

CITY OF NORTON, KANSAS
Norton, Kansas
Independent Audit Report
January 1, 2011 to December 31, 2011

MAPES & MILLER LLP
Certified Public Accountants
Norton, Kansas

CITY OF NORTON, KANSAS
Financial Statement
January 1, 2011 to December 31, 2011

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INDEPENDENT AUDITOR'S REPORT

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We have audited the accompanying summary statement of cash receipts, expenditures, and unencumbered cash balances of the City of Norton, Kansas, as of and for the year ended December 31, 2011, and the related notes to the financial statement. This financial statement is the responsibility of the City of Norton, Kansas' management. Our responsibility is to express an opinion on this financial statement based on our audit.

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We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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The financial statement does not include financial data for the Housing Authority of the City of Norton, a legally separate component unit of the City. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The effect on the financial statement of the omission of the component unit, although not reasonably determinable, is presumed to be material.

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As described more fully in Note 1, the City of Norton, Kansas, has prepared this financial statement in conformity with accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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In our opinion, because of the omission of the component unit, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Norton, Kansas, as of December 31, 2011, or the changes in financial position or, where applicable, its cash flows for the year then ended.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the primary government of City of Norton, Kansas, as of December 31, 2011, and the aggregate cash receipts and expenditures, and budgetary comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget and cash receipts and cash disbursements-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.

Mapes & Miller LLP

Certified Public Accountants

Norton, Kansas
July 5, 2012

CITY OF NORTON, KANSAS
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2011

STATEMENT 1

Page 1

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Types:							
General	\$ 467,475	3,060	1,286,974	1,321,341	436,168	31,157	467,325
Special Revenue Funds:							
Employee Benefits	35,717	0	116,868	108,139	44,446	398	44,844
Special Highway	182,754	0	72,880	36,351	219,283	36	219,319
Special Parks	16,524	0	7,383	2,350	21,557	0	21,557
Industrial Development	40,570	0	13,786	6,260	48,096	0	48,096
Tourism and Convention	0	0	20,338	20,338	0	0	0
Library	19	0	93,163	93,182	0	1,219	1,219
Library Employee Benefits	0	0	35,912	35,912	0	3,129	3,129
Special Health Insurance	99,640	0	454,239	448,960	104,919	0	104,919
Cemetery Trust	6,683	0	0	0	6,683	0	6,683
Hansen Foundation Grant	15,000	0	0	12,016	2,984	0	2,984
Cemetery Donation	17,241	0	73	0	17,314	0	17,314
CDBG Fire Truck Grant	0	0	325,804	325,804	0	0	0
Debt Service Funds:							
Bond and Interest	6,877	0	67,532	65,475	8,934	0	8,934
Airport Bond	4,398	0	33,598	33,598	4,398	0	4,398
Northridge Special Obligation Bond	0	0	5,180	5,158	22	0	22
Water Improvement Bond	1,053,970	0	10,143	361,349	702,764	0	702,764
Water Loan	0	0	119,466	119,466	0	0	0
Wastewater Loan	0	0	282,041	282,041	0	0	0
Debt Service Bond	0	0	145,674	145,674	0	0	0
Proprietary Fund Types:							
Enterprise Funds:							
Electric	823,484	85	3,300,319	3,049,039	1,074,849	141,074	1,215,923
Electric Deposits	0	0	25,032	25,032	0	74,037	74,037
Electric Replacement Reserve	531,426	0	53,514	85,245	499,695	0	499,695
Refuse	133,266	0	360,399	281,404	212,261	4,839	217,100

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

CITY OF NORTON, KANSAS
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 For the Year Ended December 31, 2011

STATEMENT 1
 Page 2

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Proprietary Fund Types (Continued):							
Enterprise Funds:							
Refuse Replacement Reserve	\$ 30,390	0	6,000	0	36,390	0	36,390
Water	331,264	0	891,546	831,089	391,721	19,376	411,097
Water Deposits	0	0	7,277	7,277	0	21,099	21,099
Water Replacement Reserve	32,084	0	7,200	0	39,284	0	39,284
Sewer Service	240,012	0	656,934	472,449	424,497	131	424,628
Sewer Replacement Reserve	38,417	0	7,200	0	45,617	0	45,617
Fiduciary Fund Types:							
Private Purpose Trust Funds:							
Revolving Loan	<u>184,920</u>	<u>0</u>	<u>29,163</u>	<u>457</u>	<u>213,626</u>	<u>0</u>	<u>213,626</u>
 Total Primary Government	 <u>4,292,131</u>	 <u>3,145</u>	 <u>8,435,638</u>	 <u>8,175,406</u>	 <u>4,555,508</u>	 <u>296,495</u>	 <u>4,852,003</u>
Component Units:							
Norton Public Library:							
General	15,892	0	143,343	126,576	32,659	0	32,659
Northwest Kansas Library System Grant	0	0	4,550	3,512	1,038	0	1,038
Copier	16,972	0	5,893	3,386	19,479	0	19,479
Capital Improvement	<u>7,777</u>	<u>0</u>	<u>20</u>	<u>0</u>	<u>7,797</u>	<u>0</u>	<u>7,797</u>
 Total Component Units	 <u>40,641</u>	 <u>0</u>	 <u>153,806</u>	 <u>133,474</u>	 <u>60,973</u>	 <u>0</u>	 <u>60,973</u>
 Total Reporting Entity (Excluding Agency Funds)	 \$ <u>4,332,772</u>	 <u>3,145</u>	 <u>8,589,444</u>	 <u>8,308,880</u>	 <u>4,616,481</u>	 <u>296,495</u>	 <u>4,912,976</u>

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

CITY OF NORTON, KANSAS
 Composition of Cash
For the Year Ended December 31, 2011

STATEMENT 1
 Page 3

Primary Government:	
Cash on Hand	\$ 100
First State Bank, Norton, Kansas	
NOW Account	3,807,257
Money Market Account	703,312
Checking Accounts	6,692
Savings Account	0
Certificates of Deposit	195,000
Almena State Bank, Almena, Kansas	
Certificates of Deposit	150,000
The Bank, Norton, Kansas	
Checking Account	<u>2,000</u>
Total Cash and Investments	4,864,361
Less: Agency Funds - Schedule 3	<u>(12,358)</u>
Total Primary Government	<u>4,852,003</u>
Component Units:	
Norton Public Library Board:	
First Security Bank and Trust, Norton, Kansas	
NOW Account	28,311
Money Market Account	7,797
Certificate of Deposit	9,711
The Bank, Norton, Kansas	
NOW Account	9,768
First State Bank, Norton, Kansas	
Checking Account	1,038
Held by City Treasurer	<u>4,348</u>
Total Component Units	<u>60,973</u>
Total Reporting Entity per Statement 1, Page 2	<u>\$ 4,912,976</u>

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

CITY OF NORTON, KANSAS

Notes to the Financial Statements

December 31, 2011

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Norton, Kansas, the primary government, was incorporated on September 12, 1885, and operates as a second-class city in accordance with the laws of the State of Kansas. The City operates under a mayor-council form of government and provides the following services: public safety (police and fire protection), highways and streets, electricity, water, sewer, sanitation, social, culture and recreation, planning and zoning, public improvements, and general administrative services.

