

CITY OF STAFFORD, KANSAS

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2012

CITY OF STAFFORD, KANSAS
 Primary Government Financial Statement With Independent Auditors' Report
 For the Year Ended December 31, 2012

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Phone (620)792-2428 ■ Fax (620)792-5559 ■ www.abbb.com
Bank of America Building ■ 2006 Broadway, Suite 2A
P.O. Drawer J ■ Great Bend, Kansas 67530

Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Stafford, Kansas
Stafford, Kansas

We have audited the accompanying primary government summary statement of regulatory basis receipts, expenditures, and unencumbered cash of **City of Stafford, 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 does not include financial data for the City's legally separate related municipal entities, Stafford Housing Authority and Nora E. Larabee Memorial Library. Accounting principles generally accepted in the United States of America require financial data for those related municipal entities to be reported with the financial data of the City's primary government unless the City

also issues 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. The effect on the financial statement of this departure from accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

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 Stafford, 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 Stafford, Kansas** to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on 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" paragraphs, 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 Stafford, 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 Stafford, 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, individual fund schedules of receipts and expenditures, and summary of receipts and disbursements (Schedules 1, 2 and 3 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 financial statement as a whole.

Adams, Brown, Beran & Ball, Chtd.

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

July 22, 2013

CITY OF STAFFORD, 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 Fund Types | | | | | | | |
| General Fund | \$ 253,986 | - | 493,776 | 512,145 | 235,617 | 15,678 | 251,295 |
| Special Purpose Funds | | | | | | | |
| Library Fund | 2,081 | - | 19,407 | 19,407 | 2,081 | - | 2,081 |
| Fire Equipment Reserve Fund | 60,090 | - | 5,724 | 162 | 65,652 | - | 65,652 |
| Airport Fund | 28,560 | - | 35,383 | 40,304 | 23,639 | 8,410 | 32,049 |
| Special Parks and Recreation Fund | 8,983 | - | 666 | - | 9,649 | - | 9,649 |
| Special Highway Fund | 107,957 | - | 56,798 | 123,411 | 41,344 | - | 41,344 |
| Mini Bus Fund | 3,944 | - | - | 3,944 | - | - | - |
| Equipment Reserve Fund | 31,511 | - | 5,608 | 33,600 | 3,519 | - | 3,519 |
| Capital Improvement Fund | 73,989 | - | 21,608 | - | 95,597 | - | 95,597 |
| Centennial Fund | 1,292 | - | - | - | 1,292 | - | 1,292 |
| Community Education Fund | 7,831 | - | 4,206 | 7,056 | 4,981 | 3,165 | 8,146 |
| City Attorney Diversion Fund | 2,322 | - | 206 | - | 2,528 | - | 2,528 |
| Business Funds | | | | | | | |
| Power Plant Reserve Fund | 161,084 | - | - | - | 161,084 | - | 161,084 |
| Ritz Theatre Fund | 2,487 | - | 17,843 | 22,469 | (2,139) | 999 | (1,140) |
| Water and Light Fund | 461,943 | - | 1,867,866 | 1,334,439 | 995,370 | 42,237 | 1,037,607 |
| Sewer Service Fund | 211,603 | - | 98,279 | 57,733 | 252,149 | - | 252,149 |
| Trash Fund | 5,332 | - | 109,555 | 106,320 | 8,567 | 9,035 | 17,602 |
| Total Primary Government (Excluding Agency Fund) | <u>\$ 1,424,995</u> | <u>-</u> | <u>2,736,925</u> | <u>2,260,990</u> | <u>1,900,930</u> | <u>79,524</u> | <u>1,980,454</u> |
| | | | Composition of Cash | | | | |
| | | | | | | | \$ 790,050 |
| | | | | | | | 24,135 |
| | | | | | | | 1,187,437 |
| | | | | | | | 100 |
| | | | | | | | 2,001,722 |
| | | | | | | | (21,268) |
| | | | | | | | <u>\$ 1,980,454</u> |

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Stafford, 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 Mayor and five-member council. This financial statement does not include the related municipal entities shown below. A related municipal entity is an entity established to benefit the City and/or its constituents.

