

**CITY OF ERIE, KANSAS**

Statutory Basis Financial Statement  
and Independent Auditors' Report  
with Supplemental Information

For the Year Ended December 31, 2011

**CITY OF ERIE, KANSAS**  
TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report .....	1-2
<u>Statement 1</u>	
Summary of Cash Receipts, Expenditures and Unencumbered Cash.....	3-4
Notes to the Financial Statement .....	5-17
SUPPLEMENTAL INFORMATION:	
<u>Schedule 1</u>	
Summary of Expenditures – Actual and Budget (Budgeted Funds Only) .....	18
<u>Schedule 2</u>	
Statement of Cash Receipts and Expenditures – Actual and Budget	
General Fund .....	19-21
Tort Liability Fund .....	22
Employee Benefits Fund .....	23
Library Fund .....	24
Industrial Development Fund .....	25
Recreation Fund .....	26
Special Park and Recreation Fund .....	27
Special Highway Fund .....	28
Special Police and Fire Fund .....	29
Equipment Reserve Fund .....	30
Capital Improvement Fund .....	31
Miscellaneous Grants Fund .....	32
City Street Sales Tax Fund .....	33
G.O. Bond and Interest Fund .....	34
Sewer Utility Fund .....	35
Sewer Utility Improvement Reserve Fund .....	36
Water Utility Fund .....	37-38
Water Utility Improvement Reserve Fund .....	39
Water Utility Bond and Interest Fund.....	40
Water Utility Bond Reserve Fund.....	41
Electric Utility Fund .....	42-43
Electric Utility II Fund .....	44
Electric Utility Improvement Reserve Fund .....	45
Electric Utility II Depreciation and Replacement Fund .....	46
Electric Utility II Debt Service Fund .....	47
Electric Utility II Bond Reserve Fund .....	48
Security Deposits Fund .....	49
<u>Schedule 3</u>	
Statement of Cash Receipts and Expenditures – Agency Funds .....	50
<u>Schedule 4</u>	
Component Units – Statement of Cash Receipts and Expenditures – Actual	
Erie Public Library .....	51
Erie Recreation Commission .....	52

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Erie, Kansas

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the City of Erie, Kansas, as of and for the year ended December 31, 2011. This financial statement is the responsibility of the City of Erie, Kansas' management. Our responsibility is to express an opinion on the financial statement based on our audit. The prior year summarized comparative information has been derived from the City's 2010 financial statement and, in our report dated April 27, 2011, we expressed an unqualified opinion on the financial statement of the City of Erie, Kansas, prepared in accordance with the statutory basis of accounting.

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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 more fully in Note 1, the City of Erie, Kansas, has prepared this financial statement using accounting practices prescribed by the State of Kansas to demonstrate 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 statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Erie, Kansas, as of December 31, 2011, or the respective changes in financial position and changes in cash flows, where applicable, for the year then ended.

In our opinion, the financial statement referred above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Erie, Kansas, as of December 31, 2011, and the aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, schedule of cash receipts and expenditures-agency funds, and component units schedule of cash receipts and expenditures (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

June 27, 2012  
Chanute, Kansas

CITY OF ERIE, KANSAS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance	
						2011	2010
<b>Governmental Type Funds:</b>							
General	\$ 24,564.31	\$ 623,255.23	\$ 623,988.60	\$ 23,830.94	\$ 13,810.97	\$ 37,641.91	\$ 42,299.97
Special Revenue Funds							
Tort Liability	23,186.28	162.11	2,447.00	20,901.39	-	20,901.39	23,186.28
Employee Benefits	37,550.86	101,427.04	99,476.92	39,500.98	2,893.60	42,394.58	40,009.59
Library	-	32,414.61	32,414.61	-	-	-	-
Industrial Development	23,554.74	10,930.76	7,700.64	26,784.86	-	26,784.86	23,554.74
Recreation	-	16,301.60	16,301.60	-	-	-	-
Special Park and Recreation	5,487.81	6,375.12	5,606.00	6,256.93	4,500.00	10,756.93	6,037.81
Special Highway	4,624.38	30,015.59	24,712.32	9,927.65	447.52	10,375.17	6,137.36
Special Police and Fire	4,380.00	10,840.65	12,243.58	2,977.07	-	2,977.07	4,380.00
Equipment Reserve	69,616.03	39,253.17	51,142.88	57,726.32	-	57,726.32	69,616.03
Capital Improvement	2,106.57	65,061.30	66,274.27	893.60	-	893.60	2,106.57
Miscellaneous Grants	11,348.78	429,481.06	443,400.17	(2,570.33)	2,440.00	(130.33)	23,029.04
City Street Sales Tax	74,392.45	58,698.65	81,555.95	51,535.15	57,756.30	109,291.45	74,392.45
Debt Service Funds							
G.O. Bond and Interest	67,034.63	123,948.74	123,383.26	67,600.11	-	67,600.11	67,034.63
<b>Proprietary Type Funds:</b>							
Enterprise							
Sewer Utility	6,797.42	145,552.26	146,019.51	6,330.17	1,470.97	7,801.14	8,453.52
Sewer Utility Improvement Reserve	57,030.10	1,999.92	-	59,030.02	-	59,030.02	57,030.10
Water Utility	9,506.69	280,337.69	276,523.72	13,320.66	7,687.02	21,007.68	18,169.57
Water Utility Improvement Reserve	8,848.54	9,999.96	-	18,848.50	-	18,848.50	8,848.54
Water Utility Bond and Interest	18,397.66	53,394.96	53,401.25	18,391.37	-	18,391.37	18,397.66
Water Utility Bond Reserve	59,250.00	9,000.00	-	68,250.00	-	68,250.00	59,250.00
Electric Utility	353,403.96	1,518,298.55	1,315,012.57	556,689.94	58,101.30	614,791.24	645,937.88
Electric Utility II	38,734.43	898,899.05	937,012.71	620.77	2,185.99	2,806.76	39,533.72
Electric Utility Improvement Reserve	84,858.13	30,000.00	-	114,858.13	-	114,858.13	84,858.13
Electric Utility II Depreciation & Replacement	100,616.03	21,196.31	41,166.19	80,646.15	12,220.12	92,866.27	100,616.03
Electric Utility II Debt Service	393,649.25	793,554.96	793,555.00	393,649.21	-	393,649.21	393,649.25
Electric Utility II Bond Reserve	178,167.49	880.61	-	179,048.10	-	179,048.10	178,167.49
Security Deposits	2,185.32	7,855.00	9,574.75	465.57	44,447.00	44,912.57	47,032.32
<b>Total Primary Government</b>	<b>1,659,291.86</b>	<b>5,319,134.90</b>	<b>5,162,913.50</b>	<b>1,815,513.26</b>	<b>207,960.79</b>	<b>2,023,474.05</b>	<b>2,041,728.68</b>

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

CITY OF ERIE, KANSAS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balance		Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance	
	2011	2010					2011	2010
Component Units:								
Erie Public Library	\$ (1,172.40)	\$	43,932.24	\$ 42,187.83	\$ 572.01	\$ 159.73	\$ 731.74	\$ 673.20
Erie Recreation Commission	27,497.55		34,652.66	43,668.59	18,481.62	-	18,481.62	27,497.55
Total Component Units	26,325.15		78,584.90	85,856.42	19,053.63	159.73	19,213.36	28,170.75
Total Reporting Entity (Excluding Agency Funds)	\$ 1,685,617.01	\$	5,397,719.80	\$ 5,248,769.92	\$ 1,834,566.89	\$ 208,120.52	\$ 2,042,687.41	\$ 2,069,899.43
Composition of Cash:								
Cash on Hand							\$ 300.00	\$ 300.00
Checking Accounts								
Bank of Commerce								
General Operating							181,927.97	400,833.44
General Money Market Account							408,660.38	384,817.96
Petty Cash Account							750.00	750.00
Electronic Funds Transfers Account							100.00	100.00
Investments								
Commercial Bank								
Certificates of Deposit							575,000.00	500,000.00
Kansas State Treasury Investment Pool							887,423.16	790,995.14
Total Primary Government							2,054,161.51	2,077,796.54
Total Component Units							19,213.36	28,170.75
Total Cash and Investments							2,073,374.87	2,105,967.29
Less: Agency Funds per Schedule 3							(30,687.46)	(36,067.86)
Total Reporting Entity (Excluding Agency Funds)							\$ 2,042,687.41	\$ 2,069,899.43

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

## **CITY OF ERIE, KANSAS**

Notes to the Financial Statement  
For the Year Ended December 31, 2011

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Erie, Kansas (the City) is incorporated as a city of the third class under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 15-101 *et seq.* The City operates under a Council-City Clerk form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, electric, trash and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

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

#### Reporting Entity

The City of Erie, Kansas (the City) is a municipal corporation governed by an elected five member council. These financial statement present the City of Erie, Kansas (the primary government), and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

#### Discretely Presented Component Units

The component units section of the financial statement and schedules includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the City. The governing bodies of these component units are appointed by the City.

