

Financial Statements

CITY OF SHARON SPRINGS
Sharon Springs, Kansas

For the Year Ended December 31, 2011

CITY OF SHARON SPRINGS, KANSAS

**FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

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GUDENKAUF & MALONE, INC.

Shareholder

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Shareholder

James Malone, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Sharon Springs
Sharon Springs, Kansas

We have audited the accompanying financial statements of the City of Sharon Springs, Sharon Springs, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Sharon Springs' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial or summarized comparative information has been derived from the City's 2010 financial statements and, in our report dated August 12, 2011, we expressed an unqualified opinion on the basic financial statements of the City's primary government.

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

The financial statements do not include financial data for the City of Sharon Springs' legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for financial reporting entity that include the financial data for its component units. The City of Sharon Springs has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note 1, the City of Sharon Springs, Sharon Springs, Kansas, has prepared these financial statements using accounting practices prescribed or permitted 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 effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Further, in our opinion, because of the omission of the discretely presented component units, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Sharon Springs as of December 31, 2011, the changes in its financial position.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Primary Government of the City of Sharon Springs, Sharon Springs, Kansas, as of December 31, 2011, and its cash receipts and disbursements, and budgetary results for the year then ended on the basis of accounting described in Note 1.

Gudenkauf & Malone, Inc.
Russell, Kansas
July 27, 2012

CITY OF SHARON SPRINGS, KANSAS

Statement 1

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
General Fund	\$ 318,727	\$ 381,060	\$ 374,336	\$ 325,451	\$ 18,167	\$ 343,618
Special Revenue Funds						
Employee Benefits	38,578	32,710	23,099	48,189	40	48,229
Library	-	17,762	16,747	1,015	-	1,015
Special Highway	28,914	18,348	42,200	5,062	-	5,062
Equipment Reserve	162,281	50,955	56,104	157,132	-	157,132
Capital Improvements	99,105	10,715	8,108	101,712	-	101,712
Tire Disposal Management	78	397	183	292	-	292
Convention & Tourism	25,886	12,264	11,298	26,852	5,425	32,277
Landfill Closure	180,465	21,646	-	202,111	-	202,111
Fire Department Reserve	42,647	24,536	15,801	51,382	-	51,382
CDBG Housing Grant	1	-	1	-	-	-
Enterprise Funds						
Sewer Utility	244,751	47,121	37,275	254,597	1,556	256,153
Water Utility	126,690	179,434	185,879	120,245	19,294	139,539
Electric Utility	241,528	898,477	925,268	214,737	25,043	239,780
Trust Funds						
Payroll Withholding Fund	-	55,853	55,853	-	-	-
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,509,651</u>	<u>\$ 1,751,278</u>	<u>\$ 1,752,152</u>	<u>\$ 1,508,777</u>	<u>\$ 69,525</u>	<u>\$ 1,578,302</u>

Composition of Cash

Checking Account	\$ 725,240
Certificate of Deposits	\$ 850,000
Savings	\$ 2,462
Petty Cash	\$ 600
Total Cash	<u>\$ 1,578,302</u>
Agency funds per Statement 4	-
Reporting Entity Excluding Agency Funds	<u>\$ 1,578,302</u>

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

CITY OF SHARON SPRINGS, KANSAS

Statement 2

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

Funds	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Under (Over)
General Fund	\$ 787,120	\$ 374,336	\$ 412,784
Special Revenue Funds			
Employee Benefits	56,089	23,099	32,990
Library	16,747	16,747	-
Special Highway	103,792	42,200	61,592
Tire Disposal	1,573	183	1,390
Convention & Tourism	35,636	11,298	24,338
Landfill Closure	219,770	-	219,770
Enterprise Funds			
Sewer Utility	286,248	37,275	248,973
Water Utility	300,401	185,879	114,522
Electric Utility	1,020,775	925,268	95,507

