

CITY OF PAOLA, KANSAS
FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2011

City of Paola, Kansas

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December 31, 2011

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and City Council
Paola, Kansas

We have audited the accompanying statements of cash and encumbered cash; cash receipts and disbursements – budget and actual for the individual funds of the City of Paola, Kansas as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the City's government. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized information has been derived from the City's 2010 financial statements and, in our report dated March 30, 2011, we expressed an unqualified opinion on the respective statutory basis financial statements of the individual funds of the City.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I-B, the City of Paola, Kansas has prepared these financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonable determinable are presumed to be material.

The financial statements do not include financial data for one of the City's legally separate component units as described in Note I-A. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash and unencumbered cash; cash receipts and disbursements – budget and actual of the discretely presented component unit are unknown.

In our opinion, because of the effects of the matter discussed in the third and fourth paragraphs, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Paola, Kansas as of December 31, 2011, changes in its financial position, or, where applicable its cash flows for the year then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of the individual funds of the City of Paola, Kansas at December 31, 2011 and its cash receipts and expenditures, and budgetary results for the year then ended, on the basis of accounting described in Note I-B.

Agler & Gaeddert, Chartered

Ottawa, Ks.
April 9, 2012



City of Paola, Kansas

*SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH*

For the Year Ended December 31, 2011

Fund	Unencumbered Cash Balance January 1, 2010	Cash Receipts
General Fund	\$ 742,314	\$ 3,494,881
Special Revenue Funds		
Library	22,143	267,939
Employee Benefit	276,245	1,033,354
Family Aquatics Center	147,810	248,096
Community Center	37,063	122,198
Storm Water Management	178,128	82,173
Special Park and Recreation	29,841	12,049
Street Repair/Special Highway	89,678	143,464
Transient Guest Tax	86,186	33,309
Special Law Enforcement Account	4,712	670
Family Aquatics Center Equipment Reserve	1,601,861	24,364
Escrow Proceeds	23,060	47,502
Mennenoah Cemetery	36,527	230
Special Grants Fund	8,479	27,558
Drug Enforcement Account	1,022	1,941
Library Genealogy	2,245	46
	<u>2,545,000</u>	<u>2,044,893</u>
Debt Service		
Bond and Interest	337,201	1,459,356
Capital Projects		
Baptiste - Silver to 169 Improvement	6,537	11
Waste Water Treatment Plant Construction	761,449	4,803
303rd St. - Hospital to Hedge Lane Improvement	4,886	8
Equipment Replacement	63,480	46,020
Capital Projects Fund	1,314,257	1,183,199
	<u>2,150,609</u>	<u>1,234,041</u>

The accompanying notes are an integral part of this statement.

Statement 1

<u>Expenditures</u>	<u>Unencumbered Cash Balance December 31, 2011</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Cash Balance December 31, 2011</u>
\$ 3,531,292	\$ 705,903	\$ 89,210	\$ 795,113
261,777	28,305	6,918	35,223
891,123	418,476	0	418,476
222,294	173,612	2,304	175,916
120,254	39,007	2,304	41,311
71,343	188,958	754	189,712
23,360	18,530	0	18,530
163,908	69,234	1,411	70,645
30,195	89,300	0	89,300
5,210	172	0	172
150,000	1,476,225	0	1,476,225
47,502	23,060	0	23,060
0	36,757	0	36,757
31,738	4,299	0	4,299
1,700	1,263	0	1,263
34	2,257	0	2,257
<u>2,020,438</u>	<u>2,569,455</u>	<u>13,691</u>	<u>2,583,146</u>
<u>1,441,506</u>	<u>355,051</u>	<u>0</u>	<u>355,051</u>
6,548	0	0	0
0	766,252	0	766,252
4,894	0	0	0
67,303	42,197	0	42,197
938,488	1,558,968	0	1,558,968
<u>1,017,233</u>	<u>2,367,417</u>	<u>0</u>	<u>2,367,417</u>

City of Paola, Kansas

*SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH*
For the Year Ended December 31, 2011

Fund	Unencumbered Cash Balance January 1, 2010	Cash Receipts
Enterprise		
Water Utility		
Operating	\$ 242,338	\$ 1,833,206
Water Treatment Plant	263,954	1,665
Sewer Service		
Operating	89,447	658,243
Sewer Line Replacement	137,471	7,882
Wastewater Treatment Plant	584,230	427,234
Health and Sanitation		
Operating	<u>5,270</u>	<u>310,958</u>
	<u>1,322,710</u>	<u>3,239,188</u>
	<u>\$ 7,097,834</u>	<u>\$ 11,472,359</u>

The accompanying notes are an integral part of this statement.

Statement 1

<u>Expenditures</u>	<u>Unencumbered Cash Balance December 31, 2011</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Cash Balance December 31, 2011</u>
\$ 1,838,397	\$ 237,147	\$ 12,053	\$ 249,200
0	265,619	0	265,619
657,461	90,229	14,667	104,896
0	145,353	0	145,353
385,802	625,662	1,791	627,453
<u>314,395</u>	<u>1,833</u>	<u>485</u>	<u>2,318</u>
<u>3,196,055</u>	<u>1,365,843</u>	<u>28,996</u>	<u>1,394,839</u>
<u>\$ 11,206,524</u>	<u>\$ 7,363,669</u>	<u>\$ 131,897</u>	<u>\$ 7,495,566</u>

Cash balance consisting of

Balance on deposit

Checking, money market accounts & petty cash \$ 3,009,154

Certificates of deposit 4,500,000

Total cash 7,509,154

Agency Funds Per Statement 4 (13,588)

Total cash (excluding agency funds) \$ 7,495,566

City of Paola, Kansas

Statement 2

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
General Fund	\$ 4,017,134	\$ 0	\$ 4,017,134	\$ 3,531,292	\$ 485,842
Special Revenue Funds					
Library	297,403	0	297,403	261,777	35,626
Employee Benefit	1,213,890	0	1,213,890	891,123	322,767
Family Aquatics Center	360,909	0	360,909	222,294	138,615
Community Center	152,766	0	152,766	120,254	32,512
Storm Water Management	216,373	0	216,373	71,343	145,030
Special Park and Recreation	34,448	0	34,448	23,360	11,088
Street Repair/Special Highway	211,227	0	211,227	163,908	47,319
Transient Guest Tax	112,635	0	112,635	30,195	82,440
Debt Service					
Bond and Interest	2,108,092	0	2,108,092	1,441,506	666,586
Enterprise					
Water Utility					
Operating	1,999,749	0	1,999,749	1,838,397	161,352
Water Treatment Plant	266,789	0	266,789	0	266,789
Sewer Service					
Operating	764,643	0	764,643	657,461	107,182
Sewer Line Replacement	144,640	0	144,640	0	144,640
Wastewater Treatment Plant	905,440	0	905,440	385,802	519,638
Health and Sanitation					
Operating	349,467	0	349,467	314,395	35,072

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

GENERAL FUND - 01

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2010

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes				
Ad valorem property tax	\$ 1,120,569	\$ 1,108,662	\$ 1,095,894	\$ 12,768
Back tax collections	37,058	37,454	35,000	2,454
Motor vehicle tax	106,902	105,096	115,577	(10,481)
City sales tax	628,083	658,742	625,000	33,742
County sales tax	429,231	452,405	410,000	42,405
Sales tax	0	840	1,000	(160)
In lieu of taxes	16,443	16,359	21,500	(5,141)
	<u>2,338,286</u>	<u>2,379,558</u>	<u>2,303,971</u>	<u>75,587</u>
Intergovernmental				
Liquor	12,487	11,917	12,798	(881)
Grants	0	15	0	15
Community fisheries program	6,489	6,489	6,000	489
	<u>18,976</u>	<u>18,421</u>	<u>18,798</u>	<u>(377)</u>
Licenses, fees and permits				
Franchise tax	436,192	443,100	420,000	23,100
Pet licenses	1,030	978	700	278
General licenses	22,150	24,357	25,000	(643)
Lake permits	28,212	29,342	22,000	7,342
Zoning/planning	2,270	1,055	3,000	(1,945)
Building permits	87,739	48,030	50,000	(1,970)
	<u>577,593</u>	<u>546,862</u>	<u>520,700</u>	<u>26,162</u>
Charges for services				
Rural fire	34,399	37,222	50,000	(12,778)
Fines, forfeitures, penalties				
Fines and fees	321,854	283,606	275,000	8,606
Court costs	109,608	93,891	85,000	8,891
Credit card transaction fees	1,056	1,017	0	1,017
	<u>432,518</u>	<u>378,514</u>	<u>360,000</u>	<u>18,514</u>
Use of money and property				
Rentals	26,514	28,595	25,000	3,595
Cemetery	17,200	16,840	15,000	1,840
Interest on investments	23,029	21,353	15,000	6,353
	<u>66,743</u>	<u>66,788</u>	<u>55,000</u>	<u>11,788</u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

