

CITY OF INMAN, KANSAS
FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

CITY OF INMAN, KANSAS
CITY OF THE THIRD CLASS
For the Year Ended December 31, 2012

John D. O'Brien, Mayor

CITY COUNCIL

Keith Miller
Dale Wenthe

James Toews

Ruth Sisson
Bob Jones

CITY OFFICERS

Barbara Tuxhorn
Clerk

Stanley R. Juhnke
Attorney

Samantha Green
Deputy Clerk/Treasurer

Bobby Herron
Chief of Police

Bill Maurer
Superintendent, Building
and Zoning Administrator

CITY OF INMAN, KANSAS
For the Year Ended December 31, 2012

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Inman, Kansas 67546

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Inman, 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 Inman, 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 Inman, 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 Inman, 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 2012 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2012 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 basic financial statement. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statement or to the 2012 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2011 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 2 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 basic financial statement upon which we rendered an unqualified opinion dated March 4, 2012. The 2011 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <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 basic financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 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 2011 basic financial statement or to the 2011 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 2011 comparative information is fairly stated in all material respects in relation to the 2011 basic financial statement as a whole, on the basis of accounting described in Note 1.

Swindoll, Janzen, Hawk & Loyd, LLC

Certified Public Accountants

April 24, 2013

CITY OF INMAN, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended December 31, 2012

	Beginning Un- encumbered Cash Balance	Prior Year Cancelled Encumb- rances	Receipts	Expendi- tures	Ending Un- encumbered Cash Balance	Add: Encum- brances and Accounts Payable	Ending Cash Balance
GENERAL FUND:							
General Fund	\$ 1,020,425	\$ -	\$ 758,458	\$ 631,769	\$ 1,147,114	\$ 31,748	\$ 1,178,862
SPECIAL PURPOSE FUNDS:							
County Economic Development Fund	2,912	-	4,461	7,192	181	205	386
Library Fund	9	-	22,343	22,343	9	-	9
Special Highway Fund	72	-	35,713	32,425	3,360	7,520	10,880
Total Special Purpose Funds	2,993	-	62,517	61,960	3,550	7,725	11,275
BOND AND INTEREST FUND:							
Bond and Interest Fund	129,550	-	92,055	133,600	88,005	-	88,005
CAPITAL PROJECT FUNDS:							
Equipment Reserve Fund	85,703	-	24,000	55,434	54,269	24,616	78,885
Capital Improvement Fund	371,995	-	112,163	157,338	326,820	123,157	449,977
Total Capital Project Funds	457,698	-	136,163	212,772	381,089	147,773	528,862
BUSINESS FUNDS:							
Sewer Fund	121,936	-	99,544	66,512	154,968	4,466	159,434
Solid Waste Fund	27,511	-	78,838	74,173	32,176	5,371	37,547
Water Fund	134,128	-	214,782	151,599	197,311	5,400	202,711
Total Business Funds	283,575	-	393,164	292,284	384,455	15,237	399,692
Total Reporting Entity (Excluding Agency Fund)	\$ 1,894,241	\$ -	\$ 1,442,357	\$ 1,332,385	\$ 2,004,213	\$ 202,483	\$ 2,206,696
COMPOSITION OF CASH:							
Petty Cash - City Clerk							\$ 50
Checking Accounts - Farmers National Bank							2,206,646
Total Cash							2,206,696
Less Agency Fund per Schedule 3							-
Total Reporting Entity (Excluding Agency Fund)							\$ 2,206,696

STATEMENT 1

CITY OF INMAN, KANSAS

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Municipal Financial Reporting Entity

The City of Inman is a municipal corporation governed by an elected mayor and an elected five-member council. The regulatory financial statement presents the City of Inman (the municipality) and does not include any related municipal entities.

(b) Regulatory Basis Fund Types

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.

Capital Project Fund - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund - funds financed in whole or in part by fees charged to users of the goods or services (i.e. water fund, electric fund, etc.).

Trust Fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

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

(c) Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* (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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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

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.

(d) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Purpose Funds (unless specifically exempted by statute), Bond and Interest Funds and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year 2012.

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

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

A legal operating budget is not required for Capital Project Funds and Agency Funds.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

No statutory violations noted in 2012.

