

CITY OF CHANUTE, KANSAS

Financial Statement and
Independent Auditors' Report with
Supplemental Information and
Federal Audit Compliance Section

For the Year Ended December 31, 2012

CITY OF CHANUTE, KANSAS

For the Year Ended December 31, 2012

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CITY OF CHANUTE, KANSAS

For the Year Ended December 31, 2012

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners
City of Chanute, Kansas

Report on the Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Chanute, Kansas, a municipality, as of and for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Chanute, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Chanute, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Chanute, 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 Regulatory Required 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 expenditures - actual and budget - regulatory basis, the individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and the schedule of receipts and disbursements - agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2013, on our consideration of the City of Chanute, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Chanute, Kansas' internal control over financial reporting and compliance.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

April 30, 2013
Chanute, Kansas

Statement 1

CITY OF CHANUTE, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis

For the Year Ended December 31, 2012

↓
No statutory
violations

Funds	Beginning	Receipts	Expenditures	Ending	Encumbrances	Cash Balance
	Unencumbered Cash Balances					
General Fund	\$ 62,629.53	\$ 6,063,278.51	\$ 5,978,542.38	\$ 147,365.66	\$ 178,229.98	\$ 325,595.64
Special Purpose Funds:						
Industrial	73,913.77	37,863.36	3,230.39	108,546.74	-	108,546.74
Library	-	388,459.10	388,459.10	-	-	-
Library Employee Benefits	-	44,323.32	44,323.32	-	-	-
City Employee Benefits	230,244.30	701,272.46	822,936.12	108,580.64	294.82	108,875.46
Special Liability Expense	493,554.05	295.55	71,721.36	422,128.24	2,722.50	424,850.74
Recreation Complex	120,609.56	52,146.25	23,049.29	149,706.52	3,002.96	152,709.48
Special Parks and Recreation	135,969.47	25,155.86	40,177.52	120,947.81	-	120,947.81
Special Alcohol Programs	115,040.47	22,663.26	71,638.06	66,065.67	346.08	66,411.75
Tourism and Convention	44,775.19	54,338.79	77,500.00	21,613.98	-	21,613.98
Emergency Telephone	80,947.97	8,737.56	89,685.53	-	-	-
Special Highway Improvement	1,307,947.97	250,797.42	983,888.41	574,856.98	589.17	575,446.15
Capital Improvement #1	831,277.31	1,171,213.32	1,261,285.31	741,205.32	43,866.75	785,072.07
Capital Improvement #2	760,963.37	461,470.59	639,239.02	583,194.94	23,291.75	606,486.69
Equipment Reserve	765,713.56	294,465.22	466,060.69	594,118.09	-	594,118.09
Efficiency Kansas Grant	328.86	13,432.26	13,759.12	2.00	1,207.66	1,209.66
Grant Projects	68,030.73	145,997.14	645,840.17	(431,812.30)	309,264.66	(122,547.64)
Bond and Interest Funds:						
General Obligation Bond and Interest	868,193.81	6,618,250.17	6,704,409.09	782,034.89	-	782,034.89
Special Obligation Bond and Interest	12,220.41	58,540.30	58,085.00	12,675.71	-	12,675.71
Business Funds:						
Electric Utility	1,982,771.55	22,232,176.81	23,208,071.76	1,006,876.60	1,595,002.83	2,601,879.43
Water Utility	58,752.14	3,134,882.64	2,989,142.55	204,492.23	41,139.00	245,631.23
Gas Utility	1,247,767.18	3,817,043.51	3,907,801.76	1,157,008.93	242,253.01	1,399,261.94
Refuse Utility	156,479.52	1,046,689.98	888,007.21	315,162.29	14,395.95	329,558.24
Sewer Utility	237,292.68	1,790,661.21	1,927,030.88	100,923.01	24,018.85	124,941.86
Electric, Water & Gas Bond and Interest	382,722.86	612,805.04	612,805.00	382,722.90	-	382,722.90
Electric, Water & Gas Bond Reserve	912,589.73	-	-	912,589.73	-	912,589.73
Vehicle Services	-	527,195.44	527,195.44	-	10,208.86	10,208.86
Utility Services	-	964,015.30	964,015.30	-	17,449.96	17,449.96
Public Works and Utility Complex	1,640.83	143,190.00	144,545.97	284.86	4,853.13	5,137.99
Total Reporting Entity (Excluding Agency Funds)	10,952,376.82	50,681,360.37	53,552,445.75	8,081,291.44	2,512,137.92	10,593,429.36

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

Statement 1 (Continued)
CITY OF CHANUTE, KANSAS

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

2012

Total Cash to be accounted for:	<u>\$ 10,593,429.36</u>
 Composition of Cash:	
Cash on Hand	\$ 2,365.00
Checking Accounts:	
City Treasurer	5,192,261.93
Payroll Account	6,707.72
ISF Check Account	9,925.82
General Petty Cash	3,500.00
Security Deposit Account	140,135.35
Utility Petty Cash Account.....	500.00
Investments:	
Certificates of Deposit	6,307,297.00
UMB Escrow Accounts	<u>1.03</u>
Total Cash	11,662,693.85
Agency Funds Per Schedule 3	<u>(1,069,264.49)</u>
Total Reporting Entity (Excluding Agency Funds)	
	<u>\$ 10,593,429.36</u>

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

CITY OF CHANUTE, KANSAS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Chanute, Kansas (the City) is incorporated as a city of the second class under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 14-101 *et seq.* The City operates under a Commission-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, electric, trash and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

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

Reporting Entity

The City of Chanute is a municipal corporation governed by an elected five-member commission. This financial statement presents the City of Chanute.

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

Chanute Public Library – The City of Chanute Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate audited financial statements are prepared and are available at the Chanute Public Library.

The Housing Authority – The Housing Authority of the City of Chanute, Kansas operates the City's housing projects. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. Separate audited financial statements are prepared and are available at the Housing Authority of the City of Chanute, Kansas.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Regulatory Basis Fund Types

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its cash, liabilities, fund equity, revenues and expenditures. The various funds are grouped by type in the financial statements. The types of funds maintained by the City are as follows:

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

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

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

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

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

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

Pension Plan

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

Reimbursed Expenses

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2012, the City amended the Industrial Fund, Special Liability Expense Fund, Special Alcohol Programs Fund, Emergency Telephone Fund, Special Highway Improvement Fund, General Obligation Bond and Interest Fund, Water Utility Fund, and Sewer Utility Fund.

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

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

A legal operating budget is not required for capital project funds, fiduciary funds, and the following special purpose fund:

Efficiency Kansas Grant Fund
Grant Projects 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.

2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

Compliance with Bond Ordinances

The City is required, under ordinances on general obligation utility bond issues and on revenue bond issues, to maintain in its Enterprise Funds certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts as described below:

Electric, Water, and Gas Bond Reserves

The City has outstanding general obligation utility bonds and revenue bonds segregated and defined as follows:

General Obligation Utility Bonds:

Series 2006-A	Subordinate Lien Bonds
Series 2009-B	Subordinate Lien Bonds
Series 2010-A	Subordinate Lien Bonds
Series 2010-B	Subordinate Lien Bonds

Revenue Bonds:

Series 2006-B	Senior Lien Bonds (Parity Bonds)
Series 2007-A	Senior Lien Bonds (Parity Bonds)

The debt service reserve requirements only apply to Parity Bonds, and must be maintained in an amount equal to the least of the following:

- (a) 10% of the stated principal amount of all Parity Bonds at issued date;
- (b) the Maximum Annual Debt Service Requirements for all Parity Bonds, which is the principal and interest due for the then current year or any future fiscal year;
- (c) 125% of the average annual Debt Service Requirements for all Parity Bonds over the term of the Parity Bonds.

The least of (a), (b), or (c) above is (c), calculated as follows:

Average Annual Payment	\$ 657,661.56
	X 125%
Debt Service Bond Reserves Required	<u>\$ 822,076.95</u>
Actual Debt Service Bond Reserves	<u>\$ 912,589.73</u>

2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

Electric, Water, and Gas Bond Reserves (Continued)

<u>Debt Service Reserves</u>	<u>REQUIRED RESERVES</u>	<u>ACTUAL</u>
General Obligation Bonds:		
Electric Light, Water, and Gas Systems \$2,300,000 general obligation bond issue, Series 2006-A, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	\$ 17,250.00	
Refunding and Improvement \$5,765,000 general obligation bond issue, Series 2009-A, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	65,418.33	
Electric Light, Water, and Gas Systems \$3,080,000 general obligation bond issue, Series 2009-B, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	70,605.00	
Build America Bonds \$3,575,000 general obligation bond issue, Series 2009-C, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	147,208.33	
Total General Obligation Bonds	<u>300,481.67</u>	<u>\$ 782,034.19</u>
Revenue Bonds:		
Electric Light, Water, and Gas Systems revenue bonds, Series 2006-B require transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	46,221.25	
Electric Light, Water, and Gas Systems revenue bonds, Series 2007-A require transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	19,990.00	
Total Revenue Bonds	<u>66,211.25</u>	<u>\$ 382,722.86</u>
Total Electric, Water, and Gas Debt Service Reserves	<u>\$ 366,692.92</u>	<u>\$ 1,164,757.05</u>

2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

The City agrees to fix, establish, maintain and collect such rates, fees or charges for service furnished by or through the Electric System, Gas System, and Water System which will be sufficient to enable the City to produce, in each fiscal year, Net Revenues in an amount that will be not less than 125% of the 2013 Annual Debt Service (as defined in the Indenture) of all electric, gas and water system Senior Lien Bonds (Series 2006-B and 2007-A) of the City at the time outstanding, and 100% of the 2013 Annual Debt Service for all Subordinate Lien Bonds (Series 2006-A, 2009-B, 2010-A, and 2010-B). Net revenues are defined as gross operating revenues of the systems less operation and maintenance expenses, excluding items such as capital purchases, principal and interest payments, transfers, and administrative expenses not related to the operation of the system. Compliance is calculated as follows:

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Gas Utility</u>	<u>Total</u>
Receipts Over (Under)				
Expenditures	\$ (975,894.95)	\$ 145,740.09	\$ (90,758.25)	\$ (920,913.11)
Subtract:				
Bond Proceeds	--	(1,580,578.59)	--	(1,580,578.59)
Add:				
Administrative Expenses:				
Administration				
and General	1,110,920.12	149,180.12	192,357.75	1,452,457.99
Debt Service	--	1,742,330.91	--	1,742,330.91
Transfers Out	5,006,899.67	77,994.13	641,293.65	5,726,187.45
Capital Outlays	<u>118,391.79</u>	<u>--</u>	<u>--</u>	<u>118,391.79</u>
Net Revenues as defined in the Indenture	<u>\$ 5,260,316.63</u>	<u>\$ 534,666.66</u>	<u>\$ 742,893.15</u>	<u>\$ 6,537,876.44</u>
Required Net Revenue as Defined in the Indenture				<u>\$ 3,423,824.38</u>

Compliance with Kansas Statutes

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

3. **DEPOSITS AND INVESTMENTS**

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

<u>Investment Type</u>	<u>Cost</u>	<u>Rating</u>
UMB Trust – Fidelity Treasury	\$ 1.03	N/A

This investment is reflected at cost in these regulatory basis financial statements of the City of Chanute, Kansas.

