

**CITY OF CHAPMAN, KANSAS**

**FINANCIAL STATEMENTS**

**WITH**

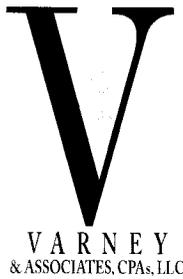
**INDEPENDENT AUDITOR'S REPORT**

December 31, 2012

**VARNEY & ASSOCIATES, CPAs, LLC**  
Manhattan, Kansas

**CITY OF CHAPMAN**  
**TABLE OF CONTENTS**  
 December 31, 2012

|   | <u>Page<br/>Number</u> |
|---|------------------------|
| <b>Independent Auditor's Report</b>   | 1 - 2                  |
| <b>Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards</b> | 3 - 4                  |
| <b>Statement 1</b>  |                        |
| Statement of Cash Receipts, Expenditures and Unencumbered Cash  | 5 - 6                  |
| <b>Notes to Financial Statements</b>  | 7 - 13                 |
| <b>Schedule 1</b>   |                        |
| Summary of Expenditures - Actual and Budget   | 14                     |
| <b>Schedule 2</b>   |                        |
| <b>Schedule of Receipts and Expenditures - Actual and Budget</b>  |                        |
| <i>General Fund</i>   | 15                     |
| <i>Fire Equipment Fund</i>  | 16                     |
| <i>Recreation Fund</i>  | 17                     |
| <i>Library Fund</i>   | 18                     |
| <i>Special Highway Fund</i>   | 19                     |
| <i>Employee Benefit Fund</i>  | 20                     |
| <i>Special Parks and Recreation Fund</i>  | 21                     |
| <i>Equipment Reserve Fund</i>   | 22                     |
| <i>Capital Improvement Fund</i>   | 23                     |
| <i>Bond and Interest Fund</i>   | 24                     |
| <i>Electric Utility Fund</i>  | 25                     |
| <i>Water Utility Fund</i>   | 26                     |
| <i>Rural Water District Fund</i>  | 27                     |
| <i>Sewer Utility Fund</i>   | 28                     |
| <i>Indian Hills Golf Course Fund</i>  | 29                     |
| <i>Reimbursed Payroll</i>   | 30                     |
| <b>Schedule 3</b>   |                        |
| <b>Summary of Receipts and Disbursements</b>  |                        |
| <i>Agency Funds</i>   | 31                     |



June 6, 2013

Mayor and Council Members  
City of Chapman, Kansas

### **Independent Auditor's Report**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Chapman, Kansas (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statement.

#### **Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting 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. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 to the financial statement, the financial statement is prepared by the City to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

June 6, 2013  
City of Chapman, Kansas  
(Continued)

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" 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 as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

**Report on Regulatory-Required Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the 2012 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2012 basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. 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 2012 basic financial statement. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statement or to the 2012 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note 1.

*Varney & Associates, CPAs, LLC*  
Certified Public Accountants  
Manhattan, Kansas



June 6, 2013

Mayor and City Council  
City of Chapman, Kansas

**Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of the City of Chapman, Kansas (the City), as of and for the year ended December 31, 2012, and have issued our report thereon dated June 6, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Accounting and Audit Guide*.

**Internal Control over Financial Reporting**

Management of the City of Chapman, Kansas, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the city's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

June 6, 2013  
City of Chapman, Kansas  
(Continued)

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

*Varney & Associates, CPAs, LLC*

Certified Public Accountants  
Manhattan, Kansas

# *Independent Auditor's Report*

**CITY OF CHAPMAN, KANSAS**  
**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH**

Regulatory Basis

For the Year Ended December 31, 2012

| Fund                         | 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 Funds           |                                     |                                   |               |              |                                  |  |                     |
| General Fund                 | \$ 95,066                           | \$ -                              | \$ 652,344    | \$ 676,686   | \$ 70,724                        | \$ 11,252  | \$ 81,976           |
| Special Revenue Funds        |                                     |                                   |               |              |                                  |  |                     |
| Fire Equipment               | 25,688                              | -                                 | 10,772        | 2,698        | 33,762                           | -  | 33,762              |
| Recreation                   | 796                                 | -                                 | 8,991         | 8,000        | 1,787                            | -  | 1,787               |
| Library                      | 3,832                               | -                                 | 28,926        | 31,100       | 1,658                            | -  | 1,658               |
| Special Highway              | 17,565                              | -                                 | 41,242        | 30,037       | 28,770                           | -  | 28,770              |
| Employee Benefit             | 15,625                              | -                                 | 217,459       | 228,998      | 4,086                            | -  | 4,086               |
| Special Parks and Recreation | 16,120                              | -                                 | 2,286         | 4,468        | 13,938                           | -  | 13,938              |
| Equipment Reserve            | 76,175                              | -                                 | 38,043        | 2,900        | 111,318                          | -  | 111,318             |
| Capital Improvement Fund     | 86,584                              | -                                 | 138,904       | 202,057      | 23,431                           | 3,558  | 26,989              |
| Bond and Interest            | 16,751                              | -                                 | 88,310        | 92,480       | 12,581                           | -  | 12,581              |
| Proprietary Fund Types       |                                     |                                   |               |              |                                  |  |                     |
| Electric Utility             | 260,128                             | -                                 | 1,342,986     | 1,447,544    | 155,570                          | 8,109  | 163,679             |
| Water Utility                | 94,686                              | -                                 | 169,383       | 187,585      | 76,484                           | 4,683  | 81,167              |
| Sewer Utility                | 47,751                              | -                                 | 159,292       | 172,537      | 34,506                           | 2,252  | 36,758              |

(continued)

STATEMENT 1

The accompanying notes are an integral part of these financial statements.  
 See Independent Auditor's Report.

