

CITY OF WAKEENEY, KANSAS
Financial Statement with Independent Auditor's Report
For the Year Ended December 31, 2012

MAPES & MILLER LLP
Certified Public Accountants
WaKeeney, KS

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For the Year Ended December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of WaKeeney
WaKeeney, Kansas 67672

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by City of

WaKeeney, Kansas, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of City of WaKeeney, 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 City of WaKeeney, Kansas, as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Supplementary Information

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

The Prior Year Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2011 basic financial statement upon which we rendered an unqualified opinion dated May 18, 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.

Mapes & Miller LLP
Certified Public Accountants

May 15, 2013

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

STATEMENT 1

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:						
General Funds						
General Fund	\$ 114,946	1,163,367	1,178,875	99,438	9,833	109,271
Special Purpose Funds						
Industrial Development Fund	18,720	12,461	17,203	13,978	0	13,978
Library Fund	11,932	67,440	65,867	13,505	695	14,200
Special Parks Fund	3,705	4,573	4,086	4,192	112	4,304
Special Highway Fund	10,597	47,661	52,947	5,311	240	5,551
Travel and Tourism Fund	21,188	63,777	55,200	29,765	4,336	34,101
Capital Improvement Reserve Fund	382,206	136,310	126,225	392,291	52,161	444,452
Equipment Reserve Fund	233,598	50,000	24,968	258,630	0	258,630
Risk Management Reserve Fund	29,677	20	791	28,906	0	28,906
Library Capital Outlay Reserve Fund	10,411	0	0	10,411	0	10,411
Local Drug Forfeiture Fund	15,285	87	87	15,285	0	15,285
CDBG Grant Fund	16,222	72,287	87,963	546	0	546
Spena Donation Fund	18,871	0	0	18,871	0	18,871
Spena Estate Fund - Cemetery	14,521	10	210	14,321	0	14,321
Bond and Interest Funds						
Bond and Interest Fund	1,915	28,275	29,341	849	0	849
Bond and Interest Fund - Swimming Pool	355,554	188,183	137,940	405,797	0	405,797
Capital Projects Funds						
Geometric Improvement Fund	4,730	0	0	4,730	0	4,730
Business Funds:						
Refuse and Recycling Utility Fund	21,432	171,762	171,684	21,510	289	21,799
Sewer and Water Utility Fund	92,745	645,468	602,574	135,639	6,694	142,333
Principal and Interest Fund - Sewer	1,148	174,624	174,624	1,148	0	1,148
General Transportation Bus Fund	5,817	19,555	21,534	3,838	287	4,125
Utility Depreciation Reserve Fund	278,176	100,000	0	378,176	0	378,176
Bond Reserve Fund	20,000	0	0	20,000	0	20,000
Total Reporting Entity	\$ 1,683,396	2,945,860	2,752,119	1,877,137	74,647	1,951,784

Composition of Cash

Petty Cash	\$ 200
Trego WaKeeney State Bank, WaKeeney, KS	
NOW Account	944,786
Savings Account	1,006,218
Citizens State Bank, WaKeeney, KS	
Checking Account	580
Total Reporting Entity	\$ 1,951,784

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

CITY OF WAKEENEY, KANSAS
Notes to the Financial Statement
December 31, 2012

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The City of WaKeeney, Kansas, is a municipal corporation governed by an elected mayor and an elected five-member council. The regulatory financial statement presents the City of WaKeeney (the municipality). The following related municipal entity is not included in the financial statement:

Housing Authority. The City of WaKeeney Housing Authority operates the City's subsidized public apartment complex for the low-income elderly. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. The governing body of the housing authority is appointed by the City. The audited financial statements for the WaKeeney Housing Authority can be obtained from the Director at 1212 Barclay Avenue, WaKeeney, Kansas 67672.

Regulatory Basis Fund Types

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

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

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

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

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

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 municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

Library Capital Outlay Reserve Fund	Risk Management Reserve Fund
Capital Improvement Reserve Fund	Equipment Reserve Fund
Local Drug Forfeiture Fund	CDBG Grant Fund
Spena Donation Fund	Spena Estate Fund - Cemetery

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.

2. Deposits and Investments

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

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

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$1,951,584, and the bank balance was \$1,998,170. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$250,580 was covered by federal depository insurance and the balance of \$1,747,590 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. At December 31, 2012, the City held no investments.

3. Defined Benefit Pension Plan

Plan description. The City of WaKeeney, Kansas, 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 benefits 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 South Kansas, Suite100, 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 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.

4. Other Long-Term Obligations from Operations

Other Post Employment Benefits. As provided by K.S.A. 12-5040, the municipality allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the municipality is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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

Compensated Absences. The City's compensated absence policy permits full-time employees to paid vacation leave as follows:

Year 1 through year 15	12 days per year
Year 16 and beyond	15 days per year

Accordingly, a maximum of 12 and 15 days may be carried over from one year to the next. At the employee's anniversary date, days in excess of the maximum will be forfeited by the employee. Upon termination, an employee shall be compensated for all earned unused vacation leave at their final rate of pay.