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-1

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

GENERAL FUND

	Current Year		Variance Under (Over)	Prior Year Actual
	Actual	Budget		
Cash Receipts				
Taxes				
Ad Valorem Property Tax	202,606	\$ 204,915	\$ (2,309)	190,618
Delinquent Tax	10,998	-	10,998	2,845
Motor Vehicle Tax	44,856	43,936	920	42,367
Recreational Vehicle Tax	550	660	(110)	745
16/20M Vehicle Tax	1,859	1,316	543	1,250
Licenses and Permits				
Utility Franchise Fees	17,592	20,000	(2,408)	17,088
Occupational Licenses	500	1,000	(500)	550
Building Permits	129	500	(371)	155
Dog Licenses	125	250	(125)	167
Dance Permits	5	50	(45)	10
Municipal Court	2,815	10,000	(7,185)	6,287
Use of Money and Property				
Interest on Idle Funds	9,181	20,000	(10,819)	6,013
Miscellaneous				
Reimbursements	85,568	90,000	(4,432)	75,753
Sale of Materials, Equip, Lots	4,276	5,000	(724)	12,035
Equipment Rental	-	1,000	(1,000)	-
Transfer from Electric Utility	-	70,000	(70,000)	70,000
Park Improvement	-	-	-	1,788
Other	-	-	-	702
Total Cash Receipts	<u>\$ 381,060</u>	<u>\$ 468,627</u>	<u>\$ (87,567)</u>	<u>\$ 428,373</u>

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-1

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

GENERAL FUND

	Current Year		Variance Under (Over)	Prior Year Actual
	Actual	Budget		
Expenditures				
General Government				
Personal Services	17,400	\$ 35,000	\$ 17,600	9,188
Contractual Services	18,444	30,000	11,556	32,609
Commodities	1,187	10,000	8,813	8,449
Capital Outlay	-	15,000	15,000	-
Transfer to Fire Equipment Reserve	24,294	15,000	(9,294)	20,706
Total General Government	61,325	105,000	43,675	70,952
Administrative Office				
Personal Services	16,531	20,000	3,469	8,708
Contractual Services	9,891	15,000	5,109	5,286
Commodities	6,137	10,000	3,863	4,220
Capital Outlay	-	5,000	5,000	-
Total Administrative Office	32,559	50,000	17,441	18,214
Police Department				
Contractual Services	55,000	65,000	10,000	55,104
Commodities	94	500	406	-
Total Police Department	55,094	65,500	10,406	55,104
Fire Department				
Contractual Services	4,843	10,000	5,157	5,318
Commodities	6,304	7,500	1,196	6,121
Total Fire Department	11,147	17,500	6,353	11,439

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-1

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

GENERAL FUND

	Current Year		Variance Under (Over)	Prior Year Actual
	Actual	Budget		
Expenditures (Continued)				
Street Department				
Personal Services	68,904	80,000	11,096	71,725
Contractual Services	12,020	20,000	7,980	6,128
Commodities	23,613	65,000	41,387	22,839
Capital Outlay	14,035	139,620	125,585	-
Total Street Department	118,572	304,620	186,048	100,692
Park Department				
Personal Services	4,888	15,000	10,112	7,201
Contractual Services	1,874	7,500	5,626	617
Commodities	4,300	10,000	5,700	3,190
Total Park Department	11,062	32,500	21,438	11,008
Landfill				
Personal Services	36,498	60,000	23,502	37,268
Contractual Services	30,871	50,000	19,129	37,813
Commodities	12,887	20,000	7,113	16,644
Total Landfill	80,256	130,000	49,744	91,725
Municipal Court				
Personal Services	3,000	9,000	6,000	3,000
Contractual Services	503	15,000	14,497	7,070
Commodities	520	2,500	1,980	1,114
Total Municipal Court	4,023	26,500	22,477	11,184

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-1

STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET

For the Year Ended December 31, 2011

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

GENERAL FUND

	Current Year		Variance Under (Over)	Prior Year Actual
	Actual	Budget		
Expenditures (Continued)				
Animal Control				
Contractual Services	246	2,500	2,254	1,815
Commodities	52	500	448	49
	<u>298</u>	<u>3,000</u>	<u>2,702</u>	<u>1,864</u>
Total Animal Control				
Housing Authority				
Contractual Services	-	40,000	40,000	6,000
Total Housing Authority	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>6,000</u>
Governing Body: Contract Services				
Economic Development	-	12,000	12,000	-
Domestic Violence	-	500	500	-
Total Governing Body: Contract Services	<u>-</u>	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Park Improvement				
Contractual Services	-	-	-	4,686
Commodities	-	-	-	1,701
Total Park Improvement	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,387</u>
Total Expenditures	<u>374,336</u>	<u>\$ 787,120</u>	<u>\$ 412,784</u>	<u>384,569</u>
Receipts Over (Under) Expenditures	6,724			43,804
Unencumbered Cash, Beginning	<u>318,727</u>			<u>274,923</u>
Unencumbered Cash, Ending	<u>\$ 325,451</u>			<u>\$ 318,727</u>

