

CITY OF SATANTA, KANSAS  
REGULATORY BASIS FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012

CITY OF SATANTA, KANSAS  
REGULATORY BASIS FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council Members  
City of Satanta, Kansas

### Report on the Financial Statement

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

### Management's Responsibility for the Financial Statement

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

### Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Satanta, Kansas, as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* of the State of Kansas described in Note 1.

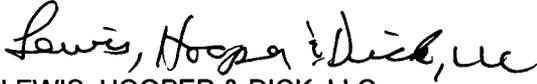
Other Matters

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

The 2011 actual columns presented in the individual fund schedules of receipts and expenditures (Schedule 2's as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 financial statement upon which we rendered an unqualified opinion dated June 26, 2012. The 2011 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards, at the following link <http://www.da.ks.gov/ar/muniserv/EAuditAccept.htm>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statement or to the 2011 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statement as a whole.

The Honorable Mayor and City Council Members  
City of Satanta, Kansas  
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Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

  
LEWIS, HOOPER & DICK, LLC

March 22, 2013

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

Funds	Unencumbered Cash 1/1/12	Receipts and Transfers	Expenditures and Transfers	Unencumbered Cash 12/31/12	Add Payables and Encumbrances	Treasurer's Cash 12/31/12
<b>Governmental Type Funds</b>						
General	\$ 167,215	\$ 558,671	\$ 528,334	\$ 197,552	\$ 7,640	\$ 205,192
<b>Special Purpose Funds:</b>						
Gas Well	267	67,630	67,369	528	571	1,099
Special Highway	83,299	29,444	54,418	58,325	-	58,325
Employee Benefits	18,509	108,949	116,191	11,267	56	11,323
Equipment Reserve	95,447	32,500	6,151	121,796	-	121,796
Community Trust	369,212	-	55,500	313,712	-	313,712
Capital Improvement	43,093	-	-	43,093	-	43,093
Total Special Purpose Funds	609,827	238,523	299,629	548,721	627	549,348
<b>Business Funds</b>						
<b>Water and Sewer Utility:</b>						
General	134,441	212,969	164,521	182,889	4,745	187,634
Depreciation Reserve	135,000	25,000	-	160,000	-	160,000
Total Water and Sewer Utility	269,441	237,969	164,521	342,889	4,745	347,634
Refuse Utility	22,173	62,068	67,733	16,508	76	16,584
Total Business Funds	291,614	300,037	232,254	359,397	4,821	364,218
Total Reporting Entity (Memorandum only)	<u>\$ 1,068,656</u>	<u>\$ 1,097,231</u>	<u>\$ 1,060,217</u>	<u>\$ 1,105,670</u>	<u>\$ 13,088</u>	<u>\$ 1,118,758</u>
<b>Composition of Cash:</b>						
Centera Bank					\$ 129,271	
Less outstanding warrants					(10,613)	
Total cash in bank						\$ 118,658
Investments - Idle Funds						1,000,000
Cash on hand						100
Total cash						<u>\$ 1,118,758</u>

The accompanying Notes to the Financial Statement are an integral part of this statement.

CITY OF SATANTA, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2012

1. Summary of significant accounting policies

The City of Satanta, Kansas, was incorporated under the provisions of the State of Kansas. The City operates under a mayor-council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities.

A. Financial reporting entity

The City is governed by an elected five-member council and a mayor. This financial statement presents the City of Satanta (the municipality) and its related municipal entities. The related municipal entities are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The City has no organizations, functions or activities which are considered related municipal entities of the City.

B. Regulatory basis of accounting and departure from accounting principles generally accepted in the United States of America

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

The 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 City to use the regulatory basis of accounting.

C. Regulatory basis fund types

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 regulations, restrictions or limitations. The following fund types are used by the City:

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

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

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

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

CITY OF SATANTA, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2012

1. Summary of significant accounting policies (continued)

C. Regulatory basis fund types (continued)

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

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

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

D. Cash and investments

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the City (except for investments in the Kansas Municipal Investment Pool). Cash includes amounts in demand deposits, time deposits and certificates of deposit. Investments of the pooled accounts consist primarily of investments with the Kansas Municipal Investment Pool and U.S. government securities carried at cost, which approximates market. Interest income earned, unless specifically designated, is allocated to the general fund.

