

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

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REGULATORY BASIS FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

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

The 2011 actual columns presented in the individual fund schedules of receipts and expenditures (Schedule 2's as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 financial statement upon which we rendered an unqualified opinion dated June 20, 2012. The 2011 financial statements and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards, at the following link <http://www.da.ks.gov/ar/muniserv/EAuditAccept.htm>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statement or to the 2011 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statement as a whole.

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

Lewis, Hooper & Dick, LLC
LEWIS, HOOPER & DICK, LLC

March 5, 2013

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

Funds	Unencumbered Cash 01/01/12	Receipts and Transfers	Expenditures and Transfers	Unencumbered Cash 12/31/12	Add Payables and Encumbrances	Treasurer's Cash 12/31/12
Governmental Type Funds						
General	\$ 88,321	\$ 267,921	\$ 192,059	\$ 164,183	\$ 3,096	\$ 167,279
Special Purpose Funds:						
Employee Benefits	33,504	92,737	83,594	42,647	-	42,647
Machinery and Equipment	44,014	20,000	43,910	20,104	-	20,104
Special Highway	342,068	18,148	19,016	341,200	-	341,200
Special Liability	5,260	221	1,299	4,182	-	4,182
Shriver Development	57,028	-	-	57,028	-	57,028
Total Special Purpose	481,874	131,106	147,819	465,161	-	465,161
Bond and Interest Fund:						
Bond and Interest	5,722	30,000	31,685	4,037	-	4,037
Business Funds						
Water Utility:						
General	67,804	196,688	195,198	69,294	44	69,338
Water Depreciation Reserve	30,906	10,000	27,074	13,832	-	13,832
Total Water Utility	98,710	206,688	222,272	83,126	44	83,170
Sewer Utility:						
General	23,794	35,332	28,493	30,633	-	30,633
Sewer Pond Reserve	7,733	5,000	-	12,733	-	12,733
Total Sewer Utility	31,527	40,332	28,493	43,366	-	43,366
Refuse Utility	4,101	43,461	37,170	10,392	-	10,392
Storm Sewer Utility	31,783	11,192	-	42,975	-	42,975
Customer Deposits	5,603	3,400	2,663	6,340	-	6,340
Total Business Funds	171,724	305,073	290,598	186,199	44	186,243
Total Reporting Entity (Memorandum only)	<u>\$ 747,641</u>	<u>\$ 734,100</u>	<u>\$ 662,161</u>	<u>\$ 819,580</u>	<u>\$ 3,140</u>	<u>\$ 822,720</u>
Composition of Cash:						
Kearny County Bank					\$ 742,916	
Plains State Bank					102,076	
Outstanding checks					(22,522)	
Total cash in bank						\$ 822,470
Cash on hand						250
Total cash						<u>\$ 822,720</u>

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

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

1. Summary of significant accounting policies

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

A. Financial reporting entity

The City is governed by an elected five-member council and a mayor. These financial statements present the City of Deerfield (the municipality) and its related municipal entities. The related municipal entities are included in the City's reporting entity because they were established to benefit the City and/or its constituents.

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

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

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

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

C. Regulatory basis fund types

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

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

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

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

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

1. Summary of significant accounting policies (continued)

C. Regulatory basis fund types (continued)

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

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

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

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

D. Cash and investments

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

E. Property taxes and special assessments

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

Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1st of the ensuing year. One-half of the property taxes are due December 20th and distributed to the District by January 20th to finance a portion of the current year's budget. The second half is due May 10th and distributed to the City by June 5th. The City Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

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

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

1. Summary of significant accounting policies (continued)

F. Interfund transactions

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

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

G. Reimbursements

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

H. Memorandum totals

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

2. Stewardship, compliance and accountability

A. Budgetary information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year ended December 31, 2012.

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

2. Stewardship, compliance and accountability (continued)

A. Budgetary information (continued)

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital projects funds, trust funds, and certain special purpose funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

