

CITY OF OSBORNE, KANSAS

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2012

CITY OF OSBORNE, KANSAS
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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Osborne, Kansas
Osborne, Kansas

We have audited the accompanying primary government summary statement of regulatory basis receipts, expenditures, and unencumbered cash of **City of Osborne, 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 from 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 Aggregate Discretely Presented Related Municipal Entities

The financial statement referred to above includes one related municipal entity, Osborne Public Library, and does not include the financial data for the City's legally separate related municipal entity, Osborne Housing Authority. Accounting principles generally accepted in the United States of America

require financial data for all related municipal entities to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its related municipal entities. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash balance of Osborne Housing Authority would have been reported as \$45,754.

Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" paragraph, the financial statement referred to above does not present fairly the financial position of the aggregate discretely presented related municipal entities of **City of Osborne, Kansas**, as of December 31, 2012, or the changes in financial position thereof for the year then ended.

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

As described in Note 1, the financial statement is prepared by **City of Osborne, 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 general 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 Aggregate Remaining Fund Information

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" and "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in all material respects, the financial position of the aggregate remaining fund information of **City of Osborne, Kansas** as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **City of Osborne, 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* as 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 (basic financial statement) as a whole. The summary of expenditures – actual and budget and individual fund schedules of receipts and expenditures (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, 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.



ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

July 17, 2013

CITY OF OSBORNE, 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							
General Fund	\$ 104,402	-	816,399	750,863	169,938	31,173	201,111
Special Purpose Funds							
Special Highway Fund	3,737	-	37,086	15,892	24,931	32	24,963
Library Fund	14,216	-	52,539	47,474	19,281	3,107	22,388
Recreation Fund	2,475	-	9,997	11,696	776	-	776
Industrial Fund	12,908	-	740	3,628	10,020	-	10,020
Special Parks Fund	17,558	-	175	-	17,733	-	17,733
Equipment Fund	1,535	-	-	-	1,535	-	1,535
Permanent Recreation, Park Equipment, and Facilities Fund	15,441	-	4,000	-	19,441	-	19,441
Bond and Interest Fund							
Bond and Interest Fund	56,838	-	980,601	1,010,274	27,165	-	27,165
Capital Project Fund							
Capital Project Fund	-	-	475,000	470,702	4,298	167,056	171,354
Business Funds							
Golf Fund	12,965	-	35,985	42,869	6,081	313	6,394
Electric and Water Fund	(21,388)	324,450	2,219,005	2,208,807	313,260	141,881	455,141
Electric Utility Reserve Fund	1,024,456	-	132,944	132,944	1,024,456	-	1,024,456
Sewer Fund	166,002	-	228,018	220,765	173,255	3,263	176,518
Airport Fund	25,759	-	37,372	13,051	50,080	89	50,169
Trust Funds							
Economic Development Revolving Loan Fund	242,219	-	115,679	105,000	252,898	-	252,898
Permanent Trust - Cemetery Fund	33,836	-	9,846	21,201	22,481	-	22,481
Permanent Trust - Park Fund	2,396	-	-	-	2,396	-	2,396
Subtotal Primary Government	1,715,355	324,450	5,155,386	5,055,166	2,140,025	346,914	2,486,939
Related Municipal Entity							
Public Library	29,901	-	51,391	34,571	46,721	-	46,721
Total Primary Government	\$ 1,745,256	324,450	5,206,777	5,089,737	2,186,746	346,914	2,533,660
Composition of Cash							
							\$ 106,639
							679,200
							1,100
							1,700,000
							2,486,939
							46,721
Total Primary Government							\$ 2,533,660

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

CITY OF OSBORNE, KANSAS
Notes to Financial Statement
December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Osborne, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is 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 seven-member council. This financial statement presents the City (the municipality) and its related municipal entity, Osborne Public Library, shown below. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. This financial statement does not include the related municipal entity, Osborne Housing Authority, shown below.

Osborne Public Library

The City's Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City.

Osborne Housing Authority

The City's Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Unaudited financial statements can be obtained by contacting the housing authority's office.

The City is the primary government as defined by GASB #61. The City council is elected by the public. The council has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

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.

CITY OF OSBORNE, KANSAS
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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.).

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 statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, and temporary notes are not presented in the financial statement.

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

CITY OF OSBORNE, KANSAS
Notes to Financial Statement
December 31, 2012

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 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 (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 revenue 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.

CITY OF OSBORNE, KANSAS
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A legal operating budget is not required for capital project funds, trust funds and the following special purpose fund: Employee Benefit 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 Osborne, 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 statement 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 eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 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 not legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$2,486,939 and the bank balance was \$2,490,892. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$446,475 was covered by federal depository insurance and \$2,023,761 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City was unsecured by \$20,656.

At December 31, 2012, the Public Library's carrying amount of deposits was \$46,721 and the bank balance was \$44,260. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, all was covered by federal depository insurance.

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.

