

CITY OF VALLEY FALLS
Valley Falls, Kansas

**FINANCIAL STATEMENT
AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

December 31, 2012

CITY OF VALLEY FALLS, KANSAS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Valley Falls
Valley Falls, Kansas

Report on Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of Valley Falls, 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 C to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.

Opinions

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

As described in Note C of the financial statement, the financial statement is prepared by the City of Valley Falls, 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 C 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 of Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of City of Valley Falls, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Valley Falls, 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 C.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditure-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and schedule of regulatory basis receipts and expenditures-agency funds, (Schedules 1, and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133 Audits of States, Local Governments and Non-Profit Organizations* and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note C.

Agler & Gaeddert, Chartered

Agler & Gaeddert, Chartered
April 2, 2014

City of Valley Falls, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS
For the Year ended December 31, 2012

Fund	Unencumbered Cash Balance Beginning of Year	Cash Receipts
Governmental Type Funds		
General Fund	\$ 175,834	\$ 480,849
Special Purpose Funds		
Consolidated Street & Highway	257,247	30,750
Special equipment reserve	52,293	0
	<u>309,540</u>	<u>30,750</u>
Business Funds		
Water Utility	199,768	190,911
Sewer Utility	93,477	114,004
Solid Waste	0	87,868
	<u>293,245</u>	<u>392,783</u>
	<u>\$ 778,619</u>	<u>\$ 904,382</u>

The accompanying notes are an integral part of this statement.

Statement 1

<u>Expenditures</u>	<u>Unencumbered Cash Balance End of Year</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Cash Balance End of Year</u>
\$ <u>547,867</u>	\$ <u>108,816</u>	\$ <u>20,774</u>	\$ <u>129,590</u>
4,000	283,997	0	283,997
<u>19,514</u>	<u>32,779</u>	<u>0</u>	<u>32,779</u>
<u>23,514</u>	<u>316,776</u>	<u>0</u>	<u>316,776</u>
174,382	216,297	4,696	220,993
61,708	145,773	3,219	148,992
<u>21,744</u>	<u>66,124</u>	<u>0</u>	<u>66,124</u>
<u>257,834</u>	<u>428,194</u>	<u>7,915</u>	<u>436,109</u>
<u>\$ 829,215</u>	<u>\$ 853,786</u>	<u>\$ 28,689</u>	<u>\$ 882,475</u>

Cash balance consisting of

Balance on deposit

Checking, money market accounts & petty cash

Certificates of deposit

Total cash

\$ 356,852

525,623

\$ 882,475

CITY OF VALLEY FALLS, KANSAS

NOTES TO FINANCIAL STATEMENT

December 31, 2012

NOTE A. MUNICIPAL REPORTING ENTITY

The City of Valley Falls is a municipal corporation governed by an elected five member commission. This financial statement presents the City of Valley Falls (the municipality).

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the City are organized and operated on the basis of funds. 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 City potential could have the following types of funds.

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

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

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and used to make payments of general long-term debt. The City does not have any funds of this type for this year.

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. The City does not have any funds of this type for this year.

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

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.). The City does not have any funds of this type for this year.

Agency fund – funds used to report assets held by the municipal reporting entity in purely a custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.). The City does not have any funds of this type for this year.

NOTE C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and departure from Accounting Principles Generally Accepted in the United States of America - The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments 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 obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above.

City of Valley Falls, Kansas has approved a resolution that it 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.

CITY OF VALLEY FALLS, KANSAS

NOTES TO FINANCIAL STATEMENT

December 31, 2012

NOTE D. 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.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

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 the following special purpose funds, capital project funds, business funds and trusts:

Special equipment reserve

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing board.

NOTE E. DEPOSITS AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

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 City or in an adjoining City 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 bank to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

CITY OF VALLEY FALLS, KANSAS

NOTES TO FINANCIAL STATEMENT

December 31, 2012

NOTE E. DEPOSITS AND INVESTMENTS – Continued

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. The City rates investments (if any) as noted.

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. The City has no investments other than money markets and certificates of deposit.

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%. There were no designated "peak periods" during the year. All bank deposits were legally secured at December 31, 2012.

