CITY OF BASEHOR, KANSAS

FINANCIAL STATEMENTS

Year Ended December 31, 2013

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CITY OF BASEHOR, KANSAS

Financial Statements
Year ending December 31, 2013

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CITY OF BASEHOR, KANSAS

Financial Statements
Year ending December 31, 2013

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MIZE HOUSER & COMPANY P.A.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Mayor and City Council
City of Basehor, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements 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 Accounting and Audit Guide." These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

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CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013
Unaudited

Our discussion and analysis of the City of Basehor, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2013.

Financial Highlights

- The Government-wide net position totaled $18.3 million at the end of the current fiscal year.
- The Government-wide unrestricted current assets exceed the current liabilities by $6.5 million, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2013 totaled $29.4 million.
- During the year ended December 31, 2013, the City's total revenues (which include charges for services, local taxes, and state and federal aid) exceeded total expenses by $2.2 million.
- The City's total indebtedness decreased by $1.1 million.
- The City's net capital assets increased $.9 million in the current fiscal year.

Using This Financial Report

This annual report consists of two distinct series of financial statements: government-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds.

Reporting on the City as a Whole (Government Wide)

Statement of Net Position and the Statement of Activities

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Position and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net position and current year change in those net position. The change in net position is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

Governmental Activities - Most of the City's programs and services are reported here including general government, public safety, public works, and culture and recreation.

Business-Type Activities - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The City's sewer utility and the solid waste utility are reported as business-type activities.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

Governmental Funds - Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and balances left over at fiscal yearend available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Position and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

Proprietary Funds - Proprietary funds (Solid Waste Utility and Sewer Utility) are enterprise funds that use the same basis of accounting as business-type activities, therefore, these statements replicate the information provided in the government-wide financial statements.

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013
Unaudited

The City as a Whole

Government-Wide Position

The Statement of Net Position provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Position as of December 31, 2013:

City of Basehor
Condensed Statement of Net Position
December 31, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	$ 6,727,807	$ 6,761,551	$ 1,249,560	$ 999,104	$ 7,977,367	$ 7,760,655
Non current assets	12,113,063	10,473,260	17,279,312	18,070,308	29,392,375	28,543,568
Total assets	$ 18,840,870	$ 17,234,811	$ 18,528,872	$ 19,069,412	$ 37,369,742	$ 36,304,223
Current liabilities	$ 870,159	$ 2,064,516	$ 638,515	$ 875,639	$ 1,508,674	$ 2,940,155
Noncurrent liabilities	8,977,135	7,629,461	8,615,240	9,658,113	17,592,375	17,287,574
Total liabilities	$ 9,847,294	$ 9,693,977	$ 9,253,755	$ 10,533,752	$ 19,101,049	$ 20,227,729
Net Position:						
Invested in capital assets, net of debt	$ 3,919,579	$ 2,474,893	$ 8,147,326	$ 7,689,150	$ 12,066,905	$ 10,164,043
Restricted for:						
Debt Service	586,415	659,198	-	-	586,415	659,198
Unrestricted	4,487,582	4,406,743	1,127,791	846,510	5,615,373	5,253,253
Total net position	$ 8,993,576	$ 7,540,834	$ 9,275,117	$ 8,535,660	$ 18,268,693	$ 16,076,494

The assets of the City are classified as current assets and capital assets. Cash and investments and accounts receivable are the largest current assets. These are assets that are available to provide resources for the near-term operations of the City. Capital assets are used in the operations of the City. These assets include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued liabilities, and current portion of long-term obligations. Current assets exceed current liabilities by $6.5 million, representing the City's ability to meet current obligations when due.

The City has $17.3 million in long-term debt, consisting of general obligation bonds, loans, and capital leases payable, of which $1.2 million is due within the next fiscal year.

The City had total assets at December 31, 2013, totaling $37.4 million. The total assets of the City exceeded the total liabilities by $18.3 million. Net position invested in capital assets, net of related debt, totaled $12.1 million, restricted net position totaled $.6 million and unrestricted net position totaled $5.6 million.

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013
Unaudited

Government-Wide Activities

The following is a condensed statement of the City's change in net position for the year ended December 31, 2013. Major items of program revenues, grants and general revenues are detailed below. Government-wide activities increased the net position of the City by $2.2 million for the year ended December 31, 2013. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located on page 14 of the basic financial statements. Major differences in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements include the repayment of bonds, temporary notes, and leases in the current fiscal year of $3.4 million which are treated as an expenditure in the fund statements and a reduction of long term debt payable in the Government wide financial statements. Also, issuance of bonds are recorded as revenue in the fund statements in the amount of $3.5 million, however this amount is recorded as an addition to long term debt payable in the Government wide financial statements. In addition, the capital outlays of $2.6 million are treated as expenditures in the fund statements, but are treated as capital assets in the Government wide financial statements.

City of Basehor

Condensed Statement of Changes in Net Position

For the Years Ending December 31, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	$ 370,742	$ 302,275	$ 1,771,838	$ 1,503,236	$ 2,142,580	$ 1,805,511
Operating grants	1,731,445	14,278	92,918	90,268	1,824,363	104,546
General revenues:						
Taxes	3,427,357	3,477,067	-	-	3,427,357	3,477,067
Transfers [net]	122,513	107,256	[122,513]	[107,256]	-	-
Other	50,396	58,079	633,241	121,387	683,637	179,466
Total revenues	5,702,453	3,958,955	2,375,484	1,607,635	8,077,937	5,566,590
Program expenses:						
General government	1,185,996	1,153,936	-	-	1,185,996	1,153,936
Public safety	708,660	770,870	-	-	708,660	770,870
Public works	564,865	696,331	-	-	564,865	696,331
Culture and recreation	40,750	46,499	-	-	40,750	46,499
Infrastructure depreciation	762,017	762,390	-	-	762,017	762,390
Sewer utility	-	-	1,351,370	1,439,115	1,351,370	1,439,115
Solid waste utility	-	-	263,510	235,900	263,510	235,900
Interest on long term debt	987,423	441,216	-	-	987,423	441,216
Total expenses	4,249,711	3,871,242	1,614,880	1,675,015	5,864,591	5,546,257
Increase [decrease] in net position	$ 1,452,742	$ 87,713	$ 760,604	$ [67,380]	$ 2,213,346	$ 20,333

Governmental Activities increase the net position by $1.4 million. Business-type activities increased the net position by $.8 million. The primary increases in Governmental Activities can be attributed to many factors in addition to conservative spending. In 2013, the City received a $1.9 million transportation grant from the State of Kansas. Key elements in the Business-type activities increase is due to additional utility customers (both sewer and solid waste) and capital contributed from Governmental Activities based off of the 2013-A General Obligation Refunding bond issue.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources.

