

**CITY OF BASEHOR, KANSAS**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2012**

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CITY OF BASEHOR, KANSAS  
Financial Statements  
Year ending December 31, 2012

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CITY OF BASEHOR, KANSAS

Financial Statements  
Year ending December 31, 2012

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MIZE HOUSER  
COMPANY<sub>P.A.</sub>

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Mayor and City Council  
City of Basehor, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements 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 Accounting and Audit Guide." These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, as of December 31, 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the schedule of funding progress on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Mike Houser: Company PA*

May 13, 2013

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012  
Unaudited

Our discussion and analysis of the City of Basehor, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2012.

**Financial Highlights**

- The Government-wide net position totaled \$16.1 million at the end of the current fiscal year.
- The Government-wide unrestricted current assets exceed the current liabilities by \$6.3 million, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2012 totaled \$28.5 million.
- During the year ended December 31, 2012, the City's total revenues (which include charges for services, local taxes, and state and federal aid) exceeded total expenses by \$20,333.
- The City's total indebtedness decreased by \$1 million.
- The City's net capital assets decreased \$1.4 million in the current fiscal year.

**Using This Financial Report**

This annual report consists of two distinct series of financial statements: government-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds.

**Reporting on the City as a Whole (Government Wide)**

**Statement of Net Position and the Statement of Activities**

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Position and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net position and current year change in those net position. The change in net position is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012  
Unaudited

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the City's programs and services are reported here including general government, public safety, public works, and culture and recreation.

**Business-Type Activities** - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The City's sewer utility and the solid waste utility are reported as business-type activities.

**Reporting the City's Most Significant Funds (Fund Financial Statements)**

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

**Governmental Funds** - Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and balances left over at fiscal yearend available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Position and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

**Proprietary Funds** - Proprietary funds (Solid Waste Utility and the Sewer Utility) are enterprise funds that use the same basis of accounting as business-type activities, therefore, these statements replicate the information provided in the government-wide financial statements.



CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012  
Unaudited

**The City as a Whole**

Government-Wide Position

The Statement of Net Position provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Position as of December 31, 2012:

City of Basehor  
Condensed Statement of Net Position  
December 31, 2012 and 2011

|  | <u>Governmental Activities</u> |                          | <u>Business-Type Activities</u> |                          | <u>Total</u>             |                          |
|--|--------------------------------|--------------------------|---------------------------------|--------------------------|--------------------------|--------------------------|
|  | <u>2012</u>                    | <u>2011</u>              | <u>2012</u>                     | <u>2011</u>              | <u>2012</u>              | <u>2011</u>              |
| Current assets                             | \$ 6,761,551                   | \$ 6,308,209             | \$ 999,104                      | \$ 904,810               | \$ 7,760,655             | \$ 7,213,019             |
| Net capital assets                         | <u>10,473,260</u>              | <u>11,106,103</u>        | <u>18,070,308</u>               | <u>18,838,629</u>        | <u>28,543,568</u>        | <u>29,944,732</u>        |
| <br>Total assets                           | <br><u>\$ 17,234,811</u>       | <br><u>\$ 17,414,312</u> | <br><u>\$ 19,069,412</u>        | <br><u>\$ 19,743,439</u> | <br><u>\$ 36,304,223</u> | <br><u>\$ 37,157,751</u> |
| <br>Current liabilities                    | <br>\$ 2,064,516               | <br>\$ 1,964,073         | <br>\$ 875,639                  | <br>\$ 958,955           | <br>\$ 2,940,155         | <br>\$ 2,923,028         |
| Noncurrent liabilities                     | <u>7,629,461</u>               | <u>7,997,118</u>         | <u>9,658,113</u>                | <u>10,181,444</u>        | <u>17,287,574</u>        | <u>18,178,562</u>        |
| <br>Total liabilities                      | <br><u>\$ 9,693,977</u>        | <br><u>\$ 9,961,191</u>  | <br><u>\$ 10,533,752</u>        | <br><u>\$ 11,140,399</u> | <br><u>\$ 20,227,729</u> | <br><u>\$ 21,101,590</u> |
| <br>Net Position:                          |                                |                          |                                 |                          |                          |                          |
| Invested in capital assets,<br>net of debt | \$ 2,474,893                   | \$ 2,842,681             | \$ 7,689,150                    | \$ 7,816,878             | \$ 10,164,043            | \$ 10,659,559            |
| Restricted for:                            |                                |                          |                                 |                          |                          |                          |
| Debt Service                               | 659,198                        | 404,894                  | -                               | -                        | 659,198                  | 404,894                  |
| Unrestricted                               | <u>4,406,743</u>               | <u>4,205,546</u>         | <u>846,510</u>                  | <u>786,162</u>           | <u>5,253,253</u>         | <u>4,991,708</u>         |
| <br>Total net position                     | <br><u>\$ 7,540,834</u>        | <br><u>\$ 7,453,121</u>  | <br><u>\$ 8,535,660</u>         | <br><u>\$ 8,603,040</u>  | <br><u>\$ 16,076,494</u> | <br><u>\$ 16,056,161</u> |

The assets of the City are classified as current assets and capital assets. Cash and investments and accounts receivable are the largest current assets. These are assets that are available to provide resources for the near-term operations of the City. Capital assets are used in the operations of the City. These assets include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued liabilities, and current portion of long-term obligations. Current assets exceed current liabilities by \$6.3 million, representing the City's ability to meet current obligations when due.

The City has \$18.4 million in long-term debt, consisting of general obligation bonds, loans, and capital leases payable, of which \$1.2 million is due within the next fiscal year.

The City had total assets at December 31, 2012, totaling \$36.3 million. The total assets of the City exceeded the total liabilities by \$16.1 million. Net position invested in capital assets, net of related debt, totaled \$10.2 million, restricted net position totaled \$.7 million and unrestricted net position totaled \$5.2 million.

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012  
Unaudited

Government-Wide Activities

The following is a condensed statement of the City's change in net position for the year ended December 31, 2012. Major items of program revenues, grants and general revenues are detailed below. Government-wide activities increased the net position of the City by \$20,333 for the year ended December 31, 2012. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located on page 14 of the basic financial statements. Major differences in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements include the repayment of bonds, temporary notes, and leases in the current fiscal year of \$5.1 million which are treated as an expenditure in the fund statements and a reduction of long term debt payable in the Government wide financial statements. Also, issuance of bonds are recorded as revenue in the fund statements in the amount of \$4.7, however this amount is recorded as an addition to long term debt payable in the Government wide financial statements. In addition, the capital outlays of \$.2 million are treated as expenditures in the fund statements, but are treated as capital assets in the Government wide financial statements.

City of Basehor  
Condensed Statement of Changes in Net Position  
For the Years Ending December 31, 2012 and 2011

|                                     | Governmental Activities |                   | Business-Type Activities |                   | Total            |                   |
|-------------------------------------|-------------------------|-------------------|--------------------------|-------------------|------------------|-------------------|
|                                     | <u>2012</u>             | <u>2011</u>       | <u>2012</u>              | <u>2011</u>       | <u>2012</u>      | <u>2011</u>       |
| Revenues:                           |                         |                   |                          |                   |                  |                   |
| Program revenues:                   |                         |                   |                          |                   |                  |                   |
| Charges for services                | \$ 302,275              | \$ 252,238        | \$ 1,503,236             | \$ 1,791,107      | \$ 1,805,511     | \$ 2,043,345      |
| Operating grants                    | 14,278                  | 15,722            | 90,268                   | 84,630            | 104,546          | 100,352           |
| General revenues:                   |                         |                   |                          |                   |                  |                   |
| Taxes                               | 3,477,067               | 3,524,640         | -                        | -                 | 3,477,067        | 3,524,640         |
| Transfers [net]                     | 107,256                 | [18,959]          | [107,256]                | 18,959            | -                | -                 |
| Other                               | <u>58,079</u>           | <u>61,389</u>     | <u>121,387</u>           | <u>812</u>        | <u>179,466</u>   | <u>62,201</u>     |
| Total revenues                      | <u>3,958,955</u>        | <u>3,835,030</u>  | <u>1,607,635</u>         | <u>1,895,508</u>  | <u>5,566,590</u> | <u>5,730,538</u>  |
| Program expenses:                   |                         |                   |                          |                   |                  |                   |
| General government                  | 1,153,936               | 1,210,855         | -                        | -                 | 1,153,936        | 1,210,855         |
| Public safety                       | 770,870                 | 738,989           | -                        | -                 | 770,870          | 738,989           |
| Public works                        | 696,331                 | 534,874           | -                        | -                 | 696,331          | 534,874           |
| Culture and recreation              | 46,499                  | 70,120            | -                        | -                 | 46,499           | 70,120            |
| Infrastructure depreciation         | 762,390                 | 741,840           | -                        | -                 | 762,390          | 741,840           |
| Sewer utility                       | -                       | -                 | 1,439,115                | 1,408,844         | 1,439,115        | 1,408,844         |
| Solid waste utility                 | -                       | -                 | 235,900                  | 254,628           | 235,900          | 254,628           |
| Interest on long term debt          | <u>441,216</u>          | <u>242,488</u>    | <u>-</u>                 | <u>-</u>          | <u>441,216</u>   | <u>242,488</u>    |
| Total expenses                      | <u>3,871,242</u>        | <u>3,539,166</u>  | <u>1,675,015</u>         | <u>1,663,472</u>  | <u>5,546,257</u> | <u>5,202,638</u>  |
| Increase [decrease] in net position | <u>\$ 87,713</u>        | <u>\$ 295,864</u> | <u>\$ [67,380]</u>       | <u>\$ 232,036</u> | <u>\$ 20,333</u> | <u>\$ 527,900</u> |

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012  
Unaudited

Governmental Activities increase the net position by \$87,713. Business-type activities decreased the net position by \$67,380. The primary increases in Governmental Activities can be attributed to many factors in addition to conservative spending. In 2012, the City issued increased building permits and experienced a positive surge in franchise, delinquent, and sales tax collections. Key elements in the Business-type activities increase is due to additional sewer connection fees, utility customers (both sewer and solid waste) and deferred maintenance.

### **Financial Analysis of the City's Funds**

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources.

Total fund balances at December 31, 2012 for the governmental funds totaled \$5.3 million. Total unassigned fund balances at December 31, 2012 totaled nearly \$.6 million, of which \$.6 million was attributable to the General Fund. The remainder of fund balance includes; \$.7 million of restricted fund balance to indicate that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations; \$.4 million of assigned fund balance to indicate amounts that are constrained by the City management to be used for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$.6 million, which represents all of the total fund balance. The increase in the General Fund's fund balance was \$.2 million.

The Consolidated Highway Fund is used to account for road and highway projects. At the end of the current fiscal year, assigned fund balance of the consolidated highway fund was \$2 million, which represents all of the total fund balance. The decrease in the fund's fund balance was \$54,709.

The Capital Improvements Reserve Fund is used to account for capital improvement projects. At the end of the current fiscal year, assigned fund balance of the capital improvements reserve fund was \$1.4 million, which represents all of the total fund balance. The increase in the fund's fund balance was \$80,271.

The Employee Benefit Fund is used to account for employee benefits. At the end of the current fiscal year, assigned fund balance of the employee benefit fund was \$135,031, which represents all of the total fund balance. The increase in the Fund's fund balance was \$86,749.

The Debt Service Fund is used to accumulate tax revenues and other revenues for the payment of principal and interest on general long-term debt.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Solid Waste Utility Fund at the end of the year amounted to \$104,018 and the unrestricted net position of the Sewer Fund at the end of the year amounted to \$.7 million. The total change in the two funds was \$7,984 and [\$75,364] respectively.

### **General Fund Budgeting Highlights**

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

CITY OF BASEHOR, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2012  
Unaudited

The City's final General Fund budget was \$1,867,562, the same as the original published budget. The revenues were more than budgetary estimates by \$227,705 and the expenditures were less than budgetary estimates by \$176,661.

**Fixed Assets and Debt Administration**

The City's investment in fixed assets for its governmental and business-type activities totaled \$28.5 million (net of accumulated depreciation) as of December 31, 2012.

Major fixed asset events during the current fiscal year included the following:

The City purchased a patrol car, smooth drum roller and box spreader at a cost of \$36,832.

At December 31, 2012, the City had total debt outstanding of \$18.4 million, backed by the full faith and credit of the City. Total long-term debt decreased for the fiscal year ended December 31, 2012, in the amount of \$1 million. This was a result of the gradual pay down of current outstanding debt and the refinancing.

Additional information on the City's general long term debt can be found in Note III to the financial statements.

