

**CITY OF BRONSON,
KANSAS**

Regulatory Basis Financial Statement
and Independent Auditors' Report With
Regulatory-Required Supplemental Information
For the Year Ended December 31, 2012

CITY OF BRONSON, KANSAS

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report.....	1-2
FINANCIAL STATEMENT:	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis.....	3
Notes to the Financial Statement.....	4-13
REGULATORY REQUIRED SUPPLEMENTAL INFORMATION:	
Schedule 1	
Summary of Expenditures - Actual and Budget, Regulatory Basis.....	14
Schedule 2	
Schedule of Receipts and Expenditures - Actual and Budget, Regulatory Basis	
General Fund.....	15-16
Library Fund.....	17
Special Highway Fund.....	18
Capital Improvement Fund.....	19
Equipment Reserve Fund.....	20
General Obligation Bond and Interest Fund.....	21
Sewer Principal and Interest Fund.....	22
Electric Utility Fund.....	23
Water Utility Fund.....	24
Sewer Utility Fund.....	25
Water and Sewer Reserve Fund.....	26
Water Reserve Fund.....	27
CDBG Grant Fund.....	28
Schedule 3	
Schedule of Receipts and Expenditures – Actual, Regulatory Basis	
Public Library.....	29

Diehl Banwart Bolton

Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Bronson, Kansas

We have audited the accompanying Summary Statement of Receipts, Expenditures, and Unencumbered Cash, Regulatory Basis, of the City of Bronson, Kansas as of and for the year ended December 31, 2012 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unqualified Opinion on Regulatory Basis of Accounting

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Summary Statement of Receipts, Expenditures, and Unencumbered Cash Balance, Regulatory Basis (basic financial statement) as a whole. The Summary of Expenditures – Actual and Budget, Regulatory Basis, individual fund Schedules of Receipts and Expenditures – Actual and Budget, Regulatory Basis, and Schedule of Receipts and Expenditures – Actual, Regulatory Basis (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and although it is not a required part of the basic financial statement, the information is required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.



DIEHL, BANWART, BOLTON, CPAs PA

December 30, 2013
Fort Scott, Kansas 66701

CITY OF BRONSON, KANSAS
 Summary Statement of Receipts, Expenditures, and Unencumbered Cash
 Regulatory Basis

For the Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 44,274.89	\$ 128,626.21	\$ 130,433.12	\$ 42,467.98	\$ 2,412.75	\$ 44,880.73
Special Purpose Funds:						
Library	-	8,989.00	8,989.00	-	-	-
Special Highway	4,697.77	8,302.30	8,244.24	4,755.83	-	4,755.83
Capital Improvement	3,290.84	4,000.00	1,250.00	6,040.84	-	6,040.84
Equipment Reserve	11,995.60	10,000.00	8,266.74	13,728.86	-	13,728.86
Bond and Interest Funds:						
General Obligation Bond & Interest	1,460.75	14,335.25	15,796.00	-	-	-
Sewer Principal and Interest	2,165.14	12,790.00	12,789.16	2,165.98	-	2,165.98
Business Funds:						
Electric Utility	62,900.16	231,014.52	216,872.90	77,041.78	18,872.66	95,914.44
Water Utility	41,666.10	84,035.38	91,065.16	34,636.32	3,500.00	38,136.32
Sewer Utility	17,034.45	26,586.59	29,061.82	14,559.22	192.00	14,751.22
Water and Sewer Reserve	17,187.08	116.94	-	17,304.02	-	17,304.02
Water Reserve	154,278.28	1,132.02	82,286.84	73,123.46	7,660.00	80,783.46
CDBG Grant	(12,997.92)	22,310.00	9,312.08	-	-	-
Total Primary Government	347,953.14	552,238.21	614,367.06	285,824.29	32,637.41	318,461.70
Related Municipal Entity:						
Bronson Public Library	14,561.08	15,331.94	16,549.64	13,343.38	-	13,343.38
Total Reporting Entity	\$ 362,514.22	\$ 567,570.15	\$ 630,916.70	\$ 299,167.67	\$ 32,637.41	\$ 331,805.08
Composition of Cash:						
Checking Account						\$ 249,219.77
Certificates of Deposit						69,241.93
Related Municipal Entity						13,343.38
Total Reporting Entity						<u>\$ 331,805.08</u>

