

CITY OF HOLYROOD, KANSAS

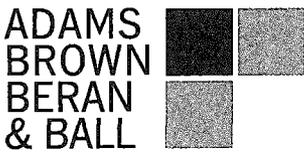
Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2012

CITY OF HOLYROOD, KANSAS
 Financial Statements With Independent Auditors' Report
 For the Year Ended December 31, 2012

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Holyrood, Kansas
Holyrood, Kansas

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

Management's Responsibility for the Financial Statements

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

Auditors' 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 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.

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 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 financial statements as a whole, on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball, Chtd.

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

March 04, 2013

CITY OF HOLYROOD, KANSAS
 Summary Statement of 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 Fund	\$ 10,371	-	264,067	250,876	23,562	11,893	35,455
Special Purpose Funds							
Special Highway Fund	4	-	11,554	11,542	16	-	16
Recreation Fund	13,399	-	5,558	7,188	11,769	18	11,787
Capital Improvement Fund	31,617	-	7,500	6,000	33,117	-	33,117
Medical Building Fund	41,025	-	4,200	298	44,927	-	44,927
Equipment Reserve Fund	11,500	-	17,000	-	28,500	-	28,500
Park Refurbish Fund	5,161	-	101,536	102,913	3,784	-	3,784
Capital Project Funds							
Holyrood Lake Fund	2,902	-	-	-	2,902	-	2,902
Demolition Grant Fund	107	-	-	107	-	-	-
Business Funds							
Electric Utility Fund	83,070	-	371,134	381,602	72,602	19,125	91,727
Electric Reserve Fund	-	-	2,766	-	2,766	-	2,766
Water Utility Fund	29,653	-	86,895	88,123	28,625	629	29,254
Sewer Fund	49,109	-	42,273	56,339	35,043	257	35,300
Sewer Reserve Fund	62,040	-	5,640	-	67,680	-	67,680
Trash Fund	6,035	-	36,150	35,469	6,716	-	6,716
Total Reporting Entity (Excluding Agency Funds)	\$ 346,193	-	956,273	940,457	362,009	31,922	393,931
			Composition of Cash	Checking Accounts			\$ 398,948
				Agency Funds per Schedule 3			(5,017)
				Total Reporting Entity (Excluding Agency Funds)			\$ 393,931

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

CITY OF HOLYROOD, KANSAS
Notes to Financial Statements
December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Holyrood, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Financial Reporting Entity

The City is a municipal corporation governed by an elected six-member council. A related municipal entity is an entity established to benefit the City and/or its constituents. The City has no related municipal entities.

Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2012.

Regulatory Basis Fund Types

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 the acquisition or construction of major capital facilities or equipment.

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

Trust Fund – fund 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.).

CITY OF HOLYROOD, KANSAS

Notes to Financial Statements

December 31, 2012

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

Basis of Accounting

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis 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 Accounting Principles Generally Accepted in the United States of America

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

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust and agency funds of the City for special purposes.

Reimbursements

The City records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparison, the expenditures

CITY OF HOLYROOD, KANSAS
Notes to Financial Statements
December 31, 2012

(or expenses) are properly offset by the reimbursements.

NOTE 2 – 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:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. 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 10 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 this year.

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 capital project funds, trust funds, and the following special purpose funds: Capital Improvement Fund, Equipment Reserve Fund, and the Park Refurbish Fund.

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.

NOTE 3 – DEPOSITS AND INVESTMENTS

City of Holyrood, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks

CITY OF HOLYROOD, KANSAS
Notes to Financial Statements
December 31, 2012

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 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 investments 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 K.S.A. 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 "peak periods". All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$398,948 and the bank balance was \$415,419. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,010 was covered by federal depository insurance and \$165,409 was collateralized with securities held by 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. The City had no investments at December 31, 2012.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Holyrood, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2012 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Equipment Reserve Fund	K.S.A. 12-1,117	\$ 2,000
Water Utility Fund	General Fund	K.S.A. 12-825d	10,000
Water Utility Fund	Capital Improvement Fund	K.S.A. 12-1,118	5,000
Water Utility Fund	Equipment Reserve Fund	K.S.A. 12-1,117	5,000
Electric Utility Fund	Capital Improvement Fund	K.S.A. 12-1,118	2,500
Electric Utility Fund	General Fund	K.S.A. 12-825d	40,000
Electric Utility Fund	Equipment Reserve Fund	K.S.A. 12-1,117	5,000
Sewer Fund	General Fund	K.S.A. 12-825d	10,000
Sewer Fund	Sewer Reserve Fund	K.S.A. 12-631c	5,640

