

CITY OF SEDGWICK

SEDGWICK, KANSAS

Special Financial Statements

December 31, 2011

City of Sedgwick, Kansas

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December 31, 2011

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# Knudsen Monroe & Company LLC

## INDEPENDENT AUDITOR'S REPORT

City Council  
City of Sedgwick  
Sedgwick, Kansas 67056

We have audited the accompanying financial statements of the City of Sedgwick, Kansas, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative financial information has been derived from the City's 2010 financial statements and, in our report dated July 29, 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 *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 separated component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit 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 units. The City has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component unit, although not reasonably determinable, is presumed to be material.

As described 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, is presumed to be material.

In our opinion, because of the omission of the discretely presented component unit, 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.

Also, 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 Sedgwick, 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.

*Knudsen, Monroe & Company, LLC*

Certified Public Accountants  
August 21, 2012

## City of Sedgwick, Kansas

## SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Year ended December 31, 2011

Funds	Unencumbered Cash Balance <u>12/31/10</u>	<u>Receipts</u>	<u>Expenditures</u>	Unencumbered Cash Balance <u>12/31/11</u>	Accounts Payable and <u>Encumbrances</u>	Cash Balance <u>12/31/11</u>
<b>Governmental Fund Types:</b>						
General	\$ 43,085	741,570	777,250	7,405	7,541	14,946
Special Revenue						
Employee benefits	1,505	122,949	124,153	301	7,229	7,530
Library	-	37,659	37,659	-	-	-
Fire, ambulance & police equipment	6,337	1,428	-	7,765	-	7,765
Special street and highway	8,205	50,416	54,654	3,967	193	4,160
Special parks and recreation	12,217	5,268	500	16,985	-	16,985
Capital improvement	27,748	-	19,006	8,742	-	8,742
Capital equipment	3,500	-	-	3,500	-	3,500
Capital outlay operating reserve	326	-	183	143	-	143
Street capital outlay reserve	7,230	-	2,000	5,230	-	5,230
Ambulance capital outlay reserve	62,000	20,000	78,300	3,700	-	3,700
Police capital outlay reserve	4,999	-	3,486	1,513	-	1,513
Fire capital outlay reserve	16,051	-	4,891	11,160	-	11,160
Parks capital outlay reserve	5,834	-	-	5,834	-	5,834
Capital Project						
Industrial park	(25,394)	35,931	99,662	(89,125)		(89,125)
Detention dam	(9,043)	-	400	(9,443)	-	(9,443)
Cemetery drainage	(121,877)	33,047	2,972	(91,802)	-	(91,802)
Swimming pool	28,275	-	1,951	26,324	-	26,324
Senior center construction	148,903	398,746	587,205	(39,556)		(39,556)
Development property	1,372	-	1,540	(168)		(168)
Debt Service						
Bond and interest	4,305	567,721	521,732	50,294	-	50,294
<b>Proprietary Fund Types:</b>						
Enterprise, page 3	<u>102,375</u>	<u>733,175</u>	<u>651,085</u>	<u>184,465</u>	<u>15,311</u>	<u>199,776</u>
	<u>\$ 327,953</u>	<u>2,747,910</u>	<u>2,968,629</u>	<u>107,234</u>	<u>30,274</u>	<u>137,508</u>

## City of Sedgwick, Kansas

## SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Year ended December 31, 2011

<u>Funds</u>	Unencumbered Cash Balance <u>12/31/10</u>	<u>Receipts</u>	<u>Expenditures</u>	Unencumbered Cash Balance <u>12/31/11</u>	Accounts Payable and <u>Encumbrances</u>	Cash Balance <u>12/31/11</u>
Enterprise						
Waterworks						
Water operating	\$ 83,283	395,954	319,821	159,416	7,269	166,685
Water reserve	8,014	-	-	8,014	-	8,014
Water capital outlay	5,957	-	-	5,957	-	5,957
Wastewater						
Wastewater treatment	2,971	246,188	240,577	8,582	1,652	10,234
Wastewater treatment reserve	1,404	-	-	1,404	-	1,404
Wastewater capital outlay reserve	699	-	-	699	-	699
Refuse	47	91,033	90,687	393	6,390	6,783
Total enterprise funds	<u>\$ 102,375</u>	<u>733,175</u>	<u>651,085</u>	<u>184,465</u>	<u>15,311</u>	<u>199,776</u>