# Financial Statements

**CITY OF CHAPMAN, KANSAS**  
**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH (CONTINUED)**

Regulatory Basis

For the Year Ended December 31, 2012

| Fund   | Beginning<br>Unencumbered<br>Cash<br>Balance | Prior Year<br>Cancelled<br>Encumbrances | Cash<br>Receipts    | Expenditures        | Ending<br>Unencumbered<br>Cash<br>Balance | Add:<br>Outstanding<br>Encumbrances<br>and Accounts<br>Payable | Ending<br>Cash<br>Balance |
|--|--|---|---------------------|---------------------|---|--|---------------------------|
|  |  |   |                     |                     |   |  |                           |
| Expendable Trust Funds                                     |  |   |                     |                     |   |  |                           |
| Recreation Payroll   | -  | -                                       | 10,578              | 10,692              | (114)                                     | -  | (114)                     |
| Library Payroll  | -  | -                                       | 16,271              | 17,172              | (901)                                     | -  | (901)                     |
| Housing Payroll  | -  | -                                       | 53,400              | 53,401              | (1)                                       | -  | (1)                       |
| <b>Total Reporting Entity<br/>(Excluding Agency Funds)</b> | <b>\$ 756,767</b>                            | <b>\$ -</b>                             | <b>\$ 2,979,187</b> | <b>\$ 3,168,355</b> | <b>\$ 567,599</b>                         | <b>\$ 29,854</b>   | <b>\$ 597,453</b>         |

| Composition of Cash  |                   |
|--|-------------------|
| Checking Accounts  | \$ 97,180         |
| Petty Cash   | 300               |
| Certificates of Deposit                                    | 500,000           |
| <b>Total Cash</b>  | <b>\$ 597,480</b> |
| Agency Funds per Statement 4                               | (27)              |
| <b>Total Reporting Entity<br/>(Excluding Agency Funds)</b> | <b>\$ 597,453</b> |

**STATEMENT 1**  
(continued)

The accompanying notes are an integral part of these financial statements.  
 See Independent Auditor's Report.

# Financial Statements

**CITY OF CHAPMAN, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2012

**Note 1: Summary of Significant Accounting Policies**

The City of Chapman, Kansas (the City) is a municipal corporation governed by an elected five-member council. The accounting policies of the City conform to the cash-basis and budget laws of Kansas (regulatory basis). The following is a summary of the more significant policies:

***Municipal Financial Reporting Entity***

The municipal financial reporting entity is comprised of the primary government. There are no component units included in the municipal financial reporting entity.

***Regulatory Basis Fund Types***

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the financial statements in this report, the various funds are grouped into generic fund types and broad fund categories as follows:

*General Fund* - The general fund is the chief operating fund of the City. It is used to account for all resources except those required to be accounted for in another fund.

*Special Purpose Funds* - Special purpose funds are used to account for the proceeds of specific tax levies and other specific revenue sources intended for specified purposes.

*Bond and Interest Fund* - Bond and interest fund is used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

*Business Funds* - Business funds are used to account for funds financed in whole or in part by fees charged to users of the goods or services.

*Agency Funds* - Agency funds are used to report assets held by the municipal reporting entity in a purely custodial capacity.

***Basis of Accounting***

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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 municipality to use the regulatory basis of accounting.

**CITY OF CHAPMAN, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
December 31, 2012

**Note 1: Summary of Significant Accounting Policies (Continued)**

***Budgetary Information***

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

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

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: equipment reserve fund, capital improvement fund and reimbursed payroll fund.

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

**CITY OF CHAPMAN, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
December 31, 2012

**Note 2: 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, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

*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 coverage is 50%. The City does not utilize "peak periods". All deposits were legally secured at December 31, 2012.

As of December 31, 2012, the City's carrying amount of the deposits was \$597,480 and the bank balance was \$690,824. The bank balance was held by one bank, in checking, money market and certificates of deposit. Of the bank balance, \$500,000 was covered by federal depository insurance and \$190,824 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

**Note 3: Property Taxes**

In accordance with governing state statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1st of each year. The county treasurer is the tax collection agent for all taxing entities within the county. Property owners have the option of paying one-half of the full amount of the taxes levied on or before December 20th of the ensuing year. State statutes prohibit the county treasurer from distributing taxes levied and collected in the year prior to January 1st of the ensuing year.

**CITY OF CHAPMAN, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
December 31, 2012

**Note 4: Defined Benefit Pension Plan**

**Plan Description**

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. 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 Avenue, Suite 100, Topeka, KS 66503-3803) or by calling 1-888-275-5737.

KSA 74-4919 establishes the KPERS member-employee contribution rate. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

**Note 5: Interfund Transfers**

Transfers for the year ended December 31, 2012 were as follows:

| From                   | To                       | Regulatory Authority | Amount            |
|------------------------|--------------------------|----------------------|-------------------|
| General Fund           | Capital Improvement Fund | K.S.A. 12-1, 118     | \$ 83,000         |
| General Fund           | Equipment Reserve Fund   | K.S.A. 12-1, 117     | 25,000            |
| Water Utility          | Bond & Interest Fund     | K.S.A. 12-825d       | 10,000            |
| Water Utility          | Employee Benefits Fund   | K.S.A. 12-825d       | 30,000            |
| Water Utility          | General Fund             | K.S.A. 12-825d       | 20,000            |
| Water Utility          | Equipment Reserve Fund   | K.S.A. 12-825d       | 12,000            |
| Electric Utility       | General Fund             | K.S.A. 12-825d       | 100,000           |
| Electric Utility       | Employee Benefits Fund   | K.S.A. 12-825d       | 40,000            |
| Electric Utility       | Capital Improvement Fund | K.S.A. 12-825d       | 10,500            |
| Electric Utility       | Reserve Bond Fund        | K.S.A. 12-825d       | * 103,885         |
| Electric Utility       | Equipment Reserve Fund   | K.S.A. 12-825d       | 7,950             |
| Sewer Utility          | General Fund             | K.S.A. 12-825d       | 20,000            |
| Sewer Utility          | Employee Benefits Fund   | K.S.A. 12-825d       | 20,000            |
| Sewer Utility          | Bond & Interest Fund     | K.S.A. 12-825d       | 10,000            |
| Sewer Utility          | Capital Improvement Fund | K.S.A. 12-825d       | 10,000            |
| <b>Total Transfers</b> |                          |                      | <b>\$ 502,335</b> |

\*This transfer does not show up in the fund statements, as Electric General Revenue Bond Fund transactions are presented within the Electric Fund.