Total fund balances at December 31, 2013, for the governmental funds totaled $5.2 million. Total unassigned fund balances at December 31, 2013, totaled nearly $.8 million, which was attributable to the General Fund. The remainder of fund balance includes: $.6 million of restricted fund balance to indicate that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations; $3.8 million of assigned fund balance to indicate amounts that are constrained by the City management to be used for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $.8 million, which represents all of the total fund balance. The increase in the General Fund's fund balance was $.2 million.

The Consolidated Highway Fund is used to account for road and highway projects. At the end of the current fiscal year, assigned fund balance of the consolidated highway fund was $1.7 million, which represents all of the total fund balance. The decrease in the fund's fund balance was $.2 million.

The Capital Improvements Reserve Fund is used to account for capital improvement projects. At the end of the current fiscal year, assigned fund balance of the capital improvements reserve fund was $1.5 million, which represents all of the total fund balance. The increase in the fund's fund balance was $83,613.

The Employee Benefit Fund is used to account for employee benefits. At the end of the current fiscal year, assigned fund balance of the employee benefit fund was $167,931, which represents all of the total fund balance. The increase in the Fund's fund balance was $32,900.

The Debt Service Fund is used to accumulate tax revenues and other revenues for the payment of principal and interest on general long-term debt.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Solid Waste Utility Fund at the end of the year amounted to $95,325 and the unrestricted net position of the Sewer Fund at the end of the year amounted to $1 million. The total change in the two funds was [$8,693] and $769,297, respectively.

General Fund Budgeting Highlights

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The City's final General Fund budget was $2,494,272, the same as the original published budget. The revenues were more than budgetary estimates by $23,004 and the expenditures were less than budgetary estimates by $718,819.

Fixed Assets and Debt Administration

The City's investment in fixed assets for its governmental and business-type activities totaled $29.4 million (net of accumulated depreciation) as of December 31, 2013.

Major fixed asset events during the current fiscal year included the following:

The City spent $2.5 million on the Wolf Creek Parkway extension project and purchased two new police cars for $47,738.

At December 31, 2013, the City had total debt outstanding of $17.3 million, backed by the full faith and credit of the City. Total long-term debt decreased for the fiscal year ended December 31, 2013, in the amount of $1.1 million. This was a result of the gradual pay down of current outstanding debt and the refinancing.

Additional information on the City's general long term debt can be found in Note III to the financial statements.

Contacting the City

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City Clerk/Finance Department at 2620 North 155th Street, Basehor, Kansas 66007 or (913) 724-1370.

CITY OF BASEHOR, KANSAS

STATEMENT OF NET POSITION
December 31, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Primary Government Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,256,840	$ 1,117,646	$ 6,374,486
Receivables:			
Taxes	1,425,385	-	1,425,385
Municipal court	45,582	-	45,582
Other	-	131,914	131,914
Total current assets	6,727,807	1,249,560	7,977,367
Noncurrent assets:			
Nondepreciable capital assets:			
Construction in process	2,642,629	-	2,642,629
Depreciable capital assets:	18,972,786	28,616,789	47,589,575
Less: accumulated depreciation	[9,502,352]	[11,337,477]	[20,839,829]
Total noncurrent assets	12,113,063	17,279,312	29,392,375
Total assets	$ 18,840,870	$ 18,528,872	$ 37,369,742
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accounts payable	$ 12,658	$ 25,073	$ 37,731
Accrued liabilities	44,425	5,110	49,535
Accrued interest payable	62,390	76,168	138,558
Deferred revenue			
Compensated absences payable	41,807	15,418	57,225
Current portion of general obligation bonds payable	708,879	281,121	990,000
Current portion of loans payable	-	235,625	235,625
Total current liabilities (payable from current assets)	870,159	638,515	1,508,674
Noncurrent liabilities:			
Net other post employment benefit obligation	23,745	-	23,745
Capital lease payable	43,400	-	43,400
General obligation bonds payable	7,484,605	4,014,612	11,499,217
Loans payable	-	4,600,628	4,600,628
Total noncurrent liabilities	7,551,750	8,615,240	16,166,990
Total liabilities	8,421,909	9,253,755	17,675,664
Deferred inflows of resources			
Unavailable revenue - property taxes	1,425,385	-	1,425,385
Total deferred inflows of resources	1,425,385	-	1,425,385
Total liabilities and deferred inflows of resources	$ 9,847,294	$ 9,253,755	$ 19,101,049
Net Position			
Invested in fixed assets, net of related debt	$ 3,919,579	$ 8,147,326	$ 12,066,905
Restricted for:			
Debt service	586,415	-	586,415
Unrestricted	4,487,582	1,127,791	5,615,373
Total net position	$ 8,993,576	$ 9,275,117	$ 18,268,693

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

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CITY OF BASEHOR, KANSAS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

		Program Revenues		Net [Expenses] Revenue and Changes in Net Assets Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:						
General government	$ 1,185,996	$ -	$ -	$ [1,185,996]	$ -	$ [1,185,996]
Public safety	708,660	104,937	-	[603,723]	-	[603,723]
Public works	564,865	265,805	1,731,445	1,432,385	-	1,432,385
Culture and recreation	40,750	-	-	[40,750]	-	[40,750]
Infrastructure depreciation	762,017	-	-	[762,017]	-	[762,017]
Interest on long-term debt	987,423	-	-	[987,423]	-	[987,423]
Total governmental activities	4,249,711	370,742	1,731,445	[2,147,524]	-	[2,147,524]
Business-type activities:						
Sewer Utility	1,351,370	1,490,048	92,918	-	231,596	231,596
Solid Waste Utility	263,510	281,790	-	-	18,280	18,280
Total business-type activities	1,614,880	1,771,838	92,918	-	249,876	249,876
Total primary government	$ 5,864,591	$ 2,142,580	$ 1,824,363	[2,147,524]	249,876	[1,897,648]
	General Revenues:					
	Property taxes levied for					
	General purposes			1,437,613	-	1,437,613
	Debt service			707,685	-	707,685
	Franchise tax			219,570	-	219,570
	Liquor tax			18,923	-	18,923
	Sales tax			699,923	-	699,923
	Motor vehicle tax			162,235	-	162,235
	Excise tax			58,760	-	58,760
	Miscellaneous tax			122,648	-	122,648
	Investments earnings			11,627	1,757	13,384
	Miscellaneous			38,769	631,484	670,253
	Transfers, net			122,513	[122,513]	-
	Total general revenues			3,600,266	510,728	4,110,994
	Change in net position			1,452,742	760,604	2,213,346
	Net position - beginning			7,540,834	8,535,660	16,076,494
	Prior period adjustment			-	[21,147]	[21,147]
	Net position - beginning, restated			7,540,834	8,514,513	16,055,347
	Net position - ending			$ 8,993,576	$ 9,275,117	$ 18,268,693

