

CITY OF SOLOMON
Solomon, Kansas

FINANCIAL STATEMENT AND INDEPENDENT AUDITORS' REPORT
For the Year Ended December 31, 2012

CLUBINE AND RETTELE, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS
Salina, Kansas

CITY OF SOLOMON
Solomon, Kansas

FINANCIAL STATEMENT AND INDEPENDENT AUDITORS' REPORT
For the Year Ended December 31, 2012

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Title Page	
Table of Contents	
FINANCIAL SECTION	
Independent Auditors' Report	1-2
STATEMENT 1 Summary Statement of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis	3
NOTES TO FINANCIAL STATEMENT	4-8
REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE 1 Summary of Expenditures, Actual and Budget - Regulatory Basis	9
SCHEDULE 2 Schedule of Receipts and Expenditures, Actual and Budget - Regulatory Basis	
General Fund	10-11
Library Fund	12
Special Highway Fund	13
Employee Benefits Fund	14
Capital Improvement Fund	15
Shady Lane Special Projects Fund	16
Community Development Block Grant Fund	17
Bond and Interest Fund	18
TIF Bond and Interest Fund	19
Water Utility Fund	20
Sewer Utility Fund	21
Landfill Utility Fund	22
SCHEDULE 3 Summary of Receipts and Disbursements - Regulatory Basis Agency Funds	23

INDEPENDENT AUDITORS' REPORT

CLUBINE & RETTELE CHARTERED

Certified Public Accountants



Robert I. Clubine, CPA
David A. Rettele, CPA
Jay D. Langley, CPA, CGMA
Jon K. Bell, CPA
Leslie M. Corbett, CPA
Stacy J. Osner, CPA

Marci K. Fox, CPA
Linda A. Suelter, CPA
Johnna R. Vosseller, CPA

218 South Santa Fe
P.O. Box 2267
Salina, Kansas
67402-2267

Salina
785 / 825-5479
Salina Fax
785 / 825-2446

Ellsworth
785 / 472-3915
Ellsworth Fax
785 / 472-5478

To the Mayor and City Council
City of Solomon, Kansas

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

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 2 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As described in Note 2 of the financial statement, the financial statement is prepared by the City of Solomon 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" 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 Solomon 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

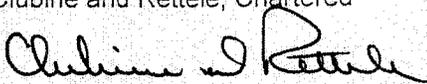
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Solomon as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 2.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2012 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and schedule of regulatory basis receipts and expenditures-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 2012 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statement 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 2012 basic financial statement as a whole, on the basis of accounting described in Note 2.

The 2011 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedule 2 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 basic financial statement upon which we rendered an unqualified opinion dated September 22, 2012. The 2011 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 basic financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 basic financial statement or to the 2011 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 basic financial statement as a whole, on the basis of accounting described in Note 2.

Clubine and Rettele, Chartered



Salina, Kansas
May 31, 2013

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

Statement 1

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General Funds							
General	\$ 2,459.95	-	\$ 411,024.59	\$ 410,977.58	\$ 2,506.96	\$ 9,091.20	\$ 11,598.16
Special Purpose Funds:							
Library	2,112.34	-	31,937.51	31,937.51	2,112.34	-	2,112.34
Special Highway	32,250.75	-	28,354.73	44,159.46	16,446.02	1,699.81	18,145.83
Employee Benefits	2,836.35	-	42,164.73	43,335.30	1,665.78	-	1,665.78
Capital Project Funds							
Capital Improvement	580.48	287.52	-	-	868.00	-	868.00
Shady Lane Special Project	257.30	-	0.19	24.00	233.49	-	233.49
Community Development Block Grant	-	-	113,710.00	113,710.00	-	-	-
Bond and Interest Funds:							
Bond and Interest	11,026.71	-	68,125.38	77,370.00	1,782.09	-	1,782.09
TIF Bond and Interest	109,293.65	-	125,066.16	37,012.25	197,347.56	-	197,347.56
Business Funds:							
Enterprise Funds							
Water Utility	448.41	-	157,372.11	148,815.70	9,004.82	2,890.09	11,894.91
Sewer Utility	99,548.37	-	105,458.46	161,123.36	43,883.47	6,639.37	50,522.84
Landfill Utility	6,117.12	-	481.81	-	6,598.93	-	6,598.93
Total Financial Reporting Entity (Excluding Agency Funds)	\$ 266,931.43	\$ 287.52	\$1,083,695.67	\$ 1,068,465.16	\$ 282,449.46	\$ 20,320.47	\$ 302,769.93
Composition of Cash:					Checking and Savings Accounts		\$ 200,255.12
					Petty Cash		235.00
					Certificates of Deposit		115,185.98
					Total Cash		315,676.10
					Less Agency Funds per Schedule 3		<u>(12,906.17)</u>
					Total Financial Reporting Entity (Excluding Agency Funds)		\$ 302,769.93