Discretely Presented Component Unit

The component unit section of these financial statements includes the financial data of a discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the City.

Norton Public Library. The Norton Public Library operates a municipal public library for the City of Norton. A seven-member board of trustees is appointed by the City Council to oversee the operation. The City annually levies a tax for the operation of the Library and also provides the facilities. The City can also issue bonded debt for the benefit of the Library. The Library Board must obtain the approval for the acquisition or disposal of real property from the City Council.

Principles Determining Scope of the Reporting Entity

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financial accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the following are component units of the City:

Norton Public Library
Housing Authority of the City of Norton

Financial information for the Housing Authority of the City of Norton has not been reported in the City's financial statements. Accordingly, these financial statements are not a complete presentation in accordance with generally accepted accounting principles.

Housing Authority of the City of Norton. The Housing Authority of the City of Norton operates the city's public housing facilities. The Housing Authority can sue and be sued, and can buy, sell or lease real property. A five-member board is appointed by the City Council to oversee the operation. The Housing Authority must obtain approval from the City Council for bond issuances. The Housing Authority of the City of Norton issues separately audited financial statements that may be obtained from the Executive Director, Norton Housing Authority, Norton Manor, 213 Horace Greeley Avenue, Norton, KS 67654.

Related Organizations

Norton Public Library Foundation. The Norton Public Library Foundation is organized as a not for profit corporation for the purpose of the promotion, improvement and growth of the Norton Public Library and has obtained status as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation solicits donations from the public and can also receive bequests from estates. The nine-member board of trustees is appointed by the Norton Public Library Board to oversee the operation. Currently, the Foundation is providing funding to the Library for one-half of one employee's salary and for other items as needed and approved by the trustees. Financial information for the Norton Public Library Foundation has not been reported in the City's financial statements because the Library Board's accountability does not extend beyond making appointments to the Foundation's trustees.

Fund Accounting

In governmental accounting a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City of Norton for the year 2011:

Governmental Funds:

General Fund--To account for all unrestricted financial resources except those required to be accounted for in another fund.

Special Revenue Funds--To account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds--To account for the accumulation of resources for, and the payment of interest and principal on general long-term debt, and the financing of special assessments which are general obligations of the City.

Capital Project Funds--To account for financial resources segregated for the acquisition of major capital facilities (other than those financed by enterprise funds).

Proprietary Funds:

Enterprise Funds--To account for operations that are financed and operated in a manner similar to private business enterprises--where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges--or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds:

Private Purpose Trust and Agency Funds--To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Reimbursed Expenditures

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund and an expenditure is charged in the fund from which the transfer is made.

The City has approved a resolution that is in compliance with K.S.A. 76-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balances are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, building, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

2. 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 adoption of the legal annual operating budgets:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of 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 Debt Service Bond were amended in this manner for 2011.

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

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds and the following funds:

	<u>Statutory Authority for Exemption</u>
Special Revenue Funds:	
Special Health Insurance	K.S.A. 12-2615
Cemetery Trust	K.S.A. 79-2925
Hansen Foundation Grant	K.S.A. 79-2925
Cemetery Donation	K.S.A. 79-2925
CDBG Fire Truck	K.S.A. 79-2926
Enterprise Funds:	
Electric Replacement Reserve	K.S.A. 12-825d
Electric Deposits	K.S.A. 12-822
Refuse Replacement Reserve	K.S.A. 12-825d
Water Replacement Reserve	K.S.A. 12-825d
Water Loan	K.S.A. 12-825d
Water Improvement Bond	K.S.A. 12-825d
Water Deposits	K.S.A. 12-822
Sewer Replacement Reserve	K.S.A. 12-825d
Wastewater Loan	K.S.A. 12-825d

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

3. Property Taxes

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due 1/2 on December 20th and 1/2 the following May 10th. Any taxes unpaid at the due dates are considered delinquent. Collection of current year property tax by the County Treasurer is not completed, apportioned nor 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 operation of the City and therefore are not susceptible to accrual.

It is not practical to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statements taken as a whole.

4. **Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase.

5. **Compensated Absences**

Primary Government

Vacation Leave

Each full-time City employee with less than five years of service shall earn eight hours of vacation per month; over five years and less than ten years of service shall earn ten hours of vacation per month; over ten years and less than fifteen years of service shall earn twelve hours of vacation per month; over fifteen years and less than twenty years of service shall earn fourteen hours of vacation per month; and over twenty years of service shall earn sixteen hours of vacation per month. Each employee shall be allowed to carry over a vacation leave balance at the end of the calendar year equal to the annualized accrual for the employee's length of service as of the last day of the year. Annualized accrual shall be determined by multiplying the employee's monthly credit for the last month of the current year times twelve. The cost of accumulated vacation pay as of December 31, 2011 was \$78,025.

Sick Leave

Full-time City employees earn eight hours of sick leave for each calendar month worked. An employee may accumulate unlimited sick leave. Upon retirement, an employee will be paid a maximum of nine hundred sixty (960) hours sick leave. Other employees terminating voluntarily will be paid for one-half of their unused sick leave up to four hundred eighty (480) hours. The cost of accumulated sick leave as of December 31, 2011 was \$393,744.

Comp Time

The City's employees eligible to receive overtime have the option to be compensated for overtime by accumulating compensatory time, comp time, at a rate of one and one-half times the overtime worked. Non-exempt police officers may accumulate up to 480 hours of comp time. All other employees may accumulate up to 240 hours. The cost of accumulated comp time pay as of December 31, 2011 was \$26,509.

Norton Public Library

Vacation

All full time Library employees earn vacation of five days after completion of the first calendar year of employment. After three calendar years, ten days of vacation are earned each year. After ten calendar years, fifteen days of vacation are earned each year. After twenty calendar years, twenty days of vacation are earned. Vacation time is not allowed to accumulate and any unused time is forfeited, therefore, no cost for accumulated vacation pay is recorded or estimated as of December 31, 2011.