CITY OF HOLYROOD, KANSAS
Notes to Financial Statements
December 31, 2012

Sewer Fund	Equipment Reserve Fund	K.S.A. 12-1,117	5,000
Electric Utility Fund	Electric Reserve Fund	K.S.A. 12-1,117	2,766

NOTE 5 – LITIGATION

City of Holyrood, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

NOTE 6 – RISK MANAGEMENT

City of Holyrood, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, workers' compensation, umbrella, automobile, linebacker and surety bond coverage. The City has elected to obtain comprehensive and collision coverage on all City owned motor vehicles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – GRANTS AND SHARED REVENUES

City of Holyrood, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

City of Holyrood, Kansas participates in 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 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. Effective July 1, 2009 KPERs has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

CITY OF HOLYROOD, KANSAS
Notes to Financial Statements
December 31, 2012

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

NOTE 10 – COMPENSATED ABSENCES

Vacation

City of Holyrood, Kansas' policy regarding vacation is as follows:

After 1 year	5 days
2 - 10 years	10 days
11 and over	15 days

Vacation must be taken within the following year and may not be accumulated. The potential liability for vacation at December 31, 2012 was \$2,238. This is not reflected in the financial statements.

Sick Leave

The City's policy regarding sick leave is that employees are eligible for sick leave after six months. Employees can earn one day of sick leave per month. Sick leave can be accumulated up to 480 hours. Sick leave is not paid upon termination of employment. The potential liability for sick leave at December 31, 2012 was \$16,048. This is not reflected in the financial statements.

Comp Time

Comp time is earned at a rate of 1 ½ hours per every hour worked over 40 hours during a one week period. Comp time must be taken as time off within a 60 day time period of the date earned. The potential liability for comp time at December 31, 2012 was \$1,056. This is not reflected in the financial statements.

Personal Leave

The City's full-time employees earn two personal days a year. The potential liability for personal leave at December 31, 2012 was \$233. This is not reflected in the financial statements.

NOTE 11 – CONDUIT DEBT

City of Holyrood, Kansas 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 generally payable from and secured by the project financed and if needed, additional assets or revenues of the private-sector serviced by the bond issuance. 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, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

CITY OF HOLYROOD, KANSAS
Notes to Financial Statements
December 31, 2012

Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012 there was one industrial revenue bond outstanding. The original issue of the bonds collectively was \$725,000. The principal amount payable at December 31, 2012 was \$620,000.

NOTE 12 – DEBT RESTRICTIONS AND COVENANTS

KDHE Water Pollution Control Revolving Loan

City of Holyrood, Kansas entered into a revolving loan agreement with the Kansas Department of Health and Environment to fund certain improvements for wastewater treatment in the amount of \$318,917. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2012 as it is providing dedicated funds through a combination of sewer rates and fees charged.

KDHE Public Water Supply Revolving Loan

City of Holyrood, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund certain improvements for the water supply in the amount of \$262,259. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2012 as it is providing dedicated funds through a combination of water rates and fees charged.

NOTE 13 – LONG-TERM DEBT

City of Holyrood, Kansas has the following types of long-term debt:

KDHE Revolving Loans

The City entered into a \$318,917 revolving loan agreement with the Kansas Department of Health and Environment on February 3, 2005 for the purpose of the installation of PVC pipe, flushing hydrants, ventilation system and all related connections and appurtenances.

The City entered into a \$262,259 revolving loan agreement with the Kansas Department of Health and Environment on September 28, 2000 for the purpose of adding a third cell to the existing two cell lagoon, replacement of a lift station and installation of a standby power generator.