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.

Public Library

The City's Library Board operates the Nora E. Larabee Memorial 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. The Board's members are appointed by the City Council. The City substantially funds the Board's operations by levying tax dollars for the library. Unaudited financial statements can be obtained by contacting the library.

The City is the primary government as defined in 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 STAFFORD, KANSAS
Notes to Financial Statement
December 31, 2012

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.

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.).

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

Basis of Accounting

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

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

Departure From Accounting Principles Generally Accepted in the United States of America

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

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

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 agency fund 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 purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Equipment Reserve Fund, Centennial Fund, Community Education Fund, City Attorney Diversion Fund, Community Development Block Grant Fund and Tire Product Grant 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.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

City of Stafford, 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 legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$2,001,722 and the bank balance was \$2,105,182. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$262,250 was covered by federal depository insurance and \$1,842,932 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2012.

NOTE 4 – INTERFUND TRANSFERS

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

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

| From | To | Regulatory Authority | Amount |
|----------------------|------------------------|-------------------------|-----------|
| Water and Light Fund | General Fund | K.S.A. 12-825d | \$ 75,000 |
| Water and Light Fund | Special Highway Fund | K.S.A. 12-825d | 30,000 |
| Water and Light Fund | Equipment Reserve Fund | K.S.A. 12-825d | 5,000 |
| Water and Light Fund | Ritz Theatre Fund | K.S.A. 12-825d | 5,000 |
| Sewer Service Fund | General Fund | K.S.A. 12-825d | 50,000 |
| Mini Bus Fund | General Fund | Closing Fund | 3,944 |
| Trash Fund | General Fund | K.S.A. 12-825d | 1,000 |

NOTE 5 – LITIGATION

City of Stafford, 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 6 – RISK MANAGEMENT

City of Stafford, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other counties in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 150 participating members.

The City pays an annual premium to KMIT for its workers' compensation insurance coverage. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT's management.

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

NOTE 7 – GRANTS AND SHARED REVENUES

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

NOTE 8 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

City of Stafford, Kansas did not publish the financial statements annually by the due date, showing by fund the beginning and ending balances, receipts and expenditures along with obligation/liability information, which is a violation of K.S.A. 12-1608.

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

The City exceeded the adopted budget of expenditures in the Trash Fund by \$2,809 and the Ritz Theatre Fund by \$774, which is a violation of K.S.A. 79-2935.

The City did not allocate local alcohol tax revenue equally between the General Fund and Special Parks and Recreation Fund, which is a violation of K.S.A. 79-41a04.

The City violated the cash basis law which requires no indebtedness be created in excess of available monies in that fund per K.S.A. 10-1113. The Ritz Theatre Fund had a negative unencumbered cash balance of \$2,139 as of December 31, 2012.

NOTE 9 – OPERATING LEASES

On May 24, 2010, **City of Stafford, Kansas** entered into a lease agreement with Office Products Incorporated to lease a copier. The agreement calls for monthly payments of \$76 for 55 months. Payments totaling \$909 were made in 2012. Future scheduled payments to maturity are as follows:

| Year | Amount |
|--------------|-----------------|
| 2013 | \$ 909 |
| 2014 | 909 |
| 2015 | 76 |
| Total | \$ 1,894 |

On May 12, 2011, **City of Stafford, Kansas** entered into a lease agreement with Pitney Bowes to lease a postage meter. The agreement calls for quarterly payments of \$174 for 60 months. Payments totaling \$696 were made in 2012. Future scheduled payments to maturity are as follows:

| Year | Amount |
|--------------|-----------------|
| 2013 | \$ 696 |
| 2014 | 696 |
| 2015 | 696 |
| 2016 | 348 |
| Total | \$ 2,436 |

NOTE 10 – DEFERRED COMPENSATION PLAN

City of Stafford, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The City is not required to make any contributions.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description

City of Stafford, 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

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

includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66602) or by calling 1-888-275-5727.

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 Stafford, 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.