Sick Leave

All full time employees earn sick leave at the rate of one day per month and can accumulate unlimited. Unused sick leave at the time of termination of employment due to death, retirement, medical disability or to a family transfer out of the community will be paid at one-fourth of the dollar value of the employee's accumulated sick leave days to a maximum of ninety days. One-fourth of the cost of accumulated sick leave as of December 31, 2011 was \$4,923.

6. Defined Benefit Pension Plan

Plan Description

The City of Norton, Kansas and the Norton Public Library participate in the Kansas Public Employees System (KPERS); a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 South Kansas Avenue, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% 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 rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for the year ended December 31, 2011, which includes pension contributions and Group Death Disability Insurance, was 7.14%. The City of Norton, Kansas' employer contribution to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$105,384, \$104,217, and \$93,637, respectively, equal to the statutory required contributions for each year. The Norton Public Library's employer contribution to KPERS for the years ending December 31, 2011, 2010 and 2009 were \$4,558, \$5,200 and \$3,584, respectively, equal to the statutory required contributions for each year.

7. Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

8. Deposits and Investments

At December 31, 2011, the City and the Library had no investments except for certificates of deposit which are considered as a component of deposits.

K.S.A. 9-1401 establishes the depositories which may be used by the City and the Library. The statute requires banks eligible to hold the municipality's funds have a main or branch bank in the county in which the municipality is located and the banks provide an acceptable rate of return on the funds. In addition, K.S.A 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City and the Library have no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's and the Library's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City and the Library have no investment policy that would further limit their investment choices.

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's and the Library's deposits may not be returned to them. State statutes require the City's and the Library's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City and the Library have not designated any "peak periods" with eligible depositories. All deposits were legally secured at December 31, 2011.

At December 31, 2011, the City's carrying amount of deposits was \$4,864,260 and the bank balance was \$4,906,694. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$605,145 was covered by federal depository insurance, and \$4,301,549 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2011, the Library's carrying amount of deposits was \$56,625 and the bank balance was \$67,556. The bank balance was held by three banks resulting in a concentration of credit risk. All of the bank balance was covered by federal depository insurance.

9. Interfund Transactions

Operating transfers were as follows:

From	To	Statutory Authority	Amount
Electric	Electric Replacement	K.S.A. 12-825d	\$ 53,067
Electric	CDBG Fire Truck	K.S.A. 12-825d	48,933
Water	Water Loan	K.S.A. 12-825d	119,466
Water	Water Replacement	K.S.A. 12-825d	7,200
Water	Water Improvement Bond	K.S.A. 12-825d	145,674
Sewer	Wastewater Loan	K.S.A. 12-825d	282,041
Sewer	Sewer Replacement Reserve	K.S.A. 12-825d	7,200
Refuse	Refuse Replacement	K.S.A. 12-825d	6,000

10. **Revolving Loan Fund**

The City of Norton received a \$106,100 grant from the Kansas Small Cities Program Community Development Block Grant in 1988 for the purpose of establishing a Revolving Loan Fund to provide loans to businesses in and around the City of Norton for which the loan proceeds would result in the creation and/or retention of jobs. Norton Development Corporation administers this fund under the supervision of the City Council. The balance of the outstanding loans as of December 31, 2011 was \$47,579.

11. **Risk Management**

The City and the Library are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the City and the Library purchase commercial insurance.

During the year ended December 31, 2011, neither the City nor the Library reduced insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years

12. **Wastewater Project**

On May 10, 2004, the City entered into an agreement with the Kansas Department of Health and Environment (KDHE) for a loan from the Kansas Water Pollution Control Revolving Loan Fund in an amount not to exceed \$3,800,000, for the purpose of constructing a new wastewater treatment plant. This was subsequently changed to a renovation of the existing wastewater treatment plant. The loan agreement was amended on May 21, 2007 increasing the total amount of loan available to an amount not to exceed \$4,300,000. The full \$4,300,000 expenditure authority on this loan has been met.

13. **Water Project**

On June 28, 2006, the City entered into an agreement with the Kansas Department of Health and Environment (KDHE) for a loan from the Kansas Public Water Supply Loan Fund in an amount not to exceed \$6,449,123, for the purpose of rehabilitating and repairing the existing water treatment plant and for the development and construction of a new well field as an alternate water source. The loan agreement was amended August 23, 2011 decreasing the total amount of loan available to an amount not to exceed \$4,111,316. The full \$4,111,316 expenditure authority on this loan has been met. On August 12, 2010 the City issued General Obligation Bonds through the United States Department of Agriculture (USDA) in the amount of \$3,234,000 for the purpose of providing funds to pay a portion of the improvement costs, pay bond issuance costs, and retire \$2,058,277 of the loan from the Kansas Public Water Supply Loan Fund.

14. **Long Term Debt**

Northridge Bond

On March 21, 2000, the City of Norton authorized the issuance of a taxable special obligation bond in the amount of \$147,500, to provide necessary funds to pay a portion of the costs in connection with the development of housing located within the Northridge Acres site rural housing incentive district. The bond was issued at an 8% interest rate with semiannual payments due in June and December each year and will mature on December 1, 2013. On January 21, 2003 this bond was refunded with a new bond in the amount of \$37,061 for the same terms as the original bond. The bond is a special obligation of the City of Norton, payable solely from the pledge of the project and revenue under the resolution. The bond constitutes neither debt of, nor a pledge of the full faith and credit of the City of Norton, nor shall it in any way obligate the City of Norton, the State of Kansas, or any political subdivision thereof to levy any form of taxation or make any appropriation for its payment.