CITY OF HOLYROOD, KANSAS
Notes to Financial Statements
December 31, 2012

NOTE 13 - LONG-TERM DEBT (continued)

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
KDHE Loans									
Kansas Water Pollution Control Revolving Loan Fund - Sewer	3.14%	9/28/2000	\$ 322,252	3/1/2022	\$ 192,691	-	(15,563)	177,128	5,929
Kansas Water Pollution Control Revolving Loan Fund - Water	3.58%	2/3/2005	255,911	2/1/2026	207,492	-	(11,139)	196,353	6,613
Total Contractual Indebtedness			\$	\$	400,183	-	(26,702)	373,481	12,542

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	
Principal						
Kansas Water Pollution Control Revolving Loan Fund - Sewer	\$ 16,095	16,645	17,214	17,803	18,412	90,959
Kansas Water Pollution Control Revolving Loan Fund - Water	11,542	11,959	12,391	12,838	13,302	60,249
Total Principal	27,637	28,604	29,605	30,641	31,714	165,031
Interest						
Kansas Water Pollution Control Revolving Loan Fund - Sewer	5,437	4,927	4,400	3,855	3,291	7,300
Kansas Water Pollution Control Revolving Loan Fund - Water	6,250	5,874	5,484	5,080	4,662	3,961
Total Interest	11,687	10,801	9,884	8,935	7,953	23,785
Total Principal and Interest	\$ 39,324	39,405	39,489	39,576	39,667	188,816
						64,210
						450,487

CITY OF HOLYROOD, KANSAS

Regulatory-Required Supplementary Information

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

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund	\$ 268,396	-	268,396	250,876	(17,520)
Special Purpose Funds					
Special Highway Fund	12,110	-	12,110	11,542	(568)
Recreation Fund	11,950	-	11,950	7,188	(4,762)
Medical Building Fund	26,631	-	26,631	298	(26,333)
Business Funds					
Electric Utility Fund	396,000	-	396,000	381,602	(14,398)
Water Utility Fund	104,602	-	104,602	88,123	(16,479)
Sewer Fund	79,893	-	79,893	56,339	(23,554)
Trash Fund	41,427	-	41,427	35,469	(5,958)

CITY OF HOLYROOD, 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 Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 126,646	123,801	127,580	(3,779)
Delinquent Tax	6,786	3,029	1,000	2,029
Motor Vehicle Tax	28,235	26,447	25,922	525
Recreational Vehicle Tax	813	817	793	24
Liquor Tax	956	985	2,700	(1,715)
Sales Tax	17,803	22,729	16,000	6,729
Fines	6,447	290	1,000	(710)
Rent	45	25	100	(75)
Beer Licenses	180	275	250	25
Gas and Cable Franchise	4,122	3,468	5,500	(2,032)
Dog Tags	1,797	1,461	1,400	61
Van Reimbursements	1,247	5,283	-	5,283
Other Income	6,426	7,407	3,000	4,407
Interest Income	2,118	2,194	9,000	(6,806)
Reimbursed Expenses	4,851	1,356	1,502	(146)
Fire Station Rent	420	500	500	-
State Grant	4,000	4,000	-	4,000
Transfers In	30,255	60,000	65,000	(5,000)
Total Cash Receipts	243,147	264,067	261,247	2,820
Expenditures				
Salaries	53,928	63,475	70,000	(6,525)
Employee Benefits	54,999	57,444	60,450	(3,006)
Insurance	7,542	5,722	6,250	(528)
Utilities	6,949	5,326	8,500	(3,174)
Accounting	8,980	9,310	9,400	(90)
Legal and Publishing	6,308	5,420	6,250	(830)
Cleaning	1,703	1,585	-	1,585
Animal	1,521	1,411	-	1,411
Property Taxes	4,561	-	-	-
Fire Station Room	227	1,182	-	1,182
Repairs	6,802	2,747	2,250	497
Supplies	4,191	3,825	5,750	(1,925)
Fuel	2,282	3,397	2,750	647
Van	4,624	10,102	-	10,102
Fire	21,228	27,919	22,500	5,419
Police	12,611	8,626	15,000	(6,374)
Street and Alley	39,416	8,028	27,303	(19,275)
Miscellaneous	7,270	8,149	15,000	(6,851)

