6a16 |
| Wastewater Project | K.S.A. 12-631p |

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

3. Property Taxes

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due 1/2 on December 20th and 1/2 the following May 10th. Any taxes unpaid at the due dates are considered delinquent. Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year: such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the City and therefore are not susceptible to accrual.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statement taken as a whole.

4. **Inventories and Prepaid Expenses**

Inventories and prepaid expenses that benefit future periods are recorded as expenditures during the year of purchase.

5. **Compensated Absences**

City of Oberlin

Vacation Pay

Full-time City employees earn one day of vacation for each month worked. Employees who have been employed by the City for more than ten years but less than fifteen years earn one and one quarter (1 1/4) vacation days per month. Employees who have been employed by the City for more than fifteen years but less than twenty years earn one and one half (1 1/2) vacation days per month. Employees who have been employed by the City for more than twenty years earn one and three quarters (1 3/4) vacation days per month. Vacation can be accumulated up to thirty days. The cost of accumulated vacation pay as of December 31, 2011 was \$37,745.

Sick Pay

Sick leave is granted to employees at a rate of one day per calendar month and may be accumulated to 120 days. The cost of accumulated sick leave is not payable upon termination and therefore was not recorded or estimated as of December 31, 2011.

Oberlin Public Library

Vacation Pay

The head librarian earns seven days of vacation in the first year of employment. After the first year of service, the head librarian earns fourteen days of vacation per year. Assistants working fifteen hours or more per week earn three days of vacation in the first year of employment. After the first year of service, assistants working fifteen hours or more per week earn seven days of vacation per year. Assistants with two or more years of service who fall below the fifteen-hour per week may retain the seven days vacation per year benefit at the Board's discretion. Vacation time is not allowed to accumulate and any unused time is forfeited, therefore, no cost for accumulated vacation pay was recorded or estimated as of December 31, 2011.

Sick Pay

The head librarian earns sick leave at the rate of one day per month, accumulative to thirty days. Assistants working fifteen hours or more per week, earn sick leave at the rate of one-half day per month accumulative to fifteen days. The cost of accumulated sick leave is not payable upon termination and therefore was not recorded or estimated as of December 31, 2011.

6. Defined Benefit Pension Plan

Plan Description

The City of Oberlin, Kansas and the Oberlin Public Library contribute to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) 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 for active members hired before July 1, 2009. For active members employed on or after July 1, 2009, K.S.A. 74-49,210 established the KPERS member-employee contribution rate at 6% of covered salaries. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for 2011, which includes pension contributions and Group Death Disability Insurance, was 7.74%. The City of Oberlin, Kansas' employer contributions to KPERS for the years ended December 31, 2011, 2010, and 2009 were \$50,743, \$44,625, and \$38,244 respectively, equal to the required contributions for each year. The Oberlin Public Library's employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$2,352, \$2,243, and \$2,155 respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

8. Deposits and Investments

At December 31, 2011, the city had the following investments and maturities.

| Investment Type | Fair Value | Investment Maturities (in Years) | |
|------------------|--------------|----------------------------------|-----|
| | | Less than 1 | 1-2 |
| FHLMC Notes | \$ 2,204,491 | \$ 2,205,537 | - |
| FHLB Notes | 735,000 | 735,573 | - |
| Total Fair Value | \$ 2,939,491 | 2,941,110 | - |

At December 31, 2011, the Library had no investments, except for certificates of deposit, which are considered as a component of deposits.

K.S.A. 9-1401 establishes the depositories which may be used by the City and the Library. The statute requires banks eligible to hold the City's and Library's funds have a main or branch bank in the county in which the municipality is located and the banks provide an acceptable rate of return on the funds.

In addition, K.S.A 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. Neither the City nor the Library have other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's and the Library's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Neither the City nor the Library have an investment policy that would further limit it's investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City and the Library 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 or the Library's deposits may not be returned to it. State statutes require the City's and the Library's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. Neither the City nor the Library have designated any "peak periods" with eligible depositories. All deposits were legally secured at December 31, 2011.

At December 31, 2011, the City's carrying amount of deposits was \$5,428,519 and the bank balance was \$5,621,605. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$601,218 was covered by federal depository insurance, and \$5,020,387 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2011, the Library's carrying amount of deposits was \$52,992 and the bank balance was \$50,156. The bank balance was held by two banks resulting in a concentration of credit risk. All of the bank balance was covered by federal depository insurance.

9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain worker's compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in The Kansas Municipal Insurance Trust (KMIT), a municipal group funded pool currently operating as a common risk management and insurance program for participating members.

The City pays an annual premium to KMIT for its worker's compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT's management.

The City continues to carry commercial insurance for all other risks of loss, including property, general liability, inland marine, law enforcement liability, underground storage tank liability, airport owners and operators general liability and automobile. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. **Compliance with Finance Related Legal and Contractual Provisions****Statutory Compliance.**

K.S.A. 12-1675 describes the investment of idle funds by cities. The city purchased several investments throughout the year that appear to be in violation of this statute.

K.S.A. 9-1401 establishes the depositories which may be used by cities. The city's deposits at UMB Bank appear to be in violation of this statute.