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

CITY OF BRONSON, KANSAS

Notes to the Financial Statement
For the Year Ended December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and regulatory-required supplementary schedules of the City of Bronson, Kansas have been prepared in accordance with the State of Kansas regulatory basis of accounting for Kansas Municipalities, and is designed to show compliance with the cash basis and budget laws of the State of Kansas. The Kansas Municipal Audit and Accounting Guide (KMAAG), as approved by the director of the Kansas Division of Accounts and Reports, establishes the guidelines for the regulatory basis of accounting in the state of Kansas.

Reporting Entity

The City of Bronson, Kansas is a municipal corporation governed by an elected five member City Council and mayor. This financial statement represents the City of Bronson, Kansas, (the primary government) and its related municipal entity. Related municipal entities may be included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Based upon the application of these criteria, the following is a brief review of potential related municipal entities:

The City of Bronson - Public Library -- The City of Bronson, Kansas, Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City. The City levies taxes for the Library Board and significantly influences the Library's operations. This agency should be included as a discretely presented related municipal entity of the City.

There are no other related entities related to the City which should be accounted for in the City's financial statement.

Basis of Presentation - Fund Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction, or limitations.

The following types of funds comprise the financial activities of the city:

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

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

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

Basis of Presentation - Fund Accounting (Continued)

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

Business Funds - funds financed in whole or part by fees charged to users of the goods or services (i.e. enterprise and internal service funds, etc.) restricted by law or administrative action to expenditure for specified purposes.

Regulatory Basis of Accounting and Departures from Accounting Principles Generally Accepted in the United States of America

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. As stated in Note 10, the Library Fund was amended in 2012.

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, fiduciary funds, reserve accounts established by bond ordinances, and the following special purpose funds:

- Capital Improvement Fund (K.S.A. 12-1,118)
- Equipment Reserve Fund (K.S.A. 12-1,117)
- CDBG Grant Fund (K.S.A. 12-1,118)

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

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

Deposits and Investments

Cash includes amounts in demand and time deposit checking accounts. The Statutes of the State of Kansas allow Kansas municipalities to invest in savings accounts, certificates of deposit and United States Treasury Obligations. As of and during the year ended December 31, 2012, the City's funds were invested in an interest bearing money market checking account, certificates of deposit, and U.S. Treasury bills or HH bonds, which are acceptable investments in accordance with Kansas statutes.

Compensated Absences

Full-time employees earn and accumulate vacation leave of ten days after one full year of employment. Vacation days are not earned for partial years worked and up to 80 hours may be carried over.

Full-time employees earn and accumulate sick leave from two to twelve years of employment at the rate of 80 hours per year worked, and for more than twelve years of employment, at the rate of 112 hours per year worked. One year of sick leave may be carried over.

The City determines a liability for compensated absences when the following conditions are met:

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

In accordance with the above criteria the City has accrued a liability for vacation and sick pay which has been earned but not taken by City employees. The amount payable at December 31, 2012 was immaterial.

Pension Plan

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

Termination and Post Employment Benefits

No termination benefits are provided to City employees when employment with the City ends except for the accrued compensated absences as discussed in Note 1.

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

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

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

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. At December 31, such taxes are a lien on the property.

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

Compliance with Kansas Statutes

This financial statement and the regulatory-required supplementary information is designed to show compliance with the cash basis and budget laws of Kansas. The City was in apparent compliance with these laws.

3. **DEPOSITS AND INVESTMENTS**

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the Government's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not have any "peak periods" designated.

3. **CASH, INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

(Continued)

At December 31, 2012 the City's carrying amount of deposits was \$331,805.08 and the bank balance was \$376,077.63. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$267,026.89 was covered by federal depository insurance, and the remaining \$109,050.74 was collateralized with securities totaling \$219,756.81 held by the pledging financial institutions' agents in the City's name.

4. **MAJOR CUSTOMERS AND SUPPLIERS**

During 2012, the City purchased 100% of its water for resale from Rural Water District #4, Inc., Bourbon County, Kansas, which totaled \$28,944.

During 2012, the City purchased 100% of its electricity for resale from Westar, Inc., which totaled \$151,055.