NOTE 13 – COMPENSATED ABSENCES

Vacation

City of Stafford, Kansas' policy regarding vacation is that a full-time employee will accrue 8 hours per month for the first 10 years of employment. After 10 years, 12 hours per month of vacation is accrued. After 20 years, 16 hours per month of vacation is accrued. Employees are allowed to carry over no more than 18 days of vacation from one year to the next for the first 10 years of employment. After 10 years, employees are allowed to carry over no more than 27 days of vacation from one year to the next. After 20 years, employees are allowed to carry over no more than 36 days of vacation from one year to the next. Upon termination, an employee shall be compensated for all earned but unused vacation at their final rate of pay. The potential liability for vacation at December 31, 2012 was \$21,648. This is not reflected in the financial statement.

Sick Leave

The City's policy regarding sick leave is that a full-time employee can accumulate sick leave at 8 hours per month worked up to a maximum of 90 days, which is cancelled upon the termination of the employee. The potential liability for sick leave at December 31, 2012 was \$52,774. This is not reflected in the financial statement.

NOTE 14 – LONG-TERM DEBT

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

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

Capital Leases Payable

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.

Loan Warrants

The City has loan warrants from the Fireman's Relief Association. The funds were used to build a fire station.

CITY OF STAFFORD, 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 | Net Change | Balance End of Year | Interest Paid |
|---------------------------------------|----------------|---------------|-----------------|------------------------|---------------------------|-----------|-------------------------|------------|---------------------|---------------|
| Loan Warrants Payable | 3.00% | 01/02/2003 | \$ 50,000 | 01/02/2012 | \$ 5,000 | - | 5,000 | | - | 76 |
| Capital Leases Payable | | | | | | | | | | |
| Asphalt Zipper | 3.25% | 05/22/2009 | 87,445 | 05/22/2014 | 55,277 | - | 14,253 | | 41,024 | 6,259 |
| JCB 3CX 4 Wheel Loader Backhoe | 3.45% | 08/16/2010 | 63,850 | 08/16/2015 | 51,993 | - | 12,473 | | 39,520 | 1,669 |
| 2 2010 Ford F-150 Pickups | 4.59% | 11/10/2010 | 55,756 | 11/10/2014 | 35,619 | - | 13,520 | | 22,099 | 2,091 |
| Total Contractual Indebtedness | | | | | \$ 147,889 | - | 45,246 | - | 102,643 | 10,095 |

Current maturities of long-term debt and interest for the next three years through maturity are as follows:

| | YEAR | | | Total |
|-------------------------------------|------------------|---------------|---------------|----------------|
| | 2013 | 2014 | 2015 | |
| Principal | | | | |
| Capital Leases Payable | \$ 45,324 | 43,797 | 13,522 | 102,643 |
| Interest | | | | |
| Capital Leases Payable | 4,942 | 2,647 | 467 | 8,056 |
| Total Principal and Interest | \$ 50,266 | 46,444 | 13,989 | 110,699 |

CITY OF STAFFORD, KANSAS

Regulatory-Required Supplementary Information

CITY OF STAFFORD, 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 Fund Types | | | | | |
| General Fund | \$ 651,871 | - | 651,871 | 512,145 | (139,726) |
| Special Purpose Funds | | | | | |
| Library Fund | 19,814 | - | 19,814 | 19,407 | (407) |
| Fire Equipment Reserve Fund | 43,747 | - | 43,747 | 162 | (43,585) |
| Airport Fund | 16,274 | 29,238 | 45,512 | 40,304 | (5,208) |
| Special Parks and Recreation Fund | 7,198 | - | 7,198 | - | (7,198) |
| Special Highway Fund | 165,483 | - | 165,483 | 123,411 | (42,072) |
| Mini Bus Fund | 3,942 | - | 3,942 | 3,944 | 2 |
| Capital Improvement Fund | 67,307 | - | 67,307 | - | (67,307) |
| Business Funds | | | | | |
| Ritz Theatre Fund | 21,695 | - | 21,695 | 22,469 | 774 |
| Water and Light Fund | 1,674,028 | - | 1,674,028 | 1,334,439 | (339,589) |
| Sewer Service Fund | 196,832 | - | 196,832 | 57,733 | (139,099) |
| Trash Fund | 103,511 | - | 103,511 | 106,320 | 2,809 |