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-2

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

EMPLOYEE BENEFITS FUND

	Current Year		Variance Under (Over)	Prior Year Actual
	Actual	Budget		
Cash Receipts				
Ad Valorem Tax	\$ 25,353	\$ 25,635	\$ (282)	\$ 24,134
Delinquent Tax	1,423	-	1,423	187
Motor Vehicle Tax	4,454	5,630	(1,176)	2,247
16/20M Vehicle Tax	46	166	(120)	164
Reimbursed Expenses	1,434	-	1,434	1,535
Total Cash Receipts	<u>32,710</u>	<u>\$ 31,431</u>	<u>\$ 1,279</u>	<u>28,267</u>
Expenditures				
Employer Contributions	<u>23,099</u>	<u>\$ 56,089</u>	<u>\$ 32,990</u>	<u>27,552</u>
Receipts Over (Under) Expenditures	9,611			715
Unencumbered Cash, Beginning	<u>38,578</u>			<u>37,863</u>
Unencumbered Cash, Ending	<u>\$ 48,189</u>			<u>\$ 38,578</u>

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-3

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

LIBRARY FUND

	Current Year		Variance Under (Over)	Prior Year Actual
	Actual	Budget		
Cash Receipts				
Ad Valorem Tax	\$ 13,481	\$ 13,633	\$ (152)	\$ 12,931
Delinquent Tax	800	-	800	191
Motor Vehicle Tax	3,121	3,069	52	2,903
Recreational Vehicle Tax	37	45	(8)	49
Other	323	-	323	-
Total Cash Receipts	<u>17,762</u>	<u>\$ 16,747</u>	<u>\$ 1,015</u>	<u>16,074</u>
Expenditures				
Library Board	<u>16,747</u>	<u>\$ 16,747</u>	<u>\$ -</u>	<u>16,074</u>
Receipts Over (Under) Expenditures	1,015			-
Unencumbered Cash, Beginning	<u>-</u>			<u>-</u>
Unencumbered Cash, Ending	<u>\$ 1,015</u>			<u>\$ -</u>

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-4

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

SPECIAL HIGHWAY FUND

	Current Year			
	Actual	Budget	Variance Under (Over)	Prior Year Actual
Cash Receipts				
Intergovernmental-State of Kansas	\$ 18,348	\$ 18,410	\$ (62)	\$ 17,659
Expenditures				
Contractual Services	42,200	\$ 103,792	\$ 61,592	59,277
Receipts Over (Under) Expenditures	(23,852)			(41,618)
Unencumbered Cash, Beginning	28,914			70,532
Unencumbered Cash, Ending	\$ 5,062			\$ 28,914

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-5

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ACTUAL

For the Year Ended December 31, 2011

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

EQUIPMENT RESERVE FUND

	Current Year Actual	Prior Year Actual
Cash Receipts		
Interest Income	\$ 955	\$ 865
Wallace County Landfill Allocation	-	25,566
Transfer from Electric Utility	50,000	20,000
	<hr/>	<hr/>
Total Cash Receipts	50,955	46,431
	<hr/>	<hr/>
Expenditures		
Capital Outlay	56,104	66,672
	<hr/>	<hr/>
Total Expenditures	56,104	66,672
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	(5,149)	(20,241)
	<hr/>	<hr/>
Unencumbered Cash, Beginning	162,281	182,522
	<hr/>	<hr/>
Unencumbered Cash, Ending	<u>\$ 157,132</u>	<u>\$ 162,281</u>

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-6

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ACTUAL

For the Year Ended December 31, 2011

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

CAPITAL IMPROVEMENTS FUND

	Current Year Actual	Prior Year Actual
Cash Receipts		
Interest Income	\$ 715	\$ 796
Transfer from Electric Utility	10,000	10,000
Total Cash Receipts	<u>10,715</u>	<u>10,796</u>
Expenditures		
Capital Outlay	<u>8,108</u>	<u>89,167</u>
Receipts Over (Under) Expenditures	2,607	(78,371)
Unencumbered Cash, Beginning	<u>99,105</u>	<u>177,476</u>
Unencumbered Cash, Ending	<u><u>\$ 101,712</u></u>	<u><u>\$ 99,105</u></u>