#### Erie Recreation Commission

The Erie Recreation Commission oversees recreational activities. The City levies taxes for the Recreation Commission. Bond issuance or acquisition of real property must be approved by the City. Separate financial statements are internally prepared and are available at the Recreation Commission.

#### Erie Public Library

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

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

Basis of Presentation – Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions, or limitations. The various funds are grouped by type in the financial statement. The following types of funds comprise the financial activities of the City of Erie, Kansas, for the year 2011:

**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 Fund – The Bond and Interest Fund is used to account for the payment of principal and interest on the City’s general obligation bonds, which are recorded in the general long-term debt group of accounts. Revenues for this purpose include ad valorem property taxes, special assessment taxes, and investment interest income.

Capital Projects Funds – to account for capital improvements (except for those financed by proprietary funds) which are financed from the City’s general obligation bond issues, special assessment, certain federal grants and other specific receipts.

**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 by a governmental unit in a trustee capacity or as an agency for individuals, private organizations, or governmental units, and/or other funds. These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, (c) Pension Trust Funds, and (d) Agency Funds.

Basis of Presentation – Statutory Basis of Accounting

The statutory basis of accounting, as used in preparation of this statutory basis financial statement and schedules, 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, with disbursements being adjusted for prior year’s 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.

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

### Basis of Presentation – Statutory Basis of Accounting (Continued)

For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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

### Departures from Accounting Principles Generally Accepted in the United States of America

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

### Property Taxes

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

### Reimbursed Expenses

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

### Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statement in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data (i.e.) presentation of prior year totals by fund type in each of the statement have not been presented since their inclusion would make the statement unduly complex and difficult to read.

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

Pension Plan

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

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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. Although directory rather than mandatory, the statutes provide for the following timetable in the adoption of the legal annual operating budget:

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

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 the individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds and the following special revenue funds: Equipment Reserve Fund and Capital Improvement Fund. In addition, an operating budget is not required for enterprise principal and interest funds and enterprise reserve funds.

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

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

Revenue Bond Requirements

The City is required, under ordinances of the Electric Utility II System Revenue Bonds and the Water Improvement Revenue Bonds, to maintain in its Enterprise Fund certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts as described below:

<u>RESERVE ACCOUNTS</u>	<u>REQUIRED AMOUNT</u>	<u>ACTUAL AMOUNT</u>
Principal and Interest Account for Electric Utility System Refunding and Improvement Revenue Bonds, Series 2009 -- requires transfers monthly of 1/12 of next maturing principal, and 1/6 of next maturing interest.	\$ 397,525.00	\$ 393,649.21
Principal and Interest Account for Water Improvement Revenue Bonds, Series 2004 -- requires transfers monthly of 1/12 of next maturing principal, and 1/6 of next maturing interest.	19,033.33	18,391.37
Bond Reserve Account for Electric Utility System Refunding and Improvement Revenue Bonds, Series 2009 -- requires initial balance transfer of \$3,403.42, with annual transfers of net revenues provided by the Electric Utility II Fund until \$750,000 is reached.	164,200.00	179,048.10
Bond Reserve Account for Water Improvements Revenue Bonds Series, 2004 -- requires monthly transfers of \$750.00 until \$59,000.00 is reached.	<u>59,000.00</u>	<u>68,250.00</u>
TOTAL RESERVES AT DECEMBER 31, 2011	<u>\$ 639,758.33</u>	<u>\$ 659,338.68</u>

The City agrees to fix, establish, maintain and collect such rates, fees or charges for the use of services rendered by the Electric Utility II System, which will be sufficient to produce, in each fiscal year, a net operating income in an amount that will be not less than 110% of the amount required to be paid by the City in the next succeeding fiscal year on account of both principal and interest of all Electric Utility System Bonds of the City at the time outstanding. Net income is defined as gross income less operating expenses, but before any transfers, depreciation, and capital outlay expense. The City was not in compliance with the electric utility rate requirements as net operating income was 96.13% of year 2012 principal and interest requirements.

The City agrees to fix, establish, maintain and collect such rates, fees or charges for the use of services rendered by the Water Utility Fund, which will be sufficient to produce, in each fiscal year, a net operating income in an amount that will be not less than 110% of the amount required to be paid by the City in the next succeeding fiscal year on account of both principal and interest of all Water Utility System Bonds of the City at the time outstanding. Net income is defined as gross income less operating expenses, but before any transfers, depreciation, and capital outlay expense. The City was in compliance with the water utility rate requirements as net operating income was 159.74% of year 2012 principal and interest requirements.

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

Compliance with Kansas Statutes

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

**3. DEPOSITS AND INVESTMENTS**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$ 887,423.16	S&P AAf/S1+

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

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

*Concentration of credit risk.* State statutes place no limit on the amount the 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 allocation of investments as of December 31, 2011, is as follows:

<u>Investment Type</u>	<u>Percentage of Investment</u>
Kansas Municipal Investment Pool	100%

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2011.

At year-end, the City's carrying amount of deposits was \$1,166,438.35 and the bank balance was \$1,149,984.12. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$251,190.58 was covered by FDIC insurance, \$898,793.54 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

**3. DEPOSITS 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 of collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At year-end, the City had invested \$887,423.16 in the Kansas Municipal Investment Pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

**4. LONG-TERM LIABILITIES**

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

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Paid with Tax Levies:										
Library Bonds										
Series 2004	2.75-4.90%	March 1, 2004	\$ 155,000.00	September 1, 2014	\$ 70,000.00	-	\$ 15,000.00	\$	55,000.00	\$ 2,532.50
Paid by Utility Funds:										
Sewer System Improvement Bonds, Series 1998	4.75%	December 1, 1998	579,400.00	December 1, 2038	499,500.00	-	8,900.00		490,600.00	23,726.26
Sewer System Improvement Bonds, Series 2001	4.75%	September 28, 2001	1,300,000.00	September 28, 2041	1,175,200.00	-	17,400.00		1,157,800.00	55,822.00
Revenue Bonds										
Water System Revenue										
Bonds, Series 2004	1.50-5.00%	May 1, 2004	590,000.00	September 1, 2019	395,000.00	-	35,000.00		360,000.00	18,395.00
Taxable Electric Utility System										
Revenue Refunding Bonds Series 2009	4.00-7.00%	July 23, 2009	8,740,000.00	July 15, 2029	8,475,000.00	-	270,000.00		8,205,000.00	523,555.00
Capital Leases										
New Power Plant	3.98%	August 1, 2003	720,000.00	June 15, 2014	280,605.35	-	77,658.57		202,946.78	9,735.15
Firefighters Relief Note										
1992 Chevy Rescue Truck	5.00%	January 15, 2008	12,000.00	January 15, 2011	4,196.68	-	4,196.68		-	209.82
Total Contractual Indebtedness										
			10,899,502.03		10,899,502.03	-	428,155.25		10,471,346.78	633,975.73
Other Long-Term Liabilities										
General Accrued Compensated Absences	N/A							\$ 812.39	20,419.32	N/A
Vacation Pay					19,606.93					
Total Long-Term Liabilities										
			\$ 10,919,108.96		\$ 10,919,108.96	-	\$ 428,155.25	\$ 812.39	\$ 10,491,766.10	\$ 633,975.73