GENERAL FUND - 01

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts - continued				
Other				
Reimbursed expense	\$ 112,961	\$ 58,309	\$ 100,000	\$ (41,691)
Donations and gifts	1,000	150	1,000	(850)
Miscellaneous	5,367	9,057	6,000	3,057
	<u>119,328</u>	<u>67,516</u>	<u>107,000</u>	<u>(39,484)</u>
Operating transfers	<u>40,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total cash receipts	<u>3,627,843</u>	<u>3,494,881</u>	<u>\$ 3,415,469</u>	<u>\$ 79,412</u>
Expenditures				
Administration				
Full time salaries	103,130	115,466	\$ 101,500	\$ (13,966)
Part time help	331	5,444	6,000	556
Overtime	0	0	500	500
Other personal services	2,607	2,512	2,485	(27)
Cobra insurance premiums	9,584	0	0	0
Professional services	1,420	0	0	0
Legal service	18,700	16,760	28,000	11,240
Telephone	3,873	3,989	4,500	511
Credit card transaction fees	1,301	1,389	2,000	611
Training, travel and dues	7,280	7,140	9,000	1,860
Printing	5,270	1,404	4,000	2,596
Advertising	233	460	500	40
Insurance	7,826	7,385	9,000	1,615
Utility charges	11,775	11,565	15,000	3,435
Other services	25,084	30,232	35,000	4,768
Civil defense sirens	3,708	1,603	3,000	1,397
Street lights	132,224	132,721	125,000	(7,721)
Promotional campaigns	1,041	0	0	0
Economic development dues	11,459	10,000	10,000	0
Chamber of commerce dues	18,000	15,000	15,000	0
General office supplies	6,100	6,276	6,500	224
Postage	2,774	3,877	4,000	123
Gifts and memorials	640	197	250	53
Operational supplies	3,528	3,070	2,500	(570)
Building and maintenance supplies	1,167	3,380	4,000	620
Cleaning supplies	196	192	250	58
Other operational supplies	18,151	289	17,500	17,211
Non sufficient funds checks	0	14,738	0	(14,738)
Miscellaneous	580	914	4,000	3,086
Office equipment and furniture	139	720	1,500	780
Computer equip. & software	230	2,266	3,500	1,234

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

GENERAL FUND - 01

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

Expenditures - continued	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Administration - continued				
Equipment and plant	\$ 0	\$ 0	\$ 1,500	\$ 1,500
Refunds	487	0	0	0
Sales tax	982	853	1,000	147
	<u>399,820</u>	<u>399,842</u>	<u>416,985</u>	<u>17,143</u>
Police department				
Full time salaries	888,409	846,547	850,000	3,453
Part time help	27,885	17,572	20,000	2,428
Overtime	37,607	50,262	39,000	(11,262)
Holiday overtime	34,931	26,954	32,000	5,046
Legal services	0	550	500	(50)
Communications equipment	1,305	3,734	2,000	(1,734)
Telephone	10,673	10,361	12,000	1,639
Training, travel and dues	13,252	16,760	17,000	240
Advertising	506	100	1,500	1,400
Insurance	15,760	16,489	20,000	3,511
Lease payments	0	23,496	25,000	1,504
Animal care	6,822	6,732	13,000	6,268
Utilities	21,120	22,246	22,000	(246)
Other services	22,374	21,625	21,000	(625)
Office supplies	3,529	3,677	6,000	2,323
Postage	1,305	1,954	3,000	1,046
Special Event Expenditures	0	5,025	0	(5,025)
Gifts and memorials	50	43	0	(43)
Operational supplies	11,546	11,108	13,500	2,392
DARE supplies	471	1,763	1,300	(463)
Consumables	14	0	0	0
Vehicle maintenance	11,556	13,371	10,000	(3,371)
Equipment maintenance	5,352	5,581	3,500	(2,081)
Building maintenance	7,395	11,708	6,000	(5,708)
Cleaning supplies	960	878	2,000	1,122
Motor fuel and lubrication	32,260	40,523	36,000	(4,523)
Uniforms	8,238	6,771	9,000	2,229
Enforcement equip. & supplies	12,572	11,717	13,000	1,283
Other operational	0	98	0	(98)
Miscellaneous supplies	345	1,690	2,000	310
Refunds	0	288	0	(288)
Office equipment	666	0	2,000	2,000
Computer equip. & software	3,348	1,510	3,000	1,490
Equipment, bldg. & grounds	2,937	856	2,000	1,144
Motor vehicles	66	3,863	2,000	(1,863)
	<u>1,183,254</u>	<u>1,185,852</u>	<u>1,189,300</u>	<u>3,448</u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

GENERAL FUND - 01

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

Expenditures - continued	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Fire department				
Full time salaries	\$ 143,861	\$ 145,947	\$ 125,000	\$ (20,947)
Part time help	0	3,619	4,000	381
Telephone	1,242	1,575	1,000	(575)
Travel, dues and tags	4,031	6,667	7,000	333
Advertising	61	409	0	(409)
Insurance	11,225	12,980	12,000	(980)
Lease payments	29,522	29,522	29,522	0
Utilities	16,784	18,281	22,000	3,719
Other contractual	5,167	6,569	6,000	(569)
General office supplies	609	785	1,000	215
Postage	72	116	100	(16)
Gifts/memorials	251	45	300	255
Operational supplies	19,487	6,808	10,000	3,192
Consumables	178	0	0	0
Vehicle maintenance	3,101	3,644	6,000	2,356
Equipment maintenance	5,886	9,544	6,000	(3,544)
Comm. equip. & maint.	5,984	5,094	8,000	2,906
Building maintenance	4,959	4,197	4,000	(197)
Cleaning supplies	1,361	413	1,000	587
Motor fuel and lubrication	1,863	1,982	4,000	2,018
Rural fuel	1,336	2,655	5,000	2,345
Uniforms	2,408	1,773	4,000	2,227
Protective clothing	11,953	8,348	9,500	1,152
Miscellaneous	500	20	0	(20)
Computer equip. & software	1,035	662	3,000	2,338
Equipment /building & grounds	545	0	0	0
	<u>273,421</u>	<u>271,655</u>	<u>268,422</u>	<u>(3,233)</u>
Municipal court				
Full time salaries	32,237	31,278	32,000	722
Part time help	31,039	30,115	30,000	(115)
Overtime	34	45	500	455
Legal services	67,614	81,343	70,000	(11,343)
Telephone	0	0	500	500
Training, travel and dues	233	824	500	(324)
Legal printing expense	416	374	0	(374)
Prisoner care	12,178	9,919	20,000	10,081
Other contract	25,004	24,809	25,000	191
Office supplies	2,025	2,215	1,500	(715)
Postage	1,500	58	500	442
Operational supplies	1,256	1,374	1,500	126
Miscellaneous	0	12	100	88
Computer equip. & software	1,472	425	1,500	1,075

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

GENERAL FUND - 01
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

Expenditures - continued	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Municipal court - continued				
Refunds	\$ 20	\$ 310	\$ 0	\$ (310)
	<u>175,028</u>	<u>183,101</u>	<u>183,600</u>	<u>499</u>
Street department				
Full time salaries	255,145	230,709	235,000	4,291
Part time help	7,631	0	0	0
Overtime	5,972	2,659	11,000	8,341
Telephone	2,038	2,019	2,500	481
Training, travel, dues	446	836	1,000	164
Advertising	479	372	1,000	628
Insurance	6,446	6,217	8,000	1,783
Lease payments	20,350	51,726	51,550	(176)
Utility charges	13,253	13,982	18,000	4,018
Other services	3,530	4,372	5,000	628
Tree care	2,000	3,400	5,000	1,600
General office supplies	825	417	2,000	1,583
Gifts and memorials	30	24	0	(24)
Operational supplies	22,553	22,820	25,000	2,180
Vehicle maintenance	6,172	1,364	8,000	6,636
Snow/Ice Control	10,855	17,704	17,000	(704)
Equipment maintenance	20,025	24,519	27,500	2,981
Traffic	5,012	5,782	5,000	(782)
Building maintenance	1,940	664	5,000	4,336
Construction material	30,510	25,922	17,500	(8,422)
Motor fuel and lubrication	31,809	34,549	40,000	5,451
Uniforms	4,194	4,214	4,000	(214)
Other operational	1,700	0	0	0
Miscellaneous supplies	1,318	293	500	207
Office equipment furniture	0	0	1,000	1,000
Computer equipment/ software	763	274	1,000	726
Miscellaneous capital items	99,622	100,000	100,000	0
	<u>554,618</u>	<u>554,838</u>	<u>591,550</u>	<u>36,712</u>
Park and recreation				
Full time salaries	155,216	148,846	148,100	(746)
Part time help	22,526	21,889	30,000	8,111
Overtime	502	634	2,000	1,366
Telephone	1,907	2,019	2,000	(19)
Training, travel and dues	1,121	540	1,000	460
Advertising	1,292	771	1,000	229
Insurance	4,193	5,141	6,000	859

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

GENERAL FUND - 01

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

Expenditures - continued	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Park and recreation - continued				
Lease payments	\$ 14,227	\$ 14,227	\$ 14,228	\$ 1
Utility charges	29,053	33,286	24,000	(9,286)
Other services	5,994	11,356	5,000	(6,356)
Tree care	1,700	900	5,000	4,100
General office supplies	424	150	1,000	850
Operational supplies	10,011	14,350	10,000	(4,350)
Chemicals and fertilizer	1,661	1,582	4,000	2,418
Plant materials	2,192	2,086	2,500	414
Consumables	1,140	1,961	2,000	39
Vehicle maintenance	1,862	1,536	4,000	2,464
Equipment maintenance	6,242	7,874	8,000	126
Building maintenance	7,681	2,656	9,000	6,344
Construction material	633	715	2,000	1,285
Motor fuel and lubrication	13,899	15,965	20,000	4,035
Uniforms	2,307	1,676	2,500	824
Miscellaneous supplies	50	50	0	(50)
	<u>285,833</u>	<u>290,210</u>	<u>303,328</u>	<u>13,118</u>
Cemetery				
Full time salaries	40,859	39,780	40,500	720
Part time help	128	0	1,800	1,800
Overtime	2,028	2,744	2,500	(244)
Training, travel and dues	0	0	250	250
Advertising	31	44	250	206
Insurance	282	252	750	498
Utility charges	188	197	750	553
Other contractual	0	24	250	226
Operational supplies	697	1,736	3,000	1,264
Vehicle maintenance	155	243	500	257
Equipment maintenance	1,507	420	2,000	1,580
Building maintenance	42	63	500	437
Motor fuel and lube	2,831	4,055	3,500	(555)
Uniforms	430	312	500	188
Refunds	545	0	0	0
	<u>49,723</u>	<u>49,870</u>	<u>57,050</u>	<u>7,180</u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