**Note 6: Long-Term Debt**

All general obligation bonds are secured by the full faith and credit of the City. See Notes 11 and 12 for details of long-term debt.

Upon authorization of the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, must be interest-bearing and have a maturity date of not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are usually retired from the proceeds of the sale of general obligation bonds.

**CITY OF CHAPMAN, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
December 31, 2012

**Note 7: 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. These risks are covered by commercial insurance purchased from independent third parties. There have been no decreases in insurance coverage from the prior year.

**Note 8: Firemen's Relief Association**

The Firemen's Relief Association began 2012 with \$31,067 in funds. During 2012, total revenues received were \$3,399, comprised of \$3,090 from the State of Kansas, \$60 in interest income, and \$249 in miscellaneous revenue. Total expenditures were \$1,661 for insurance premiums. The balance of cash as of December 31, 2012 was \$32,805. This cash is held in the following accounts: checking - \$3,587; savings - \$6,561; and certificates of deposit - \$22,657.

**Note 9: Compliance with Finance-Related Legal and Contractual Provisions**

For the year ended December 31, 2012, the City was in compliance with all provisions of the revenue bond covenants. There were no budget or cash violations during 2012.

**Note 10: Other Post Employment Benefits**

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

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

**Note 11: Compensated Absences**

Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time, permanent employees to specified maximums. Generally, upon termination, employees are entitled to accumulated vacation leave. At December 31, 2012, the City's liability for unused vacation time is \$23,124. No liability has been estimated for the accrued sick leave.

**CITY OF CHAPMAN, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 December 31, 2012

**Note 12: Changes in Long-Term Debt**

| ISSUE                                 | Interest Rates | Date of Issue | Amount of Issue | Date of Final Maturity | Balance Beginning of Year | Additions   | Reductions/Payments | Net Change          | Balance End of Year | Interest Paid    |
|---------------------------------------|----------------|---------------|-----------------|------------------------|---------------------------|-------------|---------------------|---------------------|---------------------|------------------|
| <b>General Obligation Bonds</b>       |                |               |                 |                        |                           |             |                     |                     |                     |                  |
| Series 2004-A                         | 3.00-4.40%     | 1/15/04       | \$ 94,500       | 10/1/13                | \$ 40,000                 | \$ -        | \$ 20,000           | \$ (20,000)         | \$ 20,000           | \$ 1,740         |
| Series 2006-A                         | 4.65-7.25%     | 6/15/06       | 275,000         | 10/1/26                | 225,000                   | -           | 10,000              | (10,000)            | 215,000             | 10,788           |
| Series 2007-A                         | 3.85-4.50%     | 8/15/07       | 670,000         | 10/1/27                | 585,000                   | -           | 25,000              | (25,000)            | 560,000             | 24,952           |
| <b>Total General Obligation Bonds</b> |                |               |                 |                        | <b>\$ 850,000</b>         | <b>\$ -</b> | <b>\$ 55,000</b>    | <b>\$ (55,000)</b>  | <b>\$ 795,000</b>   | <b>\$ 37,480</b> |
| <b>Revenue Bonds</b>                  |                |               |                 |                        |                           |             |                     |                     |                     |                  |
| Series 2006-A - Electric Utility      | 4.00-4.50%     | 12/1/06       | \$ 1,160,000    | 10/1/22                | \$ 900,000                | \$ -        | \$ 65,000           | \$ (65,000)         | \$ 835,000          | \$ 38,855        |
| <b>TOTAL LONG-TERM DEBT</b>           |                |               |                 |                        | <b>\$ 1,750,000</b>       | <b>\$ -</b> | <b>\$ 120,000</b>   | <b>\$ (120,000)</b> | <b>\$ 1,630,000</b> | <b>\$ 76,335</b> |

# Notes to Financial Statements

**CITY OF CHAPMAN, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 December 31, 2012

**Note 13: Maturity of Long-Term Debt**

|                                     | 2013              | 2014              | 2015              | 2016              | 2017              | 2018-2022         | 2023-2027        | Total               |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|---------------------|
| <b>PRINCIPAL</b>                    |                   |                   |                   |                   |                   |                   |                  |                     |
| Series 2004-A                       | \$ 20,000         | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -             | \$ 20,000           |
| Series 2006-A - GO                  | 10,000            | 10,000            | 10,000            | 15,000            | 75,000            | 95,000            | -                | 215,000             |
| Series 2006-A - Revenue             | 70,000            | 70,000            | 75,000            | 80,000            | 80,000            | 460,000           | -                | 835,000             |
| Series 2007-A                       | 25,000            | 25,000            | 30,000            | 30,000            | 175,000           | 220,000           | 55,000           | 560,000             |
| <b>Total Principal</b>              | <b>\$ 125,000</b> | <b>\$ 105,000</b> | <b>\$ 115,000</b> | <b>\$ 125,000</b> | <b>\$ 330,000</b> | <b>\$ 775,000</b> | <b>\$ 55,000</b> | <b>\$ 1,630,000</b> |
| <b>INTEREST</b>                     |                   |                   |                   |                   |                   |                   |                  |                     |
| Series 2004-A                       | \$ 880            | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -             | \$ 880              |
| Series 2006-A - GO                  | 10,257            | 9,738             | 9,738             | 8,698             | 8,000             | 29,538            | 9,500            | 85,469              |
| Series 2006-A - Revenue             | 36,225            | 33,455            | 33,455            | 27,580            | 24,300            | 63,675            | -                | 218,690             |
| Series 2007-A                       | 23,965            | 22,965            | 22,965            | 20,750            | 19,500            | 76,410            | 33,083           | 219,638             |
| <b>Total Interest</b>               | <b>\$ 71,327</b>  | <b>\$ 66,158</b>  | <b>\$ 66,158</b>  | <b>\$ 57,028</b>  | <b>\$ 51,800</b>  | <b>\$ 169,623</b> | <b>\$ 42,583</b> | <b>\$ 524,677</b>   |
| <b>TOTAL PRINCIPAL AND INTEREST</b> | <b>\$ 196,327</b> | <b>\$ 171,158</b> | <b>\$ 181,158</b> | <b>\$ 182,028</b> | <b>\$ 381,800</b> | <b>\$ 944,623</b> | <b>\$ 97,583</b> | <b>\$ 2,154,677</b> |

