

**CITY OF PHILLIPSBURG**

**Phillipsburg, Kansas**

**FINANCIAL STATEMENT AND INDEPENDENT AUDITOR'S REPORT**

**December 31, 2011**

**MAPES & MILLER  
Certified Public Accountants  
Phillipsburg, Kansas 67661**

**CITY OF PHILLIPSBURG**

**City Council**

**December 31, 2011**

**Fred Robinson, Mayor**

**Linda Flipse  
Rod Innes  
Shane Kinter**

**Breton Miles  
Marilyn Goracke  
Mike James**

**Brenda Chance  
Kelly Vanderplas**

**City Clerk  
City Treasurer**

**CITY OF PHILLIPSBURG  
Phillipsburg, Kansas**

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

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**CITY OF PHILLIPSBURG  
Phillipsburg, Kansas**

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

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## **INDEPENDENT AUDITOR'S REPORT**

**Mayor and City Council  
City of Phillipsburg, Kansas**

**We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the City of Phillipsburg, Kansas, as of and for the year ended December 31, 2011, which comprises the basic financial statement of the City's primary government, as listed in the table of contents. This financial statement is the responsibility of the City of Phillipsburg, Kansas' management. 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 Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.**

**The financial statement does not include financial data for the City's 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 statement for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statement. The effect on the financial statement 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 Phillipsburg, Kansas has prepared this financial statement using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.**

Mayor and City Council  
City of Phillipsburg, Kansas  
July 16, 2012  
Page 2

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 statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Phillipsburg, Kansas as of December 31, 2011, or the respective changes in financial position for the year then ended.

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

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, schedule of cash receipts and cash disbursements-agency funds, and water and sewer utility allocation (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial statement is fairly stated in all material respects in relation to the financial statement as a whole. The information identified in the table of contents, as unaudited additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we express no opinion on the unaudited information.

Respectfully submitted,

*Mapes & Miller LLP*

Certified Public Accountants

July 16, 2012  
Phillipsburg, Kansas

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Statement 1  
Page 1 of 2

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

FUNDS	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds:</b>							
<b>General Fund</b>							
General Operating Fund	\$ 513,347	\$ -	\$ 1,263,130	\$ 1,603,055	\$ 173,422	\$ 224,972	\$ 398,394
<b>Special Revenue Funds</b>							
Equipment Reserve Fund	198,118	-	54,037	1,461	250,694	-	250,694
Library Fund	560	-	61,427	59,206	2,781	-	2,781
Employee Benefit Fund	195,026	-	300,310	373,333	122,003	30,132	152,135
Special Parks & Recreation Fund	22,143	-	4,659	3,000	23,802	-	23,802
Special Highway Fund	169,315	-	232,221	294,268	107,268	11,572	118,840
Fire Equipment Capital Outlay Fund	212,872	-	24,568	15,034	222,406	-	222,406
Industrial Development Fund	10,681	-	12,277	7,500	15,458	-	15,458
<b>Debt Service Fund</b>							
Bond & Interest Fund	186,691	-	259,406	239,357	206,740	-	206,740
<b>Capital Projects Fund</b>							
Airport Grant Fund	-	-	41,146	395,762	(354,616) *	355,122	506
Klink Project Fund	-	-	245,000	245,000	-	-	-
<b>Permanent Fund</b>							
Endowment Fund	9,932	-	35	24	9,943	-	9,943
<b>Proprietary Type Funds:</b>							
<b>Enterprise Funds</b>							
Water & Sewer Utility Fund	1,093,751	-	1,229,967	1,199,606	1,124,112	84,277	1,208,389
Meter Deposits Fund	190	-	7,570	7,760	-	19,260	19,260
Solid Waste Fund	150,911	-	361,046	325,130	186,827	9,142	195,969
<b>Internal Service Fund</b>							
Partially Self-Funded Health Insurance Fund	99,393	-	431,162	445,769	84,786	-	84,786
<b>Total Primary Government (Excluding Agency Funds)</b>	<b>\$ 2,862,930</b>	<b>\$ -</b>	<b>\$ 4,527,961</b>	<b>\$ 5,215,265</b>	<b>\$ 2,175,626</b>	<b>\$ 734,477</b>	<b>\$ 2,910,103</b>

\* See Note 5 (Cash Basis Exception)

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

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Statement 1  
Page 2 of 2

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

<b>Composition of Cash</b>	
Cash on Hand	\$ 400
Checking Accounts	3,461
NOW Account	366,359
Money Market Account	138,423
Certificates of Deposit	<u>2,406,000</u>
<b>Total Cash</b>	<b>2,914,643</b>
<b>Agency Funds Per Schedule 3</b>	<b><u>(4,540)</u></b>
<b>Total Primary Government (Excluding Agency Funds)</b>	<b><u><u>\$ 2,910,103</u></u></b>

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



CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

NOTES TO FINANCIAL STATEMENT  
December 31, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The City of Phillipsburg, Kansas, the primary government, was incorporated in 1872, and operates as a second-class city in accordance with the laws of the State of Kansas. The City operates under a mayor-council form of government and provides the following services: public safety (police and fire protection), highways and streets, water, sewer, sanitation, health and social services, culture and recreation services, planning and zoning, public improvements, and general administrative services.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the Housing Authority, Library, and Public Building Commission are component units of the City. Financial information for the component units have not been reported in the City's financial statements. Accordingly, these financial statements present the activities of the primary government only and are not a complete presentation in accordance with generally accepted accounting principles.

The governing bodies of the following are appointed by the City:

- 1) **Housing Authority**. The City of Phillipsburg Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuance must be approved by the City.
- 2) **Library**. The City of Phillipsburg Library Board operates the City's Public Library. Acquisition or disposition of real property by the board must be approved by the City. The City levies taxes for the Library. Bond issuances must be approved by the City.
- 3) **Public Building Commission**. The City of Phillipsburg Public Building Commission Board operates the Public Building Commission for the purpose of providing additional and alternative methods for financing certain public buildings. The City levies taxes for the Public Building Commission. Bond issuances must be approved by the City.

The audited financial statements of the Housing Authority and Public Building Commission and the unaudited financial statements of the Library can be obtained from the City Clerk.

## FUND ACCOUNTING

The accounts of the City are organized on the basis of funds. 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. 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 Type Funds

**General Fund** - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes only.

**Debt Service Funds** - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Capital Projects Funds** - Capital projects funds are used to account for all financial resources segregated for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

**Permanent Funds** - Permanent funds are used to account for financial resources that are legally restricted to the extent that only earnings and not principal may be used.