GENERAL FUND - 01

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

Expenditures - continued	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Community development				
Full time salaries	\$ 152,128	\$ 139,745	\$ 130,000	\$ (9,745)
Part time help	0	0	5,000	5,000
Overtime	867	302	1,000	698
Professional services	4,880	2,053	8,000	5,947
Legal services	0	2,200	500	(1,700)
Telephone	2,975	2,925	4,000	1,075
Training, travel and dues	499	4,831	3,000	(1,831)
Legal printing	524	342	1,000	658
Advertising	159	0	0	0
Insurance	571	662	600	(62)
Bottled water service	147	270	200	(70)
Other Contractual	2,838	7,138	6,000	(1,138)
General office supplies	2,524	2,449	3,250	801
Postage	47	0	0	0
Operational supplies	2,135	1,258	2,500	1,242
Vehicle maintenance	1,170	176	2,500	2,324
Building maintenance	547	653	1,000	347
Motor fuel and lubrication	1,615	1,700	2,500	800
Uniforms	434	0	0	0
Other operational	0	169	0	(169)
Non sufficient funds checks	0	128	0	(128)
Miscellaneous	165	0	500	500
Office equipment and furniture	0	0	500	500
Computer equipment and software	29	988	3,000	2,012
Motor vehicle/equipment	8,440	0	0	0
Refunds	0	245	100	(145)
	<u>182,694</u>	<u>168,234</u>	<u>175,150</u>	<u>6,916</u>
Operating transfers	402,716	427,690	427,690	0
Appropriated reserve	<u>0</u>	<u>0</u>	<u>404,059</u>	<u>404,059</u>
Total expenditures and transfers subject to budget	<u>3,507,107</u>	<u>3,531,292</u>	<u>\$ 4,017,134</u>	<u>\$ 485,842</u>
Receipts over (under) expenditures	120,736	(36,411)		
Unencumbered cash, January 1	\$ <u>621,578</u>	\$ <u>742,314</u>		
Unencumbered cash, December 31	\$ <u><u>742,314</u></u>	\$ <u><u>705,903</u></u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
LIBRARY FUND - 02

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes				
Ad valorem property tax	\$ 211,830	\$ 209,594	\$ 207,188	\$ 2,406
Back tax collections	7,066	7,099	5,000	2,099
Motor vehicle tax	20,067	19,969	21,850	(1,881)
In lieu of tax	325	390	100	290
	<u>239,288</u>	<u>237,052</u>	<u>234,138</u>	<u>2,914</u>
Intergovernmental				
State aid and grants	<u>22,805</u>	<u>22,427</u>	<u>21,000</u>	<u>1,427</u>
Use of money and property				
Interest on investments	<u>638</u>	<u>658</u>	<u>500</u>	<u>158</u>
Fines and fees	<u>5,928</u>	<u>5,725</u>	<u>6,500</u>	<u>(775)</u>
Other				
Miscellaneous	0	2,077	0	2,077
Reimbursed expenses	<u>825</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>825</u>	<u>2,077</u>	<u>0</u>	<u>2,077</u>
Total cash receipts	<u>269,484</u>	<u>267,939</u>	<u>262,138</u>	<u>5,801</u>
Expenditures				
Regular salaries	68,670	66,832	\$ 67,700	\$ 868
Temporary help	53,640	52,629	53,500	871
Library pages	29,152	26,880	25,000	(1,880)
Overtime	473	413	500	87
Unemployment benefits	147	184	100	(84)
Reserves	0	0	17,158	17,158
Telephone services	1,242	1,274	1,250	(24)
Training	1,764	1,103	1,000	(103)
Advertising	1,733	616	500	(116)
Insurance and bond premiums	5,678	5,772	7,000	1,228
Utility charges	11,343	11,929	15,000	3,071
Other services	8,158	7,138	7,000	(138)
Office supplies	1,582	1,706	2,000	294
Postage	1,219	434	2,000	1,566
Gifts & memorials	30	114	70	(44)
Operation supplies	3,237	4,790	3,500	(1,290)
Building maintenance supplies	3,717	3,291	6,000	2,709
Cleaning supplies	606	268	700	432
Library media	31,229	25,946	32,000	6,054

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
LIBRARY FUND - 02

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures - continued				
Library materials	\$ 1,030	\$ 1,050	\$ 800	\$ (250)
Children's programming	805	1,053	800	(253)
Adult programming	370	142	150	8
Miscellaneous	0	0	100	100
Computer equipment and software	2,463	4,066	4,000	(66)
Motor vehicle/equipment	2,349	642	500	(142)
Library books	6,254	4,383	10,000	5,617
Library materials	63	0	0	0
Refunds	91	121	75	(46)
Finance charges	0	1	0	(1)
	<u>237,045</u>	<u>222,777</u>	<u>258,403</u>	<u>35,626</u>
Operating transfers	<u>35,750</u>	<u>39,000</u>	<u>39,000</u>	<u>0</u>
Total expenditures and transfers subject to budget	<u>272,795</u>	<u>261,777</u>	<u>297,403</u>	<u>35,626</u>
Receipts over (under) expenditures	(3,311)	6,162		
Unencumbered cash, January 1	<u>25,454</u>	<u>22,143</u>		
Unencumbered cash, December 31	<u>\$ 22,143</u>	<u>\$ 28,305</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
EMPLOYEE BENEFIT FUND - 05
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes				
Ad valorem property tax	\$ 305,381	\$ 302,468	\$ 298,980	\$ 3,488
Back tax collections	10,838	10,405	5,000	5,405
Motor vehicle tax	30,357	29,190	31,529	(2,339)
In lieu of tax	469	563	200	363
	<u>347,045</u>	<u>342,626</u>	<u>335,709</u>	<u>6,917</u>
Use of money and property				
Interest on investments	<u>2,223</u>	<u>2,621</u>	<u>1,000</u>	<u>1,621</u>
Other				
Reimbursements	<u>27,505</u>	<u>40,037</u>	<u>36,000</u>	<u>4,037</u>
Operating transfers	<u>631,245</u>	<u>648,070</u>	<u>648,070</u>	<u>0</u>
Total cash receipts	<u>1,008,018</u>	<u>1,033,354</u>	<u>1,020,779</u>	<u>12,575</u>
Expenditures				
HRA	37,402	38,226	\$ 85,000	\$ 46,774
Health Premiums	269,659	302,243	330,500	28,257
Cobra Insurance Premiums	0	10,534	15,000	4,466
Worker's compensation	81,580	65,721	95,250	29,529
FICA employer's contributions	215,513	205,250	230,000	24,750
KPERS employer's contributions	222,259	233,728	240,000	6,272
Section 125 administration expense	1,440	600	0	(600)
Section 125 payments	19,713	17,032	21,000	3,968
Unemployment	3,253	3,337	6,000	2,663
Legal services	72	0	0	0
Training, travel, dues	0	165	250	85
Insurance	113	113	0	(113)
Employee assistance	780	1,724	1,000	(724)
Other contractual	1,085	1,288	1,200	(88)
Miscellaneous	309	1,730	0	(1,730)
Employee development	8,080	9,432	5,000	(4,432)
	<u>861,258</u>	<u>891,123</u>	<u>1,030,200</u>	<u>139,077</u>
Appropriated reserve	<u>0</u>	<u>0</u>	<u>183,690</u>	<u>183,690</u>
Total expenditures subject to budget	<u>861,258</u>	<u>891,123</u>	<u>1,213,890</u>	<u>322,767</u>
Receipts over (under) expenditures	146,760	142,231		
Unencumbered cash, January 1	<u>129,485</u>	<u>276,245</u>		
Unencumbered cash, December 31	<u>\$ 276,245</u>	<u>\$ 418,476</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 FAMILY AQUATICS CENTER FUND - 07
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes				
Sales Tax	\$ 1,620	\$ 1,681	\$ 1,500	\$ 181
Charges for services				
Season passes	10,170	14,270	14,000	270
Gate receipts	37,401	34,539	38,000	(3,461)
Coupon books	12,680	13,500	12,000	1,500
Concessions	19,157	18,658	22,000	(3,342)
Lessons	9,813	8,600	11,000	(2,400)
	<u>89,221</u>	<u>89,567</u>	<u>97,000</u>	<u>(7,433)</u>
Use of money and property				
Rentals	2,800	3,200	4,000	(800)
Interest on investments	812	698	650	48
	<u>3,612</u>	<u>3,898</u>	<u>4,650</u>	<u>(752)</u>
Other				
Reimbursed expenses	4,023	2,950	0	2,950
Operating transfers	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Total cash receipts	<u>248,476</u>	<u>248,096</u>	<u>253,150</u>	<u>(5,054)</u>
Expenditures				
Regular Salaries	43,172	44,708	\$ 47,000	\$ 2,292
Temporary help	83,664	71,920	88,000	16,080
Overtime	3,000	5,642	3,000	(2,642)
Other personal services	870	838	900	62
Telephone	621	640	700	60
Training, travel, dues	0	524	1,000	476
Advertising	1,431	1,372	1,300	(72)
Insurance	3,617	3,577	4,600	1,023
Utilities	14,630	14,873	18,000	3,127
Other contractual	2,557	2,714	12,000	9,286
General supplies	92	125	200	75
Postage	211	0	200	200
Operational supplies	12,845	11,116	18,000	6,884
Equipment maintenance	3	668	2,500	1,832
Building & maintenance	5,393	3,878	12,000	8,122
Cleaning	18	60	300	240
Uniforms	2,991	1,774	2,500	726
Nonsufficient funds checks	0	296	0	(296)

