

CITY OF ERIE, KANSAS

Financial Statement and
Independent Auditors' Report with
Supplemental Information

For the Year Ended December 31, 2012

CITY OF ERIE, KANSAS
TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1-2
 <u>Statement 1</u>	
Summary Statement of Receipts, Expenditures and Unencumbered Cash - Regulatory Basis.....	3-4
Notes to the Financial Statement	5-15
 SUPPLEMENTAL INFORMATION:	
 <u>Schedule 1</u>	
Summary of Expenditures – Actual and Budget – (Budgeted Funds Only) Regulatory Basis.....	16
 <u>Schedule 2</u>	
Schedule of Receipts and Expenditures – Actual and Budget – Regulatory Basis - (With Comparative Actual Totals for the Prior Year)	
General Fund	17-19
Tort Liability Fund	20
Employee Benefits Fund	21
Library Fund	22
Industrial Development Fund	23
Recreation Fund	24
Special Park and Recreation Fund	25
Special Highway Fund	26
Special Police and Fire Fund	27
Equipment Reserve Fund	28
Capital Improvement Fund	29
Miscellaneous Grants Fund.....	30
City Street Sales Tax Fund	31
G.O. Bond and Interest Fund	32
Sewer Utility Fund	33
Sewer Utility Improvement Reserve Fund	34
Water Utility Fund	35-36
Water Utility Improvement Reserve Fund	37
Water Utility Bond and Interest Fund.....	38
Water Utility Bond Reserve Fund.....	39
Electric Utility Fund	40-41
Electric Utility II Fund	42
Electric Utility Improvement Reserve Fund	43
Electric Utility II Depreciation and Replacement Fund	44
Electric Utility II Debt Service Fund	45
Electric Utility II Bond Reserve Fund	46
Security Deposits Fund	47
 <u>Schedule 3</u>	
Schedule of Receipts and Disbursements – Agency Funds Regulatory Basis	48

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Erie, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of Erie, Kansas, a municipality, 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.

Auditors' 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 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 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 of the financial statement, the financial statement is prepared by the City of Erie, 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 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 Erie, 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 balance of the City of Erie, 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 regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the 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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 2, 2013
Chanute, Kansas

CITY OF ERIE, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Cash Balance December 31, 2012
Governmental Funds:						
General	\$ 23,830.94	\$ 646,962.27	\$ 661,870.56	\$ 8,922.65	\$ 28,956.57	\$ 37,879.22
Special Purpose Funds:						
Tort Liability	20,901.39	72.47	2,458.00	18,515.86	-	18,515.86
Employee Benefits	39,500.98	96,955.57	106,557.49	29,899.06	3,097.03	32,996.09
Library	-	32,552.65	32,552.65	-	-	-
Industrial Development	26,784.86	10,928.19	195.64	37,517.41	-	37,517.41
Recreation	-	16,290.65	16,290.65	-	-	-
Special Park and Recreation	6,256.93	2,165.02	7,952.22	469.73	-	469.73
Special Highway	9,927.65	29,774.86	2,054.15	37,648.36	198.90	37,847.26
Special Police and Fire	2,977.07	10,863.64	10,498.20	3,342.51	-	3,342.51
Equipment Reserve	57,726.32	39,181.11	10,300.15	86,607.28	-	86,607.28
Capital Improvement	893.60	115,075.50	3,821.48	112,147.62	-	112,147.62
Miscellaneous Grants	(2,570.33)	22,413.71	21,551.89	(1,708.51)	-	(1,708.51)
City Street Sales Tax	51,535.15	61,144.21	36,326.63	76,352.73	-	76,352.73
Bond and Interest Funds:						
G.O. Bond and Interest	67,600.11	1,814,318.89	1,820,276.52	61,642.48	-	61,642.48
Business Funds:						
Sewer Utility	6,330.17	147,146.21	151,471.45	2,004.93	4,007.52	6,012.45
Sewer Utility Improvement Reserve	59,030.02	3,000.00	-	62,030.02	-	62,030.02
Water Utility	13,320.66	278,858.39	268,135.35	24,043.70	12,719.03	36,762.73
Water Utility Improvement Reserve	18,848.50	9,999.96	-	28,848.46	-	28,848.46
Water Utility Bond and Interest	18,391.37	283,864.88	302,256.25	-	-	-
Water Utility Bond Reserve	68,250.00	3,000.00	71,250.00	-	-	-
Electric Utility	556,689.94	1,455,999.55	1,594,327.05	418,362.44	67,041.38	485,403.82
Electric Utility II	620.77	963,708.33	964,143.22	185.88	19,437.28	19,623.16
Electric Utility Improvement Reserve	114,858.13	30,000.00	-	144,858.13	-	144,858.13
Electric Utility II Depreciation and Replacement	80,646.15	210.57	75,280.08	5,576.64	-	5,576.64
Electric Utility II Debt Service	393,649.21	796,969.92	796,970.00	393,649.13	-	393,649.13
Electric Utility II Bond Reserve	179,048.10	12,439.50	-	191,487.60	-	191,487.60
Security Deposits	465.57	11,015.00	11,212.29	268.28	44,955.00	45,223.28
Total Reporting Entity	\$ 1,815,513.26	\$ 6,894,911.05	\$ 6,967,751.92	\$ 1,742,672.39	\$ 180,412.71	\$ 1,923,085.10
(Excluding Agency Funds)						

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

CITY OF ERIE, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
 Regulatory Basis
 For the Year Ended December 31, 2012

	<u>2012</u>
Total Cash to be accounted for:	<u>\$ 1,923,085.10</u>
Composition of Cash:	
Cash on Hand	\$ 300.00
Checking Accounts	
Bank of Commerce	
General Operating	108,536.20
General Money Market Account	865,007.47
Petty Cash Account	750.00
Electronic Funds Transfers Account	100.00
Investments	
Kansas State Treasury Investment Pool	<u>979,083.51</u>
Total Cash	1,953,777.18
Agency Funds Per Schedule 3	<u>(30,692.08)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,923,085.10</u>

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

CITY OF ERIE, KANSAS

Notes to the Financial Statement
For the Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Erie, Kansas (the City) is incorporated as a city of the third class under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 15-101 *et seq.* The City operates under a Council-City Clerk form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, electric, trash and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statement and schedules of the City of Erie, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City of Erie, Kansas, is a municipal corporation governed by an elected five-member council. This financial statement presents the City of Erie.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Erie Public Library

The City of Erie, Kansas, Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City. The City levies taxes for the Library Board and significantly influences the Library's operations. Separate internal financial statements are available at the Library.

Erie Recreation Commission

The Erie Recreation Commission oversees recreational activities. The City levies taxes for the Recreation Commission. Bond issuance or acquisition of real property must be approved by the City. Separate internal financial statements are available at the Recreation Commission.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Erie, Kansas, for the year of 2012:

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for 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.

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

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection account, etc.).

Basis of Presentation – Regulatory Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis 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 or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as revenues. In the financial statement and budget comparisons presented in this report, reimbursements and refunds are recorded as revenues. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, or the State of Kansas Police and Fire Retirement System, both of which are a multi-employer state-wide pension plan. The City's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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. During the year ended December 31, 2012, the City amended the General Fund and the Electric Utility Fund.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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

All legal annual operating budgets are prepared using the 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 fund:

Miscellaneous Grants 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.

