

CITY OF DE SOTO, KANSAS

FINANCIAL STATEMENTS

Year ended December 31, 2012

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CITY OF DE SOTO, KANSAS

Financial Statements
Year ended December 31, 2012

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MIZE HOUSER
COMPANY_{P.A.}

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of De Soto, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of De Soto, Kansas (the City), as of and for the year ended December 31, 2012 and the related notes to the financial statement. The prior year partial comparative information has been derived from the City's financial statements for the year ended December 31, 2011. In our report dated April 24, 2012, on these financial statements we expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and an unqualified opinion as to presentation on the Kansas prescribed basis of accounting.

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.

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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 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" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

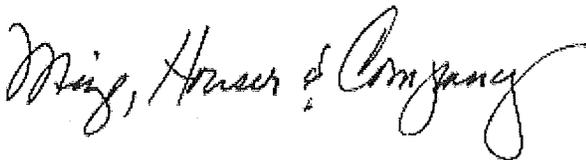
Opinion on Regulatory Basis of Accounting

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 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.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2011, from which such partial information was derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however 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.



March 11, 2013

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

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General Funds:							
General Fund	\$ 892,533	\$ -	\$ 2,619,260	\$ 2,596,432	\$ 915,361	\$ 17,578	\$ 932,939
Special Purpose Funds:							
Law Enforcement Fund	47,946	-	408,915	426,083	30,778	105,130	135,908
Special Highway Fund	2,307	-	149,406	146,000	5,713	-	5,713
Special Parks and Recreation Fund	12,690	-	18,610	31,000	300	-	300
Transient Guest Tax Fund	21,251	-	16,987	22,283	15,955	-	15,955
Sponsorship Fund	15,119	-	4,510	649	18,980	-	18,980
Water Development Fee Fund	1,968	-	-	-	1,968	-	1,968
Sewer Development Fee Fund	30,000	-	24,050	20,000	34,050	-	34,050
Electric Utility Investment Fund	1,647,470	-	88,790	33,528	1,702,732	-	1,702,732
Enhancement Community Fountain Fund	1,040	-	-	50	990	-	990
Riverfest Park Improvement Fund	1,157	-	-	1,157	-	-	-
Bond and Interest Funds:							
Debt Service Fund	934,607	-	1,056,653	1,185,770	805,490	-	805,490
Capital Project Funds:							
Capital Projects Fund	25,466	-	1,844	26,000	1,310	-	1,310
Capital Improvements Fund	282,108	-	4,884,299	4,728,891	437,516	-	437,516
CDBG Fund	-	-	91,130	91,130	-	-	-
Business Funds:							
Water System Fund	227,323	-	1,503,744	1,306,241	424,826	59,951	484,777
Sewer System Fund	125,440	-	497,745	455,991	167,194	3,891	171,085
Refuse System Fund	48,888	-	423,971	434,868	37,991	1,341	39,332
Shop Fund	[4,514]	-	91,700	93,867	[6,681]	6,804	123
Trust Funds:							
Shughart Trust Fund	23,010	-	49	-	23,059	-	23,059
Total Primary Government	\$ 4,335,809	\$ -	\$ 11,881,663	\$ 11,599,940	\$ 4,617,532	\$ 194,695	\$ 4,812,227

Composition of Cash:

Great American Bank	
Checking	\$ 325,652
Certificates of Deposit	4,161,950
Deposit in Transit	2,863
Outstanding Checks	[83,543]
FCB Bank	
Checking	174,185
Great Southern Bank	
Money Market	178,141
Checking	87,513
Deposit in Transit	5,175
Outstanding Checks	[775]
Kansas Municipal Investment Pool	661
Total Cash	4,851,622
Agency Funds per Schedule 3	[39,395]
Total Reporting Entity (Excluding Agency Funds)	\$4,812,227

CITY OF DE SOTO, KANSAS

Notes to the Financial Statements
December 31, 2012

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of De Soto (City) is a municipal corporation governed by a mayor and five-member council. These financial statements present the City (the primary government) and any related municipal entities of which the City is considered to be financially accountable. The City has no related municipal entities.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The Kansas Municipal Audit and Accounting Guide (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 revenues 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 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 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.