B. Compliance with Kansas statutes

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

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

3. Detailed notes on all funds

A. Deposits and investments

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

Cash on hand	\$	250
Carrying amount of deposits		<u>822,470</u>
Total cash	\$	<u><u>822,720</u></u>

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

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

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

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

Concentration of credit risk

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

Custodial credit risk - deposits

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

At December 31, 2012, the City's carrying amount of deposits was \$822,470 and the bank balance was \$844,992. Of the bank balance, 100% of the balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$353,287 was covered by federal depository insurance and \$491,705 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City's cash deposits by financial institution at December 31, 2012, are as follows:

	Kearny County Bank	Plains State Bank
FDIC coverage	\$ 251,211	\$ 102,076
Pledged securities at market value	649,866	210,016
Total coverage	<u>\$ 901,077</u>	<u>\$ 312,092</u>
Funds on deposit	<u>\$ 742,916</u>	<u>\$ 102,076</u>
Funds at risk	<u>\$ -</u>	<u>\$ -</u>

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

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

Credit risk - investments

Custodial credit risk for an investment is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments of this type at December 31, 2012.

B. Capital projects in process

Capital project authorizations with approved change orders compared to expenditures from inception at December 31, 2012, are as follows:

	Project Authorization	Disbursements and Accounts Payable to Date	Committed
Sewer maintenance cleaning	\$ 15,529	\$ 9,468	\$ 6,061
Big well repairs	33,889	33,889	-

C. Long-term debt

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

	Date of Issue	Maximum Rate	Date of Final Maturity	Amount of Issue	Balance 1/1/12	Additions	Reductions/ Payments	Balance 12/31/12	Interest Paid
General obligation bonds payable:									
Water System Improvement, 2003	06/15/03	3.90%	06/01/18	\$ 350,000	\$ 190,000	\$ -	\$ 25,000	\$ 165,000	\$ 6,685
Capital lease obligations payable:									
Refuse truck	04/04/06	4.67%	04/04/13	105,276	25,507	-	16,807	8,700	997
Total long term debt				\$ 455,276	\$ 215,507	\$ -	\$ 41,807	\$ 173,700	\$ 7,682

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

	Year						Total
	2013	2014	2015	2016	2017	2018	
Principal:							
General obligation bonds payable	\$ 25,000	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 165,000
Capital leases payable	8,700	-	-	-	-	-	8,700
Total principal	33,700	25,000	25,000	30,000	30,000	30,000	173,700
Interest:							
General obligation bonds	5,872	4,972	3,998	2,925	1,755	585	20,107
Capital lease obligations	202	-	-	-	-	-	202
Total interest	6,074	4,972	3,998	2,925	1,755	585	20,309
Total principal and interest	\$ 39,774	\$ 29,972	\$ 28,998	\$ 32,925	\$ 31,755	\$ 30,585	\$ 194,009

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

3. Detailed notes on all funds (continued)

C. Long-term debt (continued)

Legal debt margin

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

D. Interfund transfers

Interfund operating transfers are as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	
Water Utility	General	12-825d	\$ 20,000
Water Utility	Machinery and Equipment	12-825d	20,000
Water Utility	Water Depreciation Reserve	12-825d	10,000
Water Utility	Bond and Interest	12-825d	30,000
Sewer Utility	Sewer Pond Reserve	12-825d	<u>5,000</u>
Total			<u>\$ 85,000</u>

4. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Post-employment health care benefits

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

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

C. Compensated absences

The City's policies regarding leave pay permits employees to accumulate vacation leave days at a maximum rate of 30 days per year with a carryover of 5 days. Employees accumulate sick leave days at a maximum rate of 12 days per year; no more than 90 sick leave days may be accumulated.

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

4. Other information (continued)

D. Defined benefit pension plan

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

Funding policy: K.S.A. 74-4919 and K.S.A. 749,210 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. Kansas law sets a limitation on annual increases in the employer contribution rates.