E. Property taxes and special assessments

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the counties. The County Appraiser annually determines assessed valuations based on real property transactions as recorded by the Register of Deeds and personal property holdings reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls and the County Treasurer collects the taxes for all taxing entities within the County.

Taxes are assessed on a calendar year basis, are levied 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 the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1st of the ensuing year. *One-half of the property taxes are due December 20th and distributed to the District by January 20th to finance a portion of the current year's budget. The second half is due May 10th and distributed to the City by June 5th. The City Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.*

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

F. Interfund transactions

Quasi-external transactions (i.e., transactions that would be treated as receipts or expenditures if they involved organizations external to the governmental unit, such as internal service fund billings to departments) are accounted for as receipts or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

CITY OF SATANTA, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2012

1. Summary of significant accounting policies (continued)

F. Interfund transactions (continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

G. Reimbursements

A reimbursement is an expenditure initially made in one fund, but properly attributable to another fund. For example, it is common for the general fund to pay a vendor's bill and have portions of it reimbursed by other funds. In accounting for such reimbursements, the City records an expenditure in the reimbursing fund, and a reduction of expenditure in the reimbursed fund, following the authoritative guidance of the *Governmental Accounting, Auditing and Financial Reporting*.

H. Memorandum totals

Totals on the financial statement are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. No consolidated financial information is presented nor is all required disclosures presented for these amounts.

2. Stewardship, compliance and accountability

A. Budgetary information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in receipts 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 amendments to the original budget for the year ended December 31, 2012.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts 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.

CITY OF SATANTA, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2012

2. Stewardship, compliance and accountability (continued)

A. Budgetary information (continued)

A legal operating budget is not required for capital projects funds, trust funds, and certain special purpose 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.

B. Compliance with Kansas statutes

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

There are no known material violations of Kansas statutes for the year ended December 31, 2012.

3. Detailed notes on all funds

A. Deposits and investments

A reconciliation of cash and investments as shown in the composition of cash on the summary statement of receipts, expenditures and unencumbered cash on Statement 1 is as follows:

Cash on hand	\$	100
Carrying amount of deposits		1,118,658
Total cash	\$	1,118,758

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 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%. The City does not use designated "peak periods". All deposits were legally secured at December 31, 2012.

CITY OF SATANTA, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2012

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

Custodial credit risk – deposits (continued)

At December 31, 2012, the City's carrying amount of deposits was \$1,118,758 and the bank balance was \$1,129,483. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$879,483 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City's cash deposits at year-end are as follows:

	Centera Bank
FDIC coverage	\$ 250,000
Pledged securities at market value	1,251,378
Total coverage	\$ 1,501,378
Funds on deposit	\$ 1,129,483
Funds at risk	\$ -

Credit risk - investments

Custodial credit risk for an investment 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. The City had no investments of this type at December 31, 2012.

B. Capital projects in progress

Capital project authorizations with approved change orders compared to disbursements and accounts payable from inceptions at December 31, 2012, are as follows:

	Project Authorization	Disbursements and Accounts Payable to Date	Committed
Street sealing	\$ 49,391	\$ 49,391	\$ -

C. Long-term debt

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

	Date of Issuance	Maximum Rate	Date of Final Maturity	Amount of Issue	Balance 1/1/12	Additions	Reductions/ Payments	Balance 12/31/12	Interest Paid
Capital leases payable:									
Fire Truck	10/3/12	3.80%	10/10/15	\$ 45,594	\$ -	\$ 45,594	\$ 2,367	\$ 43,227	\$ 319
Total long term debt				\$ 45,594	\$ -	\$ 45,594	\$ 2,367	\$ 43,227	\$ 319