**Contacting the City**

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City Clerk/Finance Department at 2620 North 155<sup>th</sup> Street, Basehor, Kansas 66007 or (913) 724-1370.

CITY OF BASEHOR, KANSAS  
STATEMENT OF NET POSITION  
December 31, 2012

|  | Primary Government         |                             |                                |
|--|----------------------------|-----------------------------|--------------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Primary<br>Government<br>Total |
| <b>ASSETS</b>  |                            |                             |                                |
| Current assets:  |                            |                             |                                |
| Cash and cash equivalents  | \$ 5,271,864               | \$ 868,329                  | \$ 6,140,193                   |
| Receivables:   |                            |                             |                                |
| Taxes  | 1,437,454                  | -                           | 1,437,454                      |
| Municipal court  | 48,027                     | -                           | 48,027                         |
| Other  | 4,206                      | 130,775                     | 134,981                        |
| Total current assets   | <u>6,761,551</u>           | <u>999,104</u>              | <u>7,760,655</u>               |
| Noncurrent assets:   |                            |                             |                                |
| Bond discount, net   | -                          | 21,147                      | 21,147                         |
| Nondepreciable capital assets:   |                            |                             |                                |
| Land   | 135,838                    | -                           | 135,838                        |
| Construction in process  | 165,301                    | -                           | 165,301                        |
| Depreciable capital assets:  | 18,936,346                 | 28,616,789                  | 47,553,135                     |
| Less: accumulated depreciation   | <u>[8,764,225]</u>         | <u>[10,567,628]</u>         | <u>[19,331,853]</u>            |
| Total capital assets   | <u>10,473,260</u>          | <u>18,049,161</u>           | <u>28,522,421</u>              |
| Total noncurrent assets  | <u>10,473,260</u>          | <u>18,070,308</u>           | <u>28,543,568</u>              |
| Total assets   | <u>\$ 17,234,811</u>       | <u>\$ 19,069,412</u>        | <u>\$ 36,304,223</u>           |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND<br/>NET POSITION</b> |                            |                             |                                |
| Liabilities:   |                            |                             |                                |
| Current liabilities:   |                            |                             |                                |
| Accounts payable   | \$ 30,026                  | \$ 37,707                   | \$ 67,733                      |
| Accrued liabilities  | 40,966                     | 5,311                       | 46,277                         |
| Accrued interest payable   | 83,755                     | 97,045                      | 180,800                        |
| Deferred revenue   |                            |                             |                                |
| Compensated absences payable   | 41,242                     | 12,531                      | 53,773                         |
| Current portion of general obligation bonds payable                    | 431,073                    | 493,927                     | 925,000                        |
| Current portion of loans payable                                       | -                          | 229,118                     | 229,118                        |
| Total current liabilities (payable from current assets)                | <u>627,062</u>             | <u>875,639</u>              | <u>1,502,701</u>               |
| Noncurrent liabilities:  |                            |                             |                                |
| Net other post employment benefit obligation                           | 12,167                     | -                           | 12,167                         |
| Capital lease payable  | 50,000                     | -                           | 50,000                         |
| General obligation bonds payable                                       | 7,567,294                  | 4,823,590                   | 12,390,884                     |
| Loans payable  | -                          | 4,834,523                   | 4,834,523                      |
| Total noncurrent liabilities   | <u>7,629,461</u>           | <u>9,658,113</u>            | <u>17,287,574</u>              |
| Total liabilities  | <u>8,256,523</u>           | <u>10,533,752</u>           | <u>18,790,275</u>              |
| Deferred inflows of resources  |                            |                             |                                |
| Unavailable revenue - property taxes                                   | 1,437,454                  | -                           | 1,437,454                      |
| Total deferred inflows of resources                                    | <u>1,437,454</u>           | <u>-</u>                    | <u>1,437,454</u>               |
| Total liabilities and deferred inflows of resources                    | <u>\$ 9,693,977</u>        | <u>\$ 10,533,752</u>        | <u>\$ 20,227,729</u>           |
| Net Position   |                            |                             |                                |
| Invested in fixed assets, net of related debt                          | \$ 2,474,893               | \$ 7,689,150                | \$ 10,164,043                  |
| Restricted for:  |                            |                             |                                |
| Debt service   | 659,198                    | -                           | 659,198                        |
| Unrestricted   | 4,406,743                  | 846,510                     | 5,253,253                      |
| Total net position   | <u>\$ 7,540,834</u>        | <u>\$ 8,535,660</u>         | <u>\$ 16,076,494</u>           |

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

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## CITY OF BASEHOR, KANSAS

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2012

|                                  |                     |                         |  | Net [Expenses] Revenue<br>and Changes in Net Assets |                                |                      |
|----------------------------------|---------------------|-------------------------|--|---|--------------------------------|----------------------|
|                                  | Program Revenues    |                         |  | Primary Government                                  |                                |                      |
|                                  | Expenses            | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                          | Business<br>Type<br>Activities | Total                |
| <b>Governmental activities:</b>  |                     |                         |  |   |                                |                      |
| General government               | \$ 1,153,936        | \$ -                    | \$ -                                     | \$ [1,153,936]                                      | \$ -                           | \$ [1,153,936]       |
| Public safety                    | 770,870             | 147,659                 | -  | [623,211]   | -                              | [623,211]            |
| Public works                     | 696,331             | 154,616                 | 14,278                                   | [527,437]   | -                              | [527,437]            |
| Culture and recreation           | 46,499              | -                       | -  | [46,499]  | -                              | [46,499]             |
| Infrastructure depreciation      | 762,390             | -                       | -  | [762,390]   | -                              | [762,390]            |
| Interest on long-term debt       | 441,216             | -                       | -  | [441,216]   | -                              | [441,216]            |
| Total governmental activities    | <u>3,871,242</u>    | <u>302,275</u>          | <u>14,278</u>                            | <u>[3,554,689]</u>                                  | <u>-</u>                       | <u>[3,554,689]</u>   |
| <b>Business-type activities:</b> |                     |                         |  |   |                                |                      |
| Sewer Utility                    | 1,439,115           | 1,216,584               | 90,268                                   | -   | [132,263]                      | [132,263]            |
| Solid Waste Utility              | <u>235,900</u>      | <u>286,652</u>          | <u>-</u>                                 | <u>-</u>  | <u>50,752</u>                  | <u>50,752</u>        |
| Total business-type activities   | <u>1,675,015</u>    | <u>1,503,236</u>        | <u>90,268</u>                            | <u>-</u>  | <u>[81,511]</u>                | <u>[81,511]</u>      |
| Total primary government         | <u>\$ 5,546,257</u> | <u>\$ 1,805,511</u>     | <u>\$ 104,546</u>                        | <u>[3,554,689]</u>                                  | <u>[81,511]</u>                | <u>[3,636,200]</u>   |
| <b>General Revenues:</b>         |                     |                         |  |   |                                |                      |
| Property taxes levied for        |                     |                         |  |   |                                |                      |
| General purposes                 |                     |                         |  | 1,417,771   | -                              | 1,417,771            |
| Debt service                     |                     |                         |  | 828,599   | -                              | 828,599              |
| Franchise tax                    |                     |                         |  | 204,997   | -                              | 204,997              |
| Liquor tax                       |                     |                         |  | 16,964  | -                              | 16,964               |
| Sales tax                        |                     |                         |  | 655,056   | -                              | 655,056              |
| Motor vehicle tax                |                     |                         |  | 176,856   | -                              | 176,856              |
| Excise tax                       |                     |                         |  | 56,280  | -                              | 56,280               |
| Miscellaneous tax                |                     |                         |  | 120,544   | -                              | 120,544              |
| Investments earnings             |                     |                         |  | 20,947  | 3,206                          | 24,153               |
| Miscellaneous                    |                     |                         |  | 37,132  | 118,181                        | 155,313              |
| Transfers, net                   |                     |                         |  | <u>107,256</u>                                      | <u>[107,256]</u>               | <u>-</u>             |
| Total general revenues           |                     |                         |  | <u>3,642,402</u>                                    | <u>14,131</u>                  | <u>3,656,533</u>     |
| Change in net position           |                     |                         |  | 87,713  | [67,380]                       | 20,333               |
| Net position - beginning         |                     |                         |  | <u>7,453,121</u>                                    | <u>8,603,040</u>               | <u>16,056,161</u>    |
| Net position - ending            |                     |                         |  | <u>\$ 7,540,834</u>                                 | <u>\$ 8,535,660</u>            | <u>\$ 16,076,494</u> |

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

## CITY OF BASEHOR, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS

December 31, 2012

|   | <u>General</u>      | <u>Consolidated<br/>Highway</u> | <u>Capital<br/>Improvements<br/>Reserve</u> |
|---|---------------------|---------------------------------|---|
| <b>ASSETS</b>   |                     |                                 |   |
| Cash and cash equivalents   | \$ 606,865          | \$ 1,967,132                    | \$ 1,424,267                                |
| Receivables   |                     |                                 |   |
| Taxes   | 993,230             | -                               | -   |
| Municipal court   | 48,027              | -                               | -   |
| Other   | 4,206               | -                               | -   |
| Total assets  | <u>\$ 1,652,328</u> | <u>\$ 1,967,132</u>             | <u>\$ 1,424,267</u>                         |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> |                     |                                 |   |
| Liabilities:  |                     |                                 |   |
| Accounts payable  | \$ 27,912           | \$ 1,556                        | \$ -  |
| Accrued liabilities   | <u>37,578</u>       | <u>-</u>                        | <u>-</u>                                    |
| Total liabilities   | <u>65,490</u>       | <u>1,556</u>                    | <u>-</u>                                    |
| Deferred inflows of resources:  |                     |                                 |   |
| Unavailable revenue - property taxes                                    | <u>993,230</u>      | <u>-</u>                        | <u>-</u>                                    |
| Total deferred inflows of resources                                     | <u>993,230</u>      | <u>-</u>                        | <u>-</u>                                    |
| Total liabilities and deferred inflows of resources                     | <u>1,058,720</u>    | <u>1,556</u>                    | <u>-</u>                                    |
| Fund balance:   |                     |                                 |   |
| Restricted  | -                   | -                               | -   |
| Assigned  | -                   | 1,965,576                       | 1,424,267                                   |
| Unassigned  | <u>593,608</u>      | <u>-</u>                        | <u>-</u>                                    |
| Total fund balance [deficit]  | <u>593,608</u>      | <u>1,965,576</u>                | <u>1,424,267</u>                            |
| Total liabilities and fund balances                                     | <u>\$ 1,652,328</u> | <u>\$ 1,967,132</u>             | <u>\$ 1,424,267</u>                         |



| <u>Employee<br/>Benefit</u> | <u>Bond and<br/>Interest</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|-----------------------------|------------------------------|---|---|
| \$ 138,419                  | \$ 659,198                   | \$ 475,983                              | \$ 5,271,864                            |
| 372,926                     | 71,298                       | -                                       | 1,437,454                               |
| -                           | -                            | -                                       | 48,027                                  |
| -                           | -                            | -                                       | 4,206                                   |
| <u>\$ 511,345</u>           | <u>\$ 730,496</u>            | <u>\$ 475,983</u>                       | <u>\$ 6,761,551</u>                     |

|              |          |            |               |
|--------------|----------|------------|---------------|
| \$ -         | \$ -     | \$ 558     | \$ 30,026     |
| <u>3,388</u> | <u>-</u> | <u>-</u>   | <u>40,966</u> |
| <u>3,388</u> | <u>-</u> | <u>558</u> | <u>70,992</u> |

|                |               |          |                  |
|----------------|---------------|----------|------------------|
| <u>372,926</u> | <u>71,298</u> | <u>-</u> | <u>1,437,454</u> |
| <u>372,926</u> | <u>71,298</u> | <u>-</u> | <u>1,437,454</u> |

|                |               |            |                  |
|----------------|---------------|------------|------------------|
| <u>376,314</u> | <u>71,298</u> | <u>558</u> | <u>1,508,446</u> |
|----------------|---------------|------------|------------------|

|                   |                   |                   |                     |
|-------------------|-------------------|-------------------|---------------------|
| -                 | 659,198           | -                 | 659,198             |
| 135,031           | -                 | 475,425           | 4,000,299           |
| -                 | -                 | -                 | 593,608             |
| <u>135,031</u>    | <u>659,198</u>    | <u>475,425</u>    | <u>5,253,105</u>    |
| <u>\$ 511,345</u> | <u>\$ 730,496</u> | <u>\$ 475,983</u> | <u>\$ 6,761,551</u> |

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

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CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2012

Total Governmental Fund Balances \$ 5,253,105

Amounts reported for governmental activities in the  
statement of net position are different because