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

CITY OF SOLOMON
Solomon, Kansas

NOTES TO FINANCIAL STATEMENT
December 31, 2012

Note 1 Reporting Entity

The City of Solomon is a municipal corporation governed by an elected mayor and five council members.

Note 2 Summary of Significant Accounting Policies

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

The 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.

Fund Descriptions. The following types of funds comprise the financial activities of the City for the year ended December 31, 2012:

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

Special Purpose Fund - Used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Projects and tax levies for long-term debt) that are intended for a specified purpose.

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

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

Business Fund - Funds financed in whole or in part by fees charged to users of the goods or services (i.e. water fund, electric fund, etc.).

Agency Fund - Funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

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 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 expense, liabilities, such as deferred revenue and matured principal and interest payable, and reservations of 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 year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statement.

CITY OF SOLOMON
Solomon, Kansas

NOTES TO FINANCIAL STATEMENT (Cont.)
December 31, 2012

Note 3 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. 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 a 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds:

TIF Bond and Interest Fund

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

Note 4 Deposits and Investments

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 investments 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.

CITY OF SOLOMON
Solomon, Kansas

NOTES TO FINANCIAL STATEMENT (Cont.)
December 31, 2012

Note 4 Deposits and Investments (Cont.)

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

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

At December 31, 2012, the City's carrying amount of deposits was \$315,441.10 and the bank balance was \$320,836.62. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000.00 was covered by federal depository insurance, and the balance of \$70,836.62 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 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. At December 31, 2012, the City had no investments.

Note 5 Interfund Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
TIF Bond & Interest Fund	Bond and Interest Fund	K.S.A. 12-1775a	\$ 5,000.00
Sewer Utility Fund	Employee Benefits Fund	K.S.A. 12-16, 102	4,000.00
Water Utility Fund	Employee Benefits Fund	K.S.A. 12-16, 102	2,000.00

Note 6 Defined Benefit Pension Plan

Plan Description. The City 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 1-800-275-5737.

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. Effective July 1, 2009 KPERs has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. Kansas sets a limitation on annual increases in the employer contribution rates. The employer rate established for calendar year 2012 is 7.34%.

The employer contributions to KPERs for the years ended December 31, 2012, 2011 and 2010 were \$15,230.79, \$13,530.03, and \$9,369.84 respectively, equal to the required contributions for each year.

CITY OF SOLOMON
Solomon, Kansas

NOTES TO FINANCIAL STATEMENT (Cont.)
December 31, 2012

Note 7 Other Post Employment Benefits

Other Post Employment Benefits. As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. The city pays 50% of the cost for each retiree up to age 62 and each retiree is responsible for the balance. Retirees ages 62-65 pay 100% of the premium. In order to qualify for this benefit the employee must retire with KPER's benefits prior to age 62 and have at least ten years of minimum service with the City and be employed by the City at retirement. During the year ended December 31, 2012, no retirees participated in this plan and the city paid no premium under this plan.

Note 8 Compensated Absences

The City provides compensation for absences for full time employees, which are those who work at least 40 hours per week. The City's policy permits full time employees to earn vacation leave based on the years of service. All full time employees earn vacation leave at the following rates:

<u>Years of Service</u>	<u>Earned Vacation Per Year</u>
6 months - 1 year	40 hours
1 year - 6 years	80 hours
7 years - 12 years	120 hours
13 + years	160 hours

Vacation leave is allowed for part time employees that work between 20 and 40 hours per week. It is accrued on a prorated amount based on average hours worked on a weekly basis.

