

CITY OF PROTECTION, KANSAS

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2012

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

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Protection, Kansas
Protection, Kansas

We have audited the accompanying primary government summary statement of regulatory basis receipts, expenditures, and unencumbered cash of **City of Protection, Kansas**, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities

The financial statement referred to above does not include financial data for the City's legally separate related municipal entity. Accounting principles generally accepted in the United States of America require financial data for those related municipal entities to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that

include the financial data for its related municipal entities. The City has not issued such reporting entity financial statements. The effect on the financial statement of this departure from accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" paragraph, the financial statement referred to above does not present fairly the financial position of the aggregate discretely presented related municipal entities of **City of Protection, Kansas**, as of December 31, 2012, or the changes in financial position thereof for the year then ended.

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

As described in Note 1, the financial statement is prepared by **City of Protection, Kansas** to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Aggregate Remaining Fund Information

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" and "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statement referred to above does not present fairly, in all material respects, the financial position of the aggregate remaining fund information of **City of Protection, Kansas** as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **City of Protection, 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* as described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the summary statement of receipts, expenditures and unencumbered cash (basic financial statement) as a whole. The summary of expenditures – actual and budget and individual fund schedules of receipts and expenditures (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedules of operating ratio and debt coverage ratio are also presented for purposes of additional analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and was derived from

and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statement as a whole.

Adams, Brown, Beran & Ball, Chtd.

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

September 10, 2013

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

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund							
General Fund	\$ 97,269	-	330,158	259,712	167,715	15,515	183,230
Special Purpose Funds							
Special Highway Fund	6,906	-	13,303	12,225	7,984	-	7,984
Special Equipment Fund	91,811	-	40,000	23,558	108,253	-	108,253
Special Parks and Recreation Fund	876	-	1,874	-	2,750	-	2,750
Water Grant Fund	-	-	3,902	3,902	-	-	-
Business Funds							
Waterworks System Fund	168,259	-	129,588	108,226	189,621	1,526	191,147
Sewage Disposal Fund	238,915	-	116,386	106,093	249,208	792	250,000
Solid Waste Fund	30,659	-	62,213	64,043	28,829	-	28,829
Total Primary Government	\$ 634,695	-	697,424	577,759	754,360	17,833	772,193
Composition of Cash							
					Checking Account	\$	66,508
					Certificates of Deposit		705,610
					Cash on Hand		75
					Total Primary Government	\$	772,193

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

CITY OF PROTECTION, KANSAS
Notes to Financial Statement
December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Protection, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Financial Reporting Entity

The City is a municipal corporation governed by an elected six-member council. This financial statement does not include the related municipal entity shown below. A related municipal entity is an entity established to benefit the City and/or its constituents.

Housing Authority

The City's Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Unaudited financial statements can be obtained by contacting the housing authority's office.

Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2012.

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.

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

Basis of Accounting

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in

CITY OF PROTECTION, KANSAS

Notes to Financial Statement

December 31, 2012

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.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, and temporary notes are not presented in the financial statement.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts.

Reimbursements

The City records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures (or expenses) are properly offset by the reimbursements.

NOTE 2 – 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:

CITY OF PROTECTION, KANSAS
Notes to Financial Statement
December 31, 2012

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. 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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Special Equipment Fund and Water Grant Fund.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

City of Protection, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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

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

CITY OF PROTECTION, KANSAS
Notes to Financial Statement
December 31, 2012

investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 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, except during designated "peak periods" when required coverage is 50. The City does not use "peak periods". All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$772,193 and the bank balance was \$781,218. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,225 was covered by federal depository insurance and \$530,993 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. The City had no investments at December 31, 2012.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Protection, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2012 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Special Equipment Fund	K.S.A. 12-1,117	25,000
Sewage Disposal Fund	Special Equipment Fund	K.S.A. 12-825d	15,000
Solid Waste Fund	General Fund	K.S.A. 12-825d	5,000

NOTE 5 – LITIGATION

City of Protection, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

NOTE 6 – RISK MANAGEMENT

City of Protection, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, workers' compensation, automobile, linebacker, law enforcement and surety bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF PROTECTION, KANSAS
Notes to Financial Statement
December 31, 2012

NOTE 7 – GRANTS AND SHARED REVENUES

City of Protection, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 8 – RELATED PARTY TRANSACTIONS

City of Protection, Kansas entered into an arms length transaction with council member Michael L. Brosius. The City paid \$4,391 for services provided by Mike's Repair Protection Auto during the year ended December 31, 2012. Michael L. Brosius is the owner of the business.

NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

City of Protection, Kansas did not publish the financial statements by the annual due date, showing by fund the beginning and ending balances, receipts and expenditures, along with obligation/liability information, which is a violation of K.S.A. 12-1608.

