

**CITY OF LINN VALLEY
LINN VALLEY, KANSAS**

Regulatory Basis Financial Statement,
Independent Auditors' Report, and
Regulatory-Required Supplementary Information

For the Year Ended December 31, 2012

CITY OF LINN VALLEY, KANSAS

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Diehl Banwart Bolton

Certified Public Accountants P.A.

INDEPENDENT AUDITORS' REPORT

To the Mayor and the City Council
City of Linn Valley, Kansas

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unqualified Opinion on Regulatory Basis of Accounting

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Summary Statement of Receipts, Expenditures, and Unencumbered Cash Balance, Regulatory Basis (basic financial statement) as a whole. The Summary of Expenditures – Actual and Budget, Regulatory Basis and individual fund Schedules of Receipts and Expenditures – Actual and Budget, Regulatory Basis (Schedules 1 and 2 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.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

June 6, 2013
Fort Scott, Kansas

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

Funds	Beginning	Receipts	Expenditures	Ending	Add Encumbrances and Accounts Payable	Ending
	Unencumbered Cash Balance			Unencumbered Cash Balance		Cash Balance
General Fund	\$30,703.77	\$483,032.08	\$455,077.22	\$58,658.63	-	\$58,658.63
Special Purpose Funds:						
Special Park and Recreation	673.59	600.00	100.00	1,173.59	-	1,173.59
Special Highway	35,761.23	20,914.66	22,637.31	34,038.58	-	34,038.58
Equipment Reserve	22,500.00	-	-	22,500.00	-	22,500.00
Capital Improvement Reserve	22,500.00	17,767.00	-	40,267.00	-	40,267.00
Trust Funds:						
Mayor's Christmas Tree	307.70	514.00	373.52	448.18	-	448.18
Total Reporting Entity	\$112,446.29	\$522,827.74	\$478,188.05	\$157,085.98	-	\$157,085.98

Composition of Cash:

General Checking Account.....	\$19,964.71
Special Highway Checking Account.....	34,038.58
Money Market Checking Account.....	103,082.69
Total Reporting Entity	\$157,085.98

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

CITY OF LINN VALLEY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of the City of Linn Valley, Kansas, has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Kansas Municipal Audit and Accounting Guide (KMAAG), as approved by the director of the Kansas Division of Accounts and Reports, establishes the guidelines for the regulatory basis of accounting in the state of Kansas. The more significant of the City's accounting policies follow.

Nature of Organization

The City of Linn Valley, Kansas is a municipal corporation governed by an elected five-member council.

Reporting Entity

This financial statement presents the City of Linn Valley, Kansas (primary government) and its related municipal entities.

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

Basis of Presentation - Fund Accounting

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

The following types of funds comprise the financial activities of the city of Linn Valley, Kansas:

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Budgetary Information

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper 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.

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

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. 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 schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which 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 municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

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

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

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.

Deposits and Investments

Deposits and investments include money market checking accounts. Kansas statutes permit investment in savings accounts, certificates of deposit, and, in certain cases, obligations of the U.S. Treasury.

Compensated Absences

Full-time employees, other than sworn police officers, earn and accumulate vacation leave from 80 to 160 hours a year beginning on the date of employment. Full-time sworn police officers earn and accumulate vacation leave from 82.50 to 156.75 hours a year beginning on the date of employment. Vacation leave may accumulate from 80 to 156.75 hours based on the number of years of employment with the City.

Full-time employees, other than sworn police officers, earn and accumulate sick leave at the rate of eight hours per month worked to a maximum of 720 hours. Full-time sworn police officers earn and accumulate 8.25 hours per month worked to a maximum of 900 hours. Permanent part-time employees, working at least 20 hours a week, earn four hours of sick pay per month worked to a maximum of 360 hours. Sick leave will be awarded as of the first day of each month of service, beginning with the fourth month of employment. Accumulated sick leave is lost upon termination of employment with the City.

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

The City records a liability for compensated absences which meet the following criteria:

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

In accordance with the above criteria, the City has accrued a liability for vacation pay which has been earned but not taken by City employees. The liability is shown as a long-term obligation of the City, inasmuch as the liability is not expected to be paid with current resources.