Employees are allowed to carryover up to 160 hours of vacation annually into the following year. Employees have the option to take pay in lieu of time off with the restriction they must take at least one consecutive week of vacation time off per year. Any vacation leave in excess of 160 hours will be lost on the employee's anniversary date.

The City also allows full time employees to earn sick leave at the rate of 4 hours per pay period. No employee may accrue more than 120 days of sick leave. Upon termination, employees are not paid for any unused sick leave, unless due to retirement or separation after 20 or more years of regular service. Under those circumstances, employees can receive payment for one-fourth of the unused sick leave, up to a maximum of one calendar month's salary.

City policy is to recognize the costs of compensated absences when paid. As of December 31, 2012 and 2011, unused vacation and sick leave totaled \$24,440.74 and \$20,970.48, respectively.

Note 9 Subsequent Events

The City's management has evaluated events and transactions occurring after December 31, 2012 through May 31, 2013. The aforementioned date represents the date the financial statements were available to be issued.

CITY OF SOLOMON
Solomon, Kansas
NOTES TO FINANCIAL STATEMENT (Cont.)
December 31, 2012

Note 10 - Long-Term Debt

Changes in long-term liabilities for the municipality 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
General Obligation Bonds:										
Series 2002	3.10/4.50%	6/1/2002	\$ 376,000.00	9/1/2012	\$ 45,000.00	\$ -	\$ 45,000.00	\$ -	\$ -	\$ 1,890.00
Series 2008	2.75/3.2%	4/15/2008	118,000.00	4/1/2012	30,000.00	-	30,000.00	-	-	480.00
					<u>75,000.00</u>	<u>-</u>	<u>75,000.00</u>	<u>-</u>	<u>-</u>	<u>2,370.00</u>
Revenue Bonds:										
Series 2005	3.25/5.00%	9/1/2005	400,000.00	7/1/2025	329,000.00	-	17,000.00	-	312,000.00	15,011.00
Capital Leases:										
Fire Truck	4.76%	6/9/2008	288,628.10	2/1/2018	212,295.32	-	26,265.93	-	186,029.39	10,103.09
Total Contractual Indebtedness					<u>\$ 616,295.32</u>	<u>\$ -</u>	<u>\$ 118,265.93</u>	<u>\$ -</u>	<u>\$ 498,029.39</u>	<u>\$ 27,484.09</u>

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

	2013	2014	2015	2016	2017	2018-2022	2023-2025	TOTAL
Principal								
Revenue Bonds	\$ 18,000.00	\$ 19,000.00	\$ 19,000.00	\$ 20,000.00	\$ 22,000.00	\$ 125,000.00	\$ 89,000.00	\$ 312,000.00
Lease Purchases	27,515.92	28,825.40	30,197.19	31,634.27	33,139.74	34,716.87	-	186,029.39
Total Principal	<u>45,515.92</u>	<u>47,825.40</u>	<u>49,197.19</u>	<u>51,634.27</u>	<u>55,139.74</u>	<u>159,716.87</u>	<u>89,000.00</u>	<u>498,029.39</u>
Interest								
Revenue Bonds	14,348.00	13,628.00	12,849.00	12,051.00	11,191.00	40,078.00	8,948.00	113,093.00
Lease Purchases	8,853.10	7,543.62	6,171.83	4,734.75	3,229.28	1,652.15	-	32,184.73
Total Interest	<u>23,201.10</u>	<u>21,171.62</u>	<u>19,020.83</u>	<u>16,785.75</u>	<u>14,420.28</u>	<u>41,730.15</u>	<u>8,948.00</u>	<u>145,277.73</u>
Total Principal and Interest	<u>\$ 68,717.02</u>	<u>\$ 68,997.02</u>	<u>\$ 68,218.02</u>	<u>\$ 68,420.02</u>	<u>\$ 69,560.02</u>	<u>\$ 201,447.02</u>	<u>\$ 97,948.00</u>	<u>\$ 643,307.12</u>

CITY OF SOLOMON, KANSAS
REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012

City of Solomon, Kansas
 Summary of Expenditures - Actual and Budget - Regulatory Basis
 For the Year Ended December 31, 2012