Departure from Generally Accepted Accounting Principles

The basis of accounting described above results in a financial statement presentation which shows cash receipts (except as noted), cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes and compensated absences are not presented in the financial statements. Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase, as required by state statutes.

Regulatory Basis Fund Types

In governmental 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, restrictions or limitations.

CITY OF DE SOTO, KANSAS

Notes to the Financial Statements
December 31, 2012

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Regulatory Basis Fund Types (Continued)

The following types of funds comprise the financial activities of the City for the year ended June 30, 2012:

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

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

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 Fund - 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 Fund - 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 Fund - 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.).

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), principal 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 on or before August 5th of the proposed budget and notice of public hearing on the budget.
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 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 budget was amended for the Water System and Refuse System funds.

CITY OF DE SOTO, KANSAS

Notes to the Financial Statements
December 31, 2012

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

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

Actual expenditures exceeded budgeted expenditures in the Water System Fund which is a violation of K.S.A. 79-2935.

Ad Valorem Tax Revenues

The determination of assessed valuations and collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. 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.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the City, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

NOTE 2 - Deposits

Deposits. 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.

Investments. 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.

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 U.S. government or any agency thereof, and various other investments as specified in K.S.A. 10-131.

CITY OF DE SOTO, KANSAS

Notes to the Financial Statements
December 31, 2012

NOTE 2 – Deposits (Continued)

At December 31, 2012, the City has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$ 661	S&P AA Af/S1+
Total fair value	<u>\$ 661</u>	

The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

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 has no designated "peak periods". All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$4,850,961 and the bank balance was \$4,927,441. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$4,622,974 was covered by federal depository insurance, \$288,814 was invested in non-interest bearing accounts and covered by the Temporary Liquidity Guarantee Program, and the balance of \$15,653 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 - Retirement Plan

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS). KPERS is a part of 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 issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

CITY OF DE SOTO, KANSAS

Notes to the Financial Statements
December 31, 2012

NOTE 3 - Retirement Plan (Continued)

Funding Policy - K.S.A. 74-419 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. Kansas law sets a limitation on annual increases in the employer contribution rates. The employer contributions to KPERS for years ending December 31, 2012, 2011 and 2010 were \$125,550, \$123,005, and \$111,793, respectively, equal to the required contributions for each year.

NOTE 4 - Long-Term Debt

General Obligation (G.O.) 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 general government activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Description</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Original Amount Issued</u>	<u>Balance Due At December 31, 2012</u>
G.O. bonds issued:				
04/15/03	2.00-4.00	2017	1,180,000	\$ 200,000
06/09/04	4.00-5.55	2025	2,650,000	235,000
10/15/05	3.75-4.375	2032	9,000,000	8,865,000
08/02/07	3.90	2013	140,000	100,000
04/29/08	2.70-4.25	2028	1,080,000	90,000
03/25/09	4.10-5.25	2039	1,320,000	1,320,000
04/19/10	1.00-4.30	2030	1,285,000	1,215,000
04/19/10	6.00	2035	710,000	710,000
11/23/10	6.50-7.00	2040	1,080,000	1,080,000
11/23/10	4.60	2027	85,000	85,000
06/06/12	2.00-3.30	2034	4,475,000	<u>4,440,000</u>
				<u>\$ 18,340,000</u>

CITY OF DE SOTO, KANSAS

Notes to the Financial Statements
December 31, 2012

NOTE 4 - Long-Term Debt (Continued)

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

Year Ending <u>December 31,</u>	
2013	\$ 1,505,235
2014	1,507,663
2015	1,381,058
2016	1,380,795
2017	1,378,743
2018-2022	6,849,128
2023-2027	6,434,285
2028-2032	5,602,341
2033-2037	1,861,578
2038-2040	<u>546,875</u>
Total Principal and Interest	28,447,699
Less: Interest	<u>10,107,699</u>
Total Principal	<u>\$ 18,340,000</u>

Changes in General Long-term Liabilities. During the year ended December 31, 2012, the following changes occurred in long-term debt:

	Balance January 1, 2012	<u>Additions</u>	<u>Defeased</u>	<u>Refunded</u>	<u>Retirements</u>	Balance December 31, 2012
General obligation debt	<u>\$ 18,085,000</u>	<u>\$ 4,475,000</u>	<u>\$ 2,525,000</u>	<u>\$ 1,250,000</u>	<u>\$ 445,000</u>	<u>\$ 18,340,000</u>
Totals	<u>\$ 18,085,000</u>	<u>\$ 4,475,000</u>	<u>\$ 2,525,000</u>	<u>\$ 1,250,000</u>	<u>\$ 445,000</u>	<u>\$ 18,340,000</u>

The City issued series 2012-A General Obligation Refunding and Improvement Bonds on June 6, 2012 to provide financing for the construction of improvements to the City's water system in addition to partially refunding \$1,695,000 of Series 2004-A General Obligation Bonds and \$830,000 of Series 2008-A General Obligation Improvement Bonds and fully refunding \$1,250,000 of Series 2007-A General Obligation Refunding Bonds. The interest rate on the bonds is 2.00% to 3.30% and has a final maturity of September 1, 2034. A portion of the net proceeds were used to establish an escrow account invested in U.S. Government Securities to pay the outstanding principal and interest due on the Series 2004-A General Obligation Bonds and Series 2008-A General Obligation Improvement Bonds. As a result, this portion of the Series 2004-A and Series 2008-A bonds was considered to be defeased and the liability for the defeased bonds has been removed from the District's financial statements. The transaction resulted in an economic gain of \$515,855.

Conduit Debt Obligations. From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State of Kansas, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012, there were two series of Industrial Revenue bonds outstanding, with an aggregate original principal amount payable of \$7,915,000.

CITY OF DE SOTO, KANSAS

Notes to the Financial Statements
December 31, 2012

NOTE 5 - Interfund Transfers

A reconciliation of transfers by fund type for 2012 follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 69,685	\$ -
Special Highway Fund	-	86,000
Special Parks and Recreation Fund	-	31,000
Sewer Development Fee Fund	-	20,000
Electric Utility Investment Fund	-	33,528
Riverfest Park Improvement Fund	-	1,157
Debt Service Fund	251,500	-
Capital Improvements Fund	280,223	-
Capital Projects Fund	-	26,000
CDBG Fund	-	91,130
Water System Fund	-	205,093
Sewer System Fund	-	107,500
	<u>\$ 601,408</u>	<u>\$ 601,408</u>

NOTE 6 - Developer Deposits

Developer deposits payable, in the amount of \$3,000, are outstanding as of December 31, 2012. The deposits are payable to the developer upon completion of the specific project.

NOTE 7 - Compensated Absences

Full-time employees accrue vacation each year at the following rate:

- One to four years of service - ten days
- Five to nine years of service - fifteen days
- Ten to fourteen years of service - twenty days
- Fifteen to nineteen years of service - twenty-five days
- After twenty years of service - thirty days

Employees cannot carry over more than one half of the annual entitlement for the year in which it was earned of accrued vacation from one payroll year to the next. Upon termination or resignation, an employee on regular status shall be compensated for all authorized accumulated, unused vacation leave, but the compensation is limited to the maximum number of hours the departing employee could accumulate in one year. Total accrued vacation leave was \$72,629 at December 31, 2012.

CITY OF DE SOTO, KANSAS

Notes to the Financial Statements
December 31, 2012

NOTE 8 - Lease Agreement

The City of De Soto continues to operate the water treatment plant at the former Sunflower Army Ammunition Plant, now owned by private developer Sunflower Redevelopment LLC. The City's use is pursuant to a perpetual lease agreement dated July 29, 2005. Pursuant to a Real Estate Transfer Agreement dated July 29, 2005 between City of De Soto and Sunflower Redevelopment, LLC, the City will receive fee title interest to the treatment plant as soon as the land receives a CERCLA Covenant pursuant to 42 U.S.C. § 9620(h)(3)(A)(ii). The City completed improvements to the water treatment plant site initiated in 2010; the improvements included a back-up electrical generator, the installation of new electrical service to the plant, and a new water main leading from the plant to the City's distribution system. Construction was completed in 2011. The City, in conjunction with the City of Baldwin, City of Wellsville, and Douglas County Rural Water District #4, completed a broader water facilities study in 2012; the study evaluated the concept and costs of creating a regional wholesale water supply district. Proceeding with the creation of a regional wholesale water supply district does not appear feasible at the present time due to the City of Baldwin deciding not to participate.