### Proprietary Type Funds

**Enterprise Funds** - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs 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.

**Internal Service Funds** - Internal service funds are used to provide services within the government, its component units, and between governments.

### Fiduciary Type Funds

**Agency Funds** - Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

## **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 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 statutory basis of accounting.

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

## **LEAVE POLICIES**

### **Vacation**

All employees of the City, except temporary and part-time employees, accumulate vacation leave at a rate of ten days per year after their first year of employment. The rate of accumulation increases to fifteen days per year after seven years of employment, and twenty days per year after eighteen years of employment. An employee can only carry over to the next year, one-half of their annual amount of vacation leave. Employees are paid for all accumulated vacation leave, at their current wage rate, upon termination of employment.

The total cost of the accumulated vacation payable accrued as of December 31, 2011 is shown on Note 13, and will be recorded as an expenditure at the time the vacation is utilized as normal personal services expenditures.

### **Sick leave**

All employees of the City, except temporary and part-time employees, accumulate sick leave at a rate of twelve days per year. They may accumulate unlimited sick leave days. Upon termination of employment, no sick leave is paid to the employee.

## **REIMBURSEMENTS**

Reimbursements are defined as repayments of amounts remitted on behalf of another party. All reimbursements shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursement was directly tied to the amount of the original cash disbursement.

## **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 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year ended December 31, 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 City 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

Enterprise Funds:

Meter Deposits Fund

Internal Service Funds:

Partially Self-Funded Health Insurance Fund

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

### **3. PROPERTY TAXES**

Property taxes are levied November 1<sup>st</sup> of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due ½ on December 20<sup>th</sup> and ½ the following May 10<sup>th</sup>. Any taxes unpaid at the due dates are considered delinquent. Collection of current year property tax by the County Treasurer is not completed, apportioned nor 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 year operation of the City and therefore are not susceptible to accrual.

It is not practical 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.

### **4. COMPLIANCE WITH KANSAS STATUTES**

A. K.S.A. 9-1402 requires deposits in public funds at statutorily authorized financial institutions be secured at the market value, which is equal to 100% of the total deposits at any given time. The deposits at First National Bank and Trust were undersecured during part of the year ending December 31, 2011.

B. The City is not aware of any other non-compliance with Kansas statutes.

### **5. CASH BASIS EXCEPTION**

A. The City received a Federal Aviation Administration (FAA) Grant. The grant document requires the City to expend the monies before they can request reimbursement, which caused the City to have negative unencumbered cash in the Airport Grant Fund at December 31, 2011. K.S.A. 12-1664 provides an exception for a cash basis law violation for the intergovernmental grant funds to expend monies for grant purposes with the expectation of monies to be reimbursed to the City under conditions of the grant award.

## **6. DEPOSITS AND INVESTMENTS**

### **Deposits**

As of December 31, 2011, the City of Phillipsburg had no investments other than certificates of deposit, which are considered deposits under GASB Statement No. 3. 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 the designated "peak periods" when required coverage is 50%. The City's deposits were adequately secured at December 31, 2011.

At December 31, 2011, the City's carrying amount of deposits was \$2,914,243 and the bank balance was \$2,890,693. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance \$458,459 was covered by federal depository insurance, and \$2,432,234 was collateralized with securities held by the pledging financial institutions' agents 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.

**7. INTERFUND TRANSFERS**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Operating Fund	Equipment Reserve Fund	K.S.A. 12-1,117	\$ 1,500
General Operating Fund	Special Highway Fund	K.S.A. 12-1,119	150,000
Employee Benefit Fund	Partially Self-Funded Health Insurance Fund	K.S.A. 12-2615	244,683
Special Highway Fund	Equipment Reserve Fund	K.S.A. 68-141g	3,750
Water & Sewer Utility Fund	Equipment Reserve Fund	K.S.A. 12-825d	31,450
Meter Deposit Fund	Water & Sewer Utility Fund	K.S.A. 12-825d	470
Solid Waste Fund	Equipment Reserve Fund	K.S.A. 12-825d	17,337

**8. DEFINED BENEFIT PENSION PLAN**

Plan description

The City of Phillipsburg 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, Suite 100; Topeka, KS 66603-3869) 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 active members hired before July 1, 2009. For active members employed on or after July 1, 2009, K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate at 6% of covered salaries. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established for calendar year 2011, which includes pension contributions and group death disability insurance, was 7.74%. The City of Phillipsburg’s employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$52,685, \$46,728, and \$40,141, respectively, equal to the required contributions for each year as set forth by the legislature.

**9. 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.

**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; injuries to employees; and natural disasters for which the City purchases commercial insurance.

During the year ended December 31, 2011, the City did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

The City of Phillipsburg, Kansas pays an annual premium to Corporate Plan Management for its health insurance coverage. The agreement to participate provides that the Corporate Plan Management will be partially self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$25,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Corporate Plan Management.

**11. CAPITAL PROJECTS**

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Authorization</u>	<u>Cash Disbursements and Accounts Payable to Date</u>
Airport Grant	\$410,462	\$395,762
Klink Project	\$245,000	\$245,000

**12. OPERATING LEASE**

The City entered into a lease agreement, dated September 1, 2011 with the Public Building Commission, a component unit of the City, to lease the swimming pool recreational facility. The lease agreement provides for semi-annual lease payments. The City has imposed a 1% city-wide retailer’s sales tax to cover these payments.