5. **CUSTOMER DEPOSITS**

Water and Electric customers are required to make cash deposits to the City when starting new water and/or electric service. The deposits are refunded to the customers when service is terminated. At December 31, the City has \$8,875 of customer deposits, of which \$3,575 is included with Water Utility Fund cash and \$5,300 is included in Electric Utility Fund cash in this financial statement.

6. **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The City continues to carry commercial insurance for these risks of loss. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

7. **LONG-TERM OBLIGATIONS**

Capital Lease Obligations

On July 2, 2008, the city entered into a lease-purchase agreement to purchase a 2008 New Holland tractor, loader, and an Edge Snowblade. The cost of the tractor, loader, and snow blade was \$31,520.50. The lease requires six annual payments of \$6,766.74 including interest at 7.75%, maturing July 2, 2014.

Details for long-term debt, changes in long term debt, and current maturities for the next five years and thereafter are recorded on the following two pages:

7. LONG TERM OBLIGATIONS (Continued)

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances		Additions / New Debt	Reductions / Principal Paid	Balances End of Year	Interest Paid
					Beginning of Year	End of Year				
General Obligation Bonds										
Water System Bond, Series 1997	4.9-7.75%	9/1/1997	\$ 145,000	9/1/2012	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ -	\$ 795
Lease / Purchase										
2008 New Holland Tractor	7.75%	7/2/2008	31,521	7/2/2014	17,518	-	5,409	12,109	1,358	
Revolving Loans										
Kansas Department of Health & Environment	3.34%	10/25/2000	1,089,104	9/1/2022	112,484	-	9,108	103,376	3,682	
Total Long Term Debt					\$ 145,002	\$ -	\$ 29,517	\$ 115,485	\$ 5,835	

7. LONG TERM OBLIGATIONS (Continued)

	2013	2014	2015	2016	2017	2018 to 2022	Totals
PRINCIPAL							
Lease / Purchase							
2008 New Holland Tractor	5,829	6,280	-	-	-	-	12,109
Revolving Loans							
Kansas Department of Health & Environment	9,414	9,731	10,059	10,398	10,748	53,026	103,376
Total Principal	15,243	16,011	10,059	10,398	10,748	53,026	115,485
INTEREST							
Lease / Purchase							
2008 New Holland Tractor	938	487	-	-	-	-	1,425
Revolving Loans							
Kansas Department of Health and Environment	3,122	2,829	2,526	2,212	1,888	4,187	16,764
Total Interest	4,060	3,316	2,526	2,212	1,888	4,187	18,189
Total Principal and Interest	\$ 19,303	\$ 19,327	\$ 12,585	\$ 12,610	\$ 12,636	\$ 57,213	\$ 133,674

8. **DEFINED BENEFIT PENSION PLAN**

Plan Description

The City participates in the Kansas Public Employees Retirement System ("KPERs"), a cost-sharing multiple-employer defined pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and supplementary information. That report may be obtained by writing to KPERs (611 South Kansas, Suite 100, Topeka, KS 66603), or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. Effective July 1, 2009 KPERs has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. The employer rate established by statute for the period from January 1, 2012 to December 31, 2012, was 8.34%. The City's employer contribution to KPERs for the years ending December 31, 2012, 2011, and 2010 was \$4,974.84, \$4,746.52, and \$4,174.46, equal to the statutory required contributions for each year.

9. **INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>FROM</u>	<u>TO</u>	<u>STATUTORY AUTHORITY</u>	<u>AMOUNT</u>
Water Utility	General Obligation Bond and Interest	K.S.A. 12-825d	\$ 14,335.25
Water Utility	Equipment Reserve	K.S.A. 12-825d	4,000.00
Sewer Utility	Equipment Reserve	K.S.A. 12-825d	1,000.00
Sewer Utility	Sewer Principal and Interest	K.S.A. 12-825d	12,790.00
Sewer Utility	General	K.S.A. 12-825d	1,000.00
Water Utility	General	K.S.A. 12-825d	5,000.00
Electric Utility	General	K.S.A. 12-825d	5,000.00
Electric Utility	Capital Improvements	K.S.A. 12-825d	2,000.00
Water Utility	Capital Improvements	K.S.A. 12-825d	2,000.00
Electric Utility	Equipment Reserve	K.S.A. 12-825d	5,000.00