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

CITY OF BASEHOR, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	General	Consolidated Highway	Capital Improvements Reserve
ASSETS			
Cash and cash equivalents	$ 792,016	$ 1,729,270	$ 1,507,880
Receivables			
Taxes	1,034,646	-	-
Municipal court	45,582	-	-
Total assets	$ 1,872,244	$ 1,729,270	$ 1,507,880
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 10,384	$ 264	$ -
Accrued liabilities	44,425	-	-
Total liabilities	54,809	264	-
Deferred inflows of resources:			
Unavailable revenue - property taxes	1,034,646	-	-
Total deferred inflows of resources	1,034,646	-	-
Total liabilities and deferred inflows of resources	1,089,455	264	-
Fund balance:			
Restricted	-	-	-
Assigned	-	1,729,006	1,507,880
Unassigned	782,789	-	-
Total fund balance [deficit]	782,789	1,729,006	1,507,880
Total liabilities and fund balances	$ 1,872,244	$ 1,729,270	$ 1,507,880

Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
$ 167,931	$ 586,415	$ 473,328	$ 5,256,840
372,325	18,414	-	1,425,385
-	-	-	45,582
$ 540,256	$ 604,829	$ 473,328	$ 6,727,807
$ -	$ -	$ 2,010	$ 12,658
-	-	-	44,425
-	-	2,010	57,083
372,325	18,414	-	1,425,385
372,325	18,414	-	1,425,385
372,325	18,414	2,010	1,482,468
-	586,415	-	586,415
167,931	-	471,318	3,876,135
-	-	-	782,789
167,931	586,415	471,318	5,245,339
$ 540,256	$ 604,829	$ 473,328	$ 6,727,807

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

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CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2013

Total Governmental Fund Balances		$ 5,245,339
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	21,615,415	
Accumulated depreciation is	[9,502,352]	12,113,063
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term liabilities at year end consist of:		
General obligation bonds payable	8,193,484	
Lease payable	43,400	
Net other post employment benefit obligation	23,745	
Interest payable	62,390	
Compensated absences payable	41,807	[8,364,826]
Net Position of Governmental Activities		$ 8,993,576

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	General	Consolidated Highway	Capital Improvements Reserve
REVENUES:			
Taxes	$ 1,586,768	$ 629,724	$ 81,408
Intergovernmental	-	1,708,169	-
Special assessments	-	-	-
Licenses, permits and fees	174,005	-	-
Fines, forfeitures and penalties	104,937	-	-
Use of money and property	1,471	3,032	2,205
Miscellaneous	38,769	-	-
Total revenues	1,905,950	2,340,925	83,613
EXPENDITURES:			
Current			
General government	681,086	46,391	-
Public works	234,614	-	-
Culture and recreation	31,332	-	-
Public safety	743,520	-	-
Capital outlay	-	2,531,104	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	1,690,552	2,577,495	-
Excess [deficiency] of revenues over [under] expenditures	215,398	[236,570]	83,613
OTHER FINANCING SOURCES [USES]			
Sales of bonds	-	-	-
Bond premium	-	-	-
Transfers in	58,684	-	-
Transfers [out]	[84,901]	-	-
Total other financing sources [uses]	[26,217]	-	-
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	189,181	[236,570]	83,613
Fund balance - Beginning of year	593,608	1,965,576	1,424,267
Fund balance - End of year	$ 782,789	$ 1,729,006	$ 1,507,880

Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
$ 412,310	$ 93,182	$ 9,462	$ 2,812,854
-	23,276	-	1,731,445
-	614,503	-	614,503
-	-	91,800	265,805
-	-	-	104,937
328	3,987	604	11,627
-	-	-	38,769
412,638	734,948	101,866	5,579,940
443,567	-	-	1,171,044
-	-	-	234,614
-	-	-	31,332
-	-	-	743,520
-	-	190,874	2,721,978
-	3,432,822	-	3,432,822
-	1,008,788	-	1,008,788
443,567	4,441,610	190,874	9,344,098
[30,929]	[3,706,662]	[89,008]	[3,764,158]
-	3,480,000	-	3,480,000
-	153,879	-	153,879
63,829	-	84,901	207,414
-	-	-	[84,901]
63,829	3,633,879	84,901	3,756,392
32,900	[72,783]	[4,107]	[7,766]
135,031	659,198	475,425	5,253,105
$ 167,931	$ 586,415	$ 471,318	$ 5,245,339

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

CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Total Net Change In Fund Balances - Governmental Funds		$ [7,766]
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	2,598,174	
Loss on sale of asset	[137,824]	
Depreciation expense	[820,546]	1,639,804
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased.		21,365
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		[565]
Net other post employment benefits		[11,578]
Bond issuance costs are recorded as expenditures in the fund financial statements. However, for the statement of net position, these costs are shown as assets and amortized over the life of the bonds.		[147,025]
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		[41,493]
Changes In Net position of Governmental Activities		$ 1,452,742

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

CITY OF BASEHOR, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2013

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 1,586,768	$ -	$ 1,586,768	$ 1,630,297	$ 1,630,297	$ [43,529]
Licenses and permits	174,005	4,206	178,211	64,550	64,550	113,661
Fines, forfeitures and penalties	104,937	2,445	107,382	151,000	151,000	[43,618]
Use of money and property	1,471	-	1,471	1,250	1,250	221
Miscellaneous	38,769	-	38,769	42,500	42,500	[3,731]
Total Revenues	1,905,950	6,651	1,912,601	1,889,597	1,889,597	23,004
Expenditures:						
General Administration:						
Personal services	354,727	-	354,727	409,420	409,420	54,693
Contractual services	252,621	-	252,621	308,847	308,847	56,226
Commodities	11,874	-	11,874	70,050	70,050	58,176
Capital outlay	61,864	-	61,864	561,500	561,500	499,636
	681,086	-	681,086	1,349,817	1,349,817	668,731
Public Safety						
Personal services	626,199	-	626,199	678,682	678,682	52,483
Contractual services	61,764	-	61,764	93,050	93,050	31,286
Commodities	37,544	-	37,544	54,700	54,700	17,156
Capital outlay	18,013	-	18,013	8,000	8,000	[10,013]
	743,520	-	743,520	834,432	834,432	90,912
Highways and Streets						
Personal services	182,855	-	182,855	173,192	173,192	[9,663]
Contractual services	16,427	-	16,427	11,300	11,300	[5,127]
Commodities	16,462	-	16,462	13,023	13,023	[3,439]
Capital outlay	18,870	-	18,870	10,000	10,000	[8,870]
	234,614	-	234,614	207,515	207,515	[27,099]
Culture and recreation						
Personal services	7,617	-	7,617	4,825	4,825	[2,792]
Contractual services	7,480	-	7,480	8,900	8,900	1,420
Commodities	855	-	855	1,500	1,500	645
Capital outlay	15,380	-	15,380	15,000	15,000	[380]
	31,332	-	31,332	30,225	30,225	[1,107]