**4. LONG-TERM LIABILITIES (Continued)**

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

Issue	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	2032-2036	2037-2041	Total
<b>Principal</b>											
General Obligation Bonds											
Paid with Tax Levies:											
Library Bonds											
Series 2004	\$ 15,000.00	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,000.00
Paid with Utility Revenues:											
Sewer System Improvement Bonds,											
Series 1998	9,300.00	9,800.00	10,200.00	10,700.00	11,200.00	64,700.00	81,400.00	102,800.00	129,700.00	60,800.00	490,600.00
Series 2001	18,200.00	19,100.00	20,000.00	20,900.00	21,900.00	126,100.00	159,000.00	200,500.00	253,000.00	319,100.00	1,157,800.00
Revenue Bonds											
Water System Revenue											
Bonds, Series 2004	40,000.00	40,000.00	40,000.00	45,000.00	45,000.00	150,000.00	-	-	-	-	360,000.00
Taxable Electric Utility System Revenue											
Refunding Bonds Series 2009	285,000.00	295,000.00	305,000.00	325,000.00	335,000.00	1,980,000.00	2,640,000.00	2,040,000.00	-	-	8,205,000.00
Capital Leases											
New Power Plant	80,806.39	84,081.81	38,058.58	-	-	-	-	-	-	-	202,946.78
<b>Total Principal Payments</b>	<b>448,306.39</b>	<b>467,981.81</b>	<b>433,258.58</b>	<b>401,600.00</b>	<b>413,100.00</b>	<b>2,320,800.00</b>	<b>2,880,400.00</b>	<b>2,343,300.00</b>	<b>382,700.00</b>	<b>379,900.00</b>	<b>10,471,346.78</b>
<b>Interest</b>											
General Obligation Bonds											
Paid with Tax Levies:											
Library Bonds											
Series 2004	2,045.00	1,520.00	780.00	-	-	-	-	-	-	-	4,345.00
Paid with Utility Revenues:											
Sewer System Improvement Bonds,											
Series 1998	23,303.50	22,861.76	22,396.26	21,911.76	21,403.50	98,496.02	81,614.54	60,344.02	33,492.28	4,365.26	390,188.90
Series 2001	54,995.50	54,131.00	53,223.75	52,273.75	51,281.00	239,784.75	206,853.00	165,323.75	112,955.00	46,882.50	1,037,704.00
Revenue Bonds											
Water System Revenue											
Bonds, Series 2004	17,100.00	15,500.00	13,800.00	12,000.00	9,750.00	15,000.00	-	-	-	-	83,150.00
Taxable Electric Utility System Revenue											
Refunding Bonds Series 2009	511,970.00	499,175.00	485,340.00	470,300.00	453,718.75	1,955,518.75	1,229,912.50	257,425.00	-	-	5,863,360.00
Capital Leases											
New Power Plant	6,587.33	3,311.91	386.38	-	-	-	-	-	-	-	10,285.62
<b>Total Interest Payments</b>	<b>616,001.33</b>	<b>596,499.67</b>	<b>575,926.39</b>	<b>556,485.51</b>	<b>536,153.25</b>	<b>2,308,799.52</b>	<b>1,518,380.04</b>	<b>483,092.77</b>	<b>146,447.28</b>	<b>51,247.76</b>	<b>7,389,033.52</b>
<b>Total Principal and Interest</b>	<b>\$ 1,064,307.72</b>	<b>\$ 1,064,481.48</b>	<b>\$ 1,009,184.97</b>	<b>\$ 958,085.51</b>	<b>\$ 949,253.25</b>	<b>\$ 4,629,599.52</b>	<b>\$ 4,398,780.04</b>	<b>\$ 2,826,392.77</b>	<b>\$ 529,147.28</b>	<b>\$ 431,147.76</b>	<b>\$ 17,860,380.30</b>

**5. CAPITAL LEASES**

The City has entered into a capital lease agreement dated August 1, 2003, to build a new electric production and transmission facility. The cost of the facility was \$720,000.00. The City agreed to make 120 monthly payments of \$7,282.81, including interest at 3.98%.

GENERAL OBLIGATION

2012	\$ 87,393.72
2013	87,393.72
2014	<u>38,444.96</u>
Total Net Minimum Lease Payments	213,232.40
Less: Imputed Interest	<u>(10,285.62)</u>
Net Present Value	202,946.78
Less: Current Maturities	<u>(80,806.39)</u>
Long-Term Capital Lease Obligations	<u>\$ 122,140.39</u>

**6. OTHER COMMITMENTS**

On October 26, 2009, the City entered into a ten-year agreement with the Kansas Power Pool (KPP), a municipal energy agency, to purchase its power requirements and transmission service from KPP and to pay KPP for the cost of construction of a substation. It is the responsibility of KPP to design, procure, and construct the Project. The City will pay for the construction on a monthly basis, over ten years from the date of the commercial operation of the substation. Upon completion of the ten-year payment plan, when the Project has been completely paid for by the City, the Project will be transferred to the City.

**7. RISK MANAGEMENT**

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

**8. 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 are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

## **8. DEFINED BENEFIT PENSION PLAN**

### Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6% of covered salary. K.S.A. 74-4975 established 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. State law provides that the 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. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rates established for 2011 was 7.74%. The City of Erie's employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$24,435.39, \$23,831.73, and \$19,222.80, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2011 is 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 City's contributions to KP&F for the years ending December 31, 2011, 2010, and 2009, were \$15,323.97, \$10,845.96, and \$10,695.94, respectively, equal to the statutory required contribution for each year.

## **9. COMPENSATED ABSENCES**

All full-time employees of the City with one year of employment are eligible for 10 days vacation benefits. All full-time employees of the City with ten years of employment are eligible for 15 days vacation benefits. Vacation is not earned for partial years worked. Vacation must be used by each anniversary date. In the event of termination, unused accrued vacation time is paid.

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

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

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

In accordance with the above criteria, the City has estimated a liability for vacation pay, which has been earned, but not taken by City employees. The liability for compensated absences is reflected in the long-term liabilities footnote 4 since it is anticipated that none of the liability will be liquidated with available financial resources. The City has not accrued a liability for sick leave earned, but not taken, by City employees, in accordance with guidance provided by FAS 43, the amounts cannot be reasonably estimated at this time.

**10. OTHER POST EMPLOYMENT BENEFITS**

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

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

**11. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Sewer Utility	G.O. Bond and Interest	K.S.A. 12-825d	\$ 105,848.28
Sewer Utility	Sewer Utility Improvement Reserve	K.S.A. 12-631o	1,999.92
Water Utility	General	K.S.A. 12-825d	9,000.08
Water Utility	Capital Improvement	K.S.A. 12-1,118	3,000.00
Water Utility	Equipment Reserve	K.S.A. 12-1,117	3,000.00
Water Utility	Water Utility Improvement Reserve	K.S.A. 12-825d	9,999.96
Water Utility	Water Utility Bond Reserve	K.S.A. 12-825d	9,000.00
Water Utility	Water Utility Bond and Interest	K.S.A. 12-825d	53,394.96
Electric Utility	General	K.S.A. 12-825d	196,000.40
Electric Utility	Capital Improvement	K.S.A. 12-1,118	61,999.92
Electric Utility	Equipment Reserve	K.S.A. 12-1,117	36,000.00
Electric Utility	Electric Utility Improvement Reserve	K.S.A. 12-825d	30,000.00
Electric Utility II	Electric Utility II Debt Service	K.S.A. 12-825d	792,492.63
Electric Utility II	Electric Utility II Depreciation and Replacement	K.S.A. 12-825d	20,719.92
Electric Utility II Depreciation and Replacement	Electric Utility II	K.S.A. 12-825d	9,000.00

**12. RELATED PARTY TRASNACTIONS**

The City paid \$24,398.20 during the year ended December 31, 2011, to a local construction company co-owned by a City Council member for street and curb repairs, as well as for sealing cracks on City streets.

The City paid \$6,499.57 during the year ended December 31, 2011, to a City Council member for hauling rock on behalf of the City.

**13. SUBSEQUENT EVENTS**

The City evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statement. However, the City has, after year end, approved to refund the existing sewer and water bonds.

