

CITY OF CONWAY SPRINGS, KANSAS

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2012

George, Bowerman & Noel, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Council
City of Conway Springs
Conway Springs, Kansas

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Conway Springs, Kansas, a Municipal Financial Reporting Entity, 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 opinions 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the 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 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 of the financial statement, the financial statement is prepared by the City of Conway Springs, Kansas 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 generally accepted in the United States of America.

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

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 of Conway Springs, Kansas 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 balances of the City of Conway Springs, Kansas 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of expenditures – actual and budget – regulatory basis, individual fund schedules of receipts and expenditures – actual and budget – regulatory basis, and the summary of receipts and disbursements – regulatory basis (Schedules 1, 2 and 3) as listed in the table of contents) are not a required part of the 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 basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statement or to the 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 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2011 actual columns presented in the individual fund schedules of receipts and expenditures – actual and budget, (Schedule 2 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 financial statements upon which we rendered an unqualified opinion dated June 1, 2012. The 2011 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statements. The 2011 comparative information was subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statements or to the 2011 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statements as a whole.

George, Bowerman & Noel, P.A.

Wichita, Kansas
July 24, 2013

CITY OF CONWAY SPRINGS, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH –
REGULATORY BASISFor the year ended December 31, 2012
(continued on next page)

	Beginning Unencumbered <u>Cash Balance</u>	Prior Year Canceled Encum- brances	Cash <u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered <u>Cash Balance</u>	Add Outstanding Encumbrances and Accounts <u>Payable</u>	Ending <u>Cash Balance</u>
General Fund	\$ 487,022	\$ --	\$ 462,793	\$ 603,220	\$ 346,595	\$ 69,981	\$ 416,576
Special Purpose Funds:							
Special Highway	14,260	--	38,691	41,818	11,133	--	11,133
Public Safety	18,763	--	125,818	105,419	39,162	--	39,162
Library	--	--	13,261	13,261	--	--	--
Employee Benefits	38,295	--	80,956	73,664	45,587	--	45,587
Fire Department Trust	11,488	--	1,053	5,018	7,523	--	7,523
Cemetery Trust	16,032	--	1,080	1,275	15,837	--	15,837
Park Trust	2,804	--	40	2,195	649	--	649
Museum Trust	4,104	--	--	--	4,104	--	4,104
Ambulance Trust	17,589	--	5,181	8,560	14,210	--	14,210
Police Trust	2,516	--	500	770	2,246	--	2,246
Debt Service Funds:							
Debt Service	8,847	--	197,308	188,900	17,255	--	17,255
Capital Project Funds:							
Park and Pool Renovation Project	10,892	--	16,098	1,417	25,573	--	25,573
Capital Equipment Reserve	110,810	--	30,000	--	140,810	--	140,810
Capital Improvement Reserve	48,226	--	11,500	25,726	34,000	--	34,000
Fire Truck Reserve	7,948	--	32,000	32,527	7,421	--	7,421
Ambulance Acquisition Reserve	38,481	--	30,000	28,684	39,797	--	39,797
Emergency Volunteer Building	50,023	--	12,312	62,300	35	--	35
Business Funds:							
Waterworks System	281,265	--	420,284	394,936	306,613	--	306,613
Sewage System	28,740	--	136,276	102,122	62,894	--	62,894
Refuse	18,333	--	157,003	140,016	35,320	--	35,320

CITY OF CONWAY SPRINGS, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH --
REGULATORY BASISFor the year ended December 31, 2012
(continued from previous page)

	Beginning Unencumbered Cash Balance	Prior Year Canceled Encum- brances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Ambulance	\$ 22,105	\$ -	\$ 52,498	\$ 62,881	\$ 11,722	\$ -	\$ 11,722
Waterworks Principal and Interest Reserve	31,932	-	-	-	31,932	-	31,932
Waterworks Surplus Reserve	320,570	-	110,000	-	430,570	-	430,570
Meter Deposit	12,070	-	3,700	2,525	13,245	-	13,245
Sewer Replacement Reserve	64,676	-	11,089	-	75,765	-	75,765
Refuse Capital Equipment Reserve	80,724	-	12,669	-	93,393	-	93,393
Total Primary Government (excluding agency funds)	1,748,515	-	1,962,110	1,897,234	1,813,391	69,981	1,883,372
Component Unit: Conway Springs Public Library	21,471	-	20,438	12,142	29,767	-	29,767
Total Reporting Entity (excluding agency funds)	<u>\$1,769,986</u>	<u>\$ -</u>	<u>\$ 1,982,548</u>	<u>\$ 1,909,376</u>	<u>\$ 1,843,158</u>	<u>\$ 69,981</u>	<u>\$ 1,913,139</u>

Composition of cash:

Conway Bank, Conway Springs, Kansas:

Checking account - NOW \$ 194,850

State Bank of Conway Springs, Conway Springs, Kansas:

Checking account - NOW 1,523,578

Checking account - NOW 14,352

Certificate of Deposit 150,074Total State Bank of Conway Springs 1,688,004

CITY OF CONWAY SPRINGS, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH –
REGULATORY BASISFor the year ended December 31, 2012
(continued from previous page)

Composition of cash (continued):

Cash on hand	<u>\$ 518</u>
Total Primary Government	1,883,372
Less Agency Funds	<u>—</u>
Total Primary Government (excluding agency funds)	1,883,372
Component Units:	
Conway Springs Public Library:	
State Bank of Conway Springs:	
Checking account – NOW	<u>29,767</u>
Total Reporting Entity (excluding agency funds)	<u>\$ 1,913,139</u>

The accompanying notes are an integral
part of the financial statement.

CITY OF CONWAY SPRINGS, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal financial reporting entity

The City of Conway Springs, Kansas, (City) operates under a Mayor-Council form of government consisting of a Mayor and five councilpersons elected at-large from within the City. The City provides services to its citizens in the areas of highways and streets, water, sewer and refuse utilities, public improvement, public safety, planning and zoning, recreation and general administrative services.

The financial statement presents the City of Conway Springs, Kansas, (a municipal financial reporting entity) and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

A seven-member board appointed by the Mayor with approval by the City Council governs the Conway Springs Public Library Board. The Conway Springs Public Library Board operates the public library in the City. The Library Board may not purchase or lease a site or erect a building for use of the library without the approval of the City Council. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special purpose fund of the City. The Library Board also receives funding through state assistance programs and donations.