CITY OF SATANTA, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2012

3. Detailed notes on all funds (continued)

C. Long-term debt (continued)

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

	Year			Total
	2013	2014	2015	
Principal:				
Capital leases payable	\$ 14,729	\$ 15,298	\$ 13,200	\$ 43,227
Total principal	14,729	15,298	13,200	43,227
Interest:				
Capital leases payable	1,388	818	231	2,437
Total interest	1,388	818	231	2,437
Total principal and interest	\$ 16,117	\$ 16,116	\$ 13,431	\$ 45,664

Legal debt margin

The debt limit per K.S.A. 10-308 is thirty percent of the assessed tangible valuation of the City adjusted for exempt farm property, business aircraft and motor vehicles given by the County Assessor to the County Clerk on August 25th each year. Per K.S.A. 10-309, certain bond issues are not subject to the bonded indebtedness limitation; these include the refunding bonds and the limited obligation bonds issued for the purpose of acquiring, enlarging, extending or improving any municipal utility; or to pay the cost of improvements to intersections of streets and alleys or that portion of any street immediately in front of city or school district property. The amount of debt outstanding does not exceed the statutory limit.

D. Interfund transfers

Interfund operating transfers are as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	
General	Equipment Reserve	12-1117	\$ 25,000
Gas Well	General	12-1118	50,000
Community Trust	General	12-1118	55,500
Water and Sewer Utility	Depreciation Reserve	12-825d	25,000
Water and Sewer Utility	General	12-825d	30,000
Refuse	Equipment Reserve	12-825d	7,500
			<u>\$ 193,000</u>

CITY OF SATANTA, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2012

4. Other information

A. 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; injuries to employees; and natural disasters. In 2002, the City joined together with other municipalities in the State to form Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for municipalities which are members in good standing of the League of Kansas Municipalities, meet the requirements established by the Board of Trustees; and which properly adopt the agreement. The City pays an annual premium to KMIT for its workmen's compensation insurance coverage. The Agreement for Formation of the KMIT provides that KMIT will be self-sustaining through member premiums.

B. Post-employment health care benefits

As provided by K.S.A. 12-5040, the local 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 premium regardless of age. However, the cost of this subsidy has not been quantified in this 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.

C. Compensated absences

The City's policy regarding leave pay permits employees to accumulate leave days at a maximum rate of 12 days per year. No more than 60 days may be accumulated. Leave may be used for sick leave, bereavement leave and personal leave. The City does not pay for unused accumulated leave pay at termination of employment.

The City's policy regarding vacation leave pay permits employees to accumulate vacation days at a maximum rate of 12 days to be used during the year earned. Up to one week of vacation may be carried over into the subsequent year.

D. Defined benefit pension plan

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

Funding policy: K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an

CITY OF SATANTA, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2012

4. Other information (continued)

D. Defined benefit pension plan (continued)

annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

E. Related party transactions

The City purchases goods and services from a business operated by a City Council member. The City paid this business \$14,611 during the year ended December 31, 2012.

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

CITY OF SATANTA, KANSAS  
 Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012

<u>Funds</u>	<u>Certified Budget</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over (Under)</u>
<u>Governmental Type Funds</u>			
General	\$ 630,542	\$ 528,334	\$ (102,208)
Special Purpose Funds:			
Gas Well	115,260	67,369	(47,891)
Special Highway	103,491	54,418	(49,073)
Employee Benefits	128,554	116,191	(12,363)
Equipment Reserve	127,947	6,151	(121,796)
Community Trust	369,212	55,500	(313,712)
Capital Improvement	33,093	-	(33,093)
<u>Business Funds</u>			
Water and Sewer Utility:			
General	257,000	164,521	(92,479)
Depreciation Reserve	160,000	-	(160,000)
Refuse Utility	78,000	67,733	(10,267)