14. Long-term Debt - (Continued)

Changes in long-term liabilities for the City of Norton, Kansas for the year ended December 31, 2011, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change/ Adjustment</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds:										
Series 2007 Washington Square Improvements	3.80-4.25%	09/01/07	515,000	09/01/17	380,000	0	50,000		330,000	15,475
Series 2009 Airport Refunding	1.40-4.20%	09/15/09	310,000	10/01/20	280,000	0	25,000		255,000	8,598
Series 2010 Water Supply System Improvements	3.25%	08/12/10	3,234,000	08/17/50	<u>3,234,000</u>	<u>0</u>	<u>40,569</u>		<u>3,193,431</u>	<u>105,105</u>
Total General Obligation Bonds					<u>3,894,000</u>	<u>0</u>	<u>115,569</u>		<u>3,778,431</u>	<u>129,178</u>
Capital Leases:										
Playground Equipment	5.25%	01/02/05	69,355	04/01/12	15,395	0	8,688		6,707	808
Altec Digger	5.62%	02/01/06	139,722	12/01/13	58,969	0	18,577		40,392	3,054
Mini Rescue Pumper Truck	4.79%	06/04/07	131,874	10/01/14	81,715	0	19,002		62,713	3,689
Refuse Truck	4.00%	03/03/10	83,632	04/15/13	<u>83,632</u>	<u>0</u>	<u>26,793</u>		<u>56,839</u>	<u>3,345</u>
Total Capital Leases					<u>239,711</u>	<u>0</u>	<u>73,060</u>		<u>166,651</u>	<u>10,896</u>
KDHE Revolving Loans:										
Wastewater Project (Note 12)	2.77%	05/10/04	4,300,000	03/01/26	3,534,652	0	185,406		3,349,246	96,635
Water Project (Note 13)	3.62%	06/28/06	6,449,123	08/01/28	<u>1,538,700</u>	<u>0</u>	<u>64,329</u>		<u>1,474,371</u>	<u>55,137</u>
Total KDHE Revolving Loans					<u>5,073,352</u>	<u>0</u>	<u>249,735</u>		<u>4,823,617</u>	<u>151,772</u>
Total Contractual Indebtedness					<u>9,207,063</u>	<u>0</u>	<u>438,364</u>		<u>8,768,699</u>	<u>291,846</u>
Compensated Absences:										
Primary Government:										
Vacation	N/A	N/A	N/A	N/A	70,171			7,854	78,025	
Sick Leave	N/A	N/A	N/A	N/A	272,353			121,391	393,744	
Comp Time	N/A	N/A	N/A	N/A	19,952			6,557	26,509	
Norton Public Library										
Sick Leave	N/A	N/A	N/A	N/A	<u>3,681</u>			<u>1,242</u>	<u>4,923</u>	
Total Long-Term Debt					<u>\$9,573,220</u>	<u>0</u>	<u>438,364</u>	<u>137,044</u>	<u>9,271,900</u>	<u>291,846</u>

14. Long-term Debt - (Continued)

Current maturities of long-term debt for the City of Norton, Kansas through maturity are as follows:

	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	2047-2051	Total
PRINCIPAL													
General Obligation Bonds:													
Series 2007 Washington Square Improvements	50,000	50,000	55,000	55,000	60,000	60,000	0	0	0	0	0	0	330,000
Series 2009 Airport Refunding	25,000	25,000	25,000	25,000	30,000	125,000	0	0	0	0	0	0	255,000
Series 2010 Water Supply System Improvements	41,603	43,240	44,645	46,096	47,325	261,897	307,326	360,638	423,046	496,643	582,804	538,168	3,193,431
Total General Obligation Bonds	116,603	118,240	124,645	126,096	137,325	446,897	307,326	360,638	423,046	496,643	582,804	538,168	3,778,431
Capital Leases:													
Playground Equipment	6,707	0	0	0	0	0	0	0	0	0	0	0	6,707
Altec Digger	19,629	20,763	0	0	0	0	0	0	0	0	0	0	40,392
Mini Rescue Pumper Truck	19,923	20,889	21,901	0	0	0	0	0	0	0	0	0	62,713
Refuse Truck	27,859	28,980	0	0	0	0	0	0	0	0	0	0	56,839
Total Capital Leases	74,118	70,632	21,901	0	0	0	0	0	0	0	0	0	166,651
KDHE Revolving Loans:													
Wastewater Project (Note 12)	190,578	195,893	201,357	206,974	212,746	1,156,119	1,185,579	0	0	0	0	0	3,349,246
Water Project (Note 13)	66,692	69,128	71,653	74,270	76,983	429,207	513,536	172,902	0	0	0	0	1,474,371
Total KDHE Revolving Loans	257,270	265,021	273,010	281,244	289,729	1,585,326	1,699,115	172,902	0	0	0	0	4,823,617
TOTAL PRINCIPAL	447,991	453,893	419,556	407,340	427,054	2,032,223	2,006,441	533,540	423,046	496,643	582,804	538,168	8,768,699
INTEREST													
General Obligation Bonds:													
Series 2007 Washington Square Improvements	13,575	11,675	9,775	7,438	5,100	2,550	0	0	0	0	0	0	50,113
Series 2009 Airport Refunding	8,147	7,623	7,022	6,360	5,635	12,210	0	0	0	0	0	0	46,997
Series 2010 Water Supply System Improvements	103,787	102,434	101,029	99,578	98,080	466,223	420,814	367,526	304,991	187,019	116,487	44,422	2,412,390
Total General Obligation Bonds	125,509	121,732	117,826	113,376	108,815	480,983	420,814	367,526	304,991	187,019	116,487	44,422	2,509,500
Capital Leases:													
Playground Equipment	808	352	0	0	0	0	0	0	0	0	0	0	1,160
Altec Digger	3,054	2,002	878	0	0	0	0	0	0	0	0	0	5,934
Mini Rescue Pumper Truck	3,689	2,768	1,802	790	0	0	0	0	0	0	0	0	9,049
Refuse Truck	3,345	2,280	1,159	0	0	0	0	0	0	0	0	0	6,784
Total Capital Leases	10,896	7,402	3,839	790	0	0	0	0	0	0	0	0	22,927
KDHE Revolving Loans:													
Wastewater Project (Note 12)	96,635	91,463	86,148	80,684	75,068	285,458	119,604	1,927	0	0	0	0	836,987
Water Project (Note 13)	55,137	52,774	50,338	47,813	45,196	183,247	101,890	15,557	0	0	0	0	551,952
Total KDHE Revolving Loans	151,772	144,237	136,486	128,497	120,264	468,705	221,494	17,484	0	0	0	0	1,388,939
TOTAL INTEREST	288,177	273,371	258,151	242,663	229,079	949,688	642,308	385,010	304,991	187,019	116,487	44,422	3,921,366
TOTAL PRINCIPAL AND INTEREST	\$ 736,168	727,264	677,707	650,003	656,133	2,981,911	2,648,749	918,550	728,037	683,662	699,291	582,590	12,690,065

CITY OF NORTON, KANSAS
 Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2011

SCHEDULE 1

Description	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General	\$ 1,557,991	41,389	1,599,380	1,321,341	(278,039)
Special Revenue:					
Employee Benefits	144,000	0	144,000	108,139	(35,861)
Special Highway	169,026	0	169,026	36,351	(132,675)
Special Parks	14,919	900	15,819	2,350	(13,469)
Industrial Development	71,069	0	71,069	6,260	(64,809)
Tourism and Convention	21,000	0	21,000	20,338	(662)
Library	94,623	0	94,623	93,182	(1,441)
Library Employee Benefits	36,531	0	36,531	35,912	(619)
Special Health Insurance	604,626	0	604,626	448,960	*
Cemetery Trust	7,683	0	7,683	0	*
Debt Service:					
Bond and Interest	73,495	0	73,495	65,475	(8,020)
Airport Bond	37,976	0	37,976	33,598	(4,378)
Northridge Special Obligation Bond	5,168	0	5,168	5,158	(10)
Enterprise:					
Electric	3,796,701	15,267	3,811,968	3,049,039	(762,929)
Electric Deposits	95,746	0	95,746	25,032	*
Refuse	348,500	0	348,500	281,404	(67,096)
Water	1,174,715	2,557	1,177,272	831,089	(346,183)
Water Deposits	28,590	0	28,590	7,277	*
Sewer Service	549,990	0	549,990	472,449	(77,541)
Private Purpose Trust:					
Revolving Loan	48,000	0	48,000	457	*