10. BUDGET AMENDMENT

	<u>Original Budget</u>	<u>Amended Budget</u>
<u>Library Fund</u>		
Unencumbered Cash Balance, January 1	\$ 586	\$ -
Receipts:		
Ad Valorem Tax	6,378	6,378
Motor Vehicle Tax	1,607	1,607
Tax Revenue Shortfall - City Allocation	-	1,004
Total Receipts	<u>7,985</u>	<u>8,989</u>
Resources Available:	<u>8,571</u>	<u>8,989</u>
Expenditures:		
Transfer to Library Board	<u>8,571</u>	<u>8,989</u>
Total Expenditures	<u>8,571</u>	<u>8,989</u>
Unencumbered Cash Balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

11. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to December 31, 2012 through December 30, 2013. During this period, there were no subsequent events requiring recognition in the financial statements or disclosure in the notes to the financial statement except as follows:

The City has undertaken a water system improvements project which is expected to cost \$969,000. Funding for the project is as follows:

General Obligation Bonds, Series 2013	\$334,000
CDBG Grant	485,000
Federal Grant	75,000
Local Match	75,000

The General Obligation bonds were issued on March 7, 2013 and will mature on March 7, 2053. The project began in mid 2013 and is expected to be completed early in 2014.

CITY OF BRONSON, KANSAS
For the Year Ended December 31, 2012

REGULATORY-REQUIRED
SUPPLEMENTAL INFORMATION

Schedule 1

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

Funds	Certified Budget	Adjustment for		Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
		Qualifying Budget Credits	Budget Credits			
General Fund	\$ 173,185.00	\$ 2,192.73	\$ 175,377.73	\$ 130,433.12	\$ (44,944.61)	
Special Purpose Funds:						
Library	8,989.00	-	8,989.00	8,989.00	-	
Special Highway	12,110.00	-	12,110.00	8,244.24	(3,865.76)	
Bond and Interest Funds:						
General Obligation Bond and Interest	15,796.00	-	15,796.00	15,796.00	-	
Sewer Principal and Interest	12,790.00	-	12,790.00	12,789.16	(0.84)	
Business Funds:						
Electric Utility	315,000.00	-	315,000.00	216,872.90	(98,127.10)	
Water Utility	138,836.00	-	138,836.00	91,065.16	(47,770.84)	
Sewer Utility	43,540.00	-	43,540.00	29,061.82	(14,478.18)	
	<u>\$ 720,246.00</u>	<u>\$ 2,192.73</u>	<u>\$ 722,438.73</u>	<u>\$ 513,251.40</u>		

CITY OF BRONSON, KANSAS

GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2012

	Actual	Budget	Variance - Over (Under)
Cash Receipts			
Taxes			
Ad valorem property tax	\$ 30,392.41	\$ 34,207.00	\$ (3,814.59)
Delinquent	3,959.79	-	3,959.79
Motor vehicle	7,084.87	7,102.00	(17.13)
Local sales tax	33,202.61	42,500.00	(9,297.39)
Utility franchise taxes	3,706.75	2,450.00	1,256.75
Use of Money and Property			
Interest Income	247.90	250.00	(2.10)
Other			
Dividends and Refunds	1,121.57	2,000.00	(878.43)
Services, Fees, Rentals	1,493.38	1,800.00	(306.62)
Municipal Court	7,165.00	6,000.00	1,165.00
Licenses & Permits	83.00	300.00	(217.00)
Sanitation charges	21,620.72	22,000.00	(379.28)
Community Center	835.00	1,250.00	(415.00)
Parks & Recreation	250.00	250.00	-
Miscellaneous	4,270.48	700.00	3,570.48
Reimbursements			
Library	2,192.73	1,700.00	492.73
Operating transfer from			
Electric utility	5,000.00	5,000.00	-
Water	5,000.00	5,000.00	-
Sewer	1,000.00	1,000.00	-
Total Cash Receipts	<u>128,626.21</u>	<u>\$ 133,509.00</u>	<u>\$ (4,882.79)</u>

