

**CITY OF MELVERN
OSAGE COUNTY, KANSAS**

**REGULATORY BASIS FINANCIAL STATEMENT AND
INDEPENDENT AUDITORS' REPORT**

For the Year Ended December 31, 2012

**ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS**

City of Melvern
Osage County, Kansas

REGULATORY BASIS FINANCIAL STATEMENT
For the Year Ended December 31, 2012

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Independent Auditors' Report

To the City Council
City of Melvern, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Melvern, 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.

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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes 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 the U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the City of Melvern, Kansas prepared this financial statement 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 the U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the 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 the City of Melvern, Kansas, as of December 31, 2012, or the changes in its financial position or 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 balance of the City of Melvern, Kansas, as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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, and the schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Aldrich & Company, LLC

Aldrich & Company LLC
Certified Public Accountants

September 20, 2013

City of Melvern
Osage County, Kansas

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

Fund	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 44,659	\$ 108,672	\$ 113,627	\$ 39,704	\$ 986	\$ 40,690
Special Purpose Funds						
Special Highway	19,647	9,974	7,467	22,154	133	22,287
Employee Benefit	0	71	0	71	0	71
Special Parks & Recreation	5,396	2,195	99	7,492	0	7,492
Equipment Reserve	2,572	0	0	2,572	0	2,572
Capital Improvement Reserve	32,339	0	0	32,339	0	32,339
Bond & Interest Fund						
Bond & Interest	2,637	64,407	65,777	1,267	0	1,267
Business Funds						
Water Utility	49,692	119,173	107,813	61,052	6,691	67,743
Sewer Utility	16,653	34,702	26,501	24,854	134	24,988
Solid Waste	10,647	29,117	30,563	9,201	2,613	11,814
Total Reporting Entity	<u>\$ 184,242</u>	<u>\$ 368,311</u>	<u>\$ 351,847</u>	<u>\$ 200,706</u>	<u>\$ 10,557</u>	<u>\$ 211,263</u>

Composition of Cash:

Checking	\$ 19,837
Money Market	193,843
Petty cash	100
Total Cash	<u>213,780</u>
Agency Funds - Schedule 3	<u>(2,517)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 211,263</u>

The accompanying notes are an integral part of this statement.

City of Melvern
Osage County, Kansas

Notes to the Financial Statement
December 31, 2012

Note 1 – Summary of Significant Accounting Policies

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The more significant of the city's accounting policies are described below.

Financial Reporting Entity

The City of Melvern, Kansas was organized in 1886 and operates as a third class city in accordance with the laws of the State of Kansas. The City has a population of approximately 500 and is governed by an elected mayor and a five-member council. This report includes all services provided by the City to residents and businesses within its boundaries. Services provided include police protection, parks and recreation, public works and general administrative services. In addition, the City owns and operates two enterprise activities, a water system and a local sewer system. The City also contracts for solid waste collection.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and City Ordinances. The following types of funds comprise the financial activities of the City.

Governmental Funds:

General Fund – The General Fund is the chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Bond & Interest Fund – – Bond and Interest Funds are used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Business Funds:

Business Funds – Business Funds are financed in whole or in part by fees charged to users of the goods or services. Funds are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of receipts, expenses, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Agency Funds: Agency Funds are used to report assets held by the municipality in a purely custodial capacity.

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.

City of Melvern
Osage County, Kansas

Notes to the Financial Statement
December 31, 2012

Note 1 – Summary of Significant Accounting Policies (Cont)

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America (Cont)

The City 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.

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 of the proposed budget and notice of public hearing on the budget on or before August 5th.
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. No such amendments were made for this year.

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

All legal annual operating budgets are to be 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 payables 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 projects funds, trust funds, permanent funds and the following special purpose funds: Equipment Reserve and Capital Improvements Funds. 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.

Compliance with Finance-Related Legal and Contractual Obligations

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the municipality.

The required annual publication under K.S.A. 12-1608 was not made by the city treasurer. The City is aware of the requirement and will publish in the future as required by statutes.

Management is not aware of any other statutory violations for the period covered by this audit.

City of Melvern
Osage County, Kansas

Notes to the Financial Statement
December 31, 2012

Note 3 – Cash and Deposits

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.

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 entirely 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%. All deposits were legally secured at December 31, 2012.