The liability for vacation leave was \$34,267 at December 31, 2012.

Full-time employees who are employed to work at least 32 hours or more per week shall earn one day of sick leave for each full month of service. Sick leave accumulates monthly and may be claimed with pay for absences resulting from illness, injuries, accidents, or other physical incapacity occurring off the job.

The maximum accumulation for sick leave is 120 days. Employees who accumulate 120 days of sick leave will be paid for any additional days earned at a rate of 25% for each one day of sick leave earned over 120 days. An employee with one year of service, terminating in good standing, retirement, or upon death, will be paid at a rate of 25% of unused accumulated sick leave.

The liability for sick leave was \$35,292 at December 31, 2012.

5. Regulatory Compliance

Budget violation. K.S.A. 79-2935 states that expenditures shall be controlled so that no indebtedness is created in excess of budgeted limits. Expenditures in the Travel and Tourism Fund exceeded the published budget by \$300. Expenditures in the Bond and Interest Fund – Swimming Pool exceeded the published budget by \$2,270. Expenditures in the General Transportation Bus Fund exceeded the published budget by \$233. This appears to be a violation of this statute.

Substantial interests disclosure. K.S.A. 75-4302a states that elected officers, appointed public officers, and certain employees shall file a written report disclosing substantial interests within the timeline established by the statute. An appointed member of the City Council did not file such disclosure. This appears to be a violation of this statute.

6. Special Items

In 2003, the City of WaKeeney, Kansas, received two residential homes from the Kansas Housing Resources Corporation to sell as part of the U.S. Department of Housing & Urban Development - HOME Investment Partnership Program. Proceeds from the sale of the homes were used to pay Kansas Housing Resources Corporation for construction costs of \$57,979 associated with the homes. In addition, the remaining proceeds of \$42,000 were loaned to the WaKeeney Senior Housing, L.P., to be used in the development of a 24-unit independent living facility in WaKeeney, Kansas. Terms of the loan include 1% per annum with no interest or principal payments due until 30 years subsequent to the completion of the project.

7. 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.

The City's operating transfers and regulatory authority for December 31, 2012, were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General Fund	Capital Improvement Reserve Fund	12-1, 118	\$ 75,000
General Fund	Equipment Reserve Fund	12-1, 117	50,000
Refuse and Recycling Utility Fund	General Fund	12-825d	10,000
Sewer and Water Utility Fund	Utility Depreciation Reserve Fund	12-825d	100,000
Sewer and Water Utility Fund	Principal and Interest Fund - Sewer	12-825d	174,624

8. 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 workers' 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 the Kansas Municipal Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for 149 participating members.

The City pays an annual premium to the Kansas Municipal Insurance Trust for its workers' compensation insurance coverage. The agreement to participate provides that the Kansas Municipal Insurance Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by the Kansas Municipal Insurance Trust management.

The City continues to carry commercial insurance for all other risks of loss, including property, liability, and automobiles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

9. 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 May 15, 2013, 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.

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.

10. Long-term Debt

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General obligation bonds:									
Swimming Pool	3.75-4.45	2006	\$ 1,800,000	2026	\$ 1,485,000	0	75,000	1,410,000	62,940
Fire Truck	0	2009	205,387	2016	146,705	0	29,341	117,364	0
KDHE loan:									
Wastewater Treatment Project	2.26	2007	2,764,283	2028	2,347,291	0	116,433	2,230,858	58,191
Total contractual indebtedness					\$ 3,978,996	0	220,774	3,758,222	121,131

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018-2022</u>	<u>2023-2027</u>	<u>2028</u>	<u>Total</u>
Principal:									
General obligation bonds	\$ 104,341	109,341	109,341	114,341	90,000	505,000	495,000	0	1,527,364
KDHE loan	119,374	122,389	125,481	128,650	131,899	711,183	805,650	86,232	2,230,858
Total principal	223,715	231,730	234,822	242,991	221,899	1,216,183	1,300,650	86,232	3,758,222
Interest:									
General obligation bonds	59,978	56,978	53,778	50,578	47,178	176,369	56,338	0	501,197
KDHE loan	55,250	52,235	49,144	45,974	42,725	161,939	67,472	1,082	475,821
Total interest	115,228	109,213	102,922	96,552	89,903	338,308	123,810	1,082	977,018
Total principal and interest	\$ 338,943	340,943	337,744	339,543	311,802	1,554,491	1,424,460	87,314	4,735,240