CITY OF HOLYROOD, 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 Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)				
Capital Outlay	\$ 5,870	20,412	10,000	10,412
Law Enforcement	1,913	100	500	(400)
Economic Development	2,867	3,010	3,000	10
Noxious Weeds	951	1,194	3,000	(1,806)
Transfers Out	1,500	2,000	-	2,000
Neighborhood Revitalization Rebate	-	492	493	(1)
Total Expenditures	<u>258,243</u>	<u>250,876</u>	<u>268,396</u>	<u>(17,520)</u>
Cash Receipts Over (Under) Expenditures	(15,096)	13,191		<u>(14,700)</u>
Unencumbered Cash - Beginning	<u>25,467</u>	<u>10,371</u>		
Unencumbered Cash - Ending	\$ <u>10,371</u>	<u>23,562</u>		

CITY OF HOLYROOD, 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				
State of Kansas - Gasoline Tax	\$ 11,626	11,554	12,110	(556)
Expenditures				
Salaries	11,628	11,542	12,110	(568)
Cash Receipts Over (Under) Expenditures	(2)	12		(1,124)
Unencumbered Cash - Beginning	6	4		
Unencumbered Cash - Ending	\$ 4	16		

CITY OF HOLYROOD, KANSAS
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 Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 5,034	1,120	1,155	(35)
Delinquent Tax	164	100	75	25
Motor Vehicle Tax	864	1,089	1,067	22
Recreational Vehicle Tax	25	34	33	1
Local Alcoholic Liquor Tax	956	985	-	985
Miscellaneous	2,385	2,230	-	2,230
Total Cash Receipts	<u>9,428</u>	<u>5,558</u>	<u>2,330</u>	<u>3,228</u>
Expenditures				
Utilities	134	232	500	(268)
Supplies	55	10	2,000	(1,990)
Miscellaneous	2,000	1,312	200	1,112
Contractual Services	1,470	630	4,250	(3,620)
Capital Outlay	7,120	5,000	4,996	4
Neighborhood Revitalization Rebate	-	4	4	-
Total Expenditures	<u>10,779</u>	<u>7,188</u>	<u>11,950</u>	<u>(4,762)</u>
Cash Receipts Over (Under) Expenditures	(1,351)	(1,630)		<u>(1,534)</u>
Unencumbered Cash - Beginning	<u>14,750</u>	<u>13,399</u>		
Unencumbered Cash - Ending	<u>\$ 13,399</u>	<u>11,769</u>		

CITY OF HOLYROOD, KANSAS
Capital Improvement Fund
 Schedule of Receipts and Expenditures
 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 Actual
Cash Receipts		
Transfers In	\$ 10,000	7,500
Expenditures		
Capital Outlay	12,500	6,000
Cash Receipts Over (Under) Expenditures	(2,500)	1,500
Unencumbered Cash - Beginning	34,117	31,617
Unencumbered Cash - Ending	\$ 31,617	33,117

CITY OF HOLYROOD, KANSAS
Medical Building 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				
Rent	\$ 4,200	4,200	<u>4,200</u>	-
Expenditures				
Maintenance	506	298	6,000	(5,702)
Contractual Services	-	-	100	(100)
Capital Outlay	-	-	<u>20,531</u>	<u>(20,531)</u>
Total Expenditures	<u>506</u>	298	<u>26,631</u>	<u>(26,333)</u>
Cash Receipts Over (Under) Expenditures	3,694	3,902		<u>(26,333)</u>
Unencumbered Cash - Beginning	<u>37,331</u>	<u>41,025</u>		
Unencumbered Cash - Ending	\$ <u>41,025</u>	<u>44,927</u>		

CITY OF HOLYROOD, KANSAS
Equipment Reserve Fund
 Schedule of Receipts and Expenditures
 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 Actual
Cash Receipts		
Transfers In	\$ 11,500	17,000
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	11,500	17,000
Unencumbered Cash - Beginning	-	11,500
Unencumbered Cash - Ending	\$ 11,500	28,500