3. DEPOSITS AND INVESTMENTS

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

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

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$2,206,646 and the bank balance was \$2,218,402. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$1,968,402 was collateralized with securities held by the pledging financial institutions' agents in the City's name and FHLB Letter of Credit.

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 or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

4. LONG-TERM DEBT

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:									
Series 2001 A	3.50% to 5.00%	8-23-01	\$622,000	10-01-16	\$ 205,000	\$ -	\$ 35,000	\$ 170,000	\$ 9,905
Series 2003	1.15% to 4.00%	12-15-03	492,000	12-01-13	115,000	-	55,000	60,000	4,518
Series 2008	4.00% to 5.30%	11-10-08	330,000	01-01-29	<u>310,000</u>	<u>-</u>	<u>15,000</u>	<u>295,000</u>	<u>14,173</u>
Total General Obligation Bonds					<u>\$ 630,000</u>	<u>\$ -</u>	<u>\$ 105,000</u>	<u>\$ 525,000</u>	<u>\$ 28,596</u>

4. LONG-TERM DEBT (CONT.)

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

	Year							Total	
	2013	2014	2015	2016	2017	2018 to 2022	2023 to 2027		2028 to 2029
PRINCIPAL:									
General Obligation Bonds:									
Series 2001 A	\$ 40,000	\$ 40,000	\$ 45,000	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ 170,000
Series 2003	60,000	-	-	-	-	-	-	-	60,000
Series 2008	15,000	15,000	15,000	15,000	15,000	75,000	100,000	45,000	295,000
TOTAL PRINCIPAL	115,000	55,000	60,000	60,000	15,000	75,000	100,000	45,000	525,000
INTEREST:									
General Obligation Bonds:									
Series 2001 A	8,330	6,370	4,410	2,205	-	-	-	-	21,315
Series 2003	2,400	-	-	-	-	-	-	-	2,400
Series 2008	13,573	12,973	12,373	11,773	11,773	46,394	25,175	2,518	136,552
TOTAL INTEREST	24,303	19,343	16,783	13,978	11,773	46,394	25,175	2,518	160,267
TOTAL PRINCIPAL AND INTEREST	\$ 139,303	\$ 74,343	\$ 76,783	\$ 73,978	\$ 26,773	\$ 121,394	\$ 125,175	\$ 47,518	\$ 685,267

5. DEFINED BENEFIT PENSION PLAN

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

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establish 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. 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 the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

(a) Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level 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.

(b) Other Employee Benefits

Vacation – Five days of vacation leave may be accumulated and carried over to the next year. No vacation leave shall be taken until a new employee has completed one year of service.

Each permanent full-time employee will accrue vacation leave as follows:

<u>Year of Service</u>	<u>Per Year</u>
After 1 year	40 working hours
After 2 years	80 working hours
After 10 years	120 working hours
After 20 years	160 working hours

Part-time employees:

<u>Years of Service</u>	<u>Per Year</u>
After 1 year	% of previous year hours worked compared to full-time

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT.)

(b) Other Employee Benefits (cont.)

Sick leave - All employees who work not less than one-half time shall be entitled to sick leave with pay for absences resulting from personal illness, injuries, accidents or other physical incapacities, occurring either on or off the job.

Amount of sick leave – Full-time employees earn sick leave after the initial probation period at the rate of four hours per pay period with a maximum accumulation of 60 working days. On termination of employment an employee shall not be paid for accumulated sick leave.

7. OTHER RELATIONSHIPS

McPherson Area Solid Waste Utility

The City along with McPherson County and seven other cities located within McPherson County entered into an interlocal agreement, authorized by State Statute, to form the McPherson Area Solid Waste Utility (the Utility) effective July 17, 1991. The purpose of the Utility is to assist its Members in planning, technical and financial matters for comprehensive solid waste management and accomplish the desired objectives of an effective county-wide solid waste management program, including the operation of a cooperative solid waste management program and the operation of a cooperative solid waste processing and disposal system for the benefit of its Members.

Management of the Utility is carried out by an appointed three member Board of Directors. The City of McPherson appoints one member to the Board of Directors, McPherson County appoints a second Director and the third Director is appointed collectively by the other seven Members of the Utility.