## City of Sedgwick, Kansas

## SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
General	\$ 802,797	56,053	858,850	777,250	(81,600)
Special Revenue					
Employee benefits	144,957	-	144,957	124,153	(20,804)
Library	39,239	-	39,239	37,659	(1,580)
Fire, ambulance and police equipment	7,824	-	7,824	-	(7,824)
Special street and highway	60,872	-	60,872	54,654	(6,218)
Special parks and recreation	23,134	-	23,134	500	(22,634)
Debt Service					
Bond and interest	542,386	-	542,386	521,732	(20,654)
Enterprise					
Water operating	328,219	-	328,219	319,821	(8,398)
Wastewater treatment	248,131	-	248,131	240,577	(7,554)
Refuse	113,618	-	113,618	90,687	(22,931)
Expenditures subject to current budget	<u>\$ 2,311,177</u>	<u>56,053</u>	<u>2,367,230</u>	2,167,033	<u>(200,197)</u>
Add expenditures of unbudgeted funds					
Special Revenue				107,866	
Capital Project				693,730	
Enterprise reserves				-	
Total expenditures, statement 1				<u>\$ 2,968,629</u>	

## City of Sedgwick, Kansas

**General Fund**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<b>RECEIPTS</b>				
Taxes				
Ad valorem property	\$ 121,323	93,166	99,213	(6,047)
Delinquent property	4,776	6,648	-	6,648
Motor vehicle	33,114	24,338	25,950	(1,612)
Recreational vehicle	597	551	547	4
16/20M vehicle	97	89	87	2
Liquor	7,721	5,269	5,028	241
Local sales	282,306	303,506	276,500	27,006
In lieu of tax	3,200	3,989	2,750	1,239
County ambulance assistance	30,035	31,375	31,500	(125)
Licenses & permits	3,493	5,170	4,425	745
Franchise tax	105,820	103,969	123,500	(19,531)
Police fines & fees	35,513	40,450	39,600	850
Ambulance services	22,715	18,122	10,500	7,622
Pool admissions and concessions	27,101	28,584	40,000	(11,416)
Reimbursed expenses	53,061	56,053	-	56,053
Township fire protection fees	18,707	19,098	22,500	(3,402)
Interest	2,423	778	3,000	(2,222)
Other	923	415	9,500	(9,085)
	<u>752,925</u>	<u>741,570</u>	<u>694,600</u>	<u>46,970</u>
EXPENDITURES, page 6	<u>806,402</u>	<u>777,250</u>		
Receipts over (under) expenditures	(53,477)	(35,680)		
UNENCUMBERED CASH, beginning	<u>96,562</u>	<u>43,085</u>		
UNENCUMBERED CASH, ending	<u>\$ 43,085</u>	<u>7,405</u>		

## City of Sedgwick, Kansas

**General Fund**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<b>EXPENDITURES</b>				
Administration	\$ 137,674	138,763	118,100	20,663
Ambulance	67,661	56,945	79,250	(22,305)
Police	155,544	168,387	163,550	4,837
Fire	33,178	39,293	41,750	(2,457)
Legal	56,619	54,931	50,000	4,931
Swimming Pool	56,291	65,795	44,350	21,445
Community relations	17,906	19,861	17,848	2,013
Parks	34,735	25,465	33,050	(7,585)
Cemetery	38,773	48,275	-	48,275
Streets	154,437	128,432	138,750	(10,318)
Operating reserve - capital outlay	400	400	-	400
Shop	7,257	6,840	9,100	(2,260)
Tree board	3,356	1,846	3,300	(1,454)
Communications	549	1,967	5,750	(3,783)
Other	22	50	2,999	(2,949)
Transfers to other funds	42,000	20,000	95,000	(75,000)
Total expenditures	806,402	777,250	802,797	(25,547)
Budget adjustments				
Budget credits - reimbursements	-	-	56,053	(56,053)
Total expenditures compared to budget	\$ 806,402	777,250	858,850	(81,600)