*Notes to Financial Statements*

**CITY OF CHAPMAN, KANSAS**  
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**Regulatory Basis**  
For the Year Ended December 31, 2012

| <u>Fund</u>                  | <u>Certified<br/>Budget</u> | <u>Expenditures<br/>Chargeable to<br/>Current Year</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|------------------------------|-----------------------------|--|---|
| Governmental Funds           |                             |  |   |
| General                      | \$ 778,718                  | \$ 676,686   | \$ 102,032                                      |
| Special Revenue Funds        |                             |  |   |
| Fire Equipment               | 23,620                      | 2,698  | 20,922  |
| Recreation                   | 8,000                       | 8,000  | -   |
| Library                      | 31,100                      | 31,100   | -   |
| Special Highway              | 38,095                      | 30,037   | 8,058   |
| Employee Benefit             | 229,000                     | 228,998  | 2   |
| Special Parks and Recreation | 12,807                      | 4,468  | 8,339   |
| Bond and Interest            | 92,481                      | 92,480   | 1   |
| Proprietary Funds            |                             |  |   |
| Enterprise Funds             |                             |  |   |
| Electric Utility             | 1,573,047 *                 | 1,447,544  | 125,503   |
| Water Utility                | 244,723                     | 187,585  | 57,138  |
| Rural Water District         | -                           | -  | -   |
| Sewer Utility                | 192,507                     | 172,537  | 19,970  |
| <b>TOTAL</b>                 | <b>\$ 3,224,098</b>         | <b>\$ 2,882,133</b>                                    | <b>\$ 341,965</b>                               |

\*Includes certified budget for Electric General Revenue Bond Fund of \$104,855.

**Financial Statements**

**CITY OF CHAPMAN, KANSAS**  
**GENERAL FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**Regulatory Basis**  
For the Year Ended December 31, 2012  
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | Prior<br>Year<br>Actual | Actual             | Budget            | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|--------------------|-------------------|--|
| <b>CASH RECEIPTS</b>                      |                         |                    |                   |  |
| Taxes and Shared Revenue                  |                         |                    |                   |  |
| Ad Valorem property tax                   | \$ 124,447              | \$ 121,666         | \$ 123,652        | \$ (1,986)                             |
| Delinquent and foreclosures               | 1,506                   | 940                | -                 | 940                                    |
| Motor vehicle/Recreational vehicle tax    | 17,845                  | 21,004             | 23,488            | (2,484)                                |
| Local alcoholic liquor                    | 3,779                   | 2,184              | 3,366             | (1,182)                                |
| County sales tax                          | 110,658                 | 119,804            | 110,000           | 9,804                                  |
| City sales tax                            | -                       | 76,546             | 100,000           | (23,454)                               |
| Swimming pool receipts                    | 9,404                   | 10,501             | 7,500             | 3,001                                  |
| Licenses and permits                      | 6,503                   | 8,544              | 5,850             | 2,694                                  |
| Fines and fees                            | 18,945                  | 12,546             | 30,500            | (17,954)                               |
| Franchise tax                             | 38,253                  | 31,773             | 45,000            | (13,227)                               |
| Interest                                  | 3,840                   | 1,618              | 5,000             | (3,382)                                |
| Miscellaneous reimbursements              | 9,467                   | 8,844              | 5,000             | 3,844                                  |
| Transfers in                              | 132,043                 | 140,000            | 140,000           | -                                      |
| Amount received in lieu of taxes          | 7,681                   | 7,922              | 8,000             | (78)                                   |
| Grants - State of Kansas CDBG             | 13,511                  | -                  | -                 | -                                      |
| Donations received                        | 40                      | -                  | -                 | -                                      |
| CHAP program                              | -                       | 19,983             | -                 | 19,983                                 |
| Golf receipts                             | 62,658                  | 67,744             | 86,000            | (18,256)                               |
| Miscellaneous                             | 202                     | 725                | -                 | 725                                    |
| <b>Total Cash Receipts</b>                | <b>\$ 560,782</b>       | <b>\$ 652,344</b>  | <b>\$ 693,356</b> | <b>\$ (41,012)</b>                     |
| <b>EXPENDITURES</b>                       |                         |                    |                   |  |
| Administration                            | \$ 113,079              | \$ 134,056         | \$ 160,488        | \$ 26,432                              |
| Police                                    | 145,457                 | 142,798            | 158,949           | 16,151                                 |
| Municipal court                           | 12,268                  | 8,496              | 12,000            | 3,504                                  |
| Parks and pool                            | 38,763                  | 52,881             | 49,828            | (3,053)                                |
| Street                                    | 108,358                 | 89,760             | 105,761           | 16,001                                 |
| Fire, EMT, and EMS                        | 8,570                   | 10,990             | 13,900            | 2,910                                  |
| Golf course                               | 117,538                 | 129,705            | 147,792           | 18,087                                 |
| Disaster recovery                         | 76,486                  | -                  | -                 | -                                      |
| Transfers out                             | 10,008                  | 108,000            | 130,000           | 22,000                                 |
| <b>Total Expenditures</b>                 | <b>\$ 630,527</b>       | <b>\$ 676,686</b>  | <b>\$ 778,718</b> | <b>\$ 102,032</b>                      |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | <b>\$ (69,745)</b>      | <b>\$ (24,342)</b> |                   |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <b>164,811</b>          | <b>95,066</b>      |                   |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <b>\$ 95,066</b>        | <b>\$ 70,724</b>   |                   |  |