Cash balances from all funds are combined and invested, to the extent possible in interest bearing accounts and certificates of deposit. All investments are stated at cost. Earnings from these investments, unless specifically designated, are allocated to the general fund. All investments are held in the City's name.

At year-end the carrying amount of the city's deposits, excluding petty cash funds, was \$213,680. Actual bank statement balances were \$216,055. The difference between the carrying amount and the bank balance is composed of checks that have not cleared and deposits in transit. The entire bank balance was covered by FDIC insurance. The city held no investments on December 31, 2012.

Note 4 - Ad Valorem Tax Revenues and Property Taxes Receivable

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the county. The County Appraiser annually determines assessed valuations based on real estate transactions recorded by the Register of Deeds and personal property transactions reported by taxpayers. 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 state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes are due December 20th and the second half is due the following May 10th. Any taxes unpaid at the due dates are considered delinquent.

Undistributed taxes from the prior year levy are recognized as income in the current year. It is not practicable to apportion delinquent taxes held by the county treasurer at year end and, further, the amounts are not material in relationship to the financial statements taken as a whole.

City of Melvern
Osage County, Kansas

Notes to the Financial Statement
December 31, 2012

Note 5 – Pension Plan

Plan Description – The City of Melvern, Kansas 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. 74-4419 and 74-49,210 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 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 the employer contribution rate 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 contribution rates for KPERS employers.

Note 6 – Commitments

The City is a member of the Public Wholesale Water Supply District. Prior to August 2004, water was purchased to supplement water produced by the City's water treatment plant. In August 2004, the City discontinued producing water and currently purchases all water from the water supply district. On February 23, 2009, the City committed to buy a minimum of 800,000 gallons of water per month.

Note 7 – Other Long-Term Obligations from Operations

Compensated Absences

The City's policies regarding vacation and sick pay allow employees to accumulate a maximum of fifteen days of vacation pay based on years of service and unlimited sick pay. A maximum of five days of vacation pay may be carried to the subsequent year. Policies prohibit payment of vacation time in lieu of time off. All accumulated vacation pay is payable upon employment termination. Unused sick pay is forfeited upon employment termination. The costs of accumulated compensated absences are not recorded as the benefits are accumulated, but rather at the time such benefits are paid. Benefits are paid from the funds that correspond to the employees' duties.

Note 8 – 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. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in prior years.

The City participates in the Kansas Municipal Insurance Trust (KMIT) to provide workers' compensation coverage. The City, along with other participating entities, contributes annual amounts as determined by KMIT management and underwriters. As claims arise they are submitted to and paid by KMIT. During 2012, the City contributed \$5,151 for this insurance coverage. There were no significant reductions in insurance coverage from the prior year. Any shortage in assets to pay outstanding claims would be assessed pro rata among participating entities.

City of Melvern
Osage County, Kansas

Notes to the Financial Statement
December 31, 2012

Note 9 – Refunding of General Obligation Bonds

In 2003, the City defeased the 1996 General Obligation Refunding Bonds, by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the 1996 bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The outstanding balance of the defeased 1996 bonds was \$110,000 at December 31, 2012.

Note 10 – Long-Term Debt

General Obligation Bonds Series 2003 & 2005

General obligation bonds, payable from future property tax revenues and special assessments, are serial bonds to be retired through calendar year 2020. At December 31, 2012, the bonds consist of:

General obligation refunding bonds, Series 2003, due in annual installments ranging from \$20,000 to \$30,000, issued July 16, 2003, interest at 1.5% to 4.2%.

General obligation bonds, Series 2005, due in annual installments ranging from \$10,000 to \$35,000, issued April 1, 2005, interest at 2.8% to 5.0%.

In 2013, the City refunded these bonds with Series 2013 General Obligation Bonds.

KDHE Loan

The loan payable to the Kansas Department of Health and Environment, for wastewater treatment improvements, approved amount \$155,000, advanced total \$150,575 is payable from revenues of the sewer utility. The loan, which bears interest at 3.9%, is to be retired in semi-annual installments of \$5,187 through calendar year 2023. No lien or other security interest is granted to the Kansas Department of Health and Environment, however should sewer utility revenues be insufficient to pay costs of operation and maintenance of the system and pay the principal, interest and other amounts due under the loan agreement, the City shall levy ad valorem taxes sufficient to produce the required amounts.