The agreement and the Utility may be terminated by written consent of at least two-thirds of the Members, provided that prior to such termination all contractual obligations and indebtedness of the Utility have been paid in full or sufficient resources have been escrowed for the payment of such obligations in full when due. Upon such termination, the Board of Directors shall liquidate the Utility and distribute the assets in a manner that, in its discretion, it deems appropriate. Accordingly, any ongoing financial interest or access to the Utility's resources is indeterminable until such action is taken by its Board of Directors. In addition, no Member shall be permitted to withdraw for twenty years or such sooner time as provision is made for the payment or discharge of the debt incurred by the County or assumed by the Utility. Any withdrawing Member shall not be entitled to distribution of any real or personal property of the Utility by reason of its withdrawal.

The Board of Directors shall determine the methods of obtaining financing for the Utility. The County provided the initial financing for the acquisition of land to be used as a site for disposal of refuse, constructing structures and acquiring equipment necessary for the sanitary disposal of refuse in McPherson County. Effective January 1, 1992, the fiscal accounting and operations of the Utility were transferred from McPherson County to management of the Utility.

Condensed financial information of the McPherson Area Solid Waste Utility as of and for the year ended December 31, 2011 is as follows:

Total Assets	\$ 11,742,076
Total Liabilities	4,910,070
Total Net Assets	6,832,006
Total Revenues	4,932,442
Total Expenses	4,860,143
Change in Net Assets	72,299

Complete financial statements for the McPherson Area Solid Waste Utility may be obtained from the administrative offices of the entity at 1431 17th Ave, McPherson, Kansas 67460.

8. CLAIMS AND JUDGMENTS

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, the grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2011 to 2012 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

9. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	Capital Improvement	K.S.A. 12-1, 118	\$ 87,000
General	Equipment Reserve	K.S.A. 12-1, 117	24,000
Water	Capital Improvement	K.S.A. 12-825d	10,000
Sewer	Bond & Interest	K.S.A. 12-825d	<u>1,000</u>
Total			<u>\$ 122,000</u>

10. SUBSEQUENT EVENTS

On February 11, 2013, the City Council approved a contract to build a new community building in the amount of \$560,829.

Management has evaluated the effects of the financial statement of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

CITY OF INMAN, KANSAS
REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012

CITY OF INMAN, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**Regulatory Basis****(Budgeted Funds Only)****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 - Over (Under)</u>
GENERAL FUND:					
General Fund	\$ 1,617,399	\$ -	\$ 1,617,399	\$ 631,769	\$ (985,630)
SPECIAL PURPOSE FUNDS:					
County Economic Development Fund	9,245	-	9,245	7,192	(2,053)
Library Fund	23,415	-	23,415	22,343	(1,072)
Special Highway Fund	35,329	-	35,329	32,425	(2,904)
BOND AND INTEREST FUND:					
Bond and Interest Fund	316,817	-	316,817	133,600	(183,217)
CAPITAL PROJECT FUNDS:					
Equipment Reserve Fund	106,148	-	106,148	55,434	(50,714)
Capital Improvement Fund	232,182	-	232,182	157,338	(74,844)
BUSINESS FUNDS:					
Sewer Fund	220,543	-	220,543	66,512	(154,031)
Solid Waste Fund	119,708	-	119,708	74,173	(45,535)
Water Fund	244,738	-	244,738	151,599	(93,139)

CITY OF INMAN, KANSAS

GENERAL FUNDGENERAL FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes -				
Ad valorem property tax	\$ 400,080	\$ 404,900	\$ 410,975	\$ (6,075)
Back tax collections	14,121	2,423	8,000	(5,577)
Motor vehicle tax	46,097	60,661	60,748	(87)
Recreational vehicle tax	911	-	1,075	(1,075)
16/20M vehicle tax	789	1,141	1,025	116
In lieu of taxes	35,500	35,500	35,500	-
Local sales tax	171,886	175,466	160,000	15,466
Total Taxes	669,384	680,091	677,323	2,768
Licenses and Permits -				
Utility franchise taxes	50,214	48,820	40,000	8,820
Licenses and permits	2,794	2,404	3,800	(1,396)
Total Licenses and Permits	53,008	51,224	43,800	7,424
Fines, Forfeitures and Penalties -				
Police fines	7,923	8,413	4,000	4,413
Use of Money and Property -				
Interest	4,737	7,005	6,700	305
Other -				
Miscellaneous	4,361	3,887	100	3,787
Rent	1,215	1,250	1,000	250
Reimbursements	2,300	4,397	1,500	2,897
Insurance reimbursements	1,817	2,191	-	2,191
DARE	-	-	100	(100)
Total Other	9,693	11,725	2,700	9,025
Total Receipts	744,745	758,458	\$ 734,523	\$ 23,935