3. DEPOSITS AND INVESTMENTS

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

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

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

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

Deposits: At year-end, the City's carrying amount of deposits was \$11,660,327.82 and the bank balance was \$11,619,432.67. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$1,149,276.43 was covered by FDIC insurance, \$10,470,156.24 was collateralized with pledged securities held by the pledging financial institutions' agents in the City's name.

4. LONG-TERM DEBT COMMITMENTS

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

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid by Tax Levies:									
Series 2005-A	3.30-5.00%	November 1, 2005	3,700,000.00	November 1, 2025	\$ 2,850,000.00	\$ -	\$ (2,850,000.00)	\$ -	\$ 207,748.90
Series 2009A	1.15-5.00%	March 23, 2009	5,765,000.00	November 1, 2029	4,835,000.00	-	(200,000.00)	4,635,000.00	191,510.00
Paid by Tax Levies and Utility Revenues:									
Series 2012A	0.4-2.2%	September 27, 2012	4,940,000.00	November 1, 2024	-	4,940,000.00	-	4,940,000.00	5,730.18
Paid by Sales Tax Collections:									
Series 2009C	1.50-4.875%	July 27, 2009	3,575,000.00	September 1, 2019	2,970,000.00	-	(320,000.00)	2,650,000.00	120,025.00
Paid by Utility Revenues:									
Series 2006A	4.50%	March 28, 2006	2,300,000.00	November 1, 2022	2,300,000.00	-	-	2,300,000.00	103,500.00
Series 2009B	1.15-2.30%	March 23, 2009	3,080,000.00	November 1, 2013	1,100,000.00	-	(695,000.00)	405,000.00	23,215.00
Series 2010A	2.4-2.8%	September 20, 2010	5,335,000.00	November 1, 2020	5,335,000.00	-	-	5,335,000.00	140,730.00
Series 2010B	1.0-3.7%	September 20, 2010	13,635,000.00	November 1, 2018	12,935,000.00	-	(1,450,000.00)	11,485,000.00	311,095.00
Special Obligation Bonds									
Paid by Tax Levies:									
Tax Incentive Fund Series 2006	4.80%	September 27, 2006	703,000.00	September 1, 2026	612,000.00	-	(28,000.00)	584,000.00	29,040.00
Revenue Bonds									
Series 2006B	3.9-5.0%	March 28, 2006	6,195,000.00	November 1, 2022	6,065,000.00	-	(205,000.00)	5,860,000.00	285,527.50
Series 2007A	4.05-5.0%	September 27, 2007	1,620,000.00	November 1, 2027	1,420,000.00	-	(55,000.00)	1,365,000.00	67,277.50
Revolving Loans									
Kansas Water Pollution Control	3.34%	December 14, 2000	1,500,000.00	March 1, 2022	522,475.96	-	(522,475.96)	-	17,056.85
Kansas Water Pollution Control	2.42%	January 23, 2012	360,428.00	September 1, 1932	-	5,000.00	-	5,000.00	44.61
Kansas Public Water Supply 2022	4.11%	April 18, 2001	1,750,000.00	February 1, 2023	1,166,079.23	-	(1,166,079.23)	-	54,532.10
Kansas Public Water Supply 2364	3.62%	April 5, 2004	632,556.99	February 1, 2025	500,964.48	-	(500,964.48)	-	20,755.10
Kansas Public Water Supply 2722	4.01%	October 30, 2012	112,638.60	August 1, 2032	-	112,638.60	(50,687.37)	61,951.23	-
Fireman's Relief									
Thermal Camera	4.00%	February 25, 2011	4,308.00	November 25, 2014	3,294.11	-	(1,054.84)	2,239.27	121.32
Fire Truck	4.00%	May 31, 2007	18,500.00	May 31, 2013	5,044.95	-	(3,329.87)	1,715.08	168.83
Ambulance	4.00%	July 20, 2009	6,000.00	June 9, 2015	3,671.92	-	(997.75)	2,674.17	136.97
Total Long-Term Debt Commitments					42,623,530.65	5,057,638.60	(8,048,589.50)	39,632,579.75	1,578,214.86

4. LONG-TERM DEBT COMMITMENTS (Continued)

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

Issue	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	Less: Proceeds Not Drawdown	Total
Principal										
General Obligation Bonds										
Paid by Tax Levies:										
Series 2009A	\$ 205,000.00	\$ 210,000.00	\$ 215,000.00	\$ 220,000.00	\$ 225,000.00	\$ 1,275,000.00	\$ 1,555,000.00	\$ 730,000.00	\$ -	\$ 4,635,000.00
Series 2012A	435,000.00	440,000.00	440,000.00	440,000.00	445,000.00	2,175,000.00	565,000.00	-	-	4,940,000.00
Paid by Sales Tax Collections:										
Series 2009C	330,000.00	345,000.00	360,000.00	375,000.00	395,000.00	845,000.00	-	-	-	2,650,000.00
Paid by Utility Revenues:										
Series 2006A	-	-	-	-	-	2,300,000.00	-	-	-	2,300,000.00
Series 2009B	405,000.00	-	-	-	-	-	-	-	-	405,000.00
Series 2010A	-	-	-	-	-	5,335,000.00	-	-	-	5,335,000.00
Series 2010B	1,975,000.00	2,175,000.00	2,225,000.00	2,275,000.00	1,950,000.00	885,000.00	-	-	-	11,485,000.00
Special Obligation Bonds										
Paid by Tax Levies:										
Tax Incentive Fund Series 2006	30,000.00	32,000.00	32,000.00	36,000.00	36,000.00	210,000.00	208,000.00	-	-	584,000.00
Revenue Bonds										
Series 2006B	-	265,000.00	280,000.00	285,000.00	690,000.00	4,340,000.00	-	-	-	5,860,000.00
Series 2007A	55,000.00	60,000.00	65,000.00	65,000.00	70,000.00	390,000.00	660,000.00	-	-	1,365,000.00
Revolving Loans										
Kansas Water Pollution Control	14,202.79	14,548.59	14,902.78	15,265.61	15,637.28	84,085.84	94,832.51	106,952.60	(355,428.00)	5,000.00
Kansas Public Water Supply 2722	2,432.41	2,140.41	2,227.10	2,317.29	2,411.15	13,602.13	16,589.04	20,231.70	-	61,951.23
Fireman's Relief										
Thermal Camera	1,097.45	1,141.82	-	-	-	-	-	-	-	2,239.27
Fire Truck	1,715.08	-	-	-	-	-	-	-	-	1,715.08
Ambulance	1,038.03	1,079.97	556.17	-	-	-	-	-	-	2,674.17
Total Principal Payments	3,455,485.76	3,545,910.79	3,634,686.05	3,713,582.90	3,829,048.43	17,852,687.97	3,099,421.55	857,184.30	(355,428.00)	39,632,579.75

4. LONG-TERM DEBT COMMITMENTS (Continued)

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

Issue	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2029	Total
Interest									
General Obligation Bonds									
Paid by Tax Levies:									
Series 2009A	\$ 187,510.00	\$ 182,795.00	\$ 177,335.00	\$ 171,100.00	\$ 164,170.00	\$ 691,137.50	\$ 402,750.00	\$ 54,895.00	\$ 2,031,692.50
Series 2012A	60,672.50	58,932.50	56,732.50	53,872.50	50,352.50	168,727.50	17,845.00	-	467,135.00
Paid by Sales Tax Revenues:									
Series 2009C	111,625.00	101,725.00	88,787.50	74,387.50	58,450.00	61,637.50	-	-	496,612.50
Paid by Utility Revenues:									
Series 2006A	103,500.00	103,500.00	103,500.00	103,500.00	103,500.00	517,500.00	-	-	1,035,000.00
Series 2009B	9,315.00	-	-	-	-	-	-	-	9,315.00
Series 2010A	140,730.00	140,730.00	140,730.00	140,730.00	140,730.00	314,240.00	-	-	1,017,890.00
Series 2010B	293,695.00	260,120.00	213,357.50	158,845.00	95,145.00	32,745.00	-	-	1,053,907.50
Special Obligation Bonds									
Paid by Tax Levies:									
Tax Incentive Fund Series 2006	27,696.00	26,208.00	24,672.00	23,088.00	21,360.00	78,672.00	13,632.00	-	215,328.00
Revenue Bonds									
Series 2006B	277,327.50	277,327.50	266,462.50	254,702.50	242,590.00	729,170.00	-	-	2,047,580.00
Series 2007A	64,940.00	62,602.50	59,992.50	57,165.00	54,240.00	220,940.00	117,320.00	-	637,200.00
Revolving Loans									
Kansas Water Pollution Control	8,636.95	8,291.15	7,936.96	7,574.13	7,202.46	30,112.86	19,366.19	7,246.10	96,366.80
Kansas Public Water Supply 2722	2,073.45	2,365.45	2,278.76	2,188.57	2,094.71	8,927.17	5,940.26	2,297.60	28,165.97
Fireman's Relief									
Thermal Camera	78.71	34.37	-	-	-	-	-	-	113.08
Fire Truck	34.27	-	-	-	-	-	-	-	34.27
Ambulance	96.69	54.75	11.12	-	-	-	-	-	162.56
Total Interest Payments	1,100,421.07	1,041,891.22	964,461.34	876,053.20	775,664.67	2,162,672.03	174,103.45	9,543.70	7,104,810.68
Total Principal and Interest	\$ 4,555,906.83	\$ 4,587,802.01	\$ 4,599,147.39	\$ 4,589,636.10	\$ 4,604,713.10	\$ 20,015,360.00	\$ 3,273,525.00	\$ 866,728.00	\$ 46,737,390.43

5. INDUSTRIAL REVENUE BONDS

The City has entered into various agreements to induce businesses to locate or expand operations in Chanute, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's) which require the businesses to make lease payments to trust accounts sufficient to pay debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related businesses. At December 31, 2012, there were nine industrial revenue bond issues with principal balances due totaling \$35,046,740.20.