CITY OF OSBORNE, KANSAS
Notes to Financial Statement
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 Osborne, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2012 were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
Electric and Water Fund	General Fund	K.S.A. 12-825d	\$ 169,000
Electric and Water Fund	Bond and Interest Fund	K.S.A. 12-825d	34,000
Recreation Fund	Permanent Recreation, Park Equipment, and Facilities Fund	Council Approved	4,000
Golf Fund	Electric and Water Fund	Council Approved	4,546

NOTE 5 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Authorization</u>	<u>Cash Disbursements and Accounts Payable To Date</u>
Water Tower Repairs	\$ 300,000	\$ 140,613

NOTE 6 – LITIGATION

City of Osborne, Kansas is a 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 7 – RISK MANAGEMENT

City of Osborne, Kansas carries commercial insurance for risks of loss, including property, liability, inland marine, automobile, workers compensation, linebacker, power plant, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – GRANTS AND SHARED REVENUES

City of Osborne, 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.

CITY OF OSBORNE, KANSAS
Notes to Financial Statement
December 31, 2012

NOTE 9 – RELATED PARTY TRANSACTIONS

City of Osborne, Kansas entered into an arms length transaction with council member Barry Curry. The City paid \$1,751 for services provided by Curry's Body Shop during the year ended December 31, 2012. Barry Curry is the owner of the business.

NOTE 10 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

City of Osborne, Kansas had \$20,656 of monies that were unsecured as of December 31, 2012, which is a violation of K.S.A. 9-1402 and K.S.A. 9-1405.

The City did not remit bond payments at least 20 days prior to the due date to the State Treasurer, which is a violation of K.S.A. 10-130.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description

City of Osborne, 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) 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.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of Osborne, 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 this financial statement.

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

CITY OF OSBORNE, KANSAS
Notes to Financial Statement
December 31, 2012

NOTE 13 – COMPENSATED ABSENCES

Vacation

All employees of the **City of Osborne, Kansas**, except temporary and part-time employees, accumulate and carry forward vacation as designated in the following schedule. Employees are paid for all accumulated vacation at their current wage rate upon termination of employment. The Public Library follows the same policy as the City.

<u>Years of Service</u>	<u>Amount Earned</u>	<u>Vacation Days Allowed to Carry Over</u>
0-5	10 days/year	15.0 days/year
6	11 days/year	16.5 days/year
7	12 days/year	18.0 days/year
8	13 days/year	19.5 days/year
9	14 days/year	21.0 days/year
10 and over	15 days/year	22.5 days/year

The potential liability for vacation at December 31, 2012 was \$38,041. This is reflected in the financial statement.

Sick Leave

All employees of the City, except temporary and part-time employees, accumulate sick leave at a rate of 12 days per year. They may accumulate a maximum of 120 days sick leave. Upon termination of employment, no sick leave is paid to the employee. If a person retires after age 62 or upon full retirement and has earned 85 points from KPERs, an employee is paid one-half of their accumulated sick leave. The Public Library follows the same policy as the City. The potential liability for sick leave at December 31, 2012 was \$136,760. This is not reflected in the financial statement.

Comp Time

Full-time employees of the City earn comp time at the rate of time and a half for every hour over 40 hours worked during a week, which is paid on the following pay day. However, at the discretion of the department head, an employee may be given compensatory time off in lieu of cash payments. The Public Library follows the same policy as the City. There was no liability for comp time at December 31, 2012.

NOTE 14 – DEBT RESTRICTION AND COVENANTS

KDHE Water Pollution Loan

City of Osborne, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund repairs of the sewer line in the amount of \$292,010. 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 wastewater fees.

NOTE 15 – LONG-TERM DEBT

City of Osborne, Kansas has the following types of long-term debt.

General Obligations Bonds

On November 20, 2001, the City issued \$1,400,000 in General Obligation Bonds – Improvement Project for the purpose of City internal improvements.

On January 18, 2006, the City issued \$175,000 in General Obligation Bonds – Improvement Project Series B for the purpose of City internal improvements.

CITY OF OSBORNE, KANSAS
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On January 13, 2012, the City issued \$895,000 in General Obligation Bonds – Series A for the purpose of providing funds for the refunding of Series 2001 bonds.

On November 9, 2012, the City issued \$475,000 in General Obligation Bonds – Series B for the purpose of refinancing the outstanding balance of a loan agreement with the Kansas Department of Health and Environment dated June 15, 1999 and to permanently finance additional improvements to the City's public water supply system.

Refunded Bonds

On January 26, 2012, the City issued \$895,000 in General Obligation Bonds – Series A. Simultaneously, \$855,000 of the proceeds was used to establish an escrow account to redeem the original General Obligation Bonds – Series 2001 maturing from 2012 to 2021. \$6,466 will be used to pay the accrued interest due on the Series 2001 bonds and \$33,534 will be used to pay for the cost of issuance of the bonds.

According to the terms of this refunding plan, the General Obligation Bonds were called on January 26, 2012 and redeemed at such time, all in accordance with the resolution authorizing their issuance. The refunded bonds represent the entire callable portion of the General Obligation Bonds. All refunded bonds were called at a price equal to 100% of the par value thereof, without a premium.