Schedule 1

Fund	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds:					
General Funds					
General	\$ 442,541.00	-	\$ 442,541.00	\$ 410,977.58	\$ (31,563.42)
Special Purpose Funds					
Library	35,000.00	-	35,000.00	31,937.51	(3,062.49)
Special Highway	97,082.00	-	97,082.00	44,159.46	(52,922.54)
Employee Benefits	46,000.00	-	46,000.00	43,335.30	(2,664.70)
Bond and Interest Funds					
Bond and Interest	127,375.00	-	127,375.00	77,370.00	(50,005.00)
Business Funds:					
Enterprise Funds					
Water Utility	162,706.00	-	162,706.00	148,815.70	(13,890.30)
Sewer Utility	161,309.00	-	161,309.00	161,123.36	(185.64)
Landfill Utility	13,356.00	-	13,356.00	-	(13,356.00)

City of Solomon, Kansas
General Fund

Schedule 2

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 Revenue:				
Ad Valorem Property Tax	\$ 181,395.84	\$ 152,979.21	\$ 150,340.00	\$ 2,639.21
Delinquent Tax	1,624.70	1,032.21	2,800.00	(1,767.79)
Motor Vehicle	26,714.84	27,930.33	26,107.00	1,823.33
Recreational Vehicle	782.80	843.90	712.00	131.90
16/20M Trucks	358.60	203.81	309.00	(105.19)
Special Assessments	2,113.92	-	-	-
State Aid:				
Local Sales and Compensating Use Tax	95,710.19	104,496.33	108,000.00	(3,503.67)
Local Alcoholic Liquor	783.77	2,036.34	227.00	1,809.34
Franchise Tax	70,008.52	65,674.43	64,000.00	1,674.43
Licenses and Permits	4,340.00	3,980.40	4,500.00	(519.60)
Fines, Court Costs, and Bonds	16,813.00	19,584.69	24,000.00	(4,415.31)
Interest	1,734.71	1,434.64	3,100.00	(1,665.36)
Contract Services	25,630.34	22,037.18	25,000.00	(2,962.82)
Other	5,212.80	8,791.12	3,700.00	5,091.12
Total Cash Receipts	433,224.03	411,024.59	\$ 412,795.00	\$ (1,770.41)
Expenditures				
Salaries	129,420.35	108,353.75	\$ 114,500.00	\$ (6,146.25)
Administration	377.40	174.70	389.65	(214.95)
Accounting	7,998.08	6,404.06	8,292.58	(1,888.52)
Legal and Publication	2,913.50	1,977.50	3,017.30	(1,039.80)
Insurance	10,710.91	19,391.83	11,075.09	8,316.74
Fees	796.11	2,200.22	824.26	1,375.96
Animal Costs	904.16	908.07	934.16	(26.09)
Fuel	9,371.81	13,132.77	10,275.34	2,857.43
Office	6,431.70	167.20	7,055.03	(6,887.83)
Postage	860.21	790.91	942.79	(151.88)
Maintenance	9,623.41	11,937.15	18,500.00	(6,562.85)
Street	-	24,738.09	43,912.00	(19,173.91)
Utilities	16,212.74	14,715.35	16,765.00	(2,049.65)
Fire	32,560.51	53,334.05	57,000.00	(3,665.95)
Parks	38,163.14	654.75	4,200.00	(3,545.25)
Law Enforcement	92,774.98	97,418.26	100,000.00	(2,581.74)
Supplies	6,125.16	4,872.28	6,726.64	(1,854.36)

City of Solomon, Kansas
 General Fund (Cont.)

