

CITY OF PAOLA
Paola, Kansas

FINANCIAL STATEMENTS
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2012

CITY OF PAOLA, KANSAS

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

City Commissioners
City of Paola, Kansas
Paola, Kansas

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Paola, Kansas as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note C.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditure-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and schedule of regulatory basis receipts and expenditures-agency funds, (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note C.

Agler & Gaeddert, Chartered

Agler & Gaeddert, Chartered
May 8, 2013

City of Paola, Kansas

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
REGULATORY BASIS
AND UNENCUMBERED CASH
For the Year Ended December 31, 2012**

	<u>Beginning Unencumbered Cash Balances</u>	<u>Receipts</u>
General Fund	\$ 705,903	\$ 3,595,366
Special Purpose Funds		
Library	28,305	265,901
Employee Benefit	418,476	1,051,789
Family Aquatics Center	173,613	251,428
Community Center	39,007	110,451
Storm Water Management	188,957	82,042
Special Park and Recreation	18,530	17,524
Street Repair/Special Highway	69,234	145,281
Transient Guest Tax	89,300	36,217
Special Law Enforcement Account	172	21,531
Family Aquatics Center Equipment Reserve	1,476,225	13,752
Escrow Proceeds	23,060	21,868
Mennenoah Cemetery	36,757	166
Special Grants Fund	4,299	20,381
Drug Enforcement Account	1,263	5,221
Library Genealogy	2,257	4
	<u>2,569,455</u>	<u>2,038,331</u>
Debt Service Funds		
Bond and Interest	<u>355,051</u>	<u>1,616,078</u>
Capital Projects Funds		
Waste Water Treatment Plant Construction	766,252	3,457
Equipment Replacement	42,197	15,500
Capital Projects Fund	1,558,968	3,679,449
General Obligation Bond	0	7,635,228
	<u>2,367,417</u>	<u>11,333,634</u>

The accompanying notes are an integral part of this statement.

Statement 1

<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balances</u>
\$ 3,563,941	\$ 737,328	\$ 72,258	\$ 809,586
262,285	31,921	5,640	37,561
1,000,023	470,242	25,546	495,786
226,818	198,223	1,762	199,985
115,293	34,165	1,917	36,082
77,591	193,408	522	193,930
23,865	12,189	0	12,189
148,899	65,616	941	66,557
30,550	94,967	0	94,967
9,171	12,532	0	12,532
150,000	1,339,977	0	1,339,977
21,918	23,010	0	23,010
0	36,923	0	36,923
22,177	2,503	0	2,503
5,875	609	0	609
0	2,261	0	2,261
<u>2,088,590</u>	<u>2,515,676</u>	<u>36,328</u>	<u>2,554,872</u>
<u>1,693,169</u>	<u>277,960</u>	<u>0</u>	<u>277,960</u>
0	769,709	0	769,709
10,660	47,037	0	47,037
2,678,922	2,559,495	0	2,559,495
7,627,510	7,718	0	7,718
<u>10,317,092</u>	<u>3,383,959</u>	<u>0</u>	<u>3,383,959</u>

City of Paola, Kansas

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
REGULATORY BASIS
AND UNENCUMBERED CASH
For the Year Ended December 31, 2012**

	<u>Beginning Unencumbered Cash Balances</u>	<u>Receipts</u>
Business Funds		
Water Utility		
Operating	\$ 237,147	\$ 2,052,871
Water Treatment Plant	265,619	1,198
Sewer Service		
Operating	90,229	685,478
Sewer Line Replacement	145,353	7,666
Wastewater Treatment Plant	625,662	443,661
Health and Sanitation		
Operating	<u>1,833</u>	<u>318,690</u>
	<u>1,365,843</u>	<u>3,509,564</u>
	<u>\$ 7,363,669</u>	<u>\$ 22,092,973</u>

The accompanying notes are an integral part of this statement.

Statement 1

<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balances</u>
\$ 2,061,550	\$ 228,468	\$ 8,060	\$ 236,528
0	266,817	0	266,817
653,828	121,879	14,148	136,027
0	153,019	0	153,019
349,653	719,670	0	719,670
<u>313,744</u>	<u>6,779</u>	<u>356</u>	<u>7,135</u>
<u>3,378,775</u>	<u>1,496,632</u>	<u>22,564</u>	<u>1,519,196</u>
<u>\$ 21,041,567</u>	<u>\$ 8,411,555</u>	<u>\$ 131,150</u>	<u>\$ 8,545,573</u>

Cash balance consisting of

Balance on deposit		
Checking, money market accounts & petty cash	\$	4,053,508
On deposit with Corporate Trust Services		7,718
Certificates of deposit		<u>4,500,256</u>
Total cash		8,561,482
Agency Funds Per Schedule 3		<u>(15,909)</u>
Total cash (excluding agency funds)	\$	<u><u>8,545,573</u></u>

CITY OF PAOLA, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE A. MUNICIPAL REPORTING ENTITY

The City of Paola is a municipal corporation governed by a mayor/council/manager form of government. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The combined discretely presented component unit, on the other hand, is reported on a separate line in the Summary of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis to emphasize it is legally separate from the City. The City has no discretely presented component units.

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 activity.

NOTE B. REGULATORY BASIS FUND TYPES

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 City potential could have the following types of funds.

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

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

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

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

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

CITY OF PAOLA, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE B. REGULATORY BASIS FUND TYPES - continued

Trust Fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipality reporting entity scholarship funds, etc).

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

NOTE C. BASIS OF ACCOUNTING

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

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

NOTE D. BUDGETARY INFORMATION

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

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

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

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

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a 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.

CITY OF PAOLA, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE D. BUDGETARY INFORMATION - continued

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

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

Special Law	Special Grants	Wastewater Treatment Plant Construction
Family Aquatics Center Equipment	Drug Enforcement Account	Equipment Replacement
Escrow	Library Genealogy	Capital Projects
Mennenoah Cemetery	General Obligation Bonds	

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

NOTE E. 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.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the City or in an adjoining City if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank 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 City rates investments (if any) as noted.

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 has no investments other than money markets and certificates of deposit.

Custodial credit risk -- deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at December 31, 2012.

At December 31, 2012, the carrying amount of the City's bank deposits was \$8,561,482 (which includes petty cash funds) and the bank balance was \$8,709,969. The bank balance was held by three banks resulting in a concentration of credit risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$7,959,969 was collateralized with securities held by the pledging financial institution's agents in the City's name. The City also had \$7,718 on deposit with Trust which was covered by federal depository insurance.

CITY OF PAOLA, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE E. CASH AND INVESTMENTS - continued

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 be adequately secured. The City had no such investments at year end.

NOTE F. LONG-TERM DEBT

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Maturity</u>
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
Series 2012	2.00-2.125	11/01/12	2,055,000	11/01/21
Refunding Series 2012	2.00-3.20	09/01/12	7,525,000	09/01/31
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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General obligation bonds:						
Series 2002	\$ 95,000	\$ 0	\$ 95,000	\$ (95,000)	\$ 0	\$ 3,800
Series 2005 A	745,000	0	745,000	(745,000)	0	27,508
Series 2006 A	905,000	0	165,000	(165,000)	740,000	32,831
Series 2006 B	215,000	0	30,000	(30,000)	185,000	8,058
Series 2007 A	2,755,000	0	35,000	(35,000)	2,720,000	118,334
Series 2007	3,070,000	0	210,000	(210,000)	2,860,000	128,462
Series 2008	2,725,000	0	315,000	(315,000)	2,410,000	106,010
Series 2012	0	2,055,000	135,000	1,920,000	1,920,000	19,659
Refunding Series 2012	0	7,525,000	35,000	7,490,000	7,490,000	72,903
Total bonds	10,510,000	9,580,000	1,765,000	7,815,000	18,325,000	517,565

CITY OF PAOLA, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE F. LONG-TERM DEBT – continued

	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Notes payable:						
Construction loan	\$ 6,379,362	\$ 0	\$ 6,379,362	\$ (6,379,362)	\$ 0	\$ 116,865
Capital leases:						
Park Land	6,974	0	6,974	(6,974)	0	140
Fire Heavy Rescue Vehicle	151,490	0	22,541	(22,541)	128,949	6,982
Street Sweeper	87,693		28,374	(28,374)	59,319	3,003
Police Cars	45,520	0	22,375	(22,375)	23,145	1,570
Total for all debt	\$ 17,181,039	\$ 9,580,000	\$ 8,224,626	\$ 1,355,374	\$ 18,536,413	\$ 646,125

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

	Year				
	2013	2014	2015	2016	2017
Principal:					
Bonds	\$ 1,390,000	\$ 1,665,000	\$ 1,755,000	\$ 1,635,000	\$ 1,480,000
Capital Leases	75,939	54,600	25,737	26,935	28,203
	<u>1,465,939</u>	<u>1,719,600</u>	<u>1,780,737</u>	<u>1,661,935</u>	<u>1,508,203</u>
Interest:					
Bonds	604,313	559,268	508,291	454,901	403,091
Capital Leases	8,906	5,983	3,785	2,588	1,319
	<u>613,219</u>	<u>565,251</u>	<u>512,076</u>	<u>457,489</u>	<u>404,410</u>
Total Principal & Interest	\$ 2,079,158	\$ 2,284,851	\$ 2,292,813	\$ 2,119,424	\$ 1,912,613

	Year			
	2018-2022	2023-2027	2027-2031	Total
Principal:				
Bonds	\$ 5,995,000	\$ 2,565,000	\$ 1,840,000	\$ 18,325,000
Capital Leases	0	0	0	211,414
	<u>5,995,000</u>	<u>2,565,000</u>	<u>1,840,000</u>	<u>18,536,414</u>
Interest:				
Bonds	1,341,766	508,115	147,740	4,527,485
Capital Leases	0	0	0	22,581
	<u>1,341,766</u>	<u>508,115</u>	<u>147,740</u>	<u>4,550,066</u>
Total Principal & Interest	\$ 7,336,766	\$ 3,073,115	\$ 1,987,740	\$ 23,086,480

The debt limit per Kansas Statutes is limited to thirty percent of the assessed tangible valuation for exempt farm property, business aircraft and motor vehicles given by the County Appraiser to the County Clerk on June 15 each year. At December 31, 2012, the statutory limit for the City was \$13,963,015 providing a debt margin of \$908,015 after removing debt exempt from the limitation.