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds

|                               |                    |            |
|-------------------------------|--------------------|------------|
| The cost of capital assets is | 19,237,485         |            |
| Accumulated depreciation is   | <u>[8,764,225]</u> | 10,473,260 |

Long-term liabilities, including bonds payable, are not due and payable in  
the current period and therefore are not reported as liabilities in the funds.  
Long term liabilities at year end consist of:

|  |               |                    |
|--|---------------|--------------------|
| General obligation bonds payable             | 7,998,367     |                    |
| Lease payable                                | 50,000        |                    |
| Net other post employment benefit obligation | 12,167        |                    |
| Interest payable                             | 83,755        |                    |
| Compensated absences payable                 | <u>41,242</u> | <u>[8,185,531]</u> |

Net Position of Governmental Activities \$ 7,540,834

## CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2012

|  | <u>General</u>    | <u>Consolidated<br/>Highway</u> | <u>Capital<br/>Improvements<br/>Reserve</u> |
|--|-------------------|---------------------------------|---|
| REVENUES:  |                   |                                 |   |
| Taxes  | \$ 1,579,819      | \$ 511,192                      | \$ 75,700                                   |
| Intergovernmental  | -                 | -                               | -   |
| Special assessments  | -                 | -                               | -   |
| Licenses, permits and fees   | 79,368            | -                               | -   |
| Fines, forfeitures and penalties   | 147,659           | -                               | -   |
| Use of money and property  | 2,749             | 7,065                           | 4,571                                       |
| Miscellaneous  | <u>37,132</u>     | <u>-</u>                        | <u>-</u>                                    |
| Total revenues   | <u>1,846,727</u>  | <u>518,257</u>                  | <u>80,271</u>                               |
| EXPENDITURES:  |                   |                                 |   |
| Current  |                   |                                 |   |
| General government   | 674,786           | 48,247                          | -   |
| Public works   | 177,306           | -                               | -   |
| Culture and recreation   | 35,152            | -                               | -   |
| Public safety  | 734,139           | -                               | -   |
| Capital outlay   | -                 | 524,719                         | -   |
| Debt service   |                   |                                 |   |
| Principal  | -                 | -                               | -   |
| Interest and other charges   | <u>-</u>          | <u>-</u>                        | <u>-</u>                                    |
| Total expenditures   | <u>1,621,383</u>  | <u>572,966</u>                  | <u>-</u>                                    |
| Excess [deficiency] of revenues<br>over [under] expenditures                                       | <u>225,344</u>    | <u>[54,709]</u>                 | <u>80,271</u>                               |
| OTHER FINANCING SOURCES [USES]   |                   |                                 |   |
| Sales of bonds   | -                 | -                               | -   |
| Bond premium   | -                 | -                               | -   |
| Transfers in   | 59,753            | -                               | -   |
| Transfers [out]  | <u>[69,518]</u>   | <u>-</u>                        | <u>-</u>                                    |
| Total other financing sources [uses]   | <u>[9,765]</u>    | <u>-</u>                        | <u>-</u>                                    |
| Excess [deficiency] of revenues<br>and other sources over [under]<br>expenditures and other [uses] | 215,579           | [54,709]                        | 80,271                                      |
| Fund balance - Beginning of year   | <u>378,029</u>    | <u>2,020,285</u>                | <u>1,343,996</u>                            |
| Fund balance - End of year   | <u>\$ 593,608</u> | <u>\$ 1,965,576</u>             | <u>\$ 1,424,267</u>                         |

| Employee<br>Benefit | Bond and<br>Interest | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------|----------------------|--------------------------------|--------------------------------|
| \$ 471,731          | \$ 123,686           | \$ 10,026                      | \$ 2,772,154                   |
| -                   | 14,278               | -                              | 14,278                         |
| -                   | 704,913              | -                              | 704,913                        |
| -                   | -                    | 75,248                         | 154,616                        |
| -                   | -                    | -                              | 147,659                        |
| 582                 | 2,604                | 3,376                          | 20,947                         |
| -                   | -                    | -                              | 37,132                         |
| <u>472,313</u>      | <u>845,481</u>       | <u>88,650</u>                  | <u>3,851,699</u>               |
| 433,066             | -                    | -                              | 1,156,099                      |
| -                   | -                    | -                              | 177,306                        |
| -                   | -                    | -                              | 35,152                         |
| -                   | -                    | -                              | 734,139                        |
| -                   | -                    | 183,829                        | 708,548                        |
| -                   | 1,602,122            | 3,460,000                      | 5,062,122                      |
| -                   | 333,145              | 70,738                         | 403,883                        |
| <u>433,066</u>      | <u>1,935,267</u>     | <u>3,714,567</u>               | <u>8,277,249</u>               |
| <u>39,247</u>       | <u>[1,089,786]</u>   | <u>[3,625,917]</u>             | <u>[4,425,550]</u>             |
| -                   | 1,250,000            | 3,410,000                      | 4,660,000                      |
| -                   | 44,107               | 92,960                         | 137,067                        |
| 47,502              | 49,983               | 19,536                         | 176,774                        |
| -                   | -                    | -                              | [69,518]                       |
| <u>47,502</u>       | <u>1,344,090</u>     | <u>3,522,496</u>               | <u>4,904,323</u>               |
| 86,749              | 254,304              | [103,421]                      | 478,773                        |
| <u>48,282</u>       | <u>404,894</u>       | <u>578,846</u>                 | <u>4,774,332</u>               |
| <u>\$ 135,031</u>   | <u>\$ 659,198</u>    | <u>\$ 475,425</u>              | <u>\$ 5,253,105</u>            |

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

CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2012

Total Net Change In Fund Balances - Governmental Funds \$ 478,773

Amounts reported for governmental activities in the  
statement of activities are different because

Capital outlays to purchase or build assets are reported in governmental funds  
as expenditures. However, for governmental activities those costs are shown  
in the statement of net position and allocated over their estimated useful lives  
as annual depreciation expenses in the statement of activities. This is the  
amount by which capital outlays exceeds depreciation in the period.

|                       |                  |           |
|-----------------------|------------------|-----------|
| Capital outlays       | 206,860          |           |
| Loss on sale of asset | [13,770]         |           |
| Depreciation expense  | <u>[825,934]</u> | [632,844] |

Interest on long-term debt in the statement of activities differs from the amount  
reported in the governmental funds because interest is recorded as an  
expenditure in the funds when it is due, and thus requires the use of current  
financial resources. In the statement of activities, however, interest expense  
is recognized as the interest accrues, regardless of when it is due. This is  
the amount by which interest increased.

[37,333]

Some expenses reported in the Statement of Activities do not require the  
use of current financial resources and, therefore, are not reported as  
expenditures in governmental funds.

|                                    |         |
|------------------------------------|---------|
| Compensated absences               | 10,998  |
| Net other post employment benefits | [3,236] |

Bond issuance costs are recorded as expenditures in the fund financial  
statements. However, for the statement of net position, these costs are shown  
as assets and amortized over the life of the bonds.

[137,067]

The issuance of long-term debt provides current financial resources to  
governmental funds, while the repayment of the principal of long-term debt  
consumes the current financial resources of governmental funds. Neither  
transaction has any effect on net position.

408,422

Changes In Net position of Governmental Activities

\$ 87,713

## CITY OF BASEHOR, KANSAS

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
For the Year Ended December 31, 2012

|                                  | GAAP<br>Basis | Adjustments<br>to Budgetary<br>Basis | Budgetary<br>Basis | Budgeted Amounts |              | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|----------------------------------|---------------|--------------------------------------|--------------------|------------------|--------------|---|
|                                  |               |                                      |                    | Original         | Final        |   |
| Revenues:                        |               |                                      |                    |                  |              |   |
| Taxes                            | \$ 1,579,819  | \$ -                                 | \$ 1,579,819       | \$ 1,394,477     | \$ 1,394,477 | \$ 185,342  |
| Licenses and permits             | 79,368        | 14,038                               | 93,406             | 66,950           | 66,950       | 26,456  |
| Fines, forfeitures and penalties | 147,659       | 5,899                                | 153,558            | 136,782          | 136,782      | 16,776  |
| Use of money and property        | 2,749         | -                                    | 2,749              | 1,000            | 1,000        | 1,749   |
| Miscellaneous                    | 37,132        | -                                    | 37,132             | 35,000           | 35,000       | 2,132   |
| Total Revenues                   | 1,846,727     | 19,937                               | 1,866,664          | 1,634,209        | 1,634,209    | 232,455   |
| Expenditures:                    |               |                                      |                    |                  |              |   |
| General Administration:          |               |                                      |                    |                  |              |   |
| Personal services                | 314,576       | -                                    | 314,576            | 413,626          | 413,626      | 99,050  |
| Contractual services             | 279,372       | -                                    | 279,372            | 341,299          | 341,299      | 61,927  |
| Commodities                      | 21,950        | -                                    | 21,950             | 23,600           | 23,600       | 1,650   |
| Capital outlay                   | 58,888        | -                                    | 58,888             | 31,814           | 31,814       | [27,074]  |
|                                  | 674,786       | -                                    | 674,786            | 810,339          | 810,339      | 135,553   |
| Public Safety                    |               |                                      |                    |                  |              |   |
| Personal services                | 618,755       | -                                    | 618,755            | 621,700          | 621,700      | 2,945   |
| Contractual services             | 68,774        | -                                    | 68,774             | 92,250           | 92,250       | 23,476  |
| Commodities                      | 43,413        | -                                    | 43,413             | 47,700           | 47,700       | 4,287   |
| Capital outlay                   | 3,197         | -                                    | 3,197              | 10,000           | 10,000       | 6,803   |
|                                  | 734,139       | -                                    | 734,139            | 771,650          | 771,650      | 37,511  |
| Highways and Streets             |               |                                      |                    |                  |              |   |
| Personal services                | 160,902       | -                                    | 160,902            | 162,000          | 162,000      | 1,098   |
| Contractual services             | 3,076         | -                                    | 3,076              | 8,900            | 8,900        | 5,824   |
| Commodities                      | 13,328        | -                                    | 13,328             | 12,200           | 12,200       | [1,128]   |
|                                  | 177,306       | -                                    | 177,306            | 183,100          | 183,100      | 5,794   |
| Culture and recreation           |               |                                      |                    |                  |              |   |
| Personal services                | 9,433         | -                                    | 9,433              | 8,484            | 8,484        | [949]   |
| Contractual services             | 4,331         | -                                    | 4,331              | 8,171            | 8,171        | 3,840   |
| Commodities                      | 1,273         | -                                    | 1,273              | 1,300            | 1,300        | 27  |
| Capital outlay                   | 20,115        | -                                    | 20,115             | 15,000           | 15,000       | [5,115]   |
|                                  | 35,152        | -                                    | 35,152             | 32,955           | 32,955       | [2,197]   |

## CITY OF BASEHOR, KANSAS

## GENERAL FUND - (Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
For the Year Ended December 31, 2012

|  | GAAP<br>Basis | Adjustments<br>to Budgetary<br>Basis | Budgetary<br>Basis | Budgeted Amounts |              | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--|---------------|--------------------------------------|--------------------|------------------|--------------|---|
|  |               |                                      |                    | Original         | Final        |   |
| Expenditures (Continued):  |               |                                      |                    |                  |              |   |
| Total Expenditures   | \$ 1,621,383  | \$ -                                 | \$ 1,621,383       | \$ 1,798,044     | \$ 1,798,044 | \$ 176,661  |
| Excess [Deficiency] of Revenues<br>Over [Under] Expenditures                                       | 225,344       | 19,937                               | 245,281            | [163,835]        | [163,835]    | 409,116   |
| Other Financing Sources [Uses]:  |               |                                      |                    |                  |              |   |
| Transfers in   | 59,753        | -                                    | 59,753             | 64,503           | 64,503       | [4,750]   |
| Transfers [out]  | [69,518]      | -                                    | [69,518]           | [69,518]         | [69,518]     | -   |
| Total Other Financing Sources [Uses]   | [9,765]       | -                                    | [9,765]            | [5,015]          | [5,015]      | [4,750]   |
| Excess [Deficiency] of Revenues<br>and Other Sources Over [Under]<br>Expenditures and Other [Uses] | 215,579       | 19,937                               | 235,516            | \$ [168,850]     | \$ [168,850] | \$ 404,366  |
| Fund Balance, January 1  | 378,029       | [72,170]                             | 305,859            |                  |              |   |
| Fund Balance, December 31  | \$ 593,608    | \$ [52,233]                          | \$ 541,375         |                  |              |   |