11. **Interfund Transactions**

Operating transfers were as follows:

| From | To | Statutory Authority | Amount |
|--------------------|----------------------|------------------------|-----------|
| Electric Utility | Debt Service | K.S.A. 12-825d | \$ 60,000 |
| Electric Utility | Gateway Civic Center | K.S.A. 12-825d | 50,000 |
| Electric Utility | Electric Reserve | K.S.A. 12-825d | 78,483 |
| Electric Utility | Special Street | K.S.A. 12-825d | 78,483 |
| Sewer Utility | Sewer Reserve | K.S.A. 12-6310 | 56,165 |
| Employee Benefits | General | K.S.A. 12-2615 | 38,098 |
| Wastewater Project | Sewer Reserve | N/A | 10,616 |
| CDBG Wastewater | Sewer Reserve | N/A | 1 |
| Gateway Donation | Gateway Civic Center | N/A | 100,000 |

12. Long-term Debt

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

| <u>Issue</u> | <u>Interest Rates</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Date of Final Maturity</u> | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Reductions/ Payments</u> | <u>Net Change</u> | <u>Balance End of Year</u> | <u>Interest Paid</u> |
|---------------------------------------|-----------------------|----------------------|------------------------|-------------------------------|----------------------------------|-------------------------|-----------------------------|-----------------------|----------------------------|----------------------|
| General Obligation Bonds: | | | | | | | | | | |
| Series 2001 Refunding and Improvement | 4.00 to 4.60% | 07/15/01 | 1,005,000 | 10/01/11 | \$ 120,000 | 0 | 120,000 | | 0 | 5,520 |
| Series 2003 Water System Improvements | 4.25% | 08/15/03 | 1,047,800 | 08/15/37 | <u>679,500</u> | <u>0</u> | <u>14,200</u> | | <u>665,300</u> | <u>28,879</u> |
| Total General Obligation Bonds | | | | | 799,500 | 0 | 134,200 | | 665,300 | 34,399 |
| KDHE Loans: | | | | | | | | | | |
| Water Pollution | 2.77% | 05/25/04 | 1,580,175 | 03/01/26 | 1,314,640 | 5,206 | 154,218 | | 1,165,628 | 33,992 |
| Temporary Notes | 1.10% | 02/22/11 | 4,473,000 | 03/01/13 | <u>0</u> | <u>4,473,000</u> | <u>0</u> | | <u>4,473,000</u> | <u>24,602</u> |
| Total Contractual Indebtedness | | | | | 2,114,140 | 4,478,206 | 288,418 | | 6,303,928 | 92,993 |
| Compensated Absences: | | | | | | | | | | |
| Primary Government: Vacation | N/A | N/A | N/A | N/A | <u>44,673</u> | | | <u>(6,928)</u> | <u>37,745</u> | |
| Total Long-Term Debt | | | | | <u>\$2,158,813</u> | <u>4,478,206</u> | <u>288,418</u> | <u>(6,928)</u> | <u>6,341,673</u> | <u>92,993</u> |

12. Long-term Debt - (Continued)

Current maturities of long-term debt for the City of Oberlin, Kansas through maturity are as follows:

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017-2021</u> | <u>2022-2026</u> | <u>2027-2031</u> | <u>2032-2036</u> | <u>2037-2041</u> | <u>Total</u> |
|---------------------------------------|-------------------|------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| PRINCIPAL | | | | | | | | | | | |
| General Obligation Bonds: | | | | | | | | | | | |
| Series 2003 Water System Improvements | \$ 14,800 | 15,400 | 16,100 | 16,800 | 17,500 | 99,200 | 122,100 | 150,300 | 185,200 | 27,900 | 665,300 |
| KDHE Loans: | | | | | | | | | | | |
| Water Pollution | 66,326 | 68,176 | 70,078 | 72,032 | 74,041 | 402,361 | 412,614 | 0 | 0 | 0 | 1,165,628 |
| Temporary Notes | 0 | 4,473,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,473,000 |
| TOTAL PRINCIPAL | <u>81,126</u> | <u>4,556,576</u> | <u>86,178</u> | <u>88,832</u> | <u>91,541</u> | <u>501,561</u> | <u>534,714</u> | <u>150,300</u> | <u>185,200</u> | <u>27,900</u> | <u>6,303,928</u> |
| INTEREST | | | | | | | | | | | |
| General Obligation Bonds: | | | | | | | | | | | |
| Series 2003 Water System Improvements | 28,275 | 27,646 | 26,992 | 26,308 | 25,594 | 116,170 | 93,224 | 64,978 | 30,196 | 1,186 | 440,569 |
| KDHE Loans: | | | | | | | | | | | |
| Water Pollution | 31,832 | 29,982 | 28,080 | 26,126 | 24,117 | 87,704 | 29,097 | 0 | 0 | 0 | 256,938 |
| Temporary Notes | 49,203 | 24,602 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 73,805 |
| TOTAL INTEREST | <u>109,310</u> | <u>82,230</u> | <u>55,072</u> | <u>52,434</u> | <u>49,711</u> | <u>203,874</u> | <u>122,321</u> | <u>64,978</u> | <u>30,196</u> | <u>1,186</u> | <u>771,312</u> |
| TOTAL PRINCIPAL AND INTEREST | <u>\$ 190,436</u> | <u>4,638,806</u> | <u>141,250</u> | <u>141,266</u> | <u>141,252</u> | <u>705,435</u> | <u>657,035</u> | <u>215,278</u> | <u>215,396</u> | <u>29,086</u> | <u>7,075,240</u> |