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

CITY OF BASEHOR, KANSAS

GENERAL FUND - (Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2013

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Expenditures (Continued):						
Total Expenditures	$ 1,690,552	$ -	$ 1,690,552	$ 2,421,989	$ 2,421,989	$ 731,437
Excess [Deficiency] of Revenues Over [Under] Expenditures	215,398	6,651	222,049	[532,392]	[532,392]	754,441
Other Financing Sources [Uses]:						
Transfers in	58,684	-	58,684	88,684	88,684	[30,000]
Transfers [out]	[84,901]	-	[84,901]	[72,283]	[72,283]	[12,618]
Total Other Financing Sources [Uses]	[26,217]	-	[26,217]	16,401	16,401	[42,618]
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	189,181	6,651	195,832	$ [515,991]	$ [515,991]	$ 711,823
Fund Balance, January 1	593,608	[52,233]	541,375			
Fund Balance, December 31	$ 782,789	$ [45,582]	$ 737,207			

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

CITY OF BASEHOR, KANSAS

CONSOLIDATED HIGHWAY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2013

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 629,724	$ -	$ 629,724	$ 289,000	$ 289,000	$ 340,724
Intergovernmental	1,708,169	[1,708,169]	-	134,520	134,520	[134,520]
Use of money and property	3,032	-	3,032	2,500	-	3,032
Total Revenues	2,340,925	[1,708,169]	632,756	426,020	423,520	209,236
Expenditures:						
Commodities	38,209	-	38,209	50,000	50,000	11,791
Capital outlay	2,520,083	[1,708,169]	811,914	830,000	1,230,000	418,086
Contractual	11,021	-	11,021	10,000	10,000	[1,021]
Reimbursements	8,182	-	8,182	-	-	[8,182]
Total Expenditures	2,577,495	[1,708,169]	869,326	890,000	1,290,000	420,674
Excess [Deficiency] of Revenues Over [Under] Expenditures	[236,570]	-	[236,570]	$ [463,980]	$ [866,480]	$ 629,910
Fund Balance, January 1	1,965,576	-	1,965,576			
Fund Balance, December 31	$ 1,729,006	$ -	$ 1,729,006			

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

CITY OF BASEHOR, KANSAS

CAPITAL IMPROVEMENTS RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2013

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 81,408	$ -	$ 81,408	$ 62,000	$ 62,000	$ 19,408
Use of money and property	2,205	-	2,205	-	-	2,205
Total Revenues	83,613	-	83,613	62,000	62,000	21,613
Expenditures:						
Capital outlay	-	-	-	20,000	20,000	20,000
Total Expenditures	-	-	-	20,000	20,000	20,000
Excess [Deficiency] of Revenues Over [Under] Expenditures	83,613	-	83,613	$ 42,000	$ 42,000	$ 41,613
Fund Balance, January 1	1,424,267	-	1,424,267			
Fund Balance, December 31	$ 1,507,880	$ -	$ 1,507,880			

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

CITY OF BASEHOR, KANSAS

EMPLOYEE BENEFIT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2013

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 412,310	$ -	$ 412,310	$ 395,619	$ 395,619	$ 16,691
Use of money and property	328	-	328	-	-	328
Total Revenues	412,638	-	412,638	395,619	395,619	17,019
Expenditures:						
Personal services	443,567	-	443,567	554,382	554,382	110,815
Total Expenditures	443,567	-	443,567	554,382	554,382	110,815
Excess [Deficiency] of Revenues Over [Under] Expenditures	[30,929]	-	[30,929]	[158,763]	[158,763]	127,834
Other Financing Sources [Uses]:						
Transfers in	63,829	-	63,829	66,429	66,429	[2,600]
Total Other Financing Sources [Uses]	63,829	-	63,829	66,429	66,429	[2,600]
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	32,900	-	32,900	$ [92,334]	$ [92,334]	$ 125,234
Fund Balance, January 1	135,031	-	135,031			
Fund Balance, December 31	$ 167,931	$ -	$ 167,931			

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

CITY OF BASEHOR, KANSAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,029,871	$ 87,775	$ 1,117,646
Receivables:			
Accounts	104,211	27,703	131,914
Total current assets	1,134,082	115,478	1,249,560
Capital assets:			
Capital assets, depreciable	28,616,789	-	28,616,789
Less: accumulated depreciation	[11,337,477]	-	[11,337,477]
Total capital assets	17,279,312	-	17,279,312
Total Assets	$ 18,413,394	$ 115,478	$ 18,528,872
LIABILITIES AND NET POSITION			
Current liabilities (payable from current assets):			
Accounts payable	$ 4,920	$ 20,153	$ 25,073
Accrued interest	76,168	-	76,168
Accrued compensation	15,418	-	15,418
Accrued payroll	5,110	-	5,110
Current portion of general obligation payable	281,121	-	281,121
Current portion of KDHE loan payable	235,625	-	235,625
Total current liabilities (payable from current assets):	618,362	20,153	638,515
Noncurrent liabilities:			
General obligation bond payable	4,014,612	-	4,014,612
KDHE loan payable	4,600,628	-	4,600,628
Total noncurrent liabilities:	8,615,240	-	8,615,240
Total Liabilities	$ 9,233,602	$ 20,153	$ 9,253,755
Net Position:			
Invested in capital assets, net of related debt	$ 8,147,326	$ -	$ 8,147,326
Unrestricted	1,032,466	95,325	1,127,791
Total Net Position	$ 9,179,792	$ 95,325	$ 9,275,117

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Operating revenues:			
Charges for services	$ 1,490,048	$ 281,790	$ 1,771,838
Special assessments	92,918	-	92,918
Total operating revenues	1,582,966	281,790	1,864,756
Operating expenses:			
Personnel	85,452	-	85,452
Contractual	202,140	259,816	461,956
Commodities	30,181	3,439	33,620
Capital outlay	20,304	255	20,559
Depreciation	751,158	-	751,158
Total operating expenses	1,089,235	263,510	1,352,745
Operating income [loss]	493,731	18,280	512,011
Nonoperating revenues [expenses]:			
Interest on long term debt	[262,135]	-	[262,135]
Capital contribution	631,484	-	631,484
Interest earned	1,562	195	1,757
Total nonoperating revenues [expenses]	370,911	195	371,106
Income [loss] before transfers	864,642	18,475	883,117
Transfers from [to] other funds			
Transfers out	[95,345]	[27,168]	[122,513]
Total transfers	[95,345]	[27,168]	[122,513]
Change in net position	769,297	[8,693]	760,604
Net position, January 1	8,431,642	104,018	8,535,660
Prior period adjustment	[21,147]	-	[21,147]
Net position, January 1, restated	8,410,495	104,018	8,514,513
Net position, December 31	$ 9,179,792	$ 95,325	$ 9,275,117