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



## CITY OF BASEHOR, KANSAS

## CONSOLIDATED HIGHWAY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
For the Year Ended December 31, 2012

|  | GAAP<br>Basis       | Adjustments<br>to Budgetary<br>Basis | Budgetary<br>Basis  | Budgeted Amounts    |                    | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--|---------------------|--------------------------------------|---------------------|---------------------|--------------------|---|
|  |                     |                                      |                     | Original            | Final              |   |
| Revenues:  |                     |                                      |                     |                     |                    |   |
| Taxes  | \$ 511,192          | \$ -                                 | \$ 511,192          | \$ 448,210          | \$ 448,210         | \$ 62,982   |
| Use of money and property                                    | 7,065               | -                                    | 7,065               | 3,200               | 3,200              | 3,865   |
| Total Revenues   | <u>518,257</u>      | <u>-</u>                             | <u>518,257</u>      | <u>451,410</u>      | <u>451,410</u>     | <u>66,847</u>   |
| Expenditures:  |                     |                                      |                     |                     |                    |   |
| Commodities  | 48,114              | -                                    | 48,114              | -                   | -                  | [48,114]  |
| Capital outlay   | 524,719             | -                                    | 524,719             | 715,000             | 715,000            | 190,281   |
| Contractual  | 133                 | -                                    | 133                 | -                   | -                  | [133]   |
| Total Expenditures   | <u>572,966</u>      | <u>-</u>                             | <u>572,966</u>      | <u>715,000</u>      | <u>715,000</u>     | <u>142,034</u>  |
| Excess [Deficiency] of Revenues<br>Over [Under] Expenditures | [54,709]            | -                                    | [54,709]            | <u>\$ [263,590]</u> | <u>\$[263,590]</u> | <u>\$ 208,881</u>                                       |
| Fund Balance, January 1                                      | <u>2,020,285</u>    | <u>-</u>                             | <u>2,020,285</u>    |                     |                    |   |
| Fund Balance, December 31                                    | <u>\$ 1,965,576</u> | <u>\$ -</u>                          | <u>\$ 1,965,576</u> |                     |                    |   |

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

## CITY OF BASEHOR, KANSAS

## CAPITAL IMPROVEMENTS RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 For the Year Ended December 31, 2012

|  | GAAP<br>Basis       | Adjustments<br>to Budgetary<br>Basis | Budgetary<br>Basis  | Budgeted Amounts |                  | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--|---------------------|--------------------------------------|---------------------|------------------|------------------|---|
|  |                     |                                      |                     | Original         | Final            |   |
| Revenues:  |                     |                                      |                     |                  |                  |   |
| Taxes  | \$ 75,700           | \$ -                                 | \$ 75,700           | \$ 65,000        | \$ 65,000        | \$ 10,700   |
| Use of money and property                                    | 4,571               | -                                    | 4,571               | 1,100            | 1,100            | 3,471   |
| Total Revenues   | <u>80,271</u>       | <u>-</u>                             | <u>80,271</u>       | <u>66,100</u>    | <u>66,100</u>    | <u>14,171</u>   |
| Expenditures:  |                     |                                      |                     |                  |                  |   |
| Capital outlay   | -                   | -                                    | -                   | -                | -                | -   |
| Total Expenditures   | <u>-</u>            | <u>-</u>                             | <u>-</u>            | <u>-</u>         | <u>-</u>         | <u>-</u>  |
| Excess [Deficiency] of Revenues<br>Over [Under] Expenditures | 80,271              | -                                    | 80,271              | <u>\$ 66,100</u> | <u>\$ 66,100</u> | <u>\$ 14,171</u>  |
| Fund Balance, January 1                                      | <u>1,343,996</u>    | <u>-</u>                             | <u>1,343,996</u>    |                  |                  |   |
| Fund Balance, December 31                                    | <u>\$ 1,424,267</u> | <u>\$ -</u>                          | <u>\$ 1,424,267</u> |                  |                  |   |

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

## CITY OF BASEHOR, KANSAS

## EMPLOYEE BENEFIT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
For the Year Ended December 31, 2012

|  | GAAP<br>Basis     | Adjustments<br>to Budgetary<br>Basis | Budgetary<br>Basis | Budgeted Amounts |                  | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--|-------------------|--------------------------------------|--------------------|------------------|------------------|---|
|  |                   |                                      |                    | Original         | Final            |   |
| Revenues:  |                   |                                      |                    |                  |                  |   |
| Taxes  | \$ 471,731        | \$ -                                 | \$ 471,731         | \$ 477,787       | \$ 477,787       | \$ [6,056]  |
| Use of money and property  | 582               | -                                    | 582                | 150              | 150              | 432   |
| Total Revenues   | <u>472,313</u>    | <u>-</u>                             | <u>472,313</u>     | <u>477,937</u>   | <u>477,937</u>   | <u>[5,624]</u>  |
| Expenditures:  |                   |                                      |                    |                  |                  |   |
| Personal services  | 433,066           | -                                    | 433,066            | 489,630          | 489,630          | 56,564  |
| Total Expenditures   | <u>433,066</u>    | <u>-</u>                             | <u>433,066</u>     | <u>489,630</u>   | <u>489,630</u>   | <u>56,564</u>   |
| Excess [Deficiency] of Revenues<br>Over [Under] Expenditures                                       | <u>39,247</u>     | <u>-</u>                             | <u>39,247</u>      | <u>[11,693]</u>  | <u>[11,693]</u>  | <u>50,940</u>   |
| Other Financing Sources [Uses]:  |                   |                                      |                    |                  |                  |   |
| Transfers in   | 47,502            | -                                    | 47,502             | 52,253           | 52,253           | [4,751]   |
| Total Other Financing Sources [Uses]   | <u>47,502</u>     | <u>-</u>                             | <u>47,502</u>      | <u>52,253</u>    | <u>52,253</u>    | <u>[4,751]</u>  |
| Excess [Deficiency] of Revenues<br>and Other Sources Over [Under]<br>Expenditures and Other [Uses] | 86,749            | -                                    | 86,749             | <u>\$ 40,560</u> | <u>\$ 40,560</u> | <u>\$ 46,189</u>  |
| Fund Balance, January 1  | <u>48,282</u>     | <u>-</u>                             | <u>48,282</u>      |                  |                  |   |
| Fund Balance, December 31  | <u>\$ 135,031</u> | <u>\$ -</u>                          | <u>\$ 135,031</u>  |                  |                  |   |

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

CITY OF BASEHOR, KANSAS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2012

|  | Business-Type Activities:<br>Enterprise Funds |                        |                              |
|--|---|------------------------|------------------------------|
|  | Sewer<br>Utility                              | Solid Waste<br>Utility | Total<br>Enterprise<br>Funds |
| <b>ASSETS</b>  |   |                        |                              |
| Current assets:  |   |                        |                              |
| Cash and cash equivalents                                | \$ 771,991                                    | \$ 96,338              | \$ 868,329                   |
| Receivables:   |   |                        |                              |
| Accounts   | 103,312                                       | 27,463                 | 130,775                      |
| Total current assets                                     | <u>875,303</u>                                | <u>123,801</u>         | <u>999,104</u>               |
| Noncurrent assets:                                       |   |                        |                              |
| Bond discount, net                                       | 21,147  | -                      | 21,147                       |
| Capital assets:  |   |                        |                              |
| Capital assets, depreciable                              | 28,616,789                                    | -                      | 28,616,789                   |
| Less: accumulated depreciation                           | [10,567,628]                                  | -                      | [10,567,628]                 |
| Total capital assets                                     | <u>18,049,161</u>                             | <u>-</u>               | <u>18,049,161</u>            |
| Total noncurrent assets                                  | <u>18,070,308</u>                             | <u>-</u>               | <u>18,070,308</u>            |
| Total Assets   | <u>\$ 18,945,611</u>                          | <u>\$ 123,801</u>      | <u>\$ 19,069,412</u>         |
| <b>LIABILITIES AND NET POSITION</b>                      |   |                        |                              |
| Current liabilities (payable from current assets):       |   |                        |                              |
| Accounts payable   | \$ 17,924                                     | \$ 19,783              | \$ 37,707                    |
| Accrued interest   | 97,045  | -                      | 97,045                       |
| Accrued compensation                                     | 12,531  | -                      | 12,531                       |
| Accrued payroll  | 5,311   | -                      | 5,311                        |
| Current portion of general obligation payable            | 493,927                                       | -                      | 493,927                      |
| Current portion of KDHE loan payable                     | 229,118                                       | -                      | 229,118                      |
| Total current liabilities (payable from current assets): | <u>855,856</u>                                | <u>19,783</u>          | <u>875,639</u>               |
| Noncurrent liabilities:                                  |   |                        |                              |
| General obligation bond payable                          | 4,823,590                                     | -                      | 4,823,590                    |
| KDHE loan payable  | 4,834,523                                     | -                      | 4,834,523                    |
| Total noncurrent liabilities:                            | <u>9,658,113</u>                              | <u>-</u>               | <u>9,658,113</u>             |
| Total Liabilities  | <u>\$ 10,513,969</u>                          | <u>\$ 19,783</u>       | <u>\$ 10,533,752</u>         |
| Net Position:  |   |                        |                              |
| Invested in capital assets, net of related debt          | \$ 7,689,150                                  | \$ -                   | \$ 7,689,150                 |
| Unrestricted   | <u>742,492</u>                                | <u>104,018</u>         | <u>846,510</u>               |
| Total Net Position                                       | <u>\$ 8,431,642</u>                           | <u>\$ 104,018</u>      | <u>\$ 8,535,660</u>          |

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

For the Year Ended December 31, 2012

|  | Business-Type Activities:<br>Enterprise Funds |                        |                              |
|--|---|------------------------|------------------------------|
|  | Sewer<br>Utility                              | Solid Waste<br>Utility | Total<br>Enterprise<br>Funds |
| Operating revenues:                    |   |                        |                              |
| Charges for services                   | \$ 1,216,584                                  | \$ 286,652             | \$ 1,503,236                 |
| Special assessments                    | 90,268  | -                      | 90,268                       |
| Total operating revenues               | <u>1,306,852</u>                              | <u>286,652</u>         | <u>1,593,504</u>             |
| Operating expenses:                    |   |                        |                              |
| Personnel                              | 78,290  | -                      | 78,290                       |
| Contractual                            | 204,748                                       | 233,305                | 438,053                      |
| Commodities                            | 28,866  | 2,595                  | 31,461                       |
| Capital outlay                         | 18,799  | -                      | 18,799                       |
| Depreciation                           | 788,550                                       | -                      | 788,550                      |
| Total operating expenses               | <u>1,119,253</u>                              | <u>235,900</u>         | <u>1,355,153</u>             |
| Operating income [loss]                | <u>187,599</u>                                | <u>50,752</u>          | <u>238,351</u>               |
| Nonoperating revenues [expenses]:      |   |                        |                              |
| Interest on long term debt             | [319,862]                                     | -                      | [319,862]                    |
| Capital contribution                   | 118,181                                       | -                      | 118,181                      |
| Interest earned                        | 2,686   | 520                    | 3,206                        |
| Total nonoperating revenues [expenses] | <u>[198,995]</u>                              | <u>520</u>             | <u>[198,475]</u>             |
| Income [loss] before transfers         | <u>[11,396]</u>                               | <u>51,272</u>          | <u>39,876</u>                |
| Transfers from [to] other funds        |   |                        |                              |
| Transfers out                          | [63,968]                                      | [43,288]               | [107,256]                    |
| Total transfers                        | <u>[63,968]</u>                               | <u>[43,288]</u>        | <u>[107,256]</u>             |
| Change in net position                 | [75,364]                                      | 7,984                  | [67,380]                     |
| Net position, January 1                | <u>8,507,006</u>                              | <u>96,034</u>          | <u>8,603,040</u>             |
| Net position, December 31              | <u>\$ 8,431,642</u>                           | <u>\$ 104,018</u>      | <u>\$ 8,535,660</u>          |