6. OPERATING LEASES

As of December 31, 2012 the City has entered into two operating leases for copiers. Rent expense for the year ended December 31, 2012, was \$3,255.96. Under the current lease agreements, the future minimum rental payments are as follows:

2013	\$	939.96
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As of December 31, 2012 the City has entered an operating lease for a five acre tract of land for monitoring wells, renewable annually. Rent expense for the year ended December 31, 2012, was \$3,500.00.

7. DEFINED BENEFIT PENSION PLAN

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

Funding Policy. K.S.A. 74-419 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

8. UTILITY ACCOUNTS RECEIVABLE

The City records electric, water, sewer, gas, and trash revenue as the customers are billed each month. The City maintains accounts receivable for each of the utility services. Listed below are amounts of the accounts receivable for the five utilities as of December 31, 2012:

Electric Utility	\$ 400,132.54
Water Utility	74,773.90
Sewer Utility	73,099.33
Gas Utility	199,654.24
Refuse Utility	<u>47,877.63</u>
 TOTAL UTILITY ACCOUNTS RECEIVABLE	 <u>\$ 795,537.64</u>

The City adjusts the utility revenue to the cash basis for presentation in these regulatory basis financial statements.

Total utility users as of December 31, 2012, were as follows:

Electric	5,677
Water	4,350
Sewer	4,093
Gas	4,257
Refuse	3,941

9. NOTES RECEIVABLE AND LOANS RECEIVABLE

The City has established an Economic Development Revolving Loan Fund. The Fund is the recipient of money paid back to the City by Chanute industries which received Community Development Block Grants in earlier years. As repayment is made by these industries, the City makes loans to other qualifying industries. The loans due to the City at December 31, 2012, through the Economic Development Revolving Loan Fund are as follows:

Magna Tech	\$ 172,248.58
Tioga Suite	66,445.51
Tioga Suite #2	82,313.30
McKinney Motors	1,531.55
Inertia Health	86,372.61
Hi-Lo Tables	166,946.96
Get Lit #1	15,556.46
Get Lit #2	13,562.80
Get Lit #3	23,363.58
Consignment	8,433.85
LaRue #1	87,585.97
LaRue #2	<u>22,540.67</u>
 TOTAL NOTES RECEIVABLE	 <u>\$ 746,901.84</u>

9. NOTES RECEIVABLE AND LOANS RECEIVABLE (Continued)

The City has made Industrial Development Loans through the Industrial Fund. The Fund was the recipient of various HUD Grants in earlier years. Loans made with these monies are repaid and the City makes additional development loans from these repayments. The Community Development loans due to the City at December 31, 2012, are as follows:

Sierra Midwest	\$ 52,848.11
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The City has made Community Development Loans through the Community Development Fund. The Fund was the recipient of various HUD Grants in earlier years. Loans made with these monies are repaid and the City makes additional development loans from these repayments. The Community Development loans due to the City at December 31, 2012, are as follows:

Hi Lo Tables	\$ 230,264.27
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These notes receivable and loans are not reflected in these regulatory basis financial statements of the City of Chanute, Kansas.

10. ECONOMIC DEPENDENCY

During 2012, the City collected 44.66% of its electric utility revenues and provided 56.26% of its kilowatt hours produced to Ash Grove Cement Company.

11. OTHER POST EMPLOYMENT BENEFITS

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

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.

Early Retirement Incentive: The City offered an early retirement incentive program to certain eligible employees. The early retirement incentive was a 2011 budget action in order to reduce general fund expenditures by approximately \$300,000. The incentive included union and non-union personnel for a limited period in late 2010 and early 2011. The incentive provides for health insurance to individuals until the age of 65 is obtained or a onetime KPERS service credit payment. Individuals are limited on the maximum amount used to reduce the health insurance costs. The amount is determined annually. At December 31, 2012 there are 13 employees that have elected to take the early retirement incentive and have an unused balance of \$120,331.89.

12. RISK MANAGEMENT

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

12. RISK MANAGEMENT (Continued)

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in the Kansas Eastern Region Insurance Trust (KERIT). The City participates in the decision making of KERIT through trustee representation. KERIT files its annual audited financial statements with the Kansas Insurance Commissioner. The City pays annual premium to KERIT for its workers' compensation insurance coverage. The agreement to participate provides that KERIT will be self-sustaining through member premiums and will reinsurance through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KERIT management.

The City has established a Special Liability Fund. The purpose of this fund is to provide the cost for an investigation of, a defense to and the payment of any claim which the City is legally obligated to pay pursuant to the Kansas Tort Claims Act, to the extent that any such claim may be uninsured by the City. The Special Liability Fund is funded by charges to other funds.

The City has established a Health Insurance Fund. The purpose of this fund is to provide for an employee welfare benefit plan for health insurance. Contributions from eligible employees and the City are deposited in the name of the plan, subject to withdrawal for purposes of paying approved claims and expenses. The City has contracted with Blue Cross Blue Shield of Kansas to be the claims supervisor. The supervisor reviews all claims for allowability and issues monthly reports to the City. The City has a stop-gap policy which pays any aggregate claims over \$60,000.00.

13. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE

The City operates a municipal solid waste landfill which is regulated by state and federal agencies, including the State of Kansas Department of Health and Environment and the United States Environmental Protection Agency. The City's permitted landfill area is presently 80 acres with 10 acres currently open. Regulations require the City to properly close each cell upon reaching maximum capacity and to monitor the landfill for 30 years after closure. The cost of closure and post-closure care will be paid when due from funds accumulated for the purpose in restricted cash accounts, from allocation of ad valorem tax collections, from the proceeds of debt, or a combination of these. The City has not accrued or funded a liability for these estimated costs of landfill closure and post-closure.

14. COMPENSATED ABSENCES

All full-time employees of the City with one year of employment are eligible for vacation benefits in varying annual amounts. Vacation must be used by each anniversary date. In the event of termination, unused accrued vacation time is paid.

Sick leave accrues to all full-time employees at the rate of one day per month and is unlimited. Employees who terminate by other than retirement or death will not be paid for accumulated sick leave. An employee shall be paid for accumulated sick leave up to 120 days upon termination by death or retirement.

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

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

In accordance with the above criteria, the City has an unfunded liability for vacation benefits at December 31, 2012 of \$219,900.24, and has not estimated a liability for sick pay which has been earned, but not taken by City employees, inasmuch as the amount cannot be reasonably estimated.

15. COMMITMENTS AND CONTINGENCIES

The City has entered into multi year agreements with the various unions representing policemen, firemen, and electrical and public works employees, and other utility workers.

The City has entered into an agreement with Kansas City Power and Light to be able to receive 45 megawatts of scheduled load effective until December 31, 2016.

The City has entered into a ten year agreement with Municipal Energy Resource Corporation for the purchase of natural gas effective until December 31, 2023.

The City has entered into a five year agreement with the Kansas Power Pool for electric facilitation and transmission effective until December 31, 2014.

The City has entered into a eight year agreement with Southern Star Central Gas Pipeline, Inc. for natural gas transportation and storage effective until October 1, 2017.

The City has entered into a fifteen year agreement with Kansas Municipal Energy Agency for peak power purchasing and selling of electricity effective until December 31, 2018.

The City has entered into a ten year agreement with Cunningham Sandblasting & Painting Co., Inc. for the maintenance of the water tower located in the industrial park effective until August 21, 2021.

The City has entered into a three year contract with Civic Plus for the City's website. The City website was launched May 2012 with the contract effective until May 2015.

The City has entered into a three year contract with Tyler Technologies for the Utility Billing On-line component effective until April 2, 2015.

16. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Capital Improvement #2	K.S.A. 12-1,118	\$ 9,781.54
General	Special Obligation Bond and Interest	K.S.A. 12-197	45,880.00
General	General Obligation Bond and Interest	K.S.A. 12-1,118	425,274.97
Electric Utility	General	K.S.A. 12-825d	1,111,554.64
Electric Utility	City Employee Benefits	K.S.A. 12-825d	150,000.00
Electric Utility	Capital Improvement #1	K.S.A. 12-1,118	559,000.00
Electric Utility	Capital Improvement #2	K.S.A. 12-1,118	200,000.00
Electric Utility	General Obligation Bond and Interest	K.S.A. 12-825d	2,373,539.99
Electric Utility	Electric, Water, and Gas Bond and Interest	K.S.A. 12-825d	612,805.04
Water Utility	General	K.S.A. 12-825d	77,994.13
Sewer Utility	General	K.S.A. 12-825d	65,790.21
Sewer Utility	Capital Improvement #1	K.S.A. 12-825d	385,723.12
Sewer Utility	Equipment Reserve	K.S.A. 12-1,117	30,000.00
Refuse Utility	General	K.S.A. 12-825d	52,376.00
Refuse Utility	Equipment Reserve	K.S.A. 12-1,117	50,000.00
Gas Utility	General	K.S.A. 12-825d	183,293.65
Gas Utility	Equipment Reserve	K.S.A. 12-1,117	200,000.00
Gas Utility	Capital Improvement #1	K.S.A. 12-1,118	108,000.00
Gas Utility	Capital Improvement #2	K.S.A. 12-1,118	150,000.00
Public Works and Utility Complex Fund	Capital Improvement #2	K.S.A. 12-1,118	17,500.00

17. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTAL INFORMATION

Schedule 1

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

Funds	Certified Budget	Adjustments for		Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
		Qualifying Budget Credits				
General Fund	\$ 6,422,721.00	\$ 63,593.83		\$ 6,486,314.83	\$ 5,978,542.38	\$ (507,772.45)
Special Purpose Funds:						
Industrial	5,000.00	-		5,000.00	3,230.39	(1,769.61)
Library	395,500.00	-		395,500.00	388,459.10	(7,040.90)
Library Employee Benefit	45,000.00	-		45,000.00	44,323.32	(676.68)
City Employee Benefit	860,933.00	12,395.40		873,328.40	822,936.12	(50,392.28)
Special Liability Expense	80,000.00	-		80,000.00	71,721.36	(8,278.64)
Recreation Complex	50,000.00	-		50,000.00	23,049.29	(26,950.71)
Special Parks & Recreation	104,000.00	-		104,000.00	40,177.52	(63,822.48)
Special Alcohol Programs	80,000.00	-		80,000.00	71,638.06	(8,361.94)
Tourism and Convention	77,500.00	-		77,500.00	77,500.00	-
Emergency Telephone	85,000.00	-		85,000.00	89,685.53	4,685.53
Special Highway Improvement	990,000.00	-		990,000.00	983,888.41	(6,111.59)
Bond and Interest Funds:						
General Obligation Bond and Interest	7,660,133.00	-		7,660,133.00	6,704,409.09	(955,723.91)
Special Obligation Bond and Interest	58,540.00	-		58,540.00	58,085.00	(455.00)
Business Funds:						
Electric Utility	25,357,922.00	-		25,357,922.00	23,208,071.76	(2,149,850.24)
Water Utility	3,000,000.00	-		3,000,000.00	2,989,142.55	(10,857.45)
Gas Utility	4,692,074.00	173.00		4,692,247.00	3,907,801.76	(784,445.24)
Refuse Utility	899,308.00	-		899,308.00	888,007.21	(11,300.79)
Sewer Utility	1,945,000.00	-		1,945,000.00	1,927,030.88	(17,969.12)
Electric, Water & Gas Bond and Interest	612,805.00	-		612,805.00	612,805.00	-