NOTE 9 - Due To—Due From

The Electric Utility Investment Fund has advanced money to the Water System Fund. The advance was made in 2001. The City plans to pay back the \$150,000 loan, with interest, when bonds are issued for additional major capital improvements needed for the City's water system. The Electric Utility Investment Fund has advanced money to the General and Water Fund for the purchase of vehicles in the amount of \$301,081. The General and Water Fund paid the Electric Utility Investment Fund \$55,262 in 2012 for repayment of the vehicle advance. The balance of the advance remaining at December 31, 2012 was \$133,267.

NOTE 10 - Commitments and Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the City as of December 31, 2012.

NOTE 11 - 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; natural disasters and other events for which the City carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government 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 government under this program.

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

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over [Under]</u>
Governmental Type Funds:					
General Funds:					
General Fund	\$ 2,880,247	\$ -	\$ 2,880,247	\$ 2,596,432	\$ 283,815
Special Purpose Funds:					
Law Enforcement Fund	428,018	-	428,018	426,083	1,935
Special Highway Fund	146,000	-	146,000	146,000	-
Special Parks and Recreation Fund	33,000	-	33,000	31,000	2,000
Transient Guest Tax Fund	30,000	-	30,000	22,283	7,717
Sponsorship Fund	3,250	-	3,250	649	2,601
Water Development Fee Fund	18,000	-	18,000	-	18,000
Sewer Development Fee Fund	20,000	-	20,000	20,000	-
Bond and Interest Funds:					
Debt Service Fund	2,031,470	-	2,031,470	1,185,770	845,700
Business Funds:					
Water System Fund	1,192,469	-	1,192,469	1,306,241	[113,772]
Sewer System Fund	509,170	-	509,170	455,991	53,179
Refuse System Fund	445,064	-	445,064	434,868	10,196

See independent auditor's report on the financial statements.

CITY OF DE SOTO, 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 <u>Actual</u>	Current Year		Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 503,482	\$ 417,223	\$ 399,825	\$ 17,398
Intergovernmental	1,163,427	1,195,416	1,078,000	117,416
Licenses and permits	42,312	13,526	34,450	[20,924]
Franchise fee	498,336	522,283	514,500	7,783
Charges for services	75,580	70,963	179,200	[108,237]
Use of money and property	87,619	69,495	26,000	43,495
Fines and fees	293,354	255,530	248,900	6,630
Miscellaneous	11,074	5,139	-	5,139
Transfers in	<u>70,969</u>	<u>69,685</u>	<u>125,000</u>	<u>[55,315]</u>
Total Cash Receipts	<u>2,746,153</u>	<u>2,619,260</u>	<u>\$ 2,605,875</u>	<u>\$ 13,385</u>
Expenditures				
Personal services	1,347,480	1,326,817	\$ 1,658,700	\$ 331,883
Contractual services	832,260	794,894	832,244	37,350
Commodities	365,305	370,006	311,850	[58,156]
Capital outlay	<u>76,384</u>	<u>104,715</u>	<u>77,453</u>	<u>[27,262]</u>
Total Expenditures	<u>2,621,429</u>	<u>2,596,432</u>	<u>\$ 2,880,247</u>	<u>\$ 283,815</u>
Cash Receipts Over [Under] Expenditures	124,724	22,828		
Unencumbered Cash, Beginning	<u>767,809</u>	<u>892,533</u>		
Unencumbered Cash, Ending	<u>\$ 892,533</u>	<u>\$ 915,361</u>		

See independent auditor's report on the financial statements.