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

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

	Certified Budget	Expenditures Chargeable to Current Year Budget	Variance Over (Under)
<u>Governmental Type Funds</u>			
General	\$ 268,063	\$ 192,059	\$ (76,004)
Special Purpose Funds:			
Employee Benefits	109,310	83,594	(25,716)
Machinery and Equipment	105,167	43,910	(61,257)
Special Highway	437,762	19,016	(418,746)
Special Liability	4,788	1,299	(3,489)
Bond and Interest Fund:			
Bond and Interest	35,672	31,685	(3,987)
<u>Business Funds</u>			
Water Utility:			
General	213,000	195,198	(17,802)
Water Depreciation Reserve	27,079	27,074	(5)
Sewer Utility:			
General	48,000	28,493	(19,507)
Sewer Pond Reserve	12,733	-	(12,733)
Refuse Utility	52,500	37,170	(15,330)
Storm Sewer Utility	29,573	-	(29,573)
Customer Deposits	15,238	2,663	(12,575)

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Administration:				
Taxes	\$ 150,256	\$ 183,229	\$ 170,128	\$ 13,101
Franchises	23,526	23,740	22,000	1,740
Fines, licenses and permits	4,693	5,984	6,000	(16)
Use of money and property	18,240	11,047	24,000	(12,953)
Reimbursements and miscellaneous	18,987	18,371	15,600	2,771
Total administration	215,702	242,371	237,728	4,643
Parks	3,500	-	4,000	(4,000)
Fire	3,000	5,550	-	5,550
Transfer from Water	20,000	20,000	20,000	-
Total receipts	242,202	267,921	\$ 261,728	\$ 6,193
Expenditures:				
General administration:				
Personnel services	95,460	96,981	\$ 114,415	\$ (17,434)
Contractual services	23,071	31,221	48,352	(17,131)
Commodities	46,569	37,070	50,200	(13,130)
Capital outlay	-	-	15,000	(15,000)
Total general administration	165,100	165,272	227,967	(62,695)
Streets:				
Commodities	-	-	3,845	(3,845)
Street lighting:				
Contractual services	6,991	7,416	8,000	(584)
Police:				
Contractual services	1	-	1	(1)
Parks:				
Commodities	98	-	6,250	(6,250)
Zoning	19,932	19,371	22,000	(2,629)
Total expenditures	192,122	192,059	\$ 268,063	\$ (76,004)
Receipts over under expenditures	50,080	75,862		
Unencumbered cash, beginning of year	38,241	88,321		
Unencumbered cash, end of year	\$ 88,321	\$ 164,183		

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Taxes	\$ 94,356	\$ 91,987	\$ 93,053	\$ (1,066)
Other receipts	2,671	750	-	750
Total receipts	<u>97,027</u>	<u>92,737</u>	<u>\$ 93,053</u>	<u>\$ (316)</u>
Expenditures:				
Employee benefits	<u>80,416</u>	<u>83,594</u>	<u>\$ 109,310</u>	<u>\$ (25,716)</u>
Receipts over expenditures	16,611	9,143		
Unencumbered cash, beginning of year	<u>16,893</u>	<u>33,504</u>		
Unencumbered cash, end of year	<u>\$ 33,504</u>	<u>\$ 42,647</u>		

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Transfer from Water	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Transfer from Refuse	-	-	20,000	(20,000)
Total receipts	<u>20,000</u>	<u>20,000</u>	<u>\$ 40,000</u>	<u>\$ (20,000)</u>
Expenditures:				
Capital outlay and equipment lease	<u>29,490</u>	<u>43,910</u>	<u>\$ 105,167</u>	<u>\$ (61,257)</u>
Receipts under expenditures	(9,490)	(23,910)		
Unencumbered cash, beginning of year	<u>53,504</u>	<u>44,014</u>		
Unencumbered cash, end of year	<u>\$ 44,014</u>	<u>\$ 20,104</u>		

