CITY OF KINGMAN, KANSAS

FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2012

CITY OF KINGMAN, KANSAS
CITY OF THE SECOND CLASS
For the Year Ended December 31, 2012

BOARD OF CITY COMMISSIONERS

Stan Hacker Commissioner	Charlus Bishop Mayor	Elizabeth A. Madden Commissioner
Dick Neville Commissioner		Bruce Sterneker Commissioner

CITY OFFICERS

Denise Niedermann Treasurer	Frank Soukup Manager	Curtis Watkins Attorney
Marc Holloway Police Chief	Cindy Conrardy Clerk	James Mathis Municipal Judge

CITY OF KINGMAN, KANSAS

For the Year Ended December 31, 2012

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CITY OF KINGMAN, KANSAS

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commission
City of Kingman, Kansas 67068

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Kingman, 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the applicable audit requirements of the *Kansas Municipal Audit and Accounting Guide*. Those standards and the *Kansas Municipal Audit and Accounting Guide* 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 auditors' 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 Kingman, 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.

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B. Carver Swindoll, CPA | Keith S. Janzen, CPA | Kyle J. Hawk, CPA, CMAP D. Scot Loyd, CPA, CGFM | Chet L. Buchman, CPA, CVA

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 Kingman, 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 Kingman, 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, and 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 27, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2013, on our consideration of the City of Kingman, Kansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kingman, Kansas's internal control over financial reporting and compliance.

Swindoll, Janzen, Hawk & Loyd, LLC

Certified Public Accountants

July 3, 2013

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and City Commissioners
City of Kingman, Kansas 67068

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide,* the financial statement of the City of Kingman (City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 3, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Those are listed as 12-01.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

City of Kingman's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We noted certain matters that we reported to management of the City, in a separate letter dated July 3, 2013.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Swindoll, Janzen, Hawk & Loyd, LLC

Swindoll Janzen Hawk & Loyd, LLC

July 3, 2013

CITY OF KINGMAN, KANSAS

SUMMARY OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2012

	Beginning Un-encumbered Cash Balance	Receipts	Expendi-tures	Ending Un-encumbered Cash Balance	Add: Encum-brances and Accounts Payable	Ending Cash Balance
GENERAL FUND:						
General Fund	$ 589,292	$ 1,774,296	$ 1,866,152	$ 497,436	$ 131,397	$ 628,833
SPECIAL PURPOSE FUNDS:						
Airport Operations Fund	237,892	194,882	212,796	219,978	1,766	221,744
Airport Bond and Interest Fund	26,625	57,617	46,045	38,197	-	38,197
City Safety Fund	982	2,125	2,180	927	-	927
Convention and Tourism Fund	21,984	31,906	26,485	27,405	-	27,405
Employee Benefit Fund	135,859	406,533	416,700	125,692	6,669	132,361
EMS Training Fund	8,641	9,385	10,180	7,846	-	7,846
Flood Control Fund	144,057	41,642	25,059	160,640	-	160,640
Health and Life Management Fund	1,005,709	511,411	557,832	959,288	-	959,288
KAMI Fund	-	1,817	1,807	10	-	10
Law Enforcement Trust Fund	981	28,733	24,466	5,248	1,171	6,419
Library Fund	9,615	126,803	127,856	8,562	-	8,562
Special Highway Fund	208,472	82,434	70,123	220,783	-	220,783
Special Park Fund	20,943	4,278	1,334	23,887	-	23,887
Economic Development Fund	141,105	138,898	76,294	203,709	3,500	207,209
Fire Department Trust Fund	250	375	-	625	-	625
Municipal Court Fund	7,408	68,243	71,771	3,880	-	3,880
Total Special Pupose Funds	1,970,523	1,707,082	1,670,928	2,006,677	13,106	2,019,783
BOND AND INTEREST FUNDS:						
Bond and Interest Fund	97,413	22,591	13,730	106,274	-	106,274
TIF Improvement Debt Service Fund	35,918	70,021	57,796	48,143	-	48,143
Total Bond and Interest Funds	133,331	92,612	71,526	154,417	-	154,417

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

CITY OF KINGMAN, KANSAS

SUMMARY OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2012

	Beginning Un-encumbered Cash Balance	Receipts	Expendi-tures	Ending Un-encumbered Cash Balance	Add: Encum-brances and Accounts Payable	Ending Cash Balance
CAPITAL PROJECT FUNDS:						
Street Improvement Fund	$ -	$ 752,148	$ 61,092	$ 691,056	$ -	$ 691,056
Airport Improvement Fund	14,391	37,845	50,342	1,894	-	1,894
TIF Fund	148,731	81,709	94,112	136,328	-	136,328
Capital Improvement Fund	120,869	75,000	-	195,869	-	195,869
Total Capital Project Funds	283,991	946,702	205,546	1,025,147	-	1,025,147
TRUST FUNDS:						
Cemetery Endowment Fund	101,162	2,785	-	103,947	-	103,947
Cemetery Capital Improvement Fund	9,059	480	-	9,539	-	9,539
Bowren Interest Fund	3,683	24	20	3,687	-	3,687
Keys Estate Fund	1,347	1	20	1,328	-	1,328
Total Trust Funds	115,251	3,290	40	118,501	-	118,501
BUSINESS FUNDS:						
Water Fund	575,113	670,509	521,439	724,183	7,364	731,547
Water Principal and Interest Fund	357,785	138,573	245,000	251,358	-	251,358
Water Surplus Fund	2,422,985	1,630	-	2,424,615	-	2,424,615
Light Fund	701,534	5,328,965	5,303,799	726,700	25,479	752,179
Light Principal and Interest Fund	388,438	648,246	632,973	403,711	-	403,711
Light Surplus Fund	2,447,924	164,247	4,048	2,608,123	-	2,608,123
Disposal System Fund	208,574	730,356	655,163	283,767	4,276	288,043
Disposal System Debt Service Fund	276,330	291,699	292,721	275,308	-	275,308
Disposal Replacement Fund	825,161	48,342	-	873,503	-	873,503
Total Business Funds	8,203,844	8,022,567	7,655,143	8,571,268	37,119	8,608,387

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

CITY OF KINGMAN, KANSAS

SUMMARY OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2012

	Beginning Un-encumbered Cash Balance	Receipts	Expendi-tures	Ending Un-encumbered Cash Balance	Add: Encum-brances and Accounts Payable	Ending Cash Balance
Total Reporting Entity (Excluding Agency Funds)	$ 11,296,232	$ 16,026,549	$ 14,949,335	$ 12,373,446	$ 181,622	$ 12,555,068

COMPOSITION OF CASH:	
Petty Cash	$ 100
Checking Accounts - Kanza Bank	2,390,864
Checking Accounts - Municipal Court - Kanza Bank	3,880
Investments - US Government H Bonds	1,500
CDARS	10,218,380
Total Cash	12,614,724
Less Agency Funds per Schedule 3	(59,656)
Total Reporting Entity (Excluding Agency Funds)	$ 12,555,068

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

CITY OF KINGMAN, 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 Kingman is a municipal corporation governed by an elected commission. The regulatory financial statement presents the City of Kingman (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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(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 was one such budget amendment 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 violation 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.

3. DEPOSITS AND INVESTMENTS (CONT.)

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. The rating of the City's investments is noted above.

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 $12,613,124 and the bank balance was $12,980,364. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $500,000 was covered by federal depository insurance, $10,218,380 was covered by federal depository insurance in the Certificate of Deposit Account Registry Service (CDARS), and the remaining $2,261,984 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 or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Restricted Deposits

Certain deposits of the City's proprietary funds are restricted as to their use. The carrying amount of the restricted assets at December 31, 2012 was $930,377.

4. CONCENTRATIONS

A substantial portion of the City's electric sales are to one customer. During 2012, sales to that customer were $1,238,526.