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

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|-----------------|----------------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Taxes and Shared Revenues | | | | |
| Ad Valorem Property | \$ 129,286 | 172,405 | 183,137 | (10,732) |
| Delinquent | 3,031 | 8,349 | 5,000 | 3,349 |
| Motor Vehicle | 40,515 | 40,772 | 26,685 | 14,087 |
| Recreational Vehicle | 673 | 903 | 351 | 552 |
| 16/20 M Vehicle | 687 | 1,110 | 714 | 396 |
| Local Alcohol Liquor | 1,185 | 666 | 1,200 | (534) |
| County Sales | 65,612 | 67,761 | 60,000 | 7,761 |
| Franchise Tax | 27,005 | 27,328 | 30,000 | (2,672) |
| Intangible Tax | 8,593 | 5,793 | 5,861 | (68) |
| In Lieu of Tax | 2,442 | - | 2,600 | (2,600) |
| Transient Guest Tax | - | 335 | - | 335 |
| Fines and Forfeitures | 9,076 | 5,597 | 6,000 | (403) |
| Licenses and Permits | 2,072 | 1,235 | 1,500 | (265) |
| Swimming Pool | 5,893 | 3,807 | 4,000 | (193) |
| Reimbursed Expenses | 12,608 | 11,376 | 2,000 | 9,376 |
| Leases and Rentals | 4,522 | 6,899 | 7,000 | (101) |
| Interest | 5,291 | 7,148 | 6,000 | 1,148 |
| Mowing and Other | 1,471 | 2,348 | 2,050 | 298 |
| Transfers In | 278,773 | 129,944 | 129,942 | 2 |
| Total Cash Receipts | 598,735 | 493,776 | 474,040 | 19,736 |
| Expenditures | | | | |
| General Administrative | 55,169 | 68,843 | 48,000 | 20,843 |
| Public Safety | | | | |
| Fire Department | 30,223 | 29,130 | 42,576 | (13,446) |
| Police Department | 201,319 | 197,116 | 180,956 | 16,160 |
| Parks and Recreation | 4,874 | 24,910 | 43,000 | (18,090) |
| Swimming Pool | 29,067 | 31,494 | 42,924 | (11,430) |
| Public Works | 107,318 | 79,543 | 53,013 | 26,530 |
| Employee Benefits | 116,832 | 53,294 | 209,000 | (155,706) |
| Neighborhood Revitalization | 4,040 | 10,318 | 10,402 | (84) |
| Capital Outlay | 4,377 | 3,399 | - | 3,399 |
| Other | 4,081 | 14,098 | 22,000 | (7,902) |
| Total Expenditures | 557,300 | 512,145 | 651,871 | (139,726) |
| Cash Receipts Over (Under) Expenditures | 41,435 | (18,369) | | |
| Unencumbered Cash - Beginning | 212,491 | 253,986 | | |
| Prior Year Cancelled Encumbrances | 60 | - | | |
| Unencumbered Cash - Ending | \$ 253,986 | 235,617 | | |

CITY OF STAFFORD, 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 | | | | |
| Taxes and Shared Revenues | | | | |
| Ad Valorem Property | \$ 14,058 | 15,254 | 16,202 | (948) |
| Delinquent | 225 | 782 | 100 | 682 |
| Motor Vehicle | 3,251 | 3,213 | 2,902 | 311 |
| Recreational Vehicle | 54 | 71 | 38 | 33 |
| 16/20 M Vehicle | 74 | 87 | 78 | 9 |
| Total Cash Receipts | <u>17,662</u> | <u>19,407</u> | <u>19,320</u> | <u>87</u> |
| Expenditures | | | | |
| Appropriations to Library Board | 17,223 | 18,494 | 19,000 | (506) |
| Neighborhood Revitalization | 439 | 913 | 814 | 99 |
| Total Expenditures | <u>17,662</u> | <u>19,407</u> | <u>19,814</u> | <u>(407)</u> |
| Cash Receipts Over (Under) Expenditures | - | - | | |
| Unencumbered Cash - Beginning | <u>2,081</u> | <u>2,081</u> | | |
| Unencumbered Cash - Ending | \$ <u>2,081</u> | <u>2,081</u> | | |