# Financial Statements

**CITY OF CHAPMAN, KANSAS**  
**FIRE EQUIPMENT FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**Regulatory Basis**  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | <u>Prior<br/>Year<br/>Actual</u> | <u>Actual</u>    | <u>Budget</u>    | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------------|------------------|------------------|---|
| <b>CASH RECEIPTS</b>                      |                                  |                  |                  |   |
| Taxes and Shared Revenue                  |                                  |                  |                  |   |
| Ad Valorem property tax                   | \$ 7,469                         | \$ 9,240         | \$ 9,391         | \$ (151)  |
| Delinquent and foreclosures               | 96                               | 63               | -                | 63  |
| Motor vehicle/Recreational vehicle tax    | 1,333                            | 1,469            | 1,409            | 60  |
| <b>Total Cash Receipts</b>                | <u>\$ 8,898</u>                  | <u>\$ 10,772</u> | <u>\$ 10,800</u> | <u>\$ (28)</u>                                  |
| <b>EXPENDITURES</b>                       |                                  |                  |                  |   |
| Commodities                               | \$ 1,472                         | \$ 2,698         | \$ 4,000         | \$ 1,302  |
| Capital outlay                            | -                                | -                | 19,620           | 19,620  |
| <b>Total Expenditures</b>                 | <u>\$ 1,472</u>                  | <u>\$ 2,698</u>  | <u>\$ 23,620</u> | <u>\$ 20,922</u>                                |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ 7,426                         | \$ 8,074         |                  |   |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <u>18,262</u>                    | <u>25,688</u>    |                  |   |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 25,688</u>                 | <u>\$ 33,762</u> |                  |   |

**Financial Statements**

CITY OF CHAPMAN, KANSAS  
RECREATION FUND  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
Regulatory Basis  
For the Year Ended December 31, 2012  
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | Prior<br>Year<br>Actual | Actual          | Budget          | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|-----------------|-----------------|--|
| <b>CASH RECEIPTS</b>                      |                         |                 |                 |  |
| Taxes and Shared Revenue                  |                         |                 |                 |  |
| Ad Valorem property tax                   | \$ (10)                 | \$ 7,591        | \$ 7,773        | \$ (182)                               |
| Delinquent and foreclosures               | 84                      | 12              | -               | 12                                     |
| Motor vehicle/Recreational vehicle tax    | 1,283                   | 708             | -               | 708                                    |
| Miscellaneous                             | -                       | 680             | -               | -                                      |
| <b>Total Cash Receipts</b>                | <u>\$ 1,357</u>         | <u>\$ 8,991</u> | <u>\$ 7,773</u> | <u>\$ 538</u>                          |
| <b>EXPENDITURES</b>                       |                         |                 |                 |  |
| Appropriations                            | \$ 1,327                | \$ 8,000        | \$ 8,000        | \$ -                                   |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ 30                   | \$ 991          |                 |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <u>766</u>              | <u>796</u>      |                 |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 796</u>           | <u>\$ 1,787</u> |                 |  |

*Financial Statements*

**CITY OF CHAPMAN, KANSAS**  
**LIBRARY FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**Regulatory Basis**  
For the Year Ended December 31, 2012  
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | Prior<br>Year<br>Actual | Actual           | Budget           | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|------------------|------------------|--|
| <b>CASH RECEIPTS</b>                      |                         |                  |                  |  |
| Taxes and Shared Revenue                  |                         |                  |                  |  |
| Ad Valorem property tax                   | \$ 23,632               | \$ 24,104        | \$ 24,500        | \$ (396)                               |
| Delinquent and foreclosures               | 308                     | 196              | -                | 196                                    |
| Motor vehicle/Recreational vehicle tax    | 4,262                   | 4,626            | 4,462            | 164                                    |
| Miscellaneous                             | 2,138                   | -                | -                | -                                      |
| <b>Total Cash Receipts</b>                | <u>\$ 30,340</u>        | <u>\$ 28,926</u> | <u>\$ 28,962</u> | <u>\$ (36)</u>                         |
| <b>EXPENDITURES</b>                       |                         |                  |                  |  |
| Appropriations to library                 | \$ 26,000               | \$ 31,100        | \$ 31,100        | \$ -                                   |
| Miscellaneous                             | 2,138                   | -                | -                | -                                      |
| <b>Total Expenditures</b>                 | <u>\$ 28,138</u>        | <u>\$ 31,100</u> | <u>\$ 31,100</u> | <u>\$ -</u>                            |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ 2,202                | \$ (2,174)       |                  |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <u>1,630</u>            | <u>3,832</u>     |                  |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 3,832</u>         | <u>\$ 1,658</u>  |                  |  |

