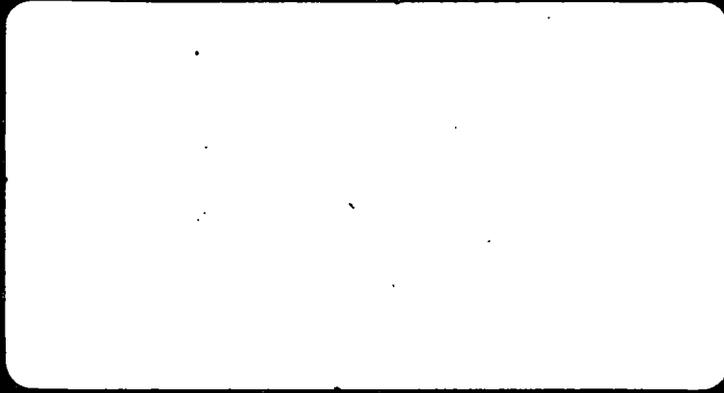


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Diehl  
Banwart  
Bolton

*Certified Public Accountants P.A.*

**TREECE RELOCATION  
ASSISTANCE TRUST**

**COLUMBUS, KANSAS**

*Auditors' Report  
and  
Financial Statements  
June 30, 2013*

**TREECE RELOCATION ASSISTANCE TRUST**

**June 30, 2013**

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*Diehl  
Banwart  
Bolton*

*Certified Public Accountants PA*

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**INDEPENDENT ACCOUNTANTS' REPORT ON FINANCIAL STATEMENTS**

Board of Trustees  
Treece Relocation Assistance Trust  
Columbus, Kansas

**Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Treece Relocation Assistance Trust (the Trust), as of and for the year ended June 30, 2013, which collectively comprise the Trust's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Trust's management. Our responsibility is to express opinions on these financial statements based on our audit.

**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 an opinion 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. Those 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 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.

**Auditors' Unqualified Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Treece Relocation Assistance Trust, as of June 30, 2013, and the respective changes in financial position thereof and for the period then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Information**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Diehl Banwart Bolton CPAs PA*

DIEHL, BANWART, BOLTON, CPAs PA

October 11, 2013  
Fort Scott, Kansas

**TREECE RELOCATION ASSISTANCE TRUST  
COLUMBUS, KANSAS**

**Statement of Net Assets  
June 30, 2013**

<u>Assets</u>	
Cash	\$ 71,847
Note Receivable	<u>3,024</u>
Total Assets	<u>\$ 74,871</u>
 <u>Liabilities</u>	
Accrued Liabilities	\$ 7,982
Deferred Revenue	<u>66,889</u>
Total Liabilities	74,871
Net Assets	<u>-</u>
Total Liabilities and Net Assets	<u>\$ 74,871</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT.

**TREECE RELOCATION ASSISTANCE TRUST  
COLUMBUS, KANSAS**

**Statement of Activities**  
For the Period Ended June 30, 2013

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets Primary Government
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<u>Functions/Programs</u>				
Primary Government				
Governmental Activities				
General Government	\$ 71,893	\$ -	\$ 71,893	\$ -
Total Primary Government	\$ 71,893	\$ -	\$ 71,893	\$ -
Changes in Net Assets				-
Net Assets, Beginning of Year				-
Net Assets, End of Year				\$ -

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT.

**TREECE RELOCATION ASSISTANCE TRUST  
COLUMBUS, KANSAS**

**Balance Sheet - Governmental Funds  
June 30, 2013**

	<u>General Trust Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 71,847
Note Receivable	<u>3,024</u>
Total Assets	<u>74,871</u>
<u>Liabilities and Fund Balances</u>	
<u>Liabilities</u>	
Accrued Liabilities	<u>7,982</u>
Total Liabilities	<u>7,982</u>
<u>Fund Balances</u>	
Restricted	
Reserved for Relocation Assistance	<u>66,889</u>
Total Fund Balances	66,889
<u>Reconciliation to Statement of Net Assets</u>	
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:	
Reserved for Relocation Assistance	<u>(66,889)</u>
Net Assets of Governmental Activities	<u>\$ -</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT.