The City's related municipal entity does not issue separate audited financial statements.

Description of funds

The accounts of the City are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In accordance with state statutes, several different types of funds and account groups are used to record the City's financial transactions. For financial reporting, they have been grouped and are presented in this report as follows:

General fund – The general fund is the chief operating fund of the City and is used to account for and report all financial resources not accounted for in another fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special purpose funds – Special purpose funds are used to account for and report the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Debt service fund – The debt service fund is used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital project funds – The capital project funds are used to account for the debt proceeds and other financial resources to be used for the construction or acquisition of major capital facilities and equipment.

Business funds – Business funds are financed in whole or in part by fees charged to users of the goods or services (i.e., enterprise funds).

Agency funds – Agency funds are used to report assets held by the municipal reporting entity in purely custodial capacity.

Kansas Municipal Audit and Accounting Guide (KMAAG) 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 a 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 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 regulatory basis of accounting.

Budgetary principles

The City is required by state statute to legally adopt annual operating budgets for the general fund, special purpose funds (unless exempted by specific statute), debt service fund and business funds (unless specifically exempted by statute). A legal operating budget is not required for the Fire Department Trust, Cemetery Trust, Park Trust, Museum Trust, Ambulance Trust, Police Trust, Park and Pool Renovation Project, Capital Equipment Reserve, Capital Improvement Reserve, Fire Truck Reserve, Ambulance Acquisition Reserve, Emergency Volunteer Building, Waterworks Principal and Interest Reserve, Waterworks Surplus Reserve, Meter Deposit, Sewer Replacement Reserve, and Refuse

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment Reserve funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to 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 individual fund budgets amended by the governing body during 2012.

Kansas 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.

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. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations lapse at the end of the year, except for capital project fund appropriations, which are carried forward until such time as the project is completed or terminated.

Controls over spending in funds which are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

Deposits and investments

Deposits and investments include amounts in interest-bearing money market accounts and certificates of deposit. Cash deposits are reported at a carrying amount that approximates fair value. Interest income is credited to the General fund.

Compensated absences

The City's policies regarding vacation leave are based on the anniversary of an employee's employment date. Those policies permit all full-time employees after one year of employment to earn 5 calendar days' vacation pay, after three years of employment 10

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

calendar days' vacation pay, after ten years of employment 15 calendar days' vacation pay, and after twenty years of employment 20 calendar days' vacation pay. Part-time employees receive vacation as outlined for full-time employees by prorated on the number of hours worked. Seasonal and temporary employees shall not be eligible for vacation pay. Policies require vacation time to be taken annually and cannot be carried over from year to year without governing body approval. Upon termination, an employee shall be compensated for all earned but unused vacation leave at their final rate of pay.

City employees earn sick/personal leave at thirty-two hours for full-time employees, twenty-four hours for three-fourths time, and sixteen hours for half-time employees per year and are granted on an employees' anniversary date. Unused sick/personal leave may not be carried over but will be paid to the employee at the current rate of pay. An employee shall not be paid for any unused sick/personal leave upon termination of employment with the City.

Pension plan

All full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERS), which is a cost sharing multi-employer statewide pension plan. The City's policy is to fund all pension costs as accrued; such costs to be funded are determined annually by the system's actuary.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City. This credit is collateralized with security deposits from new and slow paying customers.

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

2. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories that may be used by governmental entities in Kansas. 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 Federal Depository Insurance Corporation coverage. The City has no other policies that would further limit interest rate risk.

2. 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.

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. The City's allocation of investments as of December 31, 2012, is as follows:

Deposits with:	
Conway Bank of Conway Springs	10%
State Bank of Conway Springs	90%

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy follows applicable State Statutes and requires deposits 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. All deposits were legally secured at December 31, 2012.

At year-end, the carrying amount of the City's deposits was \$1,882,854 with the bank balances of such accounts being \$1,904,676. Of the bank balances, \$415,591 was covered by federal depository insurance and the remaining balance of \$1,489,085 was covered by collateral held by the City's custodial banks in joint custody in the name of the City and its banks. The fair value of those pledged securities held by the City's custodial banks was \$1,892,960 at December 31, 2012.

The City's component unit's cash and deposits at December 31, 2012 consisted of interest-bearing checking accounts. At year-end, the carrying amount of the City's component unit deposits was \$29,767 and the bank balances were \$29,767, which was entirely covered by federal depository insurance.

3. LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended December 31, 2012:

3. LONG-TERM DEBT (continued)

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Balance End of Year	Interest Paid
General Obligation Bonds, Series 1997	4.00-5.00	10-1-97	\$ 375,000	12-1-12	\$ 40,000	\$ -	\$ 40,000	\$ -	\$ 2,000
General Obligation Street Improvement Bonds, Series 1998-1	4.55-6.00	4-1-98	390,000	12-1-13	80,000	-	40,000	40,000	4,000
General Obligation Bonds, Series 1998-2	4.20-6.00	12-1-98	141,000	12-1-13	30,000	-	15,000	15,000	1,373
General Obligation Bonds, Series 2002	4.00-5.25	5-1-02	428,000	12-1-12	55,000	-	55,000	-	2,475
General Obligation Refunding and Improvement Bonds, Series 2004	2.25-4.65	9-1-04	\$ 300,000	11-1-20	215,000	-	215,000	-	9,020
General Obligation Bonds, Series 2006	3.85-4.10	8-1-06	375,000	9-1-20	260,000	-	60,000	200,000	10,473
Capital Lease Obligation, Laverne Pumper Truck	6.08	5-12-03	200,030	8-1-13	48,501	-	24,843	23,658	2,932
Capital Lease Obligation, Ambulance	5.00%	11-25-08	126,000	1-3-14	54,421	-	26,564	27,857	2,120
Note Payable to Conway Springs Firemen's Relief Association	4.00	10-16-02	40,000	10-3-12	4,750	-	4,750	-	143
Note Payable to Kansas Department Of Health and Environment	3.55	3-1-99	387,523	3-1-17	138,615	-	23,249	115,366	4,716
Note Payable to Kansas Department Of Health and Environment	2.93	1-9-03	313,204	9-1-23	<u>209,176</u>	<u>-</u>	<u>14,780</u>	<u>194,396</u>	<u>6,021</u>
Total contractual indebtedness					<u>\$ 1,135,463</u>	<u>\$ -</u>	<u>\$ 519,186</u>	<u>\$ 616,277</u>	<u>\$ 45,273</u>

General obligation bonds

Remaining debt service requirement for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes except for the General Obligation Bonds, Series 2006 issue that will be retired from the Waterworks System Fund.

