

CITY OF PLAINS, KANSAS

PRIMARY GOVERNMENT FINANCIAL STATEMENT AND SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2012

BYRON BIRD AND ASSOCIATES, CHARTERED
Certified Public Accountants
224 N. Lincoln
Liberal, Kansas 67901

CITY OF PLAINS, KANSAS
For the Year Ended December 31, 2012

TABLE OF CONTENTS

<u>Item</u>	<u>Page No.</u>
Independent Auditor's Report	I-II
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	III-IV
STATEMENT 1	
Summary Statement of Receipts, Expenditures and Unencumbered Cash - Regulatory Basis	1
Notes to the Financial Statement	2-7
REGULATORY - REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE 1	
Summary of Expenditures - Actual and Budget - Regulatory Basis	8
SCHEDULE 2	
Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis	
2-A General Fund	9
2-B Special Highway Fund	10
2-C Bond and Interest Fund	11
2-D Water Fund	12
2-E Refuse Fund	13
2-F Community Building	14
2-G Sewer Reserve	15
2-H Meter Deposit Fund	16



BYRON BIRD AND ASSOCIATES, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

620 - 624 - 1994
224 N. LINCOLN
LIBERAL, KANSAS 67901

Honorable Mayor and City Council
City of Plains
Plains, Kansas 67869

We have audited the accompanying summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of City of Plains, Kansas, a Municipal Financial Reporting Entity 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the applicable audit requirements of the Kansas Municipal Audit and Accounting Guide. Those standards and the Kansas Municipal Audit and Accounting Guide 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

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units 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 component units. The City has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Plains, 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 effect on the financial statement of the variances between these regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" 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 Plains, Kansas as of December 31, 2012, or changes in financial position and cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the primary government of the City of Plains, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2012 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, (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 2012 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 2012 basic financial statement. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 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 2012 basic financial statement or to the 2012 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 2012 supplementary information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Information

The 2011 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedule 2 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 basic financial statement upon which we rendered an unqualified opinion dated December 28, 2012. The 2011 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 basic financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 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 2011 basic financial statement or to the 2011 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 2011 comparative information is fairly stated in all material respects in relation to the 2011 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2013, on our consideration of City of Plains, Kansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Plains' internal control over financial reporting and compliance.

Byron Bird and Associates, Chartered
BYRON BIRD AND ASSOCIATES, CHARTERED
Liberal, Kansas
December 20, 2013



BYRON BIRD AND ASSOCIATES, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

620 - 624 - 1994
224 N. LINCOLN
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Mayor and City Council
City of Plains
Plains, Kansas 67869

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting Guide, the regulatory basis financial statement of City of Plains, Kansas, as of and for the year ended December 31, 2012, and the related notes to the financial statement, which collectively comprise the basic financial statement of the City of Plains primary government, and have issued our report thereon dated December 20, 2013. As described in Note 1, the City of Plains, Kansas prepares its financial statement on a regulatory basis of accounting that demonstrates compliance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered City of Plains, Kansas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the primary government financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Plains, Kansas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Plains, Kansas's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Plains, Kansas's financial statement will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, that we consider to be significant deficiencies. We found a lack of appropriate segregation of duties. This is the separation of employee responsibilities (custodial, recording, and authorizing) to prevent any one employee from committing and concealing irregularities. The city council does not have a corrective action plan due to cost and the current size of the City.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Plains, Kansas's primary government financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

City of Plains, Kansas Response to Findings

City of Plains, Kansas's response to the findings identified in our audit is described above. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Byron Bird and Associates, Chartered