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 FAMILY AQUATICS CENTER FUND - 07
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures - continued				
Concession supplies	\$ 9,025	\$ 9,513	\$ 11,000	\$ 1,487
Miscellaneous	0	0	500	500
Equipment and plant	4,136	3,181	15,000	11,819
Equipment - Building & Grounds	0	3,839	0	(3,839)
Refunds	74	37	0	(37)
Sales tax	1,701	1,699	1,500	(199)
	<u>190,051</u>	<u>182,994</u>	<u>240,200</u>	<u>57,206</u>
Operating transfers	39,300	39,300	39,300	0
Appropriated reserve	<u>0</u>	<u>0</u>	<u>81,409</u>	<u>81,409</u>
Total expenditures and transfers subject to budget	<u>229,351</u>	<u>222,294</u>	<u>\$ 360,909</u>	<u>\$ 138,615</u>
Receipts over (under) expenditures	19,125	25,802		
Unencumbered cash, January 1	<u>128,685</u>	<u>147,810</u>		
Unencumbered cash, December 31	<u>\$ 147,810</u>	<u>\$ 173,612</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 COMMUNITY CENTER - 08
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Charges for services				
Rentals	\$ 15,610	\$ 16,537	\$ 11,000	\$ 5,537
Concessions	785	931	1,000	(69)
Ticket sales	7,750	6,658	8,000	(1,342)
Memberships	0	0	0	0
Program and events	2,006	4,433	3,500	933
	<u>26,151</u>	<u>28,559</u>	<u>23,500</u>	<u>5,059</u>
Intergovernmental				
Grants	<u>14,800</u>	<u>10,400</u>	<u>12,000</u>	<u>(1,600)</u>
Use of money and property				
Interest on investments	<u>215</u>	<u>239</u>	<u>250</u>	<u>(11)</u>
Fees				
Fees	<u>3,875</u>	<u>3,155</u>	<u>4,000</u>	<u>(845)</u>
Other				
Donations	205	0	5,500	(5,500)
Reimbursed expenses	1,596	1,763	1,000	763
Miscellaneous	63	82	42	40
	<u>1,864</u>	<u>1,845</u>	<u>6,542</u>	<u>(4,697)</u>
Operating transfers	<u>78,000</u>	<u>78,000</u>	<u>78,000</u>	<u>0</u>
Total cash receipts	<u>124,905</u>	<u>122,198</u>	<u>124,292</u>	<u>(2,094)</u>
Expenditures				
Full time salaries	45,146	43,800	\$ 43,300	(500)
Part time help	7,474	10,601	7,000	(3,601)
Telephone	1,746	1,680	1,300	(380)
Training and travel	449	433	1,000	567
Advertising	1,708	1,469	5,000	3,531
Insurance	4,493	4,526	5,000	474
Utilities	11,440	11,856	15,500	3,644
Other contractual	3,509	3,414	2,000	(1,414)
Event and program costs	13,609	12,098	14,000	1,902
General office supplies	447	115	500	385
Postage	2,373	2,324	2,000	(324)
Gifts and memorials	53	0	100	100
Operating supplies	1,627	2,898	3,000	102
Consumables	0	0	500	500

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
COMMUNITY CENTER - 08

STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 30, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures - continued				
Building maintenance	\$ 1,965	\$ 2,689	\$ 4,000	\$ 1,311
Cleaning supplies	362	416	400	(16)
Concession supplies	383	518	500	(18)
Miscellaneous	35	113	200	87
Office equipment and furniture	0	0	500	500
Computer equipment and software	0	0	1,000	1,000
Equipment and plant	0	0	500	500
Equipment, building and grounds	0	0	2,000	2,000
Refunds	500	150	500	350
Sales tax	61	68	100	32
Real Estate Taxes	0	1,569	0	(1,569)
Summer programs part time help	2,794	2,230	3,000	770
Advertising	795	1,057	1,000	(57)
Operational supplies	780	1,004	1,000	(4)
Refunds	425	226	300	74
	102,174	105,254	115,200	9,946
Operating transfers	13,500	15,000	15,000	0
Appropriated reserve	0	0	22,566	22,566
Total expenditures and transfers subject to budget	<u>115,674</u>	<u>120,254</u>	<u>\$ 152,766</u>	<u>\$ 32,512</u>
Receipts over (under) expenditures	9,231	1,944		
Unencumbered cash, January 1	<u>27,832</u>	<u>37,063</u>		
Unencumbered cash, December 31	<u>\$ 37,063</u>	<u>\$ 39,007</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 STORM WATER MANAGEMENT - 12
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Charges for services				
Storm water management fees	\$ 80,783	\$ 81,021	\$ 80,000	\$ 1,021
Use of money and property				
Interest on investments	1,464	1,152	750	402
Total cash receipts	<u>82,247</u>	<u>82,173</u>	<u>\$ 80,750</u>	<u>\$ 1,423</u>
Expenditures				
Full time salaries	13,789	13,356	\$ 15,000	\$ 1,644
Overtime	138	257	0	(257)
Other contractual	7,725	0	0	0
Construction materials	837	25,000	30,000	5,000
Storm water construction	41,563	22,730	25,000	2,270
	64,052	61,343	70,000	8,657
Operating transfers	10,000	10,000	10,000	0
Appropriated reserve	<u>0</u>	<u>0</u>	<u>136,373</u>	<u>136,373</u>
Total expenditures and transfers subject to budget	<u>74,052</u>	<u>71,343</u>	<u>\$ 216,373</u>	<u>\$ 145,030</u>
Receipts over (under) expenditures	8,195	10,830		
Unencumbered cash, January 1	<u>169,933</u>	<u>178,128</u>		
Unencumbered cash, December 31	\$ <u>178,128</u>	\$ <u>188,958</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 SPECIAL PARK AND RECREATION FUND - 14
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Intergovernmental				
Local liquor tax	\$ 12,487	\$ 11,917	\$ 12,798	(881)
Use of money and property				
Interest on investment	252	132	200	(68)
Other				
Reimbursed expenses	200	0	0	0
Total cash receipts	<u>12,939</u>	<u>12,049</u>	<u>12,998</u>	<u>(949)</u>
Expenditures				
Other services	1,900	6,860	6,948	88
Operational supplies	0	0	1,000	1,000
Construction materials	3,014	0	10,000	10,000
Equipment, building and grounds	13,234	16,500	16,500	0
Total expenditures subject to budget	<u>18,148</u>	<u>23,360</u>	<u>34,448</u>	<u>11,088</u>
Receipts over (under) expenditures	(5,209)	(11,311)		
Unencumbered cash, January 1	<u>35,050</u>	<u>29,841</u>		
Unencumbered cash, December 31	\$ <u>29,841</u>	\$ <u>18,530</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 STREET REPAIR - SPECIAL HIGHWAY FUND - 17
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes				
Gas tax	\$ 143,644	\$ 142,856	\$ 147,210	\$ (4,354)
Use of money and property				
Interest on investments	727	608	750	(142)
Total cash receipts	<u>144,371</u>	<u>143,464</u>	<u>147,960</u>	<u>(4,496)</u>
Expenditures				
Full time salaries	25,075	24,069	25,000	931
Overtime	403	447	0	(447)
Other contractual	2,085	7,938	6,500	(1,438)
Construction material	80,233	128,254	150,000	21,746
Equipment building/grounds	0	3,200	5,000	1,800
	107,796	163,908	186,500	22,592
Appropriated reserve	<u>0</u>	<u>0</u>	<u>24,727</u>	<u>24,727</u>
Total expenditures subject to budget	<u>107,796</u>	<u>163,908</u>	<u>211,227</u>	<u>47,319</u>
Receipts over (under) expenditures	36,575	(20,444)		
Unencumbered cash, January 1	<u>53,103</u>	<u>89,678</u>		
Unencumbered cash, December 31	\$ <u>89,678</u>	\$ <u>69,234</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 TRANSIENT GUEST TAX - 20
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes				
Transient guest tax	\$ 30,515	\$ 32,755	\$ 32,000	\$ 755
Use of money and property				
Interest on investment	646	554	400	154
Other				
Reimbursed expenses	2,132	0	0	0
Total cash receipts	<u>33,293</u>	<u>33,309</u>	<u>32,400</u>	<u>909</u>
Expenditures				
Advertising	12,500	1,467	0	(1,467)
Other contractual	0	0	42,635	42,635
Economic Development Chamber	0	10,000	10,000	0
Promotional campaigns	7,500	18,728	15,000	(3,728)
Miscellaneous	5,442	0	5,000	5,000
Appropriated Reserve	0	0	40,000	40,000
Total expenditures subject to budget	<u>25,442</u>	<u>30,195</u>	<u>112,635</u>	<u>82,440</u>
Receipts over (under) expenditures	7,851	3,114		
Unencumbered cash, January 1	<u>78,335</u>	<u>86,186</u>		
Unencumbered cash, December 31	\$ <u>86,186</u>	\$ <u>89,300</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 SPECIAL LAW ENFORCEMENT ACCOUNT - 18
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash receipts		
Use of money and property		
Interest on investment	\$ 18	\$ 21
Other		
Miscellaneous	<u>4,312</u>	<u>649</u>
Total cash receipts	<u>4,330</u>	<u>670</u>
Expenditures		
Miscellaneous	<u>1,425</u>	<u>5,210</u>
Total expenditures	<u>1,425</u>	<u>5,210</u>
Receipts over (under) expenditures	2,905	(4,540)
Unencumbered cash, January 1	<u>1,807</u>	<u>4,712</u>
Unencumbered cash, December 31	\$ <u><u>4,712</u></u>	\$ <u><u>172</u></u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 FAMILY AQUATICS CENTER EQUIPMENT RESERVE - 23
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash receipts		
Use of money and property		
Interest on investments	\$ 14,815	\$ 10,823
Other		
Reimbursements	19,629	13,541
Total cash receipts	<u>34,444</u>	<u>24,364</u>
Expenditures		
Other contractual	39,573	0
Operating transfers	<u>150,000</u>	<u>150,000</u>
Total expenditures and transfers	<u>189,573</u>	<u>150,000</u>
Receipts over (under) expenditures	(155,129)	(125,636)
Unencumbered cash, January 1	<u>1,756,990</u>	<u>1,601,861</u>
Unencumbered cash, December 31	<u>\$ 1,601,861</u>	<u>\$ 1,476,225</u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 ESCROW FUND - 46
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash receipts		
Housing incentive receipts	\$ 10,000	\$ 40,000
Escrow receipts	40,368	7,500
Interest	0	2
Total cash receipts	<u>50,368</u>	<u>47,502</u>
Expenditures		
Housing incentive grants	10,000	40,000
Escrow disbursements	17,308	7,500
Interest	0	2
Total expenditures	<u>27,308</u>	<u>47,502</u>
Receipts over (under) expenditures	23,060	0
Unencumbered cash, January 1	<u>0</u>	<u>23,060</u>
Unencumbered cash, December 31	<u>\$ 23,060</u>	<u>\$ 23,060</u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
MENNENOAH CEMETERY - 47
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash receipts		
Use of money and property		
Interest on investment	\$ 285	\$ 230
Other		
Reimbursed expenses	<u>5,881</u>	<u>0</u>
Total cash receipts	6,166	230
Expenditures		
Capital improvements	<u>5,450</u>	<u>0</u>
Receipts over (under) expenditures	716	230
Unencumbered cash, January 1	<u>35,811</u>	<u>36,527</u>
Unencumbered cash, December 31	\$ <u><u>36,527</u></u>	\$ <u><u>36,757</u></u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 SPECIAL GRANTS FUND - 70
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash receipts		
Intergovernmental		
Grants/donations	\$ 80,501	\$ 16,584
Use of money and property		
Interest on investment	152	18
Reimbursements	0	10,956
Total cash receipts	<u>80,653</u>	<u>27,558</u>
Expenditures		
Grant expenses	83,026	0
Other contractual	0	29,010
Transfers	0	2,728
Total expenditures	<u>83,026</u>	<u>31,738</u>
Receipts over (under) expenditures	(2,373)	(4,180)
Unencumbered cash, January 1	<u>10,852</u>	<u>8,479</u>
Unencumbered cash, December 31	<u>\$ 8,479</u>	<u>\$ 4,299</u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 DRUG ENFORCEMENT ACCOUNT
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash receipts		
Other		
Reimbursement	\$ 3,484	\$ 1,941
Expenditures		
Other services	2,686	1,700
Receipts over (under) expenditures	798	241
Unencumbered cash, January 1	224	1,022
Unencumbered cash, December 31	\$ 1,022	\$ 1,263