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

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

SCHEDULE 1

Funds	Certified Budget	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Types:				
General Funds				
General Fund	\$ 1,264,336	1,264,336	1,178,875	(85,461)
Special Purpose Funds				
Industrial Development Fund	50,000	50,000	17,203	(32,797)
Library Fund	71,000	71,000	65,867	(5,133)
Special Parks Fund	10,000	10,000	4,086	(5,914)
Special Highway Fund	55,000	55,000	52,947	(2,053)
Travel and Tourism Fund	54,900	54,900	55,200	300
Bond and Interest Funds				
Bond and Interest Fund	31,341	31,341	29,341	(2,000)
Bond and Interest Fund - Swimming Pool	135,670	135,670	137,940	2,270
Business Funds:				
Refuse and Recycling Utility Fund	195,200	195,200	171,684	(23,516)
Sewer and Water Utility Fund	628,624	628,624	602,574	(26,050)
Principal and Interest Fund - Sewer	174,624	174,624	174,624	0
General Transportation Bus Fund	21,301	21,301	21,534	233

CITY OF WAKEENEY, KANSAS

SCHEDULE 2

General Fund

Page 1

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Taxes and Shared Revenue				
Ad Valorem Tax	\$ 485,996	499,911	522,921	(23,010)
Delinquent Tax	44,753	29,278	0	29,278
Motor Vehicle and 16/20M Vehicle Tax	90,805	91,804	90,001	1,803
Recreational Vehicle Tax	2,414	2,224	1,843	381
Intergovernmental				
Local Alcoholic Liquor Tax	1,810	4,572	4,402	170
Local Sales Tax	334,577	335,902	330,000	5,902
Licenses, Permits, and Fees				
Utility Franchise Fees	89,917	87,893	90,000	(2,107)
Beverage and Other Permits	3,100	2,685	2,500	185
Charges for Services				
Swimming Pool Receipts	0	25,867	23,000	2,867
Cemetery-Lots & Services	3,595	5,050	4,000	1,050
Fines, Forfeitures, and Penalties				
Municipal Court	12,206	17,510	10,000	7,510
Bail Bond	0	1,500	0	1,500
Dane G. Hansen Grant	5,500	7,000	2,500	4,500
Miscellaneous	22,041	21,077	16,000	5,077
Fireworks Display	0	4,600	0	4,600
Rent Income	15,888	15,350	15,600	(250)
Interest on Idle Funds	2,486	1,144	4,000	(2,856)
Transfer from Refuse and Recycling Utility Fund	30,000	10,000	30,000	(20,000)
Total Receipts	1,145,088	1,163,367	1,146,767	16,600
Expenditures:				
General Government				
Salaries and Wages	260,094	298,145	301,000	(2,855)
Employee Group Insurance	34,779	35,978	39,600	(3,622)
Utilities	62,380	62,304	68,000	(5,696)
Services, Supplies, and Maintenance	56,644	52,608	57,000	(4,392)
Vehicle Fuel	22,012	22,199	17,000	5,199
Dues and Subscriptions	1,426	1,673	2,000	(327)
Insurance	30,004	32,072	32,000	72
Miscellaneous	3,251	6,749	7,000	(251)
Training and Travel	4,366	1,555	5,000	(3,445)
Swimming Pool Expense	7,376	15,870	15,000	870
Total General Government	\$ 482,332	529,153	543,600	(14,447)

CITY OF WAKEENEY, KANSAS

SCHEDULE 2

General Fund

Page 2

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	
Public Safety				
Salaries and Wages	\$ 195,704	206,042	204,631	1,411
Employee Group Insurance	30,000	30,000	35,090	(5,090)
Telephone	1,405	1,520	0	1,520
Services, Supplies, and Maintenance	10,083	10,178	20,200	(10,022)
Vehicle Fuel	11,282	12,539	12,000	539
Vehicle Repairs	1,695	0	5,000	(5,000)
Dues and Subscriptions	0	230	500	(270)
Training and Travel	1,818	3,343	5,000	(1,657)
Law Enforcement Fees	26,400	29,160	29,160	0
Miscellaneous	0	149	0	149
Fire Department	42,200	43,023	46,255	(3,232)
Total Public Safety	320,587	336,184	357,836	(21,652)
Employee Benefits				
Employer's Social Security	35,206	37,845	41,400	(3,555)
Employer's KPERS	31,628	35,928	35,000	928
Kansas Unemployment Tax	467	840	1,000	(160)
Worker's Compensation Insurance	19,790	20,052	21,000	(948)
Total Employee Benefits	87,091	94,665	98,400	(3,735)
Appropriations				
Arts Council	5,500	7,000	2,500	4,500
Senior Companions/Foster Grandparents	1,500	1,500	1,500	0
Community Transportation Bus	3,000	4,000	4,000	0
Christmas Greenery and Lights	2,995	2,921	3,000	(79)
Trego County Airport	2,500	2,500	2,500	0
Miscellaneous Allocations	300	1,000	5,000	(4,000)
Total Appropriations	15,795	18,921	18,500	421
Capital Outlay	0	0	13,000	(13,000)
Street Maintenance	62,983	68,849	50,000	18,849
Parks Capital Outlay	\$ 4,398	6,103	8,000	(1,897)