## City of Sedgwick, Kansas

**Special Revenue Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<b><u>EMPLOYEE BENEFITS</u></b>				
<b>RECEIPTS</b>				
Taxes				
Ad valorem property	\$ 110,371	96,952	103,271	(6,319)
Delinquent property	2,252	3,604	-	3,604
Motor vehicle	19,559	21,843	23,666	(1,823)
Recreational vehicle	353	497	499	(2)
16/20M vehicle	37	53	80	(27)
	132,572	122,949	127,516	(4,567)
<b>EXPENDITURES</b>				
Personnel services	131,826	124,153	144,957	(20,804)
Receipts over (under) expenditures	746	(1,204)		
UNENCUMBERED CASH, beginning	759	1,505		
UNENCUMBERED CASH, ending	\$ 1,505	301		
 <b><u>LIBRARY</u></b>				
<b>RECEIPTS</b>				
Taxes				
Ad valorem property	\$ 30,465	30,051	32,008	(1,957)
Delinquent property	956	1,406	-	1,406
Motor vehicle	6,281	6,047	6,523	(476)
Recreational vehicle	113	138	138	-
16/20M vehicle	21	17	22	(5)
	37,836	37,659	38,691	(1,032)
<b>EXPENDITURES</b>				
Appropriations to Library Board	37,836	37,659	39,239	(1,580)
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	\$ -	-		

## City of Sedgwick, Kansas

**Special Revenue Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<b><u>FIRE, AMBULANCE &amp; POLICE EQUIPMENT</u></b>				
<b>RECEIPTS</b>				
Taxes				
Ad valorem property	\$ 2,193	877	930	(53)
Delinquent property	74	105	-	105
Motor vehicle	452	425	469	(44)
Recreational vehicle	8	20	10	10
16/20M vehicle	2	1	2	(1)
	<u>2,729</u>	<u>1,428</u>	<u>1,411</u>	<u>17</u>
<b>EXPENDITURES</b>				
Capital outlay	-	-	7,824	(7,824)
Receipts over (under) expenditures	2,729	1,428		
UNENCUMBERED CASH, beginning	<u>3,608</u>	<u>6,337</u>		
UNENCUMBERED CASH, ending	<u>\$ 6,337</u>	<u>7,765</u>		
<b><u>SPECIAL STREET AND HIGHWAY</u></b>				
<b>RECEIPTS</b>				
Gasoline tax				
State of Kansas	\$ 45,140	44,220	45,260	(1,040)
Sedgwick County	2,922	2,536	2,910	(374)
Reimbursements and other	6,272	3,660	-	3,660
	<u>54,334</u>	<u>50,416</u>	<u>48,170</u>	<u>2,246</u>
<b>EXPENDITURES</b>				
Personnel services	30,536	14,083	25,000	(10,917)
Capital outlay	-	2,000	-	2,000
Contractual services and other	23,218	38,571	35,872	2,699
	<u>53,754</u>	<u>54,654</u>	<u>60,872</u>	<u>(6,218)</u>
Receipts over (under) expenditures	580	(4,238)		
UNENCUMBERED CASH, beginning	<u>7,625</u>	<u>8,205</u>		
UNENCUMBERED CASH, ending	<u>\$ 8,205</u>	<u>3,967</u>		

See notes to financial statements

## City of Sedgwick, Kansas

**Special Revenue Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<u>SPECIAL PARKS AND RECREATION</u>				
RECEIPTS				
Liquor tax	\$ 7,721	5,268	<u>5,028</u>	<u>240</u>
EXPENDITURES				
Substance abuse and recreation programs	<u>10,019</u>	<u>500</u>	<u>23,134</u>	<u>(22,634)</u>
Receipts over (under) expenditures	(2,298)	4,768		
UNENCUMBERED CASH, beginning	<u>14,515</u>	<u>12,217</u>		
UNENCUMBERED CASH, ending	<u>\$ 12,217</u>	<u>16,985</u>		
 <u>CAPITAL IMPROVEMENT</u>				
RECEIPTS				
	\$ -	-		
EXPENDITURES				
Capital outlay	<u>19,752</u>	<u>19,006</u>	NOT APPLICABLE	
Receipts over (under) expenditures	(19,752)	(19,006)		
UNENCUMBERED CASH, beginning	<u>47,500</u>	<u>27,748</u>		
UNENCUMBERED CASH, ending	<u>\$ 27,748</u>	<u>8,742</u>		