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

CITY OF BASEHOR, KANSAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	$ 1,582,067	$ 281,550	$ 1,863,617
Cash paid to suppliers and employees	[348,395]	[263,140]	[611,535]
Net Cash Provided by [Used in] Operating Activities	1,233,672	18,410	1,252,082
Cash Flows from Non-Capital Financing Activities:			
Transfers [in] out	[95,345]	[27,168]	[122,513]
Net Cash Provided by [Used in] Non-Capital Financing Activities	[95,345]	[27,168]	[122,513]
Cash Flows from Capital and Related Financing Activities			
Capital contributions	631,484	-	631,484
Principal paid on bonds, notes and loans	[1,230,482]	-	[1,230,482]
Interest expense and fiscal charges	[283,011]	-	[283,011]
Net Cash Provided by [Used in] Capital and Related Financing Activities	[882,009]	-	[882,009]
Cash Flows from Investing Activities:			
Interest income	1,562	195	1,757
Net Cash Provided by [Used in] Investing Activities	1,562	195	1,757
Net Increase [Decrease] in Cash and Cash Equivalents	257,880	[8,563]	249,317
Cash and Equivalents, January 1	771,991	96,338	868,329
Cash and Equivalents, December 31	$ 1,029,871	$ 87,775	$ 1,117,646

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

CITY OF BASEHOR, KANSAS

STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Reconciliation of Operating Net Income to Net Cash Provided by Operating Activities:			
Operating income [loss]	$ 493,731	$ 18,280	$ 512,011
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	751,158	-	751,158
Change in assets and liabilities:			
[Increase] decrease in accounts receivable	[899]	[240]	[1,139]
Increase [decrease] in accounts payable	[13,004]	370	[12,634]
Increase [decrease] in compensated absences/accrued payroll	2,686	-	2,686
Total Adjustments	739,941	130	740,071
Net Cash Provided by [Used in] Operating Activities	$ 1,233,672	$ 18,410	$ 1,252,082

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Basehor, Kansas (the City), is a municipal corporation governed by an elected six-member council. The City has no component units.

B. *Government-wide and Fund Financial Statements*

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the City.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. The City has no fiduciary funds.

C. *Measurement Focus, Basis of Accounting and Basis of Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City has elected to report all funds as major and reports the following major governmental funds:

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The consolidated highway fund is used to account for road and highway projects.

The capital improvements reserve fund is used to account for capital improvement projects.

The employee benefit fund is used to account for employee benefits.

The bond and interest fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental.

The City reports the following major proprietary funds:

The sewer utility fund is used to account for the activities of the City's wastewater operations.

The solid waste utility fund is used to account for the activities of the City's refuse operations.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity*

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments (including certificates of deposit) with original maturities of six months or less from the date of acquisition.

Kansas statutes authorize the City to invest in U.S. Treasury bills and notes, repurchase agreements, the Kansas Municipal Investment Pool, and certain other types of federal and Kansas municipal obligations.

Investments are stated at fair market value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles, if any.

Property taxes receivable - 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 office of the County Appraiser annually determines assessed valuations on January 1 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 state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. 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. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2014.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

3. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the City, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50 - 100
Other equipment	5 - 20
Vehicles	6 - 10
Infrastructure	30 - 75

4. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off. Paid time off earned but unused at termination (if a two-week notice is given) is paid to the employees at their current rate of pay.

Vested or accumulated paid time off that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government fund financial statements that will pay it. Vested or accumulated paid time off of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees.

The General Fund and Sewer Utility Fund have been used in prior years to liquidate the liability for compensated absences.

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

5. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

7. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. The government funds report unavailable revenues from one source: property taxes. The government-wide statements of net position report only the unavailable revenue for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

9. Fund Balance Reserves

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city council. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds						
	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
Fund Balances:							
Restricted for:							
Debt retirement	$ -	$ -	$ -	$ -	$ 586,415	$ -	$ 586,415
Assigned for:							
Street project construction	-	1,729,006	-	-	-	-	1,729,006
Capital improvements	-	-	1,507,880	-	-	36,414	1,544,294
Employee benefits	-	-	-	167,931	-	-	167,931
Culture and recreation	-	-	-	-	-	121,633	121,633
Equipment outlay	-	-	-	-	-	313,271	313,271
Unassigned:	782,789	-	-	-	-	-	782,789
Total Fund Balances	$ 782,789	$ 1,729,006	$ 1,507,880	$ 167,931	$ 586,415	$ 471,318	$ 5,245,339

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise 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 the 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 the 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. The 2013 budget was amended for the Consolidated Highway and Solid Waste Utility funds.

The statutes permit management to transfer 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.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds and certain special revenue funds. 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 body.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	Major Governmental Funds						
	General Fund	Consolidated Highway Fund	Capital Improvements Reserve Fund	Employee Benefit Fund	Bond and Interest Fund	Other Governmental Funds	Total Governmental Funds
GAAP FUND BALANCE December 31, 2013	$ 782,789	$ 1,729,006	$ 1,507,880	$ 167,931	$ 586,415	$ 471,318	$ 5,245,339
Unreserved fund balances not subject to the Kansas budget law:							
Special Police Fund	-	-	-	-	-	[542]	[542]
Municipal Equipment Reserve Fund	-	-	-	-	-	[312,729]	[312,729]
Glenwood Sewer Maintenance Fund	-	-	-	-	-	[22,787]	[22,787]
Adjustments:							
Municipal court receivable	[45,582]	-	-	-	-	-	[45,582]
Total deductions	[45,582]	-	-	-	-	[336,058]	[381,640]
BUDGETARY FUND BALANCE December 31, 2013	$ 737,207	$ 1,729,006	$ 1,507,880	$ 167,931	$ 586,415	$ 135,260	$ 4,863,699

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

	Major Business-Type Funds		
	Sewer Utility Fund	Solid Waste Utility Fund	Total Business-Type Funds
NET POSITION			
December 31, 2013	$ 9,179,792	$ 95,325	$ 9,275,117
Adjustments:			
Capital assets, net	[17,279,312]	-	[17,279,312]
Receivables	[104,211]	[27,703]	[131,914]
Accrued interest	76,168	-	76,168
Accrued compensation	15,418	-	15,418
General obligation payable	4,295,733	-	4,295,733
KDHE loan payable	4,836,253	-	4,836,253
Total deductions	[8,159,951]	[27,703]	[8,187,654]
BUDGETARY NET POSITION			
December 31, 2013	$ 1,019,841	$ 67,622	$ 1,087,463

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county or an adjoining county in which the City is located and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to K.S.A. 12-1675. The statutes require that the City invest it's idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes or the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the US government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in K.S.A. 10-131.

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

The City does not have a formal investment policy that further limits concentration of credit risk, interest rate, or custodial credit risks beyond state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to K.S.A. 9-1402.