CITY OF WAKEENEY, KANSAS

SCHEDULE 2

General Fund

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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	
Operating Transfers				
Transfer to Capital Improvement Reserve Fund	\$ 100,000	75,000	100,000	(25,000)
Transfer to Equipment Reserve Fund	75,000	50,000	75,000	(25,000)
Total Operating Transfers	175,000	125,000	175,000	(50,000)
Total Expenditures	1,148,186	1,178,875	<u>1,264,336</u>	<u>(85,461)</u>
Receipts Over (Under) Expenditures	(3,098)	(15,508)		
Unencumbered Cash, Beginning	118,044	114,946		
Unencumbered Cash, Ending	\$ <u>114,946</u>	<u>99,438</u>		

CITY OF WAKEENEY, KANSAS
Special Purpose Funds
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)

SCHEDULE 2
Page 4

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Industrial Development Fund				
Receipts:				
Taxes and Shared Revenue				
Ad Valorem Tax	\$ 4,252	10,276	10,744	(468)
Delinquent Tax	1,272	492	0	492
Motor Vehicle Tax and 16/20M Vehicle Tax	3,474	1,653	866	787
Recreational Vehicle Tax	83	40	18	22
	<u>9,081</u>	<u>12,461</u>	<u>11,628</u>	<u>833</u>
Total Receipts				
Expenditures:				
Economic and Community Development	<u>30,237</u>	<u>17,203</u>	<u>50,000</u>	<u>(32,797)</u>
Receipts Over (Under) Expenditures	(21,156)	(4,742)		
Unencumbered Cash, Beginning	<u>39,876</u>	<u>18,720</u>		
Unencumbered Cash, Ending	\$ <u>18,720</u>	<u>13,978</u>		

CITY OF WAKEENEY, KANSAS

SCHEDULE 2

Special Purpose Funds

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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	
Library Fund				
Receipts:				
Taxes and Shared Revenue				
Ad Valorem Tax	\$ 57,255	52,399	54,815	(2,416)
Delinquent Tax	4,628	3,205	0	3,205
Motor Vehicle Tax and 16/20M Vehicle Tax	9,728	10,570	10,627	(57)
Recreational Vehicle Tax	255	256	218	38
Slider	7	0	0	0
Fines and Fees	232	217	0	217
Donations	250	0	0	0
Miscellaneous	832	763	500	263
State Aid	854	0	800	(800)
Interest on Idle Funds	46	30	50	(20)
Total Receipts	<u>74,087</u>	<u>67,440</u>	<u>67,010</u>	<u>430</u>
Expenditures:				
Salaries and Wages	38,396	38,792	41,450	(2,658)
Employer's Social Security	2,937	2,978	3,200	(222)
Employer's KPERS	2,310	2,534	2,300	234
Telephone	793	820	800	20
Services, Supplies, and Maintenance	2,323	4,180	3,500	680
Worker's Compensation Insurance	0	407	500	(93)
Utilities	3,651	3,563	4,500	(937)
Furniture and Fixtures	0	0	500	(500)
Miscellaneous	1,861	1,691	1,600	91
Travel, Training, and Dues	0	0	400	(400)
Programming	589	330	600	(270)
Videos, Books, Periodicals, and Audio	7,446	9,247	10,050	(803)
Bibliographic Supplies	552	1,325	700	625
State Grant Expenditures	854	0	900	(900)
Total Expenditures	<u>61,712</u>	<u>65,867</u>	<u>71,000</u>	<u>(5,133)</u>
Receipts Over (Under) Expenditures	12,375	1,573		
Unencumbered Cash, Beginning	(443)	11,932		
Unencumbered Cash, Ending	\$ <u>11,932</u>	<u>13,505</u>		

CITY OF WAKEENEY, KANSAS
Special Purpose Funds
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)

SCHEDULE 2
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	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Special Parks Fund				
Receipts:				
Local Alcoholic Liquor Tax	\$ 1,810	4,573	4,402	171
Expenditures:				
Park Maintenance	5,292	4,086	10,000	(5,914)
Receipts Over (Under) Expenditures	(3,482)	487		
Unencumbered Cash, Beginning	7,187	3,705		
Unencumbered Cash, Ending	\$ 3,705	4,192		
 Special Highway Fund				
Receipts:				
Motor Fuel Tax-State of Kansas	\$ 46,976	47,661	46,360	1,301
Expenditures:				
Maintenance	45,151	52,947	55,000	(2,053)
Receipts Over (Under) Expenditures	1,825	(5,286)		
Unencumbered Cash, Beginning	8,772	10,597		
Unencumbered Cash, Ending	\$ 10,597	5,311		