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

CITY OF BASEHOR, KANSAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2012

|   | Business-Type Activities:<br>Enterprise Funds |                        |                              |
|---|---|------------------------|------------------------------|
|   | Sewer<br>Utility                              | Solid Waste<br>Utility | Total<br>Enterprise<br>Funds |
| Cash Flows from Operating Activities:                                   |   |                        |                              |
| Cash received from customers  | \$ 1,290,195                                  | \$ 282,230             | \$ 1,572,425                 |
| Cash paid to suppliers and employees                                    | <u>[310,709]</u>                              | <u>[216,117]</u>       | <u>[526,826]</u>             |
| Net Cash Provided by [Used in] Operating Activities                     | <u>979,486</u>                                | <u>66,113</u>          | <u>1,045,599</u>             |
| Cash Flows from Non-Capital Financing Activities:                       |   |                        |                              |
| Transfers [in] out  | <u>[63,968]</u>                               | <u>[43,288]</u>        | <u>[107,256]</u>             |
| Net Cash Provided by [Used in] Non-Capital Financing Activities         | <u>[63,968]</u>                               | <u>[43,288]</u>        | <u>[107,256]</u>             |
| Cash Flows from Capital and Related Financing Activities                |   |                        |                              |
| Capital contributions   | 118,181                                       | -                      | 118,181                      |
| Sale of assets  | 918   | -                      | 918                          |
| Bond issuance costs   | <u>[21,147]</u>                               | -                      | <u>[21,147]</u>              |
| Proceeds received from notes and loans                                  | 4,548,816                                     | -                      | 4,548,816                    |
| Principal paid on bonds, notes and loans                                | <u>[5,189,409]</u>                            | -                      | <u>[5,189,409]</u>           |
| Interest expense and fiscal charges                                     | <u>[325,693]</u>                              | -                      | <u>[325,693]</u>             |
| Net Cash Provided by [Used in] Capital and Related Financing Activities | <u>[868,334]</u>                              | <u>-</u>               | <u>[868,334]</u>             |
| Cash Flows from Investing Activities:                                   |   |                        |                              |
| Interest income   | <u>2,686</u>                                  | <u>520</u>             | <u>3,206</u>                 |
| Net Cash Provided by [Used in] Investing Activities                     | <u>2,686</u>                                  | <u>520</u>             | <u>3,206</u>                 |
| Net Increase [Decrease] in Cash and Cash Equivalents                    | 49,870  | 23,345                 | 73,215                       |
| Cash and Equivalents, January 1   | <u>722,121</u>                                | <u>72,993</u>          | <u>795,114</u>               |
| Cash and Equivalents, December 31                                       | <u>\$ 771,991</u>                             | <u>\$ 96,338</u>       | <u>\$ 868,329</u>            |

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

CITY OF BASEHOR, KANSAS  
STATEMENT OF CASH FLOWS - CONTINUED  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2012

|   | Business-Type Activities:<br>Enterprise Funds |                        |                              |
|---|---|------------------------|------------------------------|
|   | Sewer<br>Utility                              | Solid Waste<br>Utility | Total<br>Enterprise<br>Funds |
| Reconciliation of Operating Net Income to<br>Net Cash Provided by Operating Activities:       |   |                        |                              |
| Operating income [loss]   | <u>\$ 187,599</u>                             | <u>\$ 50,752</u>       | <u>\$ 238,351</u>            |
| Adjustments to reconcile operating<br>income to net cash provided by<br>operating activities: |   |                        |                              |
| Depreciation  | 788,550                                       | -                      | 788,550                      |
| Change in assets and liabilities:   |   |                        |                              |
| [Increase] decrease in accounts receivable  | [16,657]                                      | [4,422]                | [21,079]                     |
| Increase [decrease] in accounts payable   | 17,171  | 19,783                 | 36,954                       |
| Increase [decrease] in compensated absences/accrued payroll                                   | <u>2,823</u>                                  | <u>-</u>               | <u>2,823</u>                 |
| Total Adjustments   | <u>791,887</u>                                | <u>15,361</u>          | <u>807,248</u>               |
| Net Cash Provided by [Used in] Operating Activities   | <u>\$ 979,486</u>                             | <u>\$ 66,113</u>       | <u>\$ 1,045,599</u>          |

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

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Basehor, Kansas (the City), is a municipal corporation governed by an elected six-member council. The City has no component units.

B. *Government-wide and Fund Financial Statements*

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the City.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. The City has no fiduciary funds.

C. *Measurement Focus, Basis of Accounting and Basis of Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.



CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City has elected to report all funds as major and reports the following major governmental funds:

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The consolidated highway fund is used to account for road and highway projects.

The capital improvements reserve fund is used to account for capital improvement projects.

The employee benefit fund is used to account for employee benefits.

The bond and interest fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental.

The City reports the following major proprietary funds:

The sewer utility fund is used to account for the activities of the City's wastewater operations.

The solid waste utility fund is used to account for the activities of the City's refuse operations.

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity*

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments (including certificates of deposit) with original maturities of six months or less from the date of acquisition.

Kansas statutes authorize the City to invest in U.S. Treasury bills and notes, repurchase agreements, the Kansas Municipal Investment Pool, and certain other types of federal and Kansas municipal obligations.

Investments are stated at fair market value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles, if any.

Property taxes receivable - The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The office of the County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2013.

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

3. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the City, are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>   | <u>Years</u> |
|-----------------|--------------|
| Buildings       | 50 - 100     |
| Other equipment | 5 - 20       |
| Vehicles        | 6 - 10       |
| Infrastructure  | 30 - 75      |

4. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off. Paid time off earned but unused at termination (if a two-week notice is given) is paid to the employees at their current rate of pay.

Vested or accumulated paid time off that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government fund financial statements that will pay it. Vested or accumulated paid time off of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees.

The General Fund and Sewer Utility Fund have been used in prior years to liquidate the liability for compensated absences.

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

5. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

7. Deferred Revenue

The City reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized on the statement of revenues, expenditures and changes in fund balances.

8. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. The government funds report unavailable revenues from one source: property taxes. The government-wide statements of net position report only the unavailable revenue for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

10. Fund Balance Reserves

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city council. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

The following is the detail for fund balance classifications in the financial statements:

|                             | Major Governmental Funds |                             |                                     |                         |                          |                                 |                                 |
|-----------------------------|--------------------------|-----------------------------|-------------------------------------|-------------------------|--------------------------|---------------------------------|---------------------------------|
|                             | <u>General</u>           | <u>Consolidated Highway</u> | <u>Capital Improvements Reserve</u> | <u>Employee Benefit</u> | <u>Bond and Interest</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
| Fund Balances:              |                          |                             |                                     |                         |                          |                                 |                                 |
| Restricted for:             |                          |                             |                                     |                         |                          |                                 |                                 |
| Debt retirement             | \$ -                     | \$ -                        | \$ -                                | \$ -                    | \$ 659,198               | \$ -                            | \$ 659,198                      |
| Assigned for:               |                          |                             |                                     |                         |                          |                                 |                                 |
| Street project construction | -                        | 1,965,576                   | -                                   | -                       | -                        | -                               | 1,965,576                       |
| Capital improvements        | -                        | -                           | 1,424,267                           | -                       | -                        | 23,397                          | 1,447,664                       |
| Employee benefits           | -                        | -                           | -                                   | 135,031                 | -                        | -                               | 135,031                         |
| Culture and recreation      | -                        | -                           | -                                   | -                       | -                        | 109,765                         | 109,765                         |
| Equipment outlay            | -                        | -                           | -                                   | -                       | -                        | 342,263                         | 342,263                         |
| Unassigned:                 | <u>593,608</u>           | <u>-</u>                    | <u>-</u>                            | <u>-</u>                | <u>-</u>                 | <u>-</u>                        | <u>593,608</u>                  |
| Total Fund Balances         | <u>\$ 593,608</u>        | <u>\$ 1,965,576</u>         | <u>\$ 1,424,267</u>                 | <u>\$ 135,031</u>       | <u>\$ 659,198</u>        | <u>\$ 475,425</u>               | <u>\$ 5,253,105</u>             |

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

*Budgetary Information*

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. 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 the 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 the notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2012 budget was amended for the Bond and Interest, Sewer Utility and Special Parks and Recreation Funds.

The statutes permit management to transfer 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.

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. 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds and certain special revenue funds. 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.

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

*Budgetary Information (Continued)*

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

|   | Major Governmental Funds |                                 |  |                             |                              |                                | Total<br>Governmental<br>Funds |
|---|--------------------------|---------------------------------|--|-----------------------------|------------------------------|--------------------------------|--------------------------------|
|   | General<br>Fund          | Consolidated<br>Highway<br>Fund | Capital<br>Improvements<br>Reserve<br>Fund | Employee<br>Benefit<br>Fund | Bond and<br>Interest<br>Fund | Other<br>Governmental<br>Funds |                                |
| GAAP FUND BALANCE   |                          |                                 |  |                             |                              |                                |                                |
| December 31, 2012   | \$ 593,608               | \$ 1,965,576                    | \$ 1,424,267                               | \$ 135,031                  | \$ 659,198                   | \$ 475,425                     | \$ 5,253,105                   |
| Unreserved fund balances not subject<br>to the Kansas budget law: |                          |                                 |  |                             |                              |                                |                                |
| Special Police Fund   | -                        | -                               | -  | -                           | -                            | [542]                          | [542]                          |
| Municipal Equipment Reserve Fund                                  | -                        | -                               | -  | -                           | -                            | [341,721]                      | [341,721]                      |
| Glenwood Sewer Maintenance Fund                                   | -                        | -                               | -  | -                           | -                            | [19,684]                       | [19,684]                       |
| Adjustments:  |                          |                                 |  |                             |                              |                                |                                |
| Municipal court receivable  | [48,027]                 | -                               | -  | -                           | -                            | -                              | [48,027]                       |
| Other receivable  | [4,206]                  | -                               | -  | -                           | -                            | -                              | [4,206]                        |
| Total deductions  | [52,233]                 | -                               | -  | -                           | -                            | [361,947]                      | [414,180]                      |
| BUDGETARY FUND BALANCE  |                          |                                 |  |                             |                              |                                |                                |
| December 31, 2012   | \$ 541,375               | \$ 1,965,576                    | \$ 1,424,267                               | \$ 135,031                  | \$ 659,198                   | \$ 113,478                     | \$ 4,838,925                   |

## CITY OF BASEHOR, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2012

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

*Budgetary Information (Continued)*

|                            | <u>Major Business-Type Funds</u>  |   |  |
|----------------------------|-----------------------------------|---|--|
|                            | <u>Sewer<br/>Utility<br/>Fund</u> | <u>Solid<br/>Waste<br/>Utility<br/>Fund</u> | <u>Total<br/>Business-Type<br/>Funds</u> |
| NET POSITION               |                                   |   |  |
| December 31, 2012          | <u>\$ 8,431,642</u>               | <u>\$ 104,018</u>                           | <u>\$ 8,535,660</u>                      |
| Adjustments:               |                                   |   |  |
| Capital assets, net        | [18,049,161]                      | -   | [18,049,161]                             |
| Receivables                | [103,312]                         | [27,463]                                    | [130,775]                                |
| Accrued interest           | 97,045                            | -   | 97,045                                   |
| Accrued compensation       | 12,531                            | -   | 12,531                                   |
| General obligation payable | 5,317,517                         | -   | 5,317,517                                |
| KDHE loan payable          | <u>5,063,641</u>                  | <u>-</u>                                    | <u>5,063,641</u>                         |
| Total deductions           | <u>[7,661,739]</u>                | <u>[27,463]</u>                             | <u>[7,689,202]</u>                       |
| BUDGETARY NET POSITION     |                                   |   |  |
| December 31, 2012          | <u>\$ 769,903</u>                 | <u>\$ 76,555</u>                            | <u>\$ 846,458</u>                        |



CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

III. DETAILED NOTES ON ALL FUNDS

A. *Deposits and Investments*

The City's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county or an adjoining county in which the City is located and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to K.S.A. 12-1675. The statutes require that the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes or the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the US government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in K.S.A. 10-131.

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

The City does not have a formal investment policy that further limits concentration of credit risk, interest rate, or custodial credit risks beyond state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to K.S.A. 9-1402.