CITY OF SATANTA, KANSAS  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts:</b>				
<b>Administration:</b>				
Taxes	\$ 353,750	\$ 384,681	\$ 359,648	\$ 25,033
Franchises	10,491	20,316	3,025	17,291
Licenses and permits	870	845	1,200	(355)
Interest on investments	5,891	3,175	5,000	(1,825)
Refunds and miscellaneous	4,993	3,867	2,000	1,867
Total administration	375,995	412,884	370,873	42,011
Police and police court	4,452	4,696	3,800	896
Parks and pools	4,153	5,591	4,200	1,391
Transfer from Gas Well Fund	90,000	50,000	87,000	(37,000)
Transfer from Community Trust Reserve	55,500	55,500	55,500	-
Transfer from Water and Sewer Utility	30,000	30,000	30,000	-
Transfer from Capital Improvement Reserve	20,000	-	-	-
Total receipts	580,100	558,671	\$ 551,373	\$ 7,298
<b>Expenditures:</b>				
<b>General administration:</b>				
Personal services	227,993	230,779	\$ 235,000	\$ (4,221)
Contractual services	54,493	53,611	66,985	(13,374)
Commodities	8,859	9,724	7,000	2,724
Capital outlay	-	-	5,000	(5,000)
Total general administration	291,345	294,114	313,985	(19,871)
<b>Streets:</b>				
Contractual services	4,341	-	23,000	(23,000)
Commodities	9,647	8,038	13,000	(4,962)
Capital outlay	38,784	20,111	20,000	111
Total streets	52,772	28,149	56,000	(27,851)
<b>Fire:</b>				
Personal services	5,025	4,425	6,300	(1,875)
Contractual services	1,810	1,254	2,000	(746)
Commodities	2,680	2,629	3,000	(371)
Capital outlay	-	1,609	5,000	(3,391)
Total fire	9,515	9,917	16,300	(6,383)

(continued)

CITY OF SATANTA, KANSAS  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

(continued)	Prior Year	Current Year		Variance Over Over (Under)
		Actual	Budget	
Expenditures:				
Parks:				
Personal services	\$ 30,998	\$ 27,076	\$ 26,250	\$ 826
Contractual services	-	-	4,000	(4,000)
Commodities	7,140	7,983	10,500	(2,517)
Capital outlay	-	4,450	10,000	(5,550)
Total parks	<u>38,138</u>	<u>39,509</u>	<u>50,750</u>	<u>(11,241)</u>
Street lighting:				
Contractual services	<u>29,336</u>	<u>19,562</u>	<u>21,000</u>	<u>(1,438)</u>
Sewer maintenance:				
Commodities	<u>-</u>	<u>271</u>	<u>4,847</u>	<u>(4,576)</u>
Police:				
Contractual services	<u>104,000</u>	<u>104,000</u>	<u>108,160</u>	<u>(4,160)</u>
Community service:				
Community service	15,000	582	17,500	(16,918)
Community building capital outlay	<u>7,763</u>	<u>230</u>	<u>5,000</u>	<u>(4,770)</u>
Total community service	<u>22,763</u>	<u>812</u>	<u>22,500</u>	<u>(21,688)</u>
Airport:				
Contractual services	3,000	3,000	3,000	-
Capital outlay	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>
Total airport	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Emergency contingencies:				
Commodities	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
Transfers:				
Transfer to Equipment Reserve	<u>5,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total expenditures	<u>559,869</u>	<u>528,334</u>	<u>\$ 630,542</u>	<u>\$ (102,208)</u>
Receipts over expenditures	20,231	30,337		
Unencumbered cash, beginning of year	<u>146,984</u>	<u>167,215</u>		
Unencumbered cash, end of year	<u>\$ 167,215</u>	<u>\$ 197,552</u>		

CITY OF SATANTA, KANSAS  
 Gas Well Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Royalties	\$ 116,430	\$ 67,630	\$ 115,000	\$ (47,370)
Expenditures:				
Royalties and taxes	26,722	15,821	\$ 23,260	\$ (7,439)
Capital outlay	2,562	1,548	5,000	(3,452)
Transfer to General	90,000	50,000	87,000	(37,000)
Total expenditures	119,284	67,369	\$ 115,260	\$ (47,891)
Receipts over (under) expenditures	(2,854)	261		
Unencumbered cash, beginning of year	3,121	267		
Unencumbered cash, end of year	\$ 267	\$ 528		

CITY OF SATANTA, KANSAS  
 Special Highway Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
State of Kansas - gas tax	\$ 29,358	\$ 29,444	\$ 30,060	\$ (616)
Expenditures:				
Commodities	-	54,418	\$ 103,491	\$ (49,073)
Receipts over (under) expenditures	29,358	(24,974)		
Unencumbered cash, beginning of year	53,941	83,299		
Unencumbered cash, end of year	<u>\$ 83,299</u>	<u>\$ 58,325</u>		