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

SPECIAL REVENUE FUNDS
 LIBRARY GENEALOGY FUND
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash receipts		
Use of money and property		
Interest on investment	\$ 15	\$ 46
Expenditures		
Other supplies	0	34
Receipts over (under) expenditures	15	12
Unencumbered cash, January 1	2,230	2,245
Unencumbered cash, December 31	\$ 2,245	\$ 2,257

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

DEBT SERVICE FUND
 BOND AND INTEREST FUND - 06
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Taxes				
Ad valorem property tax	\$ 216,533	\$ 215,336	\$ 212,850	\$ 2,486
Back tax collections	9,120	7,749	8,000	(251)
Motor vehicle tax	23,191	21,794	22,446	(652)
Special assessments	304,022	324,698	270,000	54,698
In lieu of tax	334	401	0	401
	<u>553,200</u>	<u>569,978</u>	<u>513,296</u>	<u>56,682</u>
Use of money and property				
Interest on investments	<u>8,032</u>	<u>6,049</u>	<u>5,000</u>	<u>1,049</u>
Operating transfers	<u>895,079</u>	<u>883,329</u>	<u>1,253,328</u>	<u>(369,999)</u>
Total cash receipts	<u>1,456,311</u>	<u>1,459,356</u>	<u>\$ 1,771,624</u>	<u>\$ (312,268)</u>
Expenditures				
Bond principal	995,000	980,000	\$ 1,230,000	\$ 250,000
Interest expense	497,686	461,506	621,507	160,001
Other reserves	<u>0</u>	<u>0</u>	<u>256,585</u>	<u>256,585</u>
Total expenditures and transfers subject to budget	<u>1,492,686</u>	<u>1,441,506</u>	<u>\$ 2,108,092</u>	<u>\$ 666,586</u>
Receipts over (under) expenditures	(36,375)	17,850		
Unencumbered cash, January 1	<u>373,576</u>	<u>337,201</u>		
Unencumbered cash, December 31	<u>\$ 337,201</u>	<u>\$ 355,051</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

CAPITAL PROJECTS FUNDS
BAPTISTE - SILVER TO 169 IMPROVEMENT - 28
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash receipts		
Use of money and property		
Interest on investments	\$ 51	\$ 11
Expenditures		
Operating transfers	<u>0</u>	<u>6,548</u>
Receipts over (under) expenditures	51	(6,537)
Unencumbered cash (deficit), January 1	<u>6,486</u>	<u>6,537</u>
Unencumbered cash (deficit), December 31	\$ <u><u>6,537</u></u>	\$ <u><u>0</u></u>

The accompanying notes are an integral part of this financial statement.

City of Paola, Kansas

Statement 3

CAPITAL PROJECTS FUNDS
 WASTE WATER TREATMENT PLANT CONSTRUCTION - 31
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash receipts		
Use of money and property		
Interest on investments	\$ 5,918	\$ 4,803
	<u>0</u>	<u>0</u>
Expenditures		
Receipts over (under) expenditures	5,918	4,803
Unencumbered cash (deficit), January 1	<u>755,531</u>	<u>761,449</u>
Unencumbered cash (deficit), December 31	<u>\$ 761,449</u>	<u>\$ 766,252</u>

The accompanying notes are an integral part of this financial statement.

City of Paola, Kansas

Statement 3

CAPITAL PROJECTS FUNDS
303RD STREET, HOSPITAL TO HEDGE LANE IMPROVEMENT - 32
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 30, 2010)

	Prior Year Actual	Current Year Actual
Cash receipts		
Use of money and property		
Interest on investments	\$ 38	\$ 8
Expenditures		
Operating transfers	0	4,894
Total expenditures	0	4,894
Receipts over (under) expenditures	38	(4,886)
Unencumbered cash (deficit), January 1	4,848	4,886
Unencumbered cash (deficit), December 31	\$ 4,886	\$ 0

The accompanying notes are an integral part of this financial statement.

City of Paola, Kansas

Statement 3

CAPITAL PROJECTS FUNDS
EQUIPMENT REPLACEMENT - 80
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash receipts		
Other		
Miscellaneous	17,590	500
Loan proceeds	<u>115,000</u>	<u>45,520</u>
Total cash receipts	<u>132,590</u>	<u>46,020</u>
Expenditures		
Other contractual	3,450	0
Miscellaneous	1,719	0
Equipment	115,000	67,303
Motor vehicle/equipment	<u>100,653</u>	<u>0</u>
Total expenditures	<u>220,822</u>	<u>67,303</u>
Receipts over (under) expenditures	(88,232)	(21,283)
Unencumbered cash (deficit), January 1	<u>151,712</u>	<u>63,480</u>
Unencumbered cash (deficit), December 31	<u>\$ 63,480</u>	<u>\$ 42,197</u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

CAPITAL PROJECTS FUNDS
 CAPITAL PROJECTS - 90
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash receipts		
Taxes and shared revenues		
City sales tax	\$ 942,125	\$ 988,113
Other		
Interest	9,433	8,242
Miscellaneous	775	3,394
Reimbursements	24,405	93,007
Grants	24,000	50,147
Donations and gifts	1,545	26,125
Operating transfers	0	14,171
	<u>60,158</u>	<u>195,086</u>
Total cash receipts	<u>1,002,283</u>	<u>1,183,199</u>
Expenditures		
Construction materials	12,968	77,866
Other contractual	28,391	106,057
Capital items	116,746	2,500
Equipment	8,291	0
Other	15,965	3,735
	<u>182,361</u>	<u>190,158</u>
Operating transfers	<u>780,079</u>	<u>748,330</u>
Total expenditures and transfers	<u>962,440</u>	<u>938,488</u>
Receipts over (under) expenditures	39,843	244,711
Unencumbered cash (deficit), January 1	<u>1,274,414</u>	<u>1,314,257</u>
Unencumbered cash (deficit), December 31	<u>\$ 1,314,257</u>	<u>\$ 1,558,968</u>

The accompanying notes are an integral part of this financial statement.