B. *Receivables*

Receivables at year end are as follows:

|                 | <u>General</u>      | <u>Employee<br/>Benefit</u> | <u>Bond and<br/>Interest</u> | <u>Sewer<br/>Utility</u> | <u>Solid Waste<br/>Utility</u> | <u>Total</u>        |
|-----------------|---------------------|-----------------------------|------------------------------|--------------------------|--------------------------------|---------------------|
| Receivables:    |                     |                             |                              |                          |                                |                     |
| Accounts        | \$ -                | \$ -                        | \$ -                         | \$ 103,312               | \$ 27,463                      | \$ 130,775          |
| Taxes           | 993,230             | 372,926                     | 71,298                       | -                        | -                              | 1,437,454           |
| Municipal court | 48,027              | -                           | -                            | -                        | -                              | 48,027              |
| Other           | <u>4,206</u>        | <u>-</u>                    | <u>-</u>                     | <u>-</u>                 | <u>-</u>                       | <u>4,206</u>        |
| Total           | <u>\$ 1,045,463</u> | <u>\$ 372,926</u>           | <u>\$ 71,298</u>             | <u>\$ 103,312</u>        | <u>\$ 27,463</u>               | <u>\$ 1,620,462</u> |

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

|  | Balance<br><u>12/31/11</u> | <u>Additions</u>    | <u>Retirements</u> | Balance<br><u>12/31/12</u> |
|--|----------------------------|---------------------|--------------------|----------------------------|
| City governmental activities:                    |                            |                     |                    |                            |
| Capital assets, not being depreciated            |                            |                     |                    |                            |
| Land   | \$ 135,838                 | \$ -                | \$ -               | \$ 135,838                 |
| Construction in progress                         | -                          | 165,301             | -                  | 165,301                    |
| Capital assets, being depreciated                |                            |                     |                    |                            |
| Buildings, improvements, vehicles, and equipment | <u>18,992,224</u>          | <u>41,559</u>       | <u>97,437</u>      | <u>18,936,346</u>          |
| Total capital assets                             | <u>19,128,062</u>          | <u>206,860</u>      | <u>97,437</u>      | <u>19,237,485</u>          |
| Less accumulated depreciation for:               |                            |                     |                    |                            |
| Buildings, improvements, vehicles, and equipment | <u>8,021,958</u>           | <u>825,934</u>      | <u>83,667</u>      | <u>8,764,225</u>           |
| Total accumulated depreciation                   | <u>8,021,958</u>           | <u>825,934</u>      | <u>83,667</u>      | <u>8,764,225</u>           |
| Governmental activities capital assets, net      | <u>\$ 11,106,104</u>       | <u>\$ [619,074]</u> | <u>\$ 13,770</u>   | <u>\$ 10,473,260</u>       |
| Business-type activities:                        |                            |                     |                    |                            |
| Capital assets, being depreciated                |                            |                     |                    |                            |
| Buildings, improvements, vehicles, and equipment | <u>\$ 28,628,354</u>       | <u>\$ -</u>         | <u>\$ 11,565</u>   | <u>\$ 28,616,789</u>       |
| Total capital assets                             | <u>28,628,354</u>          | <u>-</u>            | <u>11,565</u>      | <u>28,616,789</u>          |
| Less accumulated depreciation for:               |                            |                     |                    |                            |
| Buildings, improvements, vehicles, and equipment | <u>9,789,725</u>           | <u>788,550</u>      | <u>10,647</u>      | <u>10,567,628</u>          |
| Total accumulated depreciation                   | <u>9,789,725</u>           | <u>788,550</u>      | <u>10,647</u>      | <u>10,567,628</u>          |
| Business-type activities capital assets, net     | <u>\$ 18,838,629</u>       | <u>\$ [788,550]</u> | <u>\$ 918</u>      | <u>\$ 18,049,161</u>       |

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

The City's depreciation expense was charged as follows:

|                            |                   |
|----------------------------|-------------------|
| Governmental Activities:   |                   |
| General government         | \$ 11,899         |
| Public safety              | 36,731            |
| Public works               | 3,567             |
| Culture and recreation     | 11,347            |
| Infrastructure             | <u>762,390</u>    |
| Total depreciation expense | <u>\$ 825,934</u> |
| Business-type Activities:  |                   |
| Sewer utility              | <u>\$ 788,550</u> |
| Total depreciation expense | <u>\$ 788,550</u> |

D. Long-term Debt

During the year ended December 31, 2012, the following changes occurred in long term liabilities:

| Government Fund Activities       |                            |                     |                            |                              |
|----------------------------------|----------------------------|---------------------|----------------------------|------------------------------|
|                                  | Balance<br>January 1, 2012 | Additions           | Restatement/<br>Reductions | Balance<br>December 31, 2012 |
| General obligation bonds         | \$ 3,477,200               | \$ 4,660,000        | \$ 275,900                 | \$ 7,861,300                 |
| General obligation bonds premium | -                          | 137,067             | -                          | 137,067                      |
| Total general obligation bonds   | 3,477,200                  | 4,797,067           | 275,900                    | 7,998,367                    |
| Temporary notes                  | 3,460,000                  | -                   | 3,460,000                  | -                            |
| KDOT loan                        | 1,326,222                  | -                   | 1,326,222                  | -                            |
| Capital lease                    | 56,300                     | -                   | 6,300                      | 50,000                       |
|                                  | <u>\$ 8,319,722</u>        | <u>\$ 4,797,067</u> | <u>\$ 5,068,422</u>        | <u>\$ 8,048,367</u>          |
| Enterprise Fund Activities       |                            |                     |                            |                              |
| General obligation bonds         | \$ 852,800                 | \$ 4,175,000        | \$ 84,100                  | \$ 4,943,700                 |
| General obligation bonds premium | -                          | 373,817             | -                          | 373,817                      |
| Total general obligation bonds   | 852,800                    | 4,548,817           | 84,100                     | 5,317,517                    |
| KDHE revolving loan              | 10,168,951                 | -                   | 5,105,309                  | 5,063,641                    |
|                                  | <u>\$ 11,021,751</u>       | <u>\$ 4,548,817</u> | <u>\$ 5,189,409</u>        | <u>\$ 10,381,158</u>         |

*General Obligation Bonds.* The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds.

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

*D. Long-term Debt (Continued)*

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

|                                    | <u>Date of<br/>Issuance</u> | <u>Date of<br/>Final<br/>Maturity</u> | <u>Interest Rate</u> | <u>Original<br/>Amount</u> | <u>Outstanding<br/>Amount</u> |
|------------------------------------|-----------------------------|---------------------------------------|----------------------|----------------------------|-------------------------------|
| <u>Governmental Activities</u>     |                             |                                       |                      |                            |                               |
| Improvements, Series 2004          | 01/15/04                    | 09/01/19                              | 3.25-4.35%           | \$ 3,415,000               | \$ 1,870,000                  |
| Improvements, Series 2005          | 08/15/05                    | 09/01/25                              | 3.65-5.25%           | 2,840,000                  | 2,100,000                     |
| Refunding and improvements, Series | 08/08/12                    | 09/01/32                              | 2.00-3.00%           | <u>9,345,884</u>           | <u>9,345,884</u>              |
|                                    |                             |                                       |                      | <u>\$ 15,600,884</u>       | <u>\$ 13,315,884</u>          |

Annual debt service requirements to maturity for the general obligation bonds are as follows:

| <u>Year Ending<br/>December 31,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|-------------------------------------|----------------------|---------------------|----------------------|
| 2013                                | \$ 950,544           | \$ 393,808          | \$ 1,344,352         |
| 2014                                | 995,544              | 362,675             | 1,358,219            |
| 2015                                | 1,125,544            | 336,605             | 1,462,149            |
| 2016                                | 1,265,544            | 300,128             | 1,565,672            |
| 2017                                | 1,315,544            | 258,978             | 1,574,522            |
| 2018-2022                           | 4,367,721            | 705,293             | 5,073,014            |
| 2023-2027                           | 2,017,721            | 267,515             | 2,285,236            |
| 2028-2032                           | <u>1,277,721</u>     | <u>79,583</u>       | <u>1,357,304</u>     |
| Total                               | <u>\$ 13,315,884</u> | <u>\$ 2,704,583</u> | <u>\$ 16,020,467</u> |

During 2012, the City issued \$9,345,884 in general obligation refunding bonds with an interest rate of 1.7% to refund \$1,278,456 of a Kansas Department of Health and Environment revolving loan with an interest rate of 3.07%. As a result, the revolving loan is considered to be defeased and the liability for the defeased bonds has been removed from the City's financial statements. The transaction resulted in an economic gain of \$556,740 and a decrease of \$614,727 in future debt payments.

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

III. DETAILED NOTES ON ALL FUNDS (Continued)

*D. Long-term Debt (Continued)*

The Kansas Department of Health and Environment and the City has entered into an agreement for an additional loan. The City intends to make principal and interest payments on the loans from revenue derived from wastewater and water charges to the consumer. The loan will be for \$5,663,682 and calls for an interest rate of 2.82%. This loan had an outstanding balance of \$5,063,641 at December 31, 2012. The City will retire this loan with semi-annual payments through September 2030. The following displays annual debt service requirements to maturity for this KDHE loan for the full proceeds amount:

The following displays annual debt service requirements to maturity for this KDHE loan for the full proceeds amount:

| <u>Year Ending<br/>December 31,</u> | <u>State Agency<br/>Loan</u> |
|-------------------------------------|------------------------------|
| 2013                                | \$ 371,395                   |
| 2014                                | 371,395                      |
| 2015                                | 371,395                      |
| 2016                                | 371,395                      |
| 2017                                | 371,395                      |
| 2018-2022                           | 1,856,974                    |
| 2023-2025                           | 1,856,974                    |
| 2026-2030                           | <u>889,978</u>               |
| Total principal and interest        | 6,460,899                    |
| Less: interest                      | <u>1,397,258</u>             |
| Total principal                     | <u>\$ 5,063,641</u>          |

*Special Assessments.* As provided by Kansas Statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund. The special assessments receivable are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

IV. 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; and natural disasters. The City carries commercial insurance for these risks of loss including related lost revenue. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

*B. Contingent Liabilities*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of additional expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

IV. OTHER INFORMATION (Continued)

*C. Retirement Plans*

All employees employed by the City are entitled to enroll at the City Council's discretion, in a Deferred Compensation Plan, offered by Hartford or such other insurance company as may offer a plan approved by the Kansas Legislature pursuant to K.S.A. 75-5522 et seq. and K.S.A. 75-5529 et seq. For an employee who is employed full time, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The payroll for employees covered by the Plan was \$558,364. Total gross payroll was \$1,154,179. The contribution for the year ending December 31, 2012 was \$8,625 from employees and \$61,420 from employer representing 11% of covered payroll, respectively.

The City participates in the Kansas Police and Firemen's Retirement System (KP&F) which is part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KP&F provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KP&F issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to Kansas Public Employees Retirement System (KPERS); 611 South Kansas Avenue, Topeka, KS 66603.

K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KP&F is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KP&F uniform participating employer rate established for fiscal years beginning in 2012 is 17.26%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ending December 31, 2012, 2011 and 2010 were \$89,377, \$73,019, and \$66,374, respectively equal to the required contribution for each year.

*D. Interfund Transfers*

A reconciliation of all operating transfers by fund type for 2012 follows:

|                          | <u>In</u>         | <u>Out</u>        |
|--------------------------|-------------------|-------------------|
| Major Funds:             |                   |                   |
| General                  | \$ 59,753         | \$ 69,518         |
| Employee Benefit         | 47,502            | -                 |
| Other Governmental Funds | 19,536            | -                 |
| Sewer Utility            | -                 | 63,968            |
| Solid Waste Utility      | -                 | 43,288            |
| Bond and Interest        | <u>49,983</u>     | <u>-</u>          |
|                          | <u>\$ 176,774</u> | <u>\$ 176,774</u> |

The City uses interfund transfers to share administrative costs between funds.



CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

IV. OTHER INFORMATION (Continued)

*E. Restricted Cash*

In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the \$2,405 per lot impact fee. This restriction limited the use of these funds to improvements to the perimeter roads (Donohoo Road, Hollingsworth Road and 147<sup>th</sup> Street). Of the \$1,967,132 of cash in the Consolidated Highway Fund as of December 31, 2012, \$68,989 was subject to this restriction.

*F. Postemployment Healthcare Plan*

**Plan Description.** The City provides for a continuation of medical, pharmacy and dental insurance benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

**Funding Policy.** The contribution requirements of plan participants and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. Plan participants contributed approximately 100% of the total premiums to the Plan, through their required contribution of \$359 per month for retiree-only coverage and \$727 to \$1,139, per month, for retiree and dependent coverage.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF BASEHOR, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2012

IV. OTHER INFORMATION (Continued)

*F. Postemployment Healthcare Plan (Continued)*

The following table shows the components of the City's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Plan:

|  |                  |
|--|------------------|
| Annual required contribution               | \$ 3,521         |
| Interest on Net OPEB Obligation            | 357              |
| Adjustment to Annual Required Contribution | <u>[642]</u>     |
| Annual OPEB cost (expense)                 | 3,236            |
| Benefit payments                           | <u>-</u>         |
| Change in net OPEB obligation              | 3,236            |
| Net OPEB obligation - beginning of year    | <u>8,931</u>     |
| Net OPEB obligation - end of year          | <u>\$ 12,167</u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2012 was as follows:

| Fiscal<br>Year<br><u>Ended</u> | Annual<br>OPEB<br>Cost<br><u>Cost</u> | Annual<br>OPEB<br>Cost<br><u>Contributed</u> | Net<br>OPEB<br><u>Obligation</u> |
|--------------------------------|---------------------------------------|--|----------------------------------|
| December 31, 2010              | \$ 2,973                              | \$ -   | \$ 5,832                         |
| December 31, 2011              | 3,099                                 | -  | 8,931                            |
| December 31, 2012              | 3,236                                 | -  | 12,167                           |

**Funding Status and Funding Progress.** As of January 1, 2010, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$11,407 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$11,407. The covered payroll (annual payroll of active employees covered by the plan) was \$1,020,641, and the ratio of the UAAL to the covered payroll was 1.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of January 1, 2010, the most recent actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 11% initially, reduced by decrements to an ultimate rate of 5% after six years. The UAAL is being amortized as a level dollar over an open thirty-year period.