CITY OF DE SOTO, KANSAS
 Law Enforcement 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 <u>Actual</u>	Current Year		Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 441,775	\$ 408,915	\$ 395,788	\$ 13,127
Total Cash Receipts	<u>441,775</u>	<u>408,915</u>	<u>\$ 395,788</u>	<u>\$ 13,127</u>
Expenditures				
Contractual services	<u>460,990</u>	<u>426,083</u>	<u>\$ 428,018</u>	<u>\$ 1,935</u>
Total Expenditures	<u>460,990</u>	<u>426,083</u>	<u>\$ 428,018</u>	<u>\$ 1,935</u>
Receipts Over [Under] Expenditures	[19,215]	[17,168]		
Unencumbered Cash, Beginning	<u>67,161</u>	<u>47,946</u>		
Unencumbered Cash, Ending	<u>\$ 47,946</u>	<u>\$ 30,778</u>		

See independent auditor's report on the financial statements.

CITY OF DE SOTO, 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 Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Cash Receipts				
Intergovernmental	\$ 146,248	\$ 149,406	\$ 146,420	\$ 2,986
Total Cash Receipts	<u>146,248</u>	<u>149,406</u>	<u>\$ 146,420</u>	<u>\$ 2,986</u>
Expenditures				
Capital outlay	65,000	60,000	\$ 60,000	\$ -
Transfers out	<u>84,890</u>	<u>86,000</u>	<u>86,000</u>	<u>-</u>
Total Expenditures	<u>149,890</u>	<u>146,000</u>	<u>\$ 146,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[3,642]	3,406		
Unencumbered Cash, Beginning	<u>5,949</u>	<u>2,307</u>		
Unencumbered Cash, Ending	<u>\$ 2,307</u>	<u>\$ 5,713</u>		

See independent auditor's report on the financial statements.

CITY OF DE SOTO, KANSAS
Special Parks and Recreation 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 <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Intergovernmental	\$ 10,202	\$ 11,418	\$ 11,011	\$ 407
Charges for services	<u>12,081</u>	<u>7,192</u>	<u>13,000</u>	<u>[5,808]</u>
Total Cash Receipts	<u>22,283</u>	<u>18,610</u>	<u>\$ 24,011</u>	<u>\$ [5,401]</u>
Expenditures				
Transfer out	<u>30,000</u>	<u>31,000</u>	<u>\$ 33,000</u>	<u>\$ 2,000</u>
Total Expenditures	<u>30,000</u>	<u>31,000</u>	<u>\$ 33,000</u>	<u>\$ 2,000</u>
Receipts Over [Under] Expenditures	[7,717]	[12,390]		
Unencumbered Cash, Beginning	<u>20,407</u>	<u>12,690</u>		
Unencumbered Cash, Ending	<u>\$ 12,690</u>	<u>\$ 300</u>		

See independent auditor's report on the financial statements.

CITY OF DE SOTO, KANSAS
 Transient Guest Tax 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 <u>Actual</u>	Current Year		Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Intergovernmental	\$ 19,611	\$ 16,987	\$ 19,000	\$ [2,013]
Total Cash Receipts	<u>19,611</u>	<u>16,987</u>	<u>\$ 19,000</u>	<u>\$ [2,013]</u>
Expenditures				
Contractual services	16,607	22,283	\$ 30,000	\$ 7,717
Transfer out	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>26,607</u>	<u>22,283</u>	<u>\$ 30,000</u>	<u>\$ 7,717</u>
Receipts Over [Under] Expenditures	[6,996]	[5,296]		
Unencumbered Cash, Beginning	<u>28,247</u>	<u>21,251</u>		
Unencumbered Cash, Ending	<u>\$ 21,251</u>	<u>\$ 15,955</u>		

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

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Cash Receipts				
Charges for services	\$ 4,469	\$ 4,510	\$ 3,000	\$ 1,510
Total Cash Receipts	<u>4,469</u>	<u>4,510</u>	<u>\$ 3,000</u>	<u>\$ 1,510</u>
Expenditures				
Capital outlay	<u>2,370</u>	<u>649</u>	<u>\$ 3,250</u>	<u>\$ 2,601</u>
Total Expenditures	<u>2,370</u>	<u>649</u>	<u>\$ 3,250</u>	<u>\$ 2,601</u>
Receipts Over [Under] Expenditures	2,099	3,861		
Unencumbered Cash, Beginning	<u>13,020</u>	<u>15,119</u>		
Unencumbered Cash, Ending	<u>\$ 15,119</u>	<u>\$ 18,980</u>		

See independent auditor's report on the financial statements.