City of Paola, Kansas

Statement 3

ENTERPRISE FUNDS
 WATER UTILITY FUND - 09
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Charges for services				
Sale of water	\$ 1,557,403	\$ 1,675,892	\$ 1,815,711	\$ (139,819)
Water for resale	24,939	33,155	30,000	3,155
Sales tax	23,918	27,961	18,000	9,961
Tank sales	9,797	10,538	8,000	2,538
Installation charges	20,452	3,000	18,000	(15,000)
Connection fees	7,805	7,320	10,000	(2,680)
	<u>1,644,314</u>	<u>1,757,866</u>	<u>1,899,711</u>	<u>(141,845)</u>
Use of money and property				
Rentals	1,000	1,300	1,000	300
Interest on investments	677	1,412	2,000	(588)
	<u>1,677</u>	<u>2,712</u>	<u>3,000</u>	<u>(288)</u>
Other				
Reimbursed expenses	32,137	71,630	55,000	16,630
KS setoff reimbursement	0	1,021	0	1,021
Long/short	1	(23)	0	(23)
Operating transfers	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>332,138</u>	<u>72,628</u>	<u>55,000</u>	<u>17,628</u>
Total cash receipts	<u>1,978,129</u>	<u>1,833,206</u>	<u>\$ 1,957,711</u>	<u>\$ (124,505)</u>
Expenditures				
Administration				
Full time salaries	94,941	76,292	\$ 96,000	\$ 19,708
Overtime	0	0	100	100
Other personal services	2,607	2,512	2,500	(12)
Insurance and bonds	9,895	9,476	11,000	1,524
Other contractual	4,037	4,028	5,000	972
General office supplies	34	545	1,000	455
Postage	3,558	3,671	7,000	3,329
Operational supplies	729	734	2,000	1,266
Miscellaneous	5,000	20,000	0	(20,000)
Computer equipment and software	0	2,163	2,000	(163)
Equipment/Building & Grounds	0	8,995	0	(8,995)
Refunds	565	2,425	500	(1,925)
Sales tax remittance	32,843	39,683	30,000	(9,683)
	<u>154,209</u>	<u>170,524</u>	<u>157,100</u>	<u>(13,424)</u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

ENTERPRISE FUNDS
 WATER UTILITY FUND - 09
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

Expenditures - continued	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Production				
Full time salaries	\$ 48,177	\$ 46,350	\$ 47,000	\$ 650
Overtime	2,173	431	3,000	2,569
Telephone services	939	933	1,000	67
Training, travel, dues	0	209	0	(209)
Utilities	11,164	6,295	4,500	(1,795)
Other contractual	1,074	0	1,000	1,000
Water purchase	1,167,125	1,224,377	1,207,217	(17,160)
Vehicle maintenance	122	45	0	(45)
Motor fuel and lubrication	596	887	500	(387)
Uniforms	429	312	350	38
	<u>1,231,799</u>	<u>1,279,839</u>	<u>1,264,567</u>	<u>(15,272)</u>
Distribution				
Full time salaries	148,750	104,442	140,000	35,558
Overtime	1,069	433	2,500	2,067
Tank maintenance	7,027	8,080	8,100	20
Telephone services	1,963	2,111	2,500	389
Training, travel, dues	1,183	1,359	2,000	641
Legal printing	0	0	500	500
Utilities	1,291	1,398	4,000	2,602
Testing analytical	2,984	752	2,500	1,748
Other contractual	2,545	4,684	3,000	(1,684)
General office supplies	256	240	1,000	760
Postage	1,288	1,115	1,000	(115)
Operational supplies	32,006	33,917	28,000	(5,917)
Vehicle maintenance	1,631	2,179	3,000	821
Equipment maintenance	3,186	2,574	4,000	1,426
Building and maintenance	1,115	388	3,000	2,612
Construction materials	9,286	8,918	10,000	1,082
Motor fuel and lubrication	7,018	10,145	10,000	(145)
Uniforms	1,617	1,164	1,250	86
Computer equipment and software	2,241	199	2,500	2,301
Mains and meters	13,455	22,296	18,000	(4,296)
	<u>239,911</u>	<u>206,394</u>	<u>246,850</u>	<u>40,456</u>
Operating transfers	224,640	181,640	216,640	35,000
Appropriated reserve	<u>0</u>	<u>0</u>	<u>114,592</u>	<u>114,592</u>
Total expenditures and transfers subject to budget	<u>1,850,559</u>	<u>1,838,397</u>	<u>1,999,749</u>	<u>161,352</u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

ENTERPRISE FUNDS
 WATER UTILITY FUND - 09
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Receipts over (under) expenditures	\$ 127,570	\$ (5,191)		
Unencumbered cash, January 1	114,768	242,338		
Unencumbered cash, December 31	\$ 242,338	\$ 237,147		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

ENTERPRISE FUNDS
 WATER TREATMENT PLANT FUND - 15
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Use of money and property				
Interest	\$ 4,289	\$ 1,665	\$ 4,000	\$ (2,335)
Total cash receipts	4,289	1,665	4,000	(2,335)
Expenditures				
Capital improvements	0	0	266,789	266,789
Other contractual	23,124	0	0	0
Operating transfers	300,000	0	0	0
Total expenditures and transfers subject to budget	323,124	0	266,789	266,789
Receipts over (under) expenditures	(318,835)	1,665		
Unencumbered cash, January 1	582,789	263,954		
Unencumbered cash, December 31	\$ 263,954	\$ 265,619		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

ENTERPRISE FUNDS
SEWER SERVICE FUND - 04
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Charges for services				
Inspection charges	\$ 700	\$ 400	\$ 1,200	\$ (800)
Sewer lagoon dumping	252	189	200	(11)
Sewer service charges	633,657	651,568	705,000	(53,432)
	<u>634,609</u>	<u>652,157</u>	<u>706,400</u>	<u>(54,243)</u>
Use of money and property				
Interest on investments	434	530	300	230
Other				
Reimbursed expenses	2,032	5,556	1,500	4,056
	<u>2,032</u>	<u>5,556</u>	<u>1,500</u>	<u>4,056</u>
Total cash receipts	<u>637,075</u>	<u>658,243</u>	<u>\$ 708,200</u>	<u>\$ (49,957)</u>
Expenditures				
Administration				
Full time salaries	99,995	97,584	\$ 95,000	\$ (2,584)
Other personal services	2,607	2,512	2,500	(12)
Training, Travel, Dues	0	0	2,000	2,000
Insurance	17,894	17,841	20,000	2,159
Other contractual	3,877	3,867	0	(3,867)
General office supplies	34	545	1,000	455
Postage	3,558	3,671	4,500	829
Equipment maintenance	203	0	0	0
Refunds	0	671	0	(671)
Computer software and equipment	0	1,273	2,000	727
	<u>128,168</u>	<u>127,964</u>	<u>127,000</u>	<u>(964)</u>
Production				
Full time salaries	72,874	73,114	85,000	11,886
Overtime	672	658	1,500	842
Telephone services	1,132	1,342	1,250	(92)
Training, travel, dues	831	755	4,000	3,245
Utilities	75,406	71,402	70,000	(1,402)
Testing and analytical	10,068	8,914	10,000	1,086
Other contractual	5,135	6,920	3,000	(3,920)
General office supplies	81	108	500	392
Postage	0	0	0	0
Operational supplies	11,147	17,362	19,000	1,638
Vehicle maintenance	330	727	500	(227)
Equipment maintenance	2,391	2,987	2,500	(487)

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

ENTERPRISE FUNDS
SEWER SERVICE FUND - 04
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

Expenditures	Prior Year Actual	Current year		Variance Favorable (Unfavorable)
		Actual	Budget	
Production				
Building maintenance	\$ 111	\$ 983	\$ 2,000	\$ 1,017
Motor fuel and lubricants	2,081	3,918	2,500	(1,418)
Uniforms	1,285	772	800	28
Other operational	1,000	0	0	0
Equipment, building and grounds	2,444	0	4,000	4,000
	<u>186,988</u>	<u>189,962</u>	<u>206,550</u>	<u>16,588</u>
Distribution				
Full time salaries	115,041	123,347	105,000	(18,347)
Overtime	748	468	2,000	1,532
Professional services	0	0	2,000	2,000
Telephone services	1,982	2,131	2,250	119
Training, travel, dues	1,412	869	2,000	1,131
Lease Payments	18,045	18,029	18,046	17
Utilities	5,930	5,017	9,000	3,983
Other contractual	2,334	2,337	4,000	1,663
General office supplies	588	451	1,000	549
Operational supplies	5,787	8,408	10,000	1,592
Vehicle maintenance	908	696	1,500	804
Equipment maintenance	2,821	5,391	8,500	3,109
Building maintenance	1,346	221	4,000	3,779
Construction materials	360	2,714	5,000	2,286
Motor fuel and lubricants	7,535	9,719	8,000	(1,719)
Uniforms	1,896	747	2,000	1,253
Other operational	1,700	0	0	0
Computer equipment and software	807	244	5,000	4,756
Equipment, building and grounds	0	0	0	0
Distribution lines	271	39,166	30,000	(9,166)
Miscellaneous	0	40	0	(40)
	<u>169,511</u>	<u>219,995</u>	<u>219,296</u>	<u>(699)</u>
Operating transfers	114,440	119,540	119,540	0
Appropriated reserve	<u>0</u>	<u>0</u>	<u>92,257</u>	<u>92,257</u>
Total expenditures and transfers subject to budget	<u>599,107</u>	<u>657,461</u>	<u>\$ 764,643</u>	<u>\$ 107,182</u>
Receipts over (under) expenditures	37,968	782		
Unencumbered cash, January 1	<u>51,479</u>	<u>89,447</u>		
Unencumbered cash, December 31	<u>\$ 89,447</u>	<u>\$ 90,229</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