CITY OF BRONSON, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Expenditures			
General Government			
Personal services	\$ 56,122.59	\$ 53,000.00	\$ 3,122.59
Contractual services	17,527.04	31,100.00	(13,572.96)
Commodities	8,306.72	14,235.00	(5,928.28)
Capital Outlay	-	37,950.00	(37,950.00)
Law Enforcement	13,897.83	16,300.00	(2,402.17)
Municipal Court	2,541.38	4,400.00	(1,858.62)
Parks & Recreation	7,041.69	6,000.00	1,041.69
Community Center	4,154.97	4,800.00	(645.03)
Library	3,842.69	3,800.00	42.69
City Streets	16,516.53	1,500.00	15,016.53
Other			
Miscellaneous	481.68	100.00	381.68
		<u>173,185.00</u>	
Adjustment for Qualifying			
Budget Credits - Reimbursements	-	2,192.73	(2,192.73)
Total Expenditures	<u>130,433.12</u>	<u>\$ 175,377.73</u>	<u>\$ (44,944.61)</u>
Cash Receipts Over (Under) Expenditures	(1,806.91)		
Unencumbered Cash, Beginning	<u>44,274.89</u>		
Unencumbered Cash, Ending	<u>\$ 42,467.98</u>		

CITY OF BRONSON, KANSAS
LIBRARY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

	Actual	Budget	Variance - Over (Under)
Cash Receipts			
Taxes			
Ad valorem property tax	\$ 5,666.63	\$ 6,378.00	\$ (711.37)
Delinquent	879.71	-	879.71
Motor vehicle	1,526.38	1,607.00	(80.62)
Tax Revenue Shortfall			
City Appropriation	916.28	-	916.28
Total Cash Receipts	8,989.00	\$ 7,985.00	\$ 1,004.00
Expenditures			
Cultural and Recreation			
Appropriation to Library Board	8,989.00	\$ 8,989.00	\$ -
Total Expenditures	8,989.00	\$ 8,989.00	\$ -
Cash Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

CITY OF BRONSON, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Cash Receipts			
Intergovernmental			
State gasoline tax	\$ 8,302.30	\$ 9,110.00	\$ (807.70)
Total Cash Receipts	<u>8,302.30</u>	<u>\$ 9,110.00</u>	<u>\$ (807.70)</u>
Expenditures			
Streets and Highways			
Commodities	7,532.24	\$ 12,110.00	\$ (4,577.76)
Capital outlays	<u>712.00</u>	<u>-</u>	<u>712.00</u>
Total Expenditures	<u>8,244.24</u>	<u>\$ 12,110.00</u>	<u>\$ (3,865.76)</u>
Cash Receipts Over (Under) Expenditures	58.06		
Unencumbered Cash, Beginning	<u>4,697.77</u>		
Unencumbered Cash, Ending	<u>\$ 4,755.83</u>		

CITY OF BRONSON, KANSAS
CAPITAL IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012

	<u>Actual</u>
Cash Receipts	
Operating Transfer from	
Electric Utility Fund	\$ 2,000.00
Water Utility Fund	<u>2,000.00</u>
Total Cash Receipts	<u>4,000.00</u>
Expenditures	
Commodities	<u>1,250.00</u>
Total Expenditures	<u>1,250.00</u>
Cash Receipts Over (Under) Expenditures	2,750.00
Unencumbered Cash, Beginning	<u>3,290.84</u>
Unencumbered Cash, Ending	<u><u>\$ 6,040.84</u></u>

CITY OF BRONSON, KANSAS
EQUIPMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012

	Actual
Cash Receipts	
Operating Transfer from	
Electric Utility Fund	\$ 5,000.00
Water Utility Fund	4,000.00
Sewer Utility Fund	1,000.00
Total Cash Receipts	10,000.00
Expenditures	
Capital Outlays	
Capital Outlay	1,500.00
Holland Tractor Lease	6,766.74
Total Expenditures	8,266.74
Cash Receipts Over (Under) Expenditures	1,733.26
Unencumbered Cash, Beginning	11,995.60
Unencumbered Cash, Ending	\$ 13,728.86