CITY OF OBERLIN, KANSAS

SCHEDULE 1

Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2011

| Description | Certified Budget | Adjustment for Qualifying Budget Credits | Total Budget for Comparison | Expenditures Chargeable to Current Year | Variance Over (Under) |
|----------------------------------|---------------------|--|-----------------------------------|---|-----------------------------|
| General | \$ 1,642,574 | 4,016 | 1,646,590 | 1,077,520 | (569,070) |
| Special Revenue Funds: | | | | | |
| Special Street | 222,477 | 0 | 222,477 | 98,637 | (123,840) |
| Library | 73,351 | 38,066 | 111,417 | 93,670 | (17,747) |
| Employee Benefits | 1,800 | 38,098 | 39,898 | 38,951 | (947) |
| Special Parks and Recreation | 10,150 | 0 | 10,150 | 1,859 | (8,291) |
| Tourism and Convention Promotion | 10,000 | 0 | 10,000 | 10,000 | 0 |
| Gateway Civic Center | 263,880 | 49 | 263,929 | 149,324 | (114,605) |
| Community Growth | 20,000 | 0 | 20,000 | 766 | (19,234) |
| Debt Service Fund: | | | | | |
| Bond and Interest | 181,981 | 0 | 181,981 | 125,520 | (56,461) |
| Enterprise Funds: | | | | | |
| Electric Utility | 2,048,188 | 122 | 2,048,310 | 2,007,476 | (40,834) |
| Sewer Utility | 291,122 | 0 | 291,122 | 291,122 | 0 |
| Water Utility | 510,688 | 5,277 | 515,965 | 316,790 | (199,175) |
| Sappa Valley Youth | 2,750 | 0 | 2,750 | 275 | (2,475) |

CITY OF OBERLIN, KANSAS
General Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

SCHEDULE 2
Page 1

| | Actual | Budget | Variance Over (Under) |
|-----------------------------------|------------|-----------|-----------------------------|
| Cash Receipts: | | | |
| Taxes | | | |
| Ad Valorem Property | \$ 472,110 | 495,345 | (23,235) |
| Delinquent | 8,962 | 8,784 | 178 |
| Motor Vehicle | 75,821 | 79,681 | (3,860) |
| Recreational Vehicle | 1,376 | 1,208 | 168 |
| 16/20M Vehicle | 2,115 | 2,151 | (36) |
| Excise | 68 | 61 | 7 |
| Local Sales | 128,672 | 115,000 | 13,672 |
| LAVTR | 0 | 140 | (140) |
| Slider | 0 | 87 | (87) |
| Intergovernmental | | | |
| Local Alcoholic Liquor | 4,490 | 4,000 | 490 |
| Licenses, Fees, Fines and Permits | | | |
| Franchise Fees | 34,338 | 28,000 | 6,338 |
| Licenses and Permits | 16,689 | 16,850 | (161) |
| Court Fines | 12,020 | 21,500 | (9,480) |
| Use of Money and Property | | | |
| Interest on Idle Funds | 6,398 | 10,000 | (3,602) |
| Other | | | |
| Swimming Pool | 12,219 | 0 | 12,219 |
| Cemetery Lots | 1,350 | 0 | 1,350 |
| Rentals | 4,138 | 2,700 | 1,438 |
| Miscellaneous | 1,039 | 8,600 | (7,561) |
| Reimbursed Expense | 4,016 | 0 | 4,016 |
| Trash Service | 146,410 | 100,000 | 46,410 |
| Airport Fuel Sales | 15,297 | 3,000 | 12,297 |
| Donations | 250 | 0 | 250 |
| Grants | 130,247 | 600,329 | (470,082) |
| Transfer from Agency Funds | 0 | 11,835 | (11,835) |
| Transfer from Equipment | 0 | 18,000 | (18,000) |
| Transfer from Employee Benefits | 38,098 | 1,800 | 36,298 |
| Transfer from Electric | 0 | 75,000 | (75,000) |
| Total Cash Receipts | 1,116,123 | 1,604,071 | (487,948) |

CITY OF OBERLIN, KANSAS
General Fund
 Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

SCHEDULE 2
 Page 2

| | Actual | Budget | Variance Over (Under) |
|--------------------------|-----------|---------|-----------------------------|
| Expenditures: | | | |
| General Government: | | | |
| Personal Services | \$ 67,108 | 73,583 | (6,475) |
| Contractual Services | 65,542 | 67,000 | (1,458) |
| Commodities | 2,168 | 25,700 | (23,532) |
| Miscellaneous | 3,958 | 0 | 3,958 |
| Total General Government | 138,776 | 166,283 | (27,507) |
| Police Department: | | | |
| Personal Services | 231,099 | 246,466 | (15,367) |
| Contractual Services | 68,871 | 77,600 | (8,729) |
| Commodities | 12,335 | 26,350 | (14,015) |
| Capital Outlay | 0 | 18,000 | (18,000) |
| Miscellaneous | 321 | 0 | 321 |
| Total Police Department | 312,626 | 368,416 | (55,790) |
| Street Department: | | | |
| Contractual Services | 26,113 | 1,500 | 24,613 |
| Commodities | 35,800 | 5,750 | 30,050 |
| Capital Outlay | 1,617 | 0 | 1,617 |
| Miscellaneous | 102 | 0 | 102 |
| Total Street Department | 63,632 | 7,250 | 56,382 |
| Cemetery: | | | |
| Personal Services | 44,423 | 50,463 | (6,040) |
| Contractual Services | 10,052 | 4,650 | 5,402 |
| Commodities | 11,548 | 13,450 | (1,902) |
| Capital Outlay | 1,823 | 0 | 1,823 |
| Total Cemetery | 67,846 | 68,563 | (717) |