Revenue Bond Requirements

The City is required, under ordinances of the Electric Utility II System Revenue Bonds, to maintain in its Business Fund certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts as described below:

<u>RESERVE ACCOUNTS</u>	<u>REQUIRED AMOUNT</u>	<u>ACTUAL AMOUNT</u>
Principal and Interest Account for Electric Utility System Refunding and Improvement Revenue Bonds, Series 2009 - requires transfers monthly of 1/12 of next maturing principal, and 1/6 of next maturing interest.	\$ 396,255.00	\$ 393,649.13
Bond Reserve Account for Electric Utility System Refunding and Improvement Revenue Bonds, Series 2009 – requires initial balance transfer of \$3,403.42, with annual transfers of net revenues provided by the Electric Utility II Fund until \$750,000 is reached.	<u>164,200.00</u>	<u>191,487.60</u>
TOTAL RESERVES AT DECEMBER 31, 2012	<u>\$ 560,455.00</u>	<u>\$ 585,136.73</u>

The City agrees to fix, establish, maintain and collect such rates, fees or charges for the use of services rendered by the Electric Utility II System, which will be sufficient to produce, in each fiscal year, a net operating income in an amount that will be not less than 110% of the amount required to be paid by the City in the next succeeding fiscal year on account of both principal and interest of all Electric Utility System Bonds of the City at the time outstanding. Net income is defined as gross income less operating expenses, but before any transfers, depreciation, and capital outlay expense. The City was not in compliance with the electric utility rate requirements as net operating income was 92.26% of year 2013 principal and interest requirements.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Compliance with Kansas Statutes

Statement 1 and Schedule 1 are designed to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1, the City was in apparent violation with K.S.A. 10-1,113. The City has obligated expenditures in excess of available monies in the Miscellaneous Grants Fund, however, K.S.A 10-1,116 provides that under certain situations, the fund can end the year with a negative unencumbered cash balance and therefore, exempt from the cash basis laws of the State of Kansas. This fund met the criteria under the statutes and therefore, is deemed not to be in violation of the Kansas cash basis law. As shown in Schedule 1, the City was in apparent compliance with Kansas budget laws.

The City was in violation of K.S.A. 12-1608 which requires that the treasurer of each city shall publish, within 30 days after the end of each of the calendar quarter, financial statements by fund. The fourth quarter of 2012 was not published within the required 30 day timeframe.

3. DEPOSITS AND INVESTMENTS

As of year end, the City has the following investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$ 979,083.51	S&P AAf/S1+

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 branch 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 bank 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.

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:

<u>Investment Type</u>	<u>Percentage of Investment</u>
Kansas Municipal Investment Pool	100%

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. All deposits were legally secured at December 31, 2012.

3. DEPOSITS AND INVESTMENTS (Continued)

At year-end, the City's carrying amount of deposits was \$974,393.67 and the bank balance was \$971,708.38. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,446.79 was covered by FDIC insurance, \$721,261.59 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At year-end, the City had invested \$979,083.51 in the Kansas Municipal Investment Pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4. LONG-TERM DEBT COMMITMENTS

Changes in long-term debt commitments for the City for the year ended December 31, 2012, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid with Tax Levies:									
Library Bonds									
Series 2004	2.75-4.90%	March 1, 2004	\$ 155,000.00	September 1, 2014	\$ 55,000.00	\$ -	\$ 15,000.00	\$ 40,000.00	\$ 2,045.00
Paid by Utility Funds:									
Sewer System Improvement									
Bonds, Series 1998	4.75%	December 1, 1998	579,400.00	December 1, 2038	490,600.00	-	490,600.00	-	11,270.58
Sewer System Improvement									
Bonds, Series 2001	4.75%	September 28, 2001	1,300,000.00	September 28, 2041	1,157,800.00	-	1,157,800.00	-	36,764.17
Sewer System Improvement									
Refunding Bonds, Series 2012 A	0.75-2.50%	May 25, 2012	270,000.00	September 1, 2019	-	270,000.00	30,000.00	240,000.00	1,128.02
Sewer System Improvement									
Refunding Bonds, Series 2012 B	0.75-3.75%	May 25, 2012	1,690,000.00	September 1, 2037	-	1,690,000.00	45,000.00	1,645,000.00	15,154.04
Revenue Bonds									
Water System Revenue									
Bonds, Series 2004	1.50-5.00%	May 1, 2004	590,000.00	September 1, 2019	360,000.00	-	360,000.00	-	13,490.00
Taxable Electric Utility System									
Revenue Refunding Bonds									
Series 2009	4.00-7.00%	July 23, 2009	8,740,000.00	July 15, 2029	8,205,000.00	-	285,000.00	7,920,000.00	511,970.00
Capital Leases									
New Power Plant	3.98%	August 1, 2003	720,000.00	June 15, 2014	202,946.78	-	202,946.78	-	-
Backhoe	3.19%	August 3, 2010	29,000.00	August 3, 2013	16,448.23	-	9,764.85	6,683.38	378.99
Total Long-Term Debt Commitments					\$ 10,487,795.01	\$ 1,960,000.00	\$ 2,596,111.63	\$ 9,851,683.38	\$ 592,200.80

4. LONG-TERM DEBT COMMITMENTS (Continued)

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

Issue	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	2033-2037	Total
Principal										
General Obligation Bonds										
Paid with Tax Levies:										
Library Bonds										
Series 2004	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000.00
Paid with Utility Revenues:										
Sewer System Improvement Refunding Bonds,										
Series 2012 A	30,000.00	35,000.00	35,000.00	35,000.00	35,000.00	70,000.00	-	-	-	240,000.00
Series 2012 B	45,000.00	45,000.00	50,000.00	50,000.00	50,000.00	265,000.00	305,000.00	375,000.00	460,000.00	1,645,000.00
Revenue Bonds										
Taxable Electric Utility System Revenue Refunding Bonds Series 2009	295,000.00	305,000.00	325,000.00	335,000.00	355,000.00	2,095,000.00	2,800,000.00	1,410,000.00	-	7,920,000.00
Capital Lease Backhoe	6,683.38	-	-	-	-	-	-	-	-	6,683.38
Total Principal Payments	396,683.38	405,000.00	410,000.00	420,000.00	440,000.00	2,430,000.00	3,105,000.00	1,785,000.00	460,000.00	9,851,683.38
Interest										
General Obligation Bonds										
Paid with Tax Levies:										
Library Bonds										
Series 2004	1,520.00	780.00	-	-	-	-	-	-	-	2,300.00
Paid with Utility Revenues:										
Sewer System Improvement Refunding Bonds,										
Series 2012 A	4,237.50	3,937.50	3,500.00	2,975.00	2,362.50	2,537.50	-	-	-	19,550.00
Series 2012 B	59,612.50	59,162.50	58,600.00	57,850.00	56,975.00	266,950.00	221,400.00	154,425.00	63,675.00	998,650.00
Revenue Bonds										
Taxable Electric Utility System Revenue Refunding Bonds Series 2009	499,175.00	485,340.00	470,300.00	453,718.75	435,650.00	1,832,493.75	1,049,237.50	125,475.00	-	5,351,390.00
Capital Lease Backhoe	78.92	-	-	-	-	-	-	-	-	78.92
Total Interest Payments	564,623.92	549,220.00	532,400.00	514,543.75	494,987.50	2,101,981.25	1,270,637.50	279,900.00	63,675.00	6,371,968.92
Total Principal and Interest	\$ 961,307.30	\$ 954,220.00	\$ 942,400.00	\$ 934,543.75	\$ 934,987.50	\$ 4,531,981.25	\$ 4,375,637.50	\$ 2,064,900.00	\$ 523,675.00	\$ 16,223,652.30

5. CAPITAL LEASES

The City has entered into a capital lease agreement dated August 3, 2010, to purchase a backhoe. The cost of the equipment was \$29,000.00. The City agreed to make 36 monthly payments of \$845.32, including interest at 3.19%.