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-7

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL**

For the Year Ended December 31, 2011

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

TIRE DISPOSAL MANAGEMENT FUND

	Current Year		Variance Under (Over)	Prior Year Actual
	Actual	Budget		
Cash Receipts				
Interest on Idle Funds	\$ 121	\$ 175	\$ (54)	\$ 84
Fees	276	1,000	(724)	194
Total Cash Receipts	<u>397</u>	<u>\$ 1,175</u>	<u>\$ (778)</u>	<u>278</u>
Expenditures				
Contractual Services	<u>183</u>	<u>\$ 1,573</u>	<u>\$ 1,390</u>	<u>1,063</u>
Receipts Over (Under) Expenditures	214			(785)
Unencumbered Cash, Beginning	<u>78</u>			<u>863</u>
Unencumbered Cash, Ending	<u>\$ 292</u>			<u>\$ 78</u>

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-8

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

CONVENTION & TOURISM PROMOTION FUND

	Current Year			
	Actual	Budget	Variance Under (Over)	Prior Year Actual
Cash Receipts				
Transient Guest Tax	\$ 12,264	\$ 10,000	\$ 2,264	\$ 10,174
Total Cash Receipts	12,264	\$ 10,000	\$ 2,264	10,174
Expenditures				
Promotional Expense	11,298	\$ 35,636	\$ 24,338	7,424
Receipts Over (Under) Expenditures	966			2,750
Unencumbered Cash, Beginning	25,886			23,136
Unencumbered Cash, Ending	\$ 26,852			\$ 25,886

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-9

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

LANDFILL CLOSURE FUND

	Current Year			Prior Year Actual
	Actual	Budget	Variance Under (Over)	
Cash Receipts				
Reimbursed expenses	\$ 20,338	\$ 32,500	\$ (12,162)	\$ 27,093
Interest on Idle Funds	1,308	1,100	208	802
Total Cash Receipts	<u>21,646</u>	<u>\$ 33,600</u>	<u>\$ (11,954)</u>	<u>27,895</u>
Expenditures				
Capital Outlay	<u>-</u>	<u>\$ 219,770</u>	<u>\$ 219,770</u>	<u>-</u>
Receipts Over (Under) Expenditures	21,646			27,895
Unencumbered Cash, Beginning	<u>180,465</u>			<u>152,570</u>
Unencumbered Cash, Ending	<u>\$ 202,111</u>			<u>\$ 180,465</u>

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-10

STATEMENT OF CASH RECEIPTS AND EXPENDITURES

ACTUAL

For the Year Ended December 31, 2011

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

FIRE DEPARTMENT RESERVE

	Current Year Actual	Prior Year Actual
Cash Receipts		
Transfer from General Operating	\$ 24,294	\$ 20,706
Interest from Idle Funds	242	285
Total Cash Receipts	24,536	20,991
Expenditures		
Capital Outlay	15,801	62,491
Receipts Over (Under) Expenditures	8,735	(41,500)
Unencumbered Cash, Beginning	42,647	84,147
Unencumbered Cash, Ending	<u>\$ 51,382</u>	<u>\$ 42,647</u>

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-11

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
ACTUAL

For the Year Ended December 31, 2011

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

CDBG HOUSING GRANT

	Current Year Actual	Prior Year Actual
Cash Receipts		
Grant Money Received from State	\$ -	\$ 81,366
Expenditures		
Capital Outlay	1	81,365
Receipts Over (Under) Expenditures	(1)	1
Unencumbered Cash, Beginning	1	-
Unencumbered Cash, Ending	\$ -	\$ 1

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-12

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

SEWER UTILITY FUND

	Current Year			
	Actual	Budget	Variance Under (Over)	Prior Year Actual
Cash Receipts				
Sewer Charges	\$ 46,771	\$ 50,000	\$ (3,229)	\$ 47,208
Other	350	1,000	(650)	1,982
Special Assessments	-	500	(500)	-
Total Cash Receipts	47,121	\$ 51,500	\$ (4,379)	49,190
Expenditures				
Collection Maintenance				
Contractual Services	572	\$ 15,000	\$ 14,428	1,775
Commodities	11,178	15,000	3,822	3,413
Capital Outlay	-	150,000	150,000	-
General Administration				
Personal Services	18,530	35,000	16,470	16,516
Contractual Services	6,099	10,000	3,901	4,325
Commodities	896	10,000	9,104	858
Capital Outlay	-	51,248	51,248	-
Total Expenditures	37,275	\$ 286,248	\$ 248,973	26,887
Receipts Over (Under) Expenditures	9,846			22,303
Unencumbered Cash, Beginning	244,751			222,448
Unencumbered Cash, Ending	\$ 254,597			\$ 244,751