* Exempt from the Budget Law

CITY OF NORTON, KANSAS

SCHEDULE 2

GENERAL FUND

Page 1

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes:			
Ad Valorem Property	\$ 329,762	344,097	(14,335)
Delinquent	9,642	0	9,642
Motor Vehicle	74,519	75,938	(1,419)
Recreational Vehicle	2,200	1,976	224
16/20M Vehicle	1,562	0	1,562
In Lieu of Taxes (IRB)	6,592	6,000	592
Excise	71	0	71
Intergovernmental:			
County/City Sales Tax	454,760	426,000	28,760
Local Alcoholic Liquor Tax	4,558	6,000	(1,442)
Licenses, Fees, Fines and Permits:			
Court Fees and Fines	57,539	61,400	(3,861)
Franchise Fees	227,042	211,300	15,742
Licenses and Permits	7,009	3,700	3,309
Charges for Services:			
Cemetery	11,300	7,800	3,500
Kennel Charges	1,044	200	844
Swimming Pool	25,241	23,000	2,241
Other:			
Interest on Idle Funds	3,723	8,500	(4,777)
Rent	11,658	32,000	(20,342)
Miscellaneous	14,482	1,500	12,982
Donations	781	0	781
Reimbursed Expenses	<u>43,489</u>	<u>2,100</u>	<u>41,389</u>
Total Cash Receipts	<u>1,286,974</u>	<u>1,211,511</u>	<u>75,463</u>

(Continued)

CITY OF NORTON, KANSAS

SCHEDULE 2

GENERAL FUND

Page 2

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
(Continued)			
Expenditures:			
Finance and Administration:			
Personal Services	\$ 62,729	68,080	(5,351)
Contractual Services	85,443	187,960	(102,517)
Commodities	13,559	16,500	(2,941)
Capital Outlay	<u>0</u>	<u>54,400</u>	<u>(54,400)</u>
Total Finance and Administration	<u>161,731</u>	<u>326,940</u>	<u>(165,209)</u>
Police:			
Personal Services	293,255	340,080	(46,825)
Contractual Services	109,803	126,100	(16,297)
Commodities	28,369	25,600	2,769
Capital Outlay	<u>14,177</u>	<u>5,500</u>	<u>8,677</u>
Total Police	<u>445,604</u>	<u>497,280</u>	<u>(51,676)</u>
Fire:			
Personal Services	22,014	32,000	(9,986)
Contractual Services	10,029	12,450	(2,421)
Commodities	1,669	3,400	(1,731)
Capital Outlay	<u>28,331</u>	<u>27,500</u>	<u>831</u>
Total Fire	<u>62,043</u>	<u>75,350</u>	<u>(13,307)</u>
Rescue:			
Personal Services	450	2,000	(1,550)
Contractual Services	484	3,250	(2,766)
Commodities	0	350	(350)
Capital Outlay	<u>295</u>	<u>250</u>	<u>45</u>
Total Rescue	<u>1,229</u>	<u>5,850</u>	<u>(4,621)</u>

(Continued)

CITY OF NORTON, KANSAS

SCHEDULE 2

GENERAL FUND

Page 3

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
(Continued)			
Expenditures:			
Street and Alley:			
Personal Services	\$ 154,834	164,585	(9,751)
Contractual Services	22,245	27,650	(5,405)
Commodities	38,201	25,700	12,501
Capital Outlay	<u>0</u>	<u>500</u>	<u>(500)</u>
Total Street and Alley	<u>215,280</u>	<u>218,435</u>	<u>(3,155)</u>
Park:			
Personal Services	206,981	241,720	(34,739)
Contractual Services	22,869	26,450	(3,581)
Commodities	26,124	25,400	724
Capital Outlay	<u>20,091</u>	<u>25,000</u>	<u>(4,909)</u>
Total Park	<u>276,065</u>	<u>318,570</u>	<u>(42,505)</u>
Swimming Pool:			
Personal Services	30,843	35,500	(4,657)
Contractual Services	2,565	3,725	(1,160)
Commodities	10,948	21,650	(10,702)
Capital Outlay	<u>0</u>	<u>10,000</u>	<u>(10,000)</u>
Total Swimming Pool	<u>44,356</u>	<u>70,875</u>	<u>(26,519)</u>
Civic Building:			
Contractual Services	14,195	17,920	(3,725)
Commodities	<u>15,648</u>	<u>26,771</u>	<u>(11,123)</u>
Total Civic Building	<u>29,843</u>	<u>44,691</u>	<u>(14,848)</u>
Economic Development:			
Appropriations	<u>44,000</u>	<u>0</u>	<u>44,000</u>

(Continued)

**CITY OF NORTON, KANSAS
GENERAL FUND**

SCHEDULE 2

Page 4

Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

	Actual	Budget	Variance Over (Under)
(Continued)			
Expenditures:			
Airport:			
Appropriations	\$ 41,190	0	41,190
Adjustments for Qualifying Budget Credits:			
Reimbursed Expenses	0	41,389	(41,389)
Total Expenditures	1,321,341	1,599,380	(278,039)
Cash Receipts Over (Under) Expenditures	(34,367)		
Prior Year Cancelled Encumbrances	3,060		
Unencumbered Cash, Beginning	467,475		
Unencumbered Cash, Ending	\$ 436,168		

**CITY OF NORTON, KANSAS
EMPLOYEE BENEFITS FUND**

SCHEDULE 2

Page 5

Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes:			
Ad Valorem Property	\$ 93,313	97,373	(4,060)
Delinquent	2,519	0	2,519
Motor Vehicle	20,087	20,530	(443)
Recreational Vehicle	591	535	56
16/20M Vehicle	358	0	358
Miscellaneous	0	0	0
Total Cash Receipts	116,868	118,438	(1,570)
Expenditures:			
Personal Services	108,139	144,000	(35,861)
Cash Receipts Over (Under) Expenditures	8,729		
Unencumbered Cash, Beginning	35,717		
Unencumbered Cash, Ending	\$ 44,446		