5. LONG-TERM DEBT – CURRENT REFUNDING

In January 2012, the Commission issued $3,480,000 of General Obligation Refunding Bonds Series 2012 to current refund the General Obligation Bonds Series 2003, the General Obligation Bonds Series 2002, and the Wastewater Revolving Loans, Series 2002 and 2001. The proceeds were also used to pay the costs of issuance. The Commission has followed the provisions of *Governmental Accounting* Standards Board (GASB) Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities.* The current refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of approximately $305,806. The refunding decreased the Commission's aggregate debt service payments by approximately $411,322 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of approximately $235,449.

5. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
Series 2002	4.20% to 5.125%	01-17-02	$ 675,000	09-01-22	$ 450,000	$ -	$ 450,000	$ -	$ 11,114
Series 2003	1.30% to 5.00%	10-01-03	585,000	09-01-19	100,000	-	100,000	-	2,250
Series 2006 - B	4.00% to 4.25%	04-15-06	1,200,000	09-01-16	735,000	-	150,000	585,000	31,238
Series 2008	4.25%	08-05-08	425,000	09-01-17	301,000	-	45,000	256,000	12,793
Series 2012 - Refunding	2.00% to 2.375%	02-08-12	3,480,000	09-01-24	-	3,480,000	140,000	3,340,000	38,628
Total General Obligation Bonds					1,586,000	3,480,000	885,000	4,181,000	96,023
Revenue Bonds:									
Series 2006 - A	4.00% to 4.375%	04-15-06	5,270,000	09-01-23	4,475,000	-	260,000	4,215,000	191,735
Series 2007	4.00%	06-04-07	1,230,000	09-01-23	375,000	-	230,000	145,000	15,000
Total Revenue Bonds					4,850,000	-	490,000	4,360,000	206,735
Temporary Notes Series 2012	1.25%	08-09-12	750,000	09-01-14	-	750,000	-	750,000	-
Wastewater Revolving Loans:									
Series 2001	3.49%	08-01-00	873,425	03-01-24	455,902	-	455,902	-	14,477
Series 2002	2.94%	10-16-02	3,726,575	03-01-22	2,576,202	-	2,576,202	-	68,143
Total Wastewater Revolving Loans					3,032,104	-	3,032,104	-	82,620
Capital Leases:									
Ambulance	3.00%	06-20-12	125,387	06-20-17	-	125,387	11,710	113,677	1,808
Caterpillar Loader	3.938%	11-30-07	75,824	12-15-12	16,407	-	16,407	-	352
Airport Building	4.09%	02-26-10	75,000	04-20-20	64,608	-	6,643	57,965	2,519
Airport Hangars	5.125%	09-26-02	140,000	09-26-22	93,978	-	6,539	87,439	4,761
Total Contractual Indebtedness					$ 9,643,097	$ 4,355,387	$ 4,448,403	$ 9,550,081	$ 394,818

5. 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							
	2013	2014	2015	2016	2017	2018 to 2022	2023 to 2024	Total
PRINCIPAL:								
General Obligation Bonds:								
Series 2006 - B	$ 140,000	$ 135,000	$ 150,000	$ 160,000	$ -	$ -	$ -	$ 585,000
Series 2008	47,000	49,000	51,000	53,000	56,000	-	-	256,000
Series 2012 - Refunding	280,000	285,000	285,000	300,000	305,000	1,550,000	335,000	3,340,000
Total General Obligations Bonds	467,000	469,000	486,000	513,000	361,000	1,550,000	335,000	4,181,000
Revenue Bonds:								
Series 2006 - A	275,000	295,000	305,000	310,000	320,000	1,830,000	880,000	4,215,000
Series 2007	145,000	-	-	-	-	-	-	145,000
Total Revenue Bonds	420,000	295,000	305,000	310,000	320,000	1,830,000	880,000	4,360,000
Temporary Notes Series 2012	-	750,000	-	-	-	-	-	750,000
Capital Leases:								
Ambulance	23,954	24,682	25,433	26,207	13,401	-	-	113,677
Airport Building	6,920	7,208	7,509	7,822	8,148	20,358	-	57,965
Airport Hangars	6,880	7,240	7,618	8,015	8,434	49,252	-	87,439
Total Capital Leases	37,754	39,130	40,560	42,044	29,983	69,610	-	259,081
TOTAL PRINCIPAL	924,754	1,553,130	831,560	865,044	710,983	3,449,610	1,215,000	9,550,081
INTEREST:								
General Obligation Bonds:								
Series 2006 - B	24,862	18,913	13,175	6,800	-	-	-	63,750
Series 2008	10,880	8,883	6,800	4,632	2,380	-	-	33,575
Series 2012 - Refunding	68,150	62,550	56,850	51,150	45,150	132,550	10,288	426,688
Total General Obligations Bonds	103,892	90,346	76,825	62,582	47,530	132,550	10,288	524,013
Revenue Bonds:								
Series 2006 - A	180,685	168,998	156,460	143,498	130,322	428,488	36,960	1,245,411
Series 2007	5,800	-	-	-	-	-	-	5,800
Total Revenue Bonds	186,485	168,998	156,460	143,498	130,322	428,488	36,960	1,251,211
Temporary Notes Series 2012	-	19,323	-	-	-	-	-	19,323
Capital Leases:								
Ambulance	3,083	2,354	1,603	830	117	-	-	7,987
Airport Building	2,242	1,953	1,653	1,340	1,014	1,021	-	9,223
Airport Hangars	4,420	4,060	3,682	3,285	2,886	7,248	-	25,581
Total Capital Leases	9,745	8,367	6,938	5,455	4,017	8,269	-	42,791
TOTAL INTEREST	300,122	287,034	240,223	211,535	181,869	569,307	47,248	1,837,338
TOTAL PRINCIPAL & INTEREST	$ 1,224,876	$ 1,840,164	$ 1,071,783	$ 1,076,579	$ 892,852	$ 4,018,917	$ 1,262,248	$ 11,387,419

5. LONG-TERM DEBT (CONT.)

(a) Electric System Covenants

During the year ended December 31, 2004, the City issued Electric Utility System Revenue Bonds in the amount of $4,910,000. The bonds were issued for the purpose of providing funds to pay for the costs of reconstructing, altering, repairing, improving, extending or enlarging the electric utility system of the City. During the year ended December 31, 2006, the City issued General Obligation Electric Utility System Refunding Bonds, Series 2006-A in the amount of $5,270,000 to refinance the bonds issued in 2004.

In connection with the 2006-A bond issue the City has made certain covenants and agreements to provide for the payment and security thereof. Under the terms of Resolution No. 2006-6, the City is required to meet certain requirements for debt service coverage ratios, rate covenants, tax covenants, bond reserve accounts, system reserve accounts and bond and interest payment accounts.

For the year ended December 31, 2012 the Electric System had a debt service coverage ratio, as computed under the bond resolution, of 2.57. The debt service covenant has been met as the debt service coverage ratio exceeded the requirement of 1.00.

The following schedule presents the computation of the debt service coverage ratio in accordance with the resolution.

	Light Fund	
Total revenues per report		$ 5,428,965
Total expenditures per report	$ 5,303,799	
Less administrative expenditures per report	(1,046,802)	4,256,997
Net revenues		$ 1,171,968
Debt service requirements for 2006 bond issue		$ 455,685
Debt service coverage ratio		2.57

Under the terms of Resolution No. 2006-6, the City is required to provide reasonable and adequate reserves for the payment of the principal and interest due on the bonds. The City shall transfer monthly proportionate amounts to accumulate the next maturing principal and interest payments one month prior to payment. Proper transfers have been made for 2012. The City is to transfer all excess funds of the utility system to the surplus account. Funds in this account may be used to pay for the operation and maintenance of the system, system improvement, principal and interest payments, calling bonds, and transfers to the operating account. The balance in the Light Surplus Fund at December 31, 2012, was $3,011,834.