CITY OF SATANTA, KANSAS  
Employee Benefits Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Taxes	\$ 78,960	\$ 108,949	\$ 113,393	\$ (4,444)
Expenditures:				
Employer contributions	20,341	20,269	\$ 24,100	\$ (3,831)
Workmen's compensation	8,683	9,539	13,454	(3,915)
Retirement	21,167	22,916	22,400	516
Unemployment	266	265	2,000	(1,735)
Medical insurance	58,767	63,202	66,600	(3,398)
Total expenditures	109,224	116,191	\$ 128,554	\$ (12,363)
Receipts under expenditures	(30,264)	(7,242)		
Unencumbered cash, beginning of year	48,773	18,509		
Unencumbered cash, end of year	\$ 18,509	\$ 11,267		

CITY OF SATANTA, KANSAS  
 Equipment Reserve Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Transfer from General	\$ 5,000	\$ 25,000	\$ 25,000	\$ -
Transfer from Refuse Utility	10,000	7,500	7,500	-
Total receipts	15,000	32,500	<u>\$ 32,500</u>	<u>\$ -</u>
Expenditures:				
Capital outlay	-	6,151	<u>\$ 127,947</u>	<u>\$ (121,796)</u>
Receipts over expenditures	15,000	26,349		
Unencumbered cash, beginning of year	80,447	95,447		
Unencumbered cash, end of year	<u>\$ 95,447</u>	<u>\$ 121,796</u>		

CITY OF SATANTA, KANSAS  
 Community Trust Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Transfer from Gas Well	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	-	-	\$ 313,712	\$ (313,712)
Transfer to General	55,500	55,500	55,500	-
Total expenditures	55,500	55,500	\$ 369,212	\$ (313,712)
Receipts under expenditures	(55,500)	(55,500)		
Unencumbered cash, beginning of year	424,712	369,212		
Unencumbered cash, end of year	\$ 369,212	\$ 313,712		

CITY OF SATANTA, KANSAS  
 Capital Improvement Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Transfer from General	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay	-	-	\$ 33,093	\$ (33,093)
Transfer to General	20,000	-	-	-
Total expenditures	20,000	-	\$ 33,093	\$ (33,093)
Receipts over (under) expenditures	(20,000)	-		
Unencumbered cash, beginning of year	63,093	43,093		
Unencumbered cash, end of year	\$ 43,093	\$ 43,093		

CITY OF SATANTA, KANSAS  
 Water and Sewer Utility Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Receipts:</b>				
Charge for services	\$ 206,307	\$ 198,750	\$ 200,000	\$ (1,250)
Bulk sales	4,344	2,011	1,250	761
Miscellaneous	7,413	12,208	-	12,208
Connection Fees	-	-	1,000	(1,000)
Use of money and property	-	-	10,000	(10,000)
<b>Total receipts</b>	<b>218,064</b>	<b>212,969</b>	<b>\$ 212,250</b>	<b>\$ 719</b>
<b>Expenditures:</b>				
Production	81,732	61,202	\$ 106,000	\$ (44,798)
Distribution	48,606	30,554	74,000	(43,446)
General	18,138	17,765	22,000	(4,235)
Transfer to Depreciation Reserve	25,000	25,000	25,000	-
Transfer to General	30,000	30,000	30,000	-
<b>Total expenditures</b>	<b>203,476</b>	<b>164,521</b>	<b>\$ 257,000</b>	<b>\$ (92,479)</b>
Receipts over expenditures	14,588	48,448		
Unencumbered cash, beginning of year	119,853	134,441		
Unencumbered cash, end of year	<u>\$ 134,441</u>	<u>\$ 182,889</u>		

CITY OF SATANTA, KANSAS  
 Depreciation Reserve Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Transfer from Water and Sewer Utility	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Expenditures:				
Capital outlay	-	-	\$ 160,000	\$ (160,000)
Receipts over expenditures	25,000	25,000		
Unencumbered cash, beginning of year	110,000	135,000		
Unencumbered cash, end of year	\$ 135,000	\$ 160,000		