BYRON BIRD AND ASSOCIATES, CHARTERED
Liberal, Kansas
December 20, 2013

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

Statement 1

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental Type Funds:							
General Fund:							
General Fund	\$ 247,135	-	563,729	604,445	206,419	32,100	238,519
Special Purpose Funds:							
Special Highway	58,659	-	29,532	-	88,191	-	88,191
Bond and Interest Funds:							
Bond and Interest	-	-	11,514	11,514	-	-	-
Capital Project Funds:							
Community Building	18,471	-	28,425	25,588	21,308	-	21,308
Sewer Reserve	18,618	-	35,320	41,358	12,580	-	12,580
Business Funds:							
Water Fund	188,142	-	208,442	223,303	173,281	153	173,434
Refuse Fund	9,295	-	81,263	80,258	10,300	-	10,300
Meter Deposit Fund	8,548	-	1,310	-	9,858	-	9,858
	<u>8,548</u>	<u>-</u>	<u>1,310</u>	<u>-</u>	<u>9,858</u>	<u>-</u>	<u>9,858</u>
Total Reporting Entity	\$ <u>548,868</u>	<u>-</u>	<u>959,535</u>	<u>986,466</u>	<u>521,937</u>	<u>32,253</u>	<u>554,190</u>
Composition of Cash:							
				Plains State Bank:			
				Checking		\$ 381,010	
				CDs		116,946	
				Meade State Bank:			
				CDs		<u>56,234</u>	
				Total Reporting Entity		\$ <u>554,190</u>	

(The Notes to the Financial Statement are an Integral Part of This Statement)

CITY OF PLAINS, KANSAS
Notes to the Financial Statement
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Municipal Financial Reporting Entity

The City of Plains is a municipal corporation governed by an elected five-member council. This financial statement presents only the activity of the City of Plains (the primary government). The related municipal entity is not included in the City's reporting entity.

Related Municipal Entity. The governing body of this related municipal entity is appointed by the City.

1. Housing Authority. The City of Plains 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. Financial statements for the housing authority can be obtained from Steve Kerr, 106 S. 6th, Cimarron, KS 67835.

B. Basis of Accounting

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

The municipality 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 municipality to use the regulatory basis of accounting.

C. Regulatory Basis Fund Types

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

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

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

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

CITY OF PLAINS, KANSAS
Notes to the Financial Statement
December 31, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

D. Tax Cycle

The County Clerk must calculate the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the clerk certifies the tax roll to the County Treasurer, who prepares tax statements and receives payments.

These taxes become a lien against all property on November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at 18% per annum. This interest is retained by the County.

Taxes levied to finance the budget are made available to the City after January 1st and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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.

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.

CITY OF PLAINS, KANSAS
Notes to the Financial Statement
December 31, 2012

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

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, and the meter deposit 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.

Budgetary Comparisons

Schedule 2 presents budgetary comparisons of the actual data on the budgetary basis, which includes encumbrances, with the legally adopted budget.

Compliance with Finance – Related Legal and Contractual Provisions

Management is not aware of any material violations of finance related legal and contractual provisions for the year ended December 31, 2012.

NOTE 3: DEPOSITS AND INVESTMENTS

The City had no investments during the year ended December 31, 2012.

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

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

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

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

CITY OF PLAINS, KANSAS
Notes to the Financial Statement
December 31, 2012

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2012 the City's carrying amount of deposits was \$554,190. The bank balance was \$610,917. The bank balance was held by two banks resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is due to outstanding checks and deposits in transit. Of the bank balance, \$306,234 was covered by FDIC insurance and \$304,683 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank and the independent third-party bank holding the pledged securities.

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

NOTE 4: DEFINED BENEFIT PENSION PLAN

Plan description. The City of Plains participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. 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. 74-4921 establishes 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 of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the statutory required employers share.

NOTE 5: VACATION AND COMPENSATED ABSENCES

The City's liability arising from vacation and compensated absences is \$33,405 as of December 31, 2012.

NOTE 6: 2011 FINANCIAL DATA

The amounts shown for FYE 2011 in the accompanying financial statement is included, where practicable, only to provide a basis for comparison with FYE 2012, and are not intended to present information necessary for a fair presentation.

CITY OF PLAINS, KANSAS
Notes to the Financial Statement
December 31, 2012

NOTE 7: CAPITAL PROJECTS

The only expenditures in Sewer Reserve Fund for the year ended December 31, 2012 were starting expenditures for the sewer improvements that will be financed by a KDHE revolving loan starting in 2013. This loan agreement was approved on May 8, 2012 for the amount of \$659,191 and amended on May 13, 2013 to the amount of \$756,588.