CITY OF PAOLA, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE G. 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	293,250
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	5,000
Storm Water Management	Bond and Interest	12-825d	10,000
Family Aquatics Center Equipment Reserve	Family Aquatics Center	12-1118	150,000
Capital Projects	Bond and Interest	12-1118	1,391,591
Water Utility	Employee Benefit	12-1118	138,750
Water Utility	Bond and Interest	12-825d	50,000
Sewer Service	Employee Benefit	12-1118	120,000
Sewer Service	Sewer Line Replacement	12-1118	7,000
Waste Water Treatment Plant	Bond and Interest	12-825d	25,000
Waste Water Treatment Plant	Employee Benefit	12-1118	10,000
Waste Water Treatment Plant	Capital Projects	12-1118	89,192
Health & Sanitation	Employee Benefit	12-1118	5,000
			<u>\$ 2,516,083</u>

NOTE H. OTHER LONG-TERM OBLIGATIONS FROM OPEARTIONS

Other Post Employment Benefits:

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

Under the Consolidated Omnibus Budget Reconciliation Act (CORBA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

The City has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Service Code. All employees of the City working 20 or more hours per week are eligible to participate in the plan beginning the first day of a pay period following coincidental with an employee's satisfaction of eligibility requirements of any Optional Benefit Plan. Each participant may elect to reduce his or her salary, subject to the limitations of the Individual Optional Benefit plans, to purchase benefits offered through the Plan. All benefits offered through the plan involve insurance coverage, dependent care reimbursements and health expense reimbursements.

CITY OF PAOLA, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE H. OTHER LONG-TERM OBLIGATIONS FROM OPEARTIONS - continued

Compensated Absences:

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, 2012, the unused vacation time represented a potential liability to the City in the amount of \$138,547. This is an increase of \$1,496 over the previous year.

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, 2012 City employees had accumulated 2,585 sick leave days, representing a potential liability to the City of \$122,912 if paid upon termination. This is an increase of \$11,198 over the previous year. There is no accrual for vacation or sick leave in these financial statements.

CITY OF PAOLA, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE I. DEFINED BENEFIT PENSION PLAN

Plan description - The City of Paola, Kansas participates in the Kansas Public Employees Retirement System (KPERs) which is a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding policy - KSA 74-4919 and K.S.A. 74-4921 establish the KPERs member-employee contribution rates. Effective July 1, 2009 KPERs has two benefit structures and funding depends on whether the employee is Tier 1 or Tier 2 member. The Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The employer rate established for calendar year 2012 for KPERs is 7.34% and for KP&F is 16.54%. The employer contributions for the City to KPERs for the year ending December 31, 2012 was \$119,377 which is equal to the required contributions for each year. The employer contributions for the City to K&F for the year ending December 31, 2012 was \$124,631 which is equal to the required contribution for each year. The employer contributions for the Library to KPERs for the year ending December 31, 2012 was \$8,138 which is equal to the required contributions for each year.

NOTE J. 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 commercial insurance coverage in any of the last three fiscal years.

NOTE K. OTHER INFORMATION

Reimbursed Expenses: The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as revenue in the same fund. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

Compliance with Kansas Statutes: References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the State Director of Accounts and Reports and interpretation by the legal representative of the municipality. Management is not aware of any violations of Kansas Statutes.

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.

CITY OF PAOLA, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE K. OTHER INFORMATION - continued

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.

Use of restricted versus unrestricted unencumbered cash and receipts: The City uses restricted unencumbered cash and receipts first when both restricted and unrestricted unencumbered cash and receipts are available.

Comparative Prior Year Amounts: The 2011 actual amounts presented in the financial statements have been taken from the audit report for the year ended December 31, 2012 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.

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.

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

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.

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.

Loan Agreement with Kansas Department of Health and Environment: The City in prior years 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 was to be repaid with dedicated revenues. As of December 31, 2012, the City has issued bonds and repaid the balance of this loan as shown in Note F.

CITY OF PAOLA, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

NOTE L. CAPITAL PROJECTS

	<u>Project Name</u>	<u>Project Authorization</u>	<u>Project Expenditures</u>
City Hall		\$ 1,016,779	\$ 1,006,779

NOTE M. SUBSEQUENT EVENTS

Subsequent Events: The City evaluated subsequent events through May 8, 2013, the date the financial statements were available to be issued. No subsequent events were identified which require disclosure.

SUPPLEMENTARY INFORMATION

City of Paola, Kansas

Schedule 1

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

<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 Over (Under)</u>
General Fund	\$ 3,964,319	\$ 0	\$ 3,964,319	\$ 3,563,941	\$ (400,378)
Special Purpose Funds					
Library	287,288	0	287,288	262,285	(25,003)
Employee Benefit	1,403,785	0	1,403,785	1,000,023	(403,762)
Family Aquatics Center	384,840	0	384,840	226,818	(158,022)
Community Center	160,071	0	160,071	115,293	(44,778)
Storm Water Management	262,778	0	262,778	77,591	(185,187)
Special Park and Recreation	28,581	0	28,581	23,865	(4,716)
Street Repair/Special Highway	191,582	0	191,582	148,899	(42,683)
Transient Guest Tax	81,686	0	81,686	30,550	(51,136)
Debt Service Funds					
Bond and Interest	2,129,781	0	2,129,781	1,693,169	(436,612)
Business Funds					
Water Utility					
Operating	2,261,886	0	2,261,886	2,061,550	(200,336)
Water Treatment Plant	267,954	0	267,954	0	(267,954)
Sewer Service					
Operating	801,217	0	801,217	653,828	(147,389)
Sewer Line Replacement	152,671	0	152,671	0	(152,671)
Wastewater Treatment Plant	1,035,830	0	1,035,830	349,653	(686,177)
Health and Sanitation					
Operating	343,023	0	343,023	313,744	(29,279)

City of Paola, Kansas

Schedule 2

GENERAL FUND - 01
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

			2012		Variance Over (Under)
	2011 Actual		Actual	Budget	
Cash receipts					
Taxes					
Ad valorem property tax	\$ 1,108,662	\$	1,101,555	\$ 1,095,894	\$ 5,661
Back tax collections	37,454		32,499	37,500	(5,001)
Motor vehicle tax	105,096		104,964	111,653	(6,689)
City sales tax	658,742		685,335	630,000	55,335
County sales tax	452,405		473,519	412,000	61,519
Sales tax	840		1,108	1,000	108
In lieu of taxes	16,359		17,757	19,000	(1,243)
	<u>2,379,558</u>		<u>2,416,737</u>	<u>2,307,047</u>	<u>109,690</u>
Intergovernmental					
Liquor	11,917		13,627	11,000	2,627
Grants	15		0	0	0
Community fisheries program	6,489		6,489	6,000	489
	<u>18,421</u>		<u>20,116</u>	<u>17,000</u>	<u>3,116</u>
Licenses, fees and permits					
Franchise tax	443,100		429,226	430,000	(774)
Pet licenses	978		1,106	800	306
General licenses	24,357		26,575	22,000	4,575
Lake permits	29,342		28,492	26,000	2,492
Zoning/planning	1,055		700	1,500	(800)
Building permits	48,030		74,746	30,000	44,746
	<u>546,862</u>		<u>560,845</u>	<u>510,300</u>	<u>50,545</u>
Charges for services					
Rural fire	37,222		66,185	40,000	26,185
Fines, forfeitures, penalties					
Fines and fees	283,606		294,348	310,000	(15,652)
Court costs	93,891		85,040	95,000	(9,960)
Credit card transaction fees	1,017		1,260	2,000	(740)
	<u>378,514</u>		<u>380,648</u>	<u>407,000</u>	<u>(26,352)</u>
Use of money and property					
Rentals	28,595		29,588	27,000	2,588
Cemetery	16,840		12,350	15,000	(2,650)
Interest on investments	21,353		16,957	12,000	4,957
	<u>66,788</u>		<u>58,895</u>	<u>54,000</u>	<u>4,895</u>