Future minimum rental commitments are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ 215,012
2013	224,165
2014	221,765
2015	224,365
2016	221,865
2017-2021	1,120,038
2022-2026	1,114,175
2027-2031	<u>1,116,075</u>
Total Future Minimum Lease Payments	<u><u>4,457,460</u></u>



### 13. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning Balance 1/1/2011	Additions	Reductions/Payments	Net Change	Ending Balance 12/31/2011	Interest/Service Fees Paid
General Obligation Bond										
Series 2011 General										
Obligation	1.75%	09/01/11	\$ 245,000	2021	\$ -	\$ 245,000	\$ -	\$ -	\$ 245,000	\$ -
Temporary Note										
Series 2010 General										
Obligation	1.75%	02/24/10	77,000	2012	77,000	-	77,000	-	-	2,047
KDHE Loans										
KS Water Pollution										
Control Loan	3.08%	04/17/01	2,855,519	2022	1,838,179	-	128,761	-	1,709,418	55,632
KS Water Supply Loan	3.66%	01/17/05	920,980	2026	645,799	-	31,613	-	614,186	23,351
Total KDHE Loans			3,776,499		2,483,978	-	160,374	-	2,323,604	78,983
Total Contractual Indebtedness			\$ 4,098,499		2,560,978	245,000	237,374	-	2,568,604	81,030
Compensated Absences										
Accumulated Vacation										
					28,000	-	-	1,832	29,832	-
Total Long-Term Debt					\$ 2,588,978	\$ 245,000	\$ 237,374	\$ 1,832	\$ 2,598,436	\$ 81,030

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

Year	General Obligation Bond		KDHE Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 20,000	\$ 5,836	\$ 165,539	\$ 73,818	\$ 185,539	\$ 79,654
2013	20,000	5,237	170,871	68,486	190,871	73,723
2014	20,000	4,888	176,374	62,983	196,374	67,871
2015	25,000	4,537	182,056	57,301	207,056	61,838
2016	25,000	4,038	187,922	51,434	212,922	55,472
2017-2021	135,000	11,532	1,034,476	162,309	1,169,476	173,841
2022-2026	-	-	406,366	25,366	406,366	25,366
	\$ 245,000	\$ 36,068	\$ 2,323,604	\$ 501,697	\$ 2,568,604	\$ 537,765

**CITY OF PHILLIPSBURG, KANSAS**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**CITY OF PHILLIPSBURG**  
Phillipsburg, Kansas

Schedule 1

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**(Budgeted Funds Only)**  
**For the Year Ended December 31, 2011**

FUNDS	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>Governmental Type Funds:</b>					
<b>General Fund</b>					
General Operating Fund	\$ 1,748,870	\$ -	\$ 1,748,870	\$ 1,603,055	\$ (145,815)
<b>Special Revenue Funds</b>					
Library Fund	63,083	-	63,083	59,206	(3,877)
Employee Benefit Fund	534,806	-	534,806	373,333	(161,473)
Special Parks & Recreation Fund	63,671	-	63,671	3,000	(60,671)
Special Highway Fund	923,320	-	923,320	294,268	(629,052)
Fire Equipment Capital Outlay Fund	210,579	-	210,579	15,034	(195,545)
Industrial Development Fund	45,143	-	45,143	7,500	(37,643)
<b>Debt Service Fund</b>					
Bond & Interest Fund	411,511	-	411,511	239,357	(172,154)
<b>Proprietary Type Funds:</b>					
<b>Enterprise Funds</b>					
Water & Sewer Utility Fund	2,292,676	-	2,292,676	1,199,606	(1,093,070)
Solid Waste Fund	412,569	-	412,569	325,130	(87,439)

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

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**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**GENERAL OPERATING FUND**

	Actual	Budget	Variance Over (Under)
<b>Cash Receipts</b>			
Ad Valorem Tax	\$ 326,176	\$ 325,081	\$ 1,095
Delinquent Tax	3,848	5,000	(1,152)
Motor Vehicle Tax	71,015	75,840	(4,825)
Intangibles Tax	51,987	48,469	3,518
Recreational Vehicle Tax	1,402	1,540	(138)
Excise Tax	146	196	(50)
16/20M Vehicle Tax	553	861	(308)
Special Assessment for Cleanup	920	-	920
Local Alcoholic Liquor Tax	4,659	5,454	(795)
Interest on Idle Funds	17,848	50,000	(32,152)
Franchise Tax	163,160	165,000	(1,840)
Animal Tags	1,908	1,500	408
Fines	26,785	33,000	(6,215)
Reimbursements	3,565	20,000	(16,435)
Rural Fire Contracts	11,416	22,000	(10,584)
Campground Fees	2,694	3,800	(1,106)
Local Retailer's Sales Tax	279,239	230,000	49,239
Licenses & Permits	4,242	6,800	(2,558)
Other Cash Receipts	41,323	25,000	16,323
Nonfederal Grants & Gifts	158,826	160,000	(1,174)
Building Rents	10,939	7,000	3,939
Swimming Pool & Concessions	11,308	13,000	(1,692)
Cemetery Lots & Care	7,380	6,200	1,180
Airport Rents & Grains	6,414	10,000	(3,586)
Airport Aviation Gas & Oil	21,550	25,000	(3,450)
Airport Courtesy Car	20	100	(80)
Airport Sales Tax Collected	1,735	3,000	(1,265)
Airport Jet Fuel	-	8,700	(8,700)
Transportation Passes	3,126	3,000	126
Northwest Kansas Transit	27,335	32,000	(4,665)
Sale of Equipment	1,611	-	1,611
<b>Total Cash Receipts</b>	<b>1,263,130</b>	<b>\$ 1,287,541</b>	<b>\$ (24,411)</b>
<b>EXPENDITURES</b>			
<b>General Government</b>			
Personal Services	63,466	\$ 70,000	\$ (6,534)
Contractual Services	168,933	210,000	(41,067)
Commodities	3,699	15,000	(11,301)
Capital Outlay	149,473	133,539	15,934
<b>Total General Government</b>	<b>385,571</b>	<b>428,539</b>	<b>(42,968)</b>

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

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**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**GENERAL OPERATING FUND (Cont.)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (Cont.)</b>			
<b>Community Building</b>			
Personal Services	\$ 31,020	\$ 35,000	\$ (3,980)
Contractual Serices	9,409	20,000	(10,591)
Commodities	5,789	7,000	(1,211)
Capital Outlay	-	75,000	(75,000)
	<u>46,218</u>	<u>137,000</u>	<u>(90,782)</u>
<b>Municipal Court &amp; Police Department</b>			
Personal Services	20,800	25,000	(4,200)
Contractual Services	271,165	280,000	(8,835)
Commodities	962	2,000	(1,038)
Capital Outlay	-	5,000	(5,000)
	<u>292,927</u>	<u>312,000</u>	<u>(19,073)</u>
<b>City Fire Department</b>			
Contractual Services	9,083	15,000	(5,917)
Commodities	8,058	15,000	(6,942)
Capital Outlay	9,387	30,000	(20,613)
	<u>26,528</u>	<u>60,000</u>	<u>(33,472)</u>
<b>Rural Fire Department</b>			
Contractual Services	3,138	5,000	(1,862)
Commodities	6,428	10,000	(3,572)
Capital Outlay	1,789	15,000	(13,211)
	<u>11,355</u>	<u>30,000</u>	<u>(18,645)</u>
<b>Park Department</b>			
Personal Services	13,260	20,000	(6,740)
Contractual Services	261,242	10,000	251,242
Commodities	6,627	9,500	(2,873)
Capital Outlay	346	20,000	(19,654)
	<u>281,475</u>	<u>59,500</u>	<u>221,975</u>