CITY OF INMAN, KANSAS

GENERAL FUNDGENERAL FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2012		Variance - Over (Under)	
	2011 Actual	Actual		Budget
Expenditures				
General Administrative -				
Personal services	\$ 65,184	\$ 59,596	\$ 62,000	\$ (2,404)
Contractual services	88,686	105,586	100,000	5,586
Commodities	16,951	11,907	11,000	907
Capital outlay	464	2,758	330,000	(327,242)
Total General Administrative	<u>171,285</u>	<u>179,847</u>	<u>503,000</u>	<u>(323,153)</u>
Streets -				
Personal services	64,113	64,993	64,000	993
Contractual services	22,657	28,983	70,000	(41,017)
Commodities	11,973	11,190	6,000	5,190
Capital outlay	182	42	634,599	(634,557)
Total Streets	<u>98,925</u>	<u>105,208</u>	<u>774,599</u>	<u>(669,391)</u>
Parks -				
Personal services	3,425	4,575	5,000	(425)
Contractual services	10,115	8,850	6,000	2,850
Commodities	2,366	2,668	1,500	1,168
Capital outlay	-	-	1,500	(1,500)
Total Parks	<u>15,906</u>	<u>16,093</u>	<u>14,000</u>	<u>2,093</u>
Police -				
Personal services	120,203	153,983	111,000	42,983
Contractual services	13,356	21,350	15,000	6,350
Commodities	18,031	14,060	12,000	2,060
Capital outlay	467	-	10,000	(10,000)
Court/Judge/Attorney	-	-	6,000	(6,000)
Total Police	<u>152,057</u>	<u>189,393</u>	<u>154,000</u>	<u>35,393</u>

CITY OF INMAN, KANSAS

GENERAL FUND

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)

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Expenditures (cont.)				
Other -				
Street lighting - KPL	\$ 22,317	\$ 21,128	\$ 46,000	\$ (24,872)
Miscellaneous	-	-	1,000	(1,000)
Library expense	5,915	3,715	5,000	(1,285)
Economic development	1,182	300	-	300
Zoning	-	-	2,000	(2,000)
Reimbursements	-	-	600	(600)
Recycling expense	1,890	1,742	1,200	542
Depot expense	-	-	1,000	(1,000)
Museum expense	2,134	1,994	4,000	(2,006)
Water utility capital outlay	63	1,349	-	1,349
Transfer to Capital Improvement Fund	81,000	87,000	87,000	-
Transfer to Equipment Reserve Fund	24,000	24,000	24,000	-
Total Expenditures	<u>576,674</u>	<u>631,769</u>	<u>\$ 1,617,399</u>	<u>\$ (985,630)</u>
Receipts Over (Under) Expenditures	168,071	126,689		
Unencumbered Cash, Beginning	<u>852,354</u>	<u>1,020,425</u>		
Unencumbered Cash, Ending	<u>\$ 1,020,425</u>	<u>\$ 1,147,114</u>		

CITY OF INMAN, KANSAS

SPECIAL PURPOSE FUNDCOUNTY ECONOMIC DEVELOPMENT FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Reimbursements	\$ 3,000	\$ 2,250	\$ 3,000	\$ (750)
McPherson County Economic Development	1,929	2,211	1,800	411
Total Receipts	<u>4,929</u>	<u>4,461</u>	<u>\$ 4,800</u>	<u>\$ (339)</u>
Expenditures				
Contractual services	4,972	5,735	\$ 8,745	\$ (3,010)
Commodities	1,590	1,457	-	1,457
Travel expense	-	-	500	(500)
Total Expenditures	<u>6,562</u>	<u>7,192</u>	<u>\$ 9,245</u>	<u>\$ (2,053)</u>
Receipts Over (Under) Expenditures	(1,633)	(2,731)		
Unencumbered Cash, Beginning	<u>4,545</u>	<u>2,912</u>		
Unencumbered Cash, Ending	<u>\$ 2,912</u>	<u>\$ 181</u>		