City of Paola, Kansas

Schedule 2

GENERAL FUND - 01
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012			Variance Over (Under)
	2011 Actual	Actual	Budget	
Cash receipts - continued				
Other				
Reimbursed expense	\$ 58,309	\$ 87,269	\$ 53,500	\$ 33,769
Donations and gifts	150	0	500	(500)
Miscellaneous	9,626	4,671	4,000	671
	<u>68,085</u>	<u>91,940</u>	<u>58,000</u>	<u>33,940</u>
Total cash receipts	<u>3,495,450</u>	<u>3,595,366</u>	<u>3,393,347</u>	<u>202,019</u>
Expenditures				
Administration				
Full time salaries	115,466	118,532	\$ 118,320	\$ 212
Part time help	5,444	4,373	5,100	(727)
Overtime	0	17	500	(483)
Other personal services	2,512	2,484	2,485	(1)
Legal service	16,760	13,302	28,000	(14,698)
Telephone	3,989	5,075	4,500	575
Credit card transaction fees	1,389	1,399	2,000	(601)
Training, travel and dues	7,140	7,369	9,000	(1,631)
Printing	1,404	1,082	4,000	(2,918)
Advertising	460	540	500	40
Insurance	7,385	8,263	9,000	(737)
Utility charges	11,565	10,391	15,000	(4,609)
Other services	30,232	36,583	33,000	3,583
Civil defense sirens	1,603	4,339	3,000	1,339
Street lights	132,721	134,604	131,000	3,604
Economic development dues	10,000	7,500	10,000	(2,500)
Chamber of commerce dues	15,000	15,000	15,000	0
General office supplies	6,276	6,450	6,500	(50)
Postage	3,877	5,073	4,000	1,073
Gifts and memorials	197	231	250	(19)
Operational supplies	3,070	4,783	2,500	2,283
Building and maintenance supplies	3,380	643	4,000	(3,357)
Cleaning supplies	192	123	250	(127)
Other operational supplies	289	77	1,000	(923)
Non sufficient funds checks	14,738	14,331	15,000	(669)
Miscellaneous	914	1,508	3,000	(1,492)
Office equipment and furniture	720	0	1,000	(1,000)
Computer equip. & software	2,266	0	2,000	(2,000)
Equipment and plant	0	0	1,000	(1,000)
Refunds	0	249	0	249
Sales tax	853	1,091	1,000	91
	<u>399,842</u>	<u>405,412</u>	<u>431,905</u>	<u>(26,493)</u>

See Report of Independent Certified Public Accountants.

City of Paola, Kansas

Schedule 2

GENERAL FUND - 01
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Expenditures - continued	2012			Variance Over (Under)
	2011 Actual	Actual	Budget	
Police department				
Full time salaries	\$ 846,547	\$ 877,649	\$ 912,000	\$ (34,351)
Part time help	17,572	17,074	12,000	5,074
Overtime	50,262	52,027	39,000	13,027
Holiday overtime	26,954	32,649	32,000	649
Legal services	550	4,200	500	3,700
Communications equipment	3,734	1,655	2,000	(345)
Telephone	10,361	14,149	11,000	3,149
Training, travel and dues	16,760	16,548	17,000	(452)
Advertising	100	185	750	(565)
Insurance	16,489	16,923	18,000	(1,077)
Lease payments	23,496	23,946	23,500	446
Animal care	6,732	12,622	10,000	2,622
Utilities	22,246	24,012	23,000	1,012
Other services	21,625	19,788	22,000	(2,212)
Office supplies	3,677	4,851	5,000	(149)
Postage	1,954	1,912	3,000	(1,088)
Special Event Expenditures	5,025	0	0	0
Gifts and memorials	43	50	0	50
Operational supplies	11,108	11,460	12,000	(540)
DARE supplies	1,763	2,454	1,300	1,154
Vehicle maintenance	13,371	12,606	12,000	606
Equipment maintenance	5,581	2,148	4,000	(1,852)
Building maintenance	11,708	10,729	10,000	729
Cleaning supplies	878	1,731	1,100	631
Motor fuel and lubrication	40,523	38,971	39,000	(29)
Uniforms	6,771	9,488	8,000	1,488
Enforcement equip. & supplies	11,717	10,675	13,000	(2,325)
Other operational	98	0	0	0
Non Sufficient Funds Checks	0	356	0	356
Miscellaneous supplies	1,690	1,065	2,000	(935)
Refunds	288	0	0	0
Office equipment	0	2,445	2,000	445
Computer equip. & software	1,510	8,219	2,500	5,719
Equipment, bldg. & grounds	856	1,067	2,000	(933)
Motor vehicles	3,863	67	1,000	(933)
	<u>1,185,852</u>	<u>1,233,721</u>	<u>1,240,650</u>	<u>(6,929)</u>

City of Paola, Kansas

Schedule 2

GENERAL FUND - 01
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Expenditures - continued	2012			
	2011 Actual	Actual	Budget	Variance Over (Under)
Fire department				
Full time salaries	\$ 145,947	\$ 142,640	\$ 127,500	\$ 15,140
Part time help	3,619	3,743	5,000	(1,257)
Telephone	1,575	2,136	1,300	836
Travel, dues and tags	6,667	6,422	7,000	(578)
Advertising	409	0	0	0
Insurance	12,980	14,142	14,000	142
Lease payments	29,522	29,522	29,522	0
Utilities	18,281	15,645	21,000	(5,355)
Other contractual	6,569	6,050	6,000	50
General office supplies	785	704	750	(46)
Postage	116	62	100	(38)
Gifts/memorials	45	130	300	(170)
Operational supplies	6,808	8,775	10,000	(1,225)
Vehicle maintenance	3,644	579	6,000	(5,421)
Equipment maintenance	9,544	4,380	6,000	(1,620)
Comm. equip. & maint.	5,094	10,704	8,000	2,704
Building maintenance	4,197	6,153	4,000	2,153
Cleaning supplies	413	416	1,000	(584)
Motor fuel and lubrication	1,982	1,801	4,000	(2,199)
Rural fuel	2,655	3,363	5,000	(1,637)
Uniforms	1,773	945	4,000	(3,055)
Protective clothing	8,348	8,689	10,000	(1,311)
Miscellaneous	20	0	0	0
Computer equip. & software	662	0	2,000	(2,000)
	<u>271,655</u>	<u>267,001</u>	<u>272,472</u>	<u>(5,471)</u>
Municipal court				
Full time salaries	31,278	31,752	31,850	(98)
Part time help	30,115	30,000	30,000	0
Overtime	45	0	500	(500)
Legal services	81,343	88,292	70,000	18,292
Telephone	0	0	250	(250)
Training, travel and dues	824	144	400	(256)
Legal printing expense	374	0	0	0
Prisoner care	9,919	16,122	18,000	(1,878)
Other contract	24,809	22,895	30,000	(7,105)
Office supplies	2,215	2,378	1,000	1,378
Non Sufficient Funds	569	1,170	0	1,170
Postage	58	1,168	1,000	168
Operational supplies	1,374	573	1,500	(927)
Miscellaneous	12	0	100	(100)
Computer equip. & software	425	1,033	1,500	(467)

City of Paola, Kansas

Schedule 2

GENERAL FUND - 01
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Expenditures - continued	2012			Variance Over (Under)
	2011 Actual	Actual	Budget	
Municipal court - continued				
Refunds	\$ 310	\$ 226	\$ 0	\$ 226
	<u>183,670</u>	<u>195,753</u>	<u>186,100</u>	<u>9,653</u>
Street department				
Full time salaries	230,709	198,798	212,000	(13,202)
Part time help	0	8,022	0	8,022
Overtime	2,659	470	9,000	(8,530)
Telephone	2,019	2,304	2,200	104
Training, travel, dues	836	199	1,000	(801)
Advertising	372	250	750	(500)
Insurance	6,217	6,330	8,000	(1,670)
Lease payments	51,726	31,376	31,376	0
Utility charges	13,982	14,042	17,500	(3,458)
Other services	4,372	5,438	4,500	938
Tree care	3,400	5,140	5,000	140
General office supplies	417	936	1,500	(564)
Postage	24	53	0	53
Operational supplies	22,820	22,338	25,000	(2,662)
Vehicle maintenance	1,364	2,414	8,000	(5,586)
Snow/Ice Control	17,704	3,044	15,000	(11,956)
Equipment maintenance	24,519	25,260	27,500	(2,240)
Traffic	5,782	7,869	6,500	1,369
Building maintenance	664	2,700	4,000	(1,300)
Construction material	25,922	16,339	18,500	(2,161)
Motor fuel and lubrication	34,549	32,981	40,000	(7,019)
Uniforms	4,214	5,181	4,000	1,181
Miscellaneous supplies	293	0	300	(300)
Office equipment furniture	0	0	1,000	(1,000)
Computer equipment/ software	274	1,056	1,000	56
Equipment Building & Grounds	0	8,000	0	8,000
Miscellaneous capital items	100,000	72,948	100,000	(27,052)
	<u>554,838</u>	<u>473,488</u>	<u>543,626</u>	<u>(70,138)</u>
Park and recreation				
Full time salaries	148,846	161,549	170,000	(8,451)
Part time help	21,889	26,189	30,000	(3,811)
Overtime	634	182	1,800	(1,618)
Telephone	2,019	2,011	2,000	11
Training, travel and dues	540	816	1,000	(184)
Advertising	771	1,371	1,000	371
Insurance	5,141	5,026	6,000	(974)