## **SUPPLEMENTAL INFORMATION**

## CITY OF ERIE, KANSAS

Summary of Expenditures - Actual and Budget  
 (Budgeted Funds Only)  
 For the Year Ended December 31, 2011

Funds	Total Certified Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds:			
General Fund	\$ 638,581.00	\$ 623,988.60	\$ (14,592.40)
Special Revenue Funds:			
Tort Liability	24,576.00	2,447.00	(22,129.00)
Employee Benefits	142,348.00	99,476.92	(42,871.08)
Library	33,921.00	32,414.61	(1,506.39)
Industrial Development	35,078.00	7,700.64	(27,377.36)
Recreation	16,886.00	16,301.60	(584.40)
Special Park and Recreation	5,606.00	5,606.00	-
Special Highway	41,904.00	24,712.32	(17,191.68)
Special Police and Fire	24,230.00	12,243.58	(11,986.42)
Equipment Reserve	148,731.00	51,142.88	(97,588.12)
Capital Improvement	80,568.00	66,274.27	(14,293.73)
City Street Sales Tax	150,353.00	81,555.95	(68,797.05)
Debt Service Funds			
G.O. Bond and Interest	194,221.00	123,383.26	(70,837.74)
Proprietary Type Funds:			
Enterprise:			
Sewer Utility	147,981.00	146,019.51	(1,961.49)
Water Utility	366,157.00	276,523.72	(89,633.28)
Electric Utility	1,896,662.00	1,315,012.57	(581,649.43)
Electric Utility II	964,493.00	937,012.71	(27,480.29)

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**GENERAL FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Taxes and Shared Revenue</b>				
Ad Valorem Property Tax	\$ 75,842.71	\$ 96,368.80	\$ 101,171.00	\$ (4,802.20)
Delinquent Tax	3,851.21	3,031.72	2,338.00	693.72
Motor Vehicle Tax	17,646.82	15,355.64	16,292.00	(936.36)
Recreational Vehicle Tax	179.82	142.06	121.00	21.06
16/20M Vehicle Tax	179.00	148.78	151.00	(2.22)
Sales Tax	170,634.39	174,505.20	180,000.00	(5,494.80)
Franchise Tax	36,545.23	31,541.82	40,000.00	(8,458.18)
Special Assessment	-	2,581.27	-	2,581.27
<b>Intergovernmental</b>				
Local Alcoholic Liquor Tax	1,786.70	2,345.66	1,646.00	699.66
Drug Control Payments	81.28	-	-	-
<b>Charges for Services</b>				
Township Fire Contracts	7,200.00	5,200.00	7,200.00	(2,000.00)
Swimming Pool Fees	4,370.03	3,396.25	3,560.00	(163.75)
Animal Shelter Fees	100.00	40.00	90.00	(50.00)
Sale of Materials	1,987.25	947.62	100.00	847.62
Grave Openings and Closings	2,120.62	1,631.23	1,700.00	(68.77)
Sale of Cemetery Lots	900.00	756.00	300.00	456.00
Sanitation	1,767.30	1,723.10	1,735.00	(11.90)
Miscellaneous	180.00	435.00	-	435.00
Police VIN Fees	5,229.00	6,315.00	5,245.00	1,070.00
<b>Fines, Forfeitures and Penalties</b>				
Fines	8,182.26	6,092.00	6,560.00	(468.00)
Penalties	250.00	212.46	200.00	12.46
<b>Licenses and Permits</b>				
Licenses	3,151.00	3,337.00	3,350.00	(13.00)
Permits	727.50	781.00	1,250.00	(469.00)
<b>Use of Money and Property</b>				
Interest Income	10,337.39	10,551.02	20,572.00	(10,020.98)
Rentals	2,495.71	-	3,475.00	(3,475.00)
<b>Other Revenues</b>				
Maps and Copies	91.34	35.31	60.00	(24.69)
Accident Reports	22.00	20.00	35.00	(15.00)
Reimbursed Expense	2,076.06	50,760.81	-	50,760.81

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**GENERAL FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
<b>Cash Receipts (Continued)</b>				
Operating Transfers from:				
Water Utility Fund	\$ 9,000.08	\$ 9,000.08	\$ 10,800.00	\$ (1,799.92)
Electric Utility Fund	206,000.00	196,000.40	196,000.00	0.40
<b>Total Cash Receipts</b>	<b>572,934.70</b>	<b>623,255.23</b>	<b>\$ 603,951.00</b>	<b>\$ 19,304.23</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
General Administration				
Personal Services	96,893.11	84,597.25	\$ 112,939.00	\$ (28,341.75)
Contractual Services	11,851.82	11,784.37	16,000.00	(4,215.63)
Commodities	3,189.56	3,456.01	3,000.00	456.01
Audit				
Contractual Services	10,680.00	10,400.00	7,500.00	2,900.00
Legislative Department				
Personal Services	10,027.76	11,212.09	10,070.00	1,142.09
Contractual Services	20,636.00	19,072.13	25,600.00	(6,527.87)
Commodities	314.94	487.83	375.00	112.83
Municipal Court				
Personal Services	7,692.30	7,684.90	8,870.00	(1,185.10)
Contractual Services	8,237.50	8,220.75	10,375.00	(2,154.25)
Commodities	-	99.46	-	99.46
Public Safety				
Fire Department				
Personal Services	11,227.50	12,965.03	11,181.00	1,784.03
Contractual Services	16,979.04	15,487.66	17,200.00	(1,712.34)
Commodities	5,246.47	5,002.70	7,000.00	(1,997.30)
Animal Control Department				
Contractual Services	789.89	734.50	800.00	(65.50)
Commodities	339.36	141.94	220.00	(78.06)
Police Department				
Personal Services	132,810.28	141,629.18	149,965.00	(8,335.82)
Contractual Services	14,817.11	13,035.03	17,700.00	(4,664.97)
Commodities	10,367.91	9,748.38	10,500.00	(751.62)
Capital Outlay	-	749.00	-	749.00