NOTE 10 – OPERATING LEASES

City of Protection, Kansas currently has an operating lease for a postage machine. The monthly rental payment is \$27. As of December 31, 2012 the rental payments totaled \$162. Future scheduled payments to maturity are as follows:

Future scheduled payments to maturity are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 323
2014	162
Total	\$ 485

NOTE 11 – DEFERRED COMPENSATION PLAN

City of Protection, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The City is not required to make any contributions.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of Protection, Kansas** 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.

CITY OF PROTECTION, KANSAS
Notes to Financial Statement
December 31, 2012

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.

NOTE 13 – COMPENSATED ABSENCES

Vacation

City of Protection, Kansas' policy regarding vacation is that a full-time employee will accrue 8 to 14 hours per month (based on tenure with the City). Accrued vacation shall not exceed 120 to 240 hours (based on tenure with the City). No vacation may be taken during the first six months of employment. Part-time employees who work at least 20 hours per week shall earn vacation at the rate of 4 hours for each month of employment. Upon termination, an employee shall be compensated for all earned but unused vacation at their final rate of pay. The potential liability for vacation at December 31, 2012 was \$4,981. This is not reflected in the financial statement.

Sick Leave

The policy regarding sick leave is that a full-time employee is allowed to earn 1 day of sick leave a month and can accumulate up to 45 days of sick leave, which is cancelled upon the termination of the employee. A part-time employee who works at least 20 hours per week shall receive 4 hours of sick leave for each month of employment. Full-time employees have the option to sell back up to 12.5 days of sick leave when his or her accumulated sick leave reaches 45 days. For part-time employees it shall be when his or her accumulated sick leave reaches 22.5 days. The sick leave policy begins after one month of employment. The potential liability for sick leave at December 31, 2012 was \$4,864. This is not reflected in the financial statement.

Longevity Pay

Annual longevity pay may be given at the discretion of the governing body.

NOTE 14 – LONG-TERM DEBT

City of Protection, Kansas has the following types of long-term debt.

KDHE Revolving Loan

The City entered into a \$711,030 revolving loan agreement on October 11, 2005 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance the costs associated with the design and construction of sewer improvements that were necessary to stay within the state requirements.

CITY OF PROTECTION, KANSAS
Notes to Financial Statement
December 31, 2012

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
KDHE Revolving Loan	2.58%	10/11/2005	\$ 711,030	2027	\$ 590,197	-	(30,224)	559,973	13,577

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

	YEAR							Total
	2013	2014	2015	2016	2017	2018-2022	2023-2027	
Principal								
KDHE Revolving Loan	\$ 31,009	31,814	32,640	33,487	34,357	185,640	211,026	559,973
Interest								
KDHE Revolving Loan	12,868	12,141	11,395	10,629	9,844	36,708	13,781	107,366
Total Principal and Interest	\$ 43,877	43,955	44,035	44,116	44,201	222,348	224,807	667,339

CITY OF PROTECTION, KANSAS

Regulatory-Required Supplementary Information

CITY OF PROTECTION, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund					
General Fund	\$ 340,116	-	340,116	259,712	(80,404)
Special Purpose Fund					
Special Highway Fund	21,162	-	21,162	12,225	(8,937)
Business Funds					
Waterworks System Fund	122,500	-	122,500	108,226	(14,274)
Sewage Disposal Fund	142,758	-	142,758	106,093	(36,665)
Solid Waste Fund	76,500	-	76,500	64,043	(12,457)

CITY OF PROTECTION, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 128,086	127,077	136,280	(9,203)
Delinquent	5,782	4,646	6,000	(1,354)
Motor Vehicle	28,456	29,199	28,765	434
Recreational Vehicle	235	317	1,440	(1,123)
Local Sales Tax	55,223	84,847	52,000	32,847
Local Alcohol Tax	876	1,874	-	1,874
Licenses, Permits and Fees	1,891	1,291	1,000	291
Franchise Fees	38,636	37,349	36,000	1,349
Swimming Pool	3,590	4,831	3,000	1,831
Fines	3,251	17,059	2,000	15,059
Rent	175	125	50	75
Crop Sales	8,554	2,218	2,000	218
Miscellaneous	3,154	148	-	148
Interest	7,569	7,177	7,000	177
Sale of Assets	-	7,000	-	7,000
Transfers In	-	5,000	5,000	-
Total Cash Receipts	285,478	330,158	280,535	49,623
Expenditures				
General Administrative	63,645	72,611	78,237	(5,626)
Employee Benefits	21,116	18,262	35,000	(16,738)
Public Safety	52,590	27,637	52,000	(24,363)
Parks and Recreation	34,363	41,378	45,000	(3,622)
Street Department	69,768	70,339	100,000	(29,661)
Transfers Out	32,450	25,000	25,000	-
Neighborhood Revitalization Rebate	5,786	4,485	4,879	(394)
Total Expenditures	279,718	259,712	340,116	(80,404)
Cash Receipts Over (Under) Expenditures	5,760	70,446		
Unencumbered Cash - Beginning	91,509	97,269		
Unencumbered Cash - Ending	\$ 97,269	167,715		