## City of Sedgwick, Kansas

**Special Revenue Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<u>CAPITAL EQUIPMENT</u>				
RECEIPTS	\$ -	-		
EXPENDITURES				
Capital outlay	4,000	-		NOT APPLICABLE
Receipts over (under) expenditures	(4,000)	-		
UNENCUMBERED CASH, beginning	7,500	3,500		
UNENCUMBERED CASH, ending	<u>\$ 3,500</u>	<u>3,500</u>		
 <u>CAPITAL OUTLAY OPERATING RESERVE</u>				
RECEIPTS				
Transfers from other funds	\$ 500	-		
EXPENDITURES				
Capital outlay	340	183		NOT APPLICABLE
Receipts over (under) expenditures	160	(183)		
UNENCUMBERED CASH, beginning	166	326		
UNENCUMBERED CASH, ending	<u>\$ 326</u>	<u>143</u>		

## City of Sedgwick, Kansas

**Special Revenue Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<u>STREET CAPITAL OUTLAY RESERVE</u>				
RECEIPTS	\$ -	-		
EXPENDITURES				
Capital outlay	11,725	2,000		NOT APPLICABLE
Receipts over (under) expenditures	(11,725)	(2,000)		
UNENCUMBERED CASH, beginning	18,955	7,230		
UNENCUMBERED CASH, ending	\$ 7,230	5,230		
<u>AMBULANCE CAPITAL OUTLAY RESERVE</u>				
RECEIPTS				
Transfers from other funds	\$ 20,000	20,000		
EXPENDITURES				
Capital outlay	-	78,300		NOT APPLICABLE
Receipts over (under) expenditures	20,000	(58,300)		
UNENCUMBERED CASH, beginning	42,000	62,000		
UNENCUMBERED CASH, ending	\$ 62,000	3,700		
<u>POLICE CAPITAL OUTLAY RESERVE</u>				
RECEIPTS				
Transfers from other funds	\$ 9,500	-		
Reimbursed expenditures	4,000	-		
	13,500	-		
EXPENDITURES				
Capital outlay	18,500	3,486		NOT APPLICABLE
Receipts over (under) expenditures	(5,000)	(3,486)		
UNENCUMBERED CASH, beginning	9,999	4,999		
UNENCUMBERED CASH, ending	\$ 4,999	1,513		

See notes to financial statements

## City of Sedgwick, Kansas

**Special Revenue Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<u>FIRE CAPITAL OUTLAY RESERVE</u>				
RECEIPTS				
Reimbursements - federal grant funds	\$ 20,275	-		
EXPENDITURES				
Capital outlay	21,342	4,891		NOT APPLICABLE
Receipts over (under) expenditures	(1,067)	(4,891)		
UNENCUMBERED CASH, beginning	17,118	16,051		
UNENCUMBERED CASH, ending	<u>\$ 16,051</u>	<u>11,160</u>		
 <u>PARKS CAPITAL OUTLAY RESERVE</u>				
RECEIPTS				
	\$ -	-		
EXPENDITURES				
	-	-		NOT APPLICABLE
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	5,834	5,834		
UNENCUMBERED CASH, ending	<u>\$ 5,834</u>	<u>5,834</u>		

See notes to financial statements

## City of Sedgwick, Kansas

**Capital Project Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES \*

Year ended December 31, 2011

	Industrial Park	Detention Dam	Cemetery Drainage	Swimming Pool	Senior Center	Development Property	Totals
<b>RECEIPTS</b>							
Proceeds from long-term debt	\$ -	-	-	-	195,000	-	195,000
Federal grant	-	-	-	-	203,746	-	203,746
Reimbursements and other	9,126	-	33,047	-	-	-	42,173
Property rent	26,805	-	-	-	-	-	26,805
	<u>35,931</u>	<u>-</u>	<u>33,047</u>	<u>-</u>	<u>398,746</u>	<u>-</u>	<u>467,724</u>
<b>EXPENDITURES</b>							
Capital outlay	99,630	400	1,422	1,951	379,053	1,540	483,996
Contractual services	32	-	1,550	-	3,476	-	5,058
Debt service	-	-	-	-	204,676	-	204,676
	<u>99,662</u>	<u>400</u>	<u>2,972</u>	<u>1,951</u>	<u>587,205</u>	<u>1,540</u>	<u>693,730</u>
Receipts over (under) expenditures	(63,731)	(400)	30,075	(1,951)	(188,459)	(1,540)	(226,006)
UNENCUMBERED CASH, beginning	<u>(25,394)</u>	<u>(9,043)</u>	<u>(121,877)</u>	<u>28,275</u>	<u>148,903</u>	<u>1,372</u>	<u>22,236</u>
UNENCUMBERED CASH, ending	<u>\$ (89,125)</u>	<u>(9,443)</u>	<u>(91,802)</u>	<u>26,324</u>	<u>(39,556)</u>	<u>(168)</u>	<u>(203,770)</u>