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-13

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

WATER UTILITY FUND

	Current Year		Variance Under (Over)	Prior Year Actual
	Actual	Budget		
Cash Receipts				
Water Sales	\$ 169,263	\$ 165,000	\$ 4,263	\$ 166,103
Meter Deposits	625	1,500	(875)	1,000
Penalties	784	1,000	(216)	816
Connect and Disconnects	348	1,000	(652)	354
Installation Charges	-	2,500	(2,500)	469
Sale of Materials	4,390	2,500	1,890	2,655
Reimbursed Expenses	4,024	1,000	3,024	1,049
Other	-	250	(250)	70
Total Cash Receipts	<u>179,434</u>	<u>\$ 174,750</u>	<u>\$ 4,684</u>	<u>172,516</u>
Expenditures				
Production				
Contractual Services	628	\$ 15,000	\$ 14,372	3,515
Commodities	20,210	20,000	(210)	30,784
Capital Outlay	-	25,000	25,000	-
Transmission and Distribution				
Personal Services	25,981	35,000	9,019	24,753
Contractual Services	6,165	20,000	13,835	9,098
Commodities	18,455	30,000	11,545	16,773
Capital Outlay	-	25,163	25,163	-
General Administration				
Personal Services	60,118	60,000	(118)	52,858
Contractual Services	9,856	10,000	144	5,477
Commodities	4,458	10,000	5,542	6,404
Capital Outlay	-	-	-	-
Debt Service	28,265	47,138	18,873	47,138

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-13

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

With Comparative Actual Totals for the Prior Year Ended Decmeber 31, 2010

WATER UTILITY FUND

	Current Year		Variance	Prior
	Actual	Budget	Under	Year
			(Over)	Actual
Expenditures (Continued)				
Other	13	1,600	1,587	12
Deposit Refund	11,730	1,500	(10,230)	940
Total Expenditures	185,879	\$ 300,401	\$ 114,522	197,752
Receipts Over (Under) Expenditures	(6,445)			(25,236)
Unencumbered Cash, Beginning	126,690			151,926
Unencumbered Cash, Ending	\$ 120,245			\$ 126,690

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-14

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

ELECTRIC UTILITY FUND

	Current Year		Variance Under (Over)	Prior Year Actual
	Actual	Budget		
Cash Receipts				
Charges for Services	\$ 846,661	\$ 800,000	\$ 46,661	\$ 774,805
Reimbursed Expenses	6,491	12,000	(5,509)	14,291
Connects/Disconnects	407	1,000	(593)	384
Penalties	3,497	6,000	(2,503)	3,733
Deposits	15,655	7,500	8,155	5,650
Sales of Materials	22,093	10,000	12,093	10,023
Equipment Rental	1,440	2,500	(1,060)	4,090
Interest on Investments	-	-	-	8,257
Other	2,233	4,000	(1,767)	-
Total Cash Receipts	<u>898,477</u>	<u>\$ 843,000</u>	<u>\$ 55,477</u>	<u>821,233</u>
Expenditures				
Production				
Personal Services	18,946	\$ 65,000	\$ 46,054	20,935
Contractual Services	108,587	50,000	(58,587)	22,228
Commodities	536,285	500,000	(36,285)	455,986
Capital Outlay	-	50,000	50,000	-
Transmission and Distribution				
Personal Services	32,376	55,000	22,624	33,634
Contractual Services	13,008	20,000	6,992	7,554
Commodities	45,444	20,000	(25,444)	14,221
Capital Outlay	-	28,275	28,275	-
General Administration				
Personal Services	78,639	85,000	6,361	74,087
Contractual Services	10,426	15,000	4,574	8,728
Commodities	16,980	15,000	(1,980)	12,859
Capital Outlay	-	5,000	5,000	-

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

CITY OF SHARON SPRINGS, KANSAS

Statement 3-14

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES
ACTUAL AND BUDGET**

For the Year Ended December 31, 2011

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

ELECTRIC UTILITY FUND

	Current Year		Variance	Prior
	Actual	Budget	Under	Year
			(Over)	Actual
Expenditures (Continued)				
Other				
Sales Tax	-	4,000	4,000	-
Interest on Deposits	66	1,000	934	57
Deposit Refund	4,475	7,500	3,025	5,715
Miscellaneous Expense	36	-	(36)	-
Transfer to General	-	70,000	70,000	70,000
Transfer to Equipment Reserve	50,000	20,000	(30,000)	20,000
Transfer to Capital Improvement	10,000	10,000	-	10,000
Total Expenditures	925,268	\$ 1,020,775	\$ 95,507	756,004
Receipts Over (Under) Expenditures	(26,791)			65,229
Unencumbered Cash, Beginning	241,528			176,299
Unencumbered Cash, Ending	\$ 214,737			\$ 241,528