Pension Plan

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

Termination and Post Employment Benefits

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

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

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

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31st, such taxes are a lien on the property.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance With Kansas Statutes

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

3. DEPOSITS AND INVESTMENTS

The Statutes of the State of Kansas allow Kansas municipalities to invest in savings accounts, certificates of deposit and United States Treasury Obligations. As of and during the year ended December 31, 2012, the City's funds were invested in interest bearing money market checking accounts, which are acceptable investments in accordance with Kansas statutes.

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not have any "peak periods" designated. All deposits were legally secured at December 31, 2012.

At December 31, 2012 the City's carrying amount of deposits was \$157,085.98 and the bank balance was \$168,259.12. The bank balance was held by one bank resulting in a concentration of credit risk. All of the bank balance was covered by federal depository insurance.

4. RISK MANAGEMENT

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

5. INTERFUND TRANSFERS

Operating transfers during the year were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Capital Improvement Reserve	12-1, 11	17,767.00

6. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS). KPERS is 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 issues a publicly available financial report with supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603), or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 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 established 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. State law sets a limitation on annual increases in the employer contribution rates. The employer rate established by statute for the period from January 1, 2012, to December 31, 2012, was 8.42%. The City's employer contributions to KPERS for the years ending December 31, 2012, 2011, and 2010 were \$7,154.86, \$6,459.18, and \$5,846.27, which is equal to the statutory required contributions for the year.

7. UTILITIES

On July 30, 2010, during special session, the City voted in favor of entering into the sale and operating agreement with Linn Valley Lakes Property Owner's Association (POA) for ownership of the water and sewer utilities. Under this sale, the City gained ownership of the utilities, but under the Operating Agreement, the POA is responsible for all billings, collections, and expenses associated with the utilities, and the POA is responsible for reimbursing the City for any utility related expenses incurred.

9. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to December 31, 2012 through the date of the issuance of the financial statement as shown in the Independent Auditor's report on page two of this financial statement. During this period, there were no subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement, except that the City was notified on September 12, 2012, that loan and grant funds have been reserved from the United States Department of Agriculture Rural Development in the amount of \$2,392,000 and \$1,432,000 respectively, for a water project. The funds have not yet been received as of the date of the financial statements due to the project still being in the planning stages. The funds will be in the City's name, but used by the Linn Valley POA to put a sewer system around the lake. The Linn Valley POA will reimburse the City for payments made on the loan.

10. LONG TERM DEBT

A summary of the City's long-term obligations, changes in long term debt, and current maturities of long-term debt and interest for the next five years and in five year increments through maturity are recorded on the following two pages:

10. LONG TERM OBLIGATIONS (Continued)

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balances</u>		<u>Reductions / Principal Paid</u>	<u>Balances End of Year</u>	<u>Interest Paid</u>
					<u>Beginning of Year</u>	<u>Additions / New Debt</u>			
<u>Capital Leases</u>									
1989 GMC Tanker Truck	6.00%	10-8-2007	32,573	7-12-2012	\$ 7,154	\$ -	\$ 7,154	\$ -	\$ 484
City Hall Building & Land	4.75%	8-6-2004	109,370	3-1-2024	80,294	-	4,611	75,683	3,814
Digital Video Mirror System	9.31%	5-1-2009	6,050	5-1-2012	944	-	944	-	22
2013 Ford Expolorer	3.90%	4-26-2012	30,682	4-26-2017	-	30,682	-	30,682	-
2012 Case Loader Backhoe*	3.10%	10-12-2012	93,310	10-19-2016	-	93,310	19,818	73,492	-
Total Capital Leases					88,392	123,992	32,527	179,857	4,320
<u>Compensated Absences</u>									
Vacation Pay	N/A	N/A	N/A	N/A	3,471	341	-	3,812	N/A
Total Long Term Debt					\$ 91,863	\$ 124,333	\$ 32,527	\$ 183,669	\$ 4,320

*This lease is in the City's name and paid by the City, but the Linn Valley Lakes POA reimburses the City for this lease.