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
State of Kansas - gas tax	\$ 19,856	\$ 18,148	\$ 22,080	\$ (3,932)
Reimbursements and miscellaneous	95,821	-	95,000	(95,000)
Total receipts	115,677	18,148	\$ 117,080	\$ (98,932)
Expenditures:				
Personnel services	-	-	\$ 13,225	\$ (13,225)
Contractual	16,984	8,320	423,537	(415,217)
Commodities	3,924	10,696	1,000	9,696
Total expenditures	20,908	19,016	\$ 437,762	\$ (418,746)
Receipts over (under) expenditures	94,769	(868)		
Unencumbered cash, beginning of year	247,299	342,068		
Unencumbered cash, end of year	\$ 342,068	\$ 341,200		

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Taxes	\$ 1,354	\$ 177	\$ 209	\$ (32)
Reimbursements and miscellaneous	-	44	-	44
Total cash receipts	<u>1,354</u>	<u>221</u>	<u>\$ 209</u>	<u>\$ 12</u>
Expenditures:				
Tort liability	<u>1,990</u>	<u>1,299</u>	<u>\$ 4,788</u>	<u>\$ (3,489)</u>
Receipts under expenditures	(636)	(1,078)		
Unencumbered cash, beginning of year	<u>5,896</u>	<u>5,260</u>		
Unencumbered cash, end of year	<u>\$ 5,260</u>	<u>\$ 4,182</u>		

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

	Prior Year	Current Year Actual
Receipts:		
Donations	\$ 95	\$ -
Expenditures:		
Capital outlay and improvements	-	-
Receipts over expenditures	95	-
Unencumbered cash, beginning of year	56,933	57,028
Unencumbered cash, end of year	\$ 57,028	\$ 57,028

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Transfer from Water Utility	\$ 25,000	\$ 30,000	\$ 30,000	\$ -
Expenditures:				
Bond principal	20,000	25,000	\$ 25,000	\$ -
Bond coupons	7,395	6,685	6,685	-
Fiscal fees	-	-	50	(50)
Cash basis reserve	-	-	3,937	(3,937)
Total expenditures	<u>27,395</u>	<u>31,685</u>	<u>\$ 35,672</u>	<u>\$ (3,987)</u>
Receipts under expenditures	(2,395)	(1,685)		
Unencumbered cash, beginning of year	<u>8,117</u>	<u>5,722</u>		
Unencumbered cash, end of year	<u>\$ 5,722</u>	<u>\$ 4,037</u>		

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Charge for services	\$ 154,896	\$ 163,810	\$ 145,766	\$ 18,044
Penalties and reconnect fees	324	75	8,000	(7,925)
Miscellaneous	27	1,309	-	1,309
Water protection fee	30,925	31,494	32,000	(506)
Total receipts	186,172	196,688	\$ 185,766	\$ 10,922
Expenditures:				
Personnel services	60,756	57,271	\$ 55,000	\$ 2,271
Production	11,078	10,010	15,000	(4,990)
Distribution	21,124	25,629	33,000	(7,371)
General	4,454	5,007	5,000	7
Capital outlay	1,664	17,281	25,000	(7,719)
Transfers out	95,000	80,000	80,000	-
Total expenditures	194,076	195,198	\$ 213,000	\$ (17,802)
Receipts over (under) expenditures	(7,904)	1,490		
Unencumbered cash, beginning of year	75,708	67,804		
Unencumbered cash, end of year	<u>\$ 67,804</u>	<u>\$ 69,294</u>		

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Transfer from Water Utility	\$ 30,000	\$ 10,000	\$ 10,000	\$ -
Expenditures:				
Capital outlay and improvements	7,995	27,074	\$ 27,079	\$ (5)
Receipts over (under) expenditures	22,005	(17,074)		
Unencumbered cash, beginning of year	8,901	30,906		
Unencumbered cash, end of year	\$ 30,906	\$ 13,832		