At December 31, 2012, the carrying amount of the City's bank deposits was \$882,475 and the bank balance was \$883,305. The bank balance was held by one bank which increases concentration risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$633,305 was collateralized with securities held by the pledging financial institution's 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 be adequately secured. The City had no such investments at year end.

CITY OF VALLEY FALLS, KANSAS

NOTES TO FINANCIAL STATEMENT

December 31, 2012

NOTE F. LONG-TERM DEBT

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Maturity	
Other Debt:					
KDHE - Water System	0.04	02/01/08	\$ 323,767	2/01/2020	
	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year
Other Debt:					
KDHE - Water System	\$ 268,959	\$ 0	\$ 12,711	\$ (12,711)	\$ 256,248

Interest paid on the above for year ended December 31, 2012 was \$9,516

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

	Year				
	2013	2014	2015	2016	2017
Principal:					
KDHE - Water System	\$ 13,171	\$ 13,647	\$ 14,139	\$ 14,650	\$ 15,179
Interest:					
KDHE - Water System	9,057	8,581	8,089	7,578	7,049
Total Principal and Interest	\$ 22,228	\$ 22,228	\$ 22,228	\$ 22,228	\$ 22,228

	Year		Total
	2018-2022	2023-2027	
Principal:			
KDHE - Water System	\$ 84,527	\$ 100,935	\$ 256,248
Interest:			
KDHE - Water System	26,613	10,205	77,172
Total Principal and Interest	\$ 111,140	\$ 111,140	\$ 333,420

The debt limit per Kansas Statutes is limited to thirty percent of the assessed tangible valuation for exempt farm property, business aircraft and motor vehicles given by the County Appraiser to the County Clerk on June 15 each year. At December 31, 2012, the statutory limit for the City was \$1,597,367 providing a debt margin of \$1,341,119 after removing debt exempt from the limitation.

NOTE G. INTERFUND TRANSFERS

There were no operating transfers for year ended December 31, 2012.

CITY OF VALLEY FALLS, KANSAS

NOTES TO FINANCIAL STATEMENT

December 31, 2012

NOTE H. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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 retiree's health insurance plan because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been qualified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (CORBA), 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.

Compensated Absences: The estimated amount of liability for the vested portion of unused sick leave and accumulated vacation leave has not been calculated. Unpaid vacation and sick pay amounts are not accrued in the accompanying financial statements.

NOTE I. DEFINED BENEFIT PENSION PLAN

Plan description - The City of Valley Falls, Kansas participates in the Kansas Public Employees Retirement System (KPERS) which is a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding policy - KSA 74-4919 and K.S.A. 74-4921 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is Tier 1 or Tier 2 member. The 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. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. 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 and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

NOTE J. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE K. OTHER INFORMATION

Reimbursed Expenses: The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as revenue in the same fund. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

CITY OF VALLEY FALLS, KANSAS

NOTES TO FINANCIAL STATEMENT

December 31, 2012

NOTE K. OTHER INFORMATION - continued

Ad valorem tax revenues: The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with Kansas statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes are due December 20th, prior to the fiscal year for which they are budgeted and the second half is due the following May 10th. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals.

Comparative Prior Year Amounts: The 2011 actual amounts presented in the financial statements have been taken from the audit report for the year ended December 31, 2011 and are presented for comparative purposes only. Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Compliance with Kansas Statutes Management is aware of any statutory violations for the period covered by the audit.

NOTE M. SUBSEQUENT EVENTS

Subsequent Events: The City evaluated subsequent events through April 2, 2014, the date the financial statements were available to be issued. No subsequent events were identified which require disclosure.

**REGULATORY BASIS
SUPPLEMENTARY INFORMATION**

City of Valley Falls, Kansas

Schedule 1

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year ended December 31, 2012

Fund	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type funds					
General Fund	\$ 762,415	\$ 0	\$ 762,415	\$ 547,867	\$ (214,548)
Special Purpose Funds					
Consolidated Street & Highway	301,609	0	301,609	4,000	(297,609)
Business Funds					
Water Utility	417,388	0	417,388	174,382	(243,006)
Sewer Utility	277,410	0	277,410	61,708	(215,702)

City of Valley Falls, Kansas

Schedule 2a

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)