Amount Outstanding Prior to Refunding	Amount to be Refunded	Maturity Dates to be Escrowed	Call Date	Call Price
\$855,000	\$855,000	2012 - 2021	01/26/2012	100

KDHE Revolving Loans

The City entered into a \$276,505 revolving loan agreement on June 15, 1999 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance the replacement of the water line. The City will use proceeds generated by the operation of the facility for loan repayment, which began July 2, 2001.

The City entered into a \$292,010 revolving loan agreement on December 20, 2007 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance the repairs of the sewer line. The City will use proceeds generated by the operation of the facility for loan repayment, which began March 17, 2010.

Lease Obligations

The City has entered into lease agreements with an option to purchase at the expiration of the lease terms. The leases contain a fiscal funding clause.

CITY OF OSBORNE, KANSAS
Notes to Financial Statement
December 31, 2012

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
General Obligation Bonds									
Improvement Project	2.4 - 5.2%	2001	\$ 1,400,000	2021	\$ 855,000	-	(855,000)	-	6,466
Improvement Project Series B	3.75 - 5.2%	2006	175,000	2021	120,000	-	(12,000)	108,000	4,761
Refunding 2001 Bond	.50 - 3.0%	2012	895,000	2021	-	895,000	(85,000)	810,000	15,307
Improvement Project Series B	.50 - 2.25%	2012	475,000	2022	-	475,000	-	475,000	-
KDHE Loans									
KDHE Public Water Supply	4.09%	1999	276,505	2021	159,069	-	(159,069)	-	8,293
KDHE Water Pollution	2.67%	2009	292,010	2030	144,033	134,441	(13,593)	264,881	5,614
Capital Leases									
Street Sweeper	2.90%	2012	170,000	2017	-	170,000	-	170,000	-
Catalytic Converter	2.90%	2012	324,450	2017	-	324,450	-	324,450	-
Total Contractual Indebtedness					\$ 1,278,102	1,998,891	(1,124,662)	2,152,331	40,441

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

	YEAR								Total
	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2030	
Principal									
General Obligation Bonds	\$ 137,000	142,000	142,000	147,000	147,000	678,000	-	-	1,393,000
KDHE Loans	11,635	11,948	12,269	12,599	12,937	70,093	80,033	53,367	264,881
Capital Leases	93,318	96,025	98,809	101,675	104,623	-	-	-	494,450
Total Principal	241,953	249,973	253,078	261,274	264,560	748,093	80,033	53,367	2,152,331
Interest									
General Obligation Bonds	29,057	27,658	25,951	23,588	20,864	48,844	-	-	175,962
KDHE Loans	6,995	6,682	6,361	6,032	5,693	23,057	13,118	2,522	70,460
Capital Leases	14,339	11,633	8,848	5,983	3,034	-	-	-	43,837
Total Interest	50,391	45,973	41,160	35,603	29,591	71,901	13,118	2,522	290,259
Total Principal and Interest	\$ 292,344	295,946	294,238	296,877	294,151	819,994	93,151	55,889	2,442,590

CITY OF OSBORNE, KANSAS

Regulatory-Required Supplementary Information

CITY OF OSBORNE, 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					
General Fund	\$ 932,201	-	932,201	750,863	(181,338)
Special Purpose Funds					
Special Highway Fund	40,988	-	40,988	15,892	(25,096)
Library Fund	55,391	-	55,391	47,474	(7,917)
Recreation Fund	12,165	-	12,165	11,696	(469)
Industrial Fund	12,286	-	12,286	3,628	(8,658)
Special Parks Fund	17,387	-	17,387	-	(17,387)
Equipment Fund	12,963	-	12,963	-	(12,963)
Permanent Recreation, Park Equipment, and Facilities Fund	12,241	-	12,241	-	(12,241)
Bond and Interest Fund					
Bond and Interest Fund	139,672	895,000	1,034,672	1,010,274	(24,398)
Business Funds					
Golf Fund	54,822	-	54,822	42,869	(11,953)
Electric and Water Fund	2,745,506	-	2,745,506	2,208,807	(536,699)
Electric Utility Reserve Fund	270,000	-	270,000	132,944	(137,056)
Sewer Fund	109,500	134,441	243,941	220,765	(23,176)
Airport Fund	29,847	-	29,847	13,051	(16,796)