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Charge for services	\$ 35,265	\$ 35,332	\$ 38,640	\$ (3,308)
Expenditures:				
Personnel services	-	11,365	\$ 20,000	\$ (8,635)
Contractual services	13,064	6,404	9,000	(2,596)
Commodities	8,802	5,724	14,000	(8,276)
Transfer to Sewer Pond Reserve	5,000	5,000	5,000	-
Total expenditures	<u>26,866</u>	<u>28,493</u>	<u>\$ 48,000</u>	<u>\$ (19,507)</u>
Receipts over expenditures	8,399	6,839		
Unencumbered cash, beginning of year	<u>15,395</u>	<u>23,794</u>		
Unencumbered cash, end of year	<u>\$ 23,794</u>	<u>\$ 30,633</u>		

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Transfer from Sewer Fund	\$ 5,000	\$ 5,000	\$ 5,000	\$ -
Expenditures:				
Capital outlay and improvements	-	-	\$ 12,733	\$ (12,733)
Receipts over expenditures	5,000	5,000		
Unencumbered cash, beginning of year	2,733	7,733		
Unencumbered cash, end of year	\$ 7,733	\$ 12,733		

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

	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Charge for services	\$ 43,255	\$ 43,461	\$ 50,126	\$ (6,665)
Expenditures:				
Personnel services	33,427	20,496	\$ 20,000	\$ 496
Contractual services	9,333	14,451	7,500	6,951
Capital outlay	-	2,223	5,000	(2,777)
Transfer to Machinery and Equipment	-	-	20,000	(20,000)
Total expenditures	<u>42,760</u>	<u>37,170</u>	<u>\$ 52,500</u>	<u>\$ (15,330)</u>
Receipts over expenditures	495	6,291		
Unencumbered cash, beginning of year	<u>3,606</u>	<u>4,101</u>		
Unencumbered cash, end of year	<u>\$ 4,101</u>	<u>\$ 10,392</u>		