CITY OF INMAN, KANSAS

SPECIAL PURPOSE FUNDLIBRARY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Ad valorem property tax	\$ 18,903	\$ 19,133	\$ 19,420	\$ (287)
Back tax collections	843	140	300	(160)
Motor vehicle tax	2,855	2,999	2,870	129
Recreational vehicle tax	56	-	51	(51)
16/20M vehicle tax	49	71	48	23
Total Receipts	<u>22,706</u>	<u>22,343</u>	<u>\$ 22,689</u>	<u>\$ (346)</u>
Expenditures				
Appropriation to Library Treasurer	22,707	22,343	\$ 22,415	\$ (72)
Miscellaneous	-	-	1,000	(1,000)
Total Expenditures	<u>22,707</u>	<u>22,343</u>	<u>\$ 23,415</u>	<u>\$ (1,072)</u>
Receipts Over (Under) Expenditures	(1)	-		
Unencumbered Cash, Beginning	<u>10</u>	<u>9</u>		
Unencumbered Cash, Ending	<u>\$ 9</u>	<u>\$ 9</u>		

CITY OF INMAN, KANSAS

SPECIAL PURPOSE FUND

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)

	<u>2011 Actual</u>	<u>2012</u>		<u>Variance - Over (Under)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State of Kansas - fuel tax	\$ 33,369	\$ 35,713	\$ 32,280	\$ 3,433
Expenditures				
Street repair and maintenance	54,706	32,425	\$ 35,329	\$ (2,904)
Receipts Over (Under) Expenditures	(21,337)	3,288		
Unencumbered Cash, Beginning	21,409	72		
Unencumbered Cash, Ending	\$ 72	\$ 3,360		

CITY OF INMAN, KANSAS

BOND AND INTEREST FUNDBOND AND INTEREST FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Ad valorem property tax	\$ 1,479	\$ 1,503	\$ 1,521	\$ (18)
Back tax collections	3,965	2,874	1,000	1,874
Motor vehicle tax	14,673	3,062	224	2,838
Recreational vehicle tax	290	-	4	(4)
16/20M vehicle tax	250	364	4	360
Special assessments	110,610	83,252	133,000	(49,748)
Transfer from Sewer Fund	1,000	1,000	1,000	-
Total Receipts	132,267	92,055	\$ 136,753	\$ (44,698)
Expenditures				
Bond principal	155,000	105,000	\$ 105,000	\$ -
Interest	34,940	28,595	28,596	(1)
Commissions and fees	4	5	100	(95)
Cash basis reserve	-	-	183,121	(183,121)
Total Expenditures	189,944	133,600	\$ 316,817	\$ (183,217)
Receipts Over (Under) Expenditures	(57,677)	(41,545)		
Unencumbered Cash, Beginning	187,227	129,550		
Unencumbered Cash, Ending	\$ 129,550	\$ 88,005		

CITY OF INMAN, KANSAS

CAPITAL PROJECT FUNDEQUIPMENT RESERVE FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Reimbursements	\$ 9,000	\$ -	\$ -	\$ -
Transfer from General Fund	24,000	24,000	24,000	-
Total Receipts	33,000	24,000	\$ 24,000	\$ -
Expenditures				
Capital outlay	12,195	28,783	\$ 106,148	\$ (77,365)
Police department	3,250	26,651	-	26,651
Total Expenditures	15,445	55,434	\$ 106,148	\$ (50,714)
Receipts Over (Under) Expenditures	17,555	(31,434)		
Unencumbered Cash, Beginning	68,148	85,703		
Unencumbered Cash, Ending	\$ 85,703	\$ 54,269		