(Continued)

CITY OF OBERLIN, KANSAS
General Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

SCHEDULE 2
Page 3

| | Actual | Budget | Variance Over (Under) |
|-----------------------|----------|---------|-----------------------------|
| Fire Department: | | | |
| Personal Services | \$ 7,661 | 7,014 | 647 |
| Contractual Services | 643 | 3,400 | (2,757) |
| Commodities | 219 | 1,100 | (881) |
| Total Fire Department | 8,523 | 11,514 | (2,991) |
| Park: | | | |
| Personal Services | 4,370 | 12,716 | (8,346) |
| Contractual Services | 30,086 | 44,250 | (14,164) |
| Commodities | 6,084 | 4,350 | 1,734 |
| Capital Outlay | 1,664 | 2,500 | (836) |
| Miscellaneous | 20 | 0 | 20 |
| Total Park | 42,224 | 63,816 | (21,592) |
| Pool: | | | |
| Personal Services | 31,552 | 41,654 | (10,102) |
| Contractual Services | 7,898 | 5,069 | 2,829 |
| Commodities | 12,765 | 29,212 | (16,447) |
| Capital Outlay | 3,774 | 7,250 | (3,476) |
| Total Pool | 55,989 | 83,185 | (27,196) |
| Airport: | | | |
| Personal Services | 3,122 | 3,045 | 77 |
| Contractual Services | 5,370 | 2,950 | 2,420 |
| Commodities | 17,981 | 6,350 | 11,631 |
| Capital Outlay | 146,414 | 686,435 | (540,021) |
| Total Airport | 172,887 | 698,780 | (525,893) |

(Continued)

CITY OF OBERLIN, KANSAS
General Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

| | Actual | Budget | Variance Over (Under) |
|--|------------|-----------|-----------------------------|
| Library: | | | |
| Contractual Services | \$ 1,592 | 0 | 1,592 |
| Other Expenditures: | | | |
| Trash Service | 133,557 | 100,000 | 33,557 |
| Code Enforcement | 4,442 | 3,250 | 1,192 |
| Animal Control | 16,254 | 10,772 | 5,482 |
| Municipal Court | 8,572 | 8,645 | (73) |
| Economic Development | 42,600 | 44,100 | (1,500) |
| Appropriations to Arts and Humanities Commission | 8,000 | 8,000 | 0 |
| Total Other Expenditures | 213,425 | 174,767 | 38,658 |
| Adjustment for Qualifying Budget Credits: | | | |
| Excess Reimbursed Expense | 0 | 4,016 | (4,016) |
| Total Expenditures | 1,077,520 | 1,646,590 | (569,070) |
| Cash Receipts Over (Under) Expenditures | 38,603 | | |
| Unencumbered Cash, Beginning | 245,399 | | |
| Unencumbered Cash, Ending | \$ 284,002 | | |

CITY OF OBERLIN, KANSAS
Special Street Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

| | <u>Actual</u> | <u>Budget</u> | Variance Over (Under) |
|---|--------------------------|----------------|-----------------------------|
| Cash Receipts: | | | |
| State of Kansas | \$ 44,485 | 45,220 | (735) |
| Miscellaneous | 2,962 | 0 | 2,962 |
| Transfer from Electric Utility | <u>78,483</u> | <u>75,000</u> | <u>3,483</u> |
| Total Receipts | <u>125,930</u> | <u>120,220</u> | <u>5,710</u> |
| Expenditures: | | | |
| Personal Services | 47,322 | 43,477 | 3,845 |
| Contractual Services | 2,254 | 59,500 | (57,246) |
| Commodities | 0 | 114,500 | (114,500) |
| Capital Outlay | <u>49,061</u> | <u>5,000</u> | <u>44,061</u> |
| Total Expenditures | <u>98,637</u> | <u>222,477</u> | <u>(123,840)</u> |
| Cash Receipts Over (Under) Expenditures | 27,293 | | |
| Unencumbered Cash, Beginning | <u>377,230</u> | | |
| Unencumbered Cash, Ending | \$ <u><u>404,523</u></u> | | |

CITY OF OBERLIN, KANSAS
Library Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