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-1  
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**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**GENERAL OPERATING FUND (Cont.)**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (Cont.)</b>			
<b>Recreation Department</b>			
Contractual Services	\$ 4,190	\$ 5,800	\$ (1,610)
Commodities	-	1,000	(1,000)
Capital Outlay	-	5,000	(5,000)
<b>Total Recreation Department</b>	<b>4,190</b>	<b>11,800</b>	<b>(7,610)</b>
<b>Swimming Pool</b>			
Personal Services	26,897	30,000	(3,103)
Contractual Services	6,903	9,500	(2,597)
Commodities	5,213	18,000	(12,787)
Capital Outlay	-	10,000	(10,000)
<b>Total Swimming Pool</b>	<b>39,013</b>	<b>67,500</b>	<b>(28,487)</b>
<b>Cemetery</b>			
Personal Services	14,722	20,000	(5,278)
Contractual Services	27,391	12,000	15,391
Commodities	6,461	5,000	1,461
Capital Outlay	3,317	25,000	(21,683)
<b>Total Cemetery</b>	<b>51,891</b>	<b>62,000</b>	<b>(10,109)</b>
<b>Street Lighting</b>			
Contractual Services	50,487	55,000	(4,513)
<b>Airport</b>			
Personal Services	4,014	10,000	(5,986)
Contractual Services	98,082	40,000	58,082
Commodities	30,381	40,000	(9,619)
Capital Outlay	4,743	60,000	(55,257)
<b>Total Airport</b>	<b>137,220</b>	<b>150,000</b>	<b>(12,780)</b>
<b>Planning Department</b>			
Contractual Services	432	5,000	(4,568)
<b>Transportation Department</b>			
Personal Services	25,745	30,000	(4,255)
Contractual Services	2,448	6,500	(4,052)
Commodities	6,024	10,000	(3,976)
Capital Outlay	-	10,000	(10,000)
<b>Total Transportation Department</b>	<b>34,217</b>	<b>56,500</b>	<b>(22,283)</b>

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-1  
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SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2011

GENERAL OPERATING FUND (Cont.)

	Actual	Budget	Variance Over (Under)
<b>EXPENDITURES (Cont.)</b>			
Library Support			
Contractual	\$ 27,826	\$ 38,000	\$ (10,174)
Beautification			
Contractual Services	835	3,500	(2,665)
Commodities	6,024	3,500	2,524
Total Beautification	6,859	7,000	(141)
Shade Tree			
Contractual Services	6,641	5,000	1,641
Armory			
Contractual Services	8,932	-	8,932
Commodities	2,217	-	2,217
Total Armory	11,149	-	11,149
Water Projects			
Contractual	36,145	67,956	(31,811)
ADA Concrete			
Commodities	1,411	30,000	(28,589)
Outgoing Transfers			
Equipment Reserve Fund	1,500	16,075	(14,575)
Special Highway Fund	150,000	150,000	-
Total Outgoing Transfers	151,500	166,075	(14,575)
Total Expenditures	1,603,055	\$ 1,748,870	\$ (145,815)
Cash Receipts Over (Under) Expenditures	(339,925)		
UNENCUMBERED CASH, January 1, 2011	513,347		
UNENCUMBERED CASH, December 31, 2011	\$ 173,422		

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-2

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended December 31, 2011

EQUIPMENT RESERVE FUND

	<u>Actual</u>
<b>CASH RECEIPTS</b>	
<b>Incoming Transfers</b>	
General Operating Fund	\$ 1,500
Special Highway Fund	3,750
Water & Sewer Utility Fund	31,450
Solid Waste Fund	<u>17,337</u>
<b>Total Cash Receipts</b>	<u>54,037</u>
<b>EXPENDITURES</b>	
Capital Outlay	<u>1,461</u>
Cash Receipts Over (Under) Expenditures	52,576
UNENCUMBERED CASH, January 1, 2011	<u>198,118</u>
UNENCUMBERED CASH, December 31, 2011	<u><u>\$ 250,694</u></u>



CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-3

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

LIBRARY FUND

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Ad Valorem Tax	\$ 48,600	\$ 49,632	\$ (1,032)
Delinquent Tax	1,093	1,050	43
Motor Vehicle Tax	11,328	11,990	(662)
Recreational Vehicle Tax	222	244	(22)
Excise Tax	23	31	(8)
16/20M Vehicle Tax	161	136	25
Total Cash Receipts	61,427	\$ 63,083	\$ (1,656)
<b>EXPENDITURES</b>			
Library Insurance	1,116	\$ 1,100	\$ 16
Appropriation to Library Board	58,090	61,983	(3,893)
Total Expenditures	59,206	\$ 63,083	\$ (3,877)
Cash Receipts Over (Under) Expenditures	2,221		
UNENCUMBERED CASH, January 1, 2011	560		
UNENCUMBERED CASH, December 31, 2011	\$ 2,781		

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-4

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**EMPLOYEE BENEFIT FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Ad Valorem Tax	\$ 67,629	\$ 67,067	\$ 562
Delinquent Tax	1,997	100	1,897
Motor Vehicle Tax	15,991	16,685	(694)
Recreational Vehicle Tax	310	339	(29)
Excise Tax	32	43	(11)
16/20M Vehicle Tax	385	189	196
Reimbursements	1,958	-	1,958
Employee/Employer Contributions	212,008	280,000	(67,992)
Total Cash Receipts	300,310	\$ 364,423	\$ (64,113)
<b>EXPENDITURES</b>			
Social Security & Medicare	53,436	\$ 65,000	\$ (11,564)
Retirement	50,899	57,806	(6,907)
Workman's Compensation	23,586	30,000	(6,414)
Unemployment Insurance	729	2,000	(1,271)
Outgoing Transfer			
Partially Self-Funded Health Insurance Fund	244,683	380,000	(135,317)
Total Expenditures	373,333	\$ 534,806	\$ (161,473)
Cash Receipts Over (Under) Expenditures	(73,023)		
UNENCUMBERED CASH, January 1, 2011	195,026		
UNENCUMBERED CASH, December 31, 2011	\$ 122,003		