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruptions; errors and omission; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 9: OTHER POST EMPLOYMENT BENEFITS

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 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.

NOTE 10: INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Authority</u>	<u>Amount</u>
Water Fund	Bond and Interest Fund	K.S.A. 12-825d	\$ 11,514

NOTE 11: ACCOUNTS PAYABLE

There is a possibility that the \$32,100 in accounts payable will be cancelled in the future. This is to pay for pool repairs that were done incorrectly and not yet corrected.

NOTE 12: SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

CITY OF PLAINS, KANSAS
Notes to the Financial Statement
December 31, 2012

NOTE 13: GENERAL LONG-TERM DEBT

The City of Plains issued general obligation bonds in the amount of \$111,000 on June 1, 2004. These bonds plus interest will be repaid out of the water fund annually through 2014.

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:									
Series 2004	1.75 - 4.00	6/1/2004	\$111,000	12/1/2014	<u>\$ 40,000</u>	-	<u>10,000</u>	<u>30,000</u>	<u>1,513</u>
Total Long-Term Debt					<u>\$ 40,000</u>	-	<u>10,000</u>	<u>30,000</u>	<u>1,513</u>

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

	<u>2013</u>	<u>2014</u>	<u>Total</u>
PRINCIPAL			
General Obligation Bonds	<u>15,000</u>	<u>15,000</u>	<u>\$ 30,000</u>
INTEREST			
General Obligation Bonds	<u>1,163</u>	<u>600</u>	<u>\$ 1,763</u>
Total Principal and Interest	<u>16,163</u>	<u>15,600</u>	<u>\$ 31,763</u>

REGULATORY - REQUIRED
SUPPLEMENTARY INFORMATION

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

Schedule 1

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
Governmental Type Funds:					
General Fund:					
General	\$ 709,956	-	709,956	604,445	(105,511)
Special Purpose Funds:					
Special Highway	67,791	-	67,791	-	(67,791)
Bond and Interest Funds:					
Bond and Interest Fund	11,514	-	11,514	11,514	-
Business Funds:					
Water Fund	271,331	-	271,331	223,303	(48,028)
Refuse Fund	93,060	-	93,060	80,258	(12,802)

(See Independent Auditor's Report)

CITY OF PLAINS, KANSAS

General Fund

Schedule 2-A

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2012

(with Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year <u>Actual</u>	Current Year		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenue:				
Ad Valorem Property Tax	\$ 234,203	234,711	244,798	(10,087)
Delinquent Tax	12,547	6,844	2,500	4,344
Motor Vehicle Tax	59,335	65,427	65,874	(447)
Recreational Vehicle Tax	1,225	1,097	1,346	(249)
16/20M Vehicle Tax	1,878	1,785	1,879	(94)
Local Alcoholic Liquor Tax	113	-	700	(700)
Local Sales & Compensating Use Tax	93,119	90,020	62,000	28,020
Franchise Tax	85,444	80,516	60,000	20,516
Licenses, Fees and Permits	1,724	2,168	5,000	(2,832)
Rent	281	359	-	359
Miscellaneous	1,976	2,701	-	2,701
Sewer Charges	38,343	49,692	40,000	9,692
Trash Dumpster	9,258	9,558	10,000	(442)
Park and Pool	16,141	9,533	15,000	(5,467)
Golf Course	8,225	7,426	15,000	(7,574)
Interest	1,965	1,892	-	1,892
Total Cash Receipts	<u>565,777</u>	<u>563,729</u>	<u>524,097</u>	<u>39,632</u>
Expenditures:				
Salaries	163,864	164,678	185,000	(20,322)
Employee Benefits	64,568	75,234	69,000	6,234
Contractual	-	5,513	1,000	4,513
Office Supplies	7,374	6,143	10,000	(3,857)
Improvements	-	30,303	27,000	3,303
Telephone	12,752	14,993	15,000	(7)
Legal and Printing	9,785	13,584	20,000	(6,416)
Street Lights	17,963	18,609	22,000	(3,391)
Utilities	19,704	19,044	30,000	(10,956)
Insurance	22,001	22,403	25,000	(2,597)
Equipment Expense	-	40,400	45,000	(4,600)
Fire Department	6,399	9,803	12,000	(2,197)
Park	68,963	35,640	54,000	(18,360)
Sewer	14,306	49,542	50,000	(458)
Accounting and Audit	8,280	8,150	9,000	(850)
Fuel	7,786	9,069	10,000	(931)
Shop Supplies	-	-	5,000	(5,000)
Trash Rolloff Dumpster	15,222	18,676	15,956	2,720
Repairs and Maintenance	31,681	49,436	55,000	(5,564)
Street Repair	525	1,047	-	1,047
Golf Course	21,281	7,657	25,000	(17,343)
Travel and Education	1,881	50	6,000	(5,950)
Building Construction	-	-	14,000	(14,000)
Miscellaneous	2,981	4,471	5,000	(529)
Total Expenditures	<u>497,316</u>	<u>604,445</u>	<u>709,956</u>	<u>(105,511)</u>
Cash Receipts Over (Under) Expenditures	68,461	(40,716)		
Unencumbered Cash, Beginning	<u>178,674</u>	<u>247,135</u>		
Unencumbered Cash, Ending	\$ <u>247,135</u>	<u>206,419</u>		