GENERAL OBLIGATION

2013	\$ 6,762.30
Total Net Minimum Lease Payments	6,762.30
Less: Imputed Interest	<u>(78.92)</u>
Net Present Value	6,683.38
Less: Current Maturities	<u>(6,683.38)</u>
Long-Term Capital Lease Obligations	<u>\$ 0.00</u>

6. OTHER COMMITMENTS

On October 26, 2009, the City entered into a ten-year agreement with the Kansas Power Pool (KPP), a municipal energy agency, to purchase its power requirements and transmission service from KPP and to pay KPP for the cost of construction of a substation. It is the responsibility of KPP to design, procure, and construct the Project. The City will pay for the construction on a monthly basis, over ten years from the date of the commercial operation of the substation. Upon completion of the ten-year payment plan, when the Project has been completely paid for by the City, the Project will be transferred to the City.

7. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

8. DEFINED BENEFIT PENSION PLAN

Plan description. The (non-school municipality) participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

8. DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. 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. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. 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 and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

9. COMPENSATED ABSENCES

All full-time employees of the City with one year of employment are eligible for 10 days vacation benefits. All full-time employees of the City with ten years of employment are eligible for 15 days vacation benefits. Vacation is not earned for partial years worked. Vacation must be used by each anniversary date. In the event of termination, unused accrued vacation time is paid.

Sick leave accrues to all full-time employees at the rate of one day per month and is unlimited. Employees who terminate by other than retirement or death will not be paid for accumulated sick leave. An employee shall be paid for accumulated sick leave upon retirement or death only. Any unused sick leave at date of termination is lost.

The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and, is material.

In accordance with the above criteria, the City has an unfunded liability for vacation benefits at December 31, 2012 of \$20,093.80, and has not estimated a liability for sick pay which has been earned, but not taken by City employees, inasmuch as the amount cannot be reasonably estimated.

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 City 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 this financial statement.

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

11. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Sewer Utility	G.O. Bond and Interest	K.S.A. 12-825d	\$ 104,511.16
Sewer Utility	Sewer Utility Improvement Reserve	K.S.A. 12-631o	3,000.00
Water Utility	General	K.S.A. 12-825d	9,000.08
Water Utility	Capital Improvement	K.S.A. 12-1,118	3,000.00
Water Utility	Equipment Reserve	K.S.A. 12-1,117	3,000.00
Water Utility	G.O. Bond and Interest	K.S.A. 12-825d	29,199.96
Water Utility	Water Utility Improvement Reserve	K.S.A. 12-825d	9,999.96
Water Utility	Water Utility Bond Reserve	K.S.A. 12-825d	3,000.00
Water Utility	Water Utility Bond and Interest	K.S.A. 12-825d	19,033.32
Electric Utility	General	K.S.A. 12-825d	266,000.40
Electric Utility	Capital Improvement	K.S.A. 12-1,118	111,999.96
Electric Utility	Equipment Reserve	K.S.A. 12-1,117	36,000.00
Electric Utility	Electric Utility Improvement Reserve	K.S.A. 12-825d	30,000.00
Electric Utility II	Electric Utility II Debt Service	K.S.A. 12-825d	796,424.90
Electric Utility II	Electric Utility II Bond Reserve	K.S.A. 12-825d	12,000.00
Electric Utility II Depreciation and Replacement	Electric Utility II	K.S.A. 12-825d	75,280.08

12. RELATED PARTY TRANSACTIONS

The City paid \$2,931.83 during the year ended December 31, 2012, to a local car dealership owned by a City Council member for vehicle repairs and maintenance.

The City paid \$10,378.12 during the year ended December 31, 2012, to a City Council member for hauling rock and house demolition on behalf of the City.

The City paid \$150.00 during the year ended December 31, 2012, to a car wash and local business owned by a City Council member for car wash tokens and building rental.

13. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statements. However, subsequent to year-end, the City has filed a lawsuit against Westar Energy, Inc. seeking assistance to pay for EPA mandated upgrades to the electric system.

SUPPLEMENTAL INFORMATION

Schedule 1

CITY OF ERIE, KANSAS

Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 Regulatory Basis
 For the Year Ended December 31, 2012

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
Governmental Funds:					
General Fund	\$ 687,954.00	\$ -	\$ 687,954.00	\$ 661,870.56	\$ (26,083.44)
Special Purpose Funds:					
Tort Liability	22,586.00	-	22,586.00	2,458.00	(20,128.00)
Employee Benefits	146,010.00	-	146,010.00	106,557.49	(39,452.51)
Library	34,192.00	-	34,192.00	32,552.65	(1,639.35)
Industrial Development	23,811.00	-	23,811.00	195.64	(23,615.36)
Recreation	17,020.00	-	17,020.00	16,290.65	(729.35)
Special Park and Recreation	9,975.00	-	9,975.00	7,952.22	(2,022.78)
Special Highway	53,401.00	-	53,401.00	2,054.15	(51,346.85)
Special Police and Fire	16,428.00	-	16,428.00	10,498.20	(5,929.80)
Equipment Reserve	108,912.00	-	108,912.00	10,300.15	(98,611.85)
Capital Improvement	160,718.00	-	160,718.00	3,821.48	(156,896.52)
City Street Sales Tax	173,066.00	-	173,066.00	36,326.63	(136,739.37)
Bond and Interest Funds:					
G.O. Bond and Interest	195,792.00	1,663,913.46	1,859,705.46	1,820,276.52	(39,428.94)
Business Funds:					
Sewer Utility	169,224.00	-	169,224.00	151,471.45	(17,752.55)
Water Utility	313,105.00	-	313,105.00	268,135.35	(44,969.65)
Electric Utility	2,054,116.00	-	2,054,116.00	1,594,327.05	(459,788.95)
Electric Utility II	967,796.00	-	967,796.00	964,143.22	(3,652.78)

CITY OF ERIE, 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 96,368.80	\$ 105,284.73	\$ 110,873.00	\$ (5,588.27)
Delinquent Tax	3,031.72	3,427.33	2,338.00	1,089.33
Motor Vehicle Tax	15,355.64	16,638.39	18,329.00	(1,690.61)
Recreational Vehicle Tax	142.06	109.58	179.00	(69.42)
16/20M Vehicle Tax	148.78	114.27	163.00	(48.73)
Sales Tax	174,505.20	175,816.32	180,000.00	(4,183.68)
Franchise Tax	31,541.82	28,940.45	31,000.00	(2,059.55)
Special Assessment	2,581.27	750.00	-	750.00
Intergovernmental				
Local Alcoholic Liquor Tax	2,345.66	2,154.81	1,939.00	215.81
Charges for Services				
Township Fire Contracts	5,200.00	5,200.00	7,200.00	(2,000.00)
Swimming Pool Fees	3,396.25	2,867.65	3,560.00	(692.35)
Animal Shelter Fees	40.00	30.00	20.00	10.00
Sale of Materials	947.62	1,388.09	1,450.00	(61.91)
Grave Openings and Closings	1,631.23	1,196.24	1,945.00	(748.76)
Sale of Cemetery Lots	756.00	600.00	900.00	(300.00)
Sanitation	1,723.10	2,757.15	1,755.00	1,002.15
Miscellaneous	435.00	-	195.00	(195.00)
Police VIN Fees	6,315.00	5,623.50	5,215.00	408.50
Fines, Forfeitures and Penalties				
Fines	6,092.00	5,065.50	7,745.00	(2,679.50)
Penalties	212.46	216.68	200.00	16.68
Licenses and Permits				
Licenses	3,337.00	2,488.60	3,250.00	(761.40)
Permits	781.00	649.00	810.00	(161.00)
Use of Money and Property				
Interest Income	10,551.02	9,217.60	7,217.00	2,000.60
Rentals	-	1,320.00	2,125.00	(805.00)
Other Revenues				
Maps and Copies	35.31	93.90	75.00	18.90
Accident Reports	20.00	12.00	30.00	(18.00)
Reimbursed Expense	50,760.81	-	-	-