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-5

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**SPECIAL PARKS & RECREATION FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Local Alcoholic Liquor Tax	\$ 4,659	\$ 5,454	\$ (795)
Nonfederal Grant	-	35,000	(35,000)
Other Cash Receipts	-	1,000	(1,000)
	4,659	\$ 41,454	\$ (36,795)
<b>EXPENDITURES</b>			
Personal Services	-	\$ 2,500	\$ (2,500)
Contractual Services	3,000	12,000	(9,000)
Commodities	-	2,000	(2,000)
Capital Outlay	-	47,171	(47,171)
	3,000	\$ 63,671	\$ (60,671)
Cash Receipts Over (Under) Expenditures	1,659		
UNENCUMBERED CASH, January 1, 2011	22,143		
UNENCUMBERED CASH, December 31, 2011	\$ 23,802		

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-6

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**SPECIAL HIGHWAY FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Highway Connecting Links	\$ 16,534	\$ 21,000	\$ (4,466)
Special Highway Tax	64,333	65,080	(747)
Sale of Equipment	920	-	920
Other Cash Receipts	362	2,000	(1,638)
Federal Grant	-	400,000	(400,000)
Sales Tax Collected	72	-	72
Incoming Transfer			
General Operating Fund	150,000	150,000	-
Total Cash Receipts	232,221	\$ 638,080	\$ (405,859)
<b>EXPENDITURES</b>			
Personal Services	91,482	\$ 90,000	\$ 1,482
Contractual Services	22,032	90,000	(67,968)
Commodities	170,436	150,000	20,436
Capital Outlay	6,568	580,320	(573,752)
Outgoing Transfer			
Equipment Reserve Fund	3,750	13,000	(9,250)
Total Expenditures	294,268	\$ 923,320	\$ (629,052)
Cash Receipts Over (Under) Expenditures	(62,047)		
UNENCUMBERED CASH, January 1, 2011	169,315		
UNENCUMBERED CASH, December 31, 2011	\$ 107,268		

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-7

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**FIRE EQUIPMENT CAPITAL OUTLAY FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Ad Valorem Tax	\$ 19,438	\$ 18,953	\$ 485
Delinquent Tax	437	100	337
Motor Vehicle Tax	4,531	4,796	(265)
Recreational Vehicle Tax	89	97	(8)
Excise Tax	9	12	(3)
16/20M Vehicle Tax	64	54	10
Total Cash Receipts	24,568	\$ 24,012	\$ 556
<b>EXPENDITURES</b>			
Capital Outlay	15,034	\$ 210,579	\$ (195,545)
Cash Receipts Over (Under) Expenditures	9,534		
UNENCUMBERED CASH, January 1, 2011	212,872		
UNENCUMBERED CASH, December 31, 2011	\$ 222,406		

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-8

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**INDUSTRIAL DEVELOPMENT FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Ad Valorem Tax	\$ 9,714	\$ 9,926	\$ (212)
Delinquent Tax	217	100	117
Motor Vehicle Tax	2,265	2,398	(133)
Recreational Vehicle Tax	44	49	(5)
Excise Tax	5	6	(1)
16/20M Vehicle Tax	32	27	5
Total Cash Receipts	12,277	\$ 12,506	\$ (229)
<b>EXPENDITURES</b>			
Contractual Services	-	\$ 37,143	\$ (37,143)
Activity Support	7,500	8,000	(500)
Total Expenditures	7,500	\$ 45,143	\$ (37,643)
Cash Receipts Over (Under) Expenditures	4,777		
UNENCUMBERED CASH, January 1, 2011	10,681		
UNENCUMBERED CASH, December 31, 2011	\$ 15,458		

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-9

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**BOND & INTEREST FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Ad Valorem Tax	\$ 13,244	\$ 12,426	\$ 818
Delinquent Tax	1,583	2,000	(417)
Motor Vehicle Tax	5,918	5,808	110
Recreational Vehicle Tax	109	118	(9)
Excise Tax	11	15	(4)
16/20M Vehicle Tax	386	66	320
Local Retailer's Sales Tax	238,155	230,000	8,155
Total Cash Receipts	259,406	\$ 250,433	\$ 8,973
<b>EXPENDITURES</b>			
Commission & Postage	-	\$ 3,000	\$ (3,000)
Reserve for Cash	-	145,000	(145,000)
Sewer Loan Principal	128,761	128,761	-
Sewer Loan Interest	51,116	55,632	(4,516)
Sewer Loan Service Fee	4,516	-	4,516
Water Loan Principal	31,613	60,693	(29,080)
Water Loan Interest	21,118	18,425	2,693
Water Loan Service Fee	2,233	-	2,233
Total Expenditures	239,357	\$ 411,511	\$ (172,154)
Cash Receipts Over (Under) Expenditures	20,049		
UNENCUMBERED CASH, January 1, 2011	186,691		
UNENCUMBERED CASH, December 31, 2011	\$ 206,740		

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-10

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2011

AIRPORT GRANT FUND

	<u>Actual</u>
<b>CASH RECEIPTS</b>	
Federal Grant	<u>\$ 41,146</u>
<b>EXPENDITURES</b>	
Contractual Services	<u>395,762</u>
Cash Receipts Over (Under) Expenditures	(354,616)
UNENCUMBERED CASH, January 1, 2011	<u>-</u>
UNENCUMBERED CASH, December 31, 2011	<u><u>\$ (354,616)</u></u>



CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-11

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended December 31, 2011

KLINK PROJECT FUND

	<u>Actual</u>
<b>CASH RECEIPTS</b>	
Bond Proceeds	<u>\$ 245,000</u>
<b>EXPENDITURES</b>	
Publications & Printing	179
Contract Labor	133,820
Engineering	20,708
Bond Principal	77,000
Bond Interest	2,047
Miscellaneous	<u>11,246</u>
Total Expenditures	<u>245,000</u>
Cash Receipts Over (Under) Expenditures	-
UNENCUMBERED CASH, January 1, 2011	<u>-</u>
UNENCUMBERED CASH, December 31, 2011	<u><u>\$ -</u></u>