B. *Receivables*

Receivables at year end are as follows:

	General	Employee Benefit	Bond and Interest	Sewer Utility	Solid Waste Utility	Total
Receivables:						
Accounts	$ -	$ -	$ -	$ 104,211	$ 27,703	$ 131,914
Taxes	1,034,646	372,325	18,414	-	-	1,425,385
Municipal court	45,582	-	-	-	-	45,582
Total	$ 1,080,228	$ 372,325	$ 18,414	$ 104,211	$ 27,703	$ 1,602,881

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Capital Assets*

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance 12/31/12	Additions	Retirements	Balance 12/31/13
City governmental activities:				
Capital assets, not being depreciated				
Land	$ 135,837	$ -	$ 135,837	$ -
Construction in progress	165,301	2,477,328	-	2,642,629
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	18,936,346	120,846	84,406	18,972,786
Total capital assets	19,237,485	2,598,174	220,243	21,615,415
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	8,764,225	820,546	82,419	9,502,352
Total accumulated depreciation	8,764,225	820,546	82,419	9,502,352
Governmental activities capital assets, net	$ 10,473,260	$ 1,777,628	$ 137,824	$ 12,113,063
Business-type activities:				
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	$ 28,616,789	$ -	$ -	$ 28,616,789
Total capital assets	28,616,789	-	-	28,616,789
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	10,567,628	769,849	-	11,337,477
Total accumulated depreciation	10,567,628	769,849	-	11,337,477
Business-type activities capital assets, net	$ 18,049,161	$ [769,849]	$ -	$ 17,279,312

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Capital Assets (Continued)*

The City's depreciation expense was charged as follows:

Governmental Activities:	
General government	$ 9,663
Public safety	31,868
Public works	3,567
Culture and recreation	13,431
Infrastructure	762,017
Total depreciation expense	$ 820,546
Business-type Activities:	
Sewer utility	$ 769,849
Total depreciation expense	$ 769,849

D. *Long-term Debt*

During the year ended December 31, 2013, the following changes occurred in long term liabilities:

Government Fund Activities	Balance January 1, 2013	Additions	Retirements	Balance December 31, 2013
General obligation bonds	$ 7,861,300	$ 3,480,000	$ 3,431,907	$ 7,909,393
General obligation bonds premium	137,067	153,877	6,853	284,091
Total general obligation bonds	7,998,367	3,633,877	3,438,760	8,193,484
Capital lease	50,000	-	6,600	43,400
	$ 8,048,367	$ 3,633,877	$ 3,445,360	$ 8,236,884

Enterprise Fund Activities				
General obligation bonds	$ 4,943,700	$ -	$ 1,003,093	$ 3,940,607
General obligation bonds premium	373,817	-	18,691	355,126
Total general obligation bonds	5,317,517	-	1,021,784	4,295,733
KDHE revolving loan	5,063,641	-	227,389	4,836,253
	$ 10,381,158	$ -	$ 1,249,173	$ 9,131,986

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds.

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Governmental Activities	Date of Issuance	Date of Final Maturity	Interest Rate	Original Amount	Outstanding Amount
Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	$ 3,415,000	$ 62,100
Refunding and improvements, Series 2012	08/08/12	09/01/32	2.00-3.00%	9,345,884	4,367,293
Refunding, Series 2013	01/15/13	09/01/25	2.00%	3,480,000	3,480,000
				$ 16,240,884	$ 7,909,393
Business-type Activities					
Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	$ 1,058,650	$ 27,900
Refunding and improvements, Series 2012	08/08/12	09/01/32	2.00-3.00%	4,175,000	3,912,707
				$ 5,233,650	$ 3,940,607
				$ 21,474,534	$ 11,850,000

Annual debt service requirements to maturity for the general obligation bonds are as follows:

	Governmental activities		Business-type activities		
Year Ending December 31,	Principal	Interest	Principal	Interest	Total
2014	$ 708,879	$ 187,169	$ 281,121	$ 104,211	$ 1,281,380
2015	777,167	172,805	337,833	98,505	1,386,310
2016	853,092	153,337	396,908	88,323	1,491,660
2017	883,914	131,680	411,086	76,365	1,503,045
2018	887,099	109,239	422,901	63,976	1,483,215
2019-2023	2,273,541	275,233	1,051,459	172,685	3,772,918
2024-2028	1,063,805	112,548	626,195	90,907	1,893,455
2029-2032	461,896	27,387	413,104	24,541	926,928
Total	$ 7,909,393	$ 1,169,397	$ 3,940,607	$ 719,513	$ 13,738,910

During 2013, the City issued $3,480,000 in general obligation refunding bonds with an interest rate of 2.00% to refund Series 2004 General Obligation and Series 2005 General Obligation bonds. As a result, the 2004 and 2005 bonds are considered to be defeased and the liability for the defeased bonds has been removed from the City's financial statements. The transaction resulted in an economic gain of $441,465 and a reduction of $402,014 in future debt payments.

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

The Kansas Department of Health and Environment and the City has entered into an agreement for an additional loan. The City intends to make principal and interest payments on the loans from revenue derived from wastewater and water charges to the consumer. The original loan amount was $5,663,682 with a stated interest rate of 2.82%. This loan had an outstanding balance of $4,836,253 at December 31, 2013. The City will retire this loan with semi-annual payments through September 2030. The following displays annual debt service requirements to maturity for this KDHE loan for the full proceeds amount:

The following displays annual debt service requirements to maturity for this KDHE loan for the full proceeds amount:

Year Ending December 31,	State Agency Loan
2014	$ 371,395
2015	371,395
2016	371,395
2017	371,395
2018	371,395
2019-2023	1,856,974
2024-2028	1,856,974
2029-2030	520,313
Total principal and interest	6,091,234
Less: interest	1,254,982
Total principal	$ 4,836,253

Special Assessments. As provided by Kansas Statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund. The special assessments receivable are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

III. DETAILED NOTES ON ALL FUNDS (Continued)

E. Restatement of Equity

In 2013, it was determined that an adjustment to beginning net position in the Sewer Utility Fund was needed to eliminate prior periods unamortized balance of deferred bond costs. The effect is as follows:

	Sewer Utility Fund
Net position, January 1	$ 8,431,642
Prior period adjustment	[21,147]
Net position, January 1, restated	$ 8,410,495

IV. OTHER INFORMATION

A. 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. The City carries commercial insurance for these risks of loss including related lost revenue. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of additional expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

IV. OTHER INFORMATION (Continued)

C. Retirement Plans

All employees employed by the City are entitled to enroll at the City Council's discretion, in a Deferred Compensation Plan, offered by Hartford or such other insurance company as may offer a plan approved by the Kansas Legislature pursuant to K.S.A. 75-5522 et seq. and K.S.A. 75-5529 et seq. For an employee who is employed full time, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The payroll for employees covered by the Plan was $550,195. Total gross payroll was $1,229,412. The contribution for the year ending December 31, 2013, was $8,676 from employees and $60,521 from employer representing 11% of covered payroll, respectively.