SCHEDULE 2
Page 6

| | Actual | Budget | Variance Over (Under) |
|---|-----------|---------|-----------------------------|
| Cash Receipts: | | | |
| Taxes | | | |
| Ad Valorem Property | \$ 48,763 | 51,167 | (2,404) |
| Delinquent | 713 | 0 | 713 |
| Motor Vehicle | 5,044 | 10,597 | (5,553) |
| 16/20M Vehicle | 150 | 335 | (185) |
| Recreational Vehicle | 140 | 161 | (21) |
| Excise | 4 | 5 | (1) |
| Reimbursed Expense | 38,066 | 0 | 38,066 |
| Total Cash Receipts | 92,880 | 62,265 | 30,615 |
| Expenditures: | | | |
| Personal Services | 41,320 | 46,256 | (4,936) |
| Contractual Services | 0 | 11,595 | (11,595) |
| Commodities | 0 | 6,500 | (6,500) |
| Appropriations to Library Board | 52,350 | 9,000 | 43,350 |
| Adjustment for Qualifying Budget Credits: | | | |
| Excess Reimbursed Expense | 0 | 38,066 | (38,066) |
| Total Expenditures | 93,670 | 111,417 | (17,747) |
| Cash Receipts Over (Under) Expenditures | (790) | | |
| Unencumbered Cash, Beginning | 21,196 | | |
| Unencumbered Cash, Ending | \$ 20,406 | | |

CITY OF OBERLIN, KANSAS
Employee Benefits Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

| | <u>Actual</u> | <u>Budget</u> | <u>Variance Over (Under)</u> |
|---|--------------------|---------------|--------------------------------------|
| Cash Receipts: | | | |
| Taxes | | | |
| Delinquent | \$ 1,803 | 0 | 1,803 |
| Motor Vehicle | 20,755 | 0 | 20,755 |
| 16/20M Vehicle | 667 | 0 | 667 |
| Recreational Vehicle | 376 | 0 | 376 |
| Excise Tax | <u>7</u> | <u>0</u> | <u>7</u> |
| Total Cash Receipts | <u>23,608</u> | <u>0</u> | <u>23,608</u> |
| Expenditures: | | | |
| Workmans' Compensation Insurance | 853 | 0 | 853 |
| Transfer to General | 38,098 | 1,800 | 36,298 |
| Adjustment for Qualifying Budget Credits: | | | |
| Residual Equity Transfer | <u>0</u> | <u>38,098</u> | <u>(38,098)</u> |
| Total Expenditures | <u>38,951</u> | <u>39,898</u> | <u>(947)</u> |
| Cash Receipts Over (Under) Expenditures | (15,343) | | |
| Unencumbered Cash, Beginning | <u>15,343</u> | | |
| Unencumbered Cash, Ending | \$ <u><u>0</u></u> | | |

CITY OF OBERLIN, KANSAS
Special Parks and Recreation Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

| | <u>Actual</u> | <u>Budget</u> | Variance Over (Under) |
|---|-------------------------|----------------------|-----------------------------|
| Cash Receipts: | | | |
| Local Alcoholic Liquor Tax | \$ 4,490 | 3,800 | 690 |
| Donations | <u>437</u> | <u>0</u> | <u>437</u> |
| Total Cash Receipts | <u>4,927</u> | <u>3,800</u> | <u>1,127</u> |
| Expenditures: | | | |
| Contractual Services | 209 | 150 | 59 |
| Capital Outlay | <u>1,650</u> | <u>10,000</u> | <u>(8,350)</u> |
| Total Expenditures | <u>1,859</u> | <u>10,150</u> | <u>(8,291)</u> |
| Cash Receipts Over (Under) Expenditures | 3,068 | | |
| Unencumbered Cash, Beginning | <u>10,258</u> | | |
| Unencumbered Cash, Ending | \$ <u>13,326</u> | | |

CITY OF OBERLIN, KANSAS
Tourism and Convention Promotion Fund
 Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

| | Actual | Budget | Variance Over (Under) |
|--|------------------------|---------------|-----------------------------|
| Cash Receipts: | | | |
| Transient Guest Tax | \$ <u>12,180</u> | <u>10,000</u> | <u>2,180</u> |
| Expenditures: | | | |
| Appropriations to Convention and Visitors Bureau | <u>10,000</u> | <u>10,000</u> | <u>0</u> |
| Cash Receipts Over (Under) Expenditures | 2,180 | | |
| Unencumbered Cash, Beginning | <u>0</u> | | |
| Unencumbered Cash, Ending | \$ <u><u>2,180</u></u> | | |

CITY OF OBERLIN, KANSAS
Gateway Civic Center Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

SCHEDULE 2
Page 10

| | Actual | Budget | Variance Over (Under) |
|---|------------|---------|-----------------------------|
| Cash Receipts: | | | |
| Catering and Concessions | \$ 38,849 | 60,000 | (21,151) |
| Rentals | 10,191 | 45,000 | (34,809) |
| Interest on Idle Funds | 0 | 1,000 | (1,000) |
| Miscellaneous | 4,559 | 500 | 4,059 |
| Reimbursed Expense | 49 | 0 | 49 |
| Transfer from Gateway Donation | 100,000 | 100,000 | 0 |
| Transfer from Electric Utility | 50,000 | 90,000 | (40,000) |
| Total Cash Receipts | 203,648 | 296,500 | (92,852) |
| Expenditures: | | | |
| Personal Services | 85,611 | 152,510 | (66,899) |
| Commodities | 36,783 | 88,300 | (51,517) |
| Contractual | 26,623 | 23,070 | 3,553 |
| Miscellaneous | 307 | 0 | 307 |
| Adjustment for Qualifying Budget Credits: | | | |
| Excess Reimbursed Expense | 0 | 49 | (49) |
| Total Expenditures | 149,324 | 263,929 | (114,605) |
| Cash Receipts Over (Under) Expenditures | 54,324 | | |
| Unencumbered Cash, Beginning | 93,741 | | |
| Unencumbered Cash, Ending | \$ 148,065 | | |