CITY OF NORTON, KANSAS
SPECIAL HIGHWAY FUND

SCHEDULE 2

Page 6

Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Intergovernmental:			
State Gas Tax	\$ 72,880	68,000	4,880
Total Cash Receipts	<u>72,880</u>	<u>68,000</u>	<u>4,880</u>
Expenditures:			
Personal Services	5,935	28,600	(22,665)
Commodities	18,737	62,000	(43,263)
Capital Outlay	<u>11,679</u>	<u>78,426</u>	<u>(66,747)</u>
Total Expenditures	<u>36,351</u>	<u>169,026</u>	<u>(132,675)</u>
Cash Receipts Over (Under) Expenditures	36,529		
Unencumbered Cash, Beginning	<u>182,754</u>		
Unencumbered Cash, Ending	<u>\$ 219,283</u>		

CITY OF NORTON, KANSAS
SPECIAL PARKS FUND

SCHEDULE 2

Page 7

Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Intergovernmental:			
Local Alcoholic Liquor Tax	\$ 4,558	6,000	(1,442)
Head Tax	1,825	1,400	425
Donations	1,000	100	900
Total Cash Receipts	7,383	7,500	(117)
Expenditures:			
Contractual Services	2,350	3,500	(1,150)
Capital Outlay	0	11,419	(11,419)
Adjustments for Qualifying Budget Credits:			
Donations	0	900	(900)
Total Expenditures	2,350	15,819	(13,469)
Cash Receipts Over (Under) Expenditures	5,033		
Unencumbered Cash, Beginning	16,524		
Unencumbered Cash, Ending	\$ 21,557		

CITY OF NORTON, KANSAS
INDUSTRIAL DEVELOPMENT FUND

SCHEDULE 2

Page 8

Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes:			
Ad Valorem Property	\$ 10,843	11,310	(467)
Delinquent	316	0	316
Motor Vehicle	2,463	2,509	(46)
Recreational Vehicle	73	65	8
16/20M Vehicle	51	0	51
Interest on Idle Funds	40	200	(160)
Total Cash Receipts	13,786	14,084	(298)
Expenditures:			
Public Improvements	6,260	71,069	(64,809)
Cash Receipts Over (Under) Expenditures	7,526		
Unencumbered Cash, Beginning	40,570		
Unencumbered Cash, Ending	\$ 48,096		

CITY OF NORTON, KANSAS
TOURISM AND CONVENTION FUND
 Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Intergovernmental:			
Transient Guest Tax	\$ <u>20,338</u>	<u>21,000</u>	<u>(662)</u>
Expenditures:			
Contractual Services	<u>20,338</u>	<u>21,000</u>	<u>(662)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u><u>0</u></u>		

CITY OF NORTON, KANSAS

LIBRARY FUND

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes:			
Ad Valorem Property	\$ 75,679	78,975	(3,296)
Delinquent	1,958	0	1,958
Motor Vehicle	14,784	15,256	(472)
Recreational Vehicle	436	392	44
16/20M Vehicle	<u>306</u>	<u>0</u>	<u>306</u>
Total Cash Receipts	<u>93,163</u>	<u>94,623</u>	<u>(1,460)</u>
Expenditures:			
Appropriations	<u>93,182</u>	<u>94,623</u>	<u>(1,441)</u>
Total Expenditures	<u>93,182</u>	<u>94,623</u>	<u>(1,441)</u>
Cash Receipts Over (Under) Expenditures	(19)		
Unencumbered Cash, Beginning	<u>19</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

CITY OF NORTON, KANSAS
LIBRARY EMPLOYEE BENEFITS FUND

SCHEDULE 2

Page 11

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes:			
Ad Valorem Property	\$ 29,144	30,415	(1,271)
Delinquent	742	0	742
Motor Vehicle	5,747	5,963	(216)
Recreational Vehicle	169	153	16
16/20M Vehicle	110	0	110
Total Cash Receipts	35,912	36,531	(619)
Expenditures:			
Appropriations	35,912	36,531	(619)
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Unencumbered Cash, Ending	\$ 0		

CITY OF NORTON, KANSAS
SPECIAL HEALTH INSURANCE FUND

SCHEDULE 2

Page 12

Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

	Actual	*Budget	Variance Over (Under)
Cash Receipts:			
Interest on Idle Funds	\$ 58	250	(192)
Reimbursed Expenses	454,181	534,800	(80,619)
Total Cash Receipts	454,239	535,050	(80,811)
Expenditures:			
Personal Services	448,960	604,626	(155,666)
Contractual	0	0	0
Total Expenditures	448,960	604,626	(155,666)
Cash Receipts Over (Under) Expenditures	5,279		
Unencumbered Cash, Beginning	99,640		
Unencumbered Cash, Ending	\$ 104,919		

*Exempt from the Budget Law K.S.A. 12-2615

**CITY OF NORTON, KANSAS
CEMETERY TRUST FUND**

Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

	Actual	*Budget	Variance Over (Under)
Cash Receipts:			
Donations	0	1,000	(1,000)
Expenditures:			
Capital Outlay	0	7,683	(7,683)
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	6,683		
Unencumbered Cash, Ending	\$ 6,683		

* Exempt from Budget Law K.S.A. 79-2925

CITY OF NORTON, KANSAS
BOND AND INTEREST FUND

SCHEDULE 2

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Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes:			
Ad Valorem Property	\$ 57,754	60,105	(2,351)
Delinquent	1,187	0	1,187
Motor Vehicle	8,128	8,205	(77)
Recreational Vehicle	241	214	27
16/20M Vehicle	222	0	222
Total Cash Receipts	67,532	68,524	(992)
Expenditures:			
Principal	50,000	50,000	0
Interest	15,475	15,475	0
Commissions and Postage	0	20	(20)
Cash Basis Reserve	0	8,000	(8,000)
Total Expenditures	65,475	73,495	(8,020)
Cash Receipts Over (Under) Expenditures	2,057		
Unencumbered Cash, Beginning	6,877		
Unencumbered Cash, Ending	\$ 8,934		

CITY OF NORTON, KANSAS
AIRPORT BOND FUND

SCHEDULE 2

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Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Norton City/County Airport Board	\$ 33,598	33,598	0
Total Cash Receipts	33,598	33,598	0
Expenditures:			
Principal	25,000	25,000	0
Interest	8,598	8,598	0
Commissions and Postage	0	20	(20)
Cash Basis Reserve	0	4,358	(4,358)
Total Expenditures	33,598	37,976	(4,378)
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	4,398		
Unencumbered Cash, Ending	\$ <u>4,398</u>		