CITY OF OSBORNE, 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 Tax	\$ 279,375	351,197	357,780	(6,583)
Delinquent Tax	3,081	3,358	-	3,358
Motor Vehicle Tax	64,509	65,742	65,238	504
Recreational Vehicle Tax	897	928	726	202
16/20M Vehicle Tax	1,523	1,841	1,612	229
Escape Tax	900	1,546	-	1,546
Local Sales/Use Tax	59,885	69,307	52,000	17,307
Liquor Tax	384	175	200	(25)
State Aid	113	-	-	-
Licenses and Permits	5,735	7,073	4,500	2,573
Franchise Taxes	35,892	32,843	40,000	(7,157)
Highway Connecting Links	9,000	9,006	9,000	6
Fines and Bond Payments	8,521	7,640	5,500	2,140
Sale of Assets	344	441	-	441
Cemetery Lots and Permits	3,250	4,275	2,000	2,275
Osborne County Rock Receipts	1,423	634	1,000	(366)
Sale of Fireworks	150	3,500	8,000	(4,500)
Refunds	5,385	4,700	5,000	(300)
Rent Income	6,648	6,104	6,000	104
Swimming Pool	12,505	11,842	12,000	(158)
Miscellaneous	59,423	59,104	10,000	49,104
Interest Income	8,826	5,993	10,000	(4,007)
Donations	2,000	150	-	150
Transfers In	145,084	169,000	239,000	(70,000)
Total Cash Receipts	714,853	816,399	829,556	(13,157)
Expenditures				
General Government				
Personal Services	60,195	43,244	72,000	(28,756)
Contractual	28,144	42,151	40,000	2,151
Commodities	1,759	1,077	2,000	(923)
Miscellaneous	1,350	650	-	650
Total General Government	91,448	87,122	114,000	(26,878)
Police Department				
Personal Services	131,224	123,961	138,000	(14,039)
Contractual	2,932	4,649	9,000	(4,351)
Commodities	25,324	25,745	16,500	9,245
Capital Outlay	-	482	18,000	(17,518)
Miscellaneous	1,589	1,593	12,900	(11,307)
Total Police Department	\$ 161,069	156,430	194,400	(37,970)

CITY OF OSBORNE, 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)				
Fire Department				
Contractual	\$ 4,833	5,178	15,000	(9,822)
Commodities	6,648	4,155	2,800	1,355
Total Fire Department	<u>11,481</u>	<u>9,333</u>	<u>17,800</u>	<u>(8,467)</u>
Street Department				
Personal Services	26,329	23,409	29,179	(5,770)
Contractual	4,052	7,257	8,500	(1,243)
Commodities	62,311	47,906	78,300	(30,394)
Capital Outlay	350	3,287	10,000	(6,713)
Total Street Department	<u>93,042</u>	<u>81,859</u>	<u>125,979</u>	<u>(44,120)</u>
Ball Field				
Personal Services	3,500	6,000	6,000	-
Contractual	172	119	-	119
Commodities	8,938	3,611	4,000	(389)
Total Ball Field	<u>12,610</u>	<u>9,730</u>	<u>10,000</u>	<u>(270)</u>
Park Department				
Personal Services	30,913	31,123	32,331	(1,208)
Contractual	954	1,724	1,500	224
Commodities	7,594	6,499	7,600	(1,101)
Capital Outlay	175	-	9,000	(9,000)
Total Park Department	<u>39,636</u>	<u>39,346</u>	<u>50,431</u>	<u>(11,085)</u>
Cemetery				
Personal Services	5,284	4,190	2,500	1,690
Contractual	164	66	500	(434)
Commodities	3,606	3,029	3,200	(171)
Capital Outlay	175	-	400	(400)
Total Cemetery	<u>9,229</u>	<u>7,285</u>	<u>6,600</u>	<u>685</u>
Swimming Pool				
Personal Services	21,224	21,067	23,000	(1,933)
Contractual	967	916	2,500	(1,584)
Commodities	18,908	13,104	11,500	1,604
Capital Outlay	-	8,634	10,000	(1,366)
Total Swimming Pool	<u>\$ 41,099</u>	<u>43,721</u>	<u>47,000</u>	<u>(3,279)</u>

CITY OF OSBORNE, 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)				
Tort Liability				
Contractual	2,908	3,004	4,500	(1,496)
Economic Development				
Personal Services	12,234	15,458	27,500	(12,042)
Golf				
Personal Services	27,273	27,576	28,000	(424)
City Office Building				
Personal Services	6,500	6,500	6,500	-
Contractual	7,902	9,049	12,000	(2,951)
Commodities	1,510	1,816	3,700	(1,884)
Capital Outlay	-	482	-	482
Ambulance	4,295	27,351	27,000	351
Total City Office Building	20,207	45,198	49,200	(4,002)
Employee Benefits				
Insurance Premiums	151,732	133,052	250,000	(116,948)
Payroll Taxes	29,581	25,406	-	25,406
Retirement	25,008	24,700	-	24,700
Unemployment Insurance	671	666	-	666
Workman's Compensation	21,373	27,461	-	27,461
Total Employee Benefits	228,365	211,285	250,000	(38,715)
Neighborhood Revitalization Rebate	3,458	13,516	6,791	6,725
Total Expenditures	754,059	750,863	932,201	(181,338)
Cash Receipts Over (Under) Expenditures	(39,206)	65,536		
Unencumbered Cash - Beginning	143,608	104,402		
Unencumbered Cash - Ending	\$ 104,402	169,938		