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

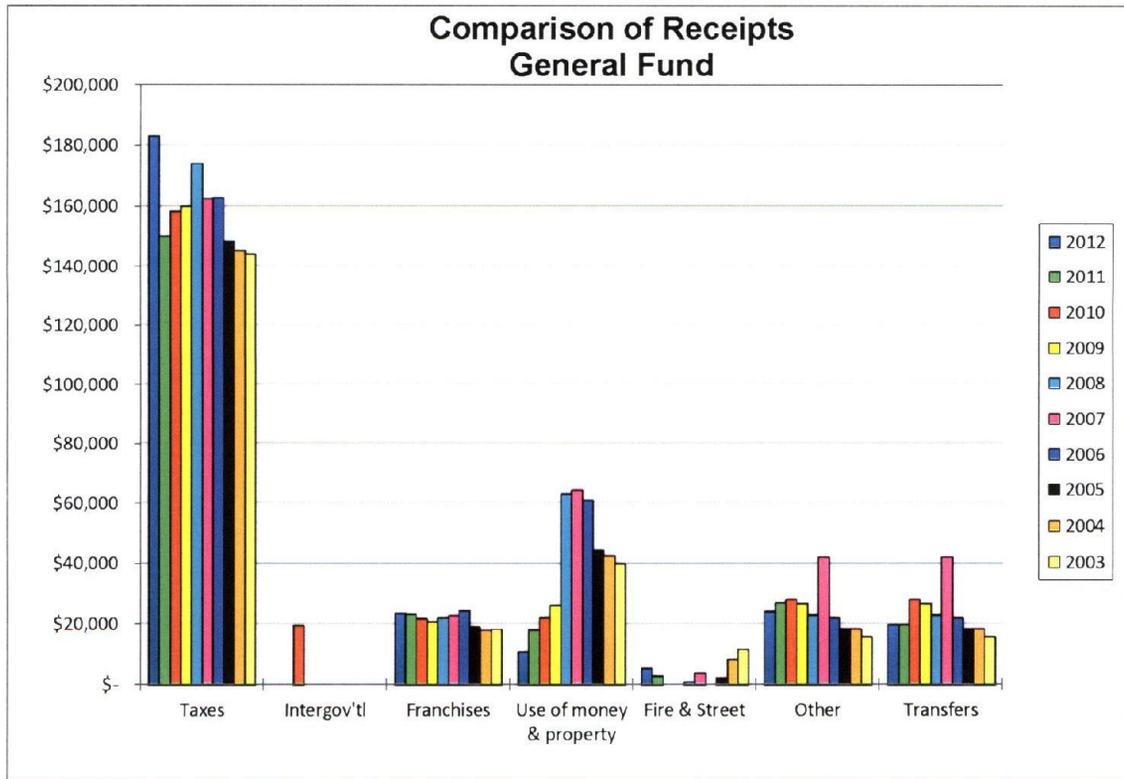
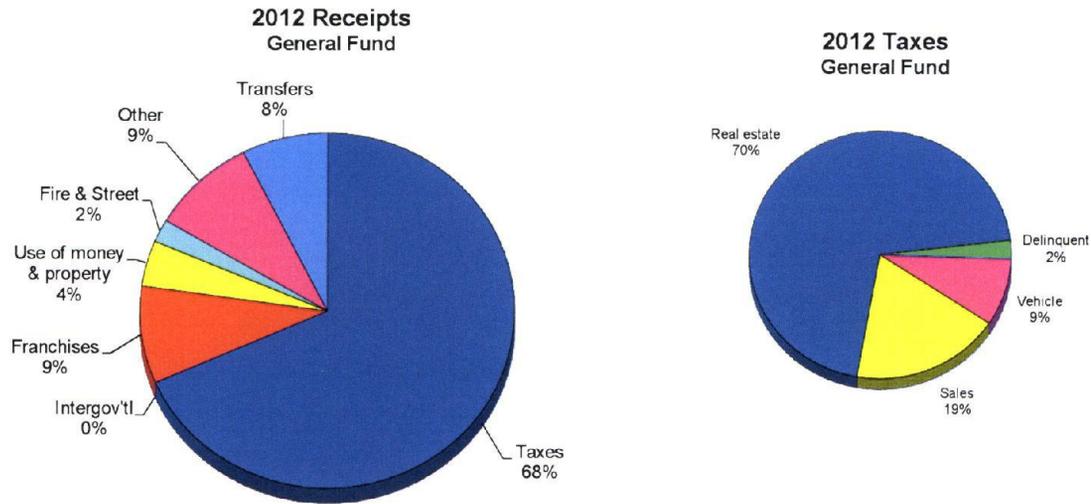
	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Charges for services	\$ 10,907	\$ 11,192	\$ 11,900	\$ (708)
Expenditures:				
Personnel services	1,274	-	\$ 5,356	\$ (5,356)
Miscellaneous	15	-	-	-
Construction	-	-	24,217	(24,217)
Total expenditures	1,289	-	\$ 29,573	\$ (29,573)
Receipts over expenditures	9,618	11,192		
Unencumbered cash, beginning of year	22,165	31,783		
Unencumbered cash, end of year	\$ 31,783	\$ 42,975		