CITY OF BRONSON, KANSAS
GENERAL OBLIGATION BOND & INTEREST FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Cash Receipts			
Operating Transfer from Water Utility Fund	\$ 14,335.25	\$ 14,336.00	\$ (0.75)
Total Cash Receipts	<u>14,335.25</u>	<u>\$ 14,336.00</u>	<u>\$ (0.75)</u>
Expenditures			
Debt Service			
Principal	15,000.00	15,000.00	-
Interest	795.00	795.00	-
Other	1.00	1.00	-
Total Expenditures	<u>15,796.00</u>	<u>\$ 15,796.00</u>	<u>\$ -</u>
Cash Receipts Over (Under) Expenditures	(1,460.75)		
Unencumbered Cash, Beginning	<u>1,460.75</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

CITY OF BRONSON, KANSAS
SEWER PRINCIPAL AND INTEREST FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Cash Receipts			
Operating transfers from Sewer Utility Fund	\$ 12,790.00	\$ 12,790.00	\$ -
Total Cash Receipts	<u>12,790.00</u>	<u>\$ 12,790.00</u>	<u>\$ -</u>
Expenditures			
Debt Service			
Loan Principal Payments	9,107.60	\$ 9,108.00	\$ (0.40)
Loan Interest and Service Fees	3,681.56	3,682.00	(0.44)
Total Expenditures	<u>12,789.16</u>	<u>\$ 12,790.00</u>	<u>\$ (0.84)</u>
Cash Receipts Over (Under) Expenditures	0.84		
Unencumbered Cash, Beginning	<u>2,165.14</u>		
Unencumbered Cash, Ending	<u>\$ 2,165.98</u>		

CITY OF BRONSON, KANSAS
ELECTRIC UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

	Actual	Budget	Variance - Over (Under)
Cash Receipts			
Operating Revenues			
Charges for services	\$ 219,436.37	\$ 252,000.00	\$ (32,563.63)
Sales tax	5,411.33	7,500.00	(2,088.67)
Services, fees, & rentals	2,966.82	2,100.00	866.82
Customer deposits	2,000.00	-	2,000.00
Other			
Miscellaneous	1,200.00	105.00	1,095.00
Total Cash Receipts	231,014.52	\$ 261,705.00	\$ (30,690.48)
Expenditures			
Operating Expenses			
Personal services	20,593.34	\$ 19,000.00	\$ 1,593.34
Contractual services	158,879.26	203,000.00	(44,120.74)
Commodities	22,997.26	16,900.00	6,097.26
Capital outlay	-	50,000.00	(50,000.00)
Other Expenses			
Customer deposits refunded	1,450.00	-	1,450.00
Miscellaneous	953.04	100.00	853.04
Operating Transfer to			
Equipment Reserve Fund	5,000.00	5,000.00	-
Capital Improvements Fund	2,000.00	2,000.00	-
General Fund	5,000.00	5,000.00	-
Electric Reserve Fund	-	14,000.00	(14,000.00)
Total Expenditures	216,872.90	\$ 315,000.00	\$ (98,127.10)
Cash Receipts Over (Under) Expenditures	14,141.62		
Unencumbered Cash, Beginning	62,900.16		
Unencumbered Cash, Ending	\$ 77,041.78		

CITY OF BRONSON, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

	Actual	Budget	Variance - Over (Under)
Cash Receipts			
Operating Revenues			
Charges for services	\$ 78,886.62	\$ 93,200.00	\$ (14,313.38)
Services, fees, & rentals	1,541.52	1,600.00	(58.48)
Customer deposits	1,252.16	-	1,252.16
Other			
Insurance Claim	2,355.08	-	2,355.08
Miscellaneous	-	464.00	(464.00)
Total Cash Receipts	84,035.38	\$ 95,264.00	\$ (11,228.62)
Expenditures			
Operating Expenditures			
Personal services	14,320.41	\$ 15,300.00	\$ (979.59)
Contractual services	27,322.26	40,200.00	(12,877.74)
Commodities	18,116.53	17,000.00	1,116.53
Capital outlay	4,900.00	41,000.00	(36,100.00)
Other Expenditures			
Customer deposits refunded	1,002.16	-	1,002.16
Misc.	68.55	-	68.55
Operating Transfers to			
General Fund	5,000.00	5,000.00	-
Capital Improvements Fund	2,000.00	2,000.00	-
Equipment Reserve	4,000.00	4,000.00	-
G.O. Bond & Interest Fund	14,335.25	14,336.00	(0.75)
Total Expenditures	91,065.16	\$ 138,836.00	\$ (47,770.84)
Cash Receipts Over (Under) Expenditures	(7,029.78)		
Unencumbered Cash, Beginning	41,666.10		
Unencumbered Cash, Ending	\$ 34,636.32		