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-12

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended December 31, 2011

ENDOWMENT FUND

	<u>Actual</u>
<b>CASH RECEIPTS</b>	
Interest on Idle Funds	<u>\$          35</u>
<b>EXPENDITURES</b>	
Supplies	<u>          24</u>
Cash Receipts Over (Under) Expenditures	11
UNENCUMBERED CASH, January 1, 2011	<u>9,932</u>
UNENCUMBERED CASH, December 31, 2011	<u><u>\$          9,943</u></u>

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-13  
Page 1 of 2

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**WATER & SEWER UTILITY FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
<b>Water Department</b>			
Water Sales	\$ 970,532	\$ 880,000	\$ 90,532
Penalties	14,864	12,000	2,864
Sales Tax Collected	26,540	23,000	3,540
Other Cash Receipts	117	3,500	(3,383)
Coin Machine Water Sales	500	1,700	(1,200)
Water Protection Fee	11,263	10,000	1,263
Sale of Equipment	259	1,500	(1,241)
Return Check Charge	542	1,000	(458)
New Service	-	4,000	(4,000)
Connects/Disconnects	2,261	3,600	(1,339)
Incoming Transfer			
Meter Deposit Fund	470	-	470
	<b>1,027,348</b>	<b>940,300</b>	<b>87,048</b>
<b>Sewer Department</b>			
Sewer Charges	199,639	210,000	(10,361)
Sewer Machine & Building Rental	618	1,300	(682)
Other Cash Receipts	-	100	(100)
Connects/Disconnects	20	100	(80)
Sewer Dump Station Fee	2,342	3,900	(1,558)
	<b>202,619</b>	<b>215,400</b>	<b>(12,781)</b>
<b>Total Cash Receipts</b>	<b>1,229,967</b>	<b>\$ 1,155,700</b>	<b>\$ 74,267</b>
<b>EXPENDITURES</b>			
<b>Water Department</b>			
<b>Production</b>			
Personal Services	29,901	\$ 70,000	\$ (40,099)
Contractual Services	156,763	250,000	(93,237)
Commodities	66,865	60,000	6,865
Capital Outlay	398	370,657	(370,259)
	<b>253,927</b>	<b>750,657</b>	<b>(496,730)</b>
<b>Transmission &amp; Distribution</b>			
Personal Services	176,088	180,000	(3,912)
Contractual Services	146,029	150,000	(3,971)
Commodities	137,984	170,000	(32,016)
Capital Outlay	49,500	189,400	(139,900)
	<b>509,601</b>	<b>689,400</b>	<b>(179,799)</b>

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-13  
Page 2 of 2

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**WATER & SEWER UTILITY FUND (Cont.)**

	Actual	Budget	Variance Over (Under)
<b>EXPENDITURES (Cont.)</b>			
<b>Water Department</b>			
<b>Water Commercial &amp; General</b>			
Personal Services	\$ 71,089	\$ 75,000	\$ (3,911)
Contractual Services	50,909	70,000	(19,091)
Commodities	1,768	5,000	(3,232)
Capital Outlay	-	114,582	(114,582)
	123,766	264,582	(140,816)
<b>Total Water Commercial &amp; General</b>			
<b>Total Water Department</b>	887,294	1,704,639	(817,345)
<b>Sewer Department</b>			
<b>Sewer Commercial &amp; General</b>			
Personal Services	57,192	60,000	(2,808)
Contractual Services	124,281	190,000	(65,719)
Commodities	37,995	60,000	(22,005)
Capital Outlay	7,529	209,400	(201,871)
	226,997	519,400	(292,403)
<b>Total Sewer Commercial &amp; General</b>			
<b>Other Expenditures</b>			
Sales Tax	26,738	20,000	6,738
State Water Fee	14,001	11,000	3,001
Kansas Clean Drinking Water Fee	13,126	11,387	1,739
Other	-	50	(50)
Outgoing Transfer			
Equipment Reserve Fund	31,450	26,200	5,250
	85,315	68,637	16,678
<b>Total Other Expenditures</b>			
<b>Total Expenditures</b>	1,199,606	\$ 2,292,676	\$ (1,093,070)
<b>Cash Receipts Over (Under) Expenditures</b>	30,361		
<b>UNENCUMBERED CASH, January 1, 2011</b>	1,093,751		
<b>Prior Year Cancelled Encumbrances</b>	-		
<b>UNENCUMBERED CASH, December 31, 2011</b>	\$ 1,124,112		

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-14

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended December 31, 2011

METER DEPOSITS FUND

	<u>Actual</u>
<b>CASH RECEIPTS</b>	
Meter Deposits	<u>\$ 7,570</u>
<b>EXPENDITURES</b>	
Deposit Refunds	7,290
Outgoing Transfer	
Water & Sewer Utility Fund	<u>470</u>
Total Expenditures	<u>7,760</u>
Cash Receipts Over (Under) Expenditures	(190)
UNENCUMBERED CASH, January 1, 2011	<u>190</u>
UNENCUMBERED CASH, December 31, 2011	<u><u>\$ -</u></u>

**CITY OF PHILLIPSBURG**  
Phillipsburg, Kansas

Schedule 2-15

**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2011

**SOLID WASTE FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Fees Collected	\$ 352,702	\$ 305,000	\$ 47,702
Sales Tax Collected	104	250	(146)
Sale of Dumpsters	632	3,600	(2,968)
Equipment Rental	650	600	50
Other Cash Receipts	62	200	(138)
Yard Waste Receipts	6,255	7,500	(1,245)
Sale of Equipment	641	-	641
Total Cash Receipts	361,046	\$ 317,150	\$ 43,896
<b>EXPENDITURES</b>			
Personal Services	108,032	\$ 125,000	\$ (16,968)
Contractual Services	165,328	190,000	(24,672)
Commodities	28,708	42,000	(13,292)
Capital Outlay	5,725	47,969	(42,244)
Outgoing Transfer			
Equipment Reserve Fund	17,337	7,600	9,737
Total Expenditures	325,130	\$ 412,569	\$ (87,439)
Cash Receipts Over (Under) Expenditures	35,916		
UNENCUMBERED CASH, January 1, 2011	150,911		
UNENCUMBERED CASH, December 31, 2011	\$ 186,827		