10. LONG TERM OBLIGATIONS (Continued)

	2013	2014	2015	2016	2017	2018 to 2022	2023 to 2027	Totals
PRINCIPAL								
<u>Capital Leases</u>								
City Hall Building & Land	\$ 4,821	\$ 5,052	\$ 5,292	\$ 5,544	\$ 5,808	\$ 33,456	\$ 15,710	\$ 75,683
2013 Ford Expolorer	5,676	5,897	6,127	6,367	6,615	-	-	30,682
2012 Case Loader Backhoe*	17,541	18,084	18,645	19,222	-	-	-	73,492
Total Capital Leases	<u>28,038</u>	<u>29,033</u>	<u>30,064</u>	<u>31,133</u>	<u>12,423</u>	<u>33,456</u>	<u>15,710</u>	<u>179,857</u>
<u>Compensated Absences</u>								
Vacation Pay	<u>3,812</u>	-	-	-	-	-	-	<u>3,812</u>
Total Principal	<u>\$ 31,850</u>	<u>\$ 29,033</u>	<u>\$ 30,064</u>	<u>\$ 31,133</u>	<u>\$ 12,423</u>	<u>\$ 33,456</u>	<u>\$ 15,710</u>	<u>\$ 183,669</u>
INTEREST								
<u>Capital Leases</u>								
City Hall Building & Land	\$ 3,603	\$ 3,373	\$ 3,133	\$ 2,881	\$ 2,617	\$ 8,665	\$ 1,131	\$ 25,403
2013 Ford Expolorer	1,197	975	745	506	258	-	-	3,681
2012 Case Loader Backhoe*	2,277	1,733	1,173	596	-	-	-	5,779
Total Capital Leases	<u>7,077</u>	<u>6,082</u>	<u>5,051</u>	<u>3,983</u>	<u>2,875</u>	<u>8,665</u>	<u>1,131</u>	<u>34,864</u>
Total Interest	<u>\$ 7,077</u>	<u>\$ 6,082</u>	<u>\$ 5,051</u>	<u>\$ 3,983</u>	<u>\$ 2,875</u>	<u>\$ 8,665</u>	<u>\$ 1,131</u>	<u>\$ 34,864</u>
Total Principal & Interest	<u>\$ 38,927</u>	<u>\$ 35,115</u>	<u>\$ 35,115</u>	<u>\$ 35,116</u>	<u>\$ 15,298</u>	<u>\$ 42,121</u>	<u>\$ 16,841</u>	<u>\$ 218,533</u>

*This lease is in the City's name and paid by the City, but the Linn Valley Lakes POA reimburses the City for this lease.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF LINN VALLEY, KANSAS

Summary of Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds:					
General Fund	\$334,378.00	\$139,051.26	\$473,429.26	\$455,077.22	(\$18,352.04)
Special Purpose Funds					
Special Park and Recreation	600.00	-	600.00	100.00	(500.00)
Special Highway	50,000.00	-	50,000.00	22,637.31	(27,362.69)
Trust Funds:					
Mayor's Christmas Tree	1,390.00	-	1,390.00	373.52	(1,016.48)
	<u>\$386,368.00</u>				

CITY OF LINN VALLEY, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Taxes			
Ad Valorem property tax	\$224,085.92	\$228,800.00	(\$4,714.08)
Delinquent tax	8,034.01	-	8,034.01
Motor vehicle tax	26,003.10	30,080.00	(4,076.90)
Franchise taxes	16,383.38	14,000.00	2,383.38
Intergovernmental			
Kansas Dept. of Transportation aid	1,950.62	-	1,950.62
Siren Grant	13,085.64	-	13,085.64
Fines, Forfeitures and Penalties	46,180.41	18,000.00	28,180.41
Licenses and Permits			
Building permits	16,341.50	15,000.00	1,341.50
Use of Money and Property			
Interest	917.50	750.00	167.50
Other			
Police department equipment	3,500.00	-	3,500.00
Reimbursements from LVL's POA	120,515.00	-	120,515.00
Cell Tower rent	6,000.00	-	6,000.00
Miscellaneous	35.00	-	35.00
Total Cash Receipts	<u>483,032.08</u>	<u>\$306,630.00</u>	<u>\$176,402.08</u>
Expenditures			
General			
Personal services	148,396.77	\$139,926.00	\$8,470.77
Contractual services	60,628.32	60,000.00	628.32
Commodities	15,393.03	25,827.00	(10,433.97)
Capital Outlay	101,097.52	22,925.00	78,172.52
Public Safety - Police			
Contractual services	711.08	5,000.00	(4,288.92)
Commodities	21,101.72	20,000.00	1,101.72
Capital Outlay	5,478.42	15,000.00	(9,521.58)
Public Safety - Fire			
Contractual services	43,184.18	41,000.00	2,184.18
Discretionary			
Contractual services	48.75	-	48.75
Municipal Court			
Contractual services	4,423.99	4,700.00	(276.01)