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

CITY OF SHARON SPRINGS, KANSAS

Statement 4-1

**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
ACTUAL**

For the Year Ended December 31, 2011

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

PAYROLL WITHHOLDING FUND

	Current Year Actual	Prior Year Actual
Cash Receipts		
Withholding	\$ 55,853	\$ 61,331
Expenditures		
Payments	55,853	61,331
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

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

Note 1: Summary of Significant Accounting Policies

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The more significant of the City's accounting policies are described below.

Financial Reporting Entity

The City of Sharon Springs, Kansas was organized in 1888 and operates as a third class city in accordance with the laws of the State of Kansas. The City has a population of approximately 850 and is governed by an elected mayor and five-member council. This report includes all services provided by the City to residents and businesses within its boundaries. Services provided include police and fire protection, highways and streets, sanitation, culture and recreation, planning and zoning, public improvements and general administrative services. In addition the City owns and operates three major enterprise activities: an electrical system, a water system and a local sewer system.

The financial statements of the City present only the funds of the City, the primary government, and do not include the financial statements of its component units. The City has oversight responsibility for other governmental entities based on the significance of their operational and/or financial relationships with the city. Those component units include the City of Sharon Springs Library Board and City of Sharon Springs Housing Authority.

The component units, City of Sharon Springs Library Board and City of Sharon Springs Housing Authority, have not been audited by certified public accountants.

Basis of Accounting

Statutory Basis of Accounting. The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, 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. 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 municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Note 1: Summary of Significant Accounting Policies - Continued

Departure 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 noncash 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 statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

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. The operations of each fund are accounted for separately. Funds are classified into three categories: governmental, proprietary and fiduciary. Within each of these three categories there are one or more fund types. The City uses the following fund types:

Governmental Funds

General Fund – The general fund is the general operating fund of the city and accounts for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds – The special revenue funds are used 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.

Capital Projects Funds – The capital projects funds account for specific revenue sources for major capital projects.

Note 1: Summary of Significant Accounting Policies - Continued

Proprietary Funds

Enterprise Funds – Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost 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 – Fiduciary funds account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, private organizations and/or other funds. These include expendable trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods are recorded as expenses during the year of purchase as required by state statutes.

Note 2: 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 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 final budget on or before August 25th.

The statutes allow 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

Note 2: Budgetary Information - Continued

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 during 2011.

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

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, 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, Capital Improvements fund, and Fire Department Reserve.

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.

Note 3: Reimbursed Expenses

The City of Sharon Springs records reimbursable expenditures (or expense) in the fund that makes the disbursement and record reimbursements as revenue of the fund. For purposes of budgetary comparisons, the expenditures (or expenses) are properly offset by the reimbursements.

Note 4: Property Taxes

The determination of assessed valuations and the collection 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 based on real estate transactions recorded by the Register of Deeds and personal property transactions reported by taxpayers. 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.

Note 4:Property Taxes-Continued

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are assessed on a calendar year basis and become a lien on property on November 1 of each year. The taxes are due one-half on December 20th and one-half the following May 10th. Any taxes unpaid at the due dates are considered delinquent.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current operation of the City and therefore are not susceptible to accrual.

Undistributed taxes from the prior year levy are recognized as income in the current year. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statements taken as a whole.

Note 5: Deposits & Investments

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the

Note 5: Deposits & Investments - Continued

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” in 2011.

At December 31, 2011, the City’s carrying amount of deposits was \$1,578,302 and the bank balance was \$1,578,384. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance \$250,500 was covered by federal depository insurance, \$1,327,884 was collateralized by a letter of credit held under joint custody receipts issued by a third-party bank in the City’s name.

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

Note 6: Compensated Absences

The City’s policies regarding vacation and sick pay allow full-time employees to accumulate a maximum of fifteen days vacation and ten days of sick leave per year based upon the anniversary of their employment. No employee may accrue more than ten days of vacation and sixty days of sick leave. Policies allow payment of one third of total vacation time in lieu of time off. Vacation pay may not be carried over to the succeeding year without specific consent. All accumulated vacation pay is payable upon employment termination. Unused sick pay is forfeited upon employment termination. The City also provides full time employees a maximum of four days personal leave per calendar year for use at their discretion. Personal leave is non-accumulative and the employee is paid for unused personal leave at the end of each year. The estimated amount for compensated absences totaled \$4,084 as of December 31, 2011.