CITY OF OSBORNE, 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 Revenue Sharing	\$ 36,601	37,086	37,070	16
Expenditures				
Personal Services	34,834	15,892	34,052	(18,160)
Contractual	293	-	4,000	(4,000)
Commodities	-	-	2,936	(2,936)
Total Expenditures	35,127	15,892	40,988	(25,096)
Cash Receipts Over (Under) Expenditures	1,474	21,194		
Unencumbered Cash - Beginning	2,263	3,737		
Unencumbered Cash - Ending	\$ 3,737	24,931		

CITY OF OSBORNE, KANSAS
Library 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				
Ad Valorem Tax	\$ 41,850	42,078	42,948	(870)
Delinquent Tax	407	570	-	570
Motor Vehicle Tax	8,319	9,398	9,773	(375)
Recreational Vehicle Tax	115	135	109	26
16/20M Vehicle Tax	210	232	241	(9)
Escape Tax	-	126	-	126
Total Cash Receipts	<u>50,901</u>	<u>52,539</u>	<u>53,071</u>	<u>(532)</u>
Expenditures				
Personal Services	22,619	23,190	25,150	(1,960)
Contractual	730	525	2,000	(1,475)
Commodities	1,263	1,269	11,125	(9,856)
Appropriations to Library Board	14,500	20,750	14,750	6,000
Miscellaneous	472	-	1,500	(1,500)
Neighborhood Revitalization Rebate	518	1,740	866	874
Total Expenditures	<u>40,102</u>	<u>47,474</u>	<u>55,391</u>	<u>(7,917)</u>
Cash Receipts Over (Under) Expenditures	10,799	5,065		
Unencumbered Cash - Beginning	<u>3,417</u>	<u>14,216</u>		
Unencumbered Cash - Ending	\$ <u>14,216</u>	<u>19,281</u>		

CITY OF OSBORNE, 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				
Ad Valorem Tax	\$ 5,884	8,012	8,176	(164)
Delinquent Tax	105	129	-	129
Motor Vehicle Tax	2,580	1,736	1,374	362
Recreational Vehicle Tax	36	23	15	8
16/20M Vehicle Tax	62	73	34	39
Escape Tax	-	24	-	24
Total Cash Receipts	<u>8,667</u>	<u>9,997</u>	<u>9,599</u>	<u>398</u>
Expenditures				
Contractual	6,520	6,444	10,850	(4,406)
Commodities	382	-	-	-
Summer Recreation Program	1,500	950	950	-
Miscellaneous	550	-	200	(200)
Transfers Out	3,200	4,000	-	4,000
Neighborhood Revitalization Rebate	73	302	165	137
Total Expenditures	<u>12,225</u>	<u>11,696</u>	<u>12,165</u>	<u>(469)</u>
Cash Receipts Over (Under) Expenditures	(3,558)	(1,699)		
Unencumbered Cash - Beginning	<u>6,033</u>	<u>2,475</u>		
Unencumbered Cash - Ending	\$ <u>2,475</u>	<u>776</u>		

CITY OF OSBORNE, KANSAS
Industrial 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				
Ad Valorem Tax	\$ 577	98	-	98
Delinquent Tax	79	-	-	-
Motor Vehicle Tax	1,995	588	135	453
Recreational Vehicle Tax	27	6	2	4
16/20M Vehicle Tax	67	48	3	45
Total Cash Receipts	<u>2,745</u>	<u>740</u>	<u>140</u>	<u>600</u>
Expenditures				
Economic Development	2,200	2,200	2,200	-
Contractual	1,577	1,151	3,000	(1,849)
Commodities	-	269	500	(231)
Miscellaneous	-	-	1,000	(1,000)
Capital Outlay	2,500	-	5,586	(5,586)
Neighborhood Revitalization Rebate	7	8	-	8
Total Expenditures	<u>6,284</u>	<u>3,628</u>	<u>12,286</u>	<u>(8,658)</u>
Cash Receipts Over (Under) Expenditures	(3,539)	(2,888)		
Unencumbered Cash - Beginning	<u>16,447</u>	<u>12,908</u>		
Unencumbered Cash - Ending	\$ <u>12,908</u>	<u>10,020</u>		

CITY OF OSBORNE, KANSAS
Employee Benefit 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)

	<u>2011</u>	<u>2012</u>
Cash Receipts	\$ -	-
Expenditures		
Transfers Out	<u>5,084</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	(5,084)	-
Unencumbered Cash - Beginning	<u>5,084</u>	<u>-</u>
Unencumbered Cash - Ending	<u>\$ -</u>	<u>-</u>

CITY OF OSBORNE, KANSAS
Special Parks 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				
Liquor Tax	\$ 384	175	138	37
Expenditures				
Capital Outlay	-	-	17,387	(17,387)
Cash Receipts Over (Under) Expenditures	384	175		
Unencumbered Cash - Beginning	17,174	17,558		
Unencumbered Cash - Ending	\$ 17,558	17,733		