The City shall levy the necessary taxes to pay the principal and interest maturing on the bonds if the revenue of the system is insufficient to make the payments as they are due. The City cannot mortgage or sell system assets unless certain restrictions are met and approved. The City will carry and maintain a reasonable amount of risk insurance as would be carried by a private company and maintain general liability insurance in an amount not less than the maximum liability of a governmental entity. The Electric System is insured with Employers Mutual through Kingman Insurance of Kingman, Kansas.

Electric Utility customers number 1,995 at January 1, 2012 and 2,004 at December 31, 2012.

5. LONG-TERM DEBT (CONT.)

(b) Water System Covenants

During the year ended December 31, 1995, the City issued Water and Sewer Utility System Revenue Bonds in the amount of $2,850,000. The bonds were issued for the purpose of providing funds to pay for costs of reconstructing, altering, repairing, improving, extending or enlarging the water and sewer utility systems of the City. During the year ended December 31, 1999 the City issued General Obligation Water Utility System Refunding Bonds in the amount of $2,415,000 to refinance the bonds issued in 1995. During the year ended December 31, 2007, the City issued General Obligation Water Utility System Refunding Bonds, Series 2007 in the amount of $1,230,000 to refinance the bonds issued in 1999.

In connection with the 2007 bond issue the City has made certain covenants and agreements to provide for the payment and security thereof. Under the terms of Resolution No. 2007-3, the City is required to meet certain requirements for "Net Revenues", rate covenants, tax covenants, bond reserve accounts, system reserve accounts and bond and interest payment accounts.

For the year ended December 31, 2012 the Water System had a debt service coverage ratio, as computed under the bond resolutions, of 2.99. The debt service covenant has been meet as the debt service coverage ratio exceeded the requirement of 1.15.

The following schedule presents the computation of the debt service coverage ratio in accordance with the resolution.

Water Fund		
Total revenues per report		$ 670,509
Total expenditures per report	$ 521,439	
Less administrative expenditures per report	(301,428)	220,011
Net revenues		$ 450,498
Debt service requirements for 2007 bond issue		$ 150,800
Debt service coverage ratio		2.99

Under the terms of Resolution No. 2007-3, the City is required to provide reasonable and adequate reserves for the payment of the principal and interest due on the bonds. The City shall transfer monthly proportionate amounts to accumulate the next maturing principal and interest payments one month prior to payment. Proper transfers have been made for 2012. The City is to transfer all excess funds of the utility system to the surplus account. Funds in this account may be used to pay for the operation and maintenance of the system, system improvement, principal and interest payments, calling bonds, and transfers to the operating account. The balance in the Water Surplus Fund at December 31, 2012, was $2,675,973.

The City shall levy the necessary taxes to pay the principal and interest maturing on the bonds if the revenue of the system is insufficient to make the payments as they are due. The City cannot mortgage or sell system assets unless certain restrictions are met and approved. The City will carry and maintain a reasonable amount of risk insurance as would be carried by a private company and maintain general liability insurance in an amount not less than the maximum liability of a governmental entity. The Water System is insured with Employers Mutual through Kingman Insurance of Kingman, Kansas.

Water Utility customers number 1,636 at January 1, 2012 and 1,633 at December 31, 2012.

6. 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.

7. 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 Employment Benefits

Vacation – Vacation shall be earned from the most recent date of employment. A full-time employee must accrue 156 hours of service a month to qualify for vacation time for such month of service. Each full-time employee with less than nine years of service shall accrue one working day of vacation for each full month of service. Employees with nine or more years of service shall accrue one and one-quarter working days of vacation for each month of service. Vacations are considered vested on each anniversary date of employment. Vacations shall not be taken during the first 12-months of service with the City. Vacations must be taken within a 12-month period immediately following vesting. Upon termination, an employee shall be compensated for all earned but unused vacation leave at their final rate of pay.

Sick leave – Full-time employees who regularly work not less than 30 hours per week shall be entitled to sick leave with pay for absences resulting from illness, injuries, accidents or other physical incapacity, occurring either on or off the job. Full-time employees shall earn eight hours a month of sick leave for each full month of service. An employee may accumulate a maximum of 704 hours of sick leave. Employees are allowed to sell 48 or less hours at the end of each year depending on the number of sick hours used throughout the year. An employee shall not be paid for any unused sick leave upon termination of his or her employment with the City.

(c) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees who qualify under the plan terms and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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, 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:

From:	To:	Regulatory Authority	Amount
General Fund	Capital Improvement Fund	K.S.A.12-1,118	$ 75,000
Airport Operations Fund	Airport Bond and Interest Fund	K.S.A.12-1,118	57,600
Water Fund	Water Principal and Interest Fund	K.S.A.12-825d	138,250
Light Fund	Light Principal and Interest Fund	K.S.A.12-825d	648,000
Light Fund	Light Surplus Fund	K.S.A.12-825d	100,000
Disposal System Fund	Disposal Replacement Fund	K.S.A.12-825d	48,000
Disposal System Fund	Disposal System Debt Service Fund	K.S.A.12-825d	291,543
TIF Fund	TIF Improvement Debt Service Fund	Ord. No. 1921	69,996
			$ 1,428,389

10. OTHER RELATIONSHIPS

The City of Kingman along with the Kingman Board of Education entered into an agreement Resolution on May 11, 1951, initiating the establishment of a joint City-School District Recreation Commission. The purpose of the Commission is to organize and coordinate recreational activities to meet the needs of the community.

Management of the Commission is carried out by an appointed five member Commission. The City appoints two members to the Commission, Kingman Board of Education appoints two members and the fifth member is appointed collectively by the other four members of the Commission. Funding is provided by the Kingman Board of Education levying funds for the recreation program.

11. CAPITAL PROJECTS

At year end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Expenditures To Date	Project Authorization
Water Line Relocation	$ 24,000	$ 24,000
Airport Runway	50,314	76,720
Total	$ 74,314	$ 100,720

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has been unable to obtain worker's compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other Cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for its participating members.

The City pays an annual premium to KMIT for its worker's compensation insurance coverage. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $750,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

During 2012, the City has partially self-funded insurance for eligible health care costs of participating employees. The City is liable for claims up to $25,000 per employee annually (except for one employee subject to $125,000 laser for cancer treatment and another employee subject to $75,000 should he require chemotherapy and/or radiation), and aggregate claims up to $414,361.

13. SUBSEQUENT EVENTS

On April 25, 2013, the City approved the purchase of a backhoe in the amount of $74,000.

On May 9, 2013, the City received a donation of $113,572 to be used equally for improvements in the parks and the cemetery.

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 KINGMAN, KANSAS

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2012

CITY OF KINGMAN, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2012

	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
GENERAL FUND:					
General Fund	$ 1,914,634	$ -	$ 1,914,634	$ 1,866,152	$ (48,482)
SPECIAL PURPOSE FUNDS:					
Airport Operations Fund	314,474	-	314,474	212,796	(101,678)
Convention and Tourism Fund	30,000	-	30,000	26,485	(3,515)
Employee Benefit Fund	491,075	-	491,075	416,700	(74,375)
Flood Control Fund	170,455	-	170,455	25,059	(145,396)
Library Fund	127,856	-	127,856	127,856	-
Special Highway Fund	279,009	-	279,009	70,123	(208,886)
Special Park Fund	18,000	-	18,000	1,334	(16,666)
Economic Development Fund	252,445	-	252,445	76,294	(176,151)
BOND AND INTEREST FUND:					
Bond and Interest Fund	96,800	-	96,800	(3,466,270)	(3,563,070)
CAPITAL PROJECT FUNDS:					
TIF Fund	202,000	-	202,000	94,112	(107,888)
Capital Improvement Fund	190,000	-	190,000	-	(190,000)
BUSINESS FUNDS:					
Water Fund	1,014,875	-	1,014,875	521,439	(493,436)
Light Fund	5,690,052	-	5,690,052	5,303,799	(386,253)
Disposal System Fund	898,285	-	898,285	655,163	(243,122)