(See Independent Auditor's Report)

CITY OF PLAINS, KANSAS

Special Highway Fund

Schedule 2-B

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2012

(with Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year <u>Actual</u>	<u>Current Year</u>		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenue:				
Gas Tax	\$ <u>29,437</u>	<u>29,532</u>	<u>29,890</u>	<u>(358)</u>
Total Cash Receipts	<u>29,437</u>	<u>29,532</u>	<u>29,890</u>	<u>(358)</u>
Expenditures:				
Street Improvements	<u>19,210</u>	<u>-</u>	<u>67,791</u>	<u>(67,791)</u>
Total Expenditures	<u>19,210</u>	<u>-</u>	<u>67,791</u>	<u>(67,791)</u>
Cash Receipts Over (Under) Expenditures	10,227	29,532		
Unencumbered Cash, Beginning	<u>48,432</u>	<u>58,659</u>		
Unencumbered Cash, Ending	\$ <u>58,659</u>	<u>88,191</u>		

(See Independent Auditor's Report)

CITY OF PLAINS, KANSAS

Bond and Interest Fund

Schedule 2-C

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	Current Year		Variance
	Year			Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Cash Receipts				
Transfer from Water Fund	\$ 11,838	11,514	11,514	-
Total Cash Receipts	<u>11,838</u>	<u>11,514</u>	<u>11,514</u>	<u>-</u>
Expenditures:				
Bond Principal	10,000	10,000	10,000	-
Bond Interest	1,837	1,513	1,514	(1)
Miscellaneous	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total Expenditures	<u>11,838</u>	<u>11,514</u>	<u>11,514</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	\$ <u><u>-</u></u>	<u><u>-</u></u>		

(See Independent Auditor's Report)

CITY OF PLAINS, KANSAS

Water Fund

Schedule 2-D

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)

		Current Year		
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts				
Charges for Services	\$ 204,424	208,442	180,000	28,442
Miscellaneous	-	-	-	-
Reimbursements	-	-	-	-
	<u>204,424</u>	<u>208,442</u>	<u>180,000</u>	<u>28,442</u>
Total Cash Receipts				
	<u>204,424</u>	<u>208,442</u>	<u>180,000</u>	<u>28,442</u>
Expenditures:				
Salaries	20,329	20,758	30,000	(9,242)
Employee Benefits	8,099	9,722	20,000	(10,278)
Plant Supplies	-	-	22,317	(22,317)
Equipment Expense	300	-	-	-
Repairs and Maintenance	44,684	43,175	65,000	(21,825)
Meters	-	-	-	-
Fuel and Utilities	33,389	30,417	30,000	417
Improvements and Equipment	-	102,856	80,000	22,856
Office Supplies	2,497	2,815	5,000	(2,185)
Meter Deposit Interest	434	523	-	523
Sales Tax	169	160	-	160
Travel and Education	856	1,363	5,000	(3,637)
Transfer to Bond & Interest	11,838	11,514	11,514	-
Miscellaneous	130	-	2,500	(2,500)
	<u>122,725</u>	<u>223,303</u>	<u>271,331</u>	<u>(48,028)</u>
Total Expenditures				
	<u>122,725</u>	<u>223,303</u>	<u>271,331</u>	<u>(48,028)</u>
Cash Receipts Over (Under) Expenditures	81,699	(14,861)		
Unencumbered Cash, Beginning	<u>106,443</u>	<u>188,142</u>		
Unencumbered Cash, Ending	\$ <u>188,142</u>	<u>173,281</u>		