ENTERPRISE FUNDS
SEWER LINE REPLACEMENT - 11
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Use of money and property				
Interest on investments	\$ 1,031	\$ 882	\$ 600	\$ 282
Operating transfers	7,000	7,000	7,000	0
Total cash receipts	8,031	7,882	7,600	282
Expenditures				
Contractual	0	0	144,640	144,640
Receipts over (under) expenditures	8,031	7,882		
Unencumbered cash, January 1	129,440	137,471		
Unencumbered cash, December 31	\$ 137,471	\$ 145,353		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

ENTERPRISE FUNDS
 WASTEWATER TREATMENT PLANT - 16
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Charges for services				
Connect & disconnect	\$ 9,000	\$ 3,300	\$ 25,000	\$ (21,700)
Sewer service charge	418,730	420,378	415,000	5,378
	<u>427,730</u>	<u>423,678</u>	<u>440,000</u>	<u>(16,322)</u>
Use of money and property				
Interest income	3,746	3,556	5,000	(1,444)
Total cash receipts	<u>431,476</u>	<u>427,234</u>	<u>\$ 445,000</u>	<u>\$ (17,766)</u>
Expenditures				
Full time salaries	8,160	29,410	\$ 34,000	\$ 4,590
Overtime	409	2,113	0	(2,113)
Loan payments	300,000	300,000	300,000	0
Other contractual	0	0	35,000	35,000
Operational supplies	0	4,279	10,000	5,721
Miscellaneous	10,353	20,000	25,000	5,000
Equipment/plant	1,264	0	30,000	30,000
	<u>320,186</u>	<u>355,802</u>	<u>434,000</u>	<u>78,198</u>
Operating transfer	25,000	30,000	30,000	0
Appropriated reserve	<u>0</u>	<u>0</u>	<u>441,440</u>	<u>441,440</u>
Total expenditures and transfers subject to budget	<u>345,186</u>	<u>385,802</u>	<u>\$ 905,440</u>	<u>\$ 519,638</u>
Receipts over (under) expenditures	86,290	41,432		
Unencumbered cash, January 1	<u>497,940</u>	<u>584,230</u>		
Unencumbered cash, December 31	<u>\$ 584,230</u>	<u>\$ 625,662</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 3

ENTERPRISE FUNDS
HEALTH AND SANITATION FUND - 13
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash receipts				
Charges for services				
Haulers' permits	\$ 150	\$ 375	\$ 300	\$ 75
Landfill charges and collections	302,651	306,588	337,560	(30,972)
	<u>302,801</u>	<u>306,963</u>	<u>337,860</u>	<u>(30,897)</u>
Use of money and property				
KS setoff reimbursement	0	43	0	43
Interest on investments	44	3,607	50	3,557
	<u>44</u>	<u>3,650</u>	<u>50</u>	<u>3,600</u>
Fees	<u>120</u>	<u>345</u>	<u>0</u>	<u>345</u>
Total cash receipts	<u>302,965</u>	<u>310,958</u>	<u>\$ 337,910</u>	<u>\$ (26,995)</u>
Expenditures				
Full time salaries	9,511	9,146	\$ 12,000	\$ 2,854
Advertising	679	462	1,000	538
Insurance	1,835	1,718	2,500	782
Other contractual	282,936	296,624	306,940	10,316
General office supplies	0	545	0	(545)
Postage	765	0	0	0
Payt sticker expense	675	0	0	0
	<u>296,401</u>	<u>308,495</u>	<u>322,440</u>	<u>13,945</u>
Operating transfers	5,901	5,900	5,900	0
Appropriated reserve	<u>0</u>	<u>0</u>	<u>21,127</u>	<u>21,127</u>
Total expenditures and transfers subject to budget	<u>302,302</u>	<u>314,395</u>	<u>\$ 349,467</u>	<u>\$ 35,072</u>
Receipts over (under) expenditures	663	(3,437)		
Unencumbered cash, January 1	<u>4,607</u>	<u>5,270</u>		
Unencumbered cash, December 31	<u>\$ 5,270</u>	<u>\$ 1,833</u>		

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

Statement 4

AGENCY FUNDS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
 For the Year Ended December 31, 2011

<u>Fund</u>	<u>Cash Balance January 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balance December 31, 2011</u>
Police bond	\$ 11,223	\$ 22,192	\$ 24,420	\$ 8,995
Payroll withholding	<u>4,121</u>	<u>262,915</u>	<u>262,443</u>	<u>4,593</u>
	<u>\$ 15,344</u>	<u>\$ 285,107</u>	<u>\$ 286,863</u>	<u>\$ 13,588</u>

The accompanying notes are an integral part of this statement.

City of Paola, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE I - SUMMARY OF ACCOUNTING POLICIES

A. Reporting entity

The City of Paola is a municipal corporation governed by a mayor/council/manager form of government. These financial statements present the funds of the City of Paola and component units as described below:

Blended Component Units

The Paola Free Library is governed by a board appointed by the City Council. The Library's budget and its expenditures and contractual arrangements, are approved by the City council. The Library has been included in the accompanying financial statements as a special revenue fund of the primary government.

Other Entities

The Paola Housing Authority has been omitted from the accompanying financial statements. The Paola Housing Authority Board is appointed by the City Council and oversees the operations of the Housing Authority. The financial statements of the Housing Authority are audited annually as of the Authority's fiscal year end (March 31). Those financial statements are issued separately, and may be obtained at City Hall.

The City entered into a joint venture with the City of Louisburg for the purpose of developing a public utility to treat and disburse water to the two cities. The water treatment plant has been completed and is in operation. Both Cities provide labor, supplies and administrative costs to the operation for which both are reimbursed.

The Public Building Commission activity is included in these financial records as part of the City's activity. There is no separate accounting by the Public Building Commission of its activities.

B. Basis of accounting

Statutory Basis of Accounting – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and expenditure would be charged in the fund from which the transfer is made.

The City of Paola 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 statutory basis of accounting.

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

City of Paola, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE I - SUMMARY OF ACCOUNTING POLICIES - continued

C. Fund descriptions

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

Governmental Funds

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds--to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City.

Capital Project Funds--to account for financial resources segregated for the acquisition of major capital facilities (other than those financed by Enterprise Fund).

Proprietary Funds

Enterprise Funds--to account for operations that are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges--or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Trust and Agency Funds--to account for assets held in a trustee capacity or as agent for individuals, other governmental units, private organizations, and/or other funds. These include Expendable Trust Funds and Agency Funds.

D. Assets and Liabilities

1. Pooled Cash and Investments

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

City of Paola, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE I - SUMMARY OF ACCOUNTING POLICIES – continued

D. Assets and Liabilities - continued

2. Vacation Pay

Full-time employees are entitled to paid vacation leave time according to one of the following schedules:

- (a) Full-time employees hired prior to January 1, 1992:

The employee shall be credited with ninety-six (96) hours for each year for up to ten (10) years. Employees with more than ten (10) years of service shall be entitled to eight (8) additional hours for each year of service longer than ten (10) years.

Full-time employees hired after January 1, 1992:

Years of Continuous Employment:	0 to 5	5 to 10	10 to 15	over 15
Hours earned per bi-weekly pay period:	3.6923	4.6153	5.5384	6.4615

- (b) New employees shall be awarded vacation time beginning on the first day of the month following (30) days of employment.
- (c) Employees may accumulate vacation leave time up to the maximum of two hundred (200) hours. An employee shall not earn additional vacation leave during any time period that the employee maintains the two hundred (200) hours maximum accumulation.
- (d) Off-duty employees on a leave of absence without pay for more than seven (7) working days in any one (1) calendar month shall not be eligible for earning vacation time during such month.
- (e) Vacation schedules are established by the Department Heads. Vacation time shall be reported as prescribed by the Human Resources Director and shall be taken as follows:

Employees who work 8 hour days	Increments of four (4) hours
Employees who work 10 hour days	Increments of five (5) hours

- (f) Bonus personal time shall be rewarded to employees not using sick leave as prescribed by the following schedule:

Hours of Sick Leave Used	Personal Hours Awarded
0 – 3	24
4 – 8	16
9 – 16	8
17 or more	0

To qualify for bonus personal time, an employee must have been employed by the City for the entire calendar year. Bonus personal time is awarded in the first pay period of the calendar year and must be used prior to the end of the calendar year that it is awarded or it shall be cancelled without any payment due to the employee. Bonus personal time may be taken in 1 hour increments.

- (g) Employees shall receive payment for unused vacation time upon voluntary or involuntary termination of employment. As of December 31, 2011, the unused vacation time represented a potential liability to the City in the amount of \$137,051.

City of Paola, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE I - SUMMARY OF ACCOUNTING POLICIES – continued

D. Assets and Liabilities - continued

3. Sick Pay

Full-time employees may accumulate up to 180 days of sick leave. Twenty-five percent (25%) of unused sick leave will be paid upon termination of employment if in good standing. At December 31, 2011 City employees had accumulated 2,407 sick leave days, representing a potential liability to the City of \$111,714 if paid upon termination.

E. Receipts and Expenditures

1. Ad valorem tax revenues

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with Kansas 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 1 of each year. One-half of the property taxes are due December 20th, prior to the fiscal year for which they are budgeted and the second half is due the following May 10th. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals.

2. Reimbursements

The City of Paola records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenues to the fund receiving the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursement.

3. Comparative Prior Year Amounts

The 2010 actual amounts presented in the financial statements have been taken from the audit report for the year ended December 31, 2010 and are presented for comparative purposes only. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

4. Special assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund.

5. Advertising costs

Advertising costs are expensed in the period incurred and do not have any significant carry over value.

6. Use of Estimates

The preparation of financial statements in conformity with cash basis and budget basis of the State of Kansas requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of Paola, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE II - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds.