Schedule 2

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (Cont.)				
Capital Outlay	\$ -	\$ 7,085.61	\$ -	\$ 7,085.61
Projects	-	1,900.00	-	1,900.00
Seminar Expense	-	60.00	-	60.00
Uniforms	1,550.74	2,549.10	1,700.20	848.90
Library	60.00	1,494.40	61.94	1,432.46
Other	171.37	348.51	-	348.51
Fire Truck Lease Principal (2007)	25,072.73	26,265.93	26,266.00	(0.07)
Fire Truck Lease Interest (2007)	11,296.29	10,103.09	10,103.00	0.09
Neighborhood Revitalization Rebate	30,280.18	-	-	-
Total Expenditures	<u>433,675.48</u>	<u>410,977.58</u>	<u>\$ 442,541.00</u>	<u>\$ (31,563.42)</u>
Receipts Over (Under) Expenditures	(451.45)	47.01		
Unencumbered Cash, Beginning	<u>2,911.40</u>	<u>2,459.95</u>		
Unencumbered Cash, Ending	<u>\$ 2,459.95</u>	<u>\$ 2,506.96</u>		

City of Solomon, Kansas
Library Fund

Schedule 2

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 Revenue:				
Ad Valorem Property Tax	\$ 32,022.49	\$ 26,976.22	\$ 27,856.00	\$ (879.78)
Delinquent Tax	237.53	173.44	375.00	(201.56)
Motor Vehicle	3,530.76	4,612.98	4,643.00	(30.02)
Recreational Vehicle	106.30	146.15	127.00	19.15
16/20M Trucks	42.85	28.72	55.00	(26.28)
Total Cash Receipts	<u>35,939.93</u>	<u>31,937.51</u>	<u>\$ 33,056.00</u>	<u>\$ (1,118.49)</u>
Expenditures				
Appropriation to Library Board	31,380.17	31,937.51	\$ 35,000.00	\$ (3,062.49)
Neighborhood Revitalization Rebate	5,380.77	-	-	-
Total Expenditures	<u>36,760.94</u>	<u>31,937.51</u>	<u>\$ 35,000.00</u>	<u>\$ (3,062.49)</u>
Receipts Over (Under) Expenditures	(821.01)	0.00		
Unencumbered Cash, Beginning	<u>2,933.35</u>	<u>2,112.34</u>		
Unencumbered Cash, Ending	<u>\$ 2,112.34</u>	<u>\$ 2,112.34</u>		

Special Highway Fund

Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis

For the Year Ended December 31, 2012

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
State Aid	\$ 28,106.38	\$ 28,354.73	\$ 28,890.00	\$ (535.27)
Expenditures				
Salaries	4,247.88	5,973.34	\$ -	\$ 5,973.34
Utilities	19,020.69	22,081.14	2,000.00	20,081.14
Projects	24,458.99	16,104.98	95,082.00	(78,977.02)
Total Expenditures	47,727.56	44,159.46	\$ 97,082.00	\$ (52,922.54)
Receipts Over (Under) Expenditures	(19,621.18)	(15,804.73)		
Unencumbered Cash, Beginning	51,871.93	32,250.75		
Unencumbered Cash, Ending	\$ 32,250.75	\$ 16,446.02		

City of Solomon, Kansas
Employee Benefits Fund

Schedule 2

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 Revenue:				
Ad Valorem Property Tax	\$ 38,660.75	\$ 29,956.17	\$ 29,953.00	\$ 3.17
Delinquent Tax	283.60	213.26	350.00	(136.74)
Motor Vehicle	3,957.67	5,776.82	5,729.00	47.82
Recreational Vehicle	127.23	181.23	156.00	25.23
16/20M Trucks	35.10	37.25	68.00	(30.75)
Operating Transfers	8,000.00	6,000.00	-	6,000.00
Total Cash Receipts	<u>51,064.35</u>	<u>42,164.73</u>	<u>\$ 36,256.00</u>	<u>\$ 5,908.73</u>
Expenditures				
Payroll Taxes and Benefits	52,624.00	43,335.30	\$ 46,000.00	\$ (2,664.70)
Neighborhood Revitalization Rebate	6,639.90	-	-	-
Total Cash Expenditures	<u>59,263.90</u>	<u>43,335.30</u>	<u>\$ 46,000.00</u>	<u>\$ (2,664.70)</u>
Receipts Over (Under) Expenditures	(8,199.55)	(1,170.57)		
Unencumbered Cash, Beginning	<u>11,035.90</u>	<u>2,836.35</u>		
Unencumbered Cash, Ending	<u>\$ 2,836.35</u>	<u>\$ 1,665.78</u>		