CITY OF BRONSON, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

	Actual	Budget	Variance - Over (Under)
Cash Receipts			
Operating Revenues			
Charges for services	\$ 22,633.81	\$ 28,600.00	\$ (5,966.19)
Services, fees, & rentals	1,095.91	585.00	510.91
Miscellaneous	100.00	50.00	50.00
Insurance Claim	2,756.87	-	2,756.87
Total Cash Receipts	26,586.59	\$ 29,235.00	\$ (2,648.41)
Expenditures			
Operating Expenditures			
Personal services	8,154.16	\$ 6,100.00	\$ 2,054.16
Commodities	5,970.67	10,600.00	(4,629.33)
Capital Outlay	-	12,000.00	(12,000.00)
Other Expenditures			
Misc.	146.99	50.00	96.99
Operating Transfer to			
General Fund	1,000.00	1,000.00	-
Equipment Reserve Fund	1,000.00	1,000.00	-
Sewer Principal and Interest Fund	12,790.00	12,790.00	-
Total Expenditures	29,061.82	\$ 43,540.00	\$ (14,478.18)
Cash Receipts Over (Under) Expenditures	(2,475.23)		
Unencumbered Cash, Beginning	17,034.45		
Unencumbered Cash, Ending	\$ 14,559.22		

CITY OF BRONSON, KANSAS
WATER AND SEWER RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012

	<u>Actual</u>
Cash Receipts	
Operating Revenues	
Interest Income	<u>\$ 116.94</u>
Total Cash Receipts	<u>116.94</u>
Expenditures	
Capital Outlays	<u>-</u>
Total Expenditures	<u>-</u>
Cash Receipts Over (Under) Expenditures	116.94
Unencumbered Cash, Beginning	<u>17,187.08</u>
Unencumbered Cash, Ending	<u><u>\$ 17,304.02</u></u>

CITY OF BRONSON, KANSAS
WATER RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012

	<u>Actual</u>
Cash Receipts	
Operating Revenues	
Interest Income	<u>\$ 1,132.02</u>
Total Cash Receipts	<u>1,132.02</u>
Expenditures	
Capital Outlay - Water Project	<u>82,286.84</u>
Total Expenditures	<u>82,286.84</u>
Cash Receipts Over (Under) Expenditures	(81,154.82)
Unencumbered Cash, Beginning	<u>154,278.28</u>
Unencumbered Cash, Ending	<u>\$ 73,123.46</u>

CITY OF BRONSON, KANSAS
CDBG GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012

	<u>Actual</u>
Cash Receipts	
Intergovernmental	
CDBG Grants	<u>\$ 22,310.00</u>
Total Cash Receipts	<u>22,310.00</u>
Expenditures	
Capital Project	<u>9,312.08</u>
Total Expenditures	<u>9,312.08</u>
Cash Receipts Over (Under) Expenditures	12,997.92
Unencumbered Cash, Beginning	<u>(12,997.92)</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

CITY OF BRONSON, KANSAS
PUBLIC LIBRARY
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012

	<u>Actual</u>
Cash Receipts	
Intergovernmental	
City of Bronson	\$ 8,989.00
State Aid	138.00
Board of Regents	800.00
Southeast Kansas Library	4,446.00
Other	
Miscellaneous	<u>958.94</u>
Total Cash Receipts	<u>15,331.94</u>
Expenditures	
Personnel	9,343.63
Contractual services	2,253.00
Commodities	3,040.00
Capital Outlay	1,740.00
Other	<u>173.01</u>
Total Expenditures	<u>16,549.64</u>
Cash Receipts Over (Under) Expenditures	(1,217.70)
Unencumbered Cash, Beginning	<u>14,561.08</u>
Unencumbered Cash, Ending	<u>\$ 13,343.38</u>