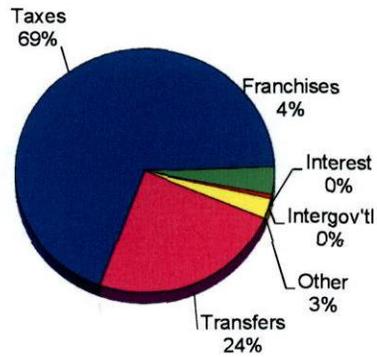
CITY OF SATANTA, KANSAS  
 Refuse Utility Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Charges for services	\$ 62,843	\$ 62,068	\$ 65,000	\$ (2,932)
Expenditures:				
Contractual services	60,180	59,327	\$ 65,000	\$ (5,673)
Commodities	906	906	5,500	(4,594)
Transfer to Equipment Reserve	10,000	7,500	7,500	-
Total expenditures	71,086	67,733	\$ 78,000	\$ (10,267)
Receipts under expenditures	(8,243)	(5,665)		
Unencumbered cash, beginning of year	30,416	22,173		
Unencumbered cash, end of year	\$ 22,173	\$ 16,508		

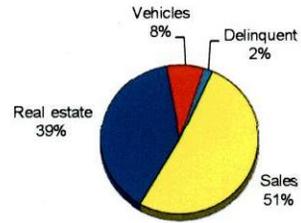
OTHER SUPPLEMENTAL INFORMATION

CITY OF SATANTA, KANSAS  
 Receipts - General Fund  
 Regulatory Basis  
 For the Year Ended December 31