The Series 1998-1 bonds maturing in the year 2007 and thereafter, may be called for redemption and payment prior to their respective maturities, on December 1, 2006, or thereafter, in whole at any time, or in part as determined by the City on any interest payment date, at a price equal to the principal amount thereof, plus accrued interest to the date established for such redemption and payment.

3. LONG-TERM DEBT (continued)

The Series 1998-2 bonds maturing in the year 2007 and thereafter, may be called for redemption and payment prior to their respective maturities, on December 1, 2006, or thereafter, in whole at any time, or in part as determined by the City on any interest payment date, at a price equal to the principal amount thereof, plus accrued interest to the date established for such redemption and payment.

The Series 2006 bonds maturing on or after August 1, 2014 and thereafter, may be called for redemption and payment prior to their stated maturity on August 1, 2013, and thereafter as a whole or in part (selection of maturities and the amount of bonds of each maturity to be redeemed to be determined by the City in such equitable manner as it may determine) at any time, at the redemption price of 100% (expressed as a percentage of the principal amount), plus accrued interest thereon to the redemption date.

General obligation bonds payable are serial bonds to be retired through calendar year 2020. At December 31, 2012 the bonds to be retired from the debt service fund consist of the following:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 55,000	\$ 2,690	\$ 57,690

General obligation bonds payable from Waterworks Utility Fund

Remaining debt service requirements for the General Obligation Bonds, Series 2006, to be paid from the Waterworks System Fund is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 65,000	\$ 8,103	\$ 73,103
2014	65,000	5,502	70,502
2015	<u>70,000</u>	<u>2,870</u>	<u>72,870</u>
	<u>\$ 200,000</u>	<u>\$ 16,475</u>	<u>\$ 216,475</u>

The outstanding General Obligation Bonds, Series 2006, were called for early redemption during 2013.

Capitalized lease obligations

During 2008, the City entered into a lease purchase agreement for financing an ambulance. The lease provides for monthly payments of \$2,390, including interest, through January 2014.

During 2003, the City entered into a lease purchase agreement for financing a new fire truck. The lease provides for annual payments of \$27,635, including interest, through August 2013.

3. LONG-TERM DEBT (continued)

The outstanding leases qualify as capital leases for accounting purposes and, accordingly, have been recorded at the present value of the minimum payments at the date of lease inception. The annual requirements to amortize the capital lease obligations outstanding at December 31, 2012, including interest payments, are as follows:

<u>Year</u>	<u>Fire Truck</u>	<u>Ambulance</u>	<u>Total</u>
2013	\$ 27,635	\$ 28,680	\$ 56,315
2014	<u>—</u>	<u>2,390</u>	<u>2,390</u>
Total minimum lease payments	27,635	31,070	58,705
Less amounts representing interest	<u>(3,977)</u>	<u>(3,213)</u>	<u>(7,190)</u>
Present value of lease payments	<u>\$ 23,658</u>	<u>\$ 27,857</u>	<u>\$ 51,515</u>

The fire truck lease is being financed from the City's Fire Truck Reserve Fund and the ambulance from the Ambulance Acquisition Reserve Fund.

Note payable to Firemen's Relief Association

During 2002, the City entered into a loan agreement with the Conway Springs Firemen's Relief Association to assist in financing the City's new fire truck. The loan agreement provides for semiannual payments, including interest, in the amount of \$2,446 through October 2012. The note is being financed from the City's Fire Truck Reserve Fund and was fully retired during 2012.

Revolving loan notes payable

During 1996, the City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for financing sewer plant improvements and construction of a new outfall sewer line in the City. At December 31, 2012, the outstanding loan balance was \$115,366. The loan agreement provides for semiannual payments in the amount of \$13,983, including interest at 3.55%.

The revolving loan will be retired through calendar year 2017 from the Sewage System Fund. Amortization of the note payable balance at December 31, 2012 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 24,082	\$ 3,884	\$ 27,966
2014	24,944	3,022	27,966
2015	25,838	2,128	27,966
2016	26,763	1,203	27,966

3. **LONG-TERM DEBT (continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 13,739	\$ 244	\$ 13,983
	<u>\$ 115,366</u>	<u>\$ 10,481</u>	<u>\$ 125,847</u>

During 2003, the City entered into an additional loan agreement with the KDHE for sewer line extensions and improvements in the City. At December 31, 2012, the outstanding loan balance was \$194,396. The loan agreement provides for semiannual payments in the amount of \$10,401, including interest at 2.93%. The debt service requirements of the note payable to KDHE are being serviced through user fees generated by the Sewage System Fund. Amortization of the note payable balance at December 31, 2012 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 15,216	\$ 5,585	\$ 20,801
2014	15,665	5,136	20,801
2015	16,127	4,674	20,801
2016	16,603	4,198	20,801
2017	17,093	3,708	20,801
2018	17,598	3,203	20,801
2019	18,117	2,684	20,801
2020	18,652	2,149	20,801
2021	19,203	1,598	20,801
2022	19,769	1,032	20,801
2023	<u>20,353</u>	<u>448</u>	<u>20,801</u>
	<u>\$ 194,396</u>	<u>\$ 34,415</u>	<u>\$ 228,811</u>

Compensated absences

The compensated absence activity for 2012 was as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ 2,975	\$ 9,707	\$ 8,789	\$ 3,893

The outstanding compensated absence liabilities are liquidated from resources from the individual funds in which payroll costs are charged and principally include the General, Special Highway, Public Safety, Waterworks System and Sewage System funds.

4. 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 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 Avenue, Suite 100, Topeka, Kansas 66603-3803.

Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for participants employed prior to July 1, 2009 and 6% for participants employed July 1, 2009 and thereafter. Member-employees' contributions are withheld by their employer and paid to KPERS 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 for the period from January 1, 2012 to December 31, 2012 was 8.34%. Included in this rate is the contribution for Group Death and Disability Insurance of 1%. There was a moratorium on the collection of group Death and Disability Insurance premiums from April 1, 2012 through June 30, 2012. The City's contributions to KPERS for the years ending December 31, 2012, 2011 and 2010 were \$17,439, \$14,275 and \$15,193, respectively, equal to the statutory required contributions for those years.

5. CAPITAL PROJECT AUTHORIZATIONS

The provisions of KMAAG require that debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment be accounted for as a Capital Project fund type. The Park and Pool Renovation, Capital Equipment Reserve, Capital Improvement Reserve, Fire Truck Reserve, Ambulance Acquisition Reserve and Emergency Volunteer Building Funds are reported as capital project fund types. Under applicable Kansas statutes, these funds are nonbudgeted funds and require no individual project authorizations as normally would be expected for a capital project fund type which is funded via debt resources.

6. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund for the year ended December 31, 2012 is as follows:

6. INTERFUND TRANSFERS (continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>Regulatory Authority</u>	<u>Transfer Amount</u>
General	Capital Equipment Reserve	K.S.A 12-1,117	\$ 30,000
General	Capital Improvement Reserve	K.S.A. 12-1,118	11,500
General	Public Safety	C.O. #7	30,000
General	Fire Truck Acquisition Reserve	K.S.A. 12-1,117	32,000
Waterworks System	Employee Benefits	K.S.A. 12-825d	12,000
Waterworks System	Waterworks Surplus Reserve	K.S.A. 12-825d	110,000
Sewage System	Employee Benefits	K.S.A. 12-825d	3,900
Sewage System	Sewer Replacement Reserve	K.S.A. 12-825d	11,089
Refuse	Employee Benefits	K.S.A. 12-825d	2,600
Refuse	Refuse Capital Equipment Reserve	K.S.A. 12-825d	12,669
Ambulance	Ambulance Acquisition Reserve	K.S.A. 12-1,117	<u>30,000</u>
Total Transfers			<u>\$ 285,758</u>

7. OTHER POST EMPLOYMENT BENEFITS

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

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

8. CONTINGENCIES

The City has violated the maximum contaminant level (MCL), as established by the Environmental Protection Agency (EPA) and monitored by the Kansas Department of

8. CONTINGENCIES (continued)

Health and Environment (KDHE), in its water supply for allowable nitrate levels on a periodic basis for the past several years. When the water analysis exceeds allowable MCL's for nitrates, the City is required to notify the public of the situation. The City shall provide, free of charge, an alternate source of drinking water for all infants less than six months of age, nursing mothers, and pregnant women. The City is continuing to monitor this situation carefully and continuing to research options for correcting the nitrate levels. The City has participated in a Regional Water Feasibility Study that involved multiple entities participating in a regional nitrate removal plant. The governing body is continuing to consider its alternatives to meet water quality standards, which includes an analysis of the costs that would be incurred by City water customers.

9. SUBSEQUENT EVENTS

Debt Redemption

Subsequent to year-end, the City called for redemption all of the outstanding General Obligation Bonds, Series 2006, prior to their stated maturities in the principal amount of \$200,000, which were paid from the Waterworks System Fund.

Management Evaluation

Management has evaluated subsequent events through July 24, 2013, the date on which the financial statements were available to be issued.

REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF CONWAY SPRINGS, KANSAS

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET – REGULATORY BASIS

For the year ended December 31, 2012

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
General Fund	\$ 596,014	\$ 9,599	\$ 605,613	\$ 603,220	\$ 2,393
Special Purpose Funds:					
Special Highway	43,622	–	43,622	41,818	1,804
Public Safety	159,128	–	159,128	105,419	53,709
Library	13,722	–	13,722	13,261	461
Employee Benefits	105,699	–	105,699	73,664	32,035
6 Debt Service Fund:					
Debt Service	200,758	–	200,758	188,900	11,858
Business Funds:					
Waterworks System	555,827	–	555,827	394,936	160,891
Sewage System	110,755	–	110,755	102,122	8,633
Refuse	161,269	–	161,269	140,016	21,253
Ambulance	75,550	–	75,550	62,881	12,669

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS
(continued on next page)

	Year ended December 31,			
	2011	2012		Variance
	Actual	Actual	Budget	favorable (unfavorable)
Taxes	\$ 301,992	\$ 255,360	\$ 231,093	\$ 24,267
Intergovernmental	32,832	32,481	38,341	(5,860)
Licenses and permits	95,431	108,711	110,550	(1,839)
Charges for services	31,237	29,897	17,575	12,322
Fines and forfeitures	3,915	2,154	5,100	(2,946)
Interest	6,490	4,864	6,000	(1,136)
Facility rental	14,715	16,025	10,600	5,425
Miscellaneous	6,339	202	–	202
Reimbursed expenditures	<u>2,504</u>	<u>13,099</u>	<u>3,500</u>	<u>9,599</u>
Total cash receipts	<u>495,455</u>	<u>462,793</u>	<u>\$ 422,759</u>	<u>\$ 40,034</u>
Expenditures:				
Administration Department:				
Personal services	31,779	32,377	\$ 46,600	\$ 14,223
Contractual services	39,452	31,578	69,000	37,422
Commodities	1,366	2,742	4,400	1,658
Capital outlay	2,118	2,280	4,500	2,220
Debt Service	–	195,000	–	(195,000)
Transfers to Capital Equipment Reserve Fund	<u>5,000</u>	<u>–</u>	<u>5,000</u>	<u>5,000</u>
Total Administration Department	<u>79,715</u>	<u>263,977</u>	<u>129,500</u>	<u>(134,477)</u>
Fire Department:				
Personal services	2,988	4,679	4,700	21
Contractual services	11,489	12,902	30,000	17,098
Commodities	7,291	10,970	7,000	(3,970)
Capital outlay	16,576	14,328	23,500	9,172

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS
(continued from previous page)