**Financial Statements**

**CITY OF CHAPMAN, KANSAS  
SPECIAL HIGHWAY FUND  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
Regulatory Basis  
For the Year Ended December 31, 2012  
With Comparative Actual Totals for the Prior Year Ended December 31, 2011**

|   | Prior<br>Year<br>Actual | Actual           | Budget           | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|------------------|------------------|--|
| <b>CASH RECEIPTS</b>                      |                         |                  |                  |  |
| Taxes and Shared Revenue                  |                         |                  |                  |  |
| Ad Valorem property tax                   | \$ (23)                 | \$ -             | \$ -             | \$ -                                   |
| Delinquent and foreclosures               | 68                      | 71               | -                | 71                                     |
| Motor vehicle/Recreational vehicle tax    | 4,053                   | 5,070            | -                | 5,070                                  |
| State payments                            | 35,922                  | 36,101           | 35,490           | 611                                    |
| Transfers in                              | 6,588                   | -                | -                | -                                      |
| <b>Total Cash Receipts</b>                | <u>\$ 46,608</u>        | <u>\$ 41,242</u> | <u>\$ 35,490</u> | <u>\$ 5,752</u>                        |
| <b>EXPENDITURES</b>                       |                         |                  |                  |  |
| Capital outlay                            | \$ 29,042               | \$ 30,037        | \$ 38,095        | \$ 8,058                               |
| Transfers out                             | 6,588                   | -                | -                | -                                      |
| <b>Total Expenditures</b>                 | <u>\$ 35,630</u>        | <u>\$ 30,037</u> | <u>\$ 38,095</u> | <u>\$ 8,058</u>                        |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ 10,978               | \$ 11,205        |                  |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <u>6,587</u>            | <u>17,565</u>    |                  |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 17,565</u>        | <u>\$ 28,770</u> |                  |  |

**Financial Statements**

**CITY OF CHAPMAN, KANSAS**  
**EMPLOYEE BENEFIT FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**Regulatory Basis**  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | Prior<br>Year<br>Actual | Actual            | Budget            | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|-------------------|-------------------|--|
| <b>CASH RECEIPTS</b>                      |                         |                   |                   |  |
| Taxes and Shared Revenue                  |                         |                   |                   |  |
| Ad Valorem property tax                   | \$ 103,939              | \$ 108,136        | \$ 109,896        | \$ (1,760)                             |
| Delinquent and foreclosures               | 986                     | 814               | -                 | 814                                    |
| Motor vehicle/Recreational vehicle tax    | 13,031                  | 18,509            | 19,613            | (1,104)                                |
| Transfers in                              | 88,500                  | 90,000            | 90,000            | -                                      |
| Miscellaneous                             | 5,100                   | -                 | -                 | -                                      |
| <b>Total Cash Receipts</b>                | <u>\$ 211,556</u>       | <u>\$ 217,459</u> | <u>\$ 219,509</u> | <u>\$ (2,050)</u>                      |
| <b>EXPENDITURES</b>                       |                         |                   |                   |  |
| KPERS                                     | \$ 39,283               | \$ 44,677         | \$ 44,000         | \$ (677)                               |
| Social Security                           | 39,397                  | 36,940            | 45,000            | 8,060                                  |
| Unemployment                              | 923                     | 6,552             | 10,000            | 3,448                                  |
| Insurance                                 | 121,573                 | 140,829           | 130,000           | (10,829)                               |
| <b>Total Expenditures</b>                 | <u>\$ 201,176</u>       | <u>\$ 228,998</u> | <u>\$ 229,000</u> | <u>\$ 2</u>                            |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ 10,380               | \$ (11,539)       |                   |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <u>5,245</u>            | <u>15,625</u>     |                   |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 15,625</u>        | <u>\$ 4,086</u>   |                   |  |

**Financial Statements**

**CITY OF CHAPMAN, KANSAS**  
**SPECIAL PARKS AND RECREATION FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**Regulatory Basis**  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | Prior<br>Year<br>Actual | Actual           | Budget           | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|------------------|------------------|--|
| <b>CASH RECEIPTS</b>                      |                         |                  |                  |  |
| Intergovernmental                         | \$ 3,779                | \$ 2,286         | \$ 3,366         | \$ (1,080)                             |
| <b>EXPENDITURES</b>                       |                         |                  |                  |  |
| Commodities                               | \$ -                    | \$ 4,468         | \$ 5,000         | \$ 532                                 |
| Equipment                                 | -                       | -                | 4,000            | 4,000                                  |
| Capital outlay                            | -                       | -                | 3,807            | 3,807                                  |
| <b>Total Expenditures</b>                 | <u>\$ -</u>             | <u>\$ 4,468</u>  | <u>\$ 12,807</u> | <u>\$ 8,339</u>                        |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ 3,779                | \$ (2,182)       |                  |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <u>12,341</u>           | <u>16,120</u>    |                  |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 16,120</u>        | <u>\$ 13,938</u> |                  |  |

**Financial Statements**

CITY OF CHAPMAN, KANSAS  
EQUIPMENT RESERVE FUND  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
Regulatory Basis  
For the Year Ended December 31, 2012  
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | Prior Year<br>Actual | Actual            |
|---|----------------------|-------------------|
| <b>CASH RECEIPTS</b>                      |                      |                   |
| Transfers in                              | \$ 30,024            | \$ 32,950         |
| Miscellaneous                             | 2,050                | 5,093             |
| <b>Total Cash Receipts</b>                | <u>\$ 32,074</u>     | <u>\$ 38,043</u>  |
| <b>EXPENDITURES</b>                       |                      |                   |
| Capital outlay                            | \$ 43,217            | \$ 2,900          |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ (11,143)          | \$ 35,143         |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <u>87,318</u>        | <u>76,175</u>     |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 76,175</u>     | <u>\$ 111,318</u> |

*Financial Statements*

CITY OF CHAPMAN, KANSAS  
 CAPITAL IMPROVEMENT FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | Prior Year<br>Actual | Actual            |
|---|----------------------|-------------------|
| <b>CASH RECEIPTS</b>                      |                      |                   |
| Transfers in                              | \$ 66,223            | \$ 115,500        |
| Miscellaneous                             | 34,771               | 23,404            |
| <b>Total Cash Receipts</b>                | <u>\$ 100,994</u>    | <u>\$ 138,904</u> |
| <b>EXPENDITURES</b>                       |                      |                   |
| Capital outlay                            | \$ 14,410            | \$ 202,057        |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ 86,584            | \$ (63,153)       |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | -                    | 86,584            |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 86,584</u>     | <u>\$ 23,431</u>  |