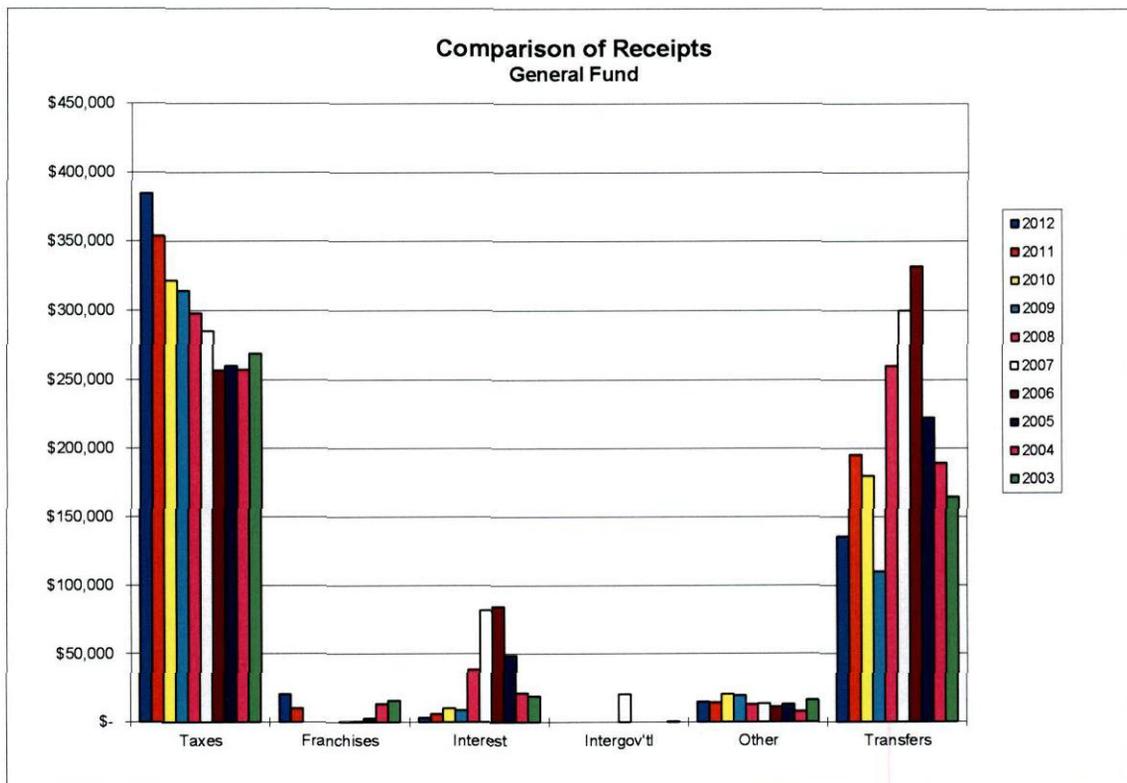
2012 Receipts  
 General Fund



2012 Taxes  
 General Fund

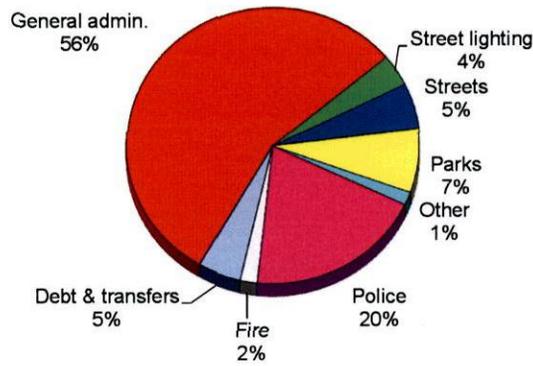


Comparison of Receipts  
 General Fund

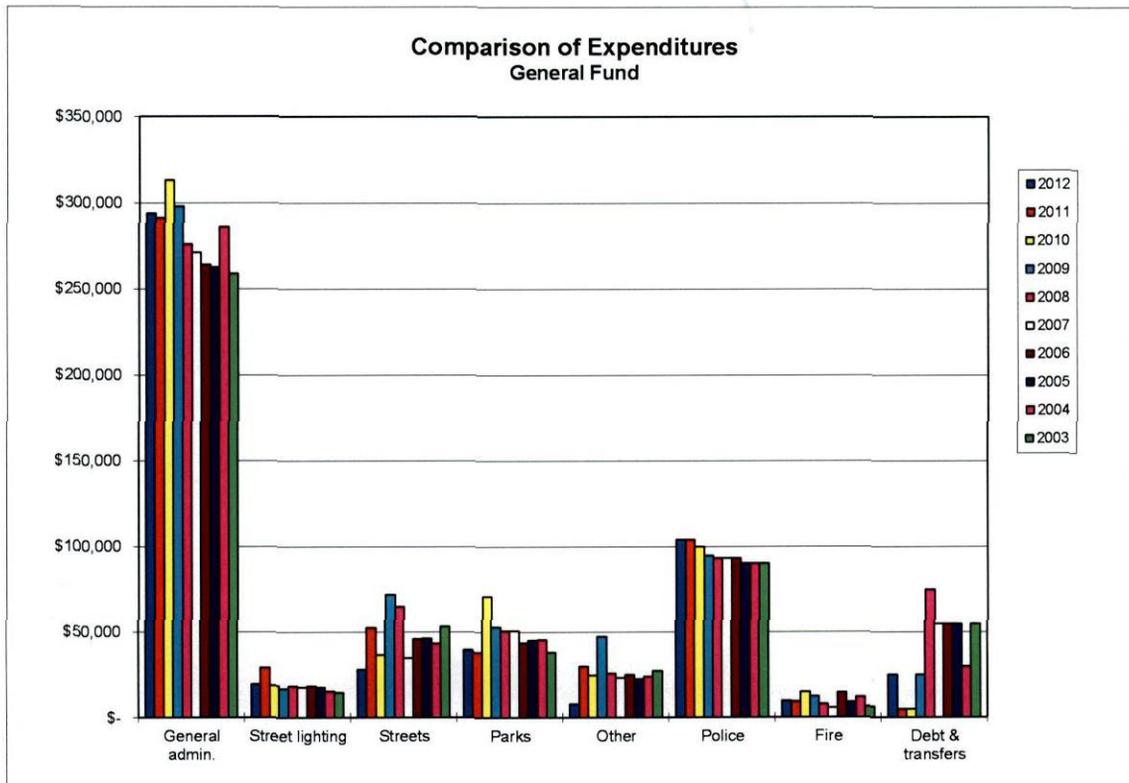


CITY OF SATANTA, KANSAS  
 Expenditures - General Fund  
 Regulatory Basis  
 For the Year Ended December 31