City of Solomon, Kansas
 Capital Improvement Fund

Schedule 2

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)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers	\$ 33,808.87	\$ -
Other Sources*	-	287.52
Total Cash Receipts	33,808.87	287.52
Expenditures		
Lease Principal - Wheel Loader	17,858.89	-
Lease Interest - Wheel Loader	944.74	-
Street Project	2,500.00	-
Capital Improvements	12,792.76	-
Total Expenditures	34,096.39	-
Receipts Over (Under) Expenditures	(287.52)	287.52
Unencumbered Cash, Beginning	868.00	580.48
Unencumbered Cash, Ending	\$ 580.48	\$ 868.00

*Prior Year Cancelled Encumbrance

City of Solomon, Kansas
 Shady Lane Special Project 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)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Interest	\$ 10.00	\$ 0.19
Expenditures		
Project Expenditures	4,771.51	24.00
Receipts Over (Under) Expenditures	(4,761.51)	(23.81)
Unencumbered Cash, Beginning	5,018.81	257.30
Unencumbered Cash, Ending	\$ 257.30	\$ 233.49

City of Solomon, Kansas
 Community Development Block Grant 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)

Schedule 2

	Prior Year Actual	Current Year Actual
Cash Receipts		
Community Development Block Grant	\$ -	\$ 113,710.00
Expenditures		
Grant Expenditures	-	113,710.00
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

City of Solomon, Kansas
Bond and Interest Fund

Schedule 2

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 Revenue:				
Ad Valorem Property Tax	\$ 50,175.47	\$ 51,840.76	\$ 51,792.00	\$ 48.76
Delinquent Tax	625.60	375.86	1,100.00	(724.14)
Motor Vehicle	9,947.64	10,524.18	7,967.00	2,557.18
Recreational Vehicle	337.61	279.80	217.00	62.80
16/20M Trucks	59.67	104.78	94.00	10.78
Operating Transfers	-	5,000.00	-	5,000.00
Total Cash Receipts	<u>61,145.99</u>	<u>68,125.38</u>	<u>\$ 61,170.00</u>	<u>\$ 6,955.38</u>
Expenditures				
Bond Principal 2002 Series	45,000.00	45,000.00	\$ 90,000.00	\$ (45,000.00)
Bond Interest 2002 Series	3,780.00	1,890.00	1,890.00	-
Principal Temporary Notes 2008	30,000.00	30,000.00	30,000.00	-
Interest Temporary Notes 2008	1,417.50	480.00	480.00	-
Postage and Commission	-	-	5.00	(5.00)
Cash Basis Reserve	-	-	5,000.00	(5,000.00)
Neighborhood Revitalization Rebate	9,263.07	-	-	-
Total Expenditures	<u>89,460.57</u>	<u>77,370.00</u>	<u>\$ 127,375.00</u>	<u>\$ (50,005.00)</u>
Receipts Over (Under) Expenditures	(28,314.58)	(9,244.62)		
Unencumbered Cash, Beginning	<u>39,341.29</u>	<u>11,026.71</u>		
Unencumbered Cash, Ending	<u>\$ 11,026.71</u>	<u>\$ 1,782.09</u>		

City of Solomon, Kansas
TIF Bond and Interest Fund

Schedule 2

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)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Dickinson County - TIF Distribution	\$ 124,324.85	\$ 125,066.16
Expenditures		
TIF Principal 2005 Series (TIF)	17,000.00	17,000.00
TIF Interest 2005 Series (TIF)	15,657.00	15,011.00
Bond Fee	1.25	1.25
Operating Transfers	33,808.87	5,000.00
Total Expenditures	<u>66,467.12</u>	<u>37,012.25</u>
Receipts Over (Under) Expenditures	57,857.73	88,053.91
Unencumbered Cash, Beginning	<u>51,435.92</u>	<u>109,293.65</u>
Unencumbered Cash, Ending	<u>\$ 109,293.65</u>	<u>\$ 197,347.56</u>