City of Paola, Kansas

Schedule 2

GENERAL FUND - 01
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Expenditures - continued	2012			Variance Over (Under)
	2011 Actual	Actual	Budget	
Park and recreation - continued				
Lease payments	\$ 14,227	\$ 7,114	\$ 7,114	\$ 0
Utility charges	33,286	33,379	26,000	7,379
Other services	11,356	17,693	5,000	12,693
Tree care	900	1,740	5,000	(3,260)
General office supplies	150	289	500	(211)
Operational supplies	14,350	10,509	10,000	509
Chemicals and fertilizer	1,582	594	4,000	(3,406)
Plant materials	2,086	2,667	2,500	167
Consumables	1,961	1,726	2,000	(274)
Vehicle maintenance	1,536	1,367	4,000	(2,633)
Equipment maintenance	7,874	6,596	8,000	(1,404)
Building maintenance	2,656	7,381	8,000	(619)
Construction material	715	2,425	2,000	425
Motor fuel and lubrication	15,965	17,189	18,000	(811)
Uniforms	1,676	2,343	2,500	(157)
Miscellaneous supplies	50	50	0	50
Computer Equip/ Software	0	1,018	0	1,018
	<u>290,210</u>	<u>311,224</u>	<u>316,414</u>	<u>(5,190)</u>
Cemetery				
Full time salaries	39,780	46,245	48,000	(1,755)
Part time help	0	0	500	(500)
Overtime	2,744	2,027	2,500	(473)
Training, travel and dues	0	0	250	(250)
Advertising	44	48	50	(2)
Insurance	252	321	500	(179)
Utility charges	197	37	500	(463)
Other contractual	24	0	0	0
Operational supplies	1,736	377	3,000	(2,623)
Vehicle maintenance	243	424	500	(76)
Equipment maintenance	420	566	2,000	(1,434)
Building maintenance	63	0	350	(350)
Motor fuel and lube	4,055	3,528	3,500	28
Uniforms	312	438	500	(62)
	<u>49,870</u>	<u>54,011</u>	<u>62,150</u>	<u>(8,139)</u>

City of Paola, Kansas

Schedule 2

GENERAL FUND - 01

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

For the Year Ended December 31, 2012

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

Expenditures - continued	2011		2012		Variance Over (Under)
	Actual	Actual	Actual	Budget	
Community development					
Full time salaries	\$ 139,744	\$ 141,848	\$ 142,000	\$	(152)
Part time help	0	0	2,000		(2,000)
Overtime	302	1,402	500		902
Professional services	2,053	7,592	4,000		3,592
Legal services	2,200	1,200	0		1,200
Telephone	2,925	3,607	3,000		607
Training, travel and dues	4,831	4,118	2,500		1,618
Legal printing	342	438	1,000		(562)
Insurance	662	391	1,000		(609)
Bottled water service	270	314	200		114
Other Contractual	7,138	5,334	6,000		(666)
General office supplies	2,449	1,493	2,500		(1,007)
Operational supplies	1,258	2,064	2,000		64
Vehicle maintenance	176	265	1,500		(1,235)
Building maintenance	653	162	1,000		(838)
Motor fuel and lubrication	1,701	1,607	2,000		(393)
Other operational	169	0	0		0
Non sufficient funds checks	128	326	0		326
Miscellaneous	0	77	0		77
Computer equipment & software	988	854	8,000		(7,146)
Refunds	245	489	0		489
	<u>168,234</u>	<u>173,581</u>	<u>179,200</u>		<u>(5,619)</u>
Operating transfers	427,690	449,750	421,250		28,500
Appropriated reserve	<u>0</u>	<u>0</u>	<u>310,552</u>		<u>(310,552)</u>
Total expenditures and transfers subject to budget	<u>3,531,861</u>	<u>3,563,941</u>	<u>3,964,319</u>	\$	<u>(400,378)</u>
Receipts over (under) expenditures	(36,411)	31,425			
Unencumbered cash, January 1	<u>742,314</u>	<u>705,903</u>			
Unencumbered cash, December 31 \$	<u>705,903</u>	<u>737,328</u>			

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS

LIBRARY FUND - 02

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012

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

	2011		2012		Variance Over (Under)
	Actual	Actual	Budget	Actual	
Cash receipts					
Taxes					
Ad valorem property tax	\$ 209,594	\$ 208,271	\$ 207,188	\$ 207,188	1,083
Back tax collections	7,099	6,141	6,000	6,000	141
Motor vehicle tax	19,969	19,843	21,100	21,100	(1,257)
In lieu of tax	390	495	200	200	295
	<u>237,052</u>	<u>234,750</u>	<u>234,488</u>	<u>234,488</u>	<u>262</u>
Intergovernmental					
State aid and grants	<u>22,427</u>	<u>22,976</u>	<u>22,590</u>	<u>22,590</u>	<u>386</u>
Use of money and property					
Interest on investments	<u>658</u>	<u>424</u>	<u>350</u>	<u>350</u>	<u>74</u>
Fines and fees	<u>5,725</u>	<u>4,405</u>	<u>6,800</u>	<u>6,800</u>	<u>(2,395)</u>
Other					
Miscellaneous	<u>2,077</u>	<u>3,346</u>	<u>0</u>	<u>0</u>	<u>3,346</u>
	<u>2,077</u>	<u>3,346</u>	<u>0</u>	<u>0</u>	<u>3,346</u>
Total cash receipts	<u>267,939</u>	<u>265,901</u>	<u>264,228</u>	<u>264,228</u>	<u>1,673</u>
Expenditures					
Regular salaries	66,832	69,793	\$ 69,000	\$ 69,000	793
Temporary help	52,629	58,408	53,100	53,100	5,308
Library pages	26,880	20,619	25,000	25,000	(4,381)
Overtime	413	411	500	500	(89)
Unemployment benefits	184	149	100	100	49
Reserves	0	0	15,028	15,028	(15,028)
Telephone services	1,274	1,634	1,300	1,300	334
Training	1,103	2,001	1,000	1,000	1,001
Advertising	616	789	500	500	289
Insurance and bond premiums	5,772	6,132	7,000	7,000	(868)
Utility charges	11,929	11,888	14,000	14,000	(2,112)
Other services	7,138	6,827	7,000	7,000	(173)
Office supplies	1,706	1,202	2,000	2,000	(798)
Postage	434	1,008	1,000	1,000	8
Gifts & memorials	114	160	60	60	100
Operation supplies	4,790	3,645	4,000	4,000	(355)
Building maintenance supplies	3,291	1,861	3,500	3,500	(1,639)
Cleaning supplies	268	337	300	300	37
Library media	25,946	25,590	29,000	29,000	(3,410)

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 LIBRARY FUND - 02
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011		2012		Variance Over (Under)
	Actual	Actual	Budget	Budget	
Expenditures - continued					
Library materials	\$ 1,050	\$ 912	\$ 1,200	\$	(288)
Children's programming	1,053	750	800		(50)
Adult programming	142	259	100		159
Miscellaneous	0	70	50		20
Computer equipment and software	4,066	3,929	5,000		(1,071)
Motor vehicle/equipment	642	494	200		294
Library books	4,383	4,262	7,500		(3,238)
Library materials	0	44	0		44
Refunds	121	88	50		38
Finance charges	1	23	0		23
	<u>222,777</u>	<u>223,285</u>	<u>248,288</u>		<u>(25,003)</u>
Operating transfers	<u>39,000</u>	<u>39,000</u>	<u>39,000</u>		<u>0</u>
Total expenditures and transfers subject to budget	<u>261,777</u>	<u>262,285</u>	<u>287,288</u>	\$	<u>(25,003)</u>
Receipts over (under) expenditures	6,162	3,616			
Unencumbered cash, January 1	<u>22,143</u>	<u>28,305</u>			
Unencumbered cash, December 31	\$ <u>28,305</u>	\$ <u>31,921</u>			

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
EMPLOYEE BENEFIT FUND - 05
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

		2012		
	2011	Actual	Budget	Variance Over (Under)
Cash receipts	Actual	Actual	Budget	(Under)
Taxes				
Ad valorem property tax	\$ 302,468	\$ 300,257	\$ 298,980	\$ 1,277
Back tax collections	10,405	8,920	9,000	(80)
Motor vehicle tax	29,190	28,636	30,461	(1,825)
In lieu of tax	563	714	300	414
	342,626	338,527	338,741	(214)
 Use of money and property				
Interest on investments	2,621	2,277	1,400	877
 Other				
Reimbursements	40,037	45,685	38,000	7,685
 Operating transfers	648,070	665,300	665,300	0
 Total cash receipts	1,033,354	1,051,789	\$ 1,043,441	\$ 8,348
 Expenditures				
Final Benefits Payout	0	2,492	\$ 40,000	\$ (37,508)
HRA	38,226	38,172	0	38,172
Health Premiums	302,243	318,579	435,000	(116,421)
Cobra Insurance Premiums	10,534	10,816	0	10,816
Worker's compensation	65,721	85,408	95,000	(9,592)
FICA employer's contributions	205,250	208,409	230,000	(21,591)
KPERS employer's contributions	233,728	266,390	280,000	(13,610)
Section 125 administration expense	600	0	0	0
Section 125 payments	17,032	26,569	26,200	369
Unemployment	3,337	25,671	26,000	(329)
Training, travel, dues	165	247	0	247
Insurance	113	113	0	113
Employee assistance	1,724	3,380	0	3,380
Other contractual	1,288	1,139	2,700	(1,561)
Miscellaneous	1,730	646	2,000	(1,354)
Employee development	9,432	11,992	10,000	1,992
	891,123	1,000,023	1,146,900	(146,877)
Appropriated reserve	0	0	256,885	(256,885)
 Total expenditures subject to budget	891,123	1,000,023	\$ 1,403,785	\$ (403,762)
 Receipts over (under) expenditures	142,231	51,766		
 Unencumbered cash, January 1	276,245	418,476		
 Unencumbered cash, December 31	\$ 418,476	\$ 470,242		