**CITY OF LINN VALLEY, KANSAS
GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

	Actual	Budget	Variance Over (Under)
Expenditures			
Debt Service on Capital Lease			
Principal	\$32,526.45	-	\$32,526.45
Interest	4,319.99	-	4,319.99
Operating Transfers to Other Funds			
Equipment Reserve Fund	-	-	-
Capital Improvement Reserve Fund	17,767.00	-	17,767.00
Subtotal Certified Budget		334,378.00	
Adjustment for Qualifying Budget Credit			
Grants	-	15,036.26	(15,036.26)
Reimbursed expenses	-	124,015.00	(124,015.00)
Total Expenditures	455,077.22	\$473,429.26	(\$18,352.04)
 Cash Receipts Over(Under) Expenditures	 27,954.86		
 Unencumbered Cash, Beginning	 30,703.77		
 Unencumbered Cash, Ending	 \$58,658.63		

CITY OF LINN VALLEY, KANSAS
SPECIAL PARK AND RECREATION FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Intergovernmental			
County park appropriation	\$600.00	\$600.00	-
Total Cash Receipts	600.00	\$600.00	-
Expenditures			
Recreation			
Contractual services	100.00	\$600.00	(\$500.00)
Total Expenditures	100.00	\$600.00	(\$500.00)
Cash Receipts Over(Under) Expenditures	500.00		
Unencumbered Cash, Beginning	673.59		
Unencumbered Cash, Ending	\$1,173.59		

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

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Intergovernmental			
State gasoline tax	\$20,789.66	\$15,870.00	\$4,919.66
Use of Money and Property			
Interest	125.00	-	125.00
	<u>20,914.66</u>	<u>\$15,870.00</u>	<u>\$5,044.66</u>
Total Cash Receipts			
Expenditures			
Streets and Highways			
Contractual services	935.66	\$10,000.00	(\$9,064.34)
Commodities	2,632.91	20,000.00	(17,367.09)
Capital Outlay	19,068.74	20,000.00	(931.26)
	<u>22,637.31</u>	<u>\$50,000.00</u>	<u>(\$27,362.69)</u>
Total Expenditures			
Cash Receipts Over(Under) Expenditures	(1,722.65)		
Unencumbered Cash, Beginning	<u>35,761.23</u>		
Unencumbered Cash, Ending	<u>\$34,038.58</u>		

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

	Actual
Cash Receipts	
Operating Transfer from Other Funds	
General Fund	-
Total Cash Receipts	-
Expenditures	
Capital Outlay	-
Total Expenditures	-
Cash Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	22,500.00
Unencumbered Cash, Ending	\$22,500.00

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

	Actual
Cash Receipts	
Operating Transfer from Other Funds	
General Fund	\$17,767.00
Total Cash Receipts	17,767.00
Expenditures	
Capital Outlay	-
Total Expenditures	-
Cash Receipts Over(Under) Expenditures	17,767.00
Unencumbered Cash, Beginning	22,500.00
Unencumbered Cash, Ending	\$40,267.00

CITY OF LINN VALLEY, KANSAS
MAYORS CHRISTMAS TREE FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2012

	Actual	Budget	Variance Over (Under)
Cash Receipts			
Other			
Miscellaneous	\$514.00	\$600.00	(\$86.00)
Total Cash Receipts	514.00	\$600.00	(\$86.00)
Expenditures			
General			
Contractual Services	373.52	\$1,390.00	(\$1,016.48)
Total Expenditures	373.52	\$1,390.00	(\$1,016.48)
Cash Receipts Over(Under) Expenditures	140.48		
Unencumbered Cash, Beginning	307.70		
Unencumbered Cash, Ending	\$448.18		