CITY OF KINGMAN, 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes -				
Ad valorem property tax	$ 409,584	$ 381,843	$ 390,571	$ (8,728)
Back tax collections	8,131	12,935	-	12,935
Motor vehicle tax	58,136	59,353	45,947	13,406
Recreational vehicle tax	497	425	476	(51)
16/20M vehicle tax	938	2,048	215	1,833
Excise tax	34	38	-	38
Antique tag	291	334	-	334
Sales tax	383,609	427,757	300,000	127,757
Liquor tax	1,056	1,881	1,013	868
Total Taxes	862,276	886,614	738,222	148,392
Intergovernmental Revenues -				
Ambulance county share	150,000	110,000	-	110,000
Transportation grant	56,980	51,375	-	51,375
Highway connecting links	34,260	34,284	34,050	234
Rural fire contracts	24,400	24,800	24,400	400
Total Intergovernmental Revenues	265,640	220,459	58,450	162,009
Licenses and Permits -				
Utility franchise taxes	301,343	294,500	287,610	6,890
Dog and cat licenses	520	410	-	410
Miscellaneous licenses and permits	5,930	7,393	6,725	668
Total Licenses and Permits	307,793	302,303	294,335	7,968
Charges for Services -				
Police	8,994	14,527	4,175	10,352
Cemetery	14,205	12,798	9,050	3,748
Ambulance	183,007	226,135	271,000	(44,865)
Transportation	14,010	14,048	102,724	(88,676)
Total Charges for Services	220,216	267,508	386,949	(119,441)
Fines, Forfeitures and Penalties	51,955	58,976	40,850	18,126
Interest on Idle Funds	1,734	1,197	4,872	(3,675)
Use of Property	1	-	-	-
Miscellaneous	13,315	25,050	1,506	23,544
Reimbursements	11,143	12,189	9,100	3,089
Total Receipts	1,734,073	1,774,296	$ 1,534,284	$ 240,012

CITY OF KINGMAN, 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Expenditures				
General Government -				
Personal services	$ 112,790	$ 110,710	$ 117,199	$ (6,489)
Contractual services	118,379	157,096	142,831	14,265
Commodities	7,519	12,817	12,450	367
Capital outlay	2,248	1,667	5,000	(3,333)
Total General Government	240,936	282,290	277,480	4,810
Police -				
Personal services	299,467	301,809	303,088	(1,279)
Contractual services	103,236	105,129	142,900	(37,771)
Commodities	39,491	48,373	33,968	14,405
Capital outlay	36,429	40,948	41,000	(52)
Total Police	478,623	496,259	520,956	(24,697)
Fire -				
Personal services	24,609	21,812	25,000	(3,188)
Contractual services	6,684	2,052	8,300	(6,248)
Commodities	21,375	14,029	14,800	(771)
Capital outlay	1,296	68,804	27,000	41,804
Total Fire	53,964	106,697	75,100	31,597
Streets -				
Personal services	78,142	64,839	76,054	(11,215)
Contractual services	74,016	82,307	90,600	(8,293)
Commodities	52,174	87,948	65,507	22,441
Capital outlay	18,573	320	16,759	(16,439)
Total Streets	222,905	235,414	248,920	(13,506)
Parks -				
Personal services	24,307	29,492	27,392	2,100
Contractual services	9,142	5,067	12,000	(6,933)
Commodities	14,877	11,574	13,791	(2,217)
Capital outlay	65,415	-	-	-
Pool and recreation	43,110	40,352	44,500	(4,148)
Total Parks	156,851	86,485	97,683	(11,198)

CITY OF KINGMAN, 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Expenditures (cont.)				
Cemeteries -				
Personal services	$ 30,206	$ 32,800	$ 32,036	$ 764
Contractual services	1,907	459	5,450	(4,991)
Commodities	6,653	8,074	12,206	(4,132)
Capital outlay	46,875	13,182	20,000	(6,818)
Total Cemeteries	85,641	54,515	69,692	(15,177)
Street Lighting -				
Contractual services	38,358	35,293	49,000	(13,707)
City Water -				
Contractual services	11,774	8,852	9,950	(1,098)
Sanitation and Environment -				
Contractual services	2,319	1,436	1,000	436
Ambulance -				
Personal services	151,328	179,021	176,550	2,471
Contractual services	23,547	42,413	30,750	11,663
Commodities	32,356	44,997	30,406	14,591
Capital outlay	473	36,640	29,000	7,640
Lease purchase	1,746	13,518	-	13,518
Total Ambulance	209,450	316,589	266,706	49,883
Transportation -				
Personal services	73,691	81,446	80,327	1,119
Contractual services	3,283	5,022	4,800	222
Commodities	15,379	15,941	14,669	1,272
Capital outlay	-	-	67,155	(67,155)
Total Transportation	92,353	102,409	166,951	(64,542)
Transfer to Capital Improvement Fund	75,000	75,000	75,000	-
Housing Authority	10,334	12,460	9,100	3,360
Caterpillar loader lease	16,759	16,759	-	16,759
Special projects	-	-	35,000	(35,000)
TIF	13,026	11,961	12,096	(135)
Neighborhood revitalization rebate	22,925	23,733	-	23,733
Total Expenditures	1,731,218	1,866,152	$ 1,914,634	$ (48,482)
Receipts Over (Under) Expenditures	2,855	(91,856)		
Unencumbered Cash, Beginning	586,437	589,292		
Unencumbered Cash, Ending	$ 589,292	$ 497,436		

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

AIRPORT OPERATIONS 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 62,183	$ 79,181	$ 81,002	$ (1,821)
Back tax collections	1,899	2,782	-	2,782
Motor vehicle tax	13,851	9,824	6,974	2,850
Recreational vehicle tax	119	73	72	1
16/20M vehicle tax	265	472	33	439
Excise tax	9	7	-	7
Antique tag	70	57	-	57
Use of property	30,463	35,463	22,300	13,163
Pilot exams	7,650	6,910	4,000	2,910
Fuel sales	-	58,843	-	58,843
Interest	180	142	-	142
Miscellaneous	1,030	1,128	-	1,128
Total Receipts	117,719	194,882	$ 114,381	$ 80,501
Expenditures				
Personal services	-	16,264	$ 18,118	$ (1,854)
Contractual services	37,805	29,525	47,000	(17,475)
Commodities	1,827	70,704	33,000	37,704
Capital outlay	2,774	20,000	140,000	(120,000)
Lease purchase	11,300	11,300	11,300	-
Transfer to Airport Bond and Interest Fund	57,600	57,600	57,600	-
TIF	1,978	2,481	2,786	(305)
Neighborhood revitalization rebate	3,469	4,922	4,670	252
Total Expenditures	116,753	212,796	$ 314,474	$ (101,678)
Receipts Over (Under) Expenditures	966	(17,914)		
Unencumbered Cash, Beginning	236,926	237,892		
Unencumbered Cash, Ending	$ 237,892	$ 219,978		

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

AIRPORT 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)

	2011 Actual	2012 Actual
Receipts		
Interest	$ 24	$ 17
Transfer from Airport Operations Fund	57,600	57,600
Total Receipts	57,624	57,617
Expenditures		
Principal	30,000	30,000
Interest	23,548	16,045
Commission and postage	1	-
Total Expenditures	53,549	46,045
Receipts Over (Under) Expenditures	4,075	11,572
Unencumbered Cash, Beginning	22,550	26,625
Unencumbered Cash, Ending	$ 26,625	$ 38,197

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

CITY SAFETY 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)

	2011 Actual	2012 Actual
Receipts		
Miscellaneous	$ 2,125	$ 2,125
Expenditures		
Safety awards and t-shirts	2,090	2,180
Receipts Over (Under) Expenditures	35	(55)
Unencumbered Cash, Beginning	947	982
Unencumbered Cash, Ending	$ 982	$ 927