CITY OF STAFFORD, KANSAS
Fire Equipment 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 | | | | |
| Taxes and Shared Revenues | | | | |
| Ad Valorem Property | \$ 40,701 | 2,688 | 2,856 | (168) |
| Delinquent | 243 | 1,348 | 100 | 1,248 |
| Motor Vehicle | 1,518 | 1,528 | 8,401 | (6,873) |
| Recreational Vehicle | 25 | 34 | 111 | (77) |
| 16/20 M Vehicle | 216 | 42 | 225 | (183) |
| Interest | 109 | 84 | 100 | (16) |
| Total Cash Receipts | 42,812 | 5,724 | 11,793 | (6,069) |
| Expenditures | | | | |
| Equipment and Maintenance | - | - | 43,595 | (43,595) |
| Neighborhood Revitalization | 1,271 | 162 | 152 | 10 |
| Total Expenditures | 1,271 | 162 | 43,747 | (43,585) |
| Cash Receipts Over (Under) Expenditures | 41,541 | 5,562 | | |
| Unencumbered Cash - Beginning | 18,549 | 60,090 | | |
| Unencumbered Cash - Ending | \$ 60,090 | 65,652 | | |

CITY OF STAFFORD, 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 | | | | |
| Taxes and Shared Revenues | | | | |
| Ad Valorem Property | \$ 11 | 406 | 431 | (25) |
| Delinquent | - | 18 | - | 18 |
| Motor Vehicle | 190 | 191 | - | 191 |
| Recreational Vehicle | 3 | 4 | - | 4 |
| 16/20 M Vehicle | - | 5 | - | 5 |
| State Aid | - | 29,238 | - | 29,238 |
| Sale of Crops and Hangar Rental | 2,205 | 5,410 | 2,000 | 3,410 |
| Interest | 203 | 111 | 500 | (389) |
| Other | 548 | - | - | - |
| Total Cash Receipts | 3,160 | 35,383 | 2,931 | 32,452 |
| Expenditures | | | | |
| Personal Services | - | - | 3,750 | (3,750) |
| Health Insurance and Benefits | - | - | 1,000 | (1,000) |
| Contractual Services | 3,538 | 40,128 | 8,500 | 31,628 |
| Commodities | 186 | 152 | 1,000 | (848) |
| Neighborhood Revitalization | - | 24 | 24 | - |
| Capital Outlay | - | - | 2,000 | (2,000) |
| (a) Adjustment for Qualifying Budget Credit | - | - | 29,238 | (29,238) |
| Total Expenditures | 3,724 | 40,304 | 45,512 | (5,208) |
| Cash Receipts Over (Under) Expenditures | (564) | (4,921) | | |
| Unencumbered Cash - Beginning | 29,124 | 28,560 | | |
| Unencumbered Cash - Ending | \$ 28,560 | 23,639 | | |
| (a) Adjustment for Qualifying Budget Credit | | | | |
| State Aid Over Amount Budgeted | | | \$ 29,238 | |

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

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|--------------|--------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Taxes and Shared Revenues | | | | |
| Local Alcohol Liquor | \$ 1,185 | 666 | 1,200 | (534) |
| Expenditures | | | | |
| Contractual Services | - | - | 1,000 | (1,000) |
| Commodities | - | - | 1,000 | (1,000) |
| Capital Outlay | - | - | 5,198 | (5,198) |
| Total Expenditures | - | - | 7,198 | (7,198) |
| Cash Receipts Over (Under) Expenditures | 1,185 | 666 | | |
| Unencumbered Cash - Beginning | 7,798 | 8,983 | | |
| Unencumbered Cash - Ending | \$ 8,983 | 9,649 | | |