	Year ended December 31,			Variance favorable (unfavorable)
	2011 Actual	2012 Actual Budget		
Transfers to Capital Equipment Reserve Fund	\$ 10,000	\$ –	\$ 5,000	\$ 5,000
Total Fire Department	<u>48,344</u>	<u>42,879</u>	<u>70,200</u>	<u>27,321</u>
Emergency Preparedness Department:				
Personal services	2,713	900	1,000	100
Contractual services	763	913	675	(238)
Commodities	69	235	1,000	765
Capital outlay	–	–	7,000	7,000
Total Emergency Preparedness Department	<u>3,545</u>	<u>2,048</u>	<u>9,675</u>	<u>7,627</u>
Park and Swimming Pool Department:				
Personal services	33,764	35,268	41,000	5,732
Contractual services	11,211	9,438	13,250	3,812
Commodities	12,924	15,057	14,025	(1,032)
Capital outlay	16,755	1,170	10,450	9,280
Transfer to Capital Equipment Reserve Fund	–	–	5,000	5,000
Transfer to Capital Improve- ment Reserve Fund	–	–	3,000	3,000
Total Park and Swimming Pool Department	<u>74,654</u>	<u>60,933</u>	<u>86,725</u>	<u>25,792</u>
Street Department:				
Contractual services	181,961	16,473	21,500	5,027

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS
(continued from previous page)

	Year ended December 31,			Variance favorable (unfavorable)
	2011 Actual	2012 Actual Budget		
Commodities	\$ –	\$ 30,225	\$ 10,000	\$ (20,225)
Capital outlay	–	87,975	150,000	62,025
Total Street Department	<u>181,961</u>	<u>134,673</u>	<u>181,500</u>	<u>46,827</u>
Cemetery Department:				
Personal services	8,015	8,144	15,000	6,856
Contractual services	1,509	6,206	2,620	(3,586)
Commodities	1,724	3,421	2,600	(821)
Capital outlay	202	200	4,500	4,300
Transfer to Capital Improvement Reserve Fund	–	–	1,000	1,000
Total Cemetery Department	<u>11,450</u>	<u>17,971</u>	<u>25,720</u>	<u>7,749</u>
Museum Department:				
Personal services	–	87	150	63
Contractual services	238	1,222	250	(972)
Commodities	–	82	100	18
Capital outlay	–	5,848	4,000	(1,848)
Total Museum Department	<u>238</u>	<u>7,239</u>	<u>4,500</u>	<u>(2,739)</u>
Nondepartmental:				
Revitalization rebate	–	–	3,694	3,694
Transfers to other funds	<u>47,000</u>	<u>73,500</u>	<u>84,500</u>	<u>11,000</u>
Total Nondepartmental	<u>47,000</u>	<u>73,500</u>	<u>88,194</u>	<u>14,694</u>
Total expenditures	446,907	603,220	596,014	(7,206)

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS
(continued from previous page)

	Year ended December 31,			Variance favorable (unfavorable)
	2011 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Budget credit – actual reimbursed expenditures in excess of budgeted reimbursements	\$ –	\$ –	\$ 9,599	\$ 9,599
Total expenditures for budgetary comparison	<u>446,907</u>	<u>603,220</u>	<u>\$ 605,613</u>	<u>\$ 2,393</u>
Cash receipts over (under) expenditures	48,548	(140,427)		
Unencumbered cash balance, beginning of year	<u>438,474</u>	<u>487,022</u>	<u>\$ 173,255</u>	<u>\$ 313,767</u>
Unencumbered cash balance, end of year	<u>\$ 487,022</u>	<u>\$ 346,595</u>		

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET - REGULATORY BASIS

	Year ended December 31,			Variance favorable (unfavorable)
	2011 Actual	Actual	2012 Budget	
Cash receipts:				
Motor fuels tax	\$32,074	\$32,691	\$32,560	\$ 131
Sumner County	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>—</u>
Total cash receipts	<u>38,074</u>	<u>38,691</u>	<u>\$38,560</u>	<u>\$ 131</u>
Expenditures:				
Personal services	13,294	24,829	\$32,000	\$ 7,171
Contractual services	3,074	1,788	4,700	2,912
Commodities	11,769	15,201	6,922	(8,279)
Capital outlay	1,961	—	—	—
Transfers to Capital Equipment Reserve Fund	<u>3,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>33,098</u>	<u>41,818</u>	<u>\$43,622</u>	<u>\$ 1,804</u>
Cash receipts over (under) expenditures	4,976	(3,127)		
Unencumbered cash balance, beginning of year	<u>9,284</u>	<u>14,260</u>	<u>\$ 5,062</u>	<u>\$ 9,198</u>
Unencumbered cash balance, end of year	<u>\$14,260</u>	<u>\$11,133</u>		

CITY OF CONWAY SPRINGS, KANSAS

PUBLIC SAFETY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
- ACTUAL AND BUDGET - REGULATORY BASIS

	Year ended December 31,			Variance favorable (unfavorable)
	2011 <u>Actual</u>	2012 <u>Actual</u> <u>Budget</u>		
Cash receipts:				
Taxes	\$134,456	\$ 125,258	\$ 128,840	\$ (3,582)
Miscellaneous	426	560	-	560
Transfers in	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>
Total cash receipts	<u>134,882</u>	<u>125,818</u>	<u>\$ 158,840</u>	<u>\$(33,022)</u>
Expenditures:				
Personal services	78,744	79,965	\$ 115,000	\$ 35,035
Contractual services	20,445	13,627	22,000	8,373
Commodities	9,990	9,059	15,000	5,941
Capital outlay	6,841	2,768	2,400	(368)
Transfer out	3,000	-	-	-
Revitalization rebate	<u>-</u>	<u>-</u>	<u>4,728</u>	<u>4,728</u>
Total expenditures	<u>119,020</u>	<u>105,419</u>	<u>\$ 159,128</u>	<u>\$ 53,709</u>
Cash receipts over expenditures	15,862	20,399		
Unencumbered cash balance, beginning of year	<u>2,901</u>	<u>18,763</u>	<u>\$ 288</u>	<u>\$ 18,475</u>
Unencumbered cash balance, end of year	<u>\$ 18,763</u>	<u>\$ 39,162</u>		