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

CONVENTION AND TOURISM 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Hotel tax	$ 24,238	$ 30,093	$ 17,000	$ 13,093
Miscellaneous	-	1,813	-	1,813
Total Receipts	24,238	31,906	$ 17,000	$ 14,906
Expenditures				
Capital outlay	28,800	26,485	$ 30,000	$ (3,515)
Receipts Over (Under) Expenditures	(4,562)	5,421		
Unencumbered Cash, Beginning	26,546	21,984		
Unencumbered Cash, Ending	$ 21,984	$ 27,405		

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

EMPLOYEE BENEFIT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 271,962	$ 349,965	$ 358,017	$ (8,052)
Back tax collections	7,676	11,943	-	11,943
Motor vehicle tax	54,520	41,480	30,508	10,972
Recreational vehicle tax	471	304	315	(11)
16/20M vehicle tax	1,271	1,770	144	1,626
Excise tax	36	29	-	29
Antique tag	275	240	-	240
Miscellaneous	-	802	-	802
Total Receipts	336,211	406,533	$ 388,984	$ 17,549
Expenditures				
Social security	52,209	52,134	$ 65,083	$ (12,949)
Workers' compensation	43,428	39,914	45,000	(5,086)
KPERS	47,841	52,790	53,590	(800)
Unemployment insurance	11,791	6,492	16,602	(10,110)
Health insurance	213,528	214,047	261,499	(47,452)
Flex One plan	600	550	350	200
Library benefits	18,054	18,054	18,054	-
TIF	8,650	10,964	10,451	513
Neighborhood revitalization rebate	15,171	21,755	20,446	1,309
Total Expenditures	411,272	416,700	$ 491,075	$ (74,375)
Receipts Over (Under) Expenditures	(75,061)	(10,167)		
Unencumbered Cash, Beginning	210,920	135,859		
Unencumbered Cash, Ending	$ 135,859	$ 125,692		

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

EMS TRAINING 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)

	2011 Actual	2012 Actual
Receipts		
Training fees and miscellaneous	$ 2,279	$ 9,385
Expenditures		
Commodities	1,353	10,180
Receipts Over (Under) Expenditures	926	(795)
Unencumbered Cash, Beginning	7,715	8,641
Unencumbered Cash, Ending	$ 8,641	$ 7,846

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

FLOOD CONTROL 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 77,938	$ 30,280	$ 30,945	$ (665)
Back tax collections	519	1,465	-	1,465
Motor vehicle tax	2,586	9,662	8,742	920
Recreational vehicle tax	23	64	90	(26)
16/20M vehicle tax	105	67	41	26
Excise tax	2	5	-	5
Antique tag	13	52	-	52
Interest	67	47	-	47
Total Receipts	81,253	41,642	$ 39,818	$ 1,824
Expenditures				
Contractual services	366	20,100	$ 2,000	$ 18,100
Commodities	3,338	2,131	166,000	(163,869)
TIF	2,478	948	388	560
Neighborhood revitalization rebate	4,347	1,880	2,067	(187)
Total Expenditures	10,529	25,059	$ 170,455	$ (145,396)
Receipts Over (Under) Expenditures	70,724	16,583		
Unencumbered Cash, Beginning	73,333	144,057		
Unencumbered Cash, Ending	$ 144,057	$ 160,640		

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

HEALTH AND LIFE MANAGEMENT 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)

	2011 Actual	2012 Actual
Receipts		
Interest	$ 2,626	$ 489
Reimbursements	460,148	510,922
Total Receipts	462,774	511,411
Expenditures		
Health insurance premiums	139,278	139,992
Life insurance premiums	2,685	2,683
Health insurance claims	413,264	415,157
Total Expenditures	555,227	557,832
Receipts Over (Under) Expenditures	(92,453)	(46,421)
Unencumbered Cash, Beginning	1,098,162	1,005,709
Unencumbered Cash, Ending	$ 1,005,709	$ 959,288

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

KAMI 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)

	2011 Actual	2012 Actual
Receipts		
Miscellaneous	$ 1,409	$ 1,817
Expenditures		
Miscellaneous	1,410	1,807
Receipts Over (Under) Expenditures	(1)	10
Unencumbered Cash, Beginning	1	-
Unencumbered Cash, Ending	$ -	$ 10

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

LAW ENFORCEMENT TRUST 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)

	2011 Actual	2012 Actual
Receipts		
Drug seizure	$ 43	$ -
Donations	-	28,433
Diversion money	-	300
Total Receipts	43	28,733
Expenditures		
Commodities	-	24,466
Receipts Over (Under) Expenditures	43	4,267
Unencumbered Cash, Beginning	938	981
Unencumbered Cash, Ending	$ 981	$ 5,248

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 105,175	$ 106,880	$ 109,323	$ (2,443)
Back tax collections	2,345	3,787	-	3,787
Motor vehicle tax	16,448	15,375	11,798	3,577
Recreational vehicle tax	141	111	122	(11)
16/20M vehicle tax	335	553	56	497
Excise tax	10	10	-	10
Antique tag	83	87	25	62
Total Receipts	124,537	126,803	$ 121,324	$ 5,479
Expenditures				
Appropriation to Library Board	115,727	117,865	$ 118,409	$ (544)
TIF	3,345	3,348	3,263	85
Neighborhood revitalization rebate	5,789	6,643	6,184	459
Total Expenditures	124,861	127,856	$ 127,856	$ -
Receipts Over (Under) Expenditures	(324)	(1,053)		
Unencumbered Cash, Beginning	9,939	9,615		
Unencumbered Cash, Ending	$ 9,615	$ 8,562		

CITY OF KINGMAN, 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
State of Kansas - fuel tax	$ 79,704	$ 82,292	$ 88,610	$ (6,318)
Interest	180	142	-	142
Total Receipts	79,884	82,434	$ 88,610	$ (6,176)
Expenditures				
Personal services	67,968	70,123	$ 69,009	$ 1,114
Contractual services	-	-	30,000	(30,000)
Commodities	-	-	180,000	(180,000)
Total Expenditures	67,968	70,123	$ 279,009	$ (208,886)
Receipts Over (Under) Expenditures	11,916	12,311		
Unencumbered Cash, Beginning	196,556	208,472		
Unencumbered Cash, Ending	$ 208,472	$ 220,783		

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

SPECIAL PARK 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
State of Kansas - liquor tax	$ 1,056	$ 1,881	$ 1,013	$ 868
Reimbursements	9,363	2,397	772	1,625
Total Receipts	10,419	4,278	$ 1,785	$ 2,493
Expenditures				
Capital outlay	2,685	1,334	$ 18,000	$ (16,666)
Receipts Over (Under) Expenditures	7,734	2,944		
Unencumbered Cash, Beginning	13,209	20,943		
Unencumbered Cash, Ending	$ 20,943	$ 23,887		

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

ECONOMIC 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Interest	$ 7	$ -	$ 500	$ (500)
Sales tax	84,207	93,898	70,000	23,898
County payment	-	30,000	30,000	-
KCEDC payment	-	15,000	15,000	-
Total Receipts	84,214	138,898	$ 115,500	$ 23,398
Expenditures				
Commodities	1	-	$ -	$ -
Contractual services	54,447	63,632	58,277	5,355
Capital outlay	-	3,500	185,000	(181,500)
Lease purchase	9,162	9,162	9,168	(6)
Total Expenditures	63,610	76,294	$ 252,445	$ (176,151)
Receipts Over (Under) Expenditures	20,604	62,604		
Unencumbered Cash, Beginning	120,501	141,105		
Unencumbered Cash, Ending	$ 141,105	$ 203,709		

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

FIRE DEPARTMENT TRUST 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)

	2011 Actual	2012 Actual
Receipts		
Miscellaneous	$ 250	$ 375
Expenditures		
Miscellaneous	-	-
Receipts Over (Under) Expenditures	250	375
Unencumbered Cash, Beginning	-	250
Unencumbered Cash, Ending	$ 250	$ 625