CITY OF OBERLIN, KANSAS
Community Growth Fund
 Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

| | Actual | Budget | Variance Over (Under) |
|---|-------------------------|---------------|-----------------------------|
| Cash Receipts: | | | |
| Grants | \$ <u>0</u> | <u>0</u> | <u>0</u> |
| Expenditures: | | | |
| Contractual | 266 | 0 | 266 |
| Commodities | 0 | 5,000 | (5,000) |
| Miscellaneous | 500 | 0 | 500 |
| Capital Outlay | <u>0</u> | <u>15,000</u> | <u>(15,000)</u> |
| Total Expenditures | <u>766</u> | <u>20,000</u> | <u>(19,234)</u> |
| Cash Receipts Over (Under) Expenditures | (766) | | |
| Unencumbered Cash, Beginning | <u>15,045</u> | | |
| Unencumbered Cash, Ending | \$ <u><u>14,279</u></u> | | |

CITY OF OBERLIN, KANSAS
Bond and Interest Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

| | Actual | Budget | Variance Over (Under) |
|---|-----------|---------|-----------------------------|
| Cash Receipts: | | | |
| Taxes | | | |
| Ad Valorem Property | \$ 35,426 | 37,169 | (1,743) |
| Delinquent | 1,980 | 2,716 | (736) |
| Motor Vehicle | 20,678 | 28,699 | (8,021) |
| 16/20M Vehicle | 637 | 923 | (286) |
| Recreational Vehicle | 375 | 435 | (60) |
| Excise | 18 | 15 | 3 |
| Transfer from Electric Utility | 60,000 | 100,000 | (40,000) |
| Total Cash Receipts | 119,114 | 169,957 | (50,843) |
| Expenditures: | | | |
| Principal | 120,000 | 134,200 | (14,200) |
| Interest | 5,520 | 34,399 | (28,879) |
| Cash Basis Reserve | 0 | 13,382 | (13,382) |
| Total Expenditures | 125,520 | 181,981 | (56,461) |
| Cash Receipts Over (Under) Expenditures | (6,406) | | |
| Unencumbered Cash, Beginning | 37,458 | | |
| Unencumbered Cash, Ending | \$ 31,052 | | |

CITY OF OBERLIN, KANSAS
Electric Utility Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

SCHEDULE 2
Page 13

| | <u>Actual</u> | <u>Budget</u> | Variance Over (Under) |
|---|-------------------|------------------|-----------------------------|
| Cash Receipts: | | | |
| Electric Sales | \$ 1,954,884 | 1,830,000 | 124,884 |
| Hookup Charges and Rentals | 175 | 500 | (325) |
| Miscellaneous | 3,287 | 2,500 | 787 |
| Equipment Sales | 0 | 10,000 | (10,000) |
| Reimbursed Expense | <u>2,622</u> | <u>2,500</u> | <u>122</u> |
| Total Cash Receipts | <u>1,960,968</u> | <u>1,845,500</u> | <u>115,468</u> |
| Expenditures: | | | |
| Personal Services | 326,155 | 284,968 | 41,187 |
| Commodities | 1,222,737 | 1,290,320 | (67,583) |
| Contractual | 158,275 | 50,400 | 107,875 |
| Capital Outlay | 32,544 | 7,500 | 25,044 |
| Miscellaneous | 799 | 0 | 799 |
| Transfer to General | 0 | 75,000 | (75,000) |
| Transfer to Debt Service | 60,000 | 100,000 | (40,000) |
| Transfer to Gateway Civic Center | 50,000 | 90,000 | (40,000) |
| Transfer to Electric Reserve | 78,483 | 75,000 | 3,483 |
| Transfer to Special Street | 78,483 | 75,000 | 3,483 |
| Adjustment for Qualifying Budget Credits: | | | |
| Excess Reimbursed Expense | <u>0</u> | <u>122</u> | <u>(122)</u> |
| Total Expenditures | <u>2,007,476</u> | <u>2,048,310</u> | <u>(40,834)</u> |
| Cash Receipts Over (Under) Expenditures | (46,508) | | |
| Unencumbered Cash, Beginning | <u>266,814</u> | | |
| Unencumbered Cash, Ending | \$ <u>220,306</u> | | |

CITY OF OBERLIN, KANSAS
Sewer Utility Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

| | Actual | Budget | Variance Over (Under) |
|---|------------|---------|-----------------------------|
| Cash Receipts: | | | |
| Sewer Service Charges | \$ 287,306 | 310,000 | (22,694) |
| Crop Share Income | 15,760 | 1,500 | 14,260 |
| Loan Proceeds | 5,206 | 0 | 5,206 |
| Total Cash Receipts | 308,272 | 311,500 | (3,228) |
| Expenditures: | | | |
| Personal Services | 76,329 | 62,217 | 14,112 |
| Contractual Services | 41,909 | 29,249 | 12,660 |
| Commodities | 15,747 | 28,700 | (12,953) |
| Capital Outlay | 1,982 | 1,000 | 982 |
| Miscellaneous | 233 | 0 | 233 |
| Interest | 33,992 | 30,543 | 3,449 |
| Principal | 64,765 | 64,413 | 352 |
| Transfer to Sewer Reserve | 56,165 | 75,000 | (18,835) |
| Total Expenditures | 291,122 | 291,122 | 0 |
| Cash Receipts Over (Under) Expenditures | 17,150 | | |
| Unencumbered Cash, Beginning | 177,377 | | |
| Unencumbered Cash, Ending | \$ 194,527 | | |