Note 7: Defined Benefit Pension Plan

Plan Description. The City of Sharon Springs contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* 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 Avenue, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for employees hired before July 1, 2009. The member-employee contribution rate is 6% of covered salary for employees hired after July 1, 2009. The employer collects and remits member-employee contributions according

Note 7: Defined Benefit Pension Plan-Continued

to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for January through March and July through December of 2011 was 7.74%. The rate for the months of April through June of 2011 was 6.74%. The City of Sharon Springs, Kansas, employer contributions to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$14,533, \$13,892, and \$13,351, respectively, equal to the required contributions for each year.

Note 8: Deferred Compensation Plan

The City offers its employees a deferred compensation plan (“Plan”) created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, permits electing employees to defer a portion of their salary until future years.

The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust.

However, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, subject only to the claims of the City’s general creditors. Participants’ rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant. At December 31, 2011, the fair market value of deferred accounts totaled \$125,238.

Note 9: Post Employment Benefits

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 retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

Note 10: 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. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

The City participates in the Kansas Municipal Insurance Trust (KMIT) to provide workers' compensation coverage. The City, along with other participating entities, contributes annual amounts as determined by KMIT management and underwriters. As claims arise they are submitted to and paid by KMIT. During 2011, the City contributed \$7,793 for workers' compensation coverage. There were no significant reductions in coverage from the prior year. Any shortage in assets to pay outstanding claims would be assessed pro rata among participating entities.

Note 11: Inter-local Agreements

The City has entered into an inter-local agreement with Wallace County to provide county residents with solid waste disposal. The agreement provides that the City will manage the waste disposal area and be responsible for all labor, management and cash expenditures necessary for operation. The County will reimburse the City the actual costs and expenses. This agreement is renewable annually.

In November 2003, the City entered into an inter-local agreement with Wallace County to provide law enforcement for the City. The County will provide patrol officers and enforce city all city ordinances normally enforced by city police officers. The City will provide a municipal court to prosecute all city cases. The City pays the County \$55,000 for law enforcement services. This agreement is reviewed not less than once every six months.

Note 12: Liability for Landfill Closure and Postclosure Costs

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. In addition to current year expenditures relating to the operation of the landfill, as reported in the General Fund in these financial statements, the City is incurring a liability based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste.

The estimate of closure and postclosure care liability at year-end is \$816,179. This liability is based on the use of 2.5% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care as the

Note 12: Liability for Landfill Closure and Postclosure Costs – Continued

remaining estimated capacity is filled, which is currently estimated to be 37.9 years. These amounts are based on what it would cost to perform all closure and post closure care in 2011 based on 2001 revised requirements established by the Bureau of Waste Management. Actual costs may be higher due to inflation, changes in technology or in regulations. In 2002, the City began setting aside funds to pay the closure and postclosure costs. At December 31, 2011, the City has reserved \$202,111 toward such costs.

The City is meeting the financial assurance requirements through the Local Government Financial Test. This test involves four components: financial, public notice, record keeping and reporting, and calculation of costs to be assured. The City has not satisfied all four requirements.

Note 13 Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Fire Department Reserve	KSA 12-101	\$24,294
Electric	Equipment Reserve	KSA 12-825d	\$50,000
Electric	Capital Improvements	KSA 12-111,8	\$10,000

Note 14: Contingent Liabilities

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 15: Related Party Transactions

In a governmental entity, related parties include members of the governing body, board members, administrative officials, and immediate families of administrative officials, board members, and members of the governing body. Required disclosures on related party transactions do not include compensation arrangements, expense allowance and similar items incurred in the ordinary course of operations. The following are not required to be reported, but are presented for information only.

	<u>2011</u>
L.O. Samuelson Leonard O. Samuelson, Council Member is an owner of company.	\$ 20,800

Note 15: Related Party Transactions-Continued

AG Power Equipment Company Dennis Sharp, Mayor is an owner of company.	\$ 6,841
Miller's Food Store Patricia Miller, Council Member is an owner of company.	\$ 1,096
The Pit Stop Theresa Hill, Deputy Clerk is an owner of company.	\$ 161

Note 16: Subsequent Events

On January 2012, the City signed an agreement to purchase new machinery for two of the power plant engines for \$66,828.