CITY OF WAKEENEY, KANSAS
Special Purpose Funds
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	
Travel and Tourism Fund				
Receipts:				
Guest Tax	\$ 40,766	62,319	48,000	14,319
Miscellaneous	591	1,440	1,500	(60)
Interest on Idle Funds	27	18	50	(32)
Total Receipts	41,384	63,777	<u>49,550</u>	<u>14,227</u>
Expenditures:				
Salaries and Wages	16,823	17,078	17,000	78
Employer's Social Security	1,287	1,306	1,300	6
Employer's KPERS	759	1,376	1,400	(24)
Telephone	546	515	500	15
Services, Supplies, and Maintenance	299	477	400	77
Dues and Subscriptions	920	670	800	(130)
Web Maintenance	1,002	240	1,000	(760)
Training and Travel	2,775	2,504	2,000	504
Advertising	11,836	22,874	20,000	2,874
Projects	8,374	7,512	9,500	(1,988)
Miscellaneous	513	648	1,000	(352)
Total Expenditures	45,134	55,200	<u>54,900</u>	<u>300</u>
Receipts Over (Under) Expenditures	(3,750)	8,577		
Unencumbered Cash, Beginning	24,938	21,188		
Unencumbered Cash, Ending	\$ <u>21,188</u>	<u>29,765</u>		

CITY OF WAKEENEY, KANSAS

Special Purpose Funds

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)

SCHEDULE 2

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	Prior Year Actual	Actual
Capital Improvement Reserve Fund		
Receipts:		
Interest on Idle Funds	\$ 110	50
Miscellaneous	0	61,260
Transfer from General Fund	100,000	75,000
	<u>100,110</u>	<u>136,310</u>
Total Receipts		
Expenditures:		
Capital Outlay	76,578	126,225
Receipts Over (Under) Expenditures	23,532	10,085
Unencumbered Cash, Beginning	358,674	382,206
Unencumbered Cash, Ending	\$ <u>382,206</u>	<u>392,291</u>
 Equipment Reserve Fund		
Receipts:		
Transfer from General Fund	\$ 75,000	50,000
Expenditures:		
Equipment Purchases	162,656	24,968
Receipts Over (Under) Expenditures	(87,656)	25,032
Unencumbered Cash, Beginning	321,254	233,598
Unencumbered Cash, Ending	\$ <u>233,598</u>	<u>258,630</u>
 Risk Management Reserve Fund		
Receipts:		
Interest on Idle Funds	30	20
Expenditures:		
Risk Management Expenditures	0	791
Receipts Over (Under) Expenditures	30	(771)
Unencumbered Cash, Beginning	29,647	29,677
Unencumbered Cash, Ending	\$ <u>29,677</u>	<u>28,906</u>

CITY OF WAKEENEY, KANSAS

Special Purpose Funds
 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	Actual
Library Capital Outlay Reserve Fund		
Receipts	\$ 0	0
Expenditures:		
Capital Outlay	995	0
Receipts Over (Under) Expenditures	(995)	0
Unencumbered Cash, Beginning	11,406	10,411
Unencumbered Cash, Ending	\$ 10,411	10,411
Federal Drug Forfeiture Fund		
Receipts:		
Interest on Idle Funds	\$ 1	0
Expenditures		
Residual Transfer from Local Drug Forfeiture Fund	839	0
Receipts Over (Under) Expenditures	(838)	0
Unencumbered Cash, Beginning	838	0
Unencumbered Cash, Ending	\$ 0	0
Local Drug Forfeiture Fund		
Receipts:		
Forfeiture Proceeds	\$ 658	87
Residual Transfer from Federal Drug Forfeiture Fund	839	0
Total Receipts	1,497	87
Expenditures:		
Drug Prevention Expenditures	244	87
Receipts Over (Under) Expenditures	1,253	0
Unencumbered Cash, Beginning	14,032	15,285
Unencumbered Cash, Ending	\$ 15,285	15,285

CITY OF WAKEENEY, KANSAS

Special Purpose Funds
 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	Actual
CDBG Grant Fund		
Receipts:		
Federal Aid	\$ 100,836	72,287
Other Grants	45,060	0
	<u>145,896</u>	<u>72,287</u>
Total Receipts		
Expenditures:		
Grant Expenditures	135,240	87,963
Receipts Over (Under) Expenditures	10,656	(15,676)
Unencumbered Cash, Beginning	5,566	16,222
Unencumbered Cash, Ending	\$ <u>16,222</u>	<u>546</u>
Spena Donation Fund		
Receipts	\$ 0	0
Expenditures	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	18,871	18,871
Unencumbered Cash, Ending	\$ <u>18,871</u>	<u>18,871</u>
Spena Estate Fund - Cemetery		
Receipts:		
Interest on Idle Funds	\$ 14	10
Expenditures:		
Cemetery Expenditures	188	210
Receipts Over (Under) Expenditures	(174)	(200)
Unencumbered Cash, Beginning	14,695	14,521
Unencumbered Cash, Ending	\$ <u>14,521</u>	<u>14,321</u>
Take Charge Challenge Fund		
Receipts:		
Federal Aid	\$ 24,840	0
Expenditures:		
Grant Expenditures	24,840	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Unencumbered Cash, Ending	\$ <u>0</u>	<u>0</u>

CITY OF WAKEENEY, KANSAS
 Bond and Interest Funds
 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)