CITY OF STAFFORD, 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 | | | | |
| Taxes and Shared Revenues | | | | |
| State Gasoline Tax | \$ 27,062 | 26,798 | 28,110 | (1,312) |
| Transfers In | 82,000 | 30,000 | 60,000 | (30,000) |
| Total Cash Receipts | 109,062 | 56,798 | 88,110 | (31,312) |
| Expenditures | | | | |
| Personal Services | 5,770 | - | 8,500 | (8,500) |
| Health Insurance and Benefits | 1,795 | - | 4,000 | (4,000) |
| Commodities | 42,040 | 123,411 | 150,000 | (26,589) |
| Equipment | - | - | 2,983 | (2,983) |
| Total Expenditures | 49,605 | 123,411 | 165,483 | (42,072) |
| Cash Receipts Over (Under) Expenditures | 59,457 | (66,613) | | |
| Unencumbered Cash - Beginning | 48,500 | 107,957 | | |
| Unencumbered Cash - Ending | \$ 107,957 | 41,344 | | |

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

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | \$ - | - |
| Expenditures | | |
| Unemployment Insurance | 764 | - |
| Transfers Out | 42,226 | - |
| Total Expenditures | <u>42,990</u> | <u>-</u> |
| Cash Receipts Over (Under) Expenditures | (42,990) | - |
| Unencumbered Cash - Beginning | <u>42,990</u> | <u>-</u> |
| Unencumbered Cash - Ending | <u><u>\$ -</u></u> | <u><u>-</u></u> |

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

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|----------------|--------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | \$ - | - | - | - |
| Expenditures | | | | |
| Transfers Out | 1,248 | 3,944 | 3,942 | 2 |
| Cash Receipts Over (Under) Expenditures | (1,248) | (3,944) | | |
| Unencumbered Cash - Beginning | 5,192 | 3,944 | | |
| Unencumbered Cash - Ending | \$ 3,944 | - | | |

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

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | \$ - | - |
| Expenditures | | |
| Employee Claims | 25 | - |
| Transfers Out | 99,299 | - |
| Total Expenditures | <u>99,324</u> | <u>-</u> |
| Cash Receipts Over (Under) Expenditures | (99,324) | - |
| Unencumbered Cash - Beginning | <u>99,324</u> | <u>-</u> |
| Unencumbered Cash - Ending | <u>\$ -</u> | <u>-</u> |

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

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| Interest | \$ 1,050 | 608 |
| Transfers In | 5,000 | 5,000 |
| Total Cash Receipts | 6,050 | 5,608 |
| Expenditures | | |
| Capital Outlay | - | 33,600 |
| Cash Receipts Over (Under) Expenditures | 6,050 | (27,992) |
| Unencumbered Cash - Beginning | 25,461 | 31,511 |
| Unencumbered Cash - Ending | \$ 31,511 | 3,519 |

CITY OF STAFFORD, KANSAS
Capital Improvement 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 | | | | |
| User Fees | \$ 22,184 | 21,608 | 22,000 | (392) |
| Expenditures | | | | |
| Capital Outlay | 36,099 | - | 57,307 | (57,307) |
| Swimming Pool Repairs | - | - | 10,000 | (10,000) |
| Total Expenditures | 36,099 | - | 67,307 | (67,307) |
| Cash Receipts Over (Under) Expenditures | (13,915) | 21,608 | | |
| Unencumbered Cash - Beginning | 87,904 | 73,989 | | |
| Unencumbered Cash - Ending | \$ 73,989 | 95,597 | | |

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

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| Interest | \$ 26 | - |
| Expenditures | | |
| Capital Outlay | 3,000 | - |
| Cash Receipts Over (Under) Expenditures | (2,974) | - |
| Unencumbered Cash - Beginning | 4,266 | 1,292 |
| Unencumbered Cash - Ending | \$ 1,292 | 1,292 |