On March 1, 2012, the City signed an agreement with the Kansas Municipal Energy Agency for the Energy Management Project No. 2. Under this agreement the City must purchase a minimum amount of power from KMEA each month.

Management has evaluated the effects of the financial statements of subsequent events occurring through July 27, 2012 which is the date at which the financial statements were available to be issued.

Note 17: Uses of Estimates in the Preparation of Financial Statements

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires managements to make estimates and assumptions that effect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 18: Comparative Data

The amounts shown for 2010 in the accompanying financial statements are included only to provide a basis for comparison with 2011 and are not intended to present all information necessary for a fair presentation. Certain amounts for 2010 may have been restated to conform with presentation of similar amounts for 2011.

Note 19: Long-Term Debt

In conjunction with the water improvement project the City obtained a Public Water Supply loan from the Kansas Department of Health and Environment. The City was approved for a \$642,480 loan at 4.04% interest. However due to lower than anticipated project costs, advances on the loan totaled \$499,973. The original loan called for semi-annual installments of \$23,569 through calendar year 2024. But with the lower loan advance, the loan should pay off in calendar year 2017. No lien or other security interest is granted to the Kansas Department of Health and Environment, however should Water Utility revenues be insufficient to pay costs of operation and maintenance of the system and pay the principal, interest and other amounts due under the loan agreement, the City shall levy ad valorem taxes to produce the required amounts. A summary of long term debt is as follows:

CITY OF SHARON SPRINGS, KANSAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011

Note 19: Long-Term Debt - Continued

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Changes	Balance End of Year	Interest Paid
KDHE										
Water Supply Loan	4.04%	12/10/2001	\$642,481	8/1/2023	\$ 283,666	\$ -	\$ 16,972	\$ (16,972)	\$ 266,694	\$ 11,292
Capital Lease										
First National Bank										
Skid Steer	3.97%	3/13/2009	\$ 82,339	3/13/2013	49,388	-	15,787	(15,787)	33,601	1,988
Fire Truck					116,381	-	8,840	(8,840)	107,541	6,962
Street Sweeper	4.60%	8/12/2011	\$175,200	8/24/2015	-	175,200	38,329	136,871	136,871	-
Compensated Absences	N/A	N/A	N/A	N/A	4,993	-	909	(909)	4,084	-
Total Long-Term Debt					<u>\$ 454,401</u>	<u>\$ 175,200</u>	<u>\$ 80,837</u>	<u>\$ 94,363</u>	<u>\$ 548,791</u>	<u>\$ 20,242</u>

N/A - Not Applicable

CITY OF SHARON SPRINGS, KANSAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2011

Note 19: Long-Term Debt - Continued

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016-2020</u>	<u>2021-2023</u>	<u>Total</u>
PRINCIPAL								
KDHE	\$ 17,667	\$ 18,388	\$ 19,138	\$ 19,919	\$ 20,733	\$ 91,741	\$ 79,108	\$ 266,694
Capital Lease - First National Bank								
Skid Steer	16,419	17,182	-	-	-	-	-	33,601
Fire Truck	9,368	9,913	10,522	11,151	11,818	54,769	-	107,541
Street Sweeper	<u>31,899</u>	<u>33,397</u>	<u>34,966</u>	<u>36,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,871</u>
TOTAL PRINCIPAL	<u>43,454</u>	<u>45,483</u>	<u>29,660</u>	<u>31,070</u>		<u>146,510</u>	<u>79,108</u>	<u>407,836</u>
INTEREST								
KDHE	10,598	9,877	9,126	8,346	7,532	21,318	5,686	72,483
Capital Lease - First National Bank								
Skid Steer	1,356	692	-	-	-	-	-	2,048
Fire Truck	6,433	5,889	5,280	4,650	3,983	8,438	-	34,673
Street Sweeper	<u>6,431</u>	<u>4,932</u>	<u>3,363</u>	<u>1,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,446</u>
TOTAL INTEREST	<u>24,818</u>	<u>21,390</u>	<u>14,406</u>	<u>12,996</u>	<u>11,515</u>	<u>29,756</u>	<u>5,686</u>	<u>109,204</u>
TOTAL PRINCIPAL AND INTEREST	<u>\$ 68,272</u>	<u>\$ 66,873</u>	<u>\$ 44,066</u>	<u>\$ 44,066</u>	<u>\$ 11,515</u>	<u>\$ 176,266</u>	<u>\$ 84,794</u>	<u>\$ 517,040</u>