CITY OF PROTECTION, KANSAS
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Intergovernmental	\$ 13,570	13,303	<u>14,600</u>	<u>(1,297)</u>
Expenditures				
Commodities	<u>16,876</u>	<u>12,225</u>	<u>21,162</u>	<u>(8,937)</u>
Cash Receipts Over (Under) Expenditures	(3,306)	1,078		
Unencumbered Cash - Beginning	<u>10,212</u>	<u>6,906</u>		
Unencumbered Cash - Ending	\$ <u>6,906</u>	<u>7,984</u>		

CITY OF PROTECTION, KANSAS
Special Equipment Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 47,450	40,000
Expenditures		
Capital Outlay	39,958	23,558
Cash Receipts Over (Under) Expenditures	7,492	16,442
Unencumbered Cash - Beginning	84,319	91,811
Unencumbered Cash - Ending	\$ 91,811	108,253

CITY OF PROTECTION, KANSAS
Special Parks and Recreation Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Alcohol Tax	\$ 876	1,874
Expenditures	-	-
Receipts Over (Under) Expenditures	876	1,874
Unencumbered Cash - Beginning	-	876
Unencumbered Cash - Ending	\$ 876	2,750

CITY OF PROTECTION, KANSAS
Water Grant Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Cash Receipts		
State Aid	\$ -	3,902
Expenditures		
Contractual Services	-	3,902
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

CITY OF PROTECTION, KANSAS
Waterworks 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)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
Cash Receipts				
Customer Sales	\$ 122,876	129,588	115,200	14,388
Expenditures				
Personal Services	20,890	23,319	27,500	(4,181)
Contractual Services	23,231	27,082	35,000	(7,918)
Commodities	21,893	9,469	20,000	(10,531)
Capital Outlay	1,531	48,356	40,000	8,356
Total Expenditures	67,545	108,226	122,500	(14,274)
Cash Receipts Over (Under) Expenditures	55,331	21,362		
Unencumbered Cash - Beginning	112,928	168,259		
Unencumbered Cash - Ending	\$ 168,259	189,621		

CITY OF PROTECTION, KANSAS
Sewage Disposal Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Local Sales Tax	\$ 27,612	42,424	25,000	17,424
Customer Sales	75,154	73,962	76,500	(2,538)
Total Cash Receipts	102,766	116,386	101,500	14,886
Expenditures				
Personal Services	10,577	14,277	17,500	(3,223)
Contractual Services	15,653	26,693	25,000	1,693
Commodities	1,964	4,865	15,000	(10,135)
KDHE - Principal Payments	29,459	30,224	30,224	-
KDHE - Interest Payments	14,267	13,577	13,577	-
KDHE - Service Fees	1,531	1,457	1,457	-
Capital Outlay	-	-	25,000	(25,000)
Transfers Out	15,000	15,000	15,000	-
Total Expenditures	88,451	106,093	142,758	(36,665)
Cash Receipts Over (Under) Expenditures	14,315	10,293		
Unencumbered Cash - Beginning	224,600	238,915		
Unencumbered Cash - Ending	\$ 238,915	249,208		

CITY OF PROTECTION, KANSAS
Solid Waste Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Cash Receipts				
Customer Sales	\$ 62,264	62,213	65,000	(2,787)
Expenditures				
Contractual Services	59,049	58,982	71,500	(12,518)
Commodities	8	61	-	61
Transfers Out	-	5,000	5,000	-
Total Expenditures	59,057	64,043	76,500	(12,457)
Cash Receipts Over (Under) Expenditures	3,207	(1,830)		
Unencumbered Cash - Beginning	27,452	30,659		
Unencumbered Cash - Ending	\$ 30,659	28,829		

CITY OF PROTECTION, KANSAS

Supplementary Information

CITY OF PROTECTION, KANSAS
 Schedule of Operating Ratio
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>Operating Ratio</u>					
	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>2012</u>	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>2011</u>
Sewage Disposal Fund	\$ 116,386	\$ 106,093	1.10	\$ 102,766	\$ 88,451	1.16
Solid Waste Fund	62,213	64,043	0.97	62,264	59,057	1.05
Waterworks System Fund	129,588	108,226	1.20	122,876	67,545	1.82

See independent auditors' report.

CITY OF PROTECTION, KANSAS
 Schedule of Debt Coverage Ratio
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Debt Coverage Ratio</u>		
Sewage Disposal Fund		
Total Revenues	\$ 116,386	102,766
Non-Debt Operating Expenses	<u>60,835</u>	<u>43,194</u>
Net Operating Revenue	<u>\$ 55,551</u>	<u>59,572</u>
Debt Service Expenses	<u>\$ 45,258</u>	<u>45,257</u>
Debt Coverage Ratio	<u>1.23</u>	<u>1.32</u>

See independent auditors' report.