CITY OF KINGMAN, KANSAS

SPECIAL PURPOSE FUND

MUNICIPAL COURT 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)

	2011 Actual	2012 Actual
Receipts		
Diversion fees	$ 2,630	$ 2,820
Court costs	12,766	11,319
Fines	39,314	37,079
Restitution	2,042	1,036
Attorney fees	4,194	3,525
KBI fees	2,050	1,960
Drug/alcohol assessment fees	670	275
Law enforcement training fees	6,541	5,823
Reinstatement fees	1,225	595
State administrative fees	164	147
Bonds	550	3,650
Interest	-	12
Miscellaneous	2	2
Total Receipts	72,148	68,243
Expenditures		
Payments to City of Kingman	48,478	53,080
Bonds	3,907	2,975
Payments to State of Kansas	7,929	6,518
Miscellaneous	9,886	9,198
Total Expenditures	70,200	71,771
Receipts Over (Under) Expenditures	1,948	(3,528)
Unencumbered Cash, Beginning	5,460	7,408
Unencumbered Cash, Ending	$ 7,408	$ 3,880

CITY OF KINGMAN, KANSAS

BOND AND INTEREST FUND

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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 7,060	$ 4	$ -	$ 4
Back tax collections	163	465	-	465
Motor vehicle tax	465	845	790	55
Recreational vehicle tax	4	5	8	(3)
16/20M vehicle tax	50	-	4	(4)
Excise tax	1	-	-	-
Antique tag	2	5	-	5
Special assessments	20,364	19,697	16,800	2,897
Bond proceeds	-	3,480,000	-	
Reimbursement	-	1,504	-	1,504
Interest	212	66	-	66
Total Receipts	28,321	3,502,591	$ 17,602	$ 4,989
Expenditures				
Principal	10,000	10,000	$ 10,000	$ -
Interest	5,450	3,730	6,800	(3,070)
Electric/water contingency	-	-	80,000	(80,000)
TIF	225	-	-	-
Neighborhood revitalization rebate	394	-	-	-
Total Expenditures Subject to Budget	16,069	13,730	$ 96,800	$ (83,070)
Expenditures Not Subject to Budget				
Debt pay-off	-	3,480,000		
Total Expenditures	16,069	3,493,730		
Receipts Over (Under) Expenditures	12,252	8,861		
Unencumbered Cash, Beginning	85,161	97,413		
Unencumbered Cash, Ending	$ 97,413	$ 106,274		

CITY OF KINGMAN, KANSAS

BOND AND INTEREST FUND

TIF IMPROVEMENT 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)

	2011 Actual	2012 Actual
Receipts		
Transfer from TIF Fund	$ 69,996	$ 69,996
Miscellaneous	26	25
Total Receipts	70,022	70,021
Expenditures		
Principal	43,000	45,000
Interest	14,620	12,793
Commission	3	3
Total Expenditures	57,623	57,796
Receipts Over (Under) Expenditures	12,399	12,225
Unencumbered Cash, Beginning	23,519	35,918
Unencumbered Cash, Ending	$ 35,918	$ 48,143

CITY OF KINGMAN, KANSAS

CAPITAL PROJECT FUND

STREET IMPROVEMENT 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)

	2011 Actual	2012 Actual
Receipts		
Miscellaneous	$ -	$ 2,635
Temporary note proceeds	-	749,513
Total Receipts	-	752,148
Expenditures		
Construction costs	-	61,092
Receipts Over (Under) Expenditures	-	691,056
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 691,056

CITY OF KINGMAN, KANSAS

CAPITAL PROJECT FUND

AIRPORT IMPROVEMENT 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)

	2011 Actual	2012 Actual
Receipts		
Grants	$ 8,775	$ 37,845
Expenditures		
Construction costs	-	50,342
Receipts Over (Under) Expenditures	8,775	(12,497)
Unencumbered Cash, Beginning	5,616	14,391
Unencumbered Cash, Ending	$ 14,391	$ 1,894

CITY OF KINGMAN, KANSAS

CAPITAL PROJECT FUND

TIF 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Tax increment financing allocation	$ 81,464	$ 81,589	$ 60,000	$ 21,589
Interest	97	71	-	71
Miscellaneous	3	49	-	49
Total Receipts	81,564	81,709	$ 60,000	$ 21,709
Expenditures				
Contractual services	19,296	21,862	$ 7,000	$ 14,862
Commodities	960	420	5,000	(4,580)
Capital outlay	-	1,834	120,000	(118,166)
Transfer to TIF Improvement Debt Service Fund	69,996	69,996	70,000	(4)
Total Expenditures	90,252	94,112	$ 202,000	$ (107,888)
Receipts Over (Under) Expenditures	(8,688)	(12,403)		
Unencumbered Cash, Beginning	157,419	148,731		
Unencumbered Cash, Ending	$ 148,731	$ 136,328		

CITY OF KINGMAN, KANSAS

CAPITAL PROJECT FUND

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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Interest	$ 7	$ -	$ -	$ -
Transfer from General Fund	75,000	75,000	75,000	-
Total Receipts	75,007	75,000	$ 75,000	$ -
Expenditures				
Capital outlay	32,957	-	$ -	$ -
Office improvement	96,241	-	190,000	(190,000)
Total Expenditures	129,198	-	$ 190,000	$ (190,000)
Receipts Over (Under) Expenditures	(54,191)	75,000		
Unencumbered Cash, Beginning	175,060	120,869		
Unencumbered Cash, Ending	$ 120,869	$ 195,869		

CITY OF KINGMAN, KANSAS

TRUST FUND

CEMETERY ENDOWMENT 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)

	2011 Actual	2012 Actual
Receipts		
Permits issued	$ 3,175	$ 2,725
Interest	158	60
Total Receipts	3,333	2,785
Expenditures	-	-
Receipts Over (Under) Expenditures	3,333	2,785
Unencumbered Cash, Beginning	97,829	101,162
Unencumbered Cash, Ending	$ 101,162	$ 103,947

CITY OF KINGMAN, KANSAS

TRUST FUND

CEMETERY CAPITAL IMPROVEMENT 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)

	2011 Actual	2012 Actual
Receipts		
Lots sold	$ 200	$ 425
Interest	14	55
Total Receipts	214	480
Expenditures	-	-
Receipts Over (Under) Expenditures	214	480
Unencumbered Cash, Beginning	8,845	9,059
Unencumbered Cash, Ending	$ 9,059	$ 9,539

CITY OF KINGMAN, KANSAS

TRUST FUND

BOWREN 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)

	2011 Actual	2012 Actual
Receipts		
Interest	$ 23	$ 24
Expenditures		
Miscellaneous	-	20
Receipts Over (Under) Expenditures	23	4
Unencumbered Cash, Beginning	3,660	3,683
Unencumbered Cash, Ending	$ 3,683	$ 3,687

CITY OF KINGMAN, KANSAS

TRUST FUND

KEYS ESTATE 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)

	2011 Actual	2012 Actual
Receipts		
Interest	$ 1	$ 1
Expenditures		
Miscellaneous	-	20
Receipts Over (Under) Expenditures	1	(19)
Unencumbered Cash, Beginning	1,346	1,347
Unencumbered Cash, Ending	$ 1,347	$ 1,328