CITY OF CHANUTE, 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)

	Current Year				Variance - Over (Under)	
	Prior Year					
	Actual	Actual	Budget			
Receipts						
Taxes and Shared Revenue						
Ad Valorem Property Tax	\$ 463,097.08	\$ 671,014.67	\$ 698,643.00	\$ (27,628.33)		
Delinquent Tax	19,289.55	26,600.06	20,000.00	6,600.06		
Motor Vehicle Tax	92,055.97	82,087.01	89,281.00	(7,193.99)		
Rental Motor Vehicle Tax	102.67	88.98	1,045.00	(956.02)		
Recreational Vehicle Tax	1,043.44	673.31	100.00	573.31		
16M-20M Truck Tax	859.80	654.07	970.00	(315.93)		
Payments in Lieu of Taxes	1,419.53	-	3,500.00	(3,500.00)		
Sales Tax	2,651,703.30	2,569,653.45	2,669,100.00	(99,446.55)		
Franchise Taxes	330,479.64	328,029.67	339,891.00	(11,861.33)		
Special Assessments	10,014.06	12,398.71	6,000.00	6,398.71		
Intergovernmental						
Highway Connecting Links	16,710.01	16,721.51	16,000.00	721.51		
Local Alcoholic Liquor Tax	22,155.13	22,663.29	25,669.00	(3,005.71)		
Federal Grants - ESG	-	5,389.04	-	5,389.04		
State Grants - Fire	184.00	-	-	-		
State Grants - City Dump	-	115,192.70	-	115,192.70		
Licenses and Permits						
Business Licenses, Permits & Fees	12,718.00	13,313.00	11,300.00	2,013.00		
Non-Business Licenses,						
Permits & Fees	26,126.60	31,347.13	27,700.00	3,647.13		
Charges for Services						
General Government Services	8,592.50	5,875.00	10,500.00	(4,625.00)		
Public Safety Services	67,216.00	65,994.02	94,000.00	(28,005.98)		
Public Works Services	399.52	-	1,500.00	(1,500.00)		
Health Services	16,758.77	8,586.54	17,160.00	(8,573.46)		
Swimming Pool Fees	97,865.55	58,249.25	96,050.00	(37,800.75)		
Golf Course Fees	-	88,233.94	-	88,233.94		
Culture and Recreation Services	22,006.00	20,404.84	25,850.00	(5,445.16)		
Fines, Forfeitures and Penalties						
Fines	161,715.59	157,424.85	200,300.00	(42,875.15)		
Use of Money and Property						
Interest Income	-	38,375.21	-	38,375.21		
Rents & Royalties	49,973.97	45,073.20	34,500.00	10,573.20		
Sale of Equipment and Property	151,053.29	91,249.12	136,000.00	(44,750.88)		

CITY OF CHANUTE, 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)

	Current Year				Variance - Over (Under)	
	Prior Year					
	Actual	Actual	Budget			
Receipts (Continued)						
Other Revenues						
Donations	\$ 2,491.32	\$ -	\$ -	\$ -		
Miscellaneous	11,196.19	33,383.48	43,801.00	(10,417.52)		
Reimbursed Expense	85,362.04	63,593.83	52,000.00	11,593.83		
Operating Transfers from:						
Electric Utility Fund	1,115,935.31	1,111,554.64	1,155,000.00	(43,445.36)		
Water Utility Fund	58,591.11	77,994.13	69,714.00	8,280.13		
Sewer Utility Fund	57,181.58	65,790.21	51,259.00	14,531.21		
Refuse Utility Fund	49,729.56	52,376.00	47,555.00	4,821.00		
Gas Utility Fund	209,005.45	183,293.65	259,223.00	(75,929.35)		
Special Liability Expense Fund	-	-	-	-		
Total Receipts	5,813,032.53	6,063,278.51	\$ 6,203,611.00	\$ (140,332.49)		
Expenditures						
City Commission	53,880.68	74,673.21	\$ 114,721.00	\$ (40,047.79)		
Municipal Court	118,825.77	128,950.77	150,577.00	(21,626.23)		
City Manager's Office	272,138.42	282,659.20	290,631.00	(7,971.80)		
General Administrative Services	211,567.11	211,876.66	243,489.00	(31,612.34)		
Community Development	360,392.56	309,002.78	399,751.00	(90,748.22)		
Legal Services	95,982.69	103,247.38	104,793.00	(1,545.62)		
Information Services	120.93	-	-	-		
Public Buildings & Grounds	258,971.82	271,529.18	270,935.00	594.18		
Special Projects	6,101.96	26,409.47	681.00	25,728.47		
Police Department	1,352,366.07	1,287,392.79	1,408,306.00	(120,913.21)		
Fire Department	914,759.76	911,020.08	920,727.00	(9,706.92)		
Animal Control	57,798.11	61,982.42	88,682.00	(26,699.58)		
Civil Defense	1,183.61	7,592.29	2,710.00	4,882.29		
Streets and Roads	892,509.49	762,249.63	879,680.00	(117,430.37)		
Cemetery	117,733.14	159,849.30	169,782.00	(9,932.70)		
Airport	247,597.89	203,022.43	251,626.00	(48,603.57)		
Parks	299,455.83	294,625.62	323,437.00	(28,811.38)		
Swimming Pool	189,712.88	138,443.36	193,411.00	(54,967.64)		
Golf Course	-	111,063.92	-	111,063.92		
Tree Program	402.50	2,100.77	-	2,100.77		
Auditorium Management Services	36,570.32	28,342.68	31,432.00	(3,089.32)		

Schedule 2
1 of 29 (Continued)

CITY OF CHANUTE, 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)

	Current Year				Variance - Over (Under)	
	Prior Year					
	Actual	Actual	Budget			
Expenditures (Continued)						
Economic Development	\$ 369.51	\$ 121,571.93	\$ 150,000.00	\$ (28,428.07)		
Operating Transfers to:						
Capital Improvement #2 Fund	93,050.09	9,781.54	-	9,781.54		
Equipment Reserve Fund	66,000.00	-	-	-		
General Obligation						
Bond and Interest Fund	449,632.97	425,274.97	427,350.00	(2,075.03)		
Special Obligation Bond						
and Interest Fund	45,880.00	45,880.00	-	45,880.00		
Total Certified Budget			6,422,721.00	(444,178.62)		
Adjustments for Qualifying						
Budget Credits			63,593.83	(63,593.83)		
 Total Expenditures	 6,143,004.11	 5,978,542.38	 \$ 6,486,314.83	 \$ (507,772.45)		
 Receipts Over(Under) Expenditures	 (329,971.58)	 84,736.13				
 Unencumbered Cash, Beginning	 392,601.11	 62,629.53				
 Unencumbered Cash, Ending	 \$ 62,629.53	 \$ 147,365.66				

**CITY OF CHANUTE, KANSAS
INDUSTRIAL 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)

					Current Year		Variance - Over (Under)	
	Prior Year							
	Actual	Actual	Budget					
Receipts								
Taxes and Shared Revenue								
Delinquent Tax	\$ 33.37	\$ 3.36	\$ -		\$ -		\$ 3.36	
Use of Money and Property								
Revolving Loan Principal	41,554.54	36,407.60	50,000.00				(13,592.40)	
Revolving Loan Interest	2,611.64	1,452.40	-				1,452.40	
Operating Transfers from:								
Refuse Utility Fund	6,955.80	-	-				-	
Total Receipts	51,155.35	37,863.36	\$ 50,000.00				\$ (12,136.64)	
Expenditures								
General Government								
Contractual Services	76,892.06	3,171.21	\$ 5,000.00	\$ -	\$ -		(1,828.79)	
Commodities	6,390.44	59.18	-				59.18	
Capital Outlay	3,350.05	-	-				-	
Total Expenditures	86,632.55	3,230.39	\$ 5,000.00				\$ (1,769.61)	
Receipts Over(Under) Expenditures	(35,477.20)	34,632.97						
Unencumbered Cash, Beginning	109,390.97	73,913.77						
Unencumbered Cash, Ending	\$ 73,913.77	\$ 108,546.74						

CITY OF CHANUTE, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

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

	Current Year				Variance - Over (Under)	
	Prior Year		Budget			
	Actual	Actual	(Under)			
Receipts						
Taxes and Shared Revenue						
Ad Valorem Property Tax	\$ 236,208.88	\$ 335,549.13	\$ 349,311.00	\$ (13,761.87)		
Delinquent Tax	7,183.91	11,094.46	6,000.00	5,094.46		
Motor Vehicle Tax	40,427.38	41,127.45	45,540.00	(4,412.55)		
Rental Motor Vehicle Tax	48.18	43.33	40.00	3.33		
Recreational Vehicle Tax	456.78	337.84	533.00	(195.16)		
16M-20M Truck Tax	307.48	306.89	495.00	(188.11)		
Payments in Lieu of Taxes	724.05	-	450.00	(450.00)		
Total Receipts	<u>285,356.66</u>	<u>388,459.10</u>	<u>\$ 402,369.00</u>	<u>\$ (13,909.90)</u>		
Expenditures						
Culture and Recreation						
Library Appropriations	<u>292,235.51</u>	<u>388,459.10</u>	<u>\$ 395,500.00</u>	<u>\$ (7,040.90)</u>		
Total Expenditures	<u>292,235.51</u>	<u>388,459.10</u>	<u>\$ 395,500.00</u>	<u>\$ (7,040.90)</u>		
Receipts Over(Under) Expenditures	(6,878.85)	-				
Unencumbered Cash, Beginning	<u>6,878.85</u>	-				
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>				

CITY OF CHANUTE, KANSAS
LIBRARY EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