\* Legal operating budgets are not required for these funds

## City of Sedgwick, Kansas

**Debt Service Fund**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<b><u>BOND AND INTEREST</u></b>				
<b>RECEIPTS</b>				
Taxes				
Ad valorem property tax	\$ 133,333	288,878	307,386	(18,508)
Delinquent property tax	4,412	6,559	-	6,559
Motor vehicle tax	20,915	26,221	28,535	(2,314)
Recreational vehicle tax	376	598	602	(4)
16/20M vehicle tax	120	55	97	(42)
Special assessments	138,825	245,410	118,833	126,577
Bond issue proceeds	332,804	-	-	-
Transfers from other funds	10,000	-	75,000	(75,000)
	<u>640,785</u>	<u>567,721</u>	<u>530,453</u>	<u>37,268</u>
<b>EXPENDITURES</b>				
Bond principal	240,000	305,000	305,000	-
Interest	74,159	216,728	216,728	-
Commission and postage	32	4	100	(96)
Refunding escrow & issue costs	327,352	-	-	-
Cash basis requirements	-	-	20,558	(20,558)
	<u>641,543</u>	<u>521,732</u>	<u>542,386</u>	<u>(20,654)</u>
Receipts over (under) expenditures	(758)	45,989		
UNENCUMBERED CASH, beginning	<u>5,063</u>	<u>4,305</u>		
UNENCUMBERED CASH, ending	<u>\$ 4,305</u>	<u>50,294</u>		

## City of Sedgwick, Kansas

**Enterprise Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<b><u>WATER OPERATING</u></b>				
<b>RECEIPTS</b>				
Sales	\$ 372,652	382,797	300,000	82,797
Late charges	10,400	9,395	8,500	895
Service fees and other	8,274	3,762	6,000	(2,238)
	<u>391,326</u>	<u>395,954</u>	<u>314,500</u>	<u>81,454</u>
<b>EXPENDITURES</b>				
Personnel services	91,947	100,038	82,000	18,038
Water treatment	60,175	60,173	60,000	173
Water purchases	35,591	36,408	40,000	(3,592)
Debt service	61,634	61,634	63,000	(1,366)
Utilities	2,392	2,416	2,250	166
Insurance	4,042	4,199	4,250	(51)
Office and computer supplies	12,389	6,556	5,000	1,556
Building and grounds maintenance	7,824	7,383	7,500	(117)
Vehicle and equipment maintenance	6,863	17,266	13,500	3,766
Supplies	646	1,646	4,800	(3,154)
Meters	2,629	3,818	2,750	1,068
Education, dues and subscriptions	2,270	2,534	2,000	534
Capital outlay	15,841	6,035	18,000	(11,965)
Contractual services	4,239	8,914	10,169	(1,255)
Other	240	801	250	551
Transfers to other funds	-	-	12,750	(12,750)
	<u>308,722</u>	<u>319,821</u>	<u>328,219</u>	<u>(8,398)</u>
Receipts over (under) expenditures	82,604	76,133		
UNENCUMBERED CASH, beginning	679	83,283		
UNENCUMBERED CASH, ending	<u>\$ 83,283</u>	<u>159,416</u>		

## City of Sedgwick, Kansas

**Enterprise Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<u>WATER RESERVE</u>				
RECEIPTS	\$ -	-	-	
EXPENDITURES	-	-	-	
Receipts over (under) expenditures	-	-	-	
UNENCUMBERED CASH, beginning	8,014	8,014		
UNENCUMBERED CASH, ending	\$ 8,014	8,014		
 <u>WATER CAPITAL OUTLAY RESERVE</u>				
RECEIPTS	\$ -	-	-	
EXPENDITURES	-	-		NOT APPLICABLE
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	5,957	5,957		
UNENCUMBERED CASH, ending	\$ 5,957	5,957		