*Financial Statements*

**CITY OF CHAPMAN, KANSAS**  
**BOND AND INTEREST FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**Regulatory Basis**  
For the Year Ended December 31, 2012  
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | Prior<br>Year<br>Actual | Actual           | Budget           | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|------------------|------------------|--|
| <b>CASH RECEIPTS</b>                      |                         |                  |                  |  |
| Taxes and Shared Revenue                  |                         |                  |                  |  |
| Ad Valorem property tax                   | \$ 14,321               | \$ 9,159         | \$ 9,307         | \$ (148)                               |
| Delinquent and foreclosures               | 352                     | 389              | -                | 389                                    |
| Motor vehicle/Recreational vehicle tax    | 5,132                   | 4,091            | 2,707            | 1,384                                  |
| Special assessments                       | 55,843                  | 54,671           | 50,000           | 4,671                                  |
| Transfers in                              | 20,016                  | 20,000           | 20,000           | -                                      |
| <b>Total Cash Receipts</b>                | <u>\$ 95,664</u>        | <u>\$ 88,310</u> | <u>\$ 62,014</u> | <u>\$ 6,296</u>                        |
| <b>EXPENDITURES</b>                       |                         |                  |                  |  |
| Bond principal                            | \$ 55,000               | \$ 55,000        | \$ 55,000        | \$ -                                   |
| Interest                                  | 39,836                  | 37,480           | 37,481           | 1                                      |
| <b>Total Expenditures</b>                 | <u>\$ 94,836</u>        | <u>\$ 92,480</u> | <u>\$ 92,481</u> | <u>\$ 1</u>                            |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ 828                  | \$ (4,170)       |                  |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <u>15,923</u>           | <u>16,751</u>    |                  |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 16,751</u>        | <u>\$ 12,581</u> |                  |  |

*Financial Statements*

**CITY OF CHAPMAN, KANSAS**  
**ELECTRIC UTILITY FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**Regulatory Basis**  
For the Year Ended December 31, 2012  
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | Prior<br>Year<br>Actual | Actual              | Budget                | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|---------------------|-----------------------|--|
| <b>CASH RECEIPTS</b>                    |                         |                     |                       |  |
| Sale of electricity                     | \$ 1,321,564            | \$ 1,312,028        | \$ 1,275,000          | \$ 37,028                              |
| Sales tax                               | 16,543                  | 25,355              | 15,000                | 10,355                                 |
| Miscellaneous                           | 3,277                   | 2,693               | 10,000                | (7,307)                                |
| Utility connect fee                     | 2,610                   | 2,910               | 2,500                 | 410                                    |
| <b>Total Cash Receipts</b>              | <b>\$ 1,343,994</b>     | <b>\$ 1,342,986</b> | <b>\$ 1,302,500</b>   | <b>\$ 40,486</b>                       |
| <b>EXPENDITURES</b>                     |                         |                     |                       |  |
| General and Administrative              |                         |                     |                       |  |
| Personnel services                      | \$ 157,802              | \$ 168,555          | \$ 188,707            | \$ 20,152                              |
| Commodities                             | 52,732                  | 52,052              | 80,000                | 27,948                                 |
| Contractual services                    | 827,228                 | 885,739             | 785,000               | (100,739)                              |
| Capital outlay                          | 9,969                   | 9,782               | 62,650                | 52,868                                 |
| Production                              |                         |                     |                       |  |
| Commodities                             | 69,244                  | 57,690              | 75,000                | 17,310                                 |
| Contractual services                    | 59,075                  | 11,421              | -                     | (11,421)                               |
| Transfers out                           | 130,182                 | 158,450             | 276,835               | 118,385                                |
| Revenue bond principal payment          | 65,000                  | 65,000              | 65,000                | -                                      |
| Interest expense                        | 41,455                  | 38,855              | 39,855                | 1,000                                  |
| <b>Total Expenditures</b>               | <b>\$ 1,412,687</b>     | <b>\$ 1,447,544</b> | <b>\$ 1,573,047 *</b> | <b>\$ 125,503</b>                      |
| <b>RECEIPTS OVER (UND) EXPENDITURES</b> | <b>\$ (68,693)</b>      | <b>\$ (104,558)</b> |                       |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>    | <b>328,821</b>          | <b>260,128</b>      |                       |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>  | <b>\$ 260,128</b>       | <b>\$ 155,570</b>   |                       |  |

\*Includes certified budget for Electric General Revenue Bond Fund of \$104,855.

**Financial Statements**

**CITY OF CHAPMAN, KANSAS**  
**WATER UTILITY FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**Regulatory Basis**  
For the Year Ended December 31, 2012  
With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | Prior<br>Year<br>Actual | Actual             | Budget            | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|--------------------|-------------------|--|
| <b>CASH RECEIPTS</b>                      |                         |                    |                   |  |
| Sale of water                             | \$ 154,839              | \$ 162,843         | \$ 160,500        | \$ 2,343                               |
| Utility connect fee                       | 3,015                   | 6,540              | 1,500             | 5,040                                  |
| Miscellaneous                             | -                       | -                  | 1,000             | (1,000)                                |
| Reimbursements                            | 30                      | -                  | 500               | (500)                                  |
| Transfers in                              | 12,334                  | -                  | -                 | -                                      |
| <b>Total Cash Receipts</b>                | <u>\$ 170,218</u>       | <u>\$ 169,383</u>  | <u>\$ 163,500</u> | <u>\$ 5,883</u>                        |
| <b>EXPENDITURES</b>                       |                         |                    |                   |  |
| Personnel services                        | \$ 36,321               | \$ 49,335          | \$ 61,478         | \$ 12,143                              |
| Commodities                               | 32,302                  | 39,634             | 33,500            | (6,134)                                |
| Contractual services                      | 24,911                  | 26,616             | 57,500            | 30,884                                 |
| Capital outlay                            | -                       | -                  | 32,245            | 32,245                                 |
| Transfers out                             | 60,012                  | 72,000             | 60,000            | (12,000)                               |
| <b>Total Expenditures</b>                 | <u>\$ 153,546</u>       | <u>\$ 187,585</u>  | <u>\$ 244,723</u> | <u>\$ 57,138</u>                       |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | <b>\$ 16,672</b>        | <b>\$ (18,202)</b> |                   |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <u>78,014</u>           | <u>94,686</u>      |                   |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 94,686</u>        | <u>\$ 76,484</u>   |                   |  |