CITY OF KINGMAN, KANSAS

BUSINESS FUND

WATER 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for services	$ 676,185	$ 664,892	$ 632,489	$ 32,403
Interest	239	190	-	190
Miscellaneous	4,606	5,427	2,750	2,677
Total Receipts	681,030	670,509	$ 635,239	$ 35,270
Expenditures				
Production -				
Contractual services	49,888	46,296	$ 67,950	$ (21,654)
Commodities	6,362	6,103	13,550	(7,447)
Total Production	56,250	52,399	81,500	(29,101)
Transmission -				
Personal services	103,308	92,093	129,220	(37,127)
Contractual services	4,476	14,521	22,400	(7,879)
Commodities	38,569	36,998	48,500	(11,502)
Capital outlay	1,430	24,000	300,000	(276,000)
Total Transmission	147,783	167,612	500,120	(332,508)
Administration -				
Personal services	108,871	119,019	118,705	314
Contractual services	7,944	9,473	16,050	(6,577)
Commodities	1,858	1,482	53,500	(52,018)
Capital outlay	307	-	8,000	(8,000)
Franchise fee	32,954	33,204	-	33,204
Transfer to Water Principal and Interest Fund	237,000	138,250	237,000	(98,750)
Total Administration	388,934	301,428	433,255	(131,827)
Total Expenditures	592,967	521,439	$ 1,014,875	$ (493,436)
Receipts Over (Under) Expenditures	88,063	149,070		
Unencumbered Cash, Beginning	487,050	575,113		
Unencumbered Cash, Ending	$ 575,113	$ 724,183		

CITY OF KINGMAN, KANSAS

BUSINESS FUND

WATER PRINCIPAL 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)

	2011 Actual	2012 Actual
Receipts		
Interest	$ 793	$ 323
Transfer from Water Fund	237,000	138,250
Total Receipts	237,793	138,573
Expenditures		
Principal	220,000	230,000
Interest	23,800	15,000
Total Expenditures	243,800	245,000
Receipts Over (Under) Expenditures	(6,007)	(106,427)
Unencumbered Cash, Beginning	363,792	357,785
Unencumbered Cash, Ending	$ 357,785	$ 251,358

CITY OF KINGMAN, KANSAS

BUSINESS FUND

WATER SURPLUS 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)

	2011 Actual	2012 Actual
Receipts		
Interest	$ 3,535	$ 1,630
Expenditures	-	-
Receipts Over (Under) Expenditures	3,535	1,630
Unencumbered Cash, Beginning	2,419,450	2,422,985
Unencumbered Cash, Ending	$ 2,422,985	$ 2,424,615

CITY OF KINGMAN, KANSAS

BUSINESS FUND

LIGHT 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for services	$ 4,971,057	$ 5,081,716	$ 4,912,500	$ 169,216
Kansas Power Pool	131,790	214,139	405,000	(190,861)
Interest	629	284	500	(216)
Permits	500	650	3,000	(2,350)
Miscellaneous	18,859	32,176	19,000	13,176
Total Receipts	5,122,835	5,328,965	$ 5,340,000	$ (11,035)
Expenditures				
Production -				
Personal services	406,632	436,229	$ 477,355	$ (41,126)
Contractual services	2,629,676	2,609,290	3,055,000	(445,710)
Commodities	555,587	651,395	535,000	116,395
Capital outlay	541	-	-	-
Total Production	3,592,436	3,696,914	4,067,355	(370,441)
Transmission -				
Personal services	220,325	268,179	300,105	(31,926)
Contractual services	104,746	111,028	92,600	18,428
Commodities	146,246	149,551	158,200	(8,649)
Capital outlay	19,770	31,325	-	31,325
Total Transmission	491,087	560,083	550,905	9,178

CITY OF KINGMAN, KANSAS

BUSINESS FUND

LIGHT 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Expenditures (cont.)				
Administrative -				
Personal services	$ 118,629	$ 130,743	$ 125,642	$ 5,101
Contractual services	22,405	25,866	29,750	(3,884)
Commodities	10,215	7,193	150,400	(143,207)
Capital outlay	307	-	18,000	(18,000)
Franchise fee	135,000	135,000	-	135,000
Transfer to Light Surplus Fund	100,000	100,000	100,000	-
Transfer to Light Principal and Interest Fund	648,000	648,000	648,000	-
Total Administrative	1,034,556	1,046,802	1,071,792	(24,990)
Total Expenditures	5,118,079	5,303,799	$ 5,690,052	$ (386,253)
Receipts Over (Under) Expenditures	4,756	25,166		
Unencumbered Cash, Beginning	696,778	701,534		
Unencumbered Cash, Ending	$ 701,534	$ 726,700		

CITY OF KINGMAN, KANSAS

BUSINESS FUND

LIGHT PRINCIPAL 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)

	2011 Actual	2012 Actual
Receipts		
Interest	$ 450	$ 246
Transfer from Light Fund	648,000	648,000
Total Receipts	648,450	648,246
Expenditures		
Principal	375,000	410,000
Interest	238,910	222,973
Total Expenditures	613,910	632,973
Receipts Over (Under) Expenditures	34,540	15,273
Unencumbered Cash, Beginning	353,898	388,438
Unencumbered Cash, Ending	$ 388,438	$ 403,711

CITY OF KINGMAN, KANSAS

BUSINESS FUND

LIGHT SURPLUS 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)

	2011 Actual	2012 Actual
Receipts		
Interest	$ 3,538	$ 1,935
Reimbursement	-	62,312
Transfer from Light Fund	100,000	100,000
Total Receipts	103,538	164,247
Expenditures		
Contractual services	141,603	4,048
Receipts Over (Under) Expenditures	(38,065)	160,199
Unencumbered Cash, Beginning	2,485,989	2,447,924
Unencumbered Cash, Ending	$ 2,447,924	$ 2,608,123

CITY OF KINGMAN, KANSAS

BUSINESS FUND

DISPOSAL SYSTEM 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)

		2012		
	2011 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Customer bills	$ 738,168	$ 729,827	$ 731,358	$ (1,531)
Permits	10	45	-	45
Sewer taps	530	395	500	(105)
Previously cancelled bills	363	18	1,000	(982)
Interest	90	71	-	71
Total Receipts	739,161	730,356	$ 732,858	$ (2,502)
Expenditures				
Personal services	113,189	-	$ -	$ -
Contractual services	139,994	-	-	-
Commodities	32,478	-	-	-
Capital outlay	25,789	-	-	-
Treatment Plant -				
Personal services	-	50,199	71,876	(21,677)
Contractual services	-	93,085	107,280	(14,195)
Commodities	-	34,146	25,450	8,696
Capital outlay	-	1,000	-	1,000
Total Treatment Plant	-	178,430	204,606	(26,176)
Collection System -				
Personal services	-	31,295	31,015	280
Contractual services	-	32,534	28,400	4,134
Commodities	-	8,406	11,900	(3,494)
Capital outlay	-	478	200,000	(199,522)
Total Collection System	-	72,713	271,315	(198,602)
Administration -				
Personal services	-	16,262	15,942	320
Contractual services	-	10,231	11,379	(1,148)
Commodities	-	1,107	37,500	(36,393)
Capital outlay	-	138	18,000	(17,862)
Franchise fee	36,473	36,739	-	36,739
Transfer to Disposal System Debt Service Fund	291,543	291,543	291,543	-
Transfer to Disposal Replacement Fund	48,000	48,000	48,000	-
Total Administration	376,016	404,020	422,364	(18,344)
Total Expenditures	687,466	655,163	$ 898,285	$ (243,122)
Receipts Over (Under) Expenditures	51,695	75,193		
Unencumbered Cash, Beginning	156,879	208,574		
Unencumbered Cash, Ending	$ 208,574	$ 283,767		

CITY OF KINGMAN, KANSAS

BUSINESS FUND

DISPOSAL SYSTEM 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)

	2011 Actual	2012 Actual
Receipts		
Interest	$ 443	$ 156
Transfer from Disposal System Fund	291,543	291,543
Total Receipts	291,986	291,699
Expenditures		
Principal	203,707	209,938
Interest	88,338	82,620
Commission and postage	7,963	163
Total Expenditures	300,008	292,721
Receipts Over (Under) Expenditures	(8,022)	(1,022)
Unencumbered Cash, Beginning	284,352	276,330
Unencumbered Cash, Ending	$ 276,330	$ 275,308

CITY OF KINGMAN, KANSAS

BUSINESS FUND

DISPOSAL 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)