In 2013, the City refunded this loan with Series 2013 General Obligation Bonds.

General Obligation Bonds Series 2013

In 2013, the City refunded the existing Series 2003 and 2005 general obligation bonds and existing KDHE loan with the issuance of Series 2013 general obligation bonds. These bonds carry interest varying interest rates ranging from .70% to 2%. Semi-annual payments are scheduled to begin in October 2013 and will continue through October 1, 2021.

Lease Purchases

In 2013, the City entered into a lease purchase agreement for a Dodge Ram 2500 pickup. The lease, which is contingent on the annual appropriation of funds, bears interest at 4%, and is to be retired in annual payments of \$4,865 through calendar year 2016. Payments are scheduled from the water and street funds.

City of Melvern
Osage County, Kansas

Notes to the Financial Statement
December 31, 2012

Note 10 – Long-Term Debt (Cont)

A summary of long term debt follows:

	Original Amount	Beginning Balance	Additions	Payments	Ending Balance	Interest Paid
GO Bonds, Series 2003	\$ 295,000	\$ 110,000	\$ 0	\$ 25,000	\$ 85,000	\$ 4,415
GO Bonds, Series 2005	395,000	275,000	0	25,000	250,000	11,357
KDHE Loan	150,575	98,120	0	7,108	91,012	3,266
	<u>\$ 840,575</u>	<u>\$ 483,120</u>	<u>\$ 0</u>	<u>\$ 57,108</u>	<u>\$ 426,012</u>	<u>\$ 19,038</u>

Maturities of long term debt are as follows:

	2013	2014	2015	2016	2017	2018- 2021	Total
Principal							
GO Bonds, Series 2003	\$ 85,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,000
GO Bonds, Series 2005	250,000	0	0	0	0	0	250,000
GO Bonds, Series 2013	30,000	75,000	80,000	45,000	45,000	145,000	420,000
KDHE Loan	91,012	0	0	0	0	0	91,012
Lease purchase-Dodge	0	4,325	4,498	4,677	0	0	13,500
Total Principal	<u>456,012</u>	<u>79,325</u>	<u>84,498</u>	<u>49,677</u>	<u>45,000</u>	<u>145,000</u>	<u>846,012</u>
Interest							
GO Bonds, Series 2003	1,745	0	0	0	0	0	1,745
GO Bonds, Series 2005	4,408	0	0	0	0	0	4,408
GO Bonds, Series 2013	3,275	5,378	4,703	3,822	3,260	5,840	26,278
KDHE Loan	1,740	0	0	0	0	0	1,740
Lease purchase-Dodge	0	540	367	187	0	0	1,094
Total Interest	<u>11,168</u>	<u>5,918</u>	<u>5,070</u>	<u>4,009</u>	<u>3,260</u>	<u>5,840</u>	<u>35,265</u>
Total Principal & Interest	<u>\$ 467,180</u>	<u>\$ 85,243</u>	<u>\$ 89,568</u>	<u>\$ 53,686</u>	<u>\$ 48,260</u>	<u>\$ 150,840</u>	<u>\$ 881,277</u>

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

The City of Melvern
Osage County, Kansas

Schedule 1

Summary of Expenditures - Actual and Budget
Regulatory Basis
Budgeted Funds Only
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 Favorable (Unfavorable)
General Fund	\$ 134,150		\$ 134,150	\$ 113,627	\$ 20,523
Special Purpose Funds					
Special Highway	32,669		32,669	7,467	25,202
Employee Benefit	750		750	0	750
Special Parks & Recreation	20,635		20,635	99	20,536
Bond & Interest Funds					
Bond & Interest	73,273		73,273	65,777	7,496
Business Funds					
Water Utility	121,300		121,300	107,813	13,487
Sewer Utility	36,375		36,375	26,501	9,874
Solid Waste	34,000		34,000	30,563	3,437