CITY OF ERIE, 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts (Continued)				
Operating Transfers from:				
Water Utility Fund	\$ 9,000.08	\$ 9,000.08	\$ 10,800.00	\$ (1,799.92)
Electric Utility Fund	196,000.40	266,000.40	266,000.00	0.40
Total Receipts	623,255.23	646,962.27	\$ 665,313.00	\$ (18,350.73)
Expenditures				
General Administration				
Personal Services	84,597.25	89,774.12	\$ 90,615.00	\$ (840.88)
Contractual Services	11,784.37	12,513.87	11,000.00	1,513.87
Commodities	3,456.01	3,195.10	3,800.00	(604.90)
Audit				
Contractual Services	10,400.00	7,090.00	7,800.00	(710.00)
Legislative Department				
Personal Services	11,212.09	11,599.15	5,279.00	6,320.15
Contractual Services	19,072.13	18,250.15	25,600.00	(7,349.85)
Commodities	487.83	158.44	700.00	(541.56)
Municipal Court				
Personal Services	7,684.90	8,464.00	8,062.00	402.00
Contractual Services	8,220.75	8,125.77	9,000.00	(874.23)
Commodities	99.46	12.64	-	12.64
Public Safety				
Fire Department				
Personal Services	12,965.03	12,750.00	12,933.00	(183.00)
Contractual Services	15,487.66	20,218.26	16,000.00	4,218.26
Commodities	5,002.70	11,659.64	8,200.00	3,459.64
Animal Control Department				
Contractual Services	734.50	1,084.94	825.00	259.94
Commodities	141.94	346.30	340.00	6.30
Police Department				
Personal Services	141,629.18	134,360.93	145,904.00	(11,543.07)
Contractual Services	13,035.03	14,129.43	17,700.00	(3,570.57)
Commodities	9,748.38	9,722.77	13,000.00	(3,277.23)
Capital Outlay	749.00	498.00	-	498.00

CITY OF ERIE, 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Highways and Streets				
Personal Services	\$ 55,916.66	\$ 77,052.48	\$ 79,596.00	\$ (2,543.52)
Contractual Services	40,049.02	40,942.96	46,000.00	(5,057.04)
Commodities	47,643.31	40,581.90	33,000.00	7,581.90
Capital Outlay	-	-	11,192.00	(11,192.00)
Culture and Recreation				
Swimming Pool Department				
Personal Services	18,241.86	19,729.06	22,291.00	(2,561.94)
Contractual Services	14,463.68	17,809.82	16,000.00	1,809.82
Commodities	2,295.21	7,402.68	6,500.00	902.68
Park Department				
Personal Services	2,483.48	11,815.96	12,644.00	(828.04)
Contractual Services	7,385.40	7,885.34	7,600.00	285.34
Commodities	350.00	1,779.12	3,500.00	(1,720.88)
Library Department				
Personal Services	106.00	-	110.00	(110.00)
Contractual Services	13,211.53	14,966.78	17,000.00	(2,033.22)
Commodities	5,817.58	6,996.46	7,500.00	(503.54)
Capital Outlay	3,330.00	2,651.96	2,000.00	651.96
Appropriation to Library Board	-	-	2,000.00	(2,000.00)
Demolition				
Contractual Services	30,407.23	25,971.00	25,000.00	971.00
Commodities	-	7.00	-	7.00
Capital Outlay	2,500.00	-	-	-
Cemetery				
Personal Services	5,537.06	4,850.62	5,013.00	(162.38)
Contractual Services	17,113.98	17,129.88	13,500.00	3,629.88
Commodities	628.39	344.03	750.00	(405.97)
Total Expenditures	<u>623,988.60</u>	<u>661,870.56</u>	<u>\$ 687,954.00</u>	<u>\$ (26,083.44)</u>
Receipts Over(Under) Expenditures	(733.37)	(14,908.29)		
Unencumbered Cash, Beginning	<u>24,564.31</u>	<u>23,830.94</u>		
Unencumbered Cash, Ending	<u>\$ 23,830.94</u>	<u>\$ 8,922.65</u>		

CITY OF ERIE, KANSAS
TORT LIABILITY 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 Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Delinquent Tax	\$ 1.86	\$ -	\$ -	\$ -
Use of Money and Property				
Interest Income	160.25	72.47	200.00	(127.53)
Total Receipts	162.11	72.47	\$ 200.00	\$ (127.53)
Expenditures				
General Government				
General Administration				
Contractual Services	2,447.00	2,458.00	\$ 22,586.00	\$ (20,128.00)
Total Expenditures	2,447.00	2,458.00	\$ 22,586.00	\$ (20,128.00)
Receipts Over(Under) Expenditures	(2,284.89)	(2,385.53)		
Unencumbered Cash, Beginning	23,186.28	20,901.39		
Unencumbered Cash, Ending	\$ 20,901.39	\$ 18,515.86		

CITY OF ERIE, KANSAS
EMPLOYEE BENEFITS 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 Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 81,725.29	\$ 78,505.16	\$ 82,675.00	\$ (4,169.84)
Delinquent Tax	3,015.94	3,174.90	2,737.00	437.90
Motor Vehicle Tax	16,083.46	14,918.84	15,543.00	(624.16)
Recreational Vehicle Tax	148.64	99.30	152.00	(52.70)
16/20M Vehicle Tax	145.88	122.61	138.00	(15.39)
Use of Money and Property				
Interest Income	307.83	134.76	331.00	(196.24)
Total Receipts	<u>101,427.04</u>	<u>96,955.57</u>	<u>\$ 101,576.00</u>	<u>\$ (4,620.43)</u>
Expenditures				
General Government				
General Administration				
Personal Services	99,476.92	106,557.49	\$ 146,010.00	\$ (39,452.51)
Total Expenditures	<u>99,476.92</u>	<u>106,557.49</u>	<u>\$ 146,010.00</u>	<u>\$ (39,452.51)</u>
Receipts Over(Under) Expenditures	1,950.12	(9,601.92)		
Unencumbered Cash, Beginning	37,550.86	39,500.98		
Unencumbered Cash, Ending	<u>\$ 39,500.98</u>	<u>\$ 29,899.06</u>		