## City of Sedgwick, Kansas

**Enterprise Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<b>WASTEWATER TREATMENT</b>				
<b>RECEIPTS</b>				
Sewer charges	\$ 215,799	216,496	235,000	(18,504)
Late charges	11,015	9,910	9,000	910
Services and other	125	2,112	1,000	1,112
Reimbursements	-	17,670	-	17,670
Transfers from other funds	2,000	-	-	-
	<u>228,939</u>	<u>246,188</u>	<u>245,000</u>	<u>1,188</u>
<b>EXPENDITURES</b>				
Personnel services	34,408	53,464	61,500	(8,036)
Debt service	78,669	78,145	78,669	(524)
Utilities	21,111	18,837	19,700	(863)
Insurance	3,349	3,748	4,000	(252)
Office and computer supplies	4,114	6,247	5,000	1,247
Building and grounds maintenance	8,935	10,462	3,500	6,962
Vehicle and equipment maintenance	3,736	18,598	10,000	8,598
Chemicals and analysis	9,257	8,523	10,000	(1,477)
Supplies	372	1,500	4,750	(3,250)
Education, dues and subscriptions	454	3,341	1,500	1,841
Capital outlay	-	-	1,500	(1,500)
Contractual services	61,279	34,816	33,500	1,316
Other	1,392	2,896	250	2,646
Transfers to other funds	-	-	14,262	(14,262)
	<u>227,076</u>	<u>240,577</u>	<u>248,131</u>	<u>(7,554)</u>
Receipts over (under) expenditures	1,863	5,611		
UNENCUMBERED CASH, beginning	<u>1,108</u>	<u>2,971</u>		
UNENCUMBERED CASH, ending	<u>\$ 2,971</u>	<u>8,582</u>		

## City of Sedgwick, Kansas

**Enterprise Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<u>WASTEWATER TREATMENT RESERVE</u>				
RECEIPTS	\$ -	-	-	
EXPENDITURES	-	-	-	
Receipts over (under) expenditures	-	-	-	
UNENCUMBERED CASH, beginning	1,404	1,404		
UNENCUMBERED CASH, ending	<u>\$ 1,404</u>	<u>1,404</u>		
 <u>WASTEWATER CAPITAL OUTLAY RESERVE</u>				
RECEIPTS	\$ -	-	-	
EXPENDITURES	-	-	-	NOT APPLICABLE
Receipts over (under) expenditures	-	-	-	
UNENCUMBERED CASH, beginning	699	699		
UNENCUMBERED CASH, ending	<u>\$ 699</u>	<u>699</u>		

## City of Sedgwick, Kansas

**Enterprise Funds**

## STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Year ended December 31, 2011

(With comparative actual amounts for the year ended December 31, 2010)

	2010 Actual	2011		Variance - Over (Under)
		Actual	Budget	
<u>REFUSE</u>				
RECEIPTS				
Refuse charges	\$ 70,050	65,458	76,100	(10,642)
Recycle fees	28,260	25,575	27,000	(1,425)
	<u>98,310</u>	<u>91,033</u>	<u>103,100</u>	<u>(12,067)</u>
EXPENDITURES				
Personnel services	15,578	15,240	26,000	(10,760)
Contractual services	80,811	74,416	74,553	(137)
Office and computer supplies	2,229	904	2,165	(1,261)
Capital outlay and other	288	127	10,900	(10,773)
	<u>98,906</u>	<u>90,687</u>	<u>113,618</u>	<u>(22,931)</u>
Receipts over (under) expenditures	(596)	346		
UNENCUMBERED CASH, beginning	<u>643</u>	<u>47</u>		
UNENCUMBERED CASH, ending	<u>\$ 47</u>	<u>393</u>		

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Sedgwick, Kansas is a municipal corporation incorporated under the laws of the State of Kansas. The City operates under a Mayor-Council form of government consisting of an elected Mayor and five council members. These financial statements present only the City of Sedgwick as the primary government.

The Lillian Tear Library, a component unit of the City, is not included in these financial statements.

Basis of Accounting

These financial statements are presented on a statutory basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, 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 generally accepted accounting principles (GAAP), 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 GAAP. General fixed assets that account for the land, building, and equipment owned by the municipality are not presented in the financial statements.

2. FUND DESCRIPTION

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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

2. FUND DESCRIPTION (Continued)

The following types of funds comprise the financial activities of the City 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.

Capital Projects Funds--to account for financial resources segregated for the acquisition of major capital facilities other than those financed totally by proprietary funds.