The City participates in the Kansas Police and Firemen's Retirement System (KP&F) which is part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KP&F provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KP&F issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to Kansas Public Employees Retirement System (KPERS); 611 South Kansas Avenue, Topeka, KS 66603.

K.S.A. 74-4975 establishes the 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. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KP&F is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KP&F uniform participating employer rate established for fiscal years beginning in 2013 is 17.26%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ending December 31, 2013, 2012 and 2011 were $97,798, $89,377, and $73,019, respectively equal to the required contribution for each year.

D. Interfund Transfers

A reconciliation of all operating transfers by fund type for 2013 follows:

From	To	Amount	Statutory Authority
Sewer Utility	General	$ 47,810	K.S.A. 12-825d
Solid Waste Utility	General	10,874	K.S.A. 12-825d
General	Municipal Equipment Reserve	84,901	K.S.A. 12-1,117
Sewer Utility	Employee Benefit	47,535	K.S.A. 12-16,102
Solid Waste Utility	Employee Benefit	16,294	K.S.A. 12-16,102
	Total	$ 207,414	

The City uses interfund transfers to share administrative costs between funds.

IV. OTHER INFORMATION (Continued)

E. Restricted Cash

In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the $2,405 per lot impact fee. This restriction limited the use of these funds to improvements to the perimeter roads (Donohoo Road, Hollingsworth Road and 147th Street). Of the $1,729,270 of cash in the Consolidated Highway Fund as of December 31, 2013, $107,469 was subject to this restriction.

F. Postemployment Healthcare Plan

Plan Description. The City provides for a continuation of medical, pharmacy and dental insurance benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Funding Policy. The contribution requirements of plan participants and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. Plan participants contributed approximately 100% of the total premiums to the Plan, through their required contribution of $390 per month for retiree-only coverage and $839, per month, for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Plan:

Annual required contribution	$ 11,796
Interest on Net OPEB Obligation	486
Adjustment to Annual Required Contribution	[704]
Annual OPEB cost (expense)	11,578
Benefit payments	-
Change in Net OPEB obligation	11,578
Net OPEB Obligation - beginning of year	12,167
Net OPEB Obligation - end of year	$ 23,745

IV. OTHER INFORMATION (Continued)

F. Postemployment Healthcare Plan (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2011	$ 3,099	$ -	$ 8,931
December 31, 2012	3,236	-	12,167
December 31, 2013	11,578	-	23,745

Funding Status and Funding Progress. As of January 1, 2013, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was $45,720 and the actuarial value of asset was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $45,720.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of January 1, 2013, the most recent actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 9% initially, reduced by decrements to an ultimate rate of 5% after nine years. The UAAL is being amortized as a level dollar over an open thirty-year period.

CITY OF BASEHOR, KANSAS

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
Year ended December 31, 2013

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as Percent of Payroll (b)-(a)/(c)
1/1/2010	$ -	$ 11,407	$ 11,407	$ -	$ 1,020,641	1.1%
1/1/2013	-	45,720	45,720	-	1,020,641	4.5%

CITY OF BASEHOR, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2013

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and cash equivalents	$ 434,951	$ 38,377	$ 473,328
Total assets	$ 434,951	$ 38,377	$ 473,328
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 47	$ 1,963	$ 2,010
Total liabilities	47	1,963	2,010
Fund balance:			
Assigned	434,904	36,414	471,318
Total fund balance [deficit]	434,904	36,414	471,318
Total liabilities and fund balances	$ 434,951	$ 38,377	$ 473,328

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	Special Revenue	Capital Projects	Total
REVENUES:			
Taxes	$ 9,462	$ -	$ 9,462
Licenses, permits and fees	18,800	73,000	91,800
Use of money and property	560	44	604
Total revenues	28,822	73,044	101,866
EXPENDITURES:			
Capital outlay	130,847	60,027	190,874
Total expenditures	130,847	60,027	190,874
Excess [deficiency] of revenues over [under] expenditures	[102,025]	13,017	[89,008]
OTHER FINANCING SOURCES [USES]:			
Transfers in	84,901	-	84,901
Total other financing sources [uses]	84,901	-	84,901
Excess [Deficiency] of Revenues and Other Financing Sources Over [Under] Expenditures and Other [Uses]	[17,124]	13,017	[4,107]
Fund balance - Beginning of year	452,028	23,397	475,425
Fund balance - End of year	$ 434,904	$ 36,414	$ 471,318

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2013

	Special Parks and Recreation	Municipal Equipment Reserve	Special Police	Totals
ASSETS				
Cash and cash equivalents	$ 121,680	$ 312,729	$ 542	$ 434,951
Total assets	$ 121,680	$ 312,729	$ 542	$ 434,951
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 47	$ -	$ -	$ 47
Total liabilities	47	-	-	47
Fund balance:				
Assigned	121,633	312,729	542	434,904
Total fund balance [deficit]	121,633	312,729	542	434,904
Total liabilities and fund balances	$ 121,680	$ 312,729	$ 542	$ 434,951

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2013

	Special Parks and Recreation	Municipal Equipment Reserve	Special Police	Totals
REVENUES:				
Taxes	$ 9,462	$ -	$ -	$ 9,462
Licenses, permits and fees	18,800	-	-	18,800
Use of money and property	187	373	-	560
Total revenues	28,449	373	-	28,822
EXPENDITURES:				
Capital outlay	16,581	114,266	-	130,847
Total expenditures	16,581	114,266	-	130,847
Excess [deficiency] of revenues over [under] expenditures	11,868	[113,893]	-	[102,025]
OTHER FINANCING SOURCES [USES]:				
Transfers in	-	84,901	-	84,901
Total other financing sources [uses]	-	84,901	-	84,901
Excess [Deficiency] of Revenues and Other Financing Sources Over [Under] Expenditures and Other [Uses]	11,868	[28,992]	-	[17,124]
Fund balance - Beginning of year	109,765	341,721	542	452,028
Fund balance - End of year	$ 121,633	$ 312,729	$ 542	$ 434,904

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CITY OF BASEHOR, KANSAS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2013

	Cedar Lakes Maintenance	Basehor Town Center Project	Glenwood Sewer Maintenance	Totals
ASSETS				
Cash and cash equivalents	$ 15,328	$ -	$ 23,049	$ 38,377
Total assets	$ 15,328	$ -	$ 23,049	$ 38,377
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,701	$ -	$ 262	$ 1,963
Total liabilities	1,701	-	262	1,963
Fund balance:				
Assigned	13,627	-	22,787	36,414
Total fund balance [deficit]	13,627	-	22,787	36,414
Total liabilities and fund balances	$ 15,328	$ -	$ 23,049	$ 38,377