CITY OF DE SOTO, KANSAS
 Water Development Fee 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 <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 8,400	\$ -	\$ 18,000	\$ [18,000]
Total Cash Receipts	<u>8,400</u>	<u>-</u>	<u>\$ 18,000</u>	<u>\$ [18,000]</u>
Expenditures				
Transfer out	<u>14,000</u>	<u>-</u>	<u>\$ 18,000</u>	<u>\$ 18,000</u>
Total Expenditures	<u>14,000</u>	<u>-</u>	<u>\$ 18,000</u>	<u>\$ 18,000</u>
Receipts Over [Under] Expenditures	[5,600]	-		
Unencumbered Cash, Beginning	<u>7,568</u>	<u>1,968</u>		
Unencumbered Cash, Ending	<u>\$ 1,968</u>	<u>\$ 1,968</u>		

CITY OF DE SOTO, KANSAS
Sewer Development Fee 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 Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Cash Receipts				
Charges for services	\$ 39,000	\$ 24,050	\$ 12,000	\$ 12,050
Total Cash Receipts	<u>39,000</u>	<u>24,050</u>	<u>\$ 12,000</u>	<u>\$ 12,050</u>
Expenditures				
Transfer out	<u>14,000</u>	<u>20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
Total Expenditures	<u>14,000</u>	<u>20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	25,000	4,050		
Unencumbered Cash, Beginning	<u>5,000</u>	<u>30,000</u>		
Unencumbered Cash, Ending	<u>\$ 30,000</u>	<u>\$ 34,050</u>		

See independent auditor's report on the financial statements.

CITY OF DE SOTO, KANSAS
Electric Utility Investment Fund*
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Receipts		
Interest income	\$ 33,528	\$ 25,969
Loan repayment	55,262	53,451
Grants	<u>-</u>	<u>6,250</u>
Total Cash Receipts	<u>88,790</u>	<u>85,670</u>
Expenditures		
Capital outlay	-	347,070
Transfer out	<u>33,528</u>	<u>25,969</u>
Total Expenditures	<u>33,528</u>	<u>373,039</u>
Receipts Over [Under] Expenditures	55,262	[287,369]
Unencumbered Cash, Beginning	<u>1,647,470</u>	<u>1,934,839</u>
Unencumbered Cash, Ending	<u>\$ 1,702,732</u>	<u>\$ 1,647,470</u>

* - This fund is not required to be budgeted.

CITY OF DE SOTO, KANSAS
 Enhancement Community Fountain Fund*
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Receipts		
Donations	\$ <u> </u> -	\$ <u> </u> -
 Total Cash Receipts	 <u> </u> -	 <u> </u> -
 Expenditures		
Miscellaneous	<u> </u> 50	<u> </u> 101
 Total Expenditures	 <u> </u> 50	 <u> </u> 101
 Receipts Over [Under] Expenditures	 [50]	 [101]
 Unencumbered Cash, Beginning	 <u> </u> 1,040	 <u> </u> 1,141
 Unencumbered Cash, Ending	 <u> </u> \$ 990	 <u> </u> \$ 1,040

* - This fund is not required to be budgeted.

CITY OF DE SOTO, KANSAS
 Riverfest Park Improvement Fund*
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Receipts		
Charges for services	\$ <u> -</u>	\$ <u> -</u>
 Total Cash Receipts	 <u> -</u>	 <u> -</u>
Expenditures		
Transfer out	<u> 1,157</u>	<u> -</u>
 Total Expenditures	 <u> 1,157</u>	 <u> -</u>
 Receipts Over [Under] Expenditures	 [1,157]	 -
 Unencumbered Cash, Beginning	 <u> 1,157</u>	 <u> 1,157</u>
 Unencumbered Cash, Ending	 <u><u> -</u></u>	 <u><u> 1,157</u></u>

* - This fund is not required to be budgeted.