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 FAMILY AQUATICS CENTER FUND - 07
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Cash receipts				
Taxes				
Sales Tax	\$ 1,681	\$ 1,766	\$ 1,500	\$ 266
Charges for services				
Season passes	14,270	20,920	14,000	6,920
Gate receipts	34,539	35,834	35,000	834
Coupon books	13,500	9,574	12,000	(2,426)
Concessions	18,658	19,655	20,000	(345)
Lessons	8,600	7,901	10,000	(2,099)
	<u>89,567</u>	<u>93,884</u>	<u>91,000</u>	<u>2,884</u>
Use of money and property				
Rentals	3,200	2,800	4,000	(1,200)
Interest on investments	698	650	500	150
	<u>3,898</u>	<u>3,450</u>	<u>4,500</u>	<u>(1,050)</u>
Other				
Reimbursed expenses	2,950	2,328	0	2,328
Operating transfers	150,000	150,000	150,000	0
Total cash receipts	<u>248,096</u>	<u>251,428</u>	<u>247,000</u>	<u>4,428</u>
Expenditures				
Regular Salaries	44,708	45,048	47,940	(2,892)
Temporary help	71,920	75,212	88,000	(12,788)
Overtime	5,642	3,960	3,000	960
Other personal services	838	829	900	(71)
Telephone	640	817	700	117
Training, travel, dues	524	1,029	1,000	29
Advertising	1,372	2,208	1,300	908
Insurance	3,577	3,946	4,600	(654)
Utilities	14,873	15,036	18,000	(2,964)
Other contractual	2,714	3,654	10,000	(6,346)
General supplies	125	91	200	(109)
Operational supplies	11,116	12,181	18,000	(5,819)
Equipment maintenance	668	529	2,000	(1,471)
Building & maintenance	3,878	3,097	12,000	(8,903)
Cleaning	60	10	300	(290)
Uniforms	1,774	2,155	2,500	(345)
Nonsufficient funds checks	296	0	0	0

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 FAMILY AQUATICS CENTER FUND - 07
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Expenditures - continued				
Concession supplies	\$ 9,513	\$ 10,597	\$ 13,000	\$ (2,403)
Miscellaneous	0	0	0	0
Equipment and plant	3,181	4,741	13,000	(8,259)
Equipment - Building & Grounds	3,839	71	0	71
Refunds	37	517	0	517
Sales tax	1,699	1,790	1,500	290
	<u>182,994</u>	<u>187,518</u>	<u>237,940</u>	<u>(50,422)</u>
Operating transfers	39,300	39,300	39,300	0
Appropriated reserve	<u>0</u>	<u>0</u>	<u>107,600</u>	<u>(107,600)</u>
Total expenditures and transfers subject to budget	<u>222,294</u>	<u>226,818</u>	<u>\$ 384,840</u>	<u>\$ (158,022)</u>
Receipts over (under) expenditures	25,802	24,610		
Unencumbered cash, January 1	<u>147,811</u>	<u>173,613</u>		
Unencumbered cash, December 31	<u>\$ 173,613</u>	<u>\$ 198,223</u>		

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
COMMUNITY CENTER - 08
SCHEDULE RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Cash receipts				
Charges for services				
Rentals	\$ 16,537	\$ 16,295	\$ 14,000	\$ 2,295
Concessions	931	667	1,000	(333)
Ticket sales	6,658	6,185	8,000	(1,815)
Memberships	0	0	0	0
Program and events	4,433	1,878	4,000	(2,122)
	<u>28,559</u>	<u>25,025</u>	<u>27,000</u>	<u>(1,975)</u>
Intergovernmental				
Grants	<u>10,400</u>	<u>3,300</u>	<u>12,000</u>	<u>(8,700)</u>
Use of money and property				
Interest on investments	<u>239</u>	<u>181</u>	<u>100</u>	<u>81</u>
Fees				
Fees	<u>3,155</u>	<u>2,685</u>	<u>4,000</u>	<u>(1,315)</u>
Other				
Donations	0	85	3,000	(2,915)
Reimbursed expenses	1,763	1,116	1,000	116
Sales Tax	82	59	50	9
Miscellaneous	0	0	0	0
	<u>1,845</u>	<u>1,260</u>	<u>4,050</u>	<u>(2,790)</u>
Operating transfers	<u>78,000</u>	<u>78,000</u>	<u>78,000</u>	<u>0</u>
Total cash receipts	<u>122,198</u>	<u>110,451</u>	<u>\$ 125,150</u>	<u>\$ (14,699)</u>
Expenditures				
Full time salaries	43,800	44,485	\$ 44,650	(165)
Part time help	10,601	8,259	10,000	(1,741)
Telephone	1,680	1,869	1,750	119
Training and travel	433	211	500	(289)
Advertising	1,469	1,585	3,000	(1,415)
Insurance	4,526	4,747	5,000	(253)
Utilities	11,856	11,140	15,500	(4,360)
Other contractual	3,414	4,130	2,000	2,130
Event and program costs	12,098	9,795	14,000	(4,205)
General office supplies	115	111	400	(289)
Postage	2,324	717	2,400	(1,683)
Operating supplies	2,898	2,012	1,200	812

See Report of Independent Certified Public Accountants.

City of Paola, Kansas

Schedule 2

SPECIAL REVENUE FUNDS
COMMUNITY CENTER - 08
SCHEDULE RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012

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

	2012			Variance Over (Under)
	2011 Actual	Actual	Budget	
Expenditures - continued				
Building maintenance	\$ 2,689	\$ 3,667	\$ 3,000	\$ 667
Cleaning supplies	416	302	500	(198)
Concession supplies	518	531	500	31
Miscellaneous	113	0	100	(100)
Computer equipment and software	0	298	500	(202)
Equipment and plant	0	0	100	(100)
Equipment, building and grounds	0	0	1,000	(1,000)
Refunds	150	0	500	(500)
Sales tax	68	69	100	(31)
Real Estate Taxes	1,569	1,577	0	1,577
Summer programs part time help	2,230	2,640	2,000	640
Advertising	1,057	1,000	1,000	0
Operational supplies	1,004	1,138	1,000	138
Refunds	226	10	250	(240)
	<u>105,254</u>	<u>100,293</u>	<u>110,950</u>	<u>(10,657)</u>
Operating transfers	15,000	15,000	15,000	0
Appropriated reserve	<u>0</u>	<u>0</u>	<u>34,121</u>	<u>(34,121)</u>
Total expenditures and transfers subject to budget	<u>120,254</u>	<u>115,293</u>	<u>\$ 160,071</u>	<u>\$ (44,778)</u>
Receipts over (under) expenditures	1,944	(4,842)		
Unencumbered cash, January 1	<u>37,063</u>	<u>39,007</u>		
Unencumbered cash, December 31	<u>\$ 39,007</u>	<u>\$ 34,165</u>		

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 STORM WATER MANAGEMENT - 12
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Cash receipts				
Charges for services				
Storm water management fees	\$ 81,021	\$ 81,128	\$ 81,000	\$ 128
Use of money and property				
Interest on investments	1,151	914	500	414
Total cash receipts	<u>82,172</u>	<u>82,042</u>	<u>\$ 81,500</u>	<u>\$ 542</u>
Expenditures				
Full time salaries	13,356	13,588	\$ 14,000	(412)
Overtime	257	53	100	(47)
Construction materials	25,000	13,950	40,000	(26,050)
Storm water construction	22,730	35,000	35,000	0
	61,343	62,591	89,100	(26,509)
Operating transfers	10,000	15,000	15,000	0
Appropriated reserve	<u>0</u>	<u>0</u>	<u>158,678</u>	<u>(158,678)</u>
Total expenditures and transfers subject to budget	<u>71,343</u>	<u>77,591</u>	<u>\$ 262,778</u>	<u>\$ (185,187)</u>
Receipts over (under) expenditures	10,829	4,451		
Unencumbered cash, January 1	<u>178,128</u>	<u>188,957</u>		
Unencumbered cash, December 31	<u>\$ 188,957</u>	<u>\$ 193,408</u>		

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 SPECIAL PARK AND RECREATION FUND - 14
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Cash receipts				
Intergovernmental				
Local liquor tax	\$ 11,917	\$ 13,627	\$ 10,000	\$ 3,627
Use of money and property				
Interest on investment	132	52	100	(48)
Other				
Reimbursed expenses	0	3,845	0	3,845
Total cash receipts	<u>12,049</u>	<u>17,524</u>	<u>10,100</u>	<u>7,424</u>
Expenditures				
Other services	6,860	6,395	7,081	(686)
Construction materials	0	320	5,000	(4,680)
Equipment, building and grounds	16,500	17,150	16,500	650
Total expenditures subject to budget	<u>23,360</u>	<u>23,865</u>	<u>28,581</u>	<u>(4,716)</u>
Receipts over (under) expenditures	(11,311)	(6,341)		
Unencumbered cash, January 1	<u>29,841</u>	<u>18,530</u>		
Unencumbered cash, December 31	\$ <u>18,530</u>	\$ <u>12,189</u>		