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

	Current Year				Variance - Over (Under)	
	Prior Year		Actual			
	Actual	Budget				
Receipts						
Taxes and Shared Revenue						
Ad Valorem Property Tax	\$ 36,490.59	\$ 36,306.00	\$ 37,787.00	\$ (1,481.00)		
Delinquent Tax	1,058.37	1,667.67	750.00	917.67		
Motor Vehicle Tax	5,818.90	6,248.23	7,035.00	(786.77)		
Rental Motor Vehicle Tax	6.85	6.40	8.00	(1.60)		
Recreational Vehicle Tax	65.79	51.40	82.00	(30.60)		
16M-20M Truck Tax	46.25	43.62	76.00	(32.38)		
Payments in Lieu of Taxes	111.85	-	-	-		
Total Receipts	43,598.60	44,323.32	\$ 45,738.00	\$ (1,414.68)		
Expenditures						
Culture and Recreation						
Library Appropriations	43,840.57	44,323.32	\$ 45,000.00	\$ (676.68)		
Total Expenditures	43,840.57	44,323.32	\$ 45,000.00	\$ (676.68)		
Receipts Over(Under) Expenditures	(241.97)	-				
Unencumbered Cash, Beginning	241.97	-				
Unencumbered Cash, Ending	\$ -	\$ -				

CITY OF CHANUTE, KANSAS
CITY EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

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

	Current Year				Variance - Over (Under)	
	Prior Year		Actual	Budget		
	Actual	Actual				
Receipts						
Taxes and Shared Revenue						
Ad Valorem Property Tax	\$ 386,554.91	\$ 448,269.54	\$ 466,739.00	\$ (18,469.46)		
Delinquent Tax	15,254.85	21,681.74	13,000.00	8,681.74		
Motor Vehicle Tax	73,260.03	67,777.89	74,519.00	(6,741.11)		
Rental Motor Vehicle Tax	81.51	72.22	45.00	27.22		
Recreational Vehicle Tax	830.50	556.42	872.00	(315.58)		
16M-20M Truck Tax	688.79	519.25	810.00	(290.75)		
Payments on Lieu of Taxes	1,184.90	-	-	-		
Other Revenues						
Reimbursed Expense	12,835.82	12,395.40	15,000.00	(2,604.60)		
Operating Transfers from:						
Electric Utility Fund	-	150,000.00	150,000.00	-		
Total Receipts	490,691.31	701,272.46	\$ 720,985.00	\$ (19,712.54)		
Expenditures						
General Government						
Employee Benefits	688,978.60	822,936.12	\$ 860,933.00	\$ (37,996.88)		
Total Certified Budget			860,933.00		(37,996.88)	
Adjustments for Qualifying Budget Credits			12,395.40		(12,395.40)	
Total Expenditures	688,978.60	822,936.12	\$ 873,328.40	\$ (50,392.28)		
Receipts Over(Under) Expenditures	(198,287.29)	(121,663.66)				
Unencumbered Cash, Beginning	<u>428,531.59</u>	<u>230,244.30</u>				
Unencumbered Cash, Ending	<u>\$ 230,244.30</u>	<u>\$ 108,580.64</u>				

CITY OF CHANUTE, KANSAS
SPECIAL LIABILITY EXPENSE 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)

					Current Year		Variance - Over (Under)	
	Prior Year							
	Actual	Actual	Budget					
Receipts								
Taxes and Shared Revenue								
Delinquent Tax	\$ 87.34	\$ 45.05	\$ -		\$ 45.05			
Other Revenues								
Reimbursed Expense	<u>3,741.55</u>	<u>250.50</u>	<u>-</u>		<u>250.50</u>			
Total Receipts	<u>3,828.89</u>	<u>295.55</u>	<u>\$ -</u>		<u>\$ 295.55</u>			
Expenditures								
General Government								
Contractual Services	<u>28,441.03</u>	<u>71,721.36</u>	<u>\$ 80,000.00</u>		<u>\$ (8,278.64)</u>			
Total Expenditures	<u>28,441.03</u>	<u>71,721.36</u>	<u>\$ 80,000.00</u>		<u>\$ (8,278.64)</u>			
Receipts Over(Under) Expenditures	(24,612.14)	(71,425.81)						
Unencumbered Cash, Beginning	<u>518,166.19</u>	<u>493,554.05</u>						
Unencumbered Cash, Ending	<u>\$ 493,554.05</u>	<u>\$ 422,128.24</u>						

**CITY OF CHANUTE, KANSAS
RECREATION COMPLEX 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)

	Current Year				Variance - Over (Under)	
	Prior Year					
	Actual	Actual	Budget			
Receipts						
Use of Money and Property						
Rents & Royalties	\$ 54,371.53	\$ 42,000.00	\$ 42,000.00	\$ -	-	
Other Revenues						
Miscellaneous	<u>150,000.00</u>	<u>10,146.25</u>	<u>24,000.00</u>	<u>(13,853.75)</u>		
Total Receipts	<u>204,371.53</u>	<u>52,146.25</u>	<u>\$ 66,000.00</u>	<u>\$ (13,853.75)</u>		
Expenditures						
General Government						
Contractual Services	<u>83,761.97</u>	<u>23,049.29</u>	<u>\$ 50,000.00</u>	<u>\$ (26,950.71)</u>		
Total Expenditures	<u>83,761.97</u>	<u>23,049.29</u>	<u>\$ 50,000.00</u>	<u>\$ (26,950.71)</u>		
Receipts Over(Under) Expenditures	120,609.56	29,096.96				
Unencumbered Cash, Beginning	-	<u>120,609.56</u>				
Unencumbered Cash, Ending	<u>\$ 120,609.56</u>	<u>\$ 149,706.52</u>				

CITY OF CHANUTE, KANSAS
SPECIAL PARKS AND RECREATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

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

	Current Year				Variance - Over (Under)	
	Prior Year		Actual			
	Actual	Budget				
Receipts						
Taxes and Shared Revenue						
Local Alcoholic Liquor Tax	\$ 22,155.14	\$ 22,663.26	\$ 25,669.00	\$ (3,005.74)		
Intergovernmental						
State Grants - Fisheries	<u>2,492.60</u>	<u>2,492.60</u>	<u>-</u>	<u>2,492.60</u>		
Total Receipts	<u>24,647.74</u>	<u>25,155.86</u>	<u>\$ 25,669.00</u>	<u>\$ (513.14)</u>		
Expenditures						
Culture and Recreation						
Capital Outlay	<u>38,238.51</u>	<u>40,177.52</u>	<u>\$ 104,000.00</u>	<u>\$ (63,822.48)</u>		
Total Expenditures	<u>38,238.51</u>	<u>40,177.52</u>	<u>\$ 104,000.00</u>	<u>\$ (63,822.48)</u>		
Receipts Over(Under) Expenditures	<u>(13,590.77)</u>	<u>(15,021.66)</u>				
Unencumbered Cash, Beginning	<u>149,560.24</u>	<u>135,969.47</u>				
Unencumbered Cash, Ending	<u>\$ 135,969.47</u>	<u>\$ 120,947.81</u>				

**CITY OF CHANUTE, KANSAS
SPECIAL ALCOHOL PROGRAMS 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)

	Current Year			Variance - Over (Under)	
	Prior Year				
	Actual	Actual	Budget		
Receipts					
Taxes and Shared Revenue					
Local Alcoholic Liquor Tax	\$ 22,155.16	\$ 22,663.26	\$ 25,669.00	\$ (3,005.74)	
Total Receipts	<u>22,155.16</u>	<u>22,663.26</u>	<u>25,669.00</u>	<u>\$ (3,005.74)</u>	
Expenditures					
Culture and Recreation					
Alcohol Programs	29,229.72	71,638.06	\$ 80,000.00	\$ (8,361.94)	
Total Expenditures	<u>29,229.72</u>	<u>71,638.06</u>	<u>\$ 80,000.00</u>	<u>\$ (8,361.94)</u>	
Receipts Over(Under) Expenditures	(7,074.56)	(48,974.80)			
Unencumbered Cash, Beginning	<u>122,115.03</u>	<u>115,040.47</u>			
Unencumbered Cash, Ending	<u>\$ 115,040.47</u>	<u>\$ 66,065.67</u>			

CITY OF CHANUTE, KANSAS
TOURISM AND CONVENTION 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)

	Current Year				Variance - Over (Under)	
	Prior Year		Actual	Budget		
	Actual	Budget				
Receipts						
Taxes and Shared Revenue						
Transient Guest Tax	\$ 49,175.44	\$ 54,338.79	\$ 47,000.00	\$ 7,338.79		
Total Receipts	49,175.44	54,338.79	\$ 47,000.00	\$ 7,338.79		
Expenditures						
General Government						
Contractual Services	80,500.00	77,500.00	\$ 77,500.00	\$ -		
Total Expenditures	80,500.00	77,500.00	\$ 77,500.00	\$ -		
Receipts Over(Under) Expenditures	(31,324.56)	(23,161.21)				
Unencumbered Cash, Beginning	76,099.75	44,775.19				
Unencumbered Cash, Ending	\$ 44,775.19	\$ 21,613.98				

**CITY OF CHANUTE, KANSAS
EMERGENCY TELEPHONE 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)

	Current Year				Variance - Over (Under)
	Prior Year		Budget		
	Actual	Actual	Budget		
Receipts					
Taxes and Shared Revenue					
Emergency Telephone Tax	\$ 34,585.35	\$ 8,737.56	\$ 9,415.00	\$ (677.44)	
Total Receipts	<u>34,585.35</u>	<u>8,737.56</u>	<u>\$ 9,415.00</u>	<u>\$ (677.44)</u>	
Expenditures					
General Government					
Contractual Services	<u>65,222.68</u>	<u>89,685.53</u>	<u>\$ 85,000.00</u>	<u>\$ 4,685.53</u>	
Total Expenditures	<u>65,222.68</u>	<u>89,685.53</u>	<u>\$ 85,000.00</u>	<u>\$ 4,685.53</u>	
Receipts Over(Under) Expenditures	(30,637.33)	(80,947.97)			
Unencumbered Cash, Beginning	<u>111,585.30</u>	<u>80,947.97</u>			
Unencumbered Cash, Ending	<u>\$ 80,947.97</u>	<u>\$ -</u>			