CITY OF ERIE, 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 26,343.90	\$ 26,743.44	\$ 28,164.00	\$ (1,420.56)
Delinquent Tax	988.63	1,016.95	925.00	91.95
Motor Vehicle Tax	4,986.64	4,724.10	5,010.00	(285.90)
Recreational Vehicle Tax	46.15	31.34	49.00	(17.66)
16/20M Vehicle Tax	49.29	36.82	44.00	(7.18)
Total Receipts	32,414.61	32,552.65	\$ 34,192.00	\$ (1,639.35)
Expenditures				
Culture and Recreation Appropriation to Library Board	32,414.61	32,552.65	\$ 34,192.00	\$ (1,639.35)
Total Expenditures	32,414.61	32,552.65	\$ 34,192.00	\$ (1,639.35)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

CITY OF ERIE, KANSAS
INDUSTRIAL DEVELOPMENT 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 Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 8,784.23	\$ 8,914.49	\$ 9,388.00	\$ (473.51)
Delinquent Tax	328.81	339.01	308.00	31.01
Motor Vehicle Tax	1,661.88	1,574.96	1,670.00	(95.04)
Recreational Vehicle Tax	15.38	10.44	16.00	(5.56)
16/20M Vehicle Tax	16.43	12.27	15.00	(2.73)
Use of Money and Property				
Interest Income	124.03	77.02	146.00	(68.98)
Total Receipts	<u>10,930.76</u>	<u>10,928.19</u>	<u>\$ 11,543.00</u>	<u>\$ (614.81)</u>
Expenditures				
General Government				
Contractual Services	3,193.64	195.64	\$ 5,000.00	\$ (4,804.36)
Commodities	4,507.00	-	18,811.00	(18,811.00)
Total Expenditures	<u>7,700.64</u>	<u>195.64</u>	<u>\$ 23,811.00</u>	<u>\$ (23,615.36)</u>
Receipts Over(Under) Expenditures	3,230.12	10,732.55		
Unencumbered Cash, Beginning	<u>23,554.74</u>	<u>26,784.86</u>		
Unencumbered Cash, Ending	<u>\$ 26,784.86</u>	<u>\$ 37,517.41</u>		

CITY OF ERIE, 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 13,264.09	\$ 13,371.72	\$ 14,082.00	\$ (710.28)
Delinquent Tax	496.45	510.24	387.00	123.24
Motor Vehicle Tax	2,493.33	2,374.53	2,505.00	(130.47)
Recreational Vehicle Tax	23.08	15.75	24.00	(8.25)
16/20M Vehicle Tax	24.65	18.41	22.00	(3.59)
Total Receipts	16,301.60	16,290.65	\$ 17,020.00	\$ (729.35)
Expenditures				
Culture and Recreation Appropriation to Recreation Commission				
	16,301.60	16,290.65	\$ 17,020.00	\$ (729.35)
Total Expenditures	16,301.60	16,290.65	\$ 17,020.00	\$ (729.35)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

CITY OF ERIE, KANSAS
SPECIAL PARK 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Local Alcoholic Liquor Tax	\$ 2,345.69	\$ 2,154.82	\$ 1,939.00	\$ 215.82
Use of Money and Property				
Interest Income	29.43	10.20	28.00	(17.80)
Other Revenues				
Reimbursed Expense	4,000.00	-	-	-
Total Receipts	6,375.12	2,165.02	\$ 1,967.00	\$ 198.02
Expenditures				
Culture and Recreation				
Contractual Services	5,176.93	7,952.22	\$ 4,300.00	\$ 3,652.22
Commodities	429.07	-	2,000.00	(2,000.00)
Capital Outlay	-	-	3,675.00	(3,675.00)
Total Expenditures	5,606.00	7,952.22	\$ 9,975.00	\$ (2,022.78)
Receipts Over(Under) Expenditures	769.12	(5,787.20)		
Unencumbered Cash, Beginning	5,487.81	6,256.93		
Unencumbered Cash, Ending	\$ 6,256.93	\$ 469.73		

CITY OF ERIE, 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
State Gasoline Tax	\$ 29,984.44	\$ 29,727.14	\$ 31,350.00	\$ (1,622.86)
Use of Money and Property				
Interest Income	31.15	47.72	28.00	19.72
Total Receipts	<u>30,015.59</u>	<u>29,774.86</u>	<u>\$ 31,378.00</u>	<u>\$ (1,603.14)</u>
Expenditures				
Highways and Streets				
Contractual Services	15,317.32	2,054.15	\$ 9,000.00	\$ (6,945.85)
Commodities	9,395.00	-	13,000.00	(13,000.00)
Capital Outlay	-	-	31,401.00	(31,401.00)
Total Expenditures	<u>24,712.32</u>	<u>2,054.15</u>	<u>\$ 53,401.00</u>	<u>\$ (51,346.85)</u>
Receipts Over(Under) Expenditures	5,303.27	27,720.71		
Unencumbered Cash, Beginning	<u>4,624.38</u>	<u>9,927.65</u>		
Unencumbered Cash, Ending	<u>\$ 9,927.65</u>	<u>\$ 37,648.36</u>		

CITY OF ERIE, KANSAS
SPECIAL POLICE AND FIRE 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 Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 8,784.23	\$ 8,914.49	\$ 9,388.00	\$ (473.51)
Delinquent Tax	330.91	339.01	308.00	31.01
Motor Vehicle Tax	1,661.88	1,574.96	1,670.00	(95.04)
Recreational Vehicle Tax	15.38	10.44	16.00	(5.56)
16/20M Vehicle Tax	16.43	12.27	15.00	(2.73)
Use of Money and Property				
Interest Income	31.82	12.47	42.00	(29.53)
Total Receipts	<u>10,840.65</u>	<u>10,863.64</u>	<u>\$ 11,439.00</u>	<u>\$ (575.36)</u>
Expenditures				
Public Safety				
Contractual Services	3,853.58	6,478.30	\$ 2,500.00	\$ 3,978.30
Commodities	1,485.00	4,019.90	2,500.00	1,519.90
Capital Outlay	6,905.00	-	11,428.00	(11,428.00)
Total Expenditures	<u>12,243.58</u>	<u>10,498.20</u>	<u>\$ 16,428.00</u>	<u>\$ (5,929.80)</u>
Receipts Over(Under) Expenditures	(1,402.93)	365.44		
Unencumbered Cash, Beginning	<u>4,380.00</u>	<u>2,977.07</u>		
Unencumbered Cash, Ending	<u>\$ 2,977.07</u>	<u>\$ 3,342.51</u>		

CITY OF ERIE, 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 Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Use of Money and Property				
Interest Income	\$ 253.17	\$ 156.11	\$ 287.00	\$ (130.89)
Other Revenues				
Reimbursed Expense	-	25.00	-	25.00
Operating Transfers from:				
Electric Utility Fund	36,000.00	36,000.00	36,000.00	-
Water Utility Fund	3,000.00	3,000.00	3,000.00	-
Total Receipts	<u>39,253.17</u>	<u>39,181.11</u>	<u>\$ 39,287.00</u>	<u>\$ (105.89)</u>
Expenditures				
General Government				
Capital Outlay	40,999.04	156.31	\$ 108,912.00	\$ (108,755.69)
Debt Service				
Lease Purchase - Backhoe	10,143.84	10,143.84	-	10,143.84
Total Expenditures	<u>51,142.88</u>	<u>10,300.15</u>	<u>\$ 108,912.00</u>	<u>\$ (98,611.85)</u>
Receipts Over(Under) Expenditures	(11,889.71)	28,880.96		
Unencumbered Cash, Beginning	<u>69,616.03</u>	<u>57,726.32</u>		
Unencumbered Cash, Ending	<u>\$ 57,726.32</u>	<u>\$ 86,607.28</u>		