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

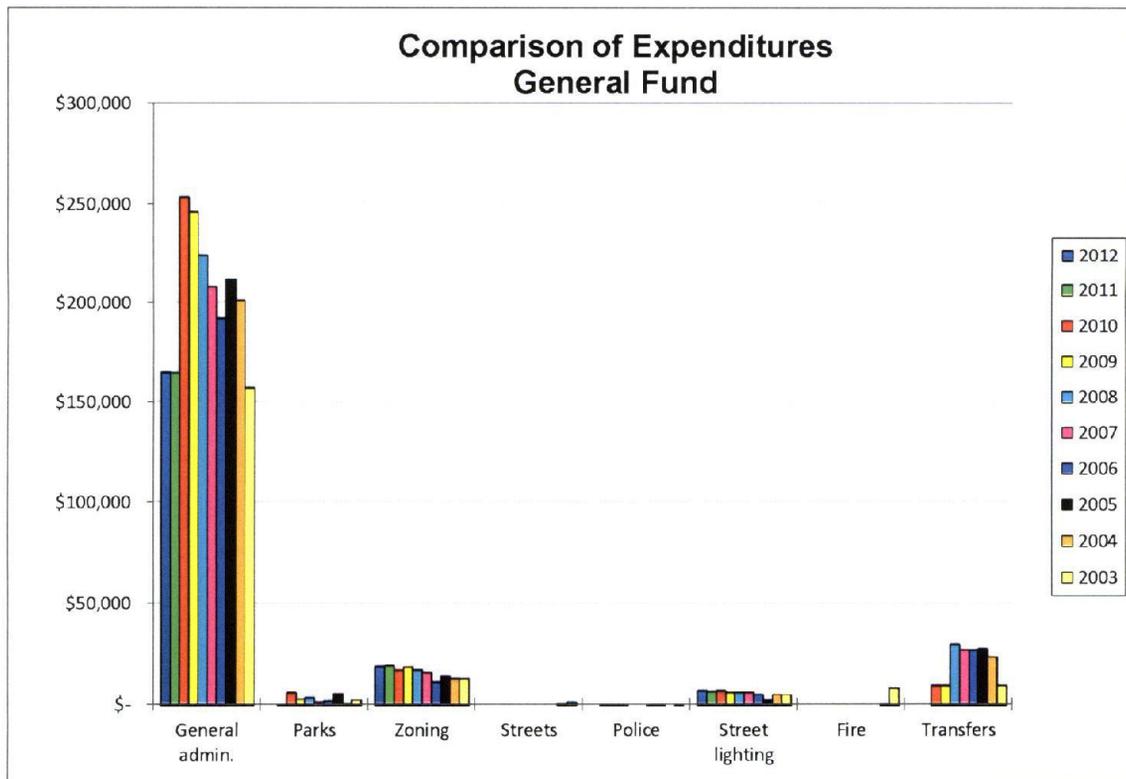
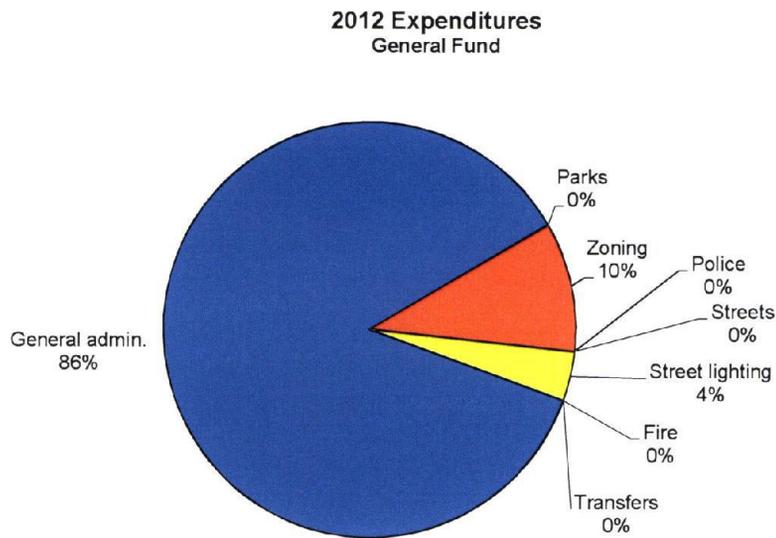
	Prior Year	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts:				
Customer deposits	\$ 3,200	\$ 3,400	\$ 6,200	\$ (2,800)
Expenditures:				
Contractual services	5,365	2,663	\$ 15,238	\$ (12,575)
Receipts over (under) expenditures	(2,165)	737		
Unencumbered cash, beginning of year	7,768	5,603		
Unencumbered cash, end of year	\$ 5,603	\$ 6,340		

OTHER SUPPLEMENTAL INFORMATION

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



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



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