	2011		2012		Variance Over (Under)
	Actual		Actual	Budget	
Cash receipts					
Taxes					
Ad valorem property tax	\$ 193,579	\$ 188,714	\$ 196,796	\$ (8,082)	
Back tax collections	9,776	6,151	3,750	2,401	
Motor vehicle tax	27,863	26,168	29,792	(3,624)	
Local alcoholic liquor	2,853	2,516	2,000	516	
Sales tax	151,164	151,916	145,000	6,916	
In lieu of taxes	5,503	2,652	5,879	(3,227)	
	<u>390,738</u>	<u>378,117</u>	<u>383,217</u>	<u>(5,100)</u>	
Licenses, fees and permits					
License and permits	1,784	2,255	0	2,255	
Swimming pool	14,859	13,340	18,200	(4,860)	
Franchise fees	50,707	48,015	52,075	(4,060)	
	<u>67,350</u>	<u>63,610</u>	<u>70,275</u>	<u>(6,665)</u>	
Charges for services					
Sanitation	79,630	0	95,600	(95,600)	
Use of money and property					
Interest on investments	1,088	992	1,000	(8)	
Other					
Reimbursed expenses	1,311	16,487	0	16,487	
Miscellaneous	7,773	21,643	18,750	2,893	
	<u>9,084</u>	<u>38,130</u>	<u>18,750</u>	<u>19,380</u>	
Operating transfers	1,352	0	0	0	
Total cash receipts	<u>549,242</u>	<u>480,849</u>	<u>\$ 568,842</u>	<u>\$ (87,993)</u>	
Expenditures					
Personnel services	213,219	230,985	220,000	10,985	
General government	29,099	58,228	49,000	9,228	
Public safety	22,551	20,298	20,000	298	
Highway & streets	68,861	50,774	69,000	(18,226)	
Sanitation	89,996	66,988	85,000	(18,012)	
Recreation & culture	2,762	3,225	32,000	(28,775)	
Swimming pool	39,607	34,500	19,502	14,998	
Capital outlay	61,487	82,869	212,913	(130,044)	
Transfer to equipment reserve	0	0	25,000	(25,000)	
Transfer to consolidated street & hwy	0	0	30,000	(30,000)	
Total expenditures subject to budget	<u>527,582</u>	<u>547,867</u>	<u>\$ 762,415</u>	<u>\$ (214,548)</u>	

See Independent Auditor's Report.

City of Valley Falls, Kansas

Schedule 2a

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)

	2011 Actual	2012		Variance Over (Under)
		Actual	Budget	
Receipts over (under) expenditures	\$ 21,660	\$ (67,018)		
Unencumbered cash, beginning of year	154,174	175,834		
Prior year canceled encumbrances	<u>0</u>	<u>0</u>		
Unencumbered cash, end of year	\$ <u>175,834</u>	\$ <u>108,816</u>		

City of Valley Falls, Kansas

Schedule 2b

SPECIAL PURPOSE FUNDS
 CONSOLIDATED STREET & 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)

	<u>2011</u>	<u>2012</u>	<u>Variance</u>
	<u>Actual</u>	<u>Actual</u> <u>Budget</u>	<u>Over</u> <u>(Under)</u>
Cash receipts			
Taxes			
Gas tax	\$ 30,455	\$ 30,750 \$ 30,000	\$ 750
Operating transfers	<u>0</u>	<u>0</u> <u>30,000</u>	<u>(30,000)</u>
Total cash receipts	<u>30,455</u>	<u>30,750</u> \$ <u>30,000</u>	<u>750</u>
Expenditures			
Contractual services	<u>79,817</u>	<u>4,000</u> \$ <u>301,609</u>	<u>(297,609)</u>
Total expenditures subject to budget	<u>79,817</u>	<u>4,000</u> \$ <u>301,609</u>	<u>(297,609)</u>
Receipts over (under) expenditures	(49,362)	26,750	
Unencumbered cash, January 1	<u>306,609</u>	<u>257,247</u>	
Unencumbered cash, December 31	\$ <u>257,247</u>	\$ <u>283,997</u>	

City of Valley Falls, Kansas

Schedule 2c

SPECIAL PURPOSE FUNDS
SPECIAL EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the Year ended December 31, 2012
(With Comparative Actual totals for the Prior Year Ended December 31, 2011)