SCHEDULE 2
 Page 11

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Bond and Interest Fund				
Receipts:				
Taxes and Shared Revenue				
Ad Valorem Tax	\$ 27,539	22,625	23,667	(1,042)
Delinquent Tax	1,148	1,340	0	1,340
Motor Vehicle Tax and 16/20M Vehicle Tax	1,790	4,208	5,062	(854)
Recreational Vehicle Tax	51	102	104	(2)
Total Receipts	30,528	28,275	28,833	(558)
Expenditures:				
Principal	29,341	29,341	29,341	0
Cash Basis Reserve	0	0	2,000	(2,000)
Total Expenditures	29,341	29,341	31,341	(2,000)
Receipts Over (Under) Expenditures	1,187	(1,066)		
Unencumbered Cash, Beginning	728	1,915		
Unencumbered Cash, Ending	\$ 1,915	849		
Bond and Interest Fund - Swimming Pool				
Receipts:				
Franchise Fees	\$ 52,079	54,033	45,000	9,033
County Sales Tax	95,934	96,695	85,000	11,695
Recreation Commission Appropriation	0	18,691	18,000	691
Trego County Appropriation	18,764	18,764	18,764	0
Residual Transfer from Swimming Pool Construction Fund	690	0	0	0
Total Receipts	167,467	188,183	166,764	21,419
Expenditures:				
Principal	70,000	75,000	70,000	5,000
Interest	65,670	62,940	65,670	(2,730)
Total Expenditures	135,670	137,940	135,670	2,270
Receipts Over (Under) Expenditures	31,797	50,243		
Unencumbered Cash, Beginning	323,757	355,554		
Unencumbered Cash, Ending	\$ 355,554	405,797		

CITY OF WAKEENEY, KANSAS

Capital Projects Funds
 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	Actual
Swimming Pool Construction Fund		
Receipts	\$ 0	0
Expenditures:		
Residual Transfer to		
Bond and Interest Fund - Swimming Pool	690	0
Receipts Over (Under) Expenditures	(690)	0
Unencumbered Cash, Beginning	690	0
Unencumbered Cash, Ending	\$ 0	0
Geometric Improvement Fund		
Receipts:		
State Aid-KDOT	\$ 1,895	0
Expenditures:		
Geometric Improvement Expenditures	1,895	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	4,730	4,730
Unencumbered Cash, Ending	\$ 4,730	4,730

CITY OF WAKEENEY, KANSAS

SCHEDULE 2

Business Funds

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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	
Refuse and Recycling Utility Fund				
Receipts:				
Sale of Recyclables	\$ 9,533	363	3,000	(2,637)
Compost Carts	8,217	7,853	7,800	53
County Landfill	36,265	36,861	38,000	(1,139)
Charges for Services	125,889	126,685	128,000	(1,315)
Total Receipts	179,904	171,762	176,800	(5,038)
Expenditures:				
Contractual Services	148,575	151,407	150,000	1,407
Compost	4,465	4,450	4,700	(250)
Service, Supplies, Maintenance, and Repairs	3,842	3,681	6,000	(2,319)
Utilities	2,232	1,755	4,000	(2,245)
Telephone	384	391	500	(109)
Transfer to General Fund	30,000	10,000	30,000	(20,000)
Total Expenditures	189,498	171,684	195,200	(23,516)
Receipts Over (Under) Expenditures	(9,594)	78		
Unencumbered Cash, Beginning	31,026	21,432		
Unencumbered Cash, Ending	\$ 21,432	21,510		

CITY OF WAKEENEY, KANSAS

SCHEDULE 2

Business Funds

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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	
Sewer and Water Utility Fund				
Receipts:				
Sales and User Charges-Water	\$ 303,454	338,987	280,000	58,987
User Charges-Sewer	266,677	270,648	265,000	5,648
Bulk Water Sales	2,661	7,606	3,000	4,606
Installation and Connection Fees	2,964	9,223	3,000	6,223
Late Charges	6,945	6,878	7,000	(122)
Tower Rent	7,200	7,200	7,200	0
Miscellaneous	7,627	4,926	4,000	926
Total Receipts	597,528	645,468	569,200	76,268
Expenditures:				
Salaries and Wages	117,103	133,752	140,000	(6,248)
Employer's Social Security	8,802	10,046	11,000	(954)
Employer's KPERS	8,485	10,805	11,000	(195)
Employee Group Insurance	18,000	22,000	26,400	(4,400)
Utilities	48,455	54,476	51,000	3,476
Service, Supplies, Maintenance, and Repairs	49,903	63,506	60,000	3,506
Vehicle Fuel	9,245	10,162	10,000	162
Dues and Subscriptions	1,301	614	2,000	(1,386)
Miscellaneous	629	939	2,000	(1,061)
Training and Travel	697	1,345	2,000	(655)
Water Leases	7,838	8,081	8,000	81
Sales Tax	3,933	4,422	4,000	422
Water Protection Fees	6,462	7,802	6,000	1,802
Capital Outlay	0	0	20,600	(20,600)
Transfer to Utility Depreciation Reserve Fund	100,000	100,000	100,000	0
Transfer to Principal and Interest Fund - Sewer	174,624	174,624	174,624	0
Total Expenditures	555,477	602,574	628,624	(26,050)
Receipts Over (Under) Expenditures	42,051	42,894		
Unencumbered Cash, Beginning	50,694	92,745		
Unencumbered Cash, Ending	\$ <u>92,745</u>	<u>135,639</u>		