CITY OF DE SOTO, KANSAS
 Debt Service 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 <u>Actual</u>	<u>Current Year</u>		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 628,436	\$ 736,914	\$ 736,016	\$ 898
Special assessments	70,079	31,211	40,645	[9,434]
Transfers in	224,380	251,500	280,500	[29,000]
Interest income	291	42	4,000	[3,958]
Miscellaneous	39,231	36,986	48,075	[11,089]
Total Cash Receipts	<u>962,417</u>	<u>1,056,653</u>	<u>\$ 1,109,236</u>	<u>\$ [52,583]</u>
Expenditures				
Bond principal	345,000	445,000	\$ 803,863	\$ 358,863
Interest expense	794,922	740,770	410,000	[330,770]
Cash basis reserve	-	-	817,607	817,607
Total Expenditures	<u>1,139,922</u>	<u>1,185,770</u>	<u>\$ 2,031,470</u>	<u>\$ 845,700</u>
Receipts Over [Under] Expenditures	[177,505]	[129,117]		
Unencumbered Cash, Beginning	<u>1,112,112</u>	<u>934,607</u>		
Unencumbered Cash, Ending	<u>\$ 934,607</u>	<u>\$ 805,490</u>		

See independent auditor's report on the financial statements.

CITY OF DE SOTO, KANSAS
 Capital Projects Fund*
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Receipts		
Intergovernmental	\$ 1,844	\$ 16,380
Total Cash Receipts	<u>1,844</u>	<u>16,380</u>
Expenditures		
Transfers out	<u>26,000</u>	<u>35,000</u>
Total Expenditures	<u>26,000</u>	<u>35,000</u>
Receipts Over [Under] Expenditures	[24,156]	[18,620]
Unencumbered Cash, Beginning	<u>25,466</u>	<u>44,086</u>
Unencumbered Cash, Ending	<u>\$ 1,310</u>	<u>\$ 25,466</u>

* - This fund is not required to be budgeted.

CITY OF DE SOTO, KANSAS
Capital Improvements Fund*
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Receipts		
Intergovernmental	\$ 9,323	\$ 485,165
Bond proceeds	4,480,404	-
Bond premium	90,448	-
Miscellaneous	23,901	150,400
Transfers in	<u>280,223</u>	<u>101,268</u>
 Total Cash Receipts	 <u>4,884,299</u>	 <u>736,833</u>
 Expenditures		
Capital outlay	588,442	1,403,723
Bond refunding	3,775,000	-
Bond issuance costs	365,449	715
Transfer out	<u>-</u>	<u>32,758</u>
 Total Expenditures	 <u>4,728,891</u>	 <u>1,437,196</u>
 Receipts Over [Under] Expenditures	 155,408	 [700,363]
 Unencumbered Cash, Beginning	 <u>282,108</u>	 <u>982,471</u>
 Unencumbered Cash, Ending	 <u>\$ 437,516</u>	 <u>\$ 282,108</u>

* - This fund is not required to be budgeted.

CITY OF DE SOTO, KANSAS
CDBG Funds*
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2012

Cash Receipts	
Grant proceeds	<u>\$ 91,130</u>
 Total Cash Receipts	 <u>91,130</u>
 Expenditures	
Transfer out	<u>91,130</u>
 Total Expenditures	 <u>91,130</u>
 Receipts Over [Under] Expenditures	 -
 Unencumbered Cash, Beginning	 <u>-</u>
 Unencumbered Cash, Ending	 <u><u>\$ -</u></u>

* - This fund is not required to be budgeted.

CITY OF DE SOTO, KANSAS
Water System 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 Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Cash Receipts				
Sales to consumers	\$ 1,361,554	\$ 1,503,744	\$ 1,335,353	\$ 168,391
Total Cash Receipts	<u>1,361,554</u>	<u>1,503,744</u>	<u>\$ 1,335,353</u>	<u>\$ 168,391</u>
Expenditures				
Personal services	500,281	459,615	\$ 523,580	\$ 63,965
Contractual services	417,660	403,103	64,250	[338,853]
Commodities	303,474	238,430	459,330	220,900
Capital outlay	-	-	45,309	45,309
Transfer out	<u>55,000</u>	<u>205,093</u>	<u>100,000</u>	<u>[105,093]</u>
Total Expenditures	<u>1,276,415</u>	<u>1,306,241</u>	<u>\$ 1,192,469</u>	<u>\$ [113,772]</u>
Receipts Over [Under] Expenditures	85,139	197,503		
Unencumbered Cash, Beginning	<u>142,184</u>	<u>227,323</u>		
Unencumbered Cash, Ending	<u>\$ 227,323</u>	<u>\$ 424,826</u>		

See independent auditor's report on the financial statements.