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
STREET REPAIR - SPECIAL HIGHWAY FUND - 17
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012

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

	2011		2012		Variance Over (Under)
	Actual	Actual	Actual	Budget	
Cash receipts					
Taxes					
Gas tax	\$ 142,856	\$ 144,972	\$ 145,490		(518)
Use of money and property					
Interest on investments	608	309	750		(441)
Total cash receipts	<u>143,464</u>	<u>145,281</u>	<u>146,240</u>		<u>(959)</u>
Expenditures					
Full time salaries	24,069	24,508	25,000		(492)
Overtime	447	100	0		100
Other contractual	7,938	5,000	5,000		0
Construction material	128,254	119,291	125,000		(5,709)
Equipment building/grounds	3,200	0	0		0
	163,908	148,899	155,000		(6,101)
Appropriated reserve	<u>0</u>	<u>0</u>	<u>36,582</u>		<u>(36,582)</u>
Total expenditures subject to budget	<u>163,908</u>	<u>148,899</u>	<u>191,582</u>		<u>(42,683)</u>
Receipts over (under) expenditures	(20,444)	(3,618)			
Unencumbered cash, January 1	<u>89,678</u>	<u>69,234</u>			
Unencumbered cash, December 31	<u>\$ 69,234</u>	<u>\$ 65,616</u>			

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 TRANSIENT GUEST TAX - 20
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Cash receipts				
Taxes				
Transient guest tax	\$ 32,755	\$ 32,302	\$ 32,000	\$ 302
Use of money and property				
Interest on investment	554	416	500	(84)
Other				
Reimbursed expenses	0	3,499	0	3,499
Total cash receipts	<u>33,309</u>	<u>36,217</u>	<u>32,500</u>	<u>3,717</u>
Expenditures				
Professional Services	0	0	3,000	(3,000)
Advertising	1,467	0	700	(700)
Other contractual	0	3,500	7,986	(4,486)
Economic Development Chamber	10,000	10,000	10,000	0
Promotional campaigns	18,728	17,050	15,000	2,050
Miscellaneous	0	0	5,000	(5,000)
Appropriated Reserve	0	0	40,000	(40,000)
Total expenditures subject to budget	<u>30,195</u>	<u>30,550</u>	<u>81,686</u>	<u>(51,136)</u>
Receipts over (under) expenditures	3,114	5,667		
Unencumbered cash, January 1	<u>86,186</u>	<u>89,300</u>		
Unencumbered cash, December 31	<u>\$ 89,300</u>	<u>\$ 94,967</u>		

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 SPECIAL LAW ENFORCEMENT ACCOUNT - 18
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS

For the Year Ended December 31, 2012

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

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Cash receipts		
Interest on investment	\$ 21	\$ 15
Other		
Miscellaneous	<u>649</u>	<u>21,516</u>
Total cash receipts	<u>670</u>	<u>21,531</u>
Expenditures		
Miscellaneous	<u>5,210</u>	<u>9,171</u>
Total expenditures	<u>5,210</u>	<u>9,171</u>
Receipts over (under) expenditures	(4,540)	12,360
Unencumbered cash, January 1	<u>4,712</u>	<u>172</u>
Unencumbered cash, December 31	<u>\$ 172</u>	<u>\$ 12,532</u>

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 FAMILY AQUATICS CENTER EQUIPMENT RESERVE - 23
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Cash receipts		
Use of money and property		
Interest on investments	\$ 10,823	\$ 6,778
Other		
Reimbursements	<u>13,541</u>	<u>6,974</u>
Total cash receipts	<u>24,364</u>	<u>13,752</u>
Expenditures		
Other contractual	0	0
Operating transfers	<u>150,000</u>	<u>150,000</u>
Total expenditures and transfers	<u>150,000</u>	<u>150,000</u>
Receipts over (under) expenditures	(125,636)	(136,248)
Unencumbered cash, January 1	<u>1,601,861</u>	<u>1,476,225</u>
Unencumbered cash, December 31	<u>\$ 1,476,225</u>	<u>\$ 1,339,977</u>

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 ESCROW FUND - 46
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011	2012
	Actual	Actual
Cash receipts		
Housing incentive receipts	\$ 40,000	\$ 0
Escrow receipts	7,500	21,868
Interest	2	0
	<u>47,502</u>	<u>21,868</u>
Expenditures		
Housing incentive grants	40,000	0
Escrow disbursements	7,500	21,918
Interest	2	0
	<u>47,502</u>	<u>21,918</u>
Receipts over (under) expenditures	0	(50)
Unencumbered cash, January 1	<u>23,060</u>	<u>23,060</u>
Unencumbered cash, December 31	\$ <u><u>23,060</u></u>	\$ <u><u>23,010</u></u>

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
MENNENOAH CEMETERY - 47
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Cash receipts		
Use of money and property		
Interest on investment	\$ 230	\$ 166
Total cash receipts	230	166
Expenditures		
Capital improvements	<u>0</u>	<u>0</u>
Receipts over (under) expenditures	230	166
Unencumbered cash, January 1	<u>36,527</u>	<u>36,757</u>
Unencumbered cash, December 31	<u>\$ 36,757</u>	<u>\$ 36,923</u>

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 SPECIAL GRANTS FUND - 70
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 December 31, 2012

	<u>2011 Actual</u>	<u>2012 Actual</u>
Cash receipts		
Intergovernmental		
Grants/donations	\$ 16,584	\$ 9,187
Use of money and property		
Interest on investment	18	0
Reimbursements	<u>10,956</u>	<u>11,194</u>
Total cash receipts	<u>27,558</u>	<u>20,381</u>
Expenditures		
Other contractual	29,010	22,177
Operating transfers	<u>2,728</u>	<u>0</u>
Total expenditures	<u>31,738</u>	<u>22,177</u>
Receipts over (under) expenditures	(4,180)	(1,796)
Unencumbered cash, January 1	<u>8,479</u>	<u>4,299</u>
Unencumbered cash, December 31	\$ <u><u>4,299</u></u>	\$ <u><u>2,503</u></u>

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
DRUG ENFORCEMENT ACCOUNT
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012

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

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Cash receipts		
Other		
Reimbursement	\$ 1,941	\$ 5,221
Expenditures		
Other services	<u>1,700</u>	<u>5,875</u>
Receipts over (under) expenditures	241	(654)
Unencumbered cash, January 1	<u>1,022</u>	<u>1,263</u>
Unencumbered cash, December 31	<u>\$ 1,263</u>	<u>\$ 609</u>

City of Paola, Kansas

Schedule 2

SPECIAL PURPOSE FUNDS
 LIBRARY GENEALOGY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2011 Actual</u>	<u>2012 Actual</u>
Cash receipts		
Use of money and property		
Interest on investment	\$ 46	\$ 4
Expenditures		
Other supplies	<u>34</u>	<u>0</u>
Receipts over (under) expenditures	12	4
Unencumbered cash, January 1	<u>2,245</u>	<u>2,257</u>
Unencumbered cash, December 31	\$ <u><u>2,257</u></u>	\$ <u><u>2,261</u></u>

City of Paola, Kansas

Schedule 2

DEBT SERVICE FUND
BOND & INTEREST - 06
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012

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

	2011		2012		Variance Over (Under)
	Actual		Actual	Budget	
Cash receipts					
Taxes					
Ad valorem property tax	\$ 215,336	\$	208,297	\$ 208,100	\$ 197
Back tax collections	7,749		6,413	6,000	413
Motor vehicle tax	21,794		20,386	21,687	(1,301)
Special assessments	324,698		238,462	270,000	(31,538)
In lieu of tax	401		497	500	(3)
	<u>569,978</u>		<u>474,055</u>	<u>506,287</u>	<u>(32,232)</u>
Use of money and property					
Interest on investments	6,049		3,699	3,500	199
Operating transfers	<u>883,329</u>		<u>1,138,324</u>	<u>1,264,474</u>	<u>(126,150)</u>
Total cash receipts	<u>1,459,356</u>		<u>1,616,078</u>	<u>1,774,261</u>	<u>(158,183)</u>
Expenditures					
Bond principal	980,000		1,195,000	1,275,000	(80,000)
Interest expense	461,506		496,580	645,003	(148,423)
Other reserves	0		1,589	209,778	(208,189)
Total expenditures and transfers subject to budget	<u>1,441,506</u>		<u>1,693,169</u>	<u>2,129,781</u>	<u>(436,612)</u>
Receipts over (under) expenditures	17,850		(77,091)		
Unencumbered cash, January 1	<u>337,201</u>		<u>355,051</u>		
Unencumbered cash, December 31	<u>\$ 355,051</u>	<u>\$</u>	<u>277,960</u>		

City of Paola, Kansas

Schedule 2

CAPITAL PROJECTS FUNDS
WASTE WATER TREATMENT PLANT CONSTRUCTION - 31
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the Year Ended December 31, 2012