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2013

	Cedar Lakes Maintenance	Basehor Town Center Project	Glenwood Sewer Maintenance	Totals
REVENUES:				
Licenses, permits and fees	$ 40,000	$ -	$ 33,000	$ 73,000
Use of money and property	16	-	28	44
Total revenues	40,016	-	33,028	73,044
EXPENDITURES:				
Capital outlay	30,102	-	29,925	60,027
Total expenditures	30,102	-	29,925	60,027
Excess [deficiency] of revenues over [under] expenditures	9,914	-	3,103	13,017
OTHER FINANCING SOURCES [USES]				
Transfer [out]	-	-	-	-
Total other financing sources [uses]	-	-	-	-
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	9,914	-	3,103	13,017
Fund balance - Beginning of year	3,713	-	19,684	23,397
Fund balance - End of year	$ 13,627	$ -	$ 22,787	$ 36,414

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CITY OF BASEHOR, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2013

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 9,462	$ -	$ 9,462	$ 8,839	$ 8,839	$ 623
Licenses, permits and fees	18,800	-	18,800	3,500	3,500	15,300
Use of money and property	187	-	187	200	200	[13]
Total Revenues	28,449	-	28,449	12,539	12,539	15,910
Expenditures:						
Capital outlay	16,581	-	16,581	47,500	47,500	30,919
Total Expenditures	16,581	-	16,581	47,500	47,500	30,919
Excess [Deficiency] of Revenues Over [Under] Expenditures	11,868	-	11,868	$ [34,961]	$ [34,961]	$ 46,829
Fund Balance, January 1	109,765	-	109,765			
Fund Balance, December 31	$ 121,633	$ -	$ 121,633			

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CITY OF BASEHOR, KANSAS

CEDAR LAKES MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2013

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Licenses, permits and fees	$ 40,000	$ -	$ 40,000	$ 40,000	$ 40,000	$ -
Use of money and property	16	-	16	-	-	16
Total Revenues	40,016	-	40,016	40,000	40,000	16
Expenditures:						
Capital outlay	30,102	-	30,102	40,000	40,000	9,898
Total Expenditures	30,102	-	30,102	40,000	40,000	9,898
Excess [Deficiency] of Revenues Over [Under] Expenditures	9,914	-	9,914	$ -	$ -	$ 9,914
Fund Balance, January 1	3,713	-	3,713			
Fund Balance, December 31	$ 13,627	$ -	$ 13,627			

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2013

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 93,182	$ -	$ 93,182	$ 82,536	$ 82,536	$ 10,646
Intergovernmental	23,276	-	23,276	40,000	40,000	[16,724]
Special assessments	614,503	-	614,503	757,000	757,000	[142,497]
Use of money and property	3,987	-	3,987	1,500	1,500	2,487
Total Revenues	734,948	-	734,948	881,036	881,036	[146,088]
Expenditures:						
Debt service:						
Principal	3,432,822	[2,856,400]	576,422	1,525,497	1,525,497	949,075
Interest	925,703	[694,394]	231,309	3,500	3,500	[227,809]
Cost of issuance	83,085	[83,085]	-	-	-	-
Total Expenditures	4,441,610	[3,633,879]	807,731	1,528,997	1,528,997	721,266
Excess [Deficiency] of Revenues Over [Under] Expenditures	[3,706,662]	3,633,879	[72,783]	[647,961]	[647,961]	575,178
Other Financing Sources [Uses]:						
Sale of bonds	3,480,000	[3,480,000]	-	-	-	-
Bond premium	153,879	[153,879]	-	-	-	-
Total Other Financing Sources [Uses]	3,633,879	[3,633,879]	-	-	-	-
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	[72,783]	-	[72,783]	$ [647,961]	$ [647,961]	$ 575,178
Fund Balances, January 1	659,198	-	659,198			
Fund Balances, December 31	$ 586,415	$ -	$ 586,415			

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CITY OF BASEHOR, KANSAS

SEWER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - ACTUAL AND BUDGET
For the Year Ended December 31, 2013

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues						
Charges for services	$ 1,490,048	$ [898]	$ 1,489,150	$ 1,203,568	$ 1,203,568	$ 285,582
Special assessments	92,918	-	92,918	72,162	72,162	20,756
Use of money and property	1,562	-	1,562	1,100	1,100	462
Total revenues	1,584,528	[898]	1,583,630	1,276,830	1,276,830	306,800
Expenditures						
Personnel	85,452	[2,887]	82,565	84,110	84,110	1,545
Contractual	202,140	-	202,140	185,318	185,318	[16,822]
Commodities	30,181	-	30,181	26,700	26,700	[3,481]
Capital outlay	20,304	-	20,304	123,500	123,500	103,196
Depreciation	751,158	[751,158]	-	-	-	-
Total expenditures	1,089,235	[754,045]	335,190	419,628	419,628	84,438
Operating income [loss]	495,293	753,147	1,248,440	857,202	857,202	391,238
Other Financing Sources [Uses]:						
Debt principal	-	[576,882]	[576,882]	[882,098]	[882,098]	305,216
Debt interest and fees	[262,135]	[20,877]	[283,012]	-	-	[283,012]
Capital contribution	631,484	[653,600]	[22,116]	-	-	[22,116]
Transfers out	[95,345]	-	[95,345]	[95,345]	[95,345]	-
Total Other Financing Sources [Uses]	274,004	[1,251,359]	[977,355]	[977,443]	[977,443]	88
Change in net position	769,297	[498,212]	271,085	$ [120,241]	$ [120,241]	$ 391,326
Net position, January 1	8,431,642	[7,661,739]	769,903			
Prior period adjustment	[21,147]	-	[21,147]			
Net position, January 1, restated	8,410,495	[7,661,739]	748,756			
Net position, December 31	$ 9,179,792	$ [8,159,951]	$ 1,019,841			

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CITY OF BASEHOR, KANSAS

SOLID WASTE UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - ACTUAL AND BUDGET
For the Year Ended December 31, 2013

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues						
Charges for services	$ 281,790	$ [240]	$ 281,550	$ 293,363	$ 294,363	$ [12,813]
Use of money and property	195	-	195	150	150	45
Total revenues	281,985	[240]	281,745	293,513	294,513	[12,768]
Expenditures						
Contractual	259,816	-	259,816	233,340	266,082	6,266
Commodities	3,439	-	3,439	1,750	1,750	[1,689]
Total expenditures	263,510	-	263,510	235,090	267,832	4,322
Operating income [loss]	18,475	[240]	18,235	58,423	26,681	[8,446]
Other Financing Sources [Uses]:						
Transfer [out]	[27,168]	-	[27,168]	[57,168]	[57,168]	30,000
Total Other Financing Sources [Uses]	[27,168]	-	[27,168]	[57,168]	[57,168]	30,000
Change in net position	[8,693]	[240]	[8,933]	$ 1,255	$ [30,487]	$ 21,554
Net position, January 1	104,018	[27,463]	76,555			
Net position, December 31	$ 95,325	$ [27,703]	$ 67,622			

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