**TREECE RELOCATION ASSISTANCE TRUST  
COLUMBUS, KANSAS**

**Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
For the Period Ended June 30, 2013**

	General Trust Fund
Revenues	
General Government	
Federal and State Grants	\$ -
Use of Property	
Interest Income	84
Total Revenues	84
Expenditures	
General Government	
Administration	\$ 45,082
Appraisal and Disposal	26,811
Relocation Assistance Payments	-
Auction Expense	-
Total Expenditures	71,893
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,809)
Changes in Net Assets	-
Fund Balances, Beginning of Year	138,698
Fund Balances, End of Year	\$ 66,889
<u>Reconciliation to the Statement of Activities</u>	
Net Change in Fund Balances - Total Governmental Funds	\$ (71,809)
Amounts Reported for Governmental Activities in the Statement of Activities are different because:	
Deferred Revenues in the Statement of Net Assets	71,809
Changes in Net Assets of Governmental Activities	\$ -

SEE ACCOMPANYING NOTES AND ACCOUNTANTS REPORT.

**TREECE RELOCATION ASSISTANCE TRUST  
COLUMBUS, KANSAS**

Notes to the Financial Statements  
June 30, 2013

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization:

The Treece Relocation Assistance Trust, (the Trust) was established in June 2010 for the purpose of providing relocation assistance to families and businesses residing in Treece, Kansas, Cherokee County. The Tar Creek area near Treece, Kansas, encompasses a portion of the historic Tri-State Mining District, where lead and zinc were mined in underground drifts and milled at the surface from about 1900 to the 1960s. When mining ceased, huge volumes of mining waste, including chat and mill tailings, were left on the surface. These wastes contain elevated concentrations of lead and zinc and contributed to elevated blood lead concentrations in approximately 33% of area children. On April 13, 2010 the EPA approved a voluntary relocation of all residents. The Trust's governmental structure consists of a Board of Trustees. The Board of Trustees is organized to make decisions, recommendations, consult with and receive advice and information regarding the operation of the Trust.

Basis of Presentation:

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported to the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements, i.e., the statement of net assets and the statement of activities, display information on all the activities of the Trust. These statements are reported using the total economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

The Trust has one major government fund, General Trust Fund, which is reported using the current financial resources measurement focus and is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable.

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Net Assets:

Net assets of the Trust are classified in four components. Net assets invested in capital assets, net of related debt, consist of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

Restricted expendable net assets are noncapital assets that must be used for a particular purpose as specified by grantors external to the Trust. Restricted nonexpendable net assets are noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Trust. Unrestricted net assets are remaining assets less remaining liabilities that do not meet the definition of invested in capital assets, net of related debt or restricted expendable. At June 30, 2013 the Trust has no net assets.

Legal Entity:

The Trust's complies with GASB Statement No. 14, "The Financial Reporting Entity." This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Trust considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Trust's financial statements.

Revenue Recognition:

The Trust's program revenues are derived solely from operating grants from federal and state agencies and are recognized when received in the Fund financial statements and when earned in the governmental-wide financial statements.

Expenditure Recognition:

The Trust's program expenditures are incurred for the purpose of providing relocation assistance to families and businesses and are reported on the accrual basis. They are classified by function for governmental-type activities. In the fund financial statements, governmental funds report expenditures of financial resources.

Estimates:

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires the Trust's management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Taxes:

The income of the Trust is generally exempt from federal income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law.

Budgetary Requirements:

The Trust is not legally required to adopt an annual budget. Therefore, a budgetary comparison schedule has not been presented.

**NOTE 2**      **DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned to it. As of June 30, 2013, the Trust had no uninsured and uncollateralized deposits.

**NOTE 3**      **RISK MANAGEMENT**

The Trust is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Trust manages these various risks of loss by purchasing insurance policies.

**NOTE 4**      **COMMITMENTS AND CONTINGENCIES**

Government Grants:

The Trust is currently participating in grants from agencies of the state of Kansas. The expenditures of grant proceeds must be for allowable and eligible purposes. Audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

**NOTE 5**      **SUBSEQUENT EVENTS**

The Trust evaluated events and transactions occurring subsequent to June 30, 2013, through October 11, 2013. During this period, there were no subsequent events requiring recognition in the consolidated financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.