	2011 Actual	2012 Actual
Receipts		
Interest	$ 1,120	$ 342
Transfer from Disposal System Fund	48,000	48,000
Total Receipts	49,120	48,342
Expenditures	-	-
Receipts Over (Under) Expenditures	49,120	48,342
Unencumbered Cash, Beginning	776,041	825,161
Unencumbered Cash, Ending	$ 825,161	$ 873,503

CITY OF KINGMAN, KANSAS

AGENCY FUNDS

SUMMARY SCHEDULE OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended December 31, 2012

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Meter Deposit	$ 46,274	$ 53,504	$ 53,625	$ 46,153
Sales Tax	9,929	130,592	129,347	11,174
Payroll Clearing	992	1,618,447	1,618,292	1,147
Cafeteria Plan Reimbursement	1,990	4,986	5,794	1,182
Total	$ 59,185	$ 1,807,529	$ 1,807,058	$ 59,656

CITY OF KINGMAN, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2012

FINDINGS – FINANCIAL STATEMENT AUDIT

Number 11-01: Segregation of Duties

Condition: Due to the new auditing standards, we are required at a minimum to have a significant deficiency on the operations of an entity that has limited staff to perform segregate duties, and properly review procedures as required in an ideal internal control structure. In order to have ideal segregation of duties, the custody of assets, the authorization of transactions over those assets, and the recording of those transactions should all be performed by separate individuals. In a smaller entity setting, it is very difficult to maintain ideal segregation of duties. We considered this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.

Status and Recommendation: Current management and the governing body should continually review the opportunity to implement segregation of duties that will enhance the internal control structure at a minimal cost to the City. Please review the noted actions listed below in our recommendation. We recommend that management and the governing body continually review their daily transactions for potential conflicting phases of a transaction as noted above. Below we have detailed actions that management and the governing body should take to compensate for these conflicting phases that have been identified in your daily transaction process:

- ***Review reports of detail transactions*** – Management and the governing body should review ***detailed*** transactions on a regular and timely basis through appropriate computer reports of the detailed transactions.
    - Status: The Commission reviews and approves the bills, summary of cash receipts, cash disbursements and unencumbered cash, the City Manager or City Treasurer review and approve all adjusting journal entries. This is no longer considered a condition.
- ***Review selected transactions*** – Management and the governing body should select random transactions for review of supporting documents. These selected transactions should be followed through the entire transaction process from start to finish to ensure that all documented internal controls are working appropriately and are not being overridden by any individual within the entity.
    - Status: The City Clerk periodically selects receipts to trace through the entire transaction process. When utility rate increases occur, the City Clerk recalculates a utility receipt to ensure rates were entered accurately. The City Clerk and the City Manager review payroll registers. This is no longer considered a condition.

CITY OF KINGMAN, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2012

FINDINGS – FINANCIAL STATEMENT AUDIT (CONT.)

Number 11-01: Segregation of Duties (cont.)

Status and Recommendation (cont.):

- ***Take periodic asset counts*** – Management and the governing body should periodically conduct counts of physical inventory, equipment, daily cash drawer receipts or other assets and compare these counts with the appropriate accounting records.
    - Status: The Accounts Payable/Accounting Clerk balances the cash drawer every week. The Commission approves the fixed asset list for City Hall, Airport and EMS annually in the minutes. This is no longer considered a condition.
- ***Check reconciliations*** – Management and the governing body should review reconciliations of account balances such as cash, utility billing receivables or other liquid assets on a regular basis. The governing body should perform surprise procedures on these reconciliations independently of management at certain times throughout the fiscal year. These surprise procedures should be documented appropriately by the governing body member, including signature and date conducted.
    - Status: The bank reconciliation and the utility billing reconciliation is reviewed by the City Clerk. The Commission receives the reconciliations monthly. This is no longer considered a condition.

Number 11-02: Financial Statement Reporting

Condition: Our firm has been asked to prepare the financial statements for the City; however, our firm cannot be considered part of the internal control structure of the City in regard to the preparation of the financial statements. We consider this condition related to external financial statement preparation to be a significant deficiency under the standards established by the American Institute of Certified Public Accountants.

Criteria: The City prepares its financial statements in accordance with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, in accordance with the reporting and formatting requirements displayed in the *Kansas Municipal Audit Guide* (KMAG).

CITY OF KINGMAN, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2012

FINDINGS – FINANCIAL STATEMENT AUDIT (CONT.)

Effect: City personnel does have the skill and knowledge to process all the basic financial transactions and the ability to issue the internal financial statements needed to provide appropriate budget and operating information to the City governing body on an as needed basis. However, the City either has no documented policy or procedures related to the preparation of the external financial statements and/or the policies and procedures are not implemented and adequately followed to ensure the accuracy and completeness of the external financial statements.

Cause: The City Clerk or another designated individual should have an understanding of how the financial statements are assembled and assist the audit firm with any possible missing or incomplete information. It would be to the advantage of the City Clerk and the governing body to obtain the appropriate training and expertise to better understand the preparation and issuance of their external financial statements. However, for the size of your entity, it may be cost prohibitive to secure either the necessary training and expertise or the additional staff to gain the knowledge and expertise necessary to assemble the City's external financial statements.

Recommendation: To strengthen internal control over financial statement preparation, we recommend:

- Obtain a current copy of the Kansas Municipal Audit Guide (KMAG),
- Obtain a report check list for KMAG financial statements,
- Participate in a training session on financial statement preparation and review, and
- Adopt a policy that annual financial statements will be reviewed prior to being subjected to audit.

Management Response: See Number 12-01.

CITY OF KINGMAN, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2012

FINDINGS – FINANCIAL STATEMENT AUDIT

Number 12-01: Financial Statement Reporting

Condition: Our firm has been asked to prepare the financial statements for the City; however, our firm cannot be considered part of the internal control structure of the City in regard to the preparation of the financial statements. We consider this condition related to external financial statement preparation to be a significant deficiency under the standards established by the American Institute of Certified Public Accountants.

Criteria: The City prepares its financial statements in accordance with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, in accordance with the reporting and formatting requirements displayed in the *Kansas Municipal Audit and Accounting Guide* (KMAAG).

Effect: City personnel does have the skill and knowledge to process all the basic financial transactions and the ability to issue the internal financial statements needed to provide appropriate budget and operating information to the City governing body on an as needed basis. However, the City either has no documented policy or procedures related to the preparation of the external financial statements and/or the policies and procedures are not implemented and adequately followed to ensure the accuracy and completeness of the external financial statements.

Cause: The City Clerk or another designated individual should have an understanding of how the financial statements are assembled and assist the audit firm with any possible missing or incomplete information. It would be to the advantage of the City Clerk and the governing body to obtain the appropriate training and expertise to better understand the preparation and issuance of their external financial statements. However, for the size of your entity, it may be cost prohibitive to secure either the necessary training and expertise or the additional staff to gain the knowledge and expertise necessary to assemble the City's external financial statements.

Status and Recommendation: To strengthen internal control over financial statement preparation, we recommend:

- Obtain a current copy of the *Kansas Municipal Audit and Accounting Guide* (KMAAG).
  - Status: No action taken in 2012.
- Obtain a report check list for KMAAG financial statements.
  - Status: The City Clerk received and completed a report checklist for KMAAG financial statement. This is no longer considered a condition.

CITY OF KINGMAN, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2012

FINDINGS – FINANCIAL STATEMENT AUDIT (CONT.)

Number 12-01: Financial Statement Reporting (cont.)

Status and
Recommendation (cont.):

- Participate in a training session on financial statement preparation and review.
    - Status: No action taken in 2012.
- Adopt a policy that annual financial statements will be reviewed prior to being subjected to audit.
    - Status: No action taken in 2012.

Management Response: We concur with the auditor's findings that the financial information supplied is not presented in the form expressed in the KMAAG. However, we do believe that the information provided in current form accurately expresses the financial and budgetary condition of the City. Additional training may be required to fulfill the requirement setforth.