CITY OF NORTON, KANSAS
NORTHRIDGE SPECIAL OBLIGATION BOND

SCHEDULE 2

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Schedule of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2011

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Incremental Real Estate Tax	\$ 5,120	5,000	120
Northridge Acres	60	168	(108)
Total Cash Receipts	5,180	5,168	12
Expenditures:			
Principal	4,147	4,147	0
Interest	1,011	1,011	0
Commissions and Postage	0	10	(10)
Total Expenditures	5,158	5,168	(10)
Cash Receipts Over (Under) Expenditures	22		
Unencumbered Cash, Beginning	0		
Unencumbered Cash, Ending	\$ 22		

CITY OF NORTON, KANSAS
ELECTRIC FUND

SCHEDULE 2

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Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Charges for Services	\$ 3,273,137	3,525,712	(252,575)
Miscellaneous	9,915	5,500	4,415
Reimbursed Expenses	17,267	2,000	15,267
 Total Cash Receipts	 3,300,319	 3,533,212	 (232,893)
Expenditures:			
General and Administrative:			
Personal Services	471,881	533,130	(61,249)
Contractual Services	142,868	139,050	3,818
Commodities	10,502	17,100	(6,598)
Capital Outlay	13,504	12,000	1,504
 Total General and Administrative	 638,755	 701,280	 (62,525)
Production and Acquisitions:			
Personal Services	115,967	130,830	(14,863)
Contractual Services	98,813	109,300	(10,487)
Commodities	1,896,941	2,491,800	(594,859)
 Total Production and Acquisitions	 2,111,721	 2,731,930	 (620,209)
Transmission and Distribution:			
Personal Services	88,602	148,060	(59,458)
Contractual Services	29,912	19,750	10,162
Commodities	41,540	26,050	15,490
Capital Outlay	36,509	67,631	(31,122)
 Total Transmission and Distribution	 196,563	 261,491	 (64,928)

(Continued)

CITY OF NORTON, KANSAS

ELECTRIC FUND

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
(Continued)			
Transfers:			
To Electric Replacement Reserve	\$ 53,067	102,000	(48,933)
To CDBG Fire Truck	48,933	0	48,933
Adjustments for Qualifying Budget Credits:			
Reimbursed Expenses	<u>0</u>	<u>15,267</u>	<u>(15,267)</u>
 Total Expenditures	 <u>3,049,039</u>	 <u>3,811,968</u>	 <u>(762,929)</u>
 Cash Receipts Over (Under) Expenditures	 251,280		
Prior Year Cancelled Encumbrances	85		
Unencumbered Cash, Beginning	<u>823,484</u>		
 Unencumbered Cash, Ending	 \$ <u>1,074,849</u>		

CITY OF NORTON, KANSAS
ELECTRIC DEPOSITS FUND
Schedule of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>*Budget</u>	Variance Over (Under)
Cash Receipts:			
Consumer Deposits	\$ <u>25,032</u>	<u>25,000</u>	<u>32</u>
Expenditures:			
Deposit Refunds	<u>25,032</u>	<u>95,746</u>	<u>(70,714)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

* Exempt from Budget Law K.S.A. 12-822.

CITY OF NORTON, KANSAS

SCHEDULE 2

REFUSE FUND

Page 20

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Charges for Services	\$ 359,713	280,000	79,713
Miscellaneous	686	300	386
Reimbursed Expenses	<u>0</u>	<u>100</u>	<u>(100)</u>
Total Cash Receipts	<u>360,399</u>	<u>280,400</u>	<u>79,999</u>
Expenditures:			
Personal Services	176,283	204,220	(27,937)
Contractual Services	63,140	71,100	(7,960)
Commodities	5,842	8,000	(2,158)
Capital Outlay	30,139	59,180	(29,041)
Transfer to Refuse Replacement Reserve	<u>6,000</u>	<u>6,000</u>	<u>0</u>
Total Expenditures	<u>281,404</u>	<u>348,500</u>	<u>(67,096)</u>
Cash Receipts Over (Under) Expenditures	78,995		
Unencumbered Cash, Beginning	<u>133,266</u>		
Unencumbered Cash, Ending	\$ <u>212,261</u>		

CITY OF NORTON, KANSAS

SCHEDULE 2

WATER FUND

Page 21

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Charges for Services	\$ 878,911	963,997	(85,086)
Miscellaneous	9,078	4,000	5,078
Reimbursed Expenses	<u>3,557</u>	<u>1,000</u>	<u>2,557</u>
 Total Cash Receipts	 <u>891,546</u>	 <u>968,997</u>	 <u>(77,451)</u>
Expenditures:			
General and Administrative:			
Personal Services	117,892	127,930	(10,038)
Contractual Services	31,901	33,150	(1,249)
Commodities	<u>2,593</u>	<u>1,000</u>	<u>1,593</u>
 Total General and Administrative	 <u>152,386</u>	 <u>162,080</u>	 <u>(9,694)</u>
Production and Treatment:			
Personal Services	69,838	86,950	(17,112)
Contractual Services	22,860	37,700	(14,840)
Commodities	156,298	357,450	(201,152)
Capital Outlay	<u>0</u>	<u>400,000</u>	<u>(400,000)</u>
 Total Production and Treatment	 <u>248,996</u>	 <u>882,100</u>	 <u>(633,104)</u>
Transmission and Distribution:			
Personal Services	79,917	93,835	(13,918)
Contractual Services	12,112	9,000	3,112
Commodities	13,254	8,000	5,254
Capital Outlay	<u>52,084</u>	<u>12,500</u>	<u>39,584</u>
 Total Transmission and Distribution	 <u>157,367</u>	 <u>123,335</u>	 <u>34,032</u>

(Continued)

CITY OF NORTON, KANSAS

WATER FUND

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
(Continued)			
Transfers:			
To Water Replacement Reserve	\$ 7,200	7,200	0
To Water Loan	119,466	0	119,466
To Water Improvement Bond	<u>145,674</u>	<u>0</u>	<u>145,674</u>
Total Transfers	<u>272,340</u>	<u>7,200</u>	<u>265,140</u>
Adjustments for Qualifying Budget Credits:			
Reimbursed Expenses	<u>0</u>	<u>2,557</u>	<u>(2,557)</u>
Total Expenditures	<u>831,089</u>	<u>1,177,272</u>	<u>(346,183)</u>
Cash Receipts Over (Under) Expenditures	60,457		
Unencumbered Cash, Beginning	<u>331,264</u>		
Unencumbered Cash, Ending	\$ <u><u>391,721</u></u>		

CITY OF NORTON, KANSAS

WATER DEPOSITS FUND

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>*Budget</u>	Variance Over (Under)
Cash Receipts:			
Customer Deposits	\$ <u>7,277</u>	<u>8,000</u>	<u>(723)</u>
Expenditures:			
Deposit Refunds	<u>7,277</u>	<u>28,590</u>	<u>(21,313)</u>
Revenues Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

* Exempt from Budget Law K.S.A. 12-822.