CITY OF WAKEENEY, KANSAS

SCHEDULE 2

Business Funds

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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	
Principal and Interest Fund - Sewer				
Receipts:				
Transfer from Sewer and Water Utility Fund	\$ 174,624	174,624	174,624	0
Expenditures:				
Principal	113,565	116,433	116,433	0
Interest	61,059	58,191	58,191	0
Total Expenditures	174,624	174,624	174,624	0
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	1,148	1,148		
Unencumbered Cash, Ending	\$ 1,148	1,148		
 General Transportation Bus Fund				
Receipts:				
Fare Income	\$ 6,137	6,842	9,000	(2,158)
State Reimbursement	5,927	6,663	7,500	(837)
City Appropriation	3,000	4,000	4,000	0
Miscellaneous	534	0	0	0
Donations	6,560	2,050	0	2,050
Total Receipts	22,158	19,555	20,500	(945)
Expenditures:				
Salaries and Wages	11,400	14,695	12,000	2,695
Employer's Social Security	872	1,124	950	174
Employer's KPERS	0	783	0	783
Advertising	695	773	800	(27)
Telephone	642	593	700	(107)
Services, Supplies, and Maintenance	927	453	2,551	(2,098)
Fuel	2,943	2,928	4,000	(1,072)
Training and Travel	0	35	100	(65)
Miscellaneous	185	150	200	(50)
Total Expenditures	17,664	21,534	21,301	233
Receipts Over (Under) Expenditures	4,494	(1,979)		
Unencumbered Cash, Beginning	1,323	5,817		
Unencumbered Cash, Ending	\$ 5,817	3,838		

CITY OF WAKEENEY, KANSAS

Business Funds

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)

SCHEDULE 2

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	Prior Year Actual	Actual
Utility Depreciation Reserve Fund		
Receipts		
Transfer from Sewer and Water Utility Fund	\$ 100,000	100,000
Expenditures:		
Utility Reserve Expense	33,410	0
Receipts Over (Under) Expenditures	66,590	100,000
Unencumbered Cash, Beginning	211,586	278,176
Unencumbered Cash, Ending	\$ 278,176	378,176
Bond Reserve Fund		
Receipts	\$ 0	0
Expenditures	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	20,000	20,000
Unencumbered Cash, Ending	\$ 20,000	20,000



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To Honorable Mayor and City Council
City of WaKeeney
WaKeeney, Kansas 67672

In planning and performing our audit of the financial statement of City of WaKeeney, as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered City of WaKeeney's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of WaKeeney's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of WaKeeney'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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

In addition, we noted other matters involving internal control and its operation that we have reported to management of City of WaKeeney in a separate letter dated May 15, 2013.

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

Mapes & Miller LLP

Certified Public Accountants
May 15, 2013



Mapes & Miller LLP

Certified Public Accountants & Business Advisors

117 N MAIN, PO BOX 73, WAKEENEY, KS 67672
PHONE: 785-743-5512 EMAIL: tklitzke@mmcpas.net

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

JOHN D MAPES, CPA, CHTD
DENIS W. MILLER, CPA, PA
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BRIAN S. THOMPSON, CPA, PA
REBECCA A. LIX, CPA, PA

May 15, 2013

To Honorable Mayor and City Council
City of WaKeeney
WaKeeney, KS 67672

We have audited the financial statement of City of WaKeeney for the year ended December 31, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 13, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of WaKeeney are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2012. We noted no transactions entered into by City of WaKeeney during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statement and because of the possibility that future events affecting them may differ significantly from those expected. No estimates were made by management for the year ended December 31, 2012.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The

attached schedule of adjusting and reclassifying journal entries summarizes the material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 15, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statement or a determination of the type of auditor's opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We also noted other matters relating to the accounting procedures and system of internal control utilized by City of WaKeeney in maintaining its financial records in accordance with the cash basis and budget laws of the State of Kansas.

The following matters were considered during our audit of the financial statement as of December 31, 2012, and these comments do not modify the opinion expressed in our audit report on such financial statement and are not considered material weaknesses or significant deficiencies.

1. Capital improvements in the amount of \$52,161, approved by the Council in the minutes on December 4, 2012, were not included in the list of encumbrances provided by management. It is our recommendation that the list of encumbrances be reviewed by the Clerk at year-end and verified to be a complete and accurate accounting of all encumbrances.

Other Matters

With respect to the supplementary information accompanying the financial statement, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statement. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statement itself.

This information is intended solely for the use of the governing body and management of City of WaKeeney, and is not intended to be and should not be used by anyone other than these specified parties.