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**GENERAL FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
Expenditures and Transfers Subject to Budget (Continued)				
Highways and Streets				
Personal Services	\$ 39,588.86	\$ 55,916.66	\$ 44,697.00	\$ 11,219.66
Contractual Services	35,519.71	40,049.02	45,000.00	(4,950.98)
Commodities	25,678.92	47,643.31	21,772.00	25,871.31
Culture and Recreation				
Swimming Pool Department				
Personal Services	23,215.43	18,241.86	19,259.00	(1,017.14)
Contractual Services	14,103.98	14,463.68	15,000.00	(536.32)
Commodities	1,074.77	2,295.21	6,500.00	(4,204.79)
Park Department				
Personal Services	3,385.33	2,483.48	4,677.00	(2,193.52)
Contractual Services	9,934.78	7,385.40	7,250.00	135.40
Commodities	55.27	350.00	3,500.00	(3,150.00)
Library Department				
Personal Services	-	106.00	-	106.00
Contractual Services	13,586.45	13,211.53	13,500.00	(288.47)
Commodities	2,542.63	5,817.58	3,500.00	2,317.58
Capital Outlay	-	3,330.00	2,000.00	1,330.00
Appropriation to Library Board	-	-	2,000.00	(2,000.00)
Demolition				
Contractual Services	20,195.02	30,407.23	20,000.00	10,407.23
Capital Outlay	-	2,500.00	-	2,500.00
Cemetery				
Personal Services	4,384.44	5,537.06	6,381.00	(843.94)
Contractual Services	16,990.76	17,113.98	13,500.00	3,613.98
Commodities	211.41	628.39	750.00	(121.61)
Total Expenditures and Transfers Subject to Budget	<u>572,568.31</u>	<u>623,988.60</u>	<u>\$ 638,581.00</u>	<u>\$ (14,592.40)</u>
Receipts Over(Under) Expenditures	366.39	(733.37)		
Unencumbered Cash, Beginning	<u>24,197.92</u>	<u>24,564.31</u>		
Unencumbered Cash, Ending	<u>\$ 24,564.31</u>	<u>\$ 23,830.94</u>		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**TORT LIABILITY FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Delinquent Tax	\$ 11.07	\$ 1.86	\$ -	\$ 1.86
Use of Money and Property				
Interest Income	200.93	160.25	232.00	(71.75)
Total Cash Receipts	212.00	162.11	\$ 232.00	\$ (69.89)
Expenditures and Transfers				
Subject to Budget				
General Government				
General Administration				
Contractual Services	4,168.00	2,447.00	\$ 24,576.00	\$ (22,129.00)
Total Expenditures and Transfers				
Subject to Budget	4,168.00	2,447.00	\$ 24,576.00	\$ (22,129.00)
Receipts Over(Under) Expenditures	(3,956.00)	(2,284.89)		
Unencumbered Cash, Beginning	27,142.28	23,186.28		
Unencumbered Cash, Ending	\$ 23,186.28	\$ 20,901.39		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**EMPLOYEE BENEFITS FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 81,373.51	\$ 81,725.29	\$ 85,803.00	\$ (4,077.71)
Delinquent Tax	3,544.38	3,015.94	2,737.00	278.94
Motor Vehicle Tax	15,794.00	16,083.46	17,481.00	(1,397.54)
Recreational Vehicle Tax	159.65	148.64	130.00	18.64
16/20M Vehicle Tax	127.85	145.88	161.00	(15.12)
Use of Money and Property				
Interest Income	434.64	307.83	460.00	(152.17)
<b>Total Cash Receipts</b>	<u>101,434.03</u>	<u>101,427.04</u>	<u>\$ 106,772.00</u>	<u>\$ (5,344.96)</u>
<b>Expenditures and Transfers</b>				
Subject to Budget				
General Government				
General Administration				
Personal Services				
	<u>95,783.96</u>	<u>99,476.92</u>	<u>\$ 142,348.00</u>	<u>\$ (42,871.08)</u>
<b>Total Expenditures and Transfers</b>				
Subject to Budget	<u>95,783.96</u>	<u>99,476.92</u>	<u>\$ 142,348.00</u>	<u>\$ (42,871.08)</u>
Receipts Over(Under) Expenditures	5,650.07	1,950.12		
Unencumbered Cash, Beginning	<u>31,900.79</u>	<u>37,550.86</u>		
Unencumbered Cash, Ending	<u>\$ 37,550.86</u>	<u>\$ 39,500.98</u>		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**LIBRARY FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 24,439.23	\$ 26,343.90	\$ 27,659.00	\$ (1,315.10)
Delinquent Tax	1,270.06	988.63	925.00	63.63
Motor Vehicle Tax	5,598.37	4,986.64	5,250.00	(263.36)
Recreational Vehicle Tax	56.85	46.15	39.00	7.15
16/20M Vehicle Tax	51.46	49.29	48.00	1.29
<b>Total Cash Receipts</b>	<b>31,415.97</b>	<b>32,414.61</b>	<b>\$ 33,921.00</b>	<b>\$ (1,506.39)</b>
Expenditures and Transfers				
Subject to Budget				
Culture and Recreation				
Appropriation to				
Library Board	31,415.97	32,414.61	\$ 33,921.00	\$ (1,506.39)
<b>Total Expenditures and Transfers</b>	<b>31,415.97</b>	<b>32,414.61</b>	<b>\$ 33,921.00</b>	<b>\$ (1,506.39)</b>
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**INDUSTRIAL DEVELOPMENT FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 8,143.62	\$ 8,784.23	\$ 9,220.00	\$ (435.77)
Delinquent Tax	423.35	328.81	308.00	20.81
Motor Vehicle Tax	1,866.25	1,661.88	1,750.00	(88.12)
Recreational Vehicle Tax	18.96	15.38	13.00	2.38
16/20M Vehicle Tax	17.15	16.43	16.00	0.43
Use of Money and Property Interest Income	145.09	124.03	140.00	(15.97)
<b>Total Cash Receipts</b>	<b>10,614.42</b>	<b>10,930.76</b>	<b>\$ 11,447.00</b>	<b>\$ (516.24)</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
General Government				
Contractual Services	161.40	3,193.64	\$ 5,000.00	\$ (1,806.36)
Commodities	-	4,507.00	30,078.00	(25,571.00)
<b>Total Expenditures and Transfers Subject to Budget</b>	<b>161.40</b>	<b>7,700.64</b>	<b>\$ 35,078.00</b>	<b>\$ (27,377.36)</b>
Receipts Over(Under) Expenditures	10,453.02	3,230.12		
Unencumbered Cash, Beginning	13,101.72	23,554.74		
Unencumbered Cash, Ending	\$ 23,554.74	\$ 26,784.86		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**RECREATION FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 12,219.60	\$ 13,264.09	\$ 13,830.00	\$ (565.91)
Delinquent Tax	635.05	496.45	387.00	109.45
Motor Vehicle Tax	2,799.19	2,493.33	2,625.00	(131.67)
Recreational Vehicle Tax	28.43	23.08	20.00	3.08
16/20M Vehicle Tax	25.73	24.65	24.00	0.65
<b>Total Cash Receipts</b>	<b>15,708.00</b>	<b>16,301.60</b>	<b>\$ 16,886.00</b>	<b>\$ (584.40)</b>
Expenditures and Transfers				
Subject to Budget				
Culture and Recreation				
Appropriation to				
Recreation Commission	15,708.00	16,301.60	\$ 16,886.00	\$ (584.40)
<b>Total Expenditures and Transfers</b>				
Subject to Budget	15,708.00	16,301.60	\$ 16,886.00	\$ (584.40)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**SPECIAL PARK AND RECREATION FUND**  
Schedule 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 - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenue				
Local Alcoholic Liquor Tax	\$ 1,786.72	\$ 2,345.69	\$ 1,646.00	\$ 699.69
Use of Money and Property				
Interest Income	28.83	29.43	26.00	3.43
Other Revenues				
Donations	2,000.00	-	-	-
Reimbursed Expense	650.00	4,000.00	-	4,000.00
<b>Total Cash Receipts</b>	<b>4,465.55</b>	<b>6,375.12</b>	<b>\$ 1,672.00</b>	<b>\$ 4,703.12</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Culture and Recreation				
Contractual Services	1,434.22	5,176.93	\$ 2,000.00	\$ 3,176.93
Commodities	-	429.07	2,000.00	(1,570.93)
Capital Outlay	-	-	1,606.00	(1,606.00)
<b>Total Expenditures and Transfers</b>				
Subject to Budget	1,434.22	5,606.00	\$ 5,606.00	\$ -
Receipts Over(Under) Expenditures	3,031.33	769.12		
Unencumbered Cash, Beginning	2,456.48	5,487.81		
Unencumbered Cash, Ending	\$ 5,487.81	\$ 6,256.93		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**SPECIAL HIGHWAY FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
State Gasoline Tax	\$ 30,990.60	\$ 29,984.44	\$ 31,710.00	\$ (1,725.56)
Use of Money and Property				
Interest Income	181.12	31.15	194.00	(162.85)
<b>Total Cash Receipts</b>	<b>31,171.72</b>	<b>30,015.59</b>	<b>\$ 31,904.00</b>	<b>\$ (1,888.41)</b>
Expenditures and Transfers				
Subject to Budget				
Highways and Streets				
Contractual Services	45,202.21	15,317.32	\$ 9,000.00	\$ 6,317.32
Commodities	-	9,395.00	12,904.00	(3,509.00)
Capital Outlay	-	-	20,000.00	(20,000.00)
<b>Total Expenditures and Transfers</b>				
Subject to Budget	45,202.21	24,712.32	<b>\$ 41,904.00</b>	<b>\$ (17,191.68)</b>
Receipts Over(Under) Expenditures	(14,030.49)	5,303.27		
Unencumbered Cash, Beginning	18,654.87	4,624.38		
Unencumbered Cash, Ending	<b>\$ 4,624.38</b>	<b>\$ 9,927.65</b>		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**SPECIAL POLICE AND FIRE FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 8,143.62	\$ 8,784.23	\$ 9,220.00	\$ (435.77)
Delinquent Tax	423.35	330.91	308.00	22.91
Motor Vehicle Tax	1,866.25	1,661.88	1,750.00	(88.12)
Recreational Vehicle Tax	18.96	15.38	13.00	2.38
16/20M Vehicle Tax	17.15	16.43	16.00	0.43
Use of Money and Property Interest Income	68.04	31.82	86.00	(54.18)
<b>Total Cash Receipts</b>	<b>10,537.37</b>	<b>10,840.65</b>	<b>\$ 11,393.00</b>	<b>\$ (552.35)</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Public Safety				
Contractual Services	1,224.58	3,853.58	\$ 1,500.00	\$ 2,353.58
Commodities	296.00	1,485.00	2,500.00	(1,015.00)
Capital Outlay	10,027.90	6,905.00	20,230.00	(13,325.00)
<b>Total Expenditures and Transfers Subject to Budget</b>	<b>11,548.48</b>	<b>12,243.58</b>	<b>\$ 24,230.00</b>	<b>\$ (11,986.42)</b>
Receipts Over(Under) Expenditures	(1,011.11)	(1,402.93)		
Unencumbered Cash, Beginning	5,391.11	4,380.00		
Unencumbered Cash, Ending	\$ 4,380.00	\$ 2,977.07		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**EQUIPMENT RESERVE FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
Cash Receipts				
Use of Money and Property				
Interest Income	\$ 559.69	\$ 253.17	\$ 622.00	\$ (368.83)
Sale of Assets	8,201.00	-	-	-
Operating Transfers from:				
Electric Utility Fund	36,000.00	36,000.00	36,000.00	-
Water Utility Fund	2,500.00	3,000.00	3,000.00	-
<b>Total Cash Receipts</b>	<b>47,260.69</b>	<b>39,253.17</b>	<b>\$ 39,622.00</b>	<b>\$ (368.83)</b>
Expenditures and Transfers				
Subject to Budget				
General Government				
Capital Outlay	47,131.28	51,142.88	\$ 148,731.00	\$ (97,588.12)
<b>Total Expenditures and Transfers</b>	<b>47,131.28</b>	<b>51,142.88</b>	<b>\$ 148,731.00</b>	<b>\$ (97,588.12)</b>
Receipts Over(Under) Expenditures	129.41	(11,889.71)		
Unencumbered Cash, Beginning	69,486.62	69,616.03		
Unencumbered Cash, Ending	<b>\$ 69,616.03</b>	<b>\$ 57,726.32</b>		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**CAPITAL IMPROVEMENT FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
Cash Receipts				
Use of Money and Property				
Interest Income	\$ 30.42	\$ 61.38	\$ 32.00	\$ 29.38
Operating Transfers from:				
Electric Utility Fund	12,000.00	61,999.92	62,000.00	(0.08)
Water Utility Fund	2,500.00	3,000.00	3,000.00	-
<b>Total Cash Receipts</b>	<b>14,530.42</b>	<b>65,061.30</b>	<b>\$ 65,032.00</b>	<b>\$ 29.30</b>
Expenditures and Transfers				
Subject to Budget				
Capital Improvements				
Contractual Services	12,895.50	36,764.77	\$ 5,000.00	\$ 31,764.77
Commodities	-	23,515.59	5,000.00	18,515.59
Capital Outlay	1,188.42	5,993.91	70,568.00	(64,574.09)
<b>Total Expenditures and Transfers</b>				
Subject to Budget	14,083.92	66,274.27	<b>\$ 80,568.00</b>	<b>\$ (14,293.73)</b>
Receipts Over(Under) Expenditures	446.50	(1,212.97)		
Unencumbered Cash, Beginning	1,660.07	2,106.57		
Unencumbered Cash, Ending	<b>\$ 2,106.57</b>	<b>\$ 893.60</b>		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**MISCELLANEOUS GRANTS FUND**