CITY OF OBERLIN, KANSAS
Water Utility Fund
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

SCHEDULE 2
Page 15

| | Actual | Budget | Variance Over (Under) |
|---|------------|---------|-----------------------------|
| Cash Receipts: | | | |
| Water Sales | \$ 376,082 | 520,000 | (143,918) |
| Water Dock Sales | 338 | 500 | (162) |
| Hookup Charges | 50 | 500 | (450) |
| Miscellaneous | 0 | 2,000 | (2,000) |
| Reimbursed Expense | 7,277 | 2,000 | 5,277 |
| Total Cash Receipts | 383,747 | 525,000 | (141,253) |
| Expenditures: | | | |
| Personal Services | 105,155 | 107,514 | (2,359) |
| Contractual Services | 93,208 | 48,178 | 45,030 |
| Commodities | 63,151 | 98,339 | (35,188) |
| Capital Outlay | 9,695 | 256,657 | (246,962) |
| Miscellaneous | 2,502 | 0 | 2,502 |
| Loan Principal | 14,200 | 0 | 14,200 |
| Loan Interest | 28,879 | 0 | 28,879 |
| Adjustment for Qualifying Budget Credits: | | | |
| Excess Reimbursed Expense | 0 | 5,277 | (5,277) |
| Total Expenditures | 316,790 | 515,965 | (199,175) |
| Cash Receipts Over (Under) Expenditures | 66,957 | | |
| Unencumbered Cash, Beginning | 145,847 | | |
| Unencumbered Cash, Ending | \$ 212,804 | | |

CITY OF OBERLIN, KANSAS
Sappa Valley Youth Fund
 Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

| | Actual | Budget | Variance Over (Under) |
|---|------------------|--------------|-----------------------------|
| Cash Receipts: | | | |
| Sale of Fixed Assets | \$ 1,015 | <u>0</u> | <u>1,015</u> |
| Expenditures: | | | |
| Contractual | 220 | 0 | 220 |
| Commodities | 0 | 2,750 | (2,750) |
| Miscellaneous | <u>55</u> | <u>0</u> | <u>55</u> |
| Total Expenditures | <u>275</u> | <u>2,750</u> | <u>(2,475)</u> |
| Cash Receipts Over (Under) Expenditures | 740 | | |
| Unencumbered Cash, Beginning | <u>26,569</u> | | |
| Unencumbered Cash, Ending | \$ <u>27,309</u> | | |

CITY OF OBERLIN, KANSAS
 Any Nonbudgeted Fund
 Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

| | Centennial Trust | Memorials | CDBG Wastewater Grant |
|---|---------------------|-----------|-----------------------------|
| Cash Receipts: | | | |
| Donations | \$ 0 | 500 | 0 |
| Interest on Idle Funds | 2 | 0 | 0 |
| Total Cash Receipts | 2 | 500 | 0 |
| Expenditures: | | | |
| Transfer to Sewer Reserve | 0 | 0 | 1 |
| Cash Receipts Over (Under) Expenditures | 2 | 500 | (1) |
| Unencumbered Cash, Beginning | 1,517 | 8,792 | 1 |
| Unencumbered Cash, Ending | \$ 1,519 | 9,292 | 0 |

CITY OF OBERLIN, KANSAS
 Any Nonbudgeted Fund
 Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

| | Risk Management Reserve | Special Law Enforcement Trust | Special Equipment |
|---|--|--|------------------------------|
| Cash Receipts: | | | |
| Interest on Idle Funds | \$ 0 | 69 | 0 |
| Expenditures: | | | |
| Commodities | 0 | 4,397 | 0 |
| Capital Outlay | 0 | 0 | 10,000 |
| Total Expenditures | 0 | 4,397 | 10,000 |
| Cash Receipts Over (Under) Expenditures | 0 | (4,328) | (10,000) |
| Unencumbered Cash, Beginning | 104,498 | 61,332 | 101,076 |
| Unencumbered Cash, Ending | \$ <u>104,498</u> | <u>57,004</u> | <u>91,076</u> |

CITY OF OBERLIN, KANSAS
 Any Nonbudgeted Fund
 Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

| | <u>Waste Water Project</u> | <u>Electric Reserve</u> | <u>Customer Deposits</u> |
|---|--------------------------------|-----------------------------|------------------------------|
| Cash Receipts: | | | |
| Deposits | \$ 0 | 0 | 13,400 |
| Interest on Idle Funds | 8 | 0 | 0 |
| Transfer from Electric Utility | <u>0</u> | <u>78,483</u> | <u>0</u> |
| Total Cash Receipts | <u>8</u> | <u>78,483</u> | <u>13,400</u> |
| Expenditures: | | | |
| Deposit Refunds | 0 | 0 | 13,400 |
| Transfer to Sewer Reserve | <u>10,616</u> | <u>0</u> | <u>0</u> |
| Total Expenditures | <u>10,616</u> | <u>0</u> | <u>13,400</u> |
| Cash Receipts Over (Under) Expenditures | (10,608) | 78,483 | 0 |
| Unencumbered Cash, Beginning | <u>10,608</u> | <u>610,835</u> | <u>0</u> |
| Unencumbered Cash, Ending | \$ <u>0</u> | <u>689,318</u> | <u>0</u> |