CITY OF ERIE, 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 Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Use of Money and Property				
Interest Income	\$ 61.38	\$ 75.54	\$ 66.00	\$ 9.54
Operating Transfers from:				
Electric Utility Fund	61,999.92	111,999.96	112,000.00	(0.04)
Water Utility Fund	3,000.00	3,000.00	3,000.00	-
Total Receipts	<u>65,061.30</u>	<u>115,075.50</u>	<u>\$ 115,066.00</u>	<u>\$ 9.50</u>
Expenditures				
Capital Improvements				
Contractual Services	36,764.77	3,140.00	\$ 5,000.00	\$ (1,860.00)
Commodities	23,515.59	681.48	5,000.00	(4,318.52)
Capital Outlay	5,993.91	-	150,718.00	(150,718.00)
Total Expenditures	<u>66,274.27</u>	<u>3,821.48</u>	<u>\$ 160,718.00</u>	<u>\$ (156,896.52)</u>
Receipts Over(Under) Expenditures	(1,212.97)	111,254.02		
Unencumbered Cash, Beginning	<u>2,106.57</u>	<u>893.60</u>		
Unencumbered Cash, Ending	<u>\$ 893.60</u>	<u>\$ 112,147.62</u>		

CITY OF ERIE, KANSAS
MISCELLANEOUS GRANTS FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants - FEMA	\$ 17,981.71	\$ -
Federal Grants - CDBG	207,140.00	-
Federal Grants - DOT	55,318.96	-
State Grants - KHRC	31,463.04	-
State Grants - SCIP	82,328.00	19,614.00
Local Grants	-	1,000.00
Other Income		
Insurance Reimbursement	27,899.11	-
Other Revenues		
Reimbursed Expense	7,350.24	1,799.71
Total Receipts	429,481.06	22,413.71
Expenditures		
Capital Improvements		
Capital Outlay	443,400.17	21,551.89
Total Expenditures	443,400.17	21,551.89
Receipts Over(Under) Expenditures	(13,919.11)	861.82
Unencumbered Cash, Beginning	11,348.78	(2,570.33)
Unencumbered Cash, Ending	\$ (2,570.33)	\$ (1,708.51)

CITY OF ERIE, KANSAS
CITY STREET SALES TAX 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 Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Sales Tax	\$ 57,101.59	\$ 60,237.71	\$ 58,000.00	\$ 2,237.71
Use of Money and Property				
Interest Income	547.06	166.50	668.00	(501.50)
Other Revenues				
Miscellaneous	1,050.00	740.00	1,080.00	(340.00)
Total Receipts	58,698.65	61,144.21	\$ 59,748.00	\$ 1,396.21
Expenditures				
General Government				
Contractual Services	13,863.20	960.00	\$ -	\$ 960.00
Commodities	67,692.75	35,366.63	-	35,366.63
Capital Outlay	-	-	173,066.00	(173,066.00)
Total Expenditures	81,555.95	36,326.63	\$ 173,066.00	\$ (136,739.37)
Receipts Over(Under) Expenditures	(22,857.30)	24,817.58		
Unencumbered Cash, Beginning	74,392.45	51,535.15		
Unencumbered Cash, Ending	\$ 51,535.15	\$ 76,352.73		

CITY OF ERIE, KANSAS
G.O. 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 13,487.35	\$ 13,295.92	\$ 14,000.00	\$ (704.08)
Delinquent Tax	762.96	654.30	711.00	(56.70)
Motor Vehicle Tax	3,777.29	2,698.10	2,565.00	133.10
Recreational Vehicle Tax	34.98	18.26	25.00	(6.74)
16/20M Vehicle Tax	37.88	27.73	23.00	4.73
Use of Money and Property				
Bond Proceeds	-	1,663,913.46	-	1,663,913.46
Operating Transfers from:				
Sewer Utility Fund	105,848.28	104,511.16	105,800.00	(1,288.84)
Water Utility Fund	-	29,199.96	-	29,199.96
Total Receipts	123,948.74	1,814,318.89	\$ 123,124.00	\$ 1,691,194.89
Expenditures				
Debt Service				
Principal	41,300.00	1,733,568.44	\$ 42,500.00	\$ 1,691,068.44
Interest	82,080.76	66,361.81	80,345.00	(13,983.19)
Commissions and Postage	2.50	1.25	9.00	(7.75)
Cash Basis Reserve	-	-	72,938.00	(72,938.00)
Bond Issuance Costs	-	20,345.02	-	20,345.02
Total Certified Budget			195,792.00	1,624,484.52
Adjustments for Qualifying Budget Credits			1,663,913.46	(1,663,913.46)
Total Expenditures	123,383.26	1,820,276.52	\$ 1,859,705.46	\$ (39,428.94)
Receipts Over(Under) Expenditures	565.48	(5,957.63)		
Unencumbered Cash, Beginning	67,034.63	67,600.11		
Unencumbered Cash, Ending	\$ 67,600.11	\$ 61,642.48		

CITY OF ERIE, 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)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Revenues				
User Fees	\$ 144,799.03	\$ 144,609.50	\$ 148,000.00	\$ (3,390.50)
Other Sales	-	250.00	-	250.00
Use of Money and Property				
Interest Income	753.23	344.74	786.00	(441.26)
Sale of Assets	-	492.80	-	492.80
Other Revenues				
Miscellaneous	-	1,298.49	-	1,298.49
Reimbursed Expense	-	150.68	-	150.68
Operating Transfers from Electric Utility Fund	-	-	15,000.00	(15,000.00)
Total Receipts	145,552.26	147,146.21	\$ 163,786.00	\$ (16,639.79)
Expenditures				
Treatment				
Personal Services	7,322.31	10,167.36	\$ 7,893.00	\$ 2,274.36
Contractual Services	2,558.06	2,184.73	4,000.00	(1,815.27)
Commodities	728.06	694.80	1,000.00	(305.20)
Capital Outlay	-	-	14,577.00	(14,577.00)
Transmission and Distribution				
Personal Services	12,790.29	16,277.94	15,954.00	323.94
Contractual Services	8,918.45	9,044.19	11,000.00	(1,955.81)
Commodities	5,854.14	5,591.27	6,000.00	(408.73)
Operating Transfers to:				
Sewer Utility Improvement Reserve Fund	1,999.92	3,000.00	3,000.00	-
G. O. Bond and Interest Fund	105,848.28	104,511.16	105,800.00	(1,288.84)
Total Expenditures	146,019.51	151,471.45	\$ 169,224.00	\$ (17,752.55)
Receipts Over(Under) Expenditures	(467.25)	(4,325.24)		
Unencumbered Cash, Beginning	6,797.42	6,330.17		
Unencumbered Cash, Ending	\$ 6,330.17	\$ 2,004.93		

CITY OF ERIE, KANSAS
SEWER UTILITY IMPROVEMENT RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>Prior</u> <u>Year</u> <u>Actual</u>	<u>Current</u> <u>Year</u> <u>Actual</u>
Receipts		
Operating Transfers from Sewer Utility Fund	\$ 1,999.92	\$ 3,000.00
Total Receipts	<u>1,999.92</u>	<u>3,000.00</u>
Expenditures		
Capital Improvements Capital Outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over(Under) Expenditures	1,999.92	3,000.00
Unencumbered Cash, Beginning	<u>57,030.10</u>	<u>59,030.02</u>
Unencumbered Cash, Ending	<u>\$ 59,030.02</u>	<u>\$ 62,030.02</u>