Debt Service Fund--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.

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.

3. BUDGETARY INFORMATION

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

1. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
2. Public hearing on or before August 15th, but at least ten days after publication on notice of hearing.
3. 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. The 2011 budget was not amended.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

3. BUDGETARY INFORMATION (Continued)

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

All legal annual operating budgets are prepared using the modified cash basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds, enterprise reserve accounts, and the following special revenue funds:

1. Capital Improvement
2. Capital Equipment
3. Capital Outlay Operating Reserve
4. Street Capital Outlay Reserve
5. Ambulance Capital Outlay Reserve
6. Police Capital Outlay Reserve
7. Fire Capital Outlay Reserve
8. Parks Capital Outlay Reserve

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.

4. COMPLIANCE WITH KANSAS STATUTES

Management is not aware of any statutory violations occurring during the year ended December 31, 2011.

5. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no investment policy that would further limit interest rate risk.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

5. DEPOSITS AND INVESTMENTS (Continued)

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

As of December 31, 2011, the City's investments included only bank savings accounts with a fair value of \$71,301, which are not subject to investment rating.

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 or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has not designated peak periods. All deposits were legally secured at December 31, 2011.

At December 31, 2011, the carrying amount of the City's deposits was \$137,508. The bank balances totaled \$169,947 and were held in two banks. All bank deposits were covered by FDIC insurance at December 31, 2011.

Composition of Cash

Cash consisted of the following at December 31, 2011:

Cash on hand:	
Petty cash	\$ 350
Financial institution deposits:	
Operating checking account	65,857
Savings accounts	
Central National Bank Trust Savings	41,303
Alliant Bank Savings	29,998
Deposit totals	<u>137,158</u>
Total cash and investments	<u>\$ 137,508</u>

City of Sedgwick, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

6. CAPITAL PROJECTS

At December 31, 2011, capital project authorizations compared with expenditures from inception (net of interest earned on temporary investment of debt proceeds) are as follows:

	<u>Project Authorization</u>	<u>Expenditures to Date</u>	<u>Excess Authorization</u>
Industrial Park	\$ 1,477,000	1,320,642	156,358
Detention Dam	885,000	826,379	58,621
Cemetery Drainage	333,900	226,365	107,535
Swimming Pool	800,000	773,675	26,325
Senior Center	653,410	438,302	215,108
Development Property	190,000	165,168	24,832
	<u>\$ 4,339,310</u>	<u>3,750,531</u>	<u>588,779</u>

7. LONG-TERM DEBT

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Maturity Date</u>	<u>Balance 12/31/10</u>	<u>Additions</u>	<u>Retired</u>	<u>Balance 12/31/11</u>	<u>Interest Paid 2011</u>
Temporary Notes:									
Series 2010-A	1.60%	06/15/10	200,000	12/01/11	\$ 200,000	-	200,000	-	4,676
Series 2010-B	5.00%	10/04/10	128,000	10/04/12	128,000	-	-	128,000	-
Series 2010-C	5.00%	12/28/10	165,000	10/04/12	165,000	-	-	165,000	-
					<u>493,000</u>	<u>-</u>	<u>200,000</u>	<u>293,000</u>	<u>4,676</u>
General Obligation Bonds:									
Internal Improvement	3.75-6.70%	05/12/04	634,000	12/04/24	510,000	-	25,000	485,000	24,913
Internal Improvement	2.25-4.30%	12/15/04	378,000	12/01/20	280,000	-	25,000	255,000	11,275
Refunding	2.00-3.65%	12/15/04	392,000	12/01/12	60,000	-	30,000	30,000	2,130
2005-A, Internal Improvement	4.75-5.25%	10/01/05	99,500	09/01/11	20,000	-	20,000	-	1,050
2005-B, Internal Improvement	3.30-4.00%	12/15/05	210,500	09/01/16	140,000	-	20,000	120,000	5,402
2006 Internal Improvement	5.70%	09/15/06	165,000	11/01/13	80,000	-	25,000	55,000	4,560
2009 Internal improvement	3.00-4.75%	09/01/09	800,000	09/01/25	800,000	-	15,000	785,000	60,259
2010 Improvement and Refunding	2.00-4.38%	07/15/10	2,620,000	09/01/30	2,620,000	-	145,000	2,475,000	107,139
2011 Senior Center	3.75%	11/28/11	195,000	11/28/41	-	195,000	-	195,000	-
					<u>4,510,000</u>	<u>195,000</u>	<u>305,000</u>	<u>4,400,000</u>	<u>216,728</u>
KDHE Revolving Loan									
Sewer Improvement	3.09%	08/03/98	957,626	09/01/19	606,333	-	59,872	546,461	18,273
Capital Lease Obligation:									
Construction equipment	3.75%	11/30/09	325,250	09/01/19	238,522	-	123,725	114,797	8,531
Total long-term debt					<u>\$5,847,855</u>	<u>195,000</u>	<u>688,597</u>	<u>5,354,258</u>	<u>248,208</u>