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 2-16

SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended December 31, 2011

PARTIALLY SELF-FUNDED HEALTH INSURANCE FUND

	<u>Actual</u>
<b>CASH RECEIPTS</b>	
Insurance Reimbursement	\$ 177,894
Employee/Employer Premium Deposit	8,368
Interest on Idle Funds	217
Reimbursements	-
Incoming Transfer	
Employee Benefit Fund	<u>244,683</u>
 Total Cash Receipts	 <u>431,162</u>
 <b>EXPENDITURES</b>	
Contractual Services	<u>445,769</u>
 Cash Receipts Over (Under) Expenditures	 (14,607)
 UNENCUMBERED CASH, January 1, 2011	 <u>99,393</u>
 UNENCUMBERED CASH, December 31, 2011	 <u><u>\$ 84,786</u></u>

CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 3

SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS  
For the Year Ended December 31, 2011

AGENCY FUNDS

<u>FUNDS</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Municipal Court Bonds	\$ -	\$ 2,245	\$ 245	\$ 2,000
Employee Flex Benefits	<u>2,484</u>	<u>40,891</u>	<u>40,835</u>	<u>2,540</u>
Total	<u>\$ 2,484</u>	<u>\$ 43,136</u>	<u>\$ 41,080</u>	<u>\$ 4,540</u>



CITY OF PHILLIPSBURG  
Phillipsburg, Kansas

Schedule 4

WATER AND SEWER UTILITY ALLOCATION  
For the Year Ended December 31, 2011

SUMMARY FROM  
WATER & SEWER UTILITY FUND

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH RECEIPTS	<u>\$ 1,027,348</u>	<u>\$ 202,619</u>	<u>\$ 1,229,967</u>
EXPENDITURES	<u>956,884</u>	<u>242,722</u>	<u>1,199,606</u>
Cash Receipts Over (Under) Expenditures	70,464	(40,103)	30,361
UNENCUMBERED CASH, January 31, 2011	<u>367,624</u>	<u>726,127</u>	<u>1,093,751</u>
UNENCUMBERED CASH, December 31, 2011	<u>\$ 438,088</u>	<u>\$ 686,024</u>	<u>\$ 1,124,112</u>

**CITY OF PHILLIPSBURG, KANSAS  
UNAUDITED ADDITIONAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**CITY OF PHILLIPSBURG  
Phillipsburg, Kansas**

**Exhibit 1**

**UNAUDITED ADDITIONAL INFORMATION  
December 31, 2011**

Phillipsburg is a municipal corporation incorporated in 1872 and a city of the second class organized and existing under and pursuant to the Constitution and Laws of the State of Kansas. The City has a Mayor/Council form of government consisting of a Mayor and a six-member City Council who are elected by ward to four-year terms of office. The Mayor and Council set policy covering municipal governmental and administrative services and operations.

**THE CITY**

The City of Phillipsburg, Kansas (the "City") is situated in the northwest region of the State of Kansas. The City is approximately 240 miles northwest of Wichita and 150 miles northwest of Salina. Phillipsburg is the County seat of Phillips County.

**EDUCATIONAL FACILITIES**

Phillipsburg is the site of the offices of Unified School District No. 325 which provides a comprehensive curriculum for approximately 628 students in kindergarten through grade twelve.

Post secondary education is provided to the area by Fort Hays State University, as well as the North Central Area Vocational and Technical School in Beloit. Colby Community College also provides post secondary education through outreach programs.

**ECONOMIC AND DEMOGRAPHIC INFORMATION**

**LOCATION (City of Phillipsburg)**

Distance in miles from:	Chicago:	754	Denver:	338
	Los Angeles:	1,356	New York:	1,527
	Kansas City:	325	Dallas:	610
	Minneapolis:	647	St. Louis:	581

POPULATION	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>1970</u>	<u>1960</u>
City of Phillipsburg:	2,581	2,668	2,828	3,229	3,241	3,233
Phillips County:	5,642	6,001	6,590	7,406	7,888	8,709

**PUBLIC SAFETY**

The City of Phillipsburg contracts with Phillips County for law enforcement.

The City of Phillipsburg provides fire protection through a volunteer fire department.

**UNAUDITED**

**UTILITIES**

Electric service is provided to the area by Prairie Land Electric, with the electric utility an interconnected utility.

Natural gas is provided to the area by Midwest Energy, Inc.

The City of Phillipsburg owns and operates municipal water and waste water utilities. The City also owns and operates the refuse collection service.

**EMPLOYMENT HISTORY - Phillips County**

	<u>Year</u>	<u>Average Unemployment Rate</u>	
	2011	4.9%	
	2010	5.1%	
	2009	6.2%	
	2008	4.0%	
	2007	3.0%	
	2006	3.3%	
	2005	3.7%	
	2004	3.9%	
	2003	2.3%	
	2002	2.0%	

  

	<u>Civilian Work force</u>	<u>Total Employed</u>	<u>Unemployed</u>
2011	3,185	3,029	156
2010	3,103	2,946	157
2009	3,166	2,969	197
2008	3,145	3,018	127
2007	3,182	3,088	94
2006	3,111	3,008	103
2005	3,155	3,039	116
2004	3,214	3,090	124
2003	3,229	3,154	75
2002	3,239	3,174	65

Kansas Department of Commerce, Labor Market Info. Service (785-296-2918)  
[www.dol.ks.gov](http://www.dol.ks.gov)

**MAJOR EMPLOYERS - Phillipsburg Area**

Some of the larger employers in the area include:

<u>Firm</u>	<u>Employment</u>	<u>Products/Service</u>
Tamko Asphalt Products	not disclosed	Roofing Products
Phillips County Hospital	116	Health Care
Unified School District #325	100	Education
Phillips Co. Retirement Center	85	Long Term Care Facility
First National Bank	46	Banking
Kyle Railroad	30	Transportation
Prairie Horizon Agri-Energy LLC	35	Ethanol & Distillers Grain
Groendyke Transport Inc.	20	Transportation

UNAUDITED

**CLIMATE**

Average daily temperature:

January:	27 degrees
April:	54 degrees
July:	80 degrees
October:	57 degrees

Average annual precipitation: 25 inches  
 Average annual snowfall: 23 inches

**BANK DEPOSITS - Phillipsburg - December 31**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2002	190,744,425	2007	224,886,062
2003	195,923,461	2008	233,130,344
2004	200,540,121	2009	229,561,739
2005	196,496,523	2010	245,076,602
2006	208,589,637	2011	297,256,081

Source: Local banks - First National Bank, Farmers National Bank, & Farmers State Bank