CITY OF ERIE, 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Revenues				
Water Sales	\$ 274,748.20	\$ 273,527.74	\$ 275,000.00	\$ (1,472.26)
Other Sales	1,284.37	178.76	-	178.76
Use of Money and Property				
Interest Income	141.54	104.71	135.00	(30.29)
Sale of Assets	18.00	907.90	-	907.90
Intergovernmental				
Federal Grants - KDHE	3,967.00	-	-	-
Federal Grants - Crypto Testing	-	2,948.00	-	2,948.00
Other Revenues				
Miscellaneous	178.58	626.62	100.00	526.62
Reimbursed Expense	-	564.66	-	564.66
Operating Transfer from				
Electric Utility Fund	-	-	20,000.00	(20,000.00)
Total Receipts	280,337.69	278,858.39	\$ 295,235.00	\$ (16,376.61)
Expenditures				
Production				
Personal Services	43,053.39	47,086.92	\$ 48,923.00	\$ (1,836.08)
Contractual Services	58,652.71	50,420.41	54,500.00	(4,079.59)
Commodities	26,002.05	28,957.55	32,000.00	(3,042.45)
Capital Outlay	-	-	-	-
Transmission and Distribution				
Personal Services	35,909.88	41,585.44	36,947.00	4,638.44
Contractual Services	9,713.35	7,261.95	12,000.00	(4,738.05)
Commodities	15,797.34	16,589.76	15,000.00	1,589.76
Capital Outlay	-	-	20,835.00	(20,835.00)
Operating Transfers to:				
General Fund	9,000.08	9,000.08	10,800.00	(1,799.92)
Capital Improvement Fund	3,000.00	3,000.00	3,000.00	-
Equipment Reserve Fund	3,000.00	3,000.00	3,000.00	-
Water Utility Improvement				
Reserve Fund	9,999.96	9,999.96	10,000.00	(0.04)
Water Utility Bond Reserve Fund	9,000.00	3,000.00	9,000.00	(6,000.00)

CITY OF ERIE, 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to:				
Water Utility Bond and Interest Fund	\$ 53,394.96	\$ 19,033.32	\$ 57,100.00	\$ (38,066.68)
G.O. Bond and Interest Fund	-	29,199.96	-	29,199.96
Total Expenditures	<u>276,523.72</u>	<u>268,135.35</u>	<u>\$ 313,105.00</u>	<u>\$ (44,969.65)</u>
Receipts Over(Under) Expenditures	3,813.97	10,723.04		
Unencumbered Cash, Beginning	<u>9,506.69</u>	<u>13,320.66</u>		
Unencumbered Cash, Ending	<u>\$ 13,320.66</u>	<u>\$ 24,043.70</u>		

CITY OF ERIE, KANSAS
WATER UTILITY IMPROVEMENT RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Water Utility Fund	\$ 9,999.96	\$ 9,999.96
Total Receipts	9,999.96	9,999.96
Expenditures		
Capital Improvements Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	9,999.96	9,999.96
Unencumbered Cash, Beginning	8,848.54	18,848.50
Unencumbered Cash, Ending	\$ 18,848.50	\$ 28,848.46

CITY OF ERIE, KANSAS
WATER UTILITY BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Bond Proceeds	\$ -	\$ 264,831.56
Operating Transfers from		
Water Utility Fund	53,394.96	19,033.32
 Total Receipts	 53,394.96	 283,864.88
 Expenditures		
Debt Service		
Principal	35,000.00	288,750.00
Interest	18,395.00	13,490.00
Commission & Postage	6.25	16.25
 Total Expenditures	 53,401.25	 302,256.25
 Receipts Over(Under) Expenditures	 (6.29)	 (18,391.37)
 Unencumbered Cash, Beginning	 18,397.66	 18,391.37
 Unencumbered Cash, Ending	 \$ 18,391.37	 \$ -

CITY OF ERIE, KANSAS
WATER UTILITY BOND RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Water Utility Fund	\$ 9,000.00	\$ 3,000.00
Total Receipts	9,000.00	3,000.00
Expenditures		
Debt Service Principal	-	71,250.00
Total Expenditures	-	71,250.00
Receipts Over(Under) Expenditures	9,000.00	(68,250.00)
Unencumbered Cash, Beginning	59,250.00	68,250.00
Unencumbered Cash, Ending	\$ 68,250.00	\$ -

CITY OF ERIE, 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Revenues				
Electric Sales	\$ 1,510,708.59	\$ 1,441,261.21	\$ 1,583,268.00	\$ (142,006.79)
Other Sales	900.00	-	-	-
Use of Money and Property				
Interest Income	2,701.36	1,737.57	-	1,737.57
Sale of Assets	-	1,262.24	-	1,262.24
Rentals	-	157.50	-	157.50
Other Revenues				
Reconnect Fee	150.00	150.00	100.00	50.00
Bad Debt Recovery	1,994.69	1,630.55	1,810.00	(179.45)
Miscellaneous	1,793.91	1,476.11	250.00	1,226.11
Reimbursed Expenses	50.00	8,324.37	-	8,324.37
Total Receipts	1,518,298.55	1,455,999.55	\$ 1,585,428.00	\$ (129,428.45)
Expenditures				
Production				
Personal Services	10,676.11	14,489.48	\$ 13,842.00	\$ 647.48
Contractual Services	744,082.10	792,884.07	891,973.00	(99,088.93)
Commodities	3,545.98	15,561.85	10,000.00	5,561.85
Capital Outlay	3,641.40	-	50,000.00	(50,000.00)
Transmission and Distribution				
Personal Services	94,783.13	74,506.09	108,074.00	(33,567.91)
Contractual Services	29,460.98	27,997.74	50,000.00	(22,002.26)
Commodities	13,787.42	18,394.23	15,000.00	3,394.23
Capital Outlay	3,641.41	-	288,833.00	(288,833.00)
Debt Service				
Lease Purchase - Power Plant	87,393.72	201,661.67	87,394.00	114,267.67
Bond Principal	-	4,831.56	-	4,831.56

CITY OF ERIE, 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 Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to:				
General Fund	\$ 196,000.40	\$ 266,000.40	\$ 266,000.00	\$ 0.40
Capital Improvement Fund	61,999.92	111,999.96	112,000.00	(0.04)
Equipment Reserve Fund	36,000.00	36,000.00	36,000.00	-
Sewer Utility Fund	-	-	15,000.00	(15,000.00)
Water Utility Fund	-	-	20,000.00	(20,000.00)
Electric Utility II Fund	-	-	60,000.00	(60,000.00)
Electric Utility Improvement Reserve Fund	30,000.00	30,000.00	30,000.00	-
Total Expenditures	<u>1,315,012.57</u>	<u>1,594,327.05</u>	<u>\$ 2,054,116.00</u>	<u>\$ (459,788.95)</u>
Receipts Over(Under) Expenditures	203,285.98	(138,327.50)		
Unencumbered Cash, Beginning	<u>353,403.96</u>	<u>556,689.94</u>		
Unencumbered Cash, Ending	<u>\$ 556,689.94</u>	<u>\$ 418,362.44</u>		