CITY OF INMAN, KANSAS

CAPITAL PROJECT FUNDCAPITAL IMPROVEMENT FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Transfer from General Fund	\$ 81,000	\$ 87,000	\$ 87,000	\$ -
Transfer from Water Fund	85,000	10,000	10,000	-
County/City agreement	14,710	15,163	13,336	1,827
Total Receipts	180,710	112,163	\$ 110,336	\$ 1,827
Expenditures				
Capital outlay	28,095	102,009	\$ 68,882	\$ 33,127
County/City agreement - maintenance	84,701	24,544	13,300	11,244
Expand buildings and streets	27,429	30,785	-	30,785
Community building	-	-	150,000	(150,000)
Total Expenditures	140,225	157,338	\$ 232,182	\$ (74,844)
Receipts Over (Under) Expenditures	40,485	(45,175)		
Unencumbered Cash, Beginning	331,510	371,995		
Unencumbered Cash, Ending	\$ 371,995	\$ 326,820		

CITY OF INMAN, KANSAS

BUSINESS FUNDSEWER FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Service fees	\$ 102,501	\$ 99,544	\$ 100,000	\$ (456)
Sewer hookup and miscellaneous	-	-	500	(500)
Reimbursements	198	-	-	-
Total Receipts	<u>102,699</u>	<u>99,544</u>	<u>\$ 100,500</u>	<u>\$ (956)</u>
Expenditures				
Personal services	48,703	42,692	\$ 46,000	\$ (3,308)
Contractual services	8,548	22,050	10,000	12,050
Commodities	55	770	1,000	(230)
Capital outlay	-	-	162,543	(162,543)
Transfer to Bond and Interest Fund	1,000	1,000	1,000	-
Total Expenditures	<u>58,306</u>	<u>66,512</u>	<u>\$ 220,543</u>	<u>\$ (154,031)</u>
Receipts Over (Under) Expenditures	44,393	33,032		
Unencumbered Cash, Beginning	<u>77,543</u>	<u>121,936</u>		
Unencumbered Cash, Ending	<u>\$ 121,936</u>	<u>\$ 154,968</u>		

CITY OF INMAN, KANSAS

BUSINESS FUNDSOLID WASTE FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Service fees	\$ 79,177	\$ 78,838	\$ 80,000	\$ (1,162)
Reimbursements	94	-	-	-
Total Receipts	<u>79,271</u>	<u>78,838</u>	<u>\$ 80,000</u>	<u>\$ (1,162)</u>
Expenditures				
Personal services	7,189	6,971	\$ 6,000	\$ 971
Contractual services	64,578	67,202	54,000	13,202
Commodities	201	-	-	-
Capital outlay	-	-	59,208	(59,208)
Other	-	-	500	(500)
Total Expenditures	<u>71,968</u>	<u>74,173</u>	<u>\$ 119,708</u>	<u>\$ (45,535)</u>
Receipts Over (Under) Expenditures	7,303	4,665		
Unencumbered Cash, Beginning	<u>20,208</u>	<u>27,511</u>		
Unencumbered Cash, Ending	<u>\$ 27,511</u>	<u>\$ 32,176</u>		

CITY OF INMAN, KANSAS

BUSINESS FUNDWATER FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Service fees	\$ 253,190	\$ 213,671	\$ 135,000	\$ 78,671
Interest	2,201	767	1,500	(733)
Connections	-	-	800	(800)
Hookups	-	-	2,000	(2,000)
Reimbursements and miscellaneous	747	344	1,000	(656)
Total Receipts	<u>256,138</u>	<u>214,782</u>	<u>\$ 140,300</u>	<u>\$ 74,482</u>
Expenditures				
Personal services	80,969	80,583	\$ 75,000	\$ 5,583
Contractual services	25,997	55,490	25,000	30,490
Commodities	2,245	1,088	7,000	(5,912)
Capital outlay	200	-	127,588	(127,588)
Other	8,887	4,438	150	4,288
Transfer to Capital Improvement Fund	85,000	10,000	10,000	-
Total Expenditures	<u>203,298</u>	<u>151,599</u>	<u>\$ 244,738</u>	<u>\$ (93,139)</u>
Receipts Over (Under) Expenditures	52,840	63,183		
Unencumbered Cash, Beginning	<u>81,288</u>	<u>134,128</u>		
Unencumbered Cash, Ending	<u>\$ 134,128</u>	<u>\$ 197,311</u>		

CITY OF INMAN, KANSAS

AGENCY FUND

SUMMARY OF RECEIPTS AND DISBURSEMENTS

Regulatory Basis

For the Year Ended December 31, 2012

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Payroll Withholding Fund	\$ -	\$ 420,890	\$ 420,890	\$ -