CITY OF CHANUTE, KANSAS
SPECIAL HIGHWAY IMPROVEMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

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

	Current Year				Variance - Over (Under)	
	Prior Year		Actual			
	Actual	Budget				
Receipts						
Taxes and Shared Revenue						
Motor Fuel Tax	\$ 233,008.47	\$ 235,797.42	\$ 240,190.00	\$ (4,392.58)		
Other Revenues						
Reimbursed Expense	6,135.11	15,000.00	-	15,000.00		
Total Receipts	239,143.58	250,797.42	\$ 240,190.00	\$ 10,607.42		
Expenditures						
General Government						
Personal Services	42,000.00	30,627.66	\$ 42,840.00	\$ (12,212.34)		
Contractual Services	-	107,886.29	147,160.00	(39,273.71)		
Capital Outlay	240,594.64	845,374.46	800,000.00	45,374.46		
Operating Transfers to:						
General Obligation						
Bond and Interest Fund	860,557.39	-	-	-		
Capital Improvement #1 Fund	17,137.70	-	-	-		
Total Expenditures	1,160,289.73	983,888.41	\$ 990,000.00	\$ (6,111.59)		
Receipts Over(Under) Expenditures	(921,146.15)	(733,090.99)				
Unencumbered Cash, Beginning	2,229,094.12	1,307,947.97				
Unencumbered Cash, Ending	\$ 1,307,947.97	\$ 574,856.98				

CITY OF CHANUTE, KANSAS
CAPITAL IMPROVEMENT #1 FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Public Water Supply Loan	\$ -	\$ 112,638.60
Pollution Control Revolving Loan	-	5,000.00
Other Revenues		
Reimbursed Expense	-	851.60
Operating Transfers from:		
Electric Utility Fund	363,000.00	559,000.00
Gas Utility Fund	118,000.00	108,000.00
Sewer Utility Fund	380,531.05	385,723.12
Special Highway Improvement Fund	<u>17,137.70</u>	-
Total Receipts	<u>878,668.75</u>	<u>1,171,213.32</u>
Expenditures		
Capital Projects		
Capital Outlay	1,757,577.86	1,261,003.71
Debt Service		
Debt Issuance Costs	-	281.60
Operating Transfer to		
Electric, Water, and Gas Bond and Interest Fund	<u>203,470.29</u>	-
Total Expenditures	<u>1,961,048.15</u>	<u>1,261,285.31</u>
Receipts Over(Under) Expenditures	(1,082,379.40)	(90,071.99)
Unencumbered Cash, Beginning	<u>1,913,656.71</u>	<u>831,277.31</u>
Unencumbered Cash, Ending	<u>\$ 831,277.31</u>	<u>\$ 741,205.32</u>

CITY OF CHANUTE, KANSAS
CAPITAL IMPROVEMENT #2 FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

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

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Revenue		
Federal Grants - FEMA	\$ 2,250.00	\$ -
Federal Grants - FAA - 06	55,683.00	30,589.00
Federal Grants - KDOT	9,907.20	-
Federal Grants - CDBG - Rehab	25,570.00	-
Federal Grants - CDBG - Flood	7,145.00	-
State Grants - FEMA	300.00	-
Use of Money and Property		
Interest Income	53,600.95	-
Sale of Property and Materials	37,815.40	1,773.60
Other Revenue		
Donations	50.00	540.00
Reimbursed Expense	-	51,286.45
Operating Transfers from:		
General Fund	93,050.09	9,781.54
Electric Utility Fund	500,000.00	200,000.00
Gas Utility Fund	200,000.00	150,000.00
Public Works and Utility		
Complex Fund	-	<u>17,500.00</u>
Total Receipts	<u>985,371.64</u>	<u>461,470.59</u>
Expenditures		
Capital Projects		
Capital Outlay	<u>594,203.69</u>	<u>639,239.02</u>
Total Expenditures	<u>594,203.69</u>	<u>639,239.02</u>
Receipts Over(Under) Expenditures	391,167.95	(177,768.43)
Unencumbered Cash, Beginning	<u>369,795.42</u>	<u>760,963.37</u>
Unencumbered Cash, Ending	<u>\$ 760,963.37</u>	<u>\$ 583,194.94</u>

CITY OF CHANUTE, KANSAS
EQUIPMENT RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

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

	Prior Year Actual	Current Year Actual
Receipts		
Licenses and Permits		
Dog Permits	\$ 952.00	\$ -
Use of Money and Property		
Interest Income	163,838.97	-
Sale of Property and Materials	-	14,465.22
Operating Transfers from:		
General Fund	66,000.00	-
Gas Utility Fund	6,000.00	200,000.00
Sewer Utility Fund	3,000.00	30,000.00
Refuse Utility Fund	50,000.00	50,000.00
Utility Services Fund	<u>10,500.00</u>	<u>-</u>
Total Receipts	<u>300,290.97</u>	<u>294,465.22</u>
Expenditures		
Equipment and Machinery		
Capital Outlay	<u>202,154.37</u>	<u>466,060.69</u>
Total Expenditures	<u>202,154.37</u>	<u>466,060.69</u>
Receipts Over(Under) Expenditures	98,136.60	(171,595.47)
Unencumbered Cash, Beginning	<u>667,576.96</u>	<u>765,713.56</u>
Unencumbered Cash, Ending	<u>\$ 765,713.56</u>	<u>\$ 594,118.09</u>

CITY OF CHANUTE, KANSAS
EFFICIENCY KANSAS GRANT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

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

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	\$ 148,912.88	\$ -
Charges for Services		
Utility Revenues	5,033.28	12,392.47
Service Fees	203.83	348.00
Energy Audits	808.21	691.79
Operating Transfers from Electric Utility Fund	4,900.00	-
Total Receipts	<u>159,858.20</u>	<u>13,432.26</u>
Expenditures		
Special Projects		
Contractual Services	5,716.46	13,759.12
Capital Outlay	<u>153,812.88</u>	-
Total Expenditures	<u>159,529.34</u>	<u>13,759.12</u>
Receipts Over(Under) Expenditures	328.86	(326.86)
Unencumbered Cash, Beginning	-	<u>328.86</u>
Unencumbered Cash, Ending	<u>\$ 328.86</u>	<u>\$ 2.00</u>

**CITY OF CHANUTE, KANSAS
GRANT PROJECTS FUND**

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

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

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants - CDBG - Rehab	\$ 215,313.00	\$ 3,000.00
Federal Grants - ESG	44,947.71	14,301.52
Federal Grants - FAA	-	18,112.00
Federal Grants - Firefighters	-	2,785.00
Federal Grants - Take Charge	25,000.00	-
Federal Grants - Parks	75,000.00	-
Federal Grants - Safe Routes	-	15,000.00
State Grants - Old City Dump	66,390.50	54,412.55
State Grants - E Rate	-	21,600.00
Use of Money and Property		
Capital Lease Proceeds	4,308.00	-
Other Revenues		
Donations	<u>18,781.75</u>	<u>16,786.07</u>
Total Receipts	<u>449,740.96</u>	<u>145,997.14</u>
 Expenditures		
Special Projects		
Contractual Services	<u>376,321.19</u>	<u>645,840.17</u>
Total Expenditures	<u>376,321.19</u>	<u>645,840.17</u>
 Receipts Over(Under) Expenditures	73,419.77	(499,843.03)
Unencumbered Cash, Beginning	<u>(5,389.04)</u>	<u>68,030.73</u>
Unencumbered Cash, Ending	<u>\$ 68,030.73</u>	<u>\$ (431,812.30)</u>

14735.40

**CITY OF CHANUTE, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Current Year				Variance - Over (Under)	
	Prior Year		Actual			
	Actual	Actual	Budget			
Receipts						
Taxes and Shared Revenue						
Ad Valorem Property Tax	\$ 471,439.34	\$ 772,266.44	\$ 803,968.00	\$ (31,701.56)		
Delinquent Tax	11,008.74	19,141.90	-	19,141.90		
Motor Vehicle Tax	76,700.52	81,858.17	90,890.00	(9,031.83)		
Rental Motor Vehicle Tax	94.87	85.86	-	85.86		
Recreational Vehicle Tax	864.99	672.57	1,064.00	(391.43)		
16M-20M Truck Tax	504.47	604.34	988.00	(383.66)		
Payments in Lieu of Taxes	1,445.10	-	-	-		
Special Assessments	9,791.25	12,647.42	2,000.00	10,647.42		
Use of Money and Property						
Bond Proceeds		2,890,149.77	2,852,083.00	38,066.77		
Bond Subsidy	44,316.79	42,008.74	42,009.00	(0.26)		
Interest Income	0.70	-	-	-		
Operating Transfers from:						
General Fund	449,632.97	425,274.97	427,350.00	(2,075.03)		
Electric Utility Fund	1,408,947.76	2,373,539.99	2,573,540.00	(200,000.01)		
Refuse Utility Fund	170,252.54	-	-	-		
Special Highway						
Improvement Fund	860,557.39	-	-	-		
Total Receipts	<u>3,505,557.43</u>	<u>6,618,250.17</u>	<u>\$ 6,793,892.00</u>	<u>\$ (175,641.83)</u>		
Expenditures						
Debt Service						
Bond Principal	2,210,000.00	5,514,999.90	\$ 5,668,278.00	\$ (153,278.10)		
Bond Interest	1,077,463.97	1,103,554.08	951,000.00	152,554.08		
Bond Issuance Cost	540.00	85,855.11	85,855.00	0.11		
Bond Reserve	-	-	955,000.00	(955,000.00)		
Total Expenditures	<u>3,288,003.97</u>	<u>6,704,409.09</u>	<u>\$ 7,660,133.00</u>	<u>\$ (955,723.91)</u>		
Receipts Over(Under) Expenditures	217,553.46	(86,158.92)				
Unencumbered Cash, Beginning	<u>650,640.35</u>	<u>868,193.81</u>				
Unencumbered Cash, Ending	<u>\$ 868,193.81</u>	<u>\$ 782,034.89</u>				

CITY OF CHANUTE, KANSAS
SPECIAL OBLIGATION BOND AND INTEREST FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

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

	Current Year				Variance - Over (Under)	
	Prior Year		Actual	Budget		
	Actual	Actual				
Receipts						
Taxes and Shared Revenue						
Sales Tax	\$ 11,800.00	\$ 12,660.00	\$ 12,660.00	\$	-	
Use of Money and Property						
Interest Income	-	0.30	-	-	0.30	
Operating Transfers from						
General Fund	<u>45,880.00</u>	<u>45,880.00</u>	<u>45,880.00</u>	<u></u>	<u>-</u>	
Total Receipts	<u>57,680.00</u>	<u>58,540.30</u>	<u>\$ 58,540.00</u>	<u>\$</u>	<u>0.30</u>	
Expenditures						
Debt Service						
Bond Principal	28,000.00	28,000.00	\$ 28,000.00	\$	-	
Bond Interest	30,383.97	29,040.00	29,040.00	-	-	
Debt Service Cost	<u>1,055.00</u>	<u>1,045.00</u>	<u>1,500.00</u>	<u></u>	<u>(455.00)</u>	
Total Expenditures	<u>59,438.97</u>	<u>58,085.00</u>	<u>\$ 58,540.00</u>	<u>\$</u>	<u>(455.00)</u>	
Receipts Over(Under) Expenditures	(1,758.97)	455.30				
Unencumbered Cash, Beginning	<u>13,979.38</u>	<u>12,220.41</u>				
Unencumbered Cash, Ending	<u>\$ 12,220.41</u>	<u>\$ 12,675.71</u>				