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts	\$ -	-	-	-
Expenditures				
Capital Outlay	11,409	-	12,963	(12,963)
Miscellaneous	19	-	-	-
Total Expenditures	<u>11,428</u>	<u>-</u>	<u>12,963</u>	<u>(12,963)</u>
Cash Receipts Over (Under) Expenditures	(11,428)	-		
Unencumbered Cash - Beginning	<u>12,963</u>	<u>1,535</u>		
Unencumbered Cash - Ending	\$ <u>1,535</u>	<u>1,535</u>		

CITY OF OSBORNE, KANSAS
Permanent Recreation, Park Equipment, and Facilities 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				
Transfers In	\$ 3,200	4,000	-	<u>4,000</u>
Expenditures				
Contractual	-	-	12,241	<u>(12,241)</u>
Cash Receipts Over (Under) Expenditures	3,200	4,000		
Unencumbered Cash - Beginning	12,241	15,441		
Unencumbered Cash - Ending	\$ <u>15,441</u>	<u>19,441</u>		

CITY OF OSBORNE, 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 (Under)
		Actual	Budget	
Cash Receipts				
Ad Valorem Tax	\$ 40,492	40,877	41,725	(848)
Delinquent Tax	397	623	-	623
Motor Vehicle Tax	10,630	9,573	9,455	118
Recreational Vehicle Tax	145	135	105	30
16/20M Vehicle Tax	324	271	233	38
Escape Tax	-	122	-	122
Bond Proceeds	-	895,000	-	895,000
Transfers In	34,000	34,000	34,000	-
Total Cash Receipts	85,988	980,601	85,518	895,083
Expenditures				
Bond Principal	76,000	97,000	82,000	15,000
Interest	49,534	20,069	46,331	(26,262)
Commodities	-	-	500	(500)
Cash Basis Reserve	-	-	10,000	(10,000)
2001 Bond Principal Refunded	-	855,000	-	855,000
2001 Bond Interest	-	6,466	-	6,466
Bond Issuance Costs	-	30,051	-	30,051
Neighborhood Revitalization Rebate	501	1,688	841	847
(a) Adjustment for Qualifying Budget Credit	-	-	895,000	(895,000)
Total Expenditures	126,035	1,010,274	1,034,672	(24,398)
Cash Receipts Over (Under) Expenditures	(40,047)	(29,673)		
Unencumbered Cash - Beginning	96,885	56,838		
Unencumbered Cash - Ending	\$ 56,838	27,165		
(a) Adjustment for Qualifying Budget Credit				
Bond Proceeds Over Amount Budgeted			\$ <u>895,000</u>	

CITY OF OSBORNE, KANSAS
Capital Project 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)

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Bond Proceeds	\$ -	<u>475,000</u>
Expenditures		
Commodities	-	10
Capital Outlay	-	167,056
Kansas Water Supply Loan	-	146,986
Bond Issuance Costs	-	23,706
Reimbursed Expenses	-	<u>132,944</u>
Total Expenditures	<u>-</u>	<u>470,702</u>
Cash Receipts Over (Under) Expenditures	-	4,298
Unencumbered Cash - Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash - Ending	<u>\$ -</u>	<u>4,298</u>

CITY OF OSBORNE, KANSAS
Golf 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				
Green Fees	\$ 16,058	18,738	27,500	(8,762)
Season Fees	8,595	8,055	-	8,055
Rent	8,522	8,553	11,000	(2,447)
Miscellaneous	445	639	-	639
Total Cash Receipts	<u>33,620</u>	<u>35,985</u>	<u>38,500</u>	<u>(2,515)</u>
Expenditures				
Personal Services	3,556	4,201	5,000	(799)
Contractual	5,050	5,312	10,000	(4,688)
Commodities	25,800	28,178	29,822	(1,644)
Capital Outlay	-	482	10,000	(9,518)
Miscellaneous	25	150	-	150
Transfers Out	4,546	4,546	-	4,546
Total Expenditures	<u>38,977</u>	<u>42,869</u>	<u>54,822</u>	<u>(11,953)</u>
Cash Receipts Over (Under) Expenditures	(5,357)	(6,884)		
Unencumbered Cash - Beginning	<u>18,322</u>	<u>12,965</u>		
Unencumbered Cash - Ending	\$ <u>12,965</u>	<u>6,081</u>		