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 2A

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

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Taxes	\$ 41,037	\$ 42,643	\$ (1,606)
State of Kansas			0
Sales & Use Tax	17,676	20,000	(2,324)
Liquor tax	2,195	2,475	(280)
Franchise fees	34,457	34,000	457
Licenses and permits	330	500	(170)
Use of money and property	610	1,000	(390)
Fines and forfeitures	7,299	1,500	5,799
Miscellaneous receipts	5,068	100	4,968
Total Cash Receipts	108,672	102,218	6,454
Expenditures			
General government			
Personal services	38,217	31,000	(7,217)
Contractual	14,187	15,000	813
Commodities	9,754	16,000	6,246
Capital outlay	86	1,000	914
Total General government	62,244	63,000	756
Police			
Personal services	15,648	18,000	2,352
Contractual	5,207	5,000	(207)
Commodities	1,550	3,000	1,450
Capital outlay	0	0	0
Total Police	22,405	26,000	3,595
Parks and recreation			
Contractual	3,006	1,500	(1,506)
Commodities	162	350	188
Capital outlay	21	0	(21)
Total parks and recreation	\$ 3,189	\$ 1,850	\$ (1,339)

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 2A

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

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Expenditures (cont)			
Streets			
Personal services	\$ 4,866	\$ 9,000	\$ 4,134
Contractual services	989	2,300	1,311
Commodities	1,287	17,000	15,713
Capital Outlay	0	0	0
Street Lighting	16,066	15,000	(1,066)
Total Streets	<u>23,208</u>	<u>43,300</u>	<u>20,092</u>
Municipal Court			
Court expenses	2,581	0	(2,581)
Total Court	<u>2,581</u>	<u>0</u>	<u>(2,581)</u>
Total Expenditures	<u>113,627</u>	<u>134,150</u>	<u>20,523</u>
Receipts Over (Under) Expenditures	(4,955)	<u>\$ (31,932)</u>	<u>\$ 26,977</u>
Unencumbered Cash, January 1	<u>44,659</u>		
Unencumbered Cash, December 31	<u>\$ 39,704</u>		

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 2B

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

SPECIAL HIGHWAY

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts			
State of Kansas - gas tax	\$ 9,974	\$ 11,110	\$ (1,136)
Reimbursed expense	<u>0</u>	<u>0</u>	<u>0</u>
Total cash receipts	9,974	11,110	(1,136)
Expenditures			
Street maintenance & repair	7,467	32,669	25,202
Debt service	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>7,467</u>	<u>32,669</u>	<u>25,202</u>
Receipts Over (Under) Expenditures	2,507	<u><u>\$ (21,559)</u></u>	<u><u>\$ 24,066</u></u>
Unencumbered Cash, January 1	<u>19,647</u>		
Unencumbered Cash, December 31	<u><u>\$ 22,154</u></u>		

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 2C

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

EMPLOYEE BENEFITS

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Taxes	\$ 71	\$ 500	\$ (429)
Total cash receipts	71	500	(429)
Expenditures			
Employee benefits paid	0	750	750
Total expenditures	0	750	750
Receipts Over (Under) Expenditures	71	<u>(250)</u>	<u>321</u>
Unencumbered Cash, January 1	0		
Unencumbered Cash, December 31	<u>\$ 71</u>		

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 2D

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

SPECIAL PARKS & RECREATION

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Liquor tax	\$ 2,195	\$ 2,475	\$ (280)
Grants	0	0	0
Interest	0	0	0
Total Cash Receipts	2,195	2,475	(280)
Expenditures			
Parks & recreation	99	20,635	20,536
Adjustment for budget credits	0	0	0
Total Expenditures	99	20,635	20,536
Receipts Over (Under) Expenditures	2,096	<u>\$ (18,160)</u>	<u>\$ 20,256</u>
Unencumbered Cash, January 1	<u>5,396</u>		
Unencumbered Cash, December 31	<u>\$ 7,492</u>		

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 2E

SPECIAL PURPOSE FUND
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

EQUIPMENT RESERVE

	<u>Current Year Actual</u>
Cash Receipts	
Transfers from other funds	<u>\$ 0</u>
 Total Cash Receipts	 0
 Expenditures	
Equipment	<u>0</u>
 Total Expenditures	 <u>0</u>
 Receipts Over (Under) Expenditures	 0
 Unencumbered Cash, January 1	 <u>2,572</u>
 Unencumbered Cash, December 31	 <u>\$ 2,572</u>