**CITY OF CHANUTE, KANSAS
ELECTRIC UTILITY FUND**

**Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis**

For the Year Ended December 31, 2012

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

	Current Year			
	Prior Year		Variance - Over (Under)	
	Actual	Actual	Budget	
Receipts				
Charges for Services				
Utility Revenue	\$ 21,798,688.01	\$ 21,690,810.41	\$ 22,600,000.00	\$ (909,189.59)
Service Revenue	463,475.72	493,580.08	500,000.00	(6,419.92)
Use of Money and Property				
Sale of Property and Materials	2,529.78	4,115.48	100,000.00	(95,884.52)
Other Revenues				
Claims	20,339.54	17,104.43	-	17,104.43
Recovery of Bad Debts	20,453.54	11,710.32	-	11,710.32
Miscellaneous	8,653.00	7,473.96	-	7,473.96
Refunds & Reimbursements	(1,059.23)	7,382.13	-	7,382.13
Total Receipts	22,313,080.36	22,232,176.81	\$ 23,200,000.00	\$ (967,823.19)
Expenditures				
Subject to Budget				
Production	15,200,906.79	14,969,218.36	\$ 16,522,416.00	\$ (1,553,197.64)
Distribution	1,130,373.72	1,216,520.35	1,321,318.00	(104,797.65)
Fiber Communications	399,840.75	904,513.26	570,000.00	334,513.26
Administration and General	988,284.97	1,110,920.12	943,843.00	167,077.12
Operating Transfers to:				
General Fund	1,115,935.31	1,111,554.64	1,155,000.00	(43,445.36)
City Employee Benefits Fund	-	150,000.00	150,000.00	-
Capital Improvement #1 Fund	363,000.00	559,000.00	1,509,000.00	(950,000.00)
Capital Improvement #2 Fund	500,000.00	200,000.00	-	200,000.00
General Obligation Bond and Interest Fund	1,408,947.76	2,373,539.99	2,573,540.00	(200,000.01)
Water Utility Fund	75,000.00	-	-	-
Efficiency Kansas Grant Fund	4,900.00	-	-	-
Electric, Water, and Gas Bond and Interest Fund	477,511.56	612,805.04	612,805.00	0.04
Total Expenditures	21,664,700.86	23,208,071.76	\$ 25,357,922.00	\$ (2,149,850.24)
Receipts Over(Under) Expenditures	648,379.50	(975,894.95)		
Unencumbered Cash, Beginning	1,334,392.05	1,982,771.55		
Unencumbered Cash, Ending	\$ 1,982,771.55	\$ 1,006,876.60		

**CITY OF CHANUTE, KANSAS
WATER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

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

	Current Year				Variance - Over (Under)	
	Prior Year					
	Actual	Actual	Budget			
Receipts						
Charges for Services						
Utility Revenues	\$ 1,141,618.54	\$ 1,543,832.56	\$ 1,394,274.00	\$ 149,558.56		
Service Revenues	1,945.00	100.00	-	100.00		
Use of Money and Property						
Sale of Property and Materials	82.40	2,542.28	-	2,542.28		
Rental Income	11,220.00	-	-	-		
Bond Proceeds	-	1,580,578.59	1,569,359.00	11,219.59		
Intergovernmental						
Federal Grants	9,811.00	3,328.00	-	3,328.00		
Other Revenues						
Recovery of Bad Debts	3,610.72	3,995.77	-	3,995.77		
Refunds & Reimbursements	172.18	505.44	-	505.44		
Operating Transfers from Electric Utility Fund	75,000.00	-	-	-		
Total Receipts	1,243,459.84	3,134,882.64	\$ 2,963,633.00	\$ 171,249.64		
Expenditures						
Source of Supply	15,771.32	15,369.92	\$ 18,000.00	\$ (2,630.08)		
Treatment Plant	629,379.31	595,320.20	641,669.00	(46,348.80)		
Transmission and Distribution	277,136.49	408,947.27	374,188.00	34,759.27		
Administration and General	127,387.31	149,180.12	115,490.00	33,690.12		
Debt Service - Revolving Loan	172,972.32	1,742,330.91	1,780,940.00	(38,609.09)		
Operating Transfers to General Fund	58,591.11	77,994.13	69,713.00	8,281.13		
Total Expenditures	1,281,237.86	2,989,142.55	\$ 3,000,000.00	\$ (10,857.45)		
Receipts Over(Under) Expenditures	(37,778.02)	145,740.09				
Unencumbered Cash, Beginning	96,530.16	58,752.14				
Unencumbered Cash, Ending	\$ 58,752.14	\$ 204,492.23				

**CITY OF CHANUTE, KANSAS
GAS UTILITY FUND**

**Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis**

For the Year Ended December 31, 2012

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

	Current Year				Variance - Over (Under)	
	Prior Year					
	Actual	Actual	Budget			
Receipts						
Charges for Services						
Utility Revenues	\$ 4,106,612.62	\$ 3,769,549.17	\$ 5,184,464.00	\$ (1,414,914.83)		
Service Revenues	2,463.00	1,424.00	-	1,424.00		
Sale of Property and Materials	7,682.00	12,880.26	-	12,880.26		
Other Revenues						
Claims	998.82	337.47	-	337.47		
Recovery of Bad Debts	16,996.22	30,234.51	-	30,234.51		
Miscellaneous	1,050.00	2,445.10	-	2,445.10		
Refunds & Reimbursements	615.09	173.00	-	173.00		
Total Receipts	4,136,417.75	3,817,043.51	\$ 5,184,464.00	\$ (1,367,420.49)		
Expenditures						
Gas Supply	2,291,492.75	1,860,913.67	\$ 2,750,000.00	\$ (889,086.33)		
Gas Storage	580,300.15	591,390.37	650,000.00	(58,609.63)		
Distribution	626,463.12	621,846.32	752,142.00	(130,295.68)		
Administration and General	177,291.13	192,357.75	280,709.00	(88,351.25)		
Operating Transfers to:						
General Fund	209,005.45	183,293.65	259,223.00	(75,929.35)		
Capital Improvement #1 Fund	118,000.00	108,000.00	-	108,000.00		
Capital Improvement #2 Fund	200,000.00	150,000.00	-	150,000.00		
Equipment Reserve Fund	6,000.00	200,000.00	-	200,000.00		
Total Certified Budget			4,692,074.00	(784,272.24)		
Adjustments for Qualifying Budget Credits			173.00	(173.00)		
Total Expenditures	4,208,552.60	3,907,801.76	\$ 4,692,247.00	\$ (784,445.24)		
Receipts Over(Under) Expenditures	(72,134.85)	(90,758.25)				
Unencumbered Cash, Beginning	<u>1,319,902.03</u>	<u>1,247,767.18</u>				
Unencumbered Cash, Ending	<u>\$ 1,247,767.18</u>	<u>\$ 1,157,008.93</u>				

CITY OF CHANUTE, KANSAS
REFUSE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

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

	Current Year				Variance - Over (Under)	
	Prior Year		Actual	Budget		
	Actual	Actual				
Receipts						
Charges for Services						
Utility Revenues	\$ 789,041.32	\$ 833,545.93	\$ 776,105.00	\$ 57,440.93		
Landfill Revenues	205,655.76	204,550.17	175,000.00	29,550.17		
Sale of Property or Materials	6,812.40	313.81	-	313.81		
Other Revenues						
Recovery of Bad Debts	2,949.85	5,108.02	-	5,108.02		
Claims	-	133.00	-	133.00		
Refunds & Reimbursements	-	2,539.05	2,000.00	539.05		
Refuse Licenses & Permits	550.00	500.00	-	500.00		
Total Receipts	1,005,009.33	1,046,689.98	\$ 953,105.00	\$ 93,584.98		
Expenditures						
Collections	282,036.65	329,954.07	\$ 302,035.00	\$ 27,919.07		
Refuse Landfill	300,344.35	319,238.55	432,759.00	(113,520.45)		
Administration and General	85,866.26	136,438.59	116,959.00	19,479.59		
Operating Transfers to:						
General Fund	49,729.56	52,376.00	47,555.00	4,821.00		
Industrial Fund	6,955.80	-	-	-		
Equipment Reserve Fund	50,000.00	50,000.00	-	50,000.00		
General Obligation Bond and Interest Fund	170,252.54	-	-	-		
Total Expenditures	945,185.16	888,007.21	\$ 899,308.00	\$ (11,300.79)		
Receipts Over(Under) Expenditures	59,824.17	158,682.77				
Unencumbered Cash, Beginning	96,655.35	156,479.52				
Unencumbered Cash, Ending	\$ 156,479.52	\$ 315,162.29				

**CITY OF CHANUTE, KANSAS
SEWER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

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

	Current Year				Variance - Over (Under)	
	Prior Year		Budget			
	Actual	Actual				
Receipts						
Charges for Services						
Utility Revenues	\$ 1,158,130.11	\$ 1,302,723.97	\$ 1,201,335.00	\$ 101,388.97		
Service Revenues	50.00	200.00	-	200.00		
Use of Money and Property						
Bond Proceeds	-	482,923.75	481,509.00	1,414.75		
Sale of Property or Materials	-	16.65	-	16.65		
Other Revenues						
Refunds & Reimbursements	172.18	253.80	-	253.80		
Recovery of Bad Debts	4,558.82	2,588.91	-	2,588.91		
Miscellaneous	2,578.41	1,954.13	-	1,954.13		
Total Receipts	1,165,489.52	1,790,661.21	\$ 1,682,844.00	\$ 107,817.21		
Expenditures						
Collections	276,210.76	270,060.93	\$ 289,438.00	\$ (19,377.07)		
Pumping	7,291.36	7,985.36	8,200.00	(214.64)		
Treatment and Disposal	551,383.45	540,351.00	587,541.00	(47,190.00)		
Administration and General	79,261.95	86,157.68	466,601.00	(380,443.32)		
Debt Service						
Principal	40,925.37	522,475.96	523,581.00	(1,105.04)		
Interest	17,095.57	17,101.46	17,100.00	1.46		
Debt Service Cost	1,383.14	1,385.16	1,280.00	105.16		
Operating Transfers to:						
General Fund	57,181.58	65,790.21	51,259.00	14,531.21		
Equipment Reserve Fund	3,000.00	30,000.00	-	30,000.00		
Capital Improvement #1 Fund	380,531.05	385,723.12	-	385,723.12		
Total Expenditures	1,414,264.23	1,927,030.88	\$ 1,945,000.00	\$ (17,969.12)		
Receipts Over(Under) Expenditures	(248,774.71)	(136,369.67)				
Unencumbered Cash, Beginning	486,067.39	237,292.68				
Unencumbered Cash, Ending	\$ 237,292.68	\$ 100,923.01				