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

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Cash receipts		
Use of money and property		
Interest on investments	\$ 4,803	\$ 3,457
Expenditures	<u>0</u>	<u>0</u>
Receipts over (under) expenditures	4,803	3,457
Unencumbered cash (deficit), January 1	<u>761,449</u>	<u>766,252</u>
Unencumbered cash (deficit), December 31	<u>\$ 766,252</u>	<u>\$ 769,709</u>

City of Paola, Kansas

Schedule 2

CAPITAL PROJECTS FUNDS
EQUIPMENT REPLACEMENT - 80
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the Year Ended December 31, 2012

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

	<u>2011 Actual</u>	<u>2012 Actual</u>
Cash receipts		
Other		
Miscellaneous	500	15,500
Loan proceeds	<u>45,520</u>	<u>0</u>
Total cash receipts	<u>46,020</u>	<u>15,500</u>
Expenditures		
Miscellaneous	0	10,660
Equipment	<u>67,303</u>	<u>0</u>
Total expenditures	<u>67,303</u>	<u>10,660</u>
Receipts over (under) expenditures	(21,283)	4,840
Unencumbered cash (deficit), January 1	<u>63,480</u>	<u>42,197</u>
Unencumbered cash (deficit), December 31	\$ <u><u>42,197</u></u>	\$ <u><u>47,037</u></u>

City of Paola, Kansas

Schedule 2

CAPITAL PROJECTS FUNDS
CAPITAL PROJECTS - 90
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the Year Ended December 31, 2012

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

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Cash receipts		
Taxes and shared revenues		
City sales tax	\$ 988,113	\$ 1,028,003
Other		
Interest	8,242	14,898
Miscellaneous	3,394	20,000
Reimbursements	93,007	29,156
Grants	50,147	27,726
Donations and gifts	26,125	13,560
Bond Proceeds	0	2,068,646
Operating transfers	<u>14,171</u>	<u>477,460</u>
	<u>195,086</u>	<u>2,651,446</u>
 Total cash receipts	 <u>1,183,199</u>	 <u>3,679,449</u>
 Expenditures		
Construction materials	77,866	110,028
Other contractual	106,057	20,506
Capital items	2,500	1,066,029
Professional Services	0	25,331
Other	<u>3,735</u>	<u>65,437</u>
	190,158	1,287,331
Operating transfers	<u>748,330</u>	<u>1,391,591</u>
 Total expenditures and transfers	 <u>938,488</u>	 <u>2,678,922</u>
 Receipts over (under) expenditures	 244,711	 1,000,527
 Unencumbered cash (deficit), January 1	 <u>1,314,257</u>	 <u>1,558,968</u>
 Unencumbered cash (deficit), December 31	 <u>\$ 1,558,968</u>	 <u>\$ 2,559,495</u>

City of Paola, Kansas

Schedule 2

CAPITAL PROJECT FUNDS
GENERAL OBLIGATION BOND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2012

	<u>2012</u> <u>Actual</u>
Cash receipts	
Sources of Funds	
Bond Principal amount	\$ 7,525,000
Bond Premium	<u>110,228</u>
	<u>7,635,228</u>
Expenditures	
Deposited into Funds	7,463,214
Issuance Cost	49,998
Bond Insurance Cost	39,048
Underwriter's Discount	<u>75,250</u>
	<u>7,627,510</u>
Receipts over (under) expenditures	7,718
Unencumbered cash, January 1	<u>0</u>
Unencumbered cash, December 31	<u>\$ 7,718</u>

City of Paola, Kansas

Schedule 2

BUSINESS FUNDS
 WATER UTILITY FUND - 09
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012			
	2011 Actual	Actual	Budget	Variance Over (Under)
Cash receipts				
Charges for services				
Sale of water	\$ 1,675,892	\$ 1,828,554	\$ 1,800,000	\$ 28,554
Water for resale	33,155	45,593	30,000	15,593
Sales tax	27,961	29,822	20,000	9,822
Tank sales	10,538	16,052	10,000	6,052
Installation charges	3,000	44,000	15,000	29,000
Connection fees	7,320	7,885	10,000	(2,115)
	<u>1,757,866</u>	<u>1,971,906</u>	<u>1,885,000</u>	<u>86,906</u>
Use of money and property				
Rentals	1,300	1,100	1,000	100
Interest on investments	1,412	853	1,200	(347)
	<u>2,712</u>	<u>1,953</u>	<u>2,200</u>	<u>(247)</u>
Other				
Reimbursed expenses	71,630	69,884	56,000	13,884
KS setoff reimbursement	1,021	9,159	0	9,159
Long/short	(23)	(31)	0	(31)
	<u>72,628</u>	<u>79,012</u>	<u>56,000</u>	<u>23,012</u>
Total cash receipts	<u>1,833,206</u>	<u>2,052,871</u>	<u>\$ 1,943,200</u>	<u>\$ 109,671</u>
Expenditures				
Administration				
Full time salaries	76,292	78,103	\$ 82,000	\$ (3,897)
Overtime	0	26	100	(74)
Other personal services	2,512	2,484	2,500	(16)
Insurance and bonds	9,476	10,689	11,000	(311)
Other contractual	4,028	4,430	5,000	(570)
General office supplies	545	579	750	(171)
Postage	3,671	3,801	6,000	(2,199)
Operational supplies	734	1,052	2,000	(948)
Miscellaneous	20,000	0	6,000	(6,000)
Computer equipment and software	2,163	0	2,000	(2,000)
Equipment/Building & Grounds	8,995	0	0	0
Refunds	2,425	0	500	(500)
Sales tax remittance	39,683	44,564	30,000	14,564
	<u>170,524</u>	<u>145,728</u>	<u>147,850</u>	<u>(2,122)</u>

See Report of Independent Certified Public Accountants.

City of Paola, Kansas

Schedule 2

BUSINESS FUNDS
 WATER UTILITY FUND - 09
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Expenditures - continued	2012			Variance Over (Under)
	2011 Actual	Actual	Budget	
Production				
Full time salaries	\$ 46,350	\$ 47,004	\$ 47,000	\$ 4
Overtime	431	1,015	3,000	(1,985)
Telephone services	933	493	1,000	(507)
Training, travel, dues	209	0	0	0
Utilities	6,295	5,735	2,500	3,235
Other contractual	0	0	1,000	(1,000)
Water purchase	1,224,377	1,442,203	1,228,470	213,733
Vehicle maintenance	45	95	500	(405)
Motor fuel and lubrication	887	892	800	92
Uniforms	312	355	350	5
	<u>1,279,839</u>	<u>1,497,792</u>	<u>1,284,620</u>	<u>213,172</u>
Distribution				
Full time salaries	104,442	91,674	125,000	(33,326)
Overtime	433	902	2,000	(1,098)
Tank maintenance	8,080	8,080	8,100	(20)
Telephone services	2,111	1,977	2,500	(523)
Training, travel, dues	1,359	1,255	2,000	(745)
Legal printing	0	0	500	(500)
Utilities	1,398	945	3,000	(2,055)
Testing analytical	752	600	2,500	(1,900)
Other contractual	4,684	5,931	4,000	1,931
General office supplies	240	235	500	(265)
Postage	1,115	246	1,000	(754)
Operational supplies	33,917	50,376	28,000	22,376
Vehicle maintenance	2,179	340	2,500	(2,160)
Equipment maintenance	2,574	4,323	2,500	1,823
Building and maintenance	388	2,063	2,500	(437)
Construction materials	8,918	14,700	8,000	6,700
Motor fuel and lubrication	10,145	14,129	10,000	4,129
Uniforms	1,164	1,234	1,000	234
Computer equipment and software	199	1,000	1,000	0
Mains and meters	22,296	29,270	17,500	11,770
	<u>206,394</u>	<u>229,280</u>	<u>224,100</u>	<u>5,180</u>
Operating transfers	<u>181,640</u>	<u>188,750</u>	<u>188,750</u>	<u>0</u>
Appropriated reserve	<u>0</u>	<u>0</u>	<u>416,566</u>	<u>(416,566)</u>
Total expenditures and transfers subject to budget	<u>1,838,397</u>	<u>2,061,550</u>	<u>2,261,886</u>	<u>(200,336)</u>

City of Paola, Kansas

Schedule 2

BUSINESS FUNDS
 WATER UTILITY FUND - 09
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts over (under) expenditures	\$ (5,191)	\$ (8,679)		
Unencumbered cash, January 1	<u>242,338</u>	<u>237,147</u>		
Unencumbered cash, December 31	\$ <u><u>237,147</u></u>	\$ <u><u>228,468</u></u>		

City of Paola, Kansas

Schedule 2

BUSINESS FUNDS
 WATER TREATMENT PLANT FUND - 15
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Cash receipts				
Use of money and property				
Interest	\$ 1,665	\$ 1,198	\$ 2,000	\$ (802)
Total cash receipts	<u>1,665</u>	<u>1,198</u>	<u>2,000</u>	<u>(802)</u>
Expenditures				
Capital improvements	<u>0</u>	<u>0</u>	\$ 267,954	\$ (267,954)
Total expenditures and transfers subject to budget	<u>0</u>	<u>0</u>	<u>267,954</u>	<u>(267,954)</u>
Receipts over (under) expenditures	1,665	1,198		
Unencumbered cash, January 1	<u>263,954</u>	<u>265,619</u>		
Unencumbered cash, December 31	\$ <u>265,619</u>	\$ <u>266,817</u>		