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 2F

SPECIAL PURPOSE FUND
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2012

CAPITAL IMPROVEMENT RESERVE

	<u>Current Year Actual</u>
Cash Receipts	
Other receipt	<u>\$ 0</u>
 Total Cash Receipts	 0
Expenditures	
Capital outlay	<u>0</u>
 Total Expenditures	 <u>0</u>
Receipts Over (Under) Expenditures	0
Unencumbered Cash, January 1	<u>32,339</u>
Unencumbered Cash, December 31	<u>\$ 32,339</u>

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 2G

BOND AND INTEREST FUND
Schedule of Cash Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2012

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Taxes	\$ 64,407	\$ 67,106	\$ (2,699)
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts	64,407	67,106	(2,699)
Expenditures			
Debt service	65,777	65,773	(4)
Cash basis reserve	<u>0</u>	<u>7,500</u>	<u>7,500</u>
Total Expenditures	<u>65,777</u>	<u>73,273</u>	<u>7,496</u>
Receipts Over (Under) Expenditures	(1,370)	<u>\$ (6,167)</u>	<u>\$ 4,797</u>
Unencumbered Cash, January 1	<u>2,637</u>		
Unencumbered Cash, December 31	<u>\$ 1,267</u>		

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 2H

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

WATER UTILITY

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Charges for services	\$ 115,926	\$ 106,500	\$ 9,426
Other receipts	<u>3,247</u>	<u>2,200</u>	<u>1,047</u>
Total cash receipts	119,173	108,700	10,473
Expenditures			
Personal services	42,326	40,000	(2,326)
Contractual services	14,890	20,200	5,310
Commodities	5,702	12,500	6,798
Water purchased	44,730	47,000	2,270
Deposits refunded	165	1,600	1,435
Debt repayment	0	0	0
Adjustment for budget credits	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>107,813</u>	<u>121,300</u>	<u>13,487</u>
Receipts Over (Under) Expenditures	11,360	<u>\$ (12,600)</u>	<u>\$ 23,960</u>
Unencumbered Cash, January 1	<u>49,692</u>		
Unencumbered Cash, December 31	<u>\$ 61,052</u>		

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 21

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

SEWER UTILITY

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Charges for services	\$ 34,702	\$ 35,000	\$ (298)
Connecting / cleaning fees	<u>0</u>	<u>0</u>	<u>0</u>
Total cash receipts	34,702	35,000	(298)
Expenditures			
Personal services	4,631	12,000	7,369
Contractual services	9,163	7,000	(2,163)
Commodities	2,333	7,000	4,667
Debt service	<u>10,374</u>	<u>10,375</u>	<u>1</u>
Total expenditures	<u>26,501</u>	<u>36,375</u>	<u>9,874</u>
Receipts Over (Under) Expenditures	8,201	<u><u>\$ (1,375)</u></u>	<u><u>\$ 9,576</u></u>
Unencumbered Cash, January 1	<u>16,653</u>		
Unencumbered Cash, December 31	<u><u>\$ 24,854</u></u>		

See Accompanying Auditors' Report.

The City of Melvern
Osage County, Kansas

Schedule 2J

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

SOLID WASTE UTILITY

	Current Year		Variance Favorable (Unfavorable)
	Actual	Budget	
Cash Receipts			
Charges for services	\$ 29,117	\$ 35,000	\$ (5,883)
Total cash receipts	29,117	35,000	(5,883)
Expenditures			
Contractual services	30,430	33,500	3,070
Commodities	133	500	367
Transfer out	0	0	0
Total expenditures	30,563	34,000	3,437
Receipts Over (Under) Expenditures	(1,446)	\$ 1,000	\$ (2,446)
Unencumbered Cash, January 1	10,647		
Unencumbered Cash, December 31	\$ 9,201		

See Accompanying Auditors' Report.

City of Melvern
Osage County, Kansas

Schedule 3

AGENCY FUNDS
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2012

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Expenditures</u>	<u>Ending Cash Balance</u>
Payroll tax clearing	<u>\$ 3,154</u>	<u>\$ 36,738</u>	<u>\$ 37,375</u>	<u>\$ 2,517</u>
Total	<u>\$ 3,154</u>	<u>\$ 36,738</u>	<u>\$ 37,375</u>	<u>\$ 2,517</u>

See Accompanying Auditors' Report.