CITY OF CHANUTE, KANSAS
ELECTRIC, WATER, AND GAS BOND AND INTEREST FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Current Year				Variance - Over (Under)	
	Prior Year		Actual	Budget		
	Actual	Actual				
Receipts						
Use of Money and Property						
Interest Income	\$ 13,602.76	\$ -	\$ -	\$ -	-	
Operating Transfers from:						
Electric Utility Fund	477,511.56	612,805.04	612,805.00	612,805.00	0.04	
Capital Improvement #1 Fund	203,470.29	-	-	-	-	
Total Receipts	<u>694,584.61</u>	<u>612,805.04</u>	<u>\$ 612,805.00</u>	<u>\$ 612,805.00</u>	<u>0.04</u>	
Expenditures						
Debt Service						
Bond Principal	335,000.00	260,000.00	\$ 260,000.00	\$ -	-	
Bond Interest	368,707.50	352,805.00	352,805.00	352,805.00	-	
Total Expenditures	<u>703,707.50</u>	<u>612,805.00</u>	<u>\$ 612,805.00</u>	<u>\$ 612,805.00</u>	<u>-</u>	
Receipts Over(Under) Expenditures	(9,122.89)	0.04				
Unencumbered Cash, Beginning	<u>391,845.75</u>	<u>382,722.86</u>				
Unencumbered Cash, Ending	<u>\$ 382,722.86</u>	<u>\$ 382,722.90</u>				

CITY OF CHANUTE, KANSAS
ELECTRIC, WATER, AND GAS BOND RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Debt Service		
Bond Interest	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	912,589.73	912,589.73
Unencumbered Cash, Ending	\$ 912,589.73	\$ 912,589.73

CITY OF CHANUTE, KANSAS
VEHICLE SERVICES FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

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

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Internal Vehicle Service Charges	\$ 502,411.18	\$ 524,198.08
Use of Money and Property		
Sale of Property and Materials	612.92	2,866.38
Other Revenues		
Miscellaneous	382.32	130.98
Reimbursed Expense	<u>879.08</u>	-
 Total Receipts	 <u>504,285.50</u>	 <u>527,195.44</u>
 Expenditures		
Vehicle Services Shop	<u>507,142.95</u>	<u>527,195.44</u>
 Total Expenditures	 <u>507,142.95</u>	 <u>527,195.44</u>
 Receipts Over(Under) Expenditures	 (2,857.45)	 -
 Unencumbered Cash, Beginning	 <u>2,857.45</u>	 -
 Unencumbered Cash, Ending	 <u>\$ -</u>	 <u>\$ -</u>

**CITY OF CHANUTE, KANSAS
UTILITY SERVICES FUND**

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

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

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Utility Internal Service Charges	\$ 928,994.04	\$ 867,866.92
Utility Service Initiation Fee	24,238.18	22,894.90
Utility Service Reconnection Fee	4,307.00	5,520.00
Utility Late Payment Fees	74,832.14	59,489.27
Efficiency Service Charges	101.92	174.00
Bad Check Charges	1,128.42	1,410.00
Other Revenues		
Recovery of Bad Debts	4,340.00	4,747.64
Miscellaneous	715.36	1,912.57
 Total Receipts	 1,038,657.06	 964,015.30
 Expenditures		
City Clerk's Office	345,640.70	316,929.32
Utility Office	239,672.50	249,271.77
Data Processing	205,141.08	213,033.63
Meter Reading	221,494.17	162,193.06
Information Service	16,208.61	22,587.52
Operating Transfers to		
Equipment Reserve Fund	10,500.00	-
 Total Expenditures	 1,038,657.06	 964,015.30
 Receipts Over(Under) Expenditures	 -	 -
 Unencumbered Cash, Beginning	 -	 -
 Unencumbered Cash, Ending	 \$ -	 \$ -

CITY OF CHANUTE, KANSAS
PUBLIC WORKS AND UTILITY COMPLEX FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	
	Actual	Actual
Receipts		
Charges for Services		
Public Works Internal Charges	\$ 126,272.00	\$ 143,190.00
Total Receipts	<u>126,272.00</u>	<u>143,190.00</u>
Expenditures		
Public Works and Utility Complex	124,631.17	127,045.97
Operating Transfers to		
Capital Improvement #2 Fund	<u>-</u>	<u>17,500.00</u>
Total Expenditures	<u>124,631.17</u>	<u>144,545.97</u>
Receipts Over(Under) Expenditures	1,640.83	(1,355.97)
Unencumbered Cash, Beginning	<u>-</u>	<u>1,640.83</u>
Unencumbered Cash, Ending	<u>\$ 1,640.83</u>	<u>\$ 284.86</u>

CITY OF CHANUTE, KANSAS
Agency Funds
Schedule of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2012

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll Clearing	\$ 78,647.18	\$ 192,134.67	\$ 186,085.22	\$ 84,696.63
Health Insurance Fund	530,157.89	1,132,834.78	1,324,546.87	338,445.80
Sales Tax Collections	(16,770.03)	476,592.57	475,699.16	(15,876.62)
State Water Fees	2,929.63	10,077.89	10,609.34	2,398.18
Kansas Solid Waste Fees	13,142.56	18,811.17	17,581.11	14,372.62
Utility Security Deposit	241,318.97	74,504.89	53,162.08	262,661.78
Utility Security Deposit Interest	68,711.16	938.86	2,176.45	67,473.57
Law Enforcement Drug Funds	967.49	67.63	-	1,035.12
Alliance of Churches Utility Aid	478.38	454.22	-	932.60
City Revolving Loan	189,086.26	225,180.52	107,184.00	307,082.78
Fire Insurance Proceeds	5,388.95	14,267.21	14,267.49	5,388.67
City Events	653.36	-	-	653.36
	<u>\$ 1,114,711.80</u>	<u>\$ 2,145,864.41</u>	<u>\$ 2,191,311.72</u>	<u>\$ 1,069,264.49</u>

FEDERAL COMPLIANCE SECTION

CITY OF CHANUTE, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2012

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	CASH RECEIPTS	DISBURSE- MENTS/ EXPENDITURES
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through the Southeast Kansas Regional Homeland Security Council Homeland Security Grant Program	HSGP-FY09	97.067	\$ 1,669.54	\$ 1,669.54
Total U.S. Department of Homeland Security			1,669.54	1,669.54
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Passed through the Kansas Department of Health and Environment Capitalization Grants for Drinking Water	E5500	66.468	3,328.00	3,328.00
Capitalization Grants for Drinking Water	Project 2722	66.468	112,638.60	112,638.60
		Total 66.468	115,966.60	115,966.60
Total U.S. Environmental Protection Agency			115,966.60	115,966.60
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Grant Airport Improvement Program #3-20-009-08-2010	N/A	20.106	30,589.00	30,589.00
Airport Improvement Program #3-20-009-09-2012	N/A	20.106	18,112.00	381,858.00
		Total 20.106	(M) 48,701.00	412,447.00
Passed through the Kansas Department of Transportation Safe Routes to School	67 C-0305-01	20.200	15,000.00	8,772.80
Total U.S. Department of Transportation			63,701.00	421,219.80
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed through the Kansas Department of Commerce Community Development Block Grant	12-PF-010	14.228	3,000.00	1,389.22
Passed through the Kansas Housing Resources Corporation Emergency Shelter Grant	ESG-FFY2011	14.231	19,690.56	19,690.56
Total U.S. Department of Housing and Urban Development			22,690.56	21,079.78

CITY OF CHANUTE, KANSAS
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2012

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	CASH RECEIPTS	DISBURSE- MENTS/ EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through the Kansas State University Cooperative Forestry Assistance	NO201	10.664	\$ 2,785.00	\$ 2,785.00
Total U.S. Department of Agriculture			<u>2,785.00</u>	<u>2,785.00</u>
<u>DEPARTMENT OF JUSTICE</u>				
Direct Grant Bulletproof Vest Partnership Program	N/A	16.607	-	4,355.14
Total Department of Justice			<u>-</u>	<u>4,355.14</u>
TOTAL ALL PROGRAMS			\$ 206,812.70	\$ 567,075.86

Note to the Schedule of Expenditures of Federal Awards:

Federal expenditures are recorded on the accrual basis of accounting, which records expenses when the goods or services are received, and not necessarily when paid.

(M) - Tested as a Major Program

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Commissioners
City of Chanute, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City of Chanute, Kansas, as of and for the year ended December 31, 2012, and the related notes to the financial statement, which collectively comprise the City of Chanute, Kansas' basic financial statement, and have issued our report thereon dated April 30, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Chanute, Kansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Chanute, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Chanute, Kansas' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Chanute, Kansas' financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

April 30, 2013
Chanute, Kansas

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor and City Commissioners
City of Chanute, Kansas

Report on Compliance for Each Major Federal Program

We have audited the City of Chanute, Kansas' compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the City of Chanute, Kansas' major federal programs for the year ended December 31, 2012. The City of Chanute, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Chanute, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Chanute, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Chanute, Kansas' compliance.

Opinion on Each Major Federal Program

In our opinion, Example Entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the City of Chanute, Kansas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Chanute, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Chanute, Kansas' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

April 30, 2013
Chanute, Kansas

CITY OF CHANUTE, KANSAS

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

The auditors' report expresses an adverse opinion on the financial statements of City of Chanute, Kansas.

Internal Control over Financial Reporting:

Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Significant deficiencies identified that are not considered to be a material weakness?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Non compliance or other matters required to be reported under <i>Government Auditing Standards</i>	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

Federal Awards:

Internal control over major programs:	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Material weakness(es) identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
Significant deficiencies identified that are not considered to be a material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No

The auditors' report on compliance for the major federal award programs for City of Chanute, Kansas expresses an unqualified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
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Identification of major programs:

U.S. Department of Transportation
Airport Improvement Program – CFDA No. 20.106

The threshold for distinguishing Types A and B programs was \$300,000.00.

Auditee qualified as a low risk auditee? Yes No

II. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

CITY OF CHANUTE, KANSAS

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2012

December 31, 2011:

No Findings in the Prior Year Audit