CITY OF ERIE, KANSAS
ELECTRIC UTILITY II 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 Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Revenues				
Wholesale Electric Sales	\$ 889,809.98	\$ 888,428.25	\$ 900,000.00	\$ (11,571.75)
Use of Money and Property				
Interest Income	89.07	-	93.00	(93.00)
Operating Transfers from Electric Utility II Depreciation and Replacement Fund	9,000.00	75,280.08	60,000.00	15,280.08
Total Receipts	<u>898,899.05</u>	<u>963,708.33</u>	<u>\$ 960,093.00</u>	<u>\$ 3,615.33</u>
Expenditures				
Operation and Maintenance				
Personal Services	17,814.29	16,896.47	\$ 18,605.00	\$ (1,708.53)
Contractual Services	100,675.65	137,041.05	70,000.00	67,041.05
Commodities	5,310.22	1,780.80	12,000.00	(10,219.20)
Capital Outlay	-	-	37,501.00	(37,501.00)
Operating Transfers to:				
Electric Utility II Debt Service Fund	792,492.63	796,424.90	796,970.00	(545.10)
Electric Utility II Depreciation and Replacement Fund	20,719.92	-	20,720.00	(20,720.00)
Electric Utility II Bond Reserve Fund	-	12,000.00	12,000.00	-
Total Expenditures	<u>937,012.71</u>	<u>964,143.22</u>	<u>\$ 967,796.00</u>	<u>\$ (3,652.78)</u>
Receipts Over(Under) Expenditures	(38,113.66)	(434.89)		
Unencumbered Cash, Beginning	<u>38,734.43</u>	<u>620.77</u>		
Unencumbered Cash, Ending	<u>\$ 620.77</u>	<u>\$ 185.88</u>		

CITY OF ERIE, KANSAS
ELECTRIC UTILITY IMPROVEMENT RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Electric Utility Fund	\$ 30,000.00	\$ 30,000.00
Total Receipts	30,000.00	30,000.00
Expenditures		
Capital Improvements Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	30,000.00	30,000.00
Unencumbered Cash, Beginning	84,858.13	114,858.13
Unencumbered Cash, Ending	\$ 114,858.13	\$ 144,858.13

CITY OF ERIE, KANSAS
ELECTRIC UTILITY II DEPRECIATION AND REPLACEMENT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 476.39	\$ 210.57
Operating Transfers from Electric Utility II Fund	20,719.92	-
Total Receipts	21,196.31	210.57
Expenditures		
Capital Improvements		
Contractual Services	28,840.89	-
Commodities	3,325.30	-
Operating Transfers to Electric Utility II Fund	9,000.00	75,280.08
Total Expenditures	41,166.19	75,280.08
Receipts Over(Under) Expenditures	(19,969.88)	(75,069.51)
Unencumbered Cash, Beginning	100,616.03	80,646.15
Unencumbered Cash, Ending	\$ 80,646.15	\$ 5,576.64

CITY OF ERIE, KANSAS
ELECTRIC UTILITY II DEBT SERVICE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 1,062.33	\$ 545.02
Operating Transfers from Electric Utility II Fund	<u>792,492.63</u>	<u>796,424.90</u>
Total Receipts	<u>793,554.96</u>	<u>796,969.92</u>
Expenditures		
Debt Service		
Principal	270,000.00	285,000.00
Interest	<u>523,555.00</u>	<u>511,970.00</u>
Total Expenditures	<u>793,555.00</u>	<u>796,970.00</u>
Receipts Over(Under) Expenditures	(0.04)	(0.08)
Unencumbered Cash, Beginning	<u>393,649.25</u>	<u>393,649.21</u>
Unencumbered Cash, Ending	<u><u>\$ 393,649.21</u></u>	<u><u>\$ 393,649.13</u></u>

CITY OF ERIE, KANSAS
ELECTRIC UTILITY II BOND RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 880.61	\$ 439.50
Operating Transfers from Electric Utility II Fund	-	12,000.00
Total Receipts	880.61	12,439.50
Expenditures		
Capital Improvements		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	880.61	12,439.50
Unencumbered Cash, Beginning	178,167.49	179,048.10
Unencumbered Cash, Ending	\$ 179,048.10	\$ 191,487.60

CITY OF ERIE, KANSAS
SECURITY DEPOSITS FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>Prior</u> <u>Year</u> <u>Actual</u>	<u>Current</u> <u>Year</u> <u>Actual</u>
Receipts		
Deposits Collected	\$ 7,855.00	\$ 11,015.00
Total Receipts	<u>7,855.00</u>	<u>11,015.00</u>
Expenditures		
Refundable Deposits	<u>9,574.75</u>	<u>11,212.29</u>
Total Expenditures	<u>9,574.75</u>	<u>11,212.29</u>
Receipts Over(Under) Expenditures	(1,719.75)	(197.29)
Unencumbered Cash, Beginning	<u>2,185.32</u>	<u>465.57</u>
Unencumbered Cash, Ending	<u>\$ 465.57</u>	<u>\$ 268.28</u>

CITY OF ERIE, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2012

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Utility Sales Tax	\$ 4,098.63	\$ 52,678.08	\$ 53,084.95	\$ 3,691.76
CMB Stamp Tax	100.00	150.00	150.00	100.00
Water Protection Fees	-	1,081.48	1,081.48	-
Sanitation Clearing	5,975.28	69,476.43	69,453.04	5,998.67
VIN Inspections	3,420.45	8,715.50	9,226.50	2,909.45
ADSAP Fees	1,025.00	-	-	1,025.00
Cemetery Perpetual Care	16,246.57	595.24	-	16,841.81
Payroll Clearing Fund	-	136,518.74	136,393.35	125.39
ISF Check Clearing Fund	(178.47)	2,893.33	2,714.86	-
Total Agency Funds	\$ 30,687.46	\$ 272,108.80	\$ 272,104.18	\$ 30,692.08



Communication of Material Weaknesses

Honorable Mayor and City Council
City of Erie, Kansas

In planning and performing our audit of the financial statement of City of Erie, Kansas as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered City of Erie, Kansas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Erie, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Erie, Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 statement will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in City of Erie, Kansas' internal control to be material weaknesses:

Preparation of Financial Statement

Accounting standards states the client must be able to accept responsibility and be able to identify a material misstatement when reviewing the financial statement, including footnotes and supplemental information. This would also include knowing if a required footnote disclosure was missing or not correctly stated. Presently, the City staff does not have the ability to process and prepare the required financial statement, including footnotes. The potential effects of this material weakness could be unrecognized errors on the financial statement. While we recognize that this condition is not unusual for a City your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Council should continually be aware of the financial reporting of the City and changes in reporting requirements.

Jarred, Gilmore & Phillips, PA
CERTIFIED PUBLIC ACCOUNTANTS

412 W. MAIN, P.O. BOX 97
NEODESHA, KANSAS 66757
(620) 325-3430

1815 S. SANTA FE, P.O. BOX 779
CHANUTE, KANSAS 66720
(620) 431-6342

16 W. JACKSON
IOLA, KANSAS 66749
(620) 365-3125

www.jgppa.com

Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the City's financial activity is properly recorded, processed, summarized, and reported in the financial statement. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as performing billings, receipting cash, making deposits, reconciling the bank accounts, and having access to all books and records of the City. Due to small staff size, it is not possible for reviews of daily work to take place, potentially resulting in errors in financial records and reports.

This communication is intended solely for the information and use of management, City Council, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 2, 2013
Chanute, Kansas