City of Solomon, Kansas
Water Utility Fund

Schedule 2

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 to Consumers	\$ 140,004.76	\$ 147,100.43	\$ 140,000.00	\$ 7,100.43
Swimming Pool	10,821.80	10,271.68	15,000.00	(4,728.32)
Total Cash Receipts	<u>150,826.56</u>	<u>157,372.11</u>	<u>\$ 155,000.00</u>	<u>\$ 2,372.11</u>
Expenditures				
Salaries	55,162.07	57,120.26	\$ 54,500.00	\$ 2,620.26
Swimming Pool Salaries	19,285.10	18,219.15	23,000.00	(4,780.85)
Swimming Pool Expense	8,309.87	14,165.73	-	14,165.73
Insurance	10,622.91	11,598.37	9,719.71	1,878.66
Utilities	9,703.28	10,201.69	8,880.29	1,321.40
Computer and Postage	2,984.85	3,055.75	8,000.00	(4,944.25)
Sales and Use Tax	909.25	1,000.07	750.00	250.07
Maintenance	35,788.35	23,278.12	52,091.98	(28,813.86)
Other	7,352.88	8,176.56	5,000.00	3,176.56
Capital Outlay	515.00	-	764.02	(764.02)
Operating Transfers	-	2,000.00	-	2,000.00
Total Expenditures	<u>150,633.56</u>	<u>148,815.70</u>	<u>\$ 162,706.00</u>	<u>\$ (13,890.30)</u>
Receipts Over (Under) Expenditures	193.00	8,556.41		
Unencumbered Cash, Beginning	<u>255.41</u>	<u>448.41</u>		
Unencumbered Cash, Ending	<u>\$ 448.41</u>	<u>\$ 9,004.82</u>		

City of Solomon, Kansas
Sewer Utility Fund

Schedule 2

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				
Sewer Fees	\$ 107,056.80	\$ 105,458.46	\$ 111,000.00	\$ (5,541.54)
Expenditures				
Salaries	65,860.00	77,474.06	\$ 80,000.00	\$ (2,525.94)
Employee Benefits	2,383.59	-	20,000.00	(20,000.00)
Insurance	10,122.90	11,598.34	10,000.00	1,598.34
Office Expense	48.71	28.00	250.00	(222.00)
Utilities	2,469.12	2,026.53	3,000.00	(973.47)
Maintenance	9,540.06	7,243.17	14,500.00	(7,256.83)
Legal and Accounting	7,998.07	-	-	-
Other	945.00	1,705.03	750.00	955.03
Improvements	1,000.00	-	-	-
Projects	-	57,048.23	32,809.00	24,239.23
Operating Transfers	8,000.00	4,000.00	-	4,000.00
Total Expenditures	<u>108,367.45</u>	<u>161,123.36</u>	<u>\$ 161,309.00</u>	<u>\$ (185.64)</u>
Receipts Over (Under) Expenditures	(1,310.65)	(55,664.90)		
Unencumbered Cash, Beginning	<u>100,859.02</u>	<u>99,548.37</u>		
Unencumbered Cash, Ending	<u>\$ 99,548.37</u>	<u>\$ 43,883.47</u>		

City of Solomon, Kansas
Landfill Utility Fund

Schedule 2

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				
Landfill Fees	<u>\$ 5,330.43</u>	<u>\$ 481.81</u>	<u>\$ 7,000.00</u>	<u>\$ (6,518.19)</u>
Expenditures				
County Landfill Fee	<u>5,069.00</u>	<u>-</u>	<u>\$ 13,356.00</u>	<u>\$ (13,356.00)</u>
Receipts Over (Under) Expenditures	261.43	481.81		
Unencumbered Cash, Beginning	<u>5,855.69</u>	<u>6,117.12</u>		
Unencumbered Cash, Ending	<u>\$ 6,117.12</u>	<u>\$ 6,598.93</u>		

City of Solomon, Kansas
 Agency Funds
 Summary of Receipts and Disbursements - Regulatory Basis
 For the Year Ended December 31, 2012

Schedule 3

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Meter Deposits	\$ 10,737.85	\$ 2,480.00	\$ 1,834.27	\$ 11,383.58
Council Trust	<u>1,120.16</u>	<u>697.43</u>	<u>295.00</u>	<u>1,522.59</u>
Totals	<u>\$ 11,858.01</u>	<u>\$ 3,177.43</u>	<u>\$ 2,129.27</u>	<u>\$ 12,906.17</u>