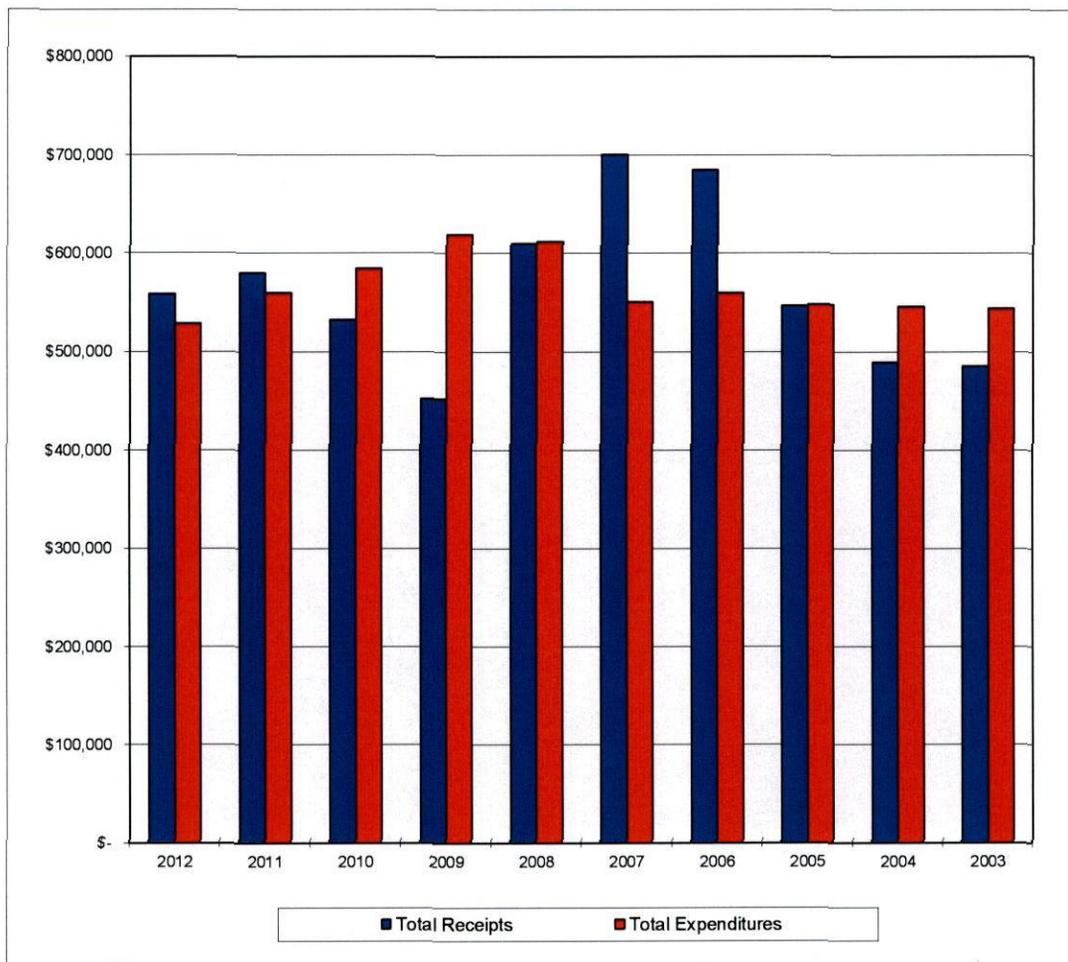
2012 Expenditures  
 General Fund



Comparison of Expenditures  
 General Fund



CITY OF SATANTA, KANSAS  
Comparison of Receipts and Expenditures - General Fund  
Regulatory Basis  
For the Year Ended December 31



CITY OF SATANTA, KANSAS  
Receipts - Gas Well Fund  
Regulatory Basis  
For the Year Ended December 31