CITY OF CONWAY SPRINGS, KANSAS

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			Variance favorable (unfavorable)
	2011 Actual	Actual	2012 Budget	
Cash receipts:				
Taxes	\$ 13,540	\$ 13,261	\$ 13,659	\$ (398)
Expenditures:				
Appropriation to Library Board	13,846	13,261	\$ 13,320	\$ 59
Revitalization rebate	–	–	402	402
Total expenditures	<u>13,846</u>	<u>13,261</u>	<u>\$ 13,722</u>	<u>\$ 461</u>
Expenditures over cash receipts	(306)	–		
Unencumbered cash balance, beginning of year	<u>306</u>	<u>–</u>	<u>\$ 63</u>	<u>\$ (63)</u>
Unencumbered cash balance, end of year	<u>\$ –</u>	<u>\$ –</u>		

CITY OF CONWAY SPRINGS, KANSAS

EMPLOYEE BENEFITS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
– ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			Variance favorable (unfavorable)
	2011	2012		
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
Taxes	\$ 21,342	\$ 37,378	\$ 38,017	\$ (639)
Employee contributions	22,470	25,078	36,400	(11,322)
Transfers in	<u>14,700</u>	<u>18,500</u>	<u>18,500</u>	<u>–</u>
Total cash receipts	<u>58,512</u>	<u>80,956</u>	<u>\$ 92,917</u>	<u>\$ (11,961)</u>
Expenditures:				
Social security and Medicare	34,299	37,021	\$ 53,500	\$ 16,479
KPERS	22,174	26,790	30,500	3,710
Workers compensation insurance	–	–	6,000	6,000
Unemployment insurance	3,672	9,853	14,500	4,647
Revitalization rebate	<u>–</u>	<u>–</u>	<u>1,199</u>	<u>1,199</u>
Total expenditures	<u>60,145</u>	<u>73,664</u>	<u>\$ 105,699</u>	<u>\$ 32,035</u>
Cash receipts over (under) expenditures	(1,633)	7,292		
Unencumbered cash balance, beginning of year	<u>39,928</u>	<u>38,295</u>	<u>\$ 12,782</u>	<u>\$ 25,513</u>
Unencumbered cash balance, end of year	<u>\$ 38,295</u>	<u>\$ 45,587</u>		

CITY OF CONWAY SPRINGS, KANSAS
FIRE DEPARTMENT TRUST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Donations and fund raising activities	\$ 1,053	\$ 1,910
Expenditures:		
Commodities	<u>5,018</u>	<u>–</u>
Cash receipts over (under) expenditures	(3,965)	1,910
Unencumbered cash balance, beginning of year	<u>11,488</u>	<u>9,578</u>
Unencumbered cash balance, end of year	<u>\$ 7,523</u>	<u>\$11,488</u>

CITY OF CONWAY SPRINGS, KANSAS

CEMETERY TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Dues/Donations	\$ 1,080	\$10,815
Expenditures:		
Contractual services	<u>1,275</u>	<u>—</u>
Cash receipts over (under) expenditures	(195)	10,815
Unencumbered cash balance, beginning of year	<u>16,032</u>	<u>5,217</u>
Unencumbered cash balance, end of year	<u>\$15,837</u>	<u>\$16,032</u>

CITY OF CONWAY SPRINGS, KANSAS

PARK TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Donations	<u>\$ 40</u>	<u>\$ 30</u>
Expenditures:		
Commodities	1,593	35
Capital outlay	<u>602</u>	<u>85</u>
Total expenditures	<u>2,195</u>	<u>120</u>
Expenditures over cash receipts	(2,155)	(90)
Unencumbered cash balance, beginning of year	<u>2,804</u>	<u>2,894</u>
Unencumbered cash balance, end of year	<u>\$ 649</u>	<u>\$ 2,804</u>

CITY OF CONWAY SPRINGS, KANSAS

MUSEUM TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Donations	\$ –	\$ 83
Expenditures:		
Contractual services	<u> –</u>	<u> –</u>
Cash receipts over expenditures	–	83
Unencumbered cash balance, beginning of year	<u> 4,104</u>	<u> 4,021</u>
Unencumbered cash balance, end of year	<u>\$ 4,104</u>	<u>\$ 4,104</u>

CITY OF CONWAY SPRINGS, KANSAS

AMBULANCE TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Donations	\$ 3,088	\$ 8,410
Intergovernmental	1,830	–
Miscellaneous	<u>263</u>	<u>510</u>
Total cash receipts	<u>5,181</u>	<u>8,920</u>
Expenditures:		
Contractual services	2,480	3,741
Commodities	1,146	3,520
Capital outlay	<u>4,934</u>	<u>–</u>
Total expenditures	<u>8,560</u>	<u>7,261</u>
Cash receipts over (under) expenditures	(3,379)	1,659
Unencumbered cash balance, beginning of year	<u>17,589</u>	<u>15,930</u>
Unencumbered cash balance, end of year	<u>\$ 14,210</u>	<u>\$ 17,589</u>

CITY OF CONWAY SPRINGS, KANSAS

POLICE TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Donations	\$ 500	\$ –
Expenditures:		
Contractual services	444	–
Commodities	<u>326</u>	<u>905</u>
Total expenditures	<u>770</u>	<u>905</u>
Expenditures over cash receipts	(270)	(905)
Unencumbered cash balance, beginning of year	<u>2,516</u>	<u>3,421</u>
Unencumbered cash balance, end of year	<u>\$ 2,246</u>	<u>\$ 2,516</u>

CITY OF CONWAY SPRINGS, KANSAS

DEBT SERVICE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			Variance favorable (unfavorable)
	2011 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
Taxes	\$ 118,798	\$ 151,132	\$ 153,758	\$ (2,626)
Special assessments	20,718	25,176	19,000	6,176
Use of money and property	<u>21,000</u>	<u>21,000</u>	<u>21,000</u>	<u>–</u>
Total cash receipts	<u>160,516</u>	<u>197,308</u>	<u>\$ 193,758</u>	<u>\$ 3,550</u>
Expenditures:				
Bond - principal	155,000	170,000	\$ 170,000	\$ –
Bond - interest and fiscal charges	25,903	18,900	18,900	–
Cash basis reserve	–	–	7,000	7,000
Revitalization rebate	<u>–</u>	<u>–</u>	<u>4,858</u>	<u>4,858</u>
Total expenditures	<u>180,903</u>	<u>188,900</u>	<u>\$ 200,758</u>	<u>\$ 11,858</u>
Cash receipts over (under) expenditures	(20,387)	8,408		
Unencumbered cash balance, beginning of year	<u>29,234</u>	<u>8,847</u>	<u>\$ 7,000</u>	<u>\$ 1,847</u>
Unencumbered cash balance, end of year	<u>\$ 8,847</u>	<u>\$ 17,255</u>		