Schedule 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		
Federal Grants - FEMA	\$ 22,326.30	\$ 17,981.71
Federal Grants - CDBG	12,177.00	207,140.00
Federal Grants - DOT	546,990.78	55,318.96
Federal Grants - COPS	15,000.00	-
State Grants - KHRC	710,776.96	31,463.04
State Grants - SCIP	-	82,328.00
Other Income		
Insurance Reimbursement	65,681.25	27,899.11
Other Revenues		
Reimbursed Expense	13,304.65	7,350.24
 Total Cash Receipts	 1,386,256.94	 429,481.06
 Expenditures		
Capital Improvements		
Capital Outlay	1,374,408.16	443,400.17
 Total Expenditures	 1,374,408.16	 443,400.17
 Receipts Over(Under) Expenditures	 11,848.78	 (13,919.11)
 Unencumbered Cash, Beginning	 (500.00)	 11,348.78
 Unencumbered Cash, Ending	 \$ 11,348.78	 \$ (2,570.33)

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**CITY STREET SALES TAX FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Sales Tax	\$ 57,778.67	\$ 57,101.59	\$ 60,000.00	\$ (2,898.41)
Use of Money and Property				
Interest Income	370.66	547.06	310.00	237.06
Other Revenues				
Miscellaneous	550.00	1,050.00	320.00	730.00
<b>Total Cash Receipts</b>	<b>58,699.33</b>	<b>58,698.65</b>	<b>\$ 60,630.00</b>	<b>\$ (1,931.35)</b>
Expenditures and Transfers				
Subject to Budget				
General Government				
Contractual Services	-	13,863.20	\$ -	\$ 13,863.20
Commodities	-	67,692.75	-	67,692.75
Capital Outlay	14,221.96	-	150,353.00	(150,353.00)
<b>Total Expenditures and Transfers</b>				
Subject to Budget	14,221.96	81,555.95	<b>\$ 150,353.00</b>	<b>\$ (68,797.05)</b>
Receipts Over(Under) Expenditures	44,477.37	(22,857.30)		
Unencumbered Cash, Beginning	29,915.08	74,392.45		
Unencumbered Cash, Ending	<b>\$ 74,392.45</b>	<b>\$ 51,535.15</b>		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**G.O. BOND AND INTEREST FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 18,406.76	\$ 13,487.35	\$ 14,162.00	\$ (674.65)
Delinquent Tax	940.29	762.96	711.00	51.96
Motor Vehicle Tax	4,307.58	3,777.29	3,955.00	(177.71)
Recreational Vehicle Tax	43.75	34.98	29.00	5.98
16/20M Vehicle Tax	39.72	37.88	36.00	1.88
Operating Transfers from:				
Sewer Utility Fund	105,840.36	105,848.28	105,848.00	0.28
Water Utility Fund	7,761.24	-	-	-
<b>Total Cash Receipts</b>	<b>137,339.70</b>	<b>123,948.74</b>	<b>\$ 124,741.00</b>	<b>\$ (792.26)</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Debt Service				
Principal	40,100.00	41,300.00	\$ 41,300.00	\$ -
Interest	87,006.75	82,080.76	82,081.00	(0.24)
Commissions and Postage	2.50	2.50	10.00	(7.50)
Cash Basis Reserve	-	-	70,830.00	(70,830.00)
<b>Total Expenditures and Transfers</b> Subject to Budget	<b>127,109.25</b>	<b>123,383.26</b>	<b>\$ 194,221.00</b>	<b>\$ (70,837.74)</b>
Receipts Over(Under) Expenditures	10,230.45	565.48		
Unencumbered Cash, Beginning	56,804.18	67,034.63		
Unencumbered Cash, Ending	<u>\$ 67,034.63</u>	<u>\$ 67,600.11</u>		

See accompanying independent auditors' report

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

Schedule 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 - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Operating Revenues				
User Fees	\$ 135,673.83	\$ 144,799.03	\$ 138,450.00	\$ 6,349.03
Other Sales	205.76	-	-	-
Use of Money and Property				
Interest Income	1,181.19	753.23	1,246.00	(492.77)
Other Revenues				
Miscellaneous	250.00	-	250.00	(250.00)
<b>Total Cash Receipts</b>	<b>137,310.78</b>	<b>145,552.26</b>	<b>\$ 139,946.00</b>	<b>\$ 5,606.26</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Treatment				
Personal Services	8,821.31	7,322.31	\$ 7,992.00	\$ (669.69)
Contractual Services	2,705.86	2,558.06	3,000.00	(441.94)
Commodities	417.53	728.06	1,000.00	(271.94)
Transmission and Distribution				
Personal Services	12,194.02	12,790.29	12,141.00	649.29
Contractual Services	10,187.45	8,918.45	10,500.00	(1,581.55)
Commodities	4,892.04	5,854.14	5,500.00	354.14
Operating Transfers to:				
Sewer Utility Improvement				
Reserve Fund	2,000.00	1,999.92	2,000.00	(0.08)
G. O. Bond and Interest Fund	105,840.36	105,848.28	105,848.00	0.28
<b>Total Expenditures and Transfers</b> Subject to Budget	<b>147,058.57</b>	<b>146,019.51</b>	<b>\$ 147,981.00</b>	<b>\$ (1,961.49)</b>
Receipts Over(Under) Expenditures	(9,747.79)	(467.25)		
Unencumbered Cash, Beginning	16,545.21	6,797.42		
Unencumbered Cash, Ending	<u>\$ 6,797.42</u>	<u>\$ 6,330.17</u>		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**SEWER UTILITY IMPROVEMENT RESERVE FUND**  
Schedule 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		
Operating Transfers from Sewer Utility Fund	\$ 2,000.00	\$ 1,999.92
Total Cash Receipts	<u>2,000.00</u>	<u>1,999.92</u>
Expenditures and Transfers		
Capital Improvements Capital Outlay	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u>-</u>	<u>-</u>
Receipts Over(Under) Expenditures	2,000.00	1,999.92
Unencumbered Cash, Beginning	<u>55,030.10</u>	<u>57,030.10</u>
Unencumbered Cash, Ending	<u>\$ 57,030.10</u>	<u>\$ 59,030.02</u>