CITY OF HOLYROOD, KANSAS
Park Refurbish Fund
 Schedule of Receipts and Expenditures
 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 Actual
Cash Receipts		
State Aid	\$ -	13,885
Donations	5,161	87,651
Total Cash Receipts	5,161	101,536
Expenditures		
Capital Outlay	-	102,913
Cash Receipts Over (Under) Expenditures	5,161	(1,377)
Unencumbered Cash - Beginning	-	5,161
Unencumbered Cash - Ending	\$ 5,161	3,784

CITY OF HOLYROOD, 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 Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts	\$ -	-	-	-
Expenditures				
Transfers Out	255	-	-	-
Cash Receipts Over (Under) Expenditures	(255)	-		-
Unencumbered Cash - Beginning	255	-		
Unencumbered Cash - Ending	\$ -	-		

CITY OF HOLYROOD, KANSAS
Holyrood Lake Fund
 Schedule of Receipts and Expenditures
 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 Actual
Cash Receipts		
State Aid	\$ 40,000	-
Expenditures		
Contractual	60,000	-
Cash Receipts Over (Under) Expenditures	(20,000)	-
Unencumbered Cash - Beginning	22,902	2,902
Unencumbered Cash - Ending	\$ 2,902	2,902

CITY OF HOLYROOD, KANSAS
Demolition Grant Fund
Schedule of Receipts and Expenditures
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 Actual
Cash Receipts		
Federal Aid	\$ 35,040	-
Expenditures		
Miscellaneous Expense	-	107
Demolition	43,645	-
Total Expenditures	43,645	107
Cash Receipts Over (Under) Expenditures	(8,605)	(107)
Unencumbered Cash - Beginning	8,712	107
Unencumbered Cash - Ending	\$ 107	-

CITY OF HOLYROOD, KANSAS
Electric 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 Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Sales to Customers	\$ 332,588	363,518	335,000	28,518
Penalties	4,688	5,005	4,000	1,005
Reimbursed Expenses	6,644	188	500	(312)
Other Income	1,009	544	-	544
Connection Fee	-	1,879	-	1,879
Total Cash Receipts	<u>344,929</u>	<u>371,134</u>	<u>339,500</u>	<u>31,634</u>
Expenditures				
Salaries	29,876	30,832	35,000	(4,168)
Health Insurance	4,199	-	6,000	(6,000)
Utilities	3,670	3,442	5,000	(1,558)
Supplies	8,490	7,351	6,000	1,351
Fuel	2,087	2,282	4,000	(1,718)
Miscellaneous	10,948	11,798	7,500	4,298
Power	232,085	252,119	250,000	2,119
Sales Tax	7,320	7,730	8,500	(770)
Insurance	2,863	2,779	3,500	(721)
Capital Outlay	8,924	13,003	10,000	3,003
Testing	-	-	500	(500)
Transfers Out	30,000	50,266	60,000	(9,734)
Total Expenditures	<u>340,462</u>	<u>381,602</u>	<u>396,000</u>	<u>(14,398)</u>
Cash Receipts Over (Under) Expenditures	4,467	(10,468)		<u>17,236</u>
Unencumbered Cash - Beginning	<u>78,603</u>	<u>83,070</u>		
Unencumbered Cash - Ending	\$ <u>83,070</u>	<u>72,602</u>		

CITY OF HOLYROOD, KANSAS
Electric Reserve Fund
 Schedule of Receipts and Expenditures
 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 Actual
Cash Receipts		
Transfers In	\$ -	2,766
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	2,766
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	2,766