**Financial Statements**

**CITY OF CHAPMAN, KANSAS  
RURAL WATER DISTRICT FUND  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
Regulatory Basis  
For the Year Ended December 31, 2012  
With Comparative Actual Totals for the Prior Year Ended December 31, 2011**

|   | Prior<br>Year<br>Actual | Actual | Budget | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|--------|--------|--|
| <b>CASH RECEIPTS</b>                      | \$ -                    | \$ -   | \$ -   | \$ -                                   |
| <b>EXPENDITURES</b>                       |                         |        |        |  |
| Capital outlay                            | \$ 12,333               | \$ -   | \$ -   | \$ -                                   |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ (12,333)             | \$ -   |        |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | 12,333                  | -      |        |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | \$ -                    | \$ -   |        |  |

**Financial Statements**

**CITY OF CHAPMAN, KANSAS**  
**SEWER UTILITY FUND**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**Regulatory Basis**  
 For the Year Ended December 31, 2012  
 With Comparative Actual Totals for the Prior Year Ended December 31, 2011

|   | <u>Prior<br/>Year<br/>Actual</u> | <u>Actual</u>      | <u>Budget</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------------|--------------------|-------------------|---|
| <b>CASH RECEIPTS</b>                      |                                  |                    |                   |   |
| Sewer fees                                | \$ 143,307                       | \$ 143,276         | \$ 150,000        | \$ (6,724)                                      |
| Late charges                              | 14,489                           | 16,016             | 10,000            | 6,016   |
| <b>Total Cash Receipts</b>                | <u>\$ 157,796</u>                | <u>\$ 159,292</u>  | <u>\$ 160,000</u> | <u>\$ (708)</u>                                 |
| <b>EXPENDITURES</b>                       |                                  |                    |                   |   |
| Personnel services                        | \$ 33,576                        | \$ 48,394          | \$ 42,595         | \$ (5,799)                                      |
| Commodities                               | 32,417                           | 26,848             | 22,000            | (4,848)   |
| Contractual services                      | 13,703                           | 14,375             | 31,500            | 17,125  |
| Capital outlay                            | 6,407                            | 22,920             | 36,412            | 13,492  |
| Transfers out                             | 70,020                           | 60,000             | 60,000            | -   |
| <b>Total Expenditures</b>                 | <u>\$ 156,123</u>                | <u>\$ 172,537</u>  | <u>\$ 192,507</u> | <u>\$ 19,970</u>                                |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | <b>\$ 1,673</b>                  | <b>\$ (13,245)</b> |                   |   |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | <u>46,078</u>                    | <u>47,751</u>      |                   |   |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ 47,751</u>                 | <u>\$ 34,506</u>   |                   |   |

**Financial Statements**

**CITY OF CHAPMAN, KANSAS  
INDIAN HILLS GOLF COURSE FUND  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
Regulatory Basis  
For the Year Ended December 31, 2012  
With Comparative Actual Totals for the Prior Year Ended December 31, 2011**

|   | Prior<br>Year<br>Actual | Actual | Budget | Variance<br>Favorable<br>(Unfavorable) |
|---|-------------------------|--------|--------|--|
| <b>CASH RECEIPTS</b>                      | \$ -                    | \$ -   | \$ -   | \$ -                                   |
| <b>EXPENDITURES</b>                       |                         |        |        |  |
| Transfers out                             | \$ 360                  | \$ -   | \$ -   | \$ -                                   |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ (360)                | \$ -   |        |  |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | 360                     | -      |        |  |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | \$ -                    | \$ -   |        |  |

**Financial Statements**

CITY OF CHAPMAN, KANSAS  
REIMBURSED PAYROLL  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
Regulatory Basis  
For the Year Ended December 31, 2012

|   | <u>Library</u>  | <u>Housing</u> | <u>Recreation</u> |
|---|-----------------|----------------|-------------------|
| <b>CASH RECEIPTS</b>                      |                 |                |                   |
| Reimbursements                            | \$ 16,271       | \$ 53,400      | \$ 10,578         |
| <b>EXPENDITURES</b>                       |                 |                |                   |
| Salaries and benefits                     | \$ 17,172       | \$ 53,401      | \$ 10,692         |
| <b>RECEIPTS OVER (UNDER) EXPENDITURES</b> | \$ (901)        | \$ (1)         | \$ (114)          |
| <b>UNENCUMBERED CASH - JANUARY 1</b>      | -               | -              | -                 |
| <b>UNENCUMBERED CASH - DECEMBER 31</b>    | <u>\$ (901)</u> | <u>\$ (1)</u>  | <u>\$ (114)</u>   |

*Financial Statements*

**CITY OF CHAPMAN, KANSAS**  
**AGENCY FUNDS**  
**SUMMARY OF RECEIPTS AND DISBURSEMENTS**  
**Regulatory Basis**  
 For the Year Ended December 31, 2012

| <b>Funds</b>           | <b>Beginning<br/>Cash<br/>Balance</b> | <b>Cash<br/>Receipts</b> | <b>Cash<br/>Disbursements</b> | <b>Ending<br/>Cash<br/>Balance</b> |
|------------------------|---------------------------------------|--------------------------|-------------------------------|------------------------------------|
| Sanitary Landfill Fund | \$ 579                                | \$ 623                   | \$ 1,175                      | \$ 27                              |

Financial Statements