CITY OF CONWAY SPRINGS, KANSAS
PARK AND POOL RENOVATION PROJECT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	Year ended December 31,	
	2012	2011
Cash receipts:		
Donations and fund raising activities	\$ 15,998	\$ 5,784
Other	100	240
Total cash receipts	16,098	6,024
Expenditures:		
Commodities	100	561
Capital Outlay	1,317	-
Total expenditures	1,417	561
Cash receipts over expenditures	14,681	5,463
Unencumbered cash balance, beginning of year	10,892	5,429
Unencumbered cash balance, end of year	\$ 25,573	\$ 10,892

CITY OF CONWAY SPRINGS, KANSAS
CAPITAL EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Transfers in	\$ 30,000	\$ 38,500
Sale of surplus equipment	<u> –</u>	<u> 4,529</u>
Total cash receipts	30,000	43,029
Expenditures:		
Capital outlay	<u> –</u>	<u> 13,282</u>
Cash receipts over expenditures	30,000	29,747
Unencumbered cash balance, beginning of year	<u>110,810</u>	<u> 81,063</u>
Unencumbered cash balance, end of year	<u>\$140,810</u>	<u>\$110,810</u>

CITY OF CONWAY SPRINGS, KANSAS
CAPITAL IMPROVEMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Transfers in	\$ 11,500	\$ 12,500
Expenditures:		
Capital outlay	<u>25,726</u>	<u>—</u>
Cash receipts over (under) expenditures	(14,226)	12,500
Unencumbered cash balance, beginning of year	<u>48,226</u>	<u>35,726</u>
Unencumbered cash balance, end of year	<u>\$ 34,000</u>	<u>\$ 48,226</u>

CITY OF CONWAY SPRINGS, KANSAS

FIRE TRUCK RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Transfers in	\$ 32,000	\$ 32,000
Expenditures:		
Debt service	<u>32,527</u>	<u>32,528</u>
Expenditures over cash receipts	(527)	(528)
Unencumbered cash balance, beginning of year	<u>7,948</u>	<u>8,476</u>
Unencumbered cash balance, end of year	<u>\$ 7,421</u>	<u>\$ 7,948</u>

CITY OF CONWAY SPRINGS, KANSAS
AMBULANCE ACQUISITION RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Transfers in	\$ 30,000	\$ 31,600
Expenditures:		
Debt Service	<u>28,684</u>	<u>28,684</u>
Cash receipts over expenditures	1,316	2,916
Unencumbered cash balance, beginning of year	<u>38,481</u>	<u>35,565</u>
Unencumbered cash balance, end of year	<u>\$ 39,797</u>	<u>\$ 38,481</u>

CITY OF CONWAY SPRINGS, KANSAS
EMERGENCY VOLUNTEER BUILDING FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Donations	<u>\$ 12,312</u>	<u>\$ 24,359</u>
Expenditures:		
Commodities	4,451	–
Capital outlay	<u>57,849</u>	<u>–</u>
Total expenditures	<u>62,300</u>	<u>–</u>
Cash receipts over (under) expenditures	(49,988)	24,359
Unencumbered cash balance, beginning of year	<u>50,023</u>	<u>25,664</u>
Unencumbered cash balance, end of year	<u>\$ 35</u>	<u>\$ 50,023</u>

CITY OF CONWAY SPRINGS, KANSAS

WATERWORKS SYSTEM FUND

SCHEDULE OF RECEIPTS, EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			Variance favorable (unfavor- able)
	2011 <u>Actual</u>	2012 <u>Actual</u> <u>Budget</u>		
Cash receipts:				
Charges for services	\$ 409,257	\$ 417,288	\$ 376,000	\$ 41,288
Miscellaneous	<u>1,258</u>	<u>2,996</u>	<u>–</u>	<u>2,996</u>
Total cash receipts	<u>410,515</u>	<u>420,284</u>	<u>\$ 376,000</u>	<u>\$ 44,284</u>
Expenditures:				
Personal services	60,588	68,289	\$ 85,000	\$ 16,711
Contractual services	100,001	73,161	115,000	41,839
Commodities	36,383	33,929	40,000	6,071
Capital outlay	25,228	22,977	118,827	95,850
Debt service	72,828	70,488	70,500	12
Water use fee	2,146	2,034	2,500	466
Interest paid on meter deposits	44	54	–	(54)
Sales tax remittances	2,077	2,004	2,000	(4)
Transfers to reserve funds	98,230	110,000	110,000	–
Transfers to other funds	<u>10,200</u>	<u>12,000</u>	<u>12,000</u>	<u>–</u>
Total expenditures	<u>407,725</u>	<u>394,936</u>	<u>\$ 555,827</u>	<u>\$ 160,891</u>
Cash receipts over expenditures	2,790	25,348		
Unencumbered cash balance	<u>278,475</u>	<u>281,265</u>	<u>\$ 179,827</u>	<u>\$ 101,438</u>
Unencumbered cash balance, end of year	<u>\$ 281,265</u>	<u>\$ 306,613</u>		

CITY OF CONWAY SPRINGS, KANSAS

SEWAGE SYSTEM FUND

SCHEDULE OF RECEIPTS, EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			Variance favorable (unfavor- able)
	2011 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
Charges for services	<u>\$104,473</u>	<u>\$ 136,276</u>	<u>\$ 105,000</u>	<u>\$ 31,276</u>
Expenditures:				
Personal services	18,857	18,174	\$ 28,000	\$ 9,826
Contractual services	6,307	11,801	8,000	(3,801)
Commodities	7,289	5,391	7,000	1,609
Capital outlay	–	3,000	4,000	1,000
Debt service	48,767	48,767	48,766	(1)
Transfers to reserve funds	29,000	11,089	11,089	–
Transfers to other funds	<u>2,500</u>	<u>3,900</u>	<u>3,900</u>	<u>–</u>
Total expenditures	<u>112,720</u>	<u>102,122</u>	<u>\$ 111,755</u>	<u>\$ 8,633</u>
Cash receipts over (under) expenditures	(8,247)	34,154		
Unencumbered cash balance, beginning of year	<u>36,987</u>	<u>28,740</u>	<u>\$ 5,755</u>	<u>\$ 22,985</u>
Unencumbered cash balance, end of year	<u>\$ 28,740</u>	<u>\$ 62,894</u>		