CITY OF OSBORNE, KANSAS

Electric and Water 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				
Electric Utility				
Customer Sales	\$ 1,907,194	1,950,089	2,100,000	(149,911)
Penalties	15,332	15,772	-	15,772
Licenses and Permits	500	2,225	-	2,225
Rent	296	160	-	160
Refunds	4,019	5,039	15,000	(9,961)
Miscellaneous	8,799	9,214	15,000	(5,786)
Reimbursements	-	8,224	-	8,224
Transfers In	26,596	4,546	200,000	(195,454)
Total Electric Utility	<u>1,962,736</u>	<u>1,995,269</u>	<u>2,330,000</u>	<u>(334,731)</u>
Water Utility				
Customer Sales	199,165	221,391	215,000	6,391
Miscellaneous	2,492	2,345	-	2,345
Total Water Utility	<u>201,657</u>	<u>223,736</u>	<u>215,000</u>	<u>8,736</u>
Total Cash Receipts	<u>2,164,393</u>	<u>2,219,005</u>	<u>2,545,000</u>	<u>(325,995)</u>
Expenditures				
Electric Production				
Personal Services	96,823	100,865	99,200	1,665
Contractual	25,325	7,901	280,000	(272,099)
Commodities	28,772	108,098	25,000	83,098
Capital Outlay	374,818	1,093	-	1,093
Fuel and Electricity	1,124,669	1,028,026	1,300,000	(271,974)
Auto	120	488	1,000	(512)
Insurance	20,596	20,624	20,000	624
Total Electric Production	<u>1,671,123</u>	<u>1,267,095</u>	<u>1,725,200</u>	<u>(458,105)</u>
Electric Distribution				
Personal Services	163,542	167,022	161,406	5,616
Contractual	989	77	12,000	(11,923)
Commodities	66,394	48,599	38,000	10,599
Capital Outlay	175	-	12,500	(12,500)
Auto	7,632	2,115	5,000	(2,885)
Transfers Out	140,000	169,000	-	169,000
Total Electric Distribution	<u>\$ 378,732</u>	<u>386,813</u>	<u>228,906</u>	<u>157,907</u>

CITY OF OSBORNE, KANSAS

Electric and Water 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)				
Electric Administration				
Personal Services	\$ 44,105	44,711	44,000	711
Contractual	14,513	11,061	21,000	(9,939)
Commodities	5,953	5,663	12,500	(6,837)
Capital Outlay	23,168	22,680	203,000	(180,320)
Insurance	9,487	11,902	15,000	(3,098)
Sales Tax	54,627	57,625	56,000	1,625
Payroll Taxes	20,058	21,876	30,000	(8,124)
Retirement	20,593	24,246	25,000	(754)
Health Insurance	105,363	96,876	115,500	(18,624)
Economic Development	4,543	5,604	12,300	(6,696)
Refunds	6,736	10,059	10,000	59
Miscellaneous	2,743	2,826	2,000	826
Total Electric Administration	311,889	315,129	546,300	(231,171)
Water Production				
Personal Services	38,292	42,640	40,000	2,640
Contractual	14,741	9,958	15,000	(5,042)
Commodities	7,715	16,294	32,000	(15,706)
Capital Outlay	-	320	10,000	(9,680)
Auto	-	-	1,000	(1,000)
Total Water Production	60,748	69,212	98,000	(28,788)
Water Distribution				
Personal Services	5,346	26,504	25,000	1,504
Contractual	2,856	2,690	5,000	(2,310)
Commodities	28,473	32,308	27,000	5,308
Capital Outlay	175	6,174	15,000	(8,826)
Auto	7,782	4,389	1,000	3,389
Total Water Distribution	\$ 44,632	72,065	73,000	(935)

CITY OF OSBORNE, KANSAS

Electric and Water 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)				
Water Administration				
Contractual	\$ 7,727	6,479	7,500	(1,021)
Commodities	4,131	2,876	4,000	(1,124)
Capital Outlay	350	1,113	-	1,113
Insurance	2,711	3,401	3,500	(99)
Payroll Taxes	3,045	4,801	4,500	301
Retirement	3,175	5,610	4,100	1,510
Health Insurance	11,942	11,030	18,500	(7,470)
Water Protection Fee	3,136	3,607	4,000	(393)
Kansas Water Supply Loan	20,376	20,376	21,000	(624)
Miscellaneous	203	-	-	-
Contingency Reserve	3,250	5,200	7,000	(1,800)
Transfers Out	34,000	34,000	-	34,000
Total Water Administration	<u>94,046</u>	<u>98,493</u>	<u>74,100</u>	<u>24,393</u>
Total Expenditures	<u>2,561,170</u>	<u>2,208,807</u>	<u>2,745,506</u>	<u>(536,699)</u>
Cash Receipts Over (Under) Expenditures	(396,777)	10,198		
Unencumbered Cash - Beginning	375,389	(21,388)		
Prior Year Cancelled Encumbrances	-	324,450		
Unencumbered Cash - Ending	\$ <u>(21,388)</u>	<u>313,260</u>		

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Reimbursements	\$ -	132,944	-	132,944
Expenditures				
Capital Outlay	15,940	132,944	-	132,944
Transfers Out	-	-	270,000	(270,000)
Total Expenditures	15,940	132,944	270,000	(137,056)
Cash Receipts Over (Under) Expenditures	(15,940)	-		
Unencumbered Cash - Beginning	1,040,396	1,024,456		
Unencumbered Cash - Ending	\$ 1,024,456	1,024,456		