Mapes & Miller LLP
Certified Public Accountants



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WaKeeney, Kansas 67672
785-743-5791
Fax 785-743-5471
www.wakeeney.org

Kenneth Roy, Mayor
Hardy Howard, City Administrator/Clerk

May 15, 2013

Mapes & Miller LLP
Certified Public Accountants
WaKeeney, KS 67672

This representation letter is provided in connection with your audit of the financial statement of City of WaKeeney, Kansas, which includes the summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances as of December 31, 2012, and the related notes to the financial statement, for the purpose of expressing an opinion as to whether the financial statement is presented fairly, in all material respects, in accordance with the regulatory basis of accounting prescribed by the cash basis and budget laws of the State of Kansas.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 15, 2013, the following representations made to you during your audit:

Financial Statement

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 13, 2012.
- 2) The financial statement referred to above is fairly presented in conformity with the regulatory basis of accounting prescribed by the cash basis and budget laws of the State of Kansas and includes all properly classified funds and other financial information of the City required by the regulatory basis of accounting prescribed by the cash basis and budget laws of the State of Kansas to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- 5) All events subsequent to the date of the financial statement and for which the regulatory basis of accounting prescribed by the cash basis and budget laws of the State of Kansas requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the date of the financial statement and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statement.
- 6) We are in agreement with the adjusting and reclassifying journal entries you have proposed, and they have been posted to the City's accounts.
- 7) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with the regulatory basis of accounting prescribed by the cash basis and budget laws of the State of Kansas.
- 8) Guarantees, whether written or oral, under which the City of Wakeeney, Kansas, is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 9) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of City of WaKeeney, Kansas, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 10) All material transactions have been recorded in the accounting records and are reflected in the financial statement.
- 11) We have disclosed to you the results of our assessment of the risk that the financial statement may be materially misstated as a result of fraud.
- 12) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statement.
- 13) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statement communicated by employees, former employees, regulators, or others.

- 14) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing the financial statement.
- 15) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statement.
- 16) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

- 17) We have made available to you all financial records and related data.
- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) The City of WaKeeney, Kansas, has no plans or intentions that may materially affect the carrying value or classification of assets or liabilities.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 22) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statement, or as a basis for recording a loss contingency, or for reporting on noncompliance, except as disclosed in Note 5 to the financial statement.
- 23) As part of your audit, you assisted with preparation of the financial statement and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for the financial statement and related notes.
- 24) The City of WaKeeney, Kansas, has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 25) The City of WaKeeney, Kansas, has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.

- 26) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 27) The financial statement excludes all related municipal entities.
- 28) The financial statement properly classifies all funds.
- 29) Deposits are properly classified as to risk and are properly disclosed.
- 30) With respect to Schedule 1 and Schedule 2, as listed as regulatory-required supplementary information in the table of contents.
- a) We acknowledge our responsibility for presenting Schedule 1 and Schedule 2 in accordance with the regulatory basis of accounting described in Note 1 to the financial statement, and we believe Schedule 1 and Schedule 2, including its form and content, is fairly presented in accordance with the regulatory basis of accounting. The methods of measurement and presentation of Schedule 1 and Schedule 2 have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If Schedule 1 and Schedule 2 are not presented with the audited financial statement, we will make the audited financial statement readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

City Administrator

City Treasurer

CITY OF WAKEENEY
Adjusting Journal Entries
December 31, 2012

Reference	Type	Date Account Number	Description	Debit	Credit
1	Adjusting	04/18/13			
		550-I15000	I15- EXPENSE-CAPITAL IMPRV		62,578.00
		550-111111	I-CAPITAL IMPRVT RES BEG B	62,578.00	
			Reverse PY encumbrance		
3	Adjusting	05/01/13			
		550-999999	END BAL-CAPITAL IMPROVEM		52,161.00
		550-I15000	I15- EXPENSE-CAPITAL IMPRV	52,161.00	
			Record missing encumbrance		
				<u>114,739.00</u>	<u>114,739.00</u>
		TOTAL		<u>114,739.00</u>	<u>114,739.00</u>

CITY OF WAKEENEY
Reclassifying Journal Entries

December 31, 2012

Reference	Type	Date Account Number	Description	Debit	Credit
2	Reclassifying	04/24/13			
		300-A02000	A02-INCOME-DELINQ TAX		29,278.00
		300-A03000	A03-INCOME-MV TAX		3,165.00
		300-A01000	A01-INCOME ADVALOREM TA	32,443.00	
		350-B02000	B02-INCOME-DELINQUENT TA		492.00
		350-B03000	B03-INCOME-MOTOR VEHICLI		125.00
		350-B01000	B01-INCOME-AD VALOREM T	617.00	
		400-C02000	C02-INCOME-DELINQUENT TA		3,205.00
		400-C03000	C03-INCOME-MOTOR VEHICLI		341.00
		400-C01000	C01-INCOME-AD VALOREM T	3,546.00	
		700-D02000	D02-INCOME-DELINQUENT		1,340.00
		700-D03000	D03-INCOME-MOTOR VEHICLI		61.00
		700-D01000	D01-INCOME-ADVALOREM TA	1,401.00	
			Reclass county taxes		
		TOTAL		38,007.00	38,007.00