CITY OF HOLYROOD, 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 Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Sales to Customers	\$ 80,308	84,775	80,000	4,775
Connection Fees	-	488	-	488
Penalties	1,176	1,211	1,000	211
Dividend Revenue	98	200	100	100
Other Income	56	113	100	13
Reimbursed Expenses	-	108	-	108
Total Cash Receipts	81,638	86,895	81,200	5,695
Expenditures				
Salaries	21,832	22,112	23,500	(1,388)
Utilities	8,818	8,474	9,500	(1,026)
Supplies	2,114	5,844	6,000	(156)
Miscellaneous	2,997	1,980	2,000	(20)
Sales Tax	707	643	1,000	(357)
Maintenance	979	1,093	4,000	(2,907)
Insurance	2,242	2,498	3,000	(502)
Testing	1,407	1,024	2,500	(1,476)
Revolving Loan Principal	10,751	11,139	11,139	-
Revolving Loan Interest	6,963	6,613	6,613	-
Revolving Loan Fee	755	717	717	-
Capital Outlay	8,464	5,986	14,633	(8,647)
Transfers Out	10,000	20,000	20,000	-
Total Expenditures	78,029	88,123	104,602	(16,479)
Cash Receipts Over (Under) Expenditures	3,609	(1,228)		(10,784)
Unencumbered Cash - Beginning	26,244	29,853		
Unencumbered Cash - Ending	\$ 29,853	28,625		

CITY OF HOLYROOD, KANSAS
Sewer 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 Over (Under)
		Actual	Budget	
Cash Receipts				
Sales to Customers	\$ 40,482	42,060	43,000	(940)
Dividend Income	49	143	-	143
Reimbursed Expenses	348	70	100	(30)
Total Cash Receipts	<u>40,879</u>	<u>42,273</u>	<u>43,100</u>	<u>(827)</u>
Expenditures				
Salaries	5,871	5,947	8,000	(2,053)
Insurance	1,163	1,337	-	1,337
Utilities	1,635	1,732	5,000	(3,268)
Supplies	145	1,362	3,000	(1,638)
Miscellaneous	-	23	3,000	(2,977)
Maintenance	2,501	2,249	4,286	(2,037)
Revolving Loan Principal	15,049	15,563	15,564	(1)
Revolving Loan Interest	6,406	5,929	5,930	(1)
Revolving Loan Fee	510	472	473	(1)
Testing	651	1,085	4,000	(2,915)
Capital Outlay	-	-	10,000	(10,000)
Transfers Out	15,640	20,640	20,640	-
Total Expenditures	<u>49,571</u>	<u>56,339</u>	<u>79,893</u>	<u>(23,554)</u>
Cash Receipts Over (Under) Expenditures	(8,692)	(14,066)		<u>(24,381)</u>
Unencumbered Cash - Beginning	<u>57,801</u>	<u>49,109</u>		
Unencumbered Cash - Ending	<u>\$ 49,109</u>	<u>35,043</u>		

CITY OF HOLYROOD, KANSAS
Sewer Reserve Fund
 Schedule of Receipts and Expenditures
 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 Actual
Cash Receipts		
Transfers In	\$ 5,640	5,640
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	5,640	5,640
Unencumbered Cash - Beginning	56,400	62,040
Unencumbered Cash - Ending	<u>\$ 62,040</u>	<u>67,680</u>

CITY OF HOLYROOD, KANSAS
Trash 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 Customers	\$ 35,149	36,150	36,500	(350)
Expenditures				
Salaries	5,109	5,349	5,150	199
Collections	30,120	30,120	36,027	(5,907)
Other	12	-	250	(250)
Total Expenditures	<u>35,241</u>	<u>35,469</u>	<u>41,427</u>	<u>(5,958)</u>
Cash Receipts Over (Under) Expenditures	(92)	681		<u>(6,308)</u>
Unencumbered Cash - Beginning	<u>6,127</u>	<u>6,035</u>		
Unencumbered Cash - Ending	\$ <u>6,035</u>	<u>6,716</u>		

CITY OF HOLYROOD, KANSAS
Park Shelter Fund
 Schedule of Receipts and Expenditures
 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 Actual
Cash Receipts	\$ -	-
Expenditures		
Miscellaneous	971	-
Cash Receipts Over (Under) Expenditures	(971)	-
Unencumbered Cash - Beginning	971	-
Unencumbered Cash - Ending	\$ -	-

CITY OF HOLYROOD, KANSAS
Agency Funds
 Summary of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2012

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Customers Fund	\$ 10,351	2,850	13,201	-
Fire Fund	6,551	48,207	49,741	5,017
Total Agency Funds	\$ 16,902	51,057	62,942	5,017