CITY OF OSBORNE, 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 (Under)
		Actual	Budget	
Cash Receipts				
Customer Sales	\$ 96,686	93,577	96,000	(2,423)
KDHE Loan Proceeds	9,873	134,441	-	134,441
Total Cash Receipts	<u>106,559</u>	<u>228,018</u>	<u>96,000</u>	<u>132,018</u>
Expenditures				
Personal Services	30,529	32,196	32,000	196
Contractual	13,323	4,372	5,000	(628)
Commodities	6,743	8,393	12,700	(4,307)
Capital Outlay	14,108	151,280	-	151,280
Repairs and Maintenance	1,487	77	4,500	(4,423)
Insurance	2,711	3,401	3,000	401
Auto	-	117	3,000	(2,883)
Payroll Taxes	2,010	2,006	10,000	(7,994)
Health Insurance	17,373	16,241	18,800	(2,559)
Retirement	2,296	2,475	5,000	(2,525)
Refunds	120	120	-	120
Miscellaneous	-	87	15,500	(15,413)
(a) Adjustment for Qualifying Budget Credit	-	-	134,441	(134,441)
Total Expenditures	<u>90,700</u>	<u>220,765</u>	<u>243,941</u>	<u>(23,176)</u>
Cash Receipts Over (Under) Expenditures	15,859	7,253		
Unencumbered Cash - Beginning	<u>150,143</u>	<u>166,002</u>		
Unencumbered Cash - Ending	\$ <u>166,002</u>	<u>173,255</u>		
(a) Adjustment for Qualifying Budget Credit				
KDHE Loan Proceeds Over Amount Budgeted			\$ <u>134,441</u>	

CITY OF OSBORNE, KANSAS
Airport 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	\$ 8,073	6,548	8,100	(1,552)
State Aid	64,344	30,824	-	30,824
Total Cash Receipts	<u>72,417</u>	<u>37,372</u>	<u>8,100</u>	<u>29,272</u>
Expenditures				
Contractual	16,961	7,211	20,000	(12,789)
Commodities	1,457	5,698	2,500	3,198
Capital Outlay	63,387	-	7,347	(7,347)
Miscellaneous	-	142	-	142
Total Expenditures	<u>81,805</u>	<u>13,051</u>	<u>29,847</u>	<u>(16,796)</u>
Cash Receipts Over (Under) Expenditures	(9,388)	24,321		
Unencumbered Cash - Beginning	<u>35,147</u>	<u>25,759</u>		
Unencumbered Cash - Ending	\$ <u>25,759</u>	<u>50,080</u>		

CITY OF OSBORNE, KANSAS
Economic Development Revolving Loan 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)

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Loan Repayments	\$ 63,067	113,672
Interest	1,612	955
Miscellaneous	-	1,052
	<u>64,679</u>	<u>115,679</u>
Total Cash Receipts	64,679	115,679
Expenditures		
Loans	<u>30,000</u>	<u>105,000</u>
Cash Receipts Over (Under) Expenditures	34,679	10,679
Unencumbered Cash - Beginning	<u>207,540</u>	<u>242,219</u>
Unencumbered Cash - Ending	<u>\$ 242,219</u>	<u>252,898</u>

CITY OF OSBORNE, KANSAS
Permanent Trust - Cemetery 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)

	<u>2011</u>	<u>2012</u>
Cash Receipts		
Cemetery Lots and Permits	\$ 50	900
Donations	-	<u>8,946</u>
Total Cash Receipts	50	9,846
Expenditures		
Capital Outlay	-	<u>21,201</u>
Cash Receipts Over (Under) Expenditures	50	(11,355)
Unencumbered Cash - Beginning	<u>33,786</u>	<u>33,836</u>
Unencumbered Cash - Ending	<u>\$ 33,836</u>	<u>22,481</u>

CITY OF OSBORNE, KANSAS
Permanent Trust - Park 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)

	<u>2011</u>	<u>2012</u>
Cash Receipts	\$ -	-
Expenditures	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	<u>2,396</u>	<u>2,396</u>
Unencumbered Cash - Ending	\$ <u><u>2,396</u></u>	<u><u>2,396</u></u>

CITY OF OSBORNE, KANSAS
Public Library
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)

	2011	2012
Cash Receipts		
CKLS	\$ 6,899	6,899
State Aid	675	609
Interest	528	235
Fines and Copies	2,823	3,517
Contributions	2,217	7,165
Grants	958	10,427
Appropriations From the City of Osborne	14,500	20,750
Miscellaneous	2,024	1,789
Total Cash Receipts	<u>30,624</u>	<u>51,391</u>
Expenditures		
Salaries	15,068	13,742
Utilities	1,393	877
Books, Periodicals, and Records	7,627	8,329
Supplies	1,614	1,162
Capital Outlay	4,243	3,481
Miscellaneous	2,866	3,848
Mileage	1,032	1,031
Cleaning	1,760	2,101
Total Expenditures	<u>35,603</u>	<u>34,571</u>
Cash Receipts Over (Under) Expenditures	(4,979)	16,820
Unencumbered Cash - Beginning	<u>34,880</u>	<u>29,901</u>
Unencumbered Cash - Ending	<u>\$ 29,901</u>	<u>46,721</u>