CITY OF CONWAY SPRINGS, KANSAS

REFUSE FUND

SCHEDULE OF RECEIPTS, EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			Variance favorable (unfavor- able)
	2011 Actual	2012 Actual Budget		
Cash receipts:				
Charges for services	\$ 151,172	\$ 156,835	\$ 149,000	\$ 7,835
Miscellaneous	<u>2,530</u>	<u>168</u>	<u>–</u>	<u>168</u>
Total cash receipts	<u>153,702</u>	<u>157,003</u>	<u>\$ 149,000</u>	<u>\$ 8,003</u>
Expenditures:				
Personal services	13,899	18,225	\$ 19,000	\$ 775
Contractual services	103,022	99,219	114,000	14,781
Commodities	3,304	3,403	9,000	5,597
Capital outlay	–	3,900	4,000	100
Transfers to reserve funds	35,000	12,669	12,669	–
Transfers to other funds	<u>2,000</u>	<u>2,600</u>	<u>2,600</u>	<u>–</u>
Total expenditures	<u>157,225</u>	<u>140,016</u>	<u>\$ 161,269</u>	<u>\$ 21,253</u>
Cash receipts over (under) expenditures	(3,523)	16,987		
Unencumbered cash balance, beginning of year	<u>21,856</u>	<u>18,333</u>	<u>\$ 12,269</u>	<u>\$ 6,064</u>
Unencumbered cash balance, end of year	<u>\$ 18,333</u>	<u>\$ 35,320</u>		

CITY OF CONWAY SPRINGS, KANSAS

AMBULANCE FUND

SCHEDULE OF RECEIPTS, EXPENDITURES –
ACTUAL AND BUDGET – REGULATORY BASIS

	Year ended December 31,			Variance favorable (unfavor- able)
	2011 <u>Actual</u>	<u>2012</u>		
		<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
Charges for services	\$ 50,020	\$ 37,778	\$ 52,580	\$(14,802)
Intergovernmental	12,955	14,670	14,670	–
Miscellaneous	<u>50</u>	<u>50</u>	<u>–</u>	<u>50</u>
Total cash receipts	<u>63,025</u>	<u>52,498</u>	<u>\$ 67,250</u>	<u>\$(14,752)</u>
Expenditures:				
Personal services	5,088	4,600	\$ 5,100	\$ 500
Contractual services	18,556	16,299	25,000	8,701
Commodities	6,291	11,014	8,000	(3,014)
Capital outlay	271	968	7,450	6,482
Transfers to reserve funds	<u>31,600</u>	<u>30,000</u>	<u>30,000</u>	<u>–</u>
Total expenditures	<u>61,806</u>	<u>62,881</u>	<u>\$ 75,550</u>	<u>\$12,669</u>
Cash receipts over (under)				
Expenditures	1,219	(10,383)		
Unencumbered cash balance, beginning of year	<u>20,886</u>	<u>22,105</u>	<u>\$ 8,300</u>	<u>\$13,805</u>
Unencumbered cash balance, end of year	<u>\$ 22,105</u>	<u>\$ 11,722</u>		

CITY OF CONWAY SPRINGS, KANSAS

WATERWORKS PRINCIPAL AND INTEREST RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Transfers in	\$ –	\$ –
Expenditures:		
Revenue bond principal and interest	<u> –</u>	<u> –</u>
Cash receipts over (under) expenditures	–	–
Unencumbered cash balance, beginning of year	<u>31,932</u>	<u>31,932</u>
Unencumbered cash balance, end of year	<u>\$ 31,932</u>	<u>\$ 31,932</u>

CITY OF CONWAY SPRINGS, KANSAS
WATERWORKS SURPLUS RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Transfers in	\$110,000	\$ 98,230
Expenditures:		
Transfers out	<u>—</u>	<u>—</u>
Cash receipts over expenditures	110,000	98,230
Unencumbered cash balance, beginning of year	<u>320,570</u>	<u>222,340</u>
Unencumbered cash balance, end of year	<u>\$430,570</u>	<u>\$320,570</u>

CITY OF CONWAY SPRINGS, KANSAS

METER DEPOSIT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Customer deposits	\$ 3,700	\$ 3,450
Expenditures:		
Deposit refunds/applied to customer accounts	<u>2,525</u>	<u>4,828</u>
Expenditures over cash receipts	1,175	(1,378)
Unencumbered cash balance, beginning of year	<u>12,070</u>	<u>13,448</u>
Unencumbered cash balance, end of year	<u>\$ 13,245</u>	<u>\$ 12,070</u>

CITY OF CONWAY SPRINGS, KANSAS
SEWER REPLACEMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Transfers in	\$ 11,089	\$ 19,000
Expenditures:		
Capital outlay	<u> —</u>	<u> —</u>
Cash receipts over expenditures	11,089	19,000
Unencumbered cash balance, beginning of year	<u>64,676</u>	<u>45,676</u>
Unencumbered cash balance, end of year	<u>\$ 75,765</u>	<u>\$ 64,676</u>

CITY OF CONWAY SPRINGS, KANSAS
REFUSE CAPITAL EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES --
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash receipts:		
Transfers in	\$ 12,669	\$ 30,000
Expenditures:		
Capital outlay	----- —	----- —
Cash receipts over expenditures	12,669	30,000
Unencumbered cash balance, beginning of year	<u>80,724</u>	<u>50,724</u>
Unencumbered cash balance, end of year	<u>\$ 93,393</u>	<u>\$ 80,724</u>

CITY OF CONWAY SPRINGS, KANSAS

ALL AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS –
REGULATORY BASIS

Year ended December 31, 2012

	Beginning Cash Balance January 1, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash Balance December 31, <u>2012</u>
Payroll Tax Withholding Fund	\$ –	\$32,708	\$32,708	\$ –
Municipal Court Fund	<u>–</u>	<u>1,854</u>	<u>1,854</u>	<u>–</u>
Totals	<u>\$ –</u>	<u>\$34,562</u>	<u>\$34,562</u>	<u>\$ –</u>