CITY OF BASEHOR, KANSAS  
OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
Year ended December 31, 2012

Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets (a) | Actuarial<br>Accrued<br>Liability (b) | Unfunded<br>AAL<br>(b) - (a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as<br>Percent of<br>Payroll<br>(b-a)/(c) |
|--------------------------------|-------------------------------------|---------------------------------------|------------------------------|--------------------------|---------------------------|---|
| 1/1/2010                       | \$ -                                | \$ 11,407                             | \$ 11,407                    | \$ -                     | \$ 1,020,641              | 1.1%  |

CITY OF BASEHOR, KANSAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2012

|                                     | Special<br>Revenue | Capital<br>Projects | Total             |
|-------------------------------------|--------------------|---------------------|-------------------|
| ASSETS                              |                    |                     |                   |
| Cash and cash equivalents           | \$ 452,028         | \$ 23,955           | \$ 475,983        |
| Total assets                        | <u>\$ 452,028</u>  | <u>\$ 23,955</u>    | <u>\$ 475,983</u> |
| LIABILITIES AND FUND BALANCES       |                    |                     |                   |
| Liabilities:                        |                    |                     |                   |
| Accounts payable                    | \$ -               | \$ 558              | \$ 558            |
| Total liabilities                   | <u>-</u>           | <u>558</u>          | <u>558</u>        |
| Fund balance:                       |                    |                     |                   |
| Assigned                            | <u>452,028</u>     | <u>23,397</u>       | <u>475,425</u>    |
| Total fund balance [deficit]        | <u>452,028</u>     | <u>23,397</u>       | <u>475,425</u>    |
| Total liabilities and fund balances | <u>\$ 452,028</u>  | <u>\$ 23,955</u>    | <u>\$ 475,983</u> |

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2012

|  | Special<br>Revenue | Capital<br>Projects | Total       |
|--|--------------------|---------------------|-------------|
| REVENUES:  |                    |                     |             |
| Taxes  | \$ 8,482           | \$ 1,544            | \$ 10,026   |
| Licenses, permits and fees   | 7,200              | 68,048              | 75,248      |
| Use of money and property  | 1,410              | 1,966               | 3,376       |
| Total revenues   | 17,092             | 71,558              | 88,650      |
| EXPENDITURES:  |                    |                     |             |
| Debt service   |                    |                     |             |
| Principal  | -                  | 3,460,000           | 3,460,000   |
| Interest and other charges   | -                  | 70,738              | 70,738      |
| Capital outlay   | 77,703             | 106,126             | 183,829     |
| Total expenditures   | 77,703             | 3,636,864           | 3,714,567   |
| Excess [deficiency] of revenues<br>over [under] expenditures   | [60,611]           | [3,565,306]         | [3,625,917] |
| OTHER FINANCING SOURCES [USES]:  |                    |                     |             |
| Sale of bonds  | -                  | 3,410,000           | 3,410,000   |
| Bond premium   | -                  | 92,960              | 92,960      |
| Transfers in   | 69,518             | [49,982]            | 19,536      |
| Total other financing sources [uses]   | 69,518             | 3,452,978           | 3,522,496   |
| Excess [Deficiency] of Revenues and<br>Other Financing Sources Over [Under]<br>Expenditures and Other [Uses] | 8,907              | [112,328]           | [103,421]   |
| Fund balance - Beginning of year   | 443,121            | 135,725             | 578,846     |
| Fund balance - End of year   | \$ 452,028         | \$ 23,397           | \$ 475,425  |

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 December 31, 2012

|                                     | Special<br>Parks and<br>Recreation | Municipal<br>Equipment<br>Reserve | Special<br>Police | Totals            |
|-------------------------------------|------------------------------------|-----------------------------------|-------------------|-------------------|
| ASSETS                              |                                    |                                   |                   |                   |
| Cash and cash equivalents           | \$ 109,765                         | \$ 341,721                        | \$ 542            | \$ 452,028        |
| Total assets                        | <u>\$ 109,765</u>                  | <u>\$ 341,721</u>                 | <u>\$ 542</u>     | <u>\$ 452,028</u> |
| LIABILITIES AND FUND BALANCES       |                                    |                                   |                   |                   |
| Liabilities:                        |                                    |                                   |                   |                   |
| Accounts payable                    | \$ -                               | \$ -                              | \$ -              | \$ -              |
| Total liabilities                   | <u>-</u>                           | <u>-</u>                          | <u>-</u>          | <u>-</u>          |
| Fund balance:                       |                                    |                                   |                   |                   |
| Assigned                            | <u>109,765</u>                     | <u>341,721</u>                    | <u>542</u>        | <u>452,028</u>    |
| Total fund balance [deficit]        | <u>109,765</u>                     | <u>341,721</u>                    | <u>542</u>        | <u>452,028</u>    |
| Total liabilities and fund balances | <u>\$ 109,765</u>                  | <u>\$ 341,721</u>                 | <u>\$ 542</u>     | <u>\$ 452,028</u> |

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended December 31, 2012

|  | Special<br>Parks and<br>Recreation | Municipal<br>Equipment<br>Reserve | Special<br>Police | Totals     |
|--|------------------------------------|-----------------------------------|-------------------|------------|
| REVENUES:  |                                    |                                   |                   |            |
| Taxes  | \$ 8,482                           | \$ -                              | \$ -              | \$ 8,482   |
| Licenses, permits and fees   | 7,200                              | -                                 | -                 | 7,200      |
| Use of money and property  | 391                                | 1,019                             | -                 | 1,410      |
| Total revenues   | 16,073                             | 1,019                             | -                 | 17,092     |
| EXPENDITURES:  |                                    |                                   |                   |            |
| Capital outlay   | 27,616                             | 50,087                            | -                 | 77,703     |
| Total expenditures   | 27,616                             | 50,087                            | -                 | 77,703     |
| Excess [deficiency] of revenues<br>over [under] expenditures   | [11,543]                           | [49,068]                          | -                 | [60,611]   |
| OTHER FINANCING SOURCES [USES]:  |                                    |                                   |                   |            |
| Transfers in   | -                                  | 69,518                            | -                 | 69,518     |
| Total other financing sources [uses]   | -                                  | 69,518                            | -                 | 69,518     |
| Excess [Deficiency] of Revenues and<br>Other Financing Sources Over [Under]<br>Expenditures and Other [Uses] | [11,543]                           | 20,450                            | -                 | 8,907      |
| Fund balance - Beginning of year   | 121,308                            | 321,271                           | 542               | 443,121    |
| Fund balance - End of year   | \$ 109,765                         | \$ 341,721                        | \$ 542            | \$ 452,028 |

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 December 31, 2012

|                                     | Cedar<br>Lakes<br>Maintenance | Basehor<br>Town Center<br>Project | Wolf Creek<br>Project | Glenwood<br>Sewer<br>Maintenance | Totals           |
|-------------------------------------|-------------------------------|-----------------------------------|-----------------------|----------------------------------|------------------|
| ASSETS                              |                               |                                   |                       |                                  |                  |
| Cash and cash equivalents           | \$ 4,271                      | \$ -                              | \$ -                  | \$ 19,684                        | \$ 23,955        |
| Total assets                        | <u>\$ 4,271</u>               | <u>\$ -</u>                       | <u>\$ -</u>           | <u>\$ 19,684</u>                 | <u>\$ 23,955</u> |
| LIABILITIES AND FUND BALANCES       |                               |                                   |                       |                                  |                  |
| Liabilities:                        |                               |                                   |                       |                                  |                  |
| Accounts payable                    | \$ 558                        | \$ -                              | \$ -                  | \$ -                             | \$ 558           |
| Total liabilities                   | <u>558</u>                    | <u>-</u>                          | <u>-</u>              | <u>-</u>                         | <u>558</u>       |
| Fund balance:                       |                               |                                   |                       |                                  |                  |
| Assigned                            | 3,713                         | -                                 | -                     | 19,684                           | 23,397           |
| Total fund balance [deficit]        | <u>3,713</u>                  | <u>-</u>                          | <u>-</u>              | <u>19,684</u>                    | <u>23,397</u>    |
| Total liabilities and fund balances | <u>\$ 4,271</u>               | <u>\$ -</u>                       | <u>\$ -</u>           | <u>\$ 19,684</u>                 | <u>\$ 23,955</u> |

See independent auditor's report on the financial statements



CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECT FUNDS  
For the Year Ended December 31, 2012

|  | Cedar<br>Lakes<br>Maintenance | Basehor<br>Town Center<br>Project | Wolf Creek<br>Project | Glenwood<br>Sewer<br>Maintenance | Totals      |
|--|-------------------------------|-----------------------------------|-----------------------|----------------------------------|-------------|
| REVENUES:  |                               |                                   |                       |                                  |             |
| Taxes  | \$ -                          | \$ 1,544                          | \$ -                  | \$ -                             | \$ 1,544    |
| Licenses, permits and fees   | 31,000                        | -                                 | -                     | 37,048                           | 68,048      |
| Use of money and property  | 55                            | 1,842                             | -                     | 69                               | 1,966       |
| Total revenues   | 31,055                        | 3,386                             | -                     | 37,117                           | 71,558      |
| EXPENDITURES:  |                               |                                   |                       |                                  |             |
| Debt service   |                               |                                   |                       |                                  |             |
| Principal  | -                             | 3,460,000                         | -                     | -                                | 3,460,000   |
| Interest and other charges   | -                             | 70,738                            | -                     | -                                | 70,738      |
| Capital outlay   | 37,662                        | 41,628                            | -                     | 26,836                           | 106,126     |
| Total expenditures   | 37,662                        | 3,572,366                         | -                     | 26,836                           | 3,636,864   |
| Excess [deficiency] of revenues<br>over [under] expenditures                                       | [6,607]                       | [3,568,980]                       | -                     | 10,281                           | [3,565,306] |
| OTHER FINANCING SOURCES [USES]   |                               |                                   |                       |                                  |             |
| Sale of bonds  | -                             | 3,410,000                         | -                     | -                                | 3,410,000   |
| Bond premium   | -                             | 92,960                            | -                     | -                                | 92,960      |
| Transfer [out]   | -                             | [3,442]                           | [46,540]              | -                                | [49,982]    |
| Total other financing sources [uses]   | -                             | 3,499,518                         | [46,540]              | -                                | 3,452,978   |
| Excess [deficiency] of revenues<br>and other sources over [under]<br>expenditures and other [uses] | [6,607]                       | [69,462]                          | [46,540]              | 10,281                           | [112,328]   |
| Fund balance - Beginning of year   | 10,320                        | 69,462                            | 46,540                | 9,403                            | 135,725     |
| Fund balance - End of year   | \$ 3,713                      | \$ -                              | \$ -                  | \$ 19,684                        | \$ 23,397   |

See independent auditor's report on the financial statements

## CITY OF BASEHOR, KANSAS

## SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 For the Year Ended December 31, 2012

|  | GAAP<br>Basis     | Adjustments<br>to Budgetary<br>Basis | Budgetary<br>Basis | Budgeted Amounts   |                    | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--|-------------------|--------------------------------------|--------------------|--------------------|--------------------|---|
|  |                   |                                      |                    | Original           | Final              |   |
| Revenues:  |                   |                                      |                    |                    |                    |   |
| Taxes  | \$ 8,482          | \$ -                                 | \$ 8,482           | \$ 8,896           | \$ 8,896           | \$ [414]  |
| Licenses, permits and fees                                   | 7,200             | -                                    | 7,200              | 1,500              | 1,500              | 5,700   |
| Use of money and property                                    | 391               | -                                    | 391                | 250                | 250                | 141   |
| Total Revenues   | <u>16,073</u>     | <u>-</u>                             | <u>16,073</u>      | <u>10,646</u>      | <u>10,646</u>      | <u>5,427</u>  |
| Expenditures:  |                   |                                      |                    |                    |                    |   |
| Capital outlay   | <u>27,616</u>     | <u>-</u>                             | <u>27,616</u>      | <u>25,000</u>      | <u>40,000</u>      | <u>12,384</u>   |
| Total Expenditures   | <u>27,616</u>     | <u>-</u>                             | <u>27,616</u>      | <u>25,000</u>      | <u>40,000</u>      | <u>12,384</u>   |
| Excess [Deficiency] of Revenues<br>Over [Under] Expenditures | [11,543]          | -                                    | [11,543]           | <u>\$ [14,354]</u> | <u>\$ [29,354]</u> | <u>\$ 17,811</u>  |
| Fund Balance, January 1                                      | <u>121,308</u>    | <u>-</u>                             | <u>121,308</u>     |                    |                    |   |
| Fund Balance, December 31                                    | <u>\$ 109,765</u> | <u>\$ -</u>                          | <u>\$ 109,765</u>  |                    |                    |   |