See accompanying independent auditors' report

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

Schedule 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 - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Operating Revenues				
Water Sales	\$ 269,698.64	\$ 274,748.20	\$ 275,000.00	\$ (251.80)
Other Sales	4,477.37	1,284.37	1,250.00	34.37
Use of Money and Property				
Interest Income	182.95	141.54	200.00	(58.46)
Sale of Materials	-	18.00	250.00	(232.00)
Intergovernmental				
Federal Grants - KDHE	-	3,967.00	-	3,967.00
Other Revenues				
Miscellaneous	941.88	178.58	100.00	78.58
Operating Transfer from Electric Utility Fund	-	-	40,000.00	(40,000.00)
<b>Total Cash Receipts</b>	<b>275,300.84</b>	<b>280,337.69</b>	<b>\$ 316,800.00</b>	<b>\$ (36,462.31)</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Production				
Personal Services	47,272.85	43,053.39	\$ 48,388.00	\$ (5,334.61)
Contractual Services	54,003.10	58,652.71	51,000.00	7,652.71
Commodities	29,938.13	26,002.05	27,500.00	(1,497.95)
Capital Outlay	-	-	95,907.00	(95,907.00)
Transmission and Distribution				
Personal Services	33,838.17	35,909.88	33,667.00	2,242.88
Contractual Services	8,607.68	9,713.35	10,000.00	(286.65)
Commodities	8,374.23	15,797.34	10,500.00	5,297.34
Operating Transfers to:				
General Fund	9,000.08	9,000.08	10,800.00	(1,799.92)
Capital Improvement Fund	2,500.00	3,000.00	3,000.00	-
Equipment Reserve Fund	2,500.00	3,000.00	3,000.00	-

See accompanying independent auditors' report

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

Schedule 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 - Over (Under)
		Actual	Budget	
Expenditures and Transfers (Continued)				
Subject to Budget				
Operating Transfers to:				
Water Utility Improvement				
Reserve Fund	\$ 8,333.30	\$ 9,999.96	\$ 10,000.00	\$ (0.04)
Water Utility Bond Reserve Fund	9,000.00	9,000.00	9,000.00	-
Water Utility Bond and				
Interest Fund	53,989.92	53,394.96	53,395.00	(0.04)
G.O. Bond and Interest Fund	7,761.24	-	-	-
Total Expenditures and Transfers	<u>275,118.70</u>	<u>276,523.72</u>	<u>\$ 366,157.00</u>	<u>\$ (89,633.28)</u>
Subject to Budget				
Receipts Over(Under) Expenditures	182.14	3,813.97		
Unencumbered Cash, Beginning	<u>9,324.55</u>	<u>9,506.69</u>		
Unencumbered Cash, Ending	<u>\$ 9,506.69</u>	<u>\$ 13,320.66</u>		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**WATER UTILITY IMPROVEMENT RESERVE FUND**  
Schedule 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		
Operating Transfers from Water Utility Fund	\$ 8,333.30	\$ 9,999.96
Total Cash Receipts	<u>8,333.30</u>	<u>9,999.96</u>
Expenditures		
Capital Improvements Capital Outlay	<u>8,898.48</u>	<u>-</u>
Total Expenditures	<u>8,898.48</u>	<u>-</u>
Receipts Over(Under) Expenditures	(565.18)	9,999.96
Unencumbered Cash, Beginning	<u>9,413.72</u>	<u>8,848.54</u>
Unencumbered Cash, Ending	<u>\$ 8,848.54</u>	<u>\$ 18,848.50</u>

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**WATER UTILITY BOND AND INTEREST FUND**  
Schedule 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		
Operating Transfers from Water Utility Fund	\$ 53,989.92	\$ 53,394.96
Total Cash Receipts	53,989.92	53,394.96
Expenditures		
Debt Service		
Principal	35,000.00	35,000.00
Interest	19,585.00	18,395.00
Commission & Postage	2.50	6.25
Total Expenditures	54,587.50	53,401.25
Receipts Over(Under) Expenditures	(597.58)	(6.29)
Unencumbered Cash, Beginning	18,995.24	18,397.66
Unencumbered Cash, Ending	\$ 18,397.66	\$ 18,391.37

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**WATER UTILITY BOND RESERVE FUND**  
Schedule 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		
Operating Transfers from Water Utility Fund	\$ 9,000.00	\$ 9,000.00
Total Cash Receipts	<u>9,000.00</u>	<u>9,000.00</u>
Expenditures		
Capital Improvements		
Contractual Services	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over(Under) Expenditures	9,000.00	9,000.00
Unencumbered Cash, Beginning	<u>50,250.00</u>	<u>59,250.00</u>
Unencumbered Cash, Ending	<u>\$ 59,250.00</u>	<u>\$ 68,250.00</u>

See accompanying independent auditors' report

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

Schedule 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 - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Operating Revenues				
Electric Sales	\$ 1,587,275.06	\$ 1,510,708.59	\$ 1,560,000.00	\$ (49,291.41)
Other Sales	1,054.45	900.00	-	900.00
Use of Money and Property				
Interest Income	3,165.64	2,701.36	3,322.00	(620.64)
Other Revenues				
Reconnect Fee	80.00	150.00	150.00	-
Bad Debt Recovery	1,426.26	1,994.69	1,250.00	744.69
Miscellaneous	85.00	1,793.91	250.00	1,543.91
Reimbursed Expenses	50.00	50.00	-	50.00
<b>Total Cash Receipts</b>	<b>1,593,136.41</b>	<b>1,518,298.55</b>	<b>\$ 1,564,972.00</b>	<b>\$ (46,673.45)</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Production				
Personal Services	14,646.42	10,676.11	\$ 12,953.00	\$ (2,276.89)
Contractual Services	744,330.92	744,082.10	854,800.00	(110,717.90)
Commodities	6,060.19	3,545.98	10,000.00	(6,454.02)
Capital Outlay	4,116.70	3,641.40	50,000.00	(46,358.60)
Transmission and Distribution				
Personal Services	93,640.10	94,783.13	92,224.00	2,559.13
Contractual Services	32,023.10	29,460.98	50,000.00	(20,539.02)
Commodities	11,369.40	13,787.42	15,000.00	(1,212.58)
Capital Outlay	4,116.71	3,641.41	276,532.00	(272,890.59)
Debt Service				
Lease Purchase - Elec Dist Improv	23,883.74	-	-	-
Lease Purchase - Power Plant	87,393.72	87,393.72	87,394.00	(0.28)
Lease Purchase - 2007 Elec Dist	60,220.32	-	17,704.00	(17,704.00)
Lease Purchase - Bucket Truck	6,055.16	-	6,055.00	(6,055.00)
Bond Principal	170,000.00	-	-	-
Bond Interest	270.40	-	-	-

See accompanying independent auditors' report

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

Schedule 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 - Over (Under)
		Actual	Budget	
Expenditures and Transfers Subject to Budget				
Operating Transfers to:				
General Fund	\$ 206,000.00	\$ 196,000.40	\$ 196,000.00	\$ 0.40
Capital Improvement Fund	12,000.00	61,999.92	62,000.00	(0.08)
Equipment Reserve Fund	36,000.00	36,000.00	36,000.00	-
Water Utility Fund	-	-	40,000.00	(40,000.00)
Electric Utility II Fund	-	-	60,000.00	(60,000.00)
Electric Utility Improvement Reserve Fund	30,000.00	30,000.00	30,000.00	-
Total Expenditures and Transfers Subject to Budget	<u>1,542,126.88</u>	<u>1,315,012.57</u>	<u>\$ 1,896,662.00</u>	<u>\$ (581,649.43)</u>
Receipts Over(Under) Expenditures	51,009.53	203,285.98		
Unencumbered Cash, Beginning	<u>302,394.43</u>	<u>353,403.96</u>		
Unencumbered Cash, Ending	<u>\$ 353,403.96</u>	<u>\$ 556,689.94</u>		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**ELECTRIC UTILITY II FUND**