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

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| Donations | \$ 1,558 | 1,350 |
| Sale of Assets | 2,126 | - |
| Reimbursed Expenses | 5,590 | 2,856 |
| Total Cash Receipts | <u>9,274</u> | <u>4,206</u> |
| Expenditures | | |
| Donations | 645 | 755 |
| Educational Materials | 1,765 | 253 |
| Contractual Services | 7,666 | 6,048 |
| Total Expenditures | <u>10,076</u> | <u>7,056</u> |
| Cash Receipts Over (Under) Expenditures | (802) | (2,850) |
| Unencumbered Cash - Beginning | <u>8,633</u> | <u>7,831</u> |
| Unencumbered Cash - Ending | <u>\$ 7,831</u> | <u>4,981</u> |

CITY OF STAFFORD, KANSAS
City Attorney Diversion Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| Interest | \$ 4 | 6 |
| Diversion Fees | 301 | 200 |
| Total Cash Receipts | 305 | 206 |
| Expenditures | - | - |
| Cash Receipts Over (Under) Expenditures | 305 | 206 |
| Unencumbered Cash - Beginning | 2,017 | 2,322 |
| Unencumbered Cash - Ending | \$ 2,322 | 2,528 |

CITY OF STAFFORD, KANSAS
Community Development Block Grant Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis

For the Year Ended December 31, 2012

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

| | <u>Prior Year Actual</u> | <u>Current Year Actual</u> |
|--|----------------------------------|------------------------------------|
| Cash Receipts | | |
| Federal Aid | \$ 47,286 | - |
| Expenditures | | |
| Administrative | 6,292 | - |
| Construction | 43,233 | - |
| Transfers Out | 742 | - |
| Total Expenditures | <u>50,267</u> | <u>-</u> |
| Cash Receipts Over (Under) Expenditures | (2,981) | - |
| Unencumbered Cash - Beginning | <u>2,981</u> | <u>-</u> |
| Unencumbered Cash - Ending | <u>\$ -</u> | <u>-</u> |

CITY OF STAFFORD, KANSAS
Tire Product Grant Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

| | Prior Year Actual | Current Year Actual |
|--|-------------------------|---------------------------|
| Cash Receipts | | |
| State Aid | \$ 987 | - |
| Expenditures | | |
| Capital Outlay | 987 | - |
| Cash Receipts Over (Under) Expenditures | - | - |
| Unencumbered Cash - Beginning | - | - |
| Unencumbered Cash - Ending | \$ - | - |

CITY OF STAFFORD, KANSAS
Power Plant Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

| | Prior Year Actual | Current Year Actual |
|---|-------------------------|---------------------------|
| Cash Receipts | \$ - | - |
| Expenditures | - | - |
| Cash Receipts Over (Under) Expenditures | - | - |
| Unencumbered Cash - Beginning | <u>161,084</u> | <u>161,084</u> |
| Unencumbered Cash - Ending | <u>\$ 161,084</u> | <u>161,084</u> |

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

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|----------------|---------------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Sales | \$ 14,538 | 12,753 | 15,000 | (2,247) |
| Donations and Miscellaneous | 321 | 90 | 100 | (10) |
| Transfers In | 6,000 | 5,000 | 5,000 | - |
| Total Cash Receipts | <u>20,859</u> | <u>17,843</u> | <u>20,100</u> | <u>(2,257)</u> |
| Expenditures | | | | |
| Salaries and Benefits | 8,302 | 8,557 | 8,000 | 557 |
| Contractual Services | 6,726 | 9,885 | 9,500 | 385 |
| Commodities | 4,540 | 4,027 | 4,195 | (168) |
| Total Expenditures | <u>19,568</u> | <u>22,469</u> | <u>21,695</u> | <u>774</u> |
| Cash Receipts Over (Under) Expenditures | 1,291 | (4,626) | | |
| Unencumbered Cash - Beginning | <u>1,196</u> | <u>2,487</u> | | |
| Unencumbered Cash - Ending | \$ <u>2,487</u> | <u>(2,139)</u> | | |