CITY OF DE SOTO, KANSAS
 Sewer System 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 <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 466,678	\$ 497,745	\$ 486,907	\$ 10,838
Total Cash Receipts	<u>466,678</u>	<u>497,745</u>	<u>\$ 486,907</u>	<u>\$ 10,838</u>
Expenditures				
Personal services	152,113	126,945	\$ 159,720	\$ 32,775
Contractual	161,470	153,326	166,750	13,424
Capital outlay	480	470	-	[470]
Commodities	54,423	67,750	75,200	7,450
Transfer out	<u>95,000</u>	<u>107,500</u>	<u>107,500</u>	<u>-</u>
Total Expenditures	<u>463,486</u>	<u>455,991</u>	<u>\$ 509,170</u>	<u>\$ 53,179</u>
Receipts Over [Under] Expenditures	3,192	41,754		
Unencumbered Cash, Beginning	<u>122,248</u>	<u>125,440</u>		
Unencumbered Cash, Ending	<u>\$ 125,440</u>	<u>\$ 167,194</u>		

See independent auditor's report on the financial statements.

CITY OF DE SOTO, KANSAS
 Refuse System 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 <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Sales to consumers	\$ 350,141	\$ 423,971	\$ 417,816	\$ 6,155
Total Cash Receipts	<u>350,141</u>	<u>423,971</u>	<u>\$ 417,816</u>	<u>\$ 6,155</u>
Expenditures				
Contractual	<u>355,696</u>	<u>434,868</u>	<u>\$ 445,064</u>	<u>\$ 10,196</u>
Total Expenditures	<u>355,696</u>	<u>434,868</u>	<u>\$ 445,064</u>	<u>\$ 10,196</u>
Receipts Over [Under] Expenditures	[5,555]	[10,897]		
Unencumbered Cash, Beginning	<u>54,443</u>	<u>48,888</u>		
Unencumbered Cash, Ending	<u>\$ 48,888</u>	<u>\$ 37,991</u>		

See independent auditor's report on the financial statements.

CITY OF DE SOTO, KANSAS
 Shop Fund*
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Receipts		
Charges for services	\$ 91,700	\$ 119,900
Total Cash Receipts	<u>91,700</u>	<u>119,900</u>
Expenditures		
Commodities	81,270	112,143
Contractual	<u>12,597</u>	<u>6,515</u>
Total Expenditures	<u>93,867</u>	<u>118,658</u>
Receipts Over [Under] Expenditures	[2,167]	1,242
Unencumbered Cash, Beginning	<u>[4,514]</u>	<u>[5,756]</u>
Unencumbered Cash, Ending	<u>\$ [6,681]</u>	<u>\$ [4,514]</u>

* - This fund is not required to be budgeted.

CITY OF DE SOTO, KANSAS
Shughart Trust Fund*
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Receipts		
Interest income	\$ 49	\$ 100
	<u>49</u>	<u>100</u>
Total Cash Receipts		
	<u>49</u>	<u>100</u>
Expenditures		
Contractual	-	-
	<u>-</u>	<u>-</u>
Total Expenditures		
	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	49	100
Unencumbered Cash, Beginning	<u>23,010</u>	<u>22,910</u>
Unencumbered Cash, Ending	<u>\$ 23,059</u>	<u>\$ 23,010</u>

* - This fund is not required to be budgeted.

CITY OF DE SOTO, KANSAS
 Agency Funds
 Schedule of Cash Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Payroll Sec. 125 Fund	\$ 22,639	\$ 22,043	\$ 25,509	\$ 19,173
IRB Fund	3,058	-	-	3,058
Municipal Court Fund	<u>11,612</u>	<u>27,173</u>	<u>21,621</u>	<u>17,164</u>
Total Agency Funds	<u>\$ 37,309</u>	<u>\$ 49,216</u>	<u>\$ 47,130</u>	<u>\$ 39,395</u>

See independent auditor's report on the financial statements.