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Cash receipts		
Operating transfers	\$ 0	\$ 0
Total cash receipts	<u>0</u>	<u>0</u>
Expenditures		
Capital outlay	<u>38,716</u>	<u>19,514</u>
Total expenditures	<u>38,716</u>	<u>19,514</u>
Receipts over (under) expenditures	(38,716)	(19,514)
Unencumbered cash, January 1	<u>91,009</u>	<u>52,293</u>
Unencumbered cash, December 31	\$ <u><u>52,293</u></u>	\$ <u><u>32,779</u></u>

See Independent Auditor's Report.

City of Valley Falls, Kansas

Schedule 2d

BUSINESS FUNDS
 WATER UTILITY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 For the Year ended December 31, 2012
 (With Comparative Actual totals for the Prior Year Ended December 31, 2011)

	<u>2011</u>	<u>2012</u>	<u>Variance</u>
	<u>Actual</u>	<u>Actual</u> <u>Budget</u>	<u>Over</u>
			<u>(Under)</u>
Cash receipts			
Charges for services	\$ 186,813	\$ 190,911 \$ 190,000	\$ 911
Total cash receipts	<u>186,813</u>	<u>190,911</u> <u>190,000</u>	<u>911</u>
Expenditures			
Personnel services	58,039	76,026 \$ 62,500	\$ 13,526
Commodities	57,851	49,641	6,641
Debt service	22,227	22,228	(1,772)
Contractual	53,366	12,435	(32,565)
Capital outlay	<u>0</u>	<u>14,052</u> <u>242,888</u>	<u>(228,836)</u>
Total expenditures subject to budget	<u>191,483</u>	<u>174,382</u> <u>417,388</u>	<u>(243,006)</u>
Receipts over (under) expenditures	(4,670)	16,529	
Unencumbered cash, January 1	<u>204,438</u>	<u>199,768</u>	
Unencumbered cash, December 31	\$ <u>199,768</u>	\$ <u>216,297</u>	

See Independent Auditor's Report.

City of Valley Falls, Kansas

Schedule 2e

BUSINESS FUNDS
SEWER SERVICE UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year ended December 31, 2012
(With Comparative Actual totals for the Prior Year Ended December 31, 2011)

	2011	2012		Variance
	Actual	Actual	Budget	Over
				(Under)
Cash receipts				
Charges for services	\$ 117,388	\$ 114,004	\$ 122,000	\$ (7,996)
Total cash receipts	<u>117,388</u>	<u>114,004</u>	<u>\$ 122,000</u>	<u>\$ (7,996)</u>
Expenditures				
Personnel services	69,093	54,268	\$ 45,000	\$ 9,268
Commodities	57,831	5,825	18,000	(12,175)
Contractual services	41,897	1,615	20,000	(18,385)
Capital outlay	<u>0</u>	<u>0</u>	<u>194,410</u>	<u>(194,410)</u>
Total expenditures subject to budget	<u>168,821</u>	<u>61,708</u>	<u>\$ 277,410</u>	<u>\$ (215,702)</u>
Receipts over (under) expenditures	(51,433)	52,296		
Unencumbered cash, January 1	<u>144,910</u>	<u>93,477</u>		
Unencumbered cash, December 31	\$ <u>93,477</u>	\$ <u>145,773</u>		

See Independent Auditor's Report.

City of Valley Funds, Kansas

Schedule 2f

BUSINESS FUNDS
 SOLID WASTE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Year ended December 31, 2012
 (With Comparative Actual totals for the Prior Year Ended December 31, 2011)

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Cash receipts		
Charges for services		
Collections	\$ 0	\$ 87,868
Total cash receipts	<u>0</u>	<u>87,868</u>
Expenditures		
Commodities	0	0
Contractual services	<u>0</u>	<u>21,744</u>
Total expenditures	<u>0</u>	<u>21,744</u>
Receipts over (under) expenditures	0	66,124
Unencumbered cash, January 1	<u>0</u>	<u>0</u>
Unencumbered cash, December 31	<u><u>\$ 0</u></u>	<u><u>\$ 66,124</u></u>

See Independent Auditor's Report.