CITY OF OBERLIN, KANSAS
Any Nonbudgeted Fund
Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

| | Sewer Reserve | Gateway Donation | Cemetery Directory | Water Treatment Plant |
|---|------------------|---------------------|-----------------------|-----------------------------|
| Cash Receipts: | | | | |
| Interest on Idle Funds | \$ 0 | 926 | 0 | 12 |
| Investment Income | 0 | 0 | 0 | 1,983 |
| Loan Proceeds | 0 | 0 | 0 | 4,473,000 |
| Donations | 0 | 0 | 3,375 | 0 |
| Transfer from CDBG Wastewater Project | 1 | 0 | 0 | 0 |
| Transfer from Waste Water Project | 10,616 | 0 | 0 | 0 |
| Transfer from Sewer Utility | 56,165 | 0 | 0 | 0 |
| Total Cash Receipts | 66,782 | 926 | 3,375 | 4,474,995 |
| Expenditures: | | | | |
| Contractual | 0 | 3,333 | 0 | 88,021 |
| Capital Outlay | 0 | 31,360 | 0 | 0 |
| Loan Interest | 0 | 0 | 0 | 24,602 |
| Bond Issuance Costs | 0 | 0 | 0 | 15,208 |
| Transfer to Gateway Civic Center | 0 | 100,000 | 0 | 0 |
| Total Expenditures | 0 | 134,693 | 0 | 127,831 |
| Cash Receipts Over (Under) Expenditures | 66,782 | (133,767) | 3,375 | 4,347,164 |
| Unencumbered Cash, Beginning | 736,651 | 651,216 | 0 | 0 |
| Unencumbered Cash, Ending | \$ 803,433 | 517,449 | 3,375 | 4,347,164 |

CITY OF OBERLIN, KANSAS
 Component Units
 Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

| | Oberlin Public Library | | |
|--|------------------------|----------------|--|
| | General | State Grant | Northwest Kansas Library System Grant |
| Cash Receipts: | | | |
| Appropriation from City | \$ 52,350 | 0 | 0 |
| Grant Proceeds | 0 | 797 | 4,300 |
| Fines and Fees | 3,885 | 0 | 0 |
| Interest on Idle Funds | 4 | 0 | 0 |
| Miscellaneous | 35 | 0 | 0 |
| Total Cash Receipts | 56,274 | 797 | 4,300 |
| Expenditures | | | |
| Salaries and Wages | 37,750 | 0 | 0 |
| Retirement | 3,491 | 0 | 0 |
| Audio and Video | 339 | 547 | 1,363 |
| Books and Periodicals | 6,333 | 250 | 2,137 |
| Special Projects | 105 | 0 | 0 |
| Building Repairs | 621 | 0 | 0 |
| Electronic Equipment Purchases and Maintenance | 2,222 | 0 | 0 |
| Insurance | 100 | 0 | 0 |
| Miscellaneous | 172 | 0 | 0 |
| Postage | 354 | 0 | 800 |
| Supplies | 1,867 | 0 | 0 |
| Telecommunications | 447 | 0 | 0 |
| Total Expenditures | 53,801 | 797 | 4,300 |
| Cash Receipts Over (Under) Expenditures | 2,473 | 0 | 0 |
| Unencumbered Cash, Beginning | 469 | 0 | 0 |
| Unencumbered Cash, Ending | \$ 2,942 | 0 | 0 |

CITY OF OBERLIN, KANSAS
 Component Units
 Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

| | Oberlin Public Library | | |
|---|--|--|--------------------------------|
| | Smart Start NWK Project Grant | Memorials and Donations | Capital Improvement |
| Cash Receipts: | | | |
| Memorials and Donations | \$ 0 | 2,823 | 0 |
| Interest on Idle Funds | 0 | 348 | 0 |
| Total Cash Receipts | 0 | 3,171 | 0 |
| Expenditures | | | |
| Books and Periodicals | 0 | 4,056 | 0 |
| Cash Receipts Over (Under) Expenditures | 0 | (885) | 0 |
| Unencumbered Cash, Beginning | 500 | 46,632 | 967 |
| Unencumbered Cash, Ending | \$ 500 | 45,747 | 967 |

CITY OF OBERLIN, KANSAS

SCHEDULE 3

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended December 31, 2011

| Fund | Beginning Cash Balance | Cash Receipts | Cash Disbursements | Ending Cash Balance |
|---------------------------|---------------------------|------------------|-----------------------|------------------------|
| Flexible Spending Account | \$ 287 | 9,240 | 9,527 | 0 |
| Payroll Clearing | <u>438</u> | <u>260,322</u> | <u>259,517</u> | <u>1,243</u> |
| Total Agency Funds | \$ <u>725</u> | <u>269,562</u> | <u>269,044</u> | <u>1,243</u> |