(See Independent Auditor's Report)

CITY OF PLAINS, KANSAS

Refuse Fund

Schedule 2-E

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)

		Current Year		
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts				
Charges for Services	\$ <u>75,772</u>	<u>81,263</u>	<u>85,000</u>	<u>(3,737)</u>
Total Cash Receipts	<u>75,772</u>	<u>81,263</u>	<u>85,000</u>	<u>(3,737)</u>
Expenditures:				
Disposal	<u>74,414</u>	<u>80,258</u>	<u>93,060</u>	<u>(12,802)</u>
Total Expenditures	<u>74,414</u>	<u>80,258</u>	<u>93,060</u>	<u>(12,802)</u>
Cash Receipts Over (Under) Expenditures	1,358	1,005		
Unencumbered Cash, Beginning	<u>7,937</u>	<u>9,295</u>		
Unencumbered Cash, Ending	\$ <u>9,295</u>	<u>10,300</u>		

(See Independent Auditor's Report)

CITY OF PLAINS, KANSAS

Community Building

Schedule 2-F

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>Prior Year</u>	<u>Current Year</u>
Cash Receipts:		
Rent	\$ 4,255	2,470
Donations	<u>30,673</u>	<u>25,955</u>
Total Cash Receipts	<u>34,928</u>	<u>28,425</u>
Expenditures:		
Utilities	3,373	5,160
Repairs and Maintenance	2,726	3,116
Building Construction	-	-
Grant Administrative Services	-	-
Miscellaneous	542	139
Improvements	<u>9,816</u>	<u>17,173</u>
Total Expenditures	<u>16,457</u>	<u>25,588</u>
Cash Receipts Over (Under) Expenditures	18,471	2,837
Unencumbered Cash, Beginning	<u>-</u>	<u>18,471</u>
Unencumbered Cash, Ending	\$ <u>18,471</u>	<u>21,308</u>

(See Independent Auditor's Report)

CITY OF PLAINS, KANSAS

Sewer Reserve

Schedule 2-G

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>Prior Year</u>	<u>Current Year</u>
Cash Receipts:		
Sewer Charges	\$ -	<u>35,320</u>
Total Cash Receipts	<u>-</u>	<u>35,320</u>
Expenditures:		
Improvements	<u>-</u>	<u>41,358</u>
Total Expenditures	<u>-</u>	<u>41,358</u>
Cash Receipts Over (Under) Expenditures	-	(6,038)
Unencumbered Cash, Beginning	<u>18,618</u>	<u>18,618</u>
Unencumbered Cash, Ending	\$ <u><u>18,618</u></u>	<u><u>12,580</u></u>

(See Independent Auditor's Report)

CITY OF PLAINS, KANSAS

Meter Deposit Fund

Schedule 2-H

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>Prior Year</u>	<u>Current Year</u>
Cash Receipts:		
Meter Deposits	\$ <u>480</u>	<u>1,310</u>
Total Cash Receipts	<u>480</u>	<u>1,310</u>
Expenditures:		
Deposit Refunds	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	480	1,310
Unencumbered Cash, Beginning	<u>8,068</u>	<u>8,548</u>
Unencumbered Cash, Ending	\$ <u><u>8,548</u></u>	<u><u>9,858</u></u>

(See Independent Auditor's Report)