Schedule 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 - Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Revenues				
Wholesale Electric Sales	\$ 890,236.90	\$ 889,809.98	\$ 900,000.00	\$ (10,190.02)
Use of Money and Property				
Interest Income	223.90	89.07	382.00	(292.93)
Other Revenues				
Reimbursed Expense	497.66	-	-	-
Operating Transfers from Electric Utility II Depreciation and Replacement Fund	-	9,000.00	60,000.00	(51,000.00)
<b>Total Cash Receipts</b>	<b>890,958.46</b>	<b>898,899.05</b>	<b>\$ 960,382.00</b>	<b>\$ (61,482.95)</b>
Expenditures and Transfers Subject to Budget				
Operation and Maintenance				
Personal Services	25,289.28	17,814.29	\$ 33,243.00	\$ (15,428.71)
Contractual Services	81,286.58	100,675.65	89,000.00	11,675.65
Commodities	2,251.50	5,310.22	19,000.00	(13,689.78)
Capital Outlay	-	-	8,975.00	(8,975.00)
Operating Transfers to:				
Electric Utility II Debt Service Fund	787,457.00	792,492.63	793,555.00	(1,062.37)
Electric Utility II Depreciation and Replacement Fund	20,719.92	20,719.92	20,720.00	(0.08)
<b>Total Expenditures and Transfers Subject to Budget</b>	<b>917,004.28</b>	<b>937,012.71</b>	<b>\$ 964,493.00</b>	<b>\$ (27,480.29)</b>
Receipts Over(Under) Expenditures	(26,045.82)	(38,113.66)		
Unencumbered Cash, Beginning	64,780.25	38,734.43		
Unencumbered Cash, Ending	<u>\$ 38,734.43</u>	<u>\$ 620.77</u>		

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**ELECTRIC UTILITY IMPROVEMENT RESERVE FUND**

Schedule 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		
Operating Transfers from Electric Utility Fund	\$ 30,000.00	\$ 30,000.00
Total Cash Receipts	30,000.00	30,000.00
Expenditures		
Capital Improvements		
Contractual Services	12,988.12	-
Commodities	20,527.49	-
Total Expenditures	33,515.61	-
Receipts Over(Under) Expenditures	(3,515.61)	30,000.00
Unencumbered Cash, Beginning	88,373.74	84,858.13
Unencumbered Cash, Ending	\$ 84,858.13	\$ 114,858.13

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**ELECTRIC UTILITY II DEPRECIATION AND REPLACEMENT FUND**  
Schedule 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 Income	\$ 1,037.30	\$ 476.39
Operating Transfers from Electric Utility II Fund	20,719.92	20,719.92
Total Cash Receipts	21,757.22	21,196.31
Expenditures		
Capital Improvements		
Contractual Services	54,713.36	28,840.89
Commodities	-	3,325.30
Operating Transfers to Electric Utility II Fund	-	9,000.00
Total Expenditures	54,713.36	41,166.19
Receipts Over(Under) Expenditures	(32,956.14)	(19,969.88)
Unencumbered Cash, Beginning	133,572.17	100,616.03
Unencumbered Cash, Ending	\$ 100,616.03	\$ 80,646.15

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**ELECTRIC UTILITY II DEBT SERVICE FUND**  
Schedule 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 Income	\$ 1,715.38	\$ 1,062.33
Operating Transfers from Electric Utility II Fund	787,457.00	792,492.63
Total Cash Receipts	789,172.38	793,554.96
Expenditures		
Debt Service		
Principal	265,000.00	270,000.00
Interest	522,456.88	523,555.00
Total Expenditures	787,456.88	793,555.00
Receipts Over(Under) Expenditures	1,715.50	(0.04)
Unencumbered Cash, Beginning	391,933.75	393,649.25
Unencumbered Cash, Ending	\$ 393,649.25	\$ 393,649.21

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**ELECTRIC UTILITY II BOND RESERVE FUND**  
Schedule 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 Income	\$ 1,307.28	\$ 880.61
Total Cash Receipts	<u>1,307.28</u>	<u>880.61</u>
Expenditures		
Capital Improvements		
Capital Outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over(Under) Expenditures	1,307.28	880.61
Unencumbered Cash, Beginning	<u>176,860.21</u>	<u>178,167.49</u>
Unencumbered Cash, Ending	<u>\$ 178,167.49</u>	<u>\$ 179,048.10</u>

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**SECURITY DEPOSITS FUND**

Schedule 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		
Deposits Collected	\$ 13,105.00	\$ 7,855.00
Total Cash Receipts	13,105.00	7,855.00
Expenditures		
Refundable Deposits	15,698.01	9,574.75
Total Expenditures	15,698.01	9,574.75
Receipts Over(Under) Expenditures	(2,593.01)	(1,719.75)
Unencumbered Cash, Beginning	4,778.33	2,185.32
Unencumbered Cash, Ending	\$ 2,185.32	\$ 465.57

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**AGENCY FUNDS**  
Schedule of Cash Receipts and Expenditures  
For the Year Ended December 31, 2011

	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Utility Sales Tax	\$ 5,291.64	\$ 55,513.59	\$ 56,706.60	\$ 4,098.63
CMB Stamp Tax	100.00	150.00	150.00	100.00
Water Protection Fees	-	1,077.29	1,077.29	-
Sanitation Clearing	5,718.52	69,462.69	69,205.93	5,975.28
VIN Inspections	2,791.95	8,720.00	8,091.50	3,420.45
ADSAP Fees	1,025.00	-	-	1,025.00
Cemetery Perpetual Care	15,742.66	680.60	176.69	16,246.57
Payroll Clearing Fund	495.09	127,956.37	128,451.46	-
ISF Check Clearing Fund	(97.00)	2,828.18	2,909.65	(178.47)
Insurance Proceeds	5,000.00	-	5,000.00	-
<b>Total Agency Funds</b>	<b>\$ 36,067.86</b>	<b>\$ 266,388.72</b>	<b>\$ 271,769.12</b>	<b>\$ 30,687.46</b>

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**ERIE PUBLIC LIBRARY**

Schedule 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 Revenue		
SEK Library Association	\$ 5,411.00	\$ 5,392.00
City of Erie	31,415.97	32,414.61
State Aid	652.00	564.00
Use of Money and Property		
Interest Income	12.86	26.54
Room Rental	1,825.00	1,835.00
Book Fines and Copier Fees	1,193.27	937.49
Other Revenues		
Grants	2,000.00	890.00
Miscellaneous	732.95	449.60
Donations	1,670.00	1,423.00
	44,913.05	43,932.24
Total Cash Receipts		
Expenditures		
Culture and Recreation		
Personal Services	31,466.45	35,902.52
Contractual Services	2,550.05	1,561.65
Commodities	8,013.98	4,723.66
Capital Outlay	5,329.24	-
	47,359.72	42,187.83
Total Expenditures		
Receipts Over(Under) Expenditures	(2,446.67)	1,744.41
Unencumbered Cash, Beginning	1,274.27	(1,172.40)
Unencumbered Cash, Ending	\$ (1,172.40)	\$ 572.01

See accompanying independent auditors' report

**CITY OF ERIE, KANSAS**  
**ERIE RECREATION COMMISSION**

Schedule 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 Revenue		
Appropriation from City	\$ 15,708.00	\$ 16,301.60
Appropriation from School	1,200.00	1,873.31
Use of Money and Property		
Fees Charged	8,369.42	16,469.25
Interest Income	15.56	8.50
	<u>25,292.98</u>	<u>34,652.66</u>
 Expenditures		
Culture and Recreation		
Personal Services	5,680.00	11,012.38
Contractual Services	1,236.64	2,238.15
Commodities	15,621.10	27,979.71
Capital Outlay	3,728.47	2,438.35
	<u>26,266.21</u>	<u>43,668.59</u>
 Total Expenditures		
	<u>26,266.21</u>	<u>43,668.59</u>
 Receipts Over(Under) Expenditures	(973.23)	(9,015.93)
 Unencumbered Cash, Beginning	<u>28,470.78</u>	<u>27,497.55</u>
 Unencumbered Cash, Ending	<u>\$ 27,497.55</u>	<u>\$ 18,481.62</u>

See accompanying independent auditors' report