**GROSS RETAIL SALES - Phillips County**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2002	105,351,595	2007	155,847,499
2003	126,056,000	2008	131,936,647
2004	133,500,000	2009	125,906,065
2005	141,624,077	2010	122,903,973
2006	173,762,580	2011	175,612,706

**PHILLIPSBURG CITY SALES TAX COLLECTED BY STATE OF KANSAS**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2002	353,484	2007	398,182
2003	340,194	2008	395,726
2004	357,141	2009	391,732
2005	359,404	2010	386,466
2006	392,703	2011	435,662

**TAXABLE RETAIL SALES - Phillipsburg City**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2002	29,092,059	2007	36,748,660
2003	31,234,100	2008	37,891,849
2004	32,309,604	2009	34,479,349
2005	32,614,792	2010	36,656,731
2006	39,270,300	2011	43,566,227

**TAXABLE RETAIL SALES - Phillips County**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2002	39,300,608	2007	51,399,849
2003	41,691,400	2008	53,419,415
2004	43,295,113	2009	49,485,668
2005	43,667,470	2010	52,079,343
2006	50,145,600	2011	60,623,600

Source: Kansas Department of Revenue, Steve Brunken (785-291-3580)

UNAUDITED

## TRANSPORTATION

The Kyle Railroad Co. serves the area. Highways serving the area include Interstate 70 and Interstate 80, located 62 miles to the south and 65 miles to the north respectively, and Kansas Highway 36 and Kansas Highway 183.

Air transportation is provided to the area through the Phillipsburg Municipal Airport which has a 4,500 foot asphalt runway. The airport is lighted and has private aircraft storage available.

Parcel service is provided by Federal Express, Pony Express, United Parcel Service, and the United States Post Office.

## COMMUNITY SERVICES

The City of Phillipsburg is serviced by three banks and one credit union. Medical facilities are readily available through the twenty-nine bed nonprofit Phillips County Hospital. There is one medical doctor, two certified physician assistants, three dentists and one optometrist providing medical services to the City as well as visiting specialists.

There are fourteen religious institutions located in Phillipsburg.

Located in or near the City are public parks, a golf course, tennis courts and swimming pools. Kirwin Federal Wildlife Refuge is only fifteen miles from the City and provides fishing, hunting, and wildlife watching.

Phillipsburg has two motels with a total of seventy-four rooms.

Phillipsburg has two weekly newspapers, the Phillips County Review and the Advocate of Phillips County. Area residents receive a high quality cable system and high speed internet access. KKAN-KQMA serves the area with AM/FM radio.

## TAX STRUCTURE

The total sales tax rate (city, county, state) was 5.4% until June 30, 2001. Beginning July 1, 2001, the rate was 5.9%, on July 1, 2003 the rate became 6.3%, and on January 1, 2006 the rate became 6.8%.

The property tax rate for various governmental entities is as follows:

### PROPERTY TAX MILL LEVY (Per \$1,000 Assessed Valuation )

Levy Year	Budget Year	City of Phillipburg	Phillips County	USD #325	Other	State	Total
2011	2012	50.820	114.814	48.823	1.453	1.500	217.410
2010	2011	49.857	100.712	48.194	1.513	1.500	201.776
2009	2010	49.618	89.437	48.518	1.655	1.500	190.728
2008	2009	49.176	81.842	49.334	1.352	1.500	183.204
2007	2008	50.645	78.597	50.464	1.398	1.500	182.604
2006	2007	51.951	76.384	50.433	1.736	1.500	182.004

UNAUDITED

### ASSESSED VALUATION HISTORY

Year	Assessed Valuation of Taxable Tangible Property	Tangible Valuation of Motor Vehicles	Equalized Assessed Valuation of Taxable Tangible Property
2011	\$10,045,331	\$2,690,621	\$12,735,952
2010	\$9,929,583	\$2,839,157	\$12,768,740
2009	\$9,905,875		
2008	\$10,110,232		
2007	\$9,894,743		
2006	\$9,527,436		

Exhibit 6

### CITY'S AUTHORITY TO INCUR DEBT

Equalized Assessed Valuation of Tangible Valuation For Computation of Bonded Debt Limitations	\$12,735,952
Legal limitation of Bonded Debt	\$3,820,786
Outstanding general obligation debt as of December 31, 2011	\$245,000
Exempt Debt	\$0
Net Debt against Statutory Debt limit capacity	\$245,000
Additional debt capacity	\$3,575,786
Direct debt per capita	\$104
Overlapping Indebtedness	\$0
Direct and overlapping debt	\$245,000
Direct and overlapping debt per capita	\$104
Direct debt as a percentage of Equalized Assessed Valuation	1.92%
Direct and overlapping debt as a percentage of Equalized Assessed V	1.92%
Statutory direct debt as a percentage of Equalized Assessed Valuation	1.92%

UNAUDITED

**Overlapping Indebtedness**

The following table sets forth overlapping indebtedness as of December 31, 2011, and the percent attributable (on the basis of assessed valuation) to the City.

<b>Taxing Jurisdiction</b>	<b>2011 Assessed Valuation</b>	<b>Outstanding General Obligation Indebtedness</b>	<b>Percent Applicable to the City</b>	<b>Amount Applicable to the City</b>
Phillips County	\$49,185,546	\$0	19.37%	\$0
U.S.D. #325	\$27,499,409	\$0	34.65%	\$0

**Outstanding General Obligation Debt  
(As of December 31, 2011)**

<b>Description of Indebtedness</b>	<b>Series</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>	<b>Amount Included In Debt Limitation</b>
KLINK G.O. Bonds	2011	\$245,000	\$245,000	\$245,000

**Temporary Notes Outstanding  
(As of December 31, 2011)**

None are outstanding as of December 31, 2011.

**Revenue Bonds Outstanding  
(As of December 31, 2011)**

None are outstanding as of December 31, 2011.

**Outstanding Public Building Commission Revenue Bonds  
(As of December 31, 2011)**

<b>Description of Indebtedness</b>	<b>Series</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
PBC Revenue Bond	2011	\$3,070,000	\$3,070,000

**Loans Outstanding  
(As of December 31, 2011)**

<b>Description of Loan</b>	<b>Series</b>	<b>Original Amount</b>	<b>Amount Outstanding</b>
KDHE Sewer Loan	2001	\$2,855,519	\$1,709,418
KDHE Water Loan	2005	\$1,115,125	\$614,815

**Capital Lease Obligations  
(As of December 31, 2011)**

None are outstanding as of December 31, 2011.

UNAUDITED