City of Paola, Kansas

Schedule 2

BUSINESS FUNDS
SEWER SERVICE FUND - 04
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2012

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

	2011		2012		Variance Over (Under)
	Actual	Actual	Actual	Budget	
Cash receipts					
Charges for services					
Inspection charges	\$ 400	\$ 800	\$ 600	\$ 200	
Sewer lagoon dumping	189	594	200	394	
Sewer service charges	651,568	677,149	705,000	(27,851)	
	<u>652,157</u>	<u>678,543</u>	<u>705,800</u>	<u>(27,257)</u>	
Use of money and property					
Interest on investments	530	519	700	(181)	
Other					
Reimbursed expenses	5,556	6,416	2,000	4,416	
	<u>5,556</u>	<u>6,416</u>	<u>2,000</u>	<u>4,416</u>	
Total cash receipts	<u>658,243</u>	<u>685,478</u>	<u>\$ 708,500</u>	<u>\$ (23,022)</u>	
Expenditures					
Administration					
Full time salaries	97,584	98,868	\$ 98,000	\$ 868	
Overtime	0	26	0	26	
Other personal services	2,512	2,484	2,500	(16)	
Training, Travel, Dues	0	0	2,000	(2,000)	
Insurance	17,841	19,231	19,500	(269)	
Other contractual	3,867	4,240	0	4,240	
General office supplies	545	544	1,000	(456)	
Postage	3,671	4,274	4,500	(226)	
Refunds	671	0	0	0	
Computer software and equipment	1,273	0	1,500	(1,500)	
	<u>127,964</u>	<u>129,667</u>	<u>129,000</u>	<u>667</u>	
Production					
Full time salaries	73,114	94,464	75,000	19,464	
Overtime	658	3,339	1,500	1,839	
Telephone services	1,342	981	1,250	(269)	
Training, travel, dues	755	956	4,000	(3,044)	
Utilities	71,402	54,418	70,000	(15,582)	
Testing and analytical	8,914	8,323	10,000	(1,677)	
Other contractual	6,920	6,966	3,000	3,966	
General office supplies	108	60	200	(140)	
Postage	0	22	0	22	
Operational supplies	17,362	22,510	19,000	3,510	
Vehicle maintenance	727	67	500	(433)	

See Report of Independent Certified Public Accountants.

City of Paola, Kansas

Schedule 2

BUSINESS FUNDS
SEWER SERVICE FUND - 04
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Expenditures	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Production				
Equipment maintenance	\$ 2,987	\$ 30	\$ 2,500	\$ (2,470)
Building maintenance	982	106	2,000	(1,894)
Motor fuel and lubricants	3,918	3,288	2,500	788
Uniforms	772	594	800	(206)
Equipment, building and grounds	0	0	4,000	(4,000)
	<u>189,961</u>	<u>196,124</u>	<u>196,250</u>	<u>(126)</u>
Distribution				
Full time salaries	123,347	147,839	135,000	12,839
Overtime	468	1,488	1,000	488
Professional services	0	0	1,000	(1,000)
Telephone services	2,131	2,408	2,250	158
Training, travel, dues	869	532	1,000	(468)
Lease Payments	18,029	0	0	0
Utilities	5,017	4,776	8,000	(3,224)
Other contractual	2,337	1,753	3,000	(1,247)
General office supplies	451	850	1,000	(150)
Postage	0	420	0	420
Operational supplies	8,408	14,195	9,000	5,195
Vehicle maintenance	696	289	1,500	(1,211)
Equipment maintenance	5,392	7,798	8,500	(702)
Building maintenance	221	1,707	3,000	(1,293)
Construction materials	2,714	2,815	5,000	(2,185)
Motor fuel and lubricants	9,719	11,954	8,000	3,954
Uniforms	747	1,213	1,000	213
Computer equipment and software	244	1,000	1,000	0
Distribution lines	39,166	0	30,000	(30,000)
Miscellaneous	40	0	0	0
	<u>219,996</u>	<u>201,037</u>	<u>219,250</u>	<u>(18,213)</u>
Operating transfers	119,540	127,000	127,000	0
Appropriated reserve	0	0	129,717	(129,717)
Total expenditures and transfers subject to budget	<u>657,461</u>	<u>653,828</u>	<u>\$ 801,217</u>	<u>\$ (147,389)</u>
Receipts over (under) expenditures	782	31,650		
Unencumbered cash, January 1	89,447	90,229		
Unencumbered cash, December 31	<u>\$ 90,229</u>	<u>\$ 121,879</u>		

City of Paola, Kansas

Schedule 2

BUSINESS FUNDS
 SEWER LINE REPLACEMENT - 11
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Cash receipts				
Use of money and property				
Interest on investments	\$ 882	\$ 666	\$ 600	\$ 66
Operating transfers	7,000	7,000	7,000	0
Total cash receipts	7,882	7,666	7,600	66
Expenditures				
Contractual	0	0	152,671	(152,671)
Receipts over (under) expenditures	7,882	7,666		
Unencumbered cash, January 1	137,471	145,353		
Unencumbered cash, December 31	\$ 145,353	\$ 153,019		

City of Paola, Kansas

Schedule 2

BUSINESS FUNDS
 WASTEWATER TREATMENT PLANT - 16
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Cash receipts				
Charges for services				
Connect & disconnect	\$ 3,300	\$ 23,100	\$ 6,000	\$ 17,100
Sewer service charge	420,378	417,948	427,600	(9,652)
	<u>423,678</u>	<u>441,048</u>	<u>433,600</u>	<u>7,448</u>
Use of money and property				
Interest income	3,556	2,613	3,000	(387)
Total cash receipts	<u>427,234</u>	<u>443,661</u>	<u>436,600</u>	<u>7,061</u>
Expenditures				
Full time salaries	29,410	7,461	34,000	(26,539)
Overtime	2,113	348	1,000	(652)
Loan payments	300,000	200,000	400,000	(200,000)
Other contractual	0	407	20,000	(19,593)
Operational supplies	4,279	4,961	8,000	(3,039)
Motor Fuel & Lub	0	0	2,000	(2,000)
Miscellaneous	20,000	0	22,000	(22,000)
Equipment/plant	0	12,284	30,000	(17,716)
	<u>355,802</u>	<u>225,461</u>	<u>517,000</u>	<u>(291,539)</u>
Operating transfer	30,000	124,192	35,000	89,192
Appropriated reserve	<u>0</u>	<u>0</u>	<u>483,830</u>	<u>(483,830)</u>
Total expenditures and transfers subject to budget	<u>385,802</u>	<u>349,653</u>	<u>1,035,830</u>	<u>(686,177)</u>
Receipts over (under) expenditures	41,432	94,008		
Unencumbered cash, January 1	<u>584,230</u>	<u>625,662</u>		
Unencumbered cash, December 31	<u>625,662</u>	<u>719,670</u>		

City of Paola, Kansas

Schedule 2

BUSINESS FUNDS
HEALTH AND SANITATION FUND - 13
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2011		2012		Variance Over (Under)
	Actual	Actual	Budget		
Cash receipts					
Charges for services					
Haulers' permits	\$ 375	\$ 300	\$ 400	\$	(100)
Landfill charges and collections	306,588	317,710	339,500		(21,790)
	<u>306,963</u>	<u>318,010</u>	<u>339,900</u>		<u>(21,890)</u>
Use of money and property					
KS setoff reimbursement	43	237	0		237
Interest on investments	3,607	8	25		(17)
	<u>3,650</u>	<u>245</u>	<u>25</u>		<u>220</u>
Fees	<u>345</u>	<u>435</u>	<u>200</u>		<u>235</u>
Total cash receipts	<u>310,958</u>	<u>318,690</u>	<u>340,125</u>	\$	<u>(21,672)</u>
Expenditures					
Full time salaries	9,146	9,313	10,000	\$	(687)
Overtime	0	9	0		9
Advertising	462	480	750		(270)
Insurance	1,718	1,891	2,500		(609)
Other contractual	296,624	295,418	299,500		(4,082)
General office supplies	545	544	0		544
Operational Supplies	0	414	0		414
Payt sticker expense	0	675	0		675
	<u>308,495</u>	<u>308,744</u>	<u>312,750</u>		<u>(4,006)</u>
Operating transfers	5,900	5,000	5,000		0
Appropriated reserve	<u>0</u>	<u>0</u>	<u>25,273</u>		<u>(25,273)</u>
Total expenditures and transfers subject to budget	<u>314,395</u>	<u>313,744</u>	<u>343,023</u>	\$	<u>(29,279)</u>
Receipts over (under) expenditures	(3,437)	4,946			
Unencumbered cash, January 1	<u>5,270</u>	<u>1,833</u>			
Unencumbered cash, December 31	\$ <u>1,833</u>	\$ <u>6,779</u>			

City of Paola, Kansas

Schedule 3

AGENCY FUNDS
 SCHEDULE OF RECEIPTS AND CASH DISBURSEMENTS
 REGULATORY BASIS
 For the Year Ended December 31, 2012

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Police bond	\$ 8,995	\$ 35,496	\$ 34,184	\$ 10,307
Payroll withholding	4,593	283,710	282,701	5,602
	<u>\$ 13,588</u>	<u>\$ 319,206</u>	<u>\$ 316,885</u>	<u>\$ 15,909</u>