The statutes provided for the following sequence and timetable in adoption of the legal annual operating budget:

- a. Preparation of budget for the succeeding calendar year on or before August 1st of each year.
- b. Publication in local newspaper of proposed budget on or before August 5th of each year.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing board 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 board may amend the budget at that time. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds and the following special revenue and enterprise funds:

Special Law Enforcement Account, Family Aquatics Center Equipment Reserve, Escrow Fund, Mennenoah Cemetery, Special Grants Fund, Drug Enforcement Account, Library Genealogy Fund, Fire Truck Restoration Fund, and Health and Sanitation Equipment Reserve Fund.

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

Adjustments for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

B. Legal Debt Margin

The City is subject to the municipal finance laws of the State of Kansas which limits the net bonded debt (exclusive of special assessment and revenue bonds) the City may have outstanding up to 30 percent of the assessed value of all tangible taxable property within the City, as certified to the county clerk on the preceding August 25. At December 31, 2011, the statutory limit for the City was \$14,501,187 providing a debt margin of \$9,786,187.

General obligation bonds issued in 1999 thru 2008 provided for improvement of sewer treatment facilities and water plant and accordingly a portion of the debt service cost for these bonds is transferred annually from enterprise funds to debt service funds.

City of Paola, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE II - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

C. Compliance with Kansas Statutes

References made herein to the statutes are not intended as interpretation of law, but are offered for consideration by the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the City.

Management is not aware of any violations of Kansas Statutes.

NOTE III – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

Concentration of credit risk – State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's has no investments as of December 31, 2011.

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 Federal home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City did not have any designated "peak periods" for the current year. All deposits were legally secured as of December 31, 2011

At December 31, 2011, the City's carrying amount of deposits was \$7,509,154 and the bank balance was \$7,611,652. The difference between the carrying amount and the bank balance is outstanding checks and outstanding deposits. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$6,611,652 was collateralized with securities held by the pledging financial institution's agents in the City's name.

Investment Policy - K.S.A. 12-1675 authorizes the City to invest in time deposits, certificates of deposit, U.S. Treasury bills and notes, repurchase agreements and the State Municipal Investment Pool. All investments must be insured, registered, or held by the City or its agent in the City's name. Since the City's records are maintained on modified cash basis, Statement 1 reports the investment balance at cost and any gain (loss) on investments is recognized at point of sale. The City has no investment policy that would further limit its investment choices.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Interest Rate Risk – Per Kansas statutes, maturities of investments shall not exceed two years. The City's investments are in compliance with this statute.

City of Paola, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS - continued

B. Long-Term Debt

Changes in long-term liabilities for the City for the year ended December 31, 2011 were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Maturity
General obligation bonds:				
Series 2002	3.0-4.0	11/01/02	\$ 4,210,000	11/01/12
Series 2005 A	3.5-3.8	09/01/05	1,655,000	09/01/15
Series 2006 A	3.5-5.0	11/15/06	1,660,000	09/01/16
Series 2006 B	3.65-5.0	11/15/06	325,000	09/01/17
Series 2007 A	4.0-4.5	12/01/07	2,840,000	12/01/26
Series 2007	4.0-4.375	12/01/07	3,750,000	12/01/26
Series 2008	3.25-4.25	09/25/08	3,660,000	05/01/21
Notes payable:				
Construction loan	2.76	07/29/05	7,207,738	Open
Capital leases:				
Grader/Packer/vac	3.64	03/05/08	107,262	03/05/11
Park Land	4.0	09/01/04	55,000	09/01/04
Fire Heavy Rescue Vehicle	4.68	07/11/07	231,500	07/11/17
Street Sweeper	3.49	11/18/10	115,000	11/01/14
Police Cars	3.45	01/07/11	45,520	01/07/13

	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General obligation bonds:						
Series 2002	\$ 185,000	\$ 0	\$ 90,000	\$ (90,000)	\$ 95,000	\$ 7,288
Series 2005 A	915,000	0	170,000	(170,000)	745,000	33,288
Series 2006 A	1,065,000	0	160,000	(160,000)	905,000	38,511
Series 2006 B	245,000	0	30,000	(30,000)	215,000	9,182
Series 2007 A	2,790,000	0	35,000	(35,000)	2,755,000	119,909
Series 2007	3,260,000	0	190,000	(190,000)	3,070,000	136,062
Series 2008	3,030,000	0	305,000	(305,000)	2,725,000	117,266
Notes payable:						
Construction loan	6,500,773	0	121,411	(121,411)	6,379,362	178,589
Capital leases:						
Grader/Packer/Vac	37,002	0	37,002	(37,002)	0	1,377
Park Land	20,515	0	13,541	(13,541)	6,974	687
Fire Heavy Rescue Vehicle	172,803	0	21,313	(21,313)	151,490	8,209
Street Sweeper	115,000	0	27,307	(27,307)	87,693	4,069
Police Cars	0	45,520	0	45,520	45,520	0
	<u>\$ 18,336,093</u>	<u>\$ 45,520</u>	<u>\$ 1,200,574</u>	<u>\$ (1,155,054)</u>	<u>\$ 17,181,039</u>	<u>\$ 654,437</u>

City of Paola, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE III – DETAILED NOTES ON ALL FUNDS – continued

B. Long-Term Debt - continued

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

	Year				
	2012	2013	2014	2015	2016
Principal:					
Bonds	\$ 1,025,000	\$ 1,055,000	\$ 1,090,000	\$ 1,130,000	\$ 970,000
Notes Payable	225,475	231,741	238,181	244,800	251,603
Capital Leases	80,263	75,939	54,600	25,737	26,935
	<u>1,330,738</u>	<u>1,362,680</u>	<u>1,382,781</u>	<u>1,400,537</u>	<u>1,248,538</u>
Interest:					
Bonds	435,327	391,753	350,448	307,646	263,156
Notes Payable	174,525	168,259	161,819	155,200	147,397
Capital Leases	11,872	8,906	5,983	3,785	2,588
	<u>621,724</u>	<u>568,918</u>	<u>518,250</u>	<u>466,631</u>	<u>413,141</u>
Total Principal and Interest	\$ <u>1,952,462</u>	\$ <u>1,931,598</u>	\$ <u>1,901,031</u>	\$ <u>1,867,168</u>	\$ <u>1,661,679</u>

	Year		
	2017-2021	2022-2026	Total
Principal:			
Bonds	\$ 4,285,000	\$ 955,000	\$ 10,510,000
Notes Payable	2,165,198	3,022,364	6,379,362
Capital Leases	28,203	0	291,677
	<u>6,478,401</u>	<u>3,977,364</u>	<u>17,181,039</u>
Interest:			
Bonds	612,214	94,461	2,455,005
Notes Payable	584,802	219,893	1,611,895
Capital Leases	1,320	0	34,454
	<u>1,198,336</u>	<u>314,354</u>	<u>4,101,354</u>
Total Principal and Interest	\$ <u>7,676,737</u>	\$ <u>4,291,718</u>	\$ <u>21,282,393</u>

City of Paola, Kansas

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE IV – OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan description - The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both 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 that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy - KSA 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contributions rate at 7% of covered salaries. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for the calendar year 2011 was 6.74%. The KPERS employer contribution to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$127,721, \$119,386, and \$107,115 respectively, equal to the statutorily required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2011 was 14.57%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The contributions to KP&F for the years ended December 31, 2011, 2010 and 2009 were \$104,958, \$94,132, and \$103,246 respectively, equal to the required contributions for the year.

B. Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in 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.

C. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlement of claims has not exceeded coverage during the past three years.

D. Lease Purchase Agreement

The City purchased a land site to be developed into a public park using monies from the Swimming pool sales tax surplus fund. The General Fund has a lease purchase agreement to purchase the site. The semi-annual payments are due over a period of 9 years with the last payment on March 15, 2012. The annual average effective interest cost of this Agreement is 4.00% per annum. The property legal description is:

Lot 1, Block 1, Country Club Heights Addition commonly known as 1 Brookside Drive.

E. Loan Agreement with Kansas Department of Health and Environment

The City has entered into a loan agreement with the Kansas Department of Health and Environment for the purposes of obtaining funding for a wastewater improvement project. The loan is to be repaid with dedicated revenues. As of December 31, 2011 \$6,500,773 remains to be paid on this loan.

City of Paola, Kansas

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

F. Interfund Transfers

Operating transfers were as follows:

<u>From:</u>	<u>To:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Bond and Interest	12-825d	\$ 50,000
General	Community Center	12-1118	78,000
General	Employee Benefit	12-1118	299,960
Library	Employee Benefit	12-1118	39,000
Family Aquatics Center	Employee Benefit	12-1118	39,300
Community Center	Employee Benefit	12-1118	15,000
Storm Water Management	Employee Benefit	12-1118	10,000
Family Aquatics Center Equipment Reserve	Family Aquatics Center	12-1118	150,000
Special Grants	Capital Projects	12-1118	2,728
Baptiste - Silver tp169 Improvement	Capital Projects	12-1118	6,548
303rd Street, Hospital to Hedge Lane Improve.	Capital Projects	12-1118	4,895
Capital Projects	Bond and Interest	12-1118	748,330
Water Utility	Employee Benefit	12-1118	166,640
Water Utility	Bond and Interest	12-825d	15,000
Sewer Service	Employee Benefit	12-1118	112,540
Sewer Service	Sewer Line Replacement	12-1118	7,000
Waste Water Treatment Plant	Bond and Interest	12-825d	30,000
Health & Sanitation	Employee Benefit	12-1118	5,900
			<u>\$ 1,780,841</u>

G. Subsequent Events

The City evaluated subsequent events through April 9, 2012, the date the financial statements were available to be issued. No significant items which would require disclosure were noted.