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## CITY OF BASEHOR, KANSAS

## CEDAR LAKES MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 For the Year Ended December 31, 2012

|  | GAAP<br>Basis   | Adjustments<br>to Budgetary<br>Basis | Budgetary<br>Basis | Budgeted Amounts  |                   | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--|-----------------|--------------------------------------|--------------------|-------------------|-------------------|---|
|  |                 |                                      |                    | Original          | Final             |   |
| Revenues:  |                 |                                      |                    |                   |                   |   |
| Licenses, permits and fees                                   | \$ 31,000       | \$ -                                 | \$ 31,000          | \$ 31,000         | \$ 31,000         | \$ -  |
| Use of money and property                                    | 55              | -                                    | 55                 | 20                | 20                | 35  |
| Total Revenues   | <u>31,055</u>   | <u>-</u>                             | <u>31,055</u>      | <u>31,020</u>     | <u>31,020</u>     | <u>35</u>   |
| Expenditures:  |                 |                                      |                    |                   |                   |   |
| Capital outlay   | <u>37,662</u>   | <u>-</u>                             | <u>37,662</u>      | <u>40,000</u>     | <u>40,000</u>     | <u>2,338</u>  |
| Total Expenditures   | <u>37,662</u>   | <u>-</u>                             | <u>37,662</u>      | <u>40,000</u>     | <u>40,000</u>     | <u>2,338</u>  |
| Excess [Deficiency] of Revenues<br>Over [Under] Expenditures | [6,607]         | -                                    | [6,607]            | <u>\$ [8,980]</u> | <u>\$ [8,980]</u> | <u>\$ 2,373</u>   |
| Fund Balance, January 1                                      | <u>10,320</u>   | <u>-</u>                             | <u>10,320</u>      |                   |                   |   |
| Fund Balance, December 31                                    | <u>\$ 3,713</u> | <u>\$ -</u>                          | <u>\$ 3,713</u>    |                   |                   |   |

## CITY OF BASEHOR, KANSAS

## BOND AND INTEREST FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
For the Year Ended December 31, 2012

|  | GAAP<br>Basis      | Adjustments<br>to Budgetary<br>Basis | Budgetary<br>Basis | Budgeted Amounts |                    | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--|--------------------|--------------------------------------|--------------------|------------------|--------------------|---|
|  |                    |                                      |                    | Original         | Final              |   |
| Revenues:  |                    |                                      |                    |                  |                    |   |
| Taxes  | \$ 123,686         | \$ -                                 | \$ 123,686         | \$ 119,916       | \$ 119,916         | \$ 3,770  |
| Intergovernmental  | 14,278             | -                                    | 14,278             | -                | -                  | 14,278  |
| Special assessments  | 704,913            | -                                    | 704,913            | 527,000          | 527,000            | 177,913   |
| Use of money and property  | 2,604              | -                                    | 2,604              | 1,000            | 1,000              | 1,604   |
| Total Revenues   | <u>845,481</u>     | <u>-</u>                             | <u>845,481</u>     | <u>647,916</u>   | <u>647,916</u>     | <u>197,565</u>  |
| Expenditures:  |                    |                                      |                    |                  |                    |   |
| Debt service:  |                    |                                      |                    |                  |                    |   |
| Principal  | 1,602,122          | [1,278,456]                          | 323,666            | 702,234          | 1,992,995          | 1,669,329   |
| Interest   | 333,145            | [15,651]                             | 317,494            | -                | -                  | [317,494]   |
| Total Expenditures   | <u>1,935,267</u>   | <u>[1,294,107]</u>                   | <u>641,160</u>     | <u>702,234</u>   | <u>1,992,995</u>   | <u>1,351,835</u>  |
| Excess [Deficiency] of Revenues<br>Over [Under] Expenditures                                       | <u>[1,089,786]</u> | <u>1,294,107</u>                     | <u>204,321</u>     | <u>[54,318]</u>  | <u>[1,345,079]</u> | <u>1,549,400</u>  |
| Other Financing Sources [Uses]:  |                    |                                      |                    |                  |                    |   |
| Sale of bonds  | 1,250,000          | [1,250,000]                          | -                  | -                | 1,250,000          | [1,250,000]   |
| Bond premium   | 44,107             | [44,107]                             | -                  | -                | 40,761             | [40,761]  |
| Transfers in   | 49,983             | -                                    | 49,983             | -                | -                  | 49,983  |
| Total Other Financing Sources [Uses]   | <u>1,344,090</u>   | <u>[1,294,107]</u>                   | <u>49,983</u>      | <u>-</u>         | <u>1,290,761</u>   | <u>[1,240,778]</u>                                      |
| Excess [Deficiency] of Revenues<br>and Other Sources Over [Under]<br>Expenditures and Other [Uses] | 254,304            | -                                    | 254,304            | \$ [54,318]      | \$ [54,318]        | \$ 308,622  |
| Fund Balances, January 1   | <u>404,894</u>     | <u>-</u>                             | <u>404,894</u>     |                  |                    |   |
| Fund Balances, December 31   | <u>\$ 659,198</u>  | <u>\$ -</u>                          | <u>\$ 659,198</u>  |                  |                    |   |

See independent auditor's report on the financial statements

## CITY OF BASEHOR, KANSAS

## SEWER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN NET POSITION - ACTUAL AND BUDGET  
For the Year Ended December 31, 2012

|                                      | GAAP<br>Basis       | Adjustments<br>to Budgetary<br>Basis | Budgetary<br>Basis | Budgeted Amounts |                  | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--------------------------------------|---------------------|--------------------------------------|--------------------|------------------|------------------|---|
|                                      |                     |                                      |                    | Original         | Final            |   |
| Revenues                             |                     |                                      |                    |                  |                  |   |
| Charges for services                 | \$ 1,216,584        | \$ [16,657]                          | \$ 1,199,927       | \$ 1,170,000     | \$ 1,170,000     | \$ 29,927   |
| Special assessments                  | 90,268              | -                                    | 90,268             | 72,162           | 72,162           | 18,106  |
| Use of money and property            | <u>2,686</u>        | <u>-</u>                             | <u>2,686</u>       | <u>1,000</u>     | <u>1,000</u>     | <u>1,686</u>  |
| Total revenues                       | <u>1,309,538</u>    | <u>[16,657]</u>                      | <u>1,292,881</u>   | <u>1,243,162</u> | <u>1,243,162</u> | <u>49,719</u>   |
| Expenditures                         |                     |                                      |                    |                  |                  |   |
| Personnel                            | 78,290              | [1,452]                              | 76,838             | 77,500           | 77,500           | 662   |
| Contractual                          | 204,748             | -                                    | 204,748            | 172,512          | 172,512          | [32,236]  |
| Commodities                          | 28,866              | -                                    | 28,866             | 25,750           | 25,750           | [3,116]   |
| Capital outlay                       | 18,799              | -                                    | 18,799             | 128,500          | 128,500          | 109,701   |
| Depreciation                         | <u>788,550</u>      | <u>[788,550]</u>                     | <u>-</u>           | <u>-</u>         | <u>-</u>         | <u>-</u>  |
| Total expenditures                   | <u>1,119,253</u>    | <u>[790,002]</u>                     | <u>329,251</u>     | <u>404,262</u>   | <u>404,262</u>   | <u>75,011</u>   |
| Operating income [loss]              | <u>190,285</u>      | <u>773,345</u>                       | <u>963,630</u>     | <u>838,900</u>   | <u>838,900</u>   | <u>124,730</u>  |
| Other Financing Sources [Uses]:      |                     |                                      |                    |                  |                  |   |
| Debt principal                       | -                   | [640,593]                            | [640,593]          | [911,395]        | [5,439,017]      | 4,798,424   |
| Debt interest and fees               | [319,862]           | [5,831]                              | [325,693]          | -                | -                | [325,693]   |
| Bond proceeds                        | -                   | -                                    | -                  | -                | 4,527,622        | [4,527,622]   |
| Sale of asset                        | -                   | 918                                  | 918                | -                | -                | 918   |
| Capital contribution                 | 118,181             | -                                    | 118,181            | -                | -                | 118,181   |
| Transfers out                        | <u>[63,968]</u>     | <u>-</u>                             | <u>[63,968]</u>    | <u>[63,968]</u>  | <u>[63,968]</u>  | <u>-</u>  |
| Total Other Financing Sources [Uses] | <u>[265,649]</u>    | <u>[645,506]</u>                     | <u>[911,155]</u>   | <u>[975,363]</u> | <u>[975,363]</u> | <u>64,208</u>   |
| Change in net position               | [75,364]            | 127,839                              | 52,475             | \$ [136,463]     | \$ [136,463]     | \$ 188,938  |
| Net position, January 1              | <u>8,507,006</u>    | <u>[7,789,578]</u>                   | <u>717,428</u>     |                  |                  |   |
| Net position, December 31            | <u>\$ 8,431,642</u> | <u>\$ [7,661,739]</u>                | <u>\$ 769,903</u>  |                  |                  |   |

## CITY OF BASEHOR, KANSAS

## SOLID WASTE UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN NET POSITION - ACTUAL AND BUDGET  
For the Year Ended December 31, 2012

|                                      | GAAP<br>Basis     | Adjustments<br>to Budgetary<br>Basis | Budgetary<br>Basis | Budgeted Amounts |                 | Variance with<br>Final Budget<br>Positive<br>[Negative] |
|--------------------------------------|-------------------|--------------------------------------|--------------------|------------------|-----------------|---|
|                                      |                   |                                      |                    | Original         | Final           |   |
| Revenues                             |                   |                                      |                    |                  |                 |   |
| Charges for services                 | \$ 286,652        | \$ [4,422]                           | \$ 282,230         | \$ 279,130       | \$ 279,130      | \$ 3,100  |
| Use of money and property            | 520               | -                                    | 520                | 103              | 103             | 417   |
| Total revenues                       | <u>287,172</u>    | <u>[4,422]</u>                       | <u>282,750</u>     | <u>279,233</u>   | <u>279,233</u>  | <u>3,517</u>  |
| Expenditures                         |                   |                                      |                    |                  |                 |   |
| Contractual                          | 233,305           | -                                    | 233,305            | 239,184          | 239,184         | 5,879   |
| Commodities                          | 2,595             | -                                    | 2,595              | 2,298            | 2,298           | [297]   |
| Total expenditures                   | <u>235,900</u>    | <u>-</u>                             | <u>235,900</u>     | <u>241,482</u>   | <u>241,482</u>  | <u>5,582</u>  |
| Operating income [loss]              | <u>51,272</u>     | <u>[4,422]</u>                       | <u>46,850</u>      | <u>37,751</u>    | <u>37,751</u>   | <u>9,099</u>  |
| Other Financing Sources [Uses]:      |                   |                                      |                    |                  |                 |   |
| Transfer [out]                       | <u>[43,288]</u>   | <u>-</u>                             | <u>[43,288]</u>    | <u>[39,415]</u>  | <u>[39,415]</u> | <u>[3,873]</u>  |
| Total Other Financing Sources [Uses] | <u>[43,288]</u>   | <u>-</u>                             | <u>[43,288]</u>    | <u>[39,415]</u>  | <u>[39,415]</u> | <u>[3,873]</u>  |
| Change in net position               | 7,984             | [4,422]                              | 3,562              | \$ [1,664]       | \$ [1,664]      | \$ 5,226  |
| Net position, January 1              | <u>96,034</u>     | <u>[23,041]</u>                      | <u>72,993</u>      |                  |                 |   |
| Net position, December 31            | <u>\$ 104,018</u> | <u>\$ [27,463]</u>                   | <u>\$ 76,555</u>   |                  |                 |   |