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

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|--------------------------|------------------------------|------------------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Sales and Services | \$ 1,383,336 | 1,337,607 | 1,330,000 | 7,607 |
| Penalties | 19,530 | 21,063 | 15,000 | 6,063 |
| Sales Tax | 24,380 | 24,611 | 20,000 | 4,611 |
| Interest | 7,552 | 4,715 | 10,000 | (5,285) |
| Connection Fees | 4,663 | 3,405 | 3,000 | 405 |
| Reimbursed Expenses | 154,178 | 476,465 | 2,500 | 473,965 |
| Transfers In | 742 | - | - | - |
| Total Cash Receipts | <u>1,594,381</u> | <u>1,867,866</u> | <u>1,380,500</u> | <u>487,366</u> |
| Expenditures | | | | |
| Power Plant Production | 861,111 | 726,364 | 906,000 | (179,636) |
| Transmission and Distribution | | | | |
| Electric | 68,147 | 68,919 | 75,000 | (6,081) |
| Water | 38,852 | 50,059 | 68,500 | (18,441) |
| Combined | 63,952 | 63,180 | 86,000 | (22,820) |
| General Administrative | 231,023 | 215,557 | 229,500 | (13,943) |
| Sales and Use Tax | 28,118 | 25,969 | 33,000 | (7,031) |
| Water Resource Tax | 3,294 | 3,009 | 3,500 | (491) |
| Community Development and Promotion | 7,170 | 7,722 | 18,000 | (10,278) |
| Capital Outlay | 142,944 | 58,660 | 139,528 | (80,868) |
| Transfers Out | 178,000 | 115,000 | 115,000 | - |
| Total Expenditures | <u>1,622,611</u> | <u>1,334,439</u> | <u>1,674,028</u> | <u>(339,589)</u> |
| Cash Receipts Over (Under) Expenditures | (28,230) | 533,427 | | |
| Unencumbered Cash - Beginning | <u>490,173</u> | <u>461,943</u> | | |
| Unencumbered Cash - Ending | \$ <u><u>461,943</u></u> | <u><u>995,370</u></u> | | |

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

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|----------------|----------------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| User Fees | \$ 97,792 | 97,575 | 100,000 | (2,425) |
| Interest | 1,229 | 704 | 1,000 | (296) |
| Other | - | - | 50 | (50) |
| Total Cash Receipts | <u>99,021</u> | <u>98,279</u> | <u>101,050</u> | <u>(2,771)</u> |
| Expenditures | | | | |
| Personal Services | 556 | - | 15,812 | (15,812) |
| Health Insurance and Benefits | 5 | - | 15,700 | (15,700) |
| Contractual Services | 10 | 10 | 50 | (40) |
| Commodities | 3,051 | 7,723 | 20,000 | (12,277) |
| Capital Outlay | - | - | 95,270 | (95,270) |
| Transfers Out | 50,000 | 50,000 | 50,000 | - |
| Total Expenditures | <u>53,622</u> | <u>57,733</u> | <u>196,832</u> | <u>(139,099)</u> |
| Cash Receipts Over (Under) Expenditures | 45,399 | 40,546 | | |
| Unencumbered Cash - Beginning | <u>166,204</u> | <u>211,603</u> | | |
| Unencumbered Cash - Ending | \$ <u>211,603</u> | <u>252,149</u> | | |

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

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|--|-------------------------|----------------|----------------|-----------------------------|
| | | Actual | Budget | |
| Cash Receipts | | | | |
| Trash Service Collections | \$ 105,886 | 109,555 | 100,000 | 9,555 |
| Expenditures | | | | |
| Contractual Services | 102,065 | 105,320 | 102,511 | 2,809 |
| Transfers Out | 1,000 | 1,000 | 1,000 | - |
| Total Expenditures | 103,065 | 106,320 | 103,511 | 2,809 |
| Cash Receipts Over (Under) Expenditures | 2,821 | 3,235 | | |
| Unencumbered Cash - Beginning | 2,511 | 5,332 | | |
| Unencumbered Cash - Ending | \$ 5,332 | 8,567 | | |

CITY OF STAFFORD, KANSAS
Agency Fund
Summary of Receipts and Disbursements
For the Year Ended December 31, 2012

| Fund | Beginning Cash Balance | Receipts | Disbursements | Ending Cash Balance |
|--------------------|------------------------------|----------|---------------|---------------------------|
| Meter Deposit Fund | \$ 17,654 | 5,011 | 1,397 | 21,268 |