City of Sedgwick, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

7. LONG-TERM DEBT (Continued)

Current maturities of long-term debt and interest through maturity are as follows:

	Year ending December 31									Total
	2012	2013	2014	2015	2016	2017-21	2022-26	2027-31	2032 and thereafter	
<b>Principal</b>										
Temporary Improvement Notes	\$ 293,000	-	-	-	-	-	-	-	-	293,000
General Obligation Bonds	333,625	273,761	243,901	244,048	244,200	1,178,482	1,108,228	683,932	89,823	4,400,000
KDHE Revolving Loan	61,205	63,111	65,076	67,103	69,192	220,774	-	-	-	546,461
Capital lease obligation	<u>36,843</u>	<u>38,270</u>	<u>39,684</u>	-	-	-	-	-	-	<u>114,797</u>
Total principal	<u>724,673</u>	<u>375,142</u>	<u>348,661</u>	<u>311,151</u>	<u>313,392</u>	<u>1,399,256</u>	<u>1,108,228</u>	<u>683,932</u>	<u>89,823</u>	<u>5,354,258</u>
<b>Interest</b>										
Temporary Improvement Notes	27,375	-	-	-	-	-	-	-	-	27,375
General Obligation Bonds	175,918	165,889	157,168	148,484	139,702	554,797	297,640	93,003	19,547	1,752,148
KDHE Revolving Loan	16,416	14,511	12,545	10,519	8,430	12,076	-	-	-	74,497
Capital lease obligation	<u>4,027</u>	<u>2,600</u>	<u>1,186</u>	-	-	-	-	-	-	<u>7,813</u>
Total interest	<u>223,736</u>	<u>183,000</u>	<u>170,899</u>	<u>159,003</u>	<u>148,132</u>	<u>566,873</u>	<u>297,640</u>	<u>93,003</u>	<u>19,547</u>	<u>1,861,833</u>
Total principal and interest	<u>\$ 948,409</u>	<u>558,142</u>	<u>519,560</u>	<u>470,154</u>	<u>461,524</u>	<u>1,966,129</u>	<u>1,405,868</u>	<u>776,935</u>	<u>109,370</u>	<u>7,216,091</u>

8. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Sedgwick contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% to 6% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute was 7.74% at December 31, 2011. The City's employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$32,435, \$29,755 and \$20,110 respectively, equal to the statutory required contributions for each year.

City of Sedgwick, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

9. INTERFUND TRANSFERS

Transfers between funds consisted of the following during the year ended December 31, 2011:

<u>Transfers To</u>	<u>General</u>	<u>Total</u>
Capital Outlay Reserves		
Ambulance	\$ 20,000	20,000

10. COMMITMENTS

Public Wholesale Water Supply District No. 17

The City of Sedgwick entered into a joint venture agreement with the cities of Newton, North Newton and Halstead to form the Public Wholesale Water Supply District No. 17 (the District). The purpose of the District is to secure an additional water supply for sale to member cities and other potential customers. As a part of the operating agreement with the joint venture, the City of Sedgwick is committed to paying 100% of the cost of the water line that will serve Sedgwick customers. These costs have been included in the total amounts financed by the District through a state water-revolving loan. The City of Sedgwick is paying the District for its portion of the total debt service as it comes due. At December 31, 2011, the balance of the City's separate share of the loan was \$448,419. Water line payments totaling \$61,633 are included in Water fund debt service expenditures in the accompanying financial statements for the year ended December 31, 2011.

11. MANAGEMENT'S DATE OF REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2011, to determine the need for any adjustments to and/or disclosures within the audited financial statements. Management has performed their analysis through August 21, 2012, which is the date at which the financial statements were available to be issued.