CITY OF NORTON, KANSAS

SCHEDULE 2

SEWER SERVICE FUND

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Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Charges for Services	\$ 654,500	500,200	154,300
Miscellaneous	1,926	100	1,826
Reimbursed Expenses	<u>508</u>	<u>1,000</u>	<u>(492)</u>
Total Cash Receipts	<u>656,934</u>	<u>501,300</u>	<u>155,634</u>
Expenditures:			
General and Administrative:			
Personal Services	31,487	47,460	(15,973)
Contractual Services	<u>2,881</u>	<u>5,758</u>	<u>(2,877)</u>
Total General and Administrative	<u>34,368</u>	<u>53,218</u>	<u>(18,850)</u>
Sewer Plant:			
Personal Services	71,627	83,280	(11,653)
Contractual Services	23,202	32,900	(9,698)
Commodities	12,566	15,650	(3,084)
Capital Outlay	<u>0</u>	<u>282,042</u>	<u>(282,042)</u>
Total Sewer Plant	<u>107,395</u>	<u>413,872</u>	<u>(306,477)</u>
Sewer Collections:			
Personal Services	40,872	51,500	(10,628)
Contractual Services	2	250	(248)
Commodities	393	3,950	(3,557)
Capital Outlay	<u>178</u>	<u>20,000</u>	<u>(19,822)</u>
Total Sewer Collections	<u>41,445</u>	<u>75,700</u>	<u>(34,255)</u>

(Continued)

CITY OF NORTON, KANSAS

SEWER SERVICE FUND

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
(Continued)			
Transfers:			
To Sewer Replacement Reserve	\$ 7,200	7,200	0
To Wastewater Loan	<u>282,041</u>	<u>0</u>	<u>282,041</u>
Total Transfers	<u>289,241</u>	<u>7,200</u>	<u>282,041</u>
Total Expenditures	<u>472,449</u>	<u>549,990</u>	<u>(77,541)</u>
Cash Receipts Over (Under) Expenditures	184,485		
Unencumbered Cash, Beginning	<u>240,012</u>		
Unencumbered Cash, Ending	\$ <u><u>424,497</u></u>		

CITY OF NORTON, KANSAS

REVOLVING LOAN FUND

Schedule of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>*Budget</u>	Variance Over (Under)
Cash Receipts:			
Loan Payments Received	\$ 28,533	48,000	(19,467)
Interest on Idle Funds	<u>630</u>	<u>0</u>	<u>630</u>
Total Cash Receipts	<u>29,163</u>	<u>48,000</u>	<u>(18,837)</u>
Expenditures:			
Administrative Fees	<u>457</u>	<u>48,000</u>	<u>(47,543)</u>
Total Expenditures	<u>457</u>	<u>48,000</u>	<u>(47,543)</u>
Cash Receipts Over (Under) Expenditures	28,706		
Unencumbered Cash, Beginning	<u>184,920</u>		
Unencumbered Cash, Ending	\$ <u>213,626</u>		

*Exempt from the Budget Law K.S.A. 79-2925

CITY OF NORTON, KANSAS
 Any Nonbudgeted Fund
 Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

SCHEDULE 2

Page 27

	<u>Hansen Foundation Grant</u>	<u>Cemetery Donation</u>	<u>Electric Replacement Reserve</u>	<u>Debt Service Bond</u>
Cash Receipts:				
Donations	\$ 0	73	0	0
Interest on Idle Funds	0	0	447	0
Transfer from Electric	0	0	53,067	0
Transfer from Water	<u>0</u>	<u>0</u>	<u>0</u>	<u>145,674</u>
Total Cash Receipts	<u>0</u>	<u>73</u>	<u>53,514</u>	<u>145,674</u>
Expenditures:				
Principal	0	0	0	40,569
Interest	0	0	0	105,105
Capital Outlay	<u>12,016</u>	<u>0</u>	<u>85,245</u>	<u>0</u>
Total Cash Expenditures	<u>12,016</u>	<u>0</u>	<u>85,245</u>	<u>145,674</u>
Cash Receipts Over (Under) Expenditures	(12,016)	73	(31,731)	0
Unencumbered Cash, Beginning	<u>15,000</u>	<u>17,241</u>	<u>531,426</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 2,984</u>	<u>17,314</u>	<u>499,695</u>	<u>0</u>

CITY OF NORTON, KANSAS
 Any Nonbudgeted Fund
 Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

	Refuse Replacement Reserve	Water Replacement Reserve	Water Loan
Cash Receipts:			
Transfer from Water	\$ 0	7,200	119,466
Transfer from Refuse	6,000	0	0
Total Cash Receipts	6,000	7,200	119,466
Expenditures:			
Loan Principal	0	0	64,329
Loan Interest	0	0	55,137
Total Expenditures	0	0	119,466
Cash Receipts Over (Under) Expenditures	6,000	7,200	0
Unencumbered Cash, Beginning	30,390	32,084	0
Unencumbered Cash, Ending	\$ 36,390	39,284	0

CITY OF NORTON, KANSAS
 Any Nonbudgeted Fund
 Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

	Water Improvement Bond	Sewer Replacement Reserve	Wastewater Loan	CDBG Fire Truck Grant
Cash Receipts:				
Interest on Idle Funds	\$ 10,143	0	0	0
Grant Proceeds	0	0	0	276,871
Transfer from Electric	0	0	0	48,933
Transfer from Sewer	0	7,200	282,041	0
Total Cash Receipts	10,143	7,200	282,041	325,804
Expenditures:				
Loan Principal	0	0	185,406	0
Loan Interest	0	0	96,635	0
Capital Outlay	361,349	0	0	306,123
Administrative	0	0	0	19,681
Total Expenditures	361,349	0	282,041	325,804
Cash Receipts Over (Under) Expenditures	(351,206)	7,200	0	0
Unencumbered Cash, Beginning	1,053,970	38,417	0	0
Unencumbered Cash, Ending	\$ 702,764	45,617	0	0

CITY OF NORTON, KANSAS
Component Units
Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

	Norton Public Library	
	General	Northwest Kansas Library System Grant
Cash Receipts:		
Appropriation from City	\$ 129,096	0
Library Foundation	6,062	0
Grant Proceeds	0	4,550
Memorials and Donations	4,715	0
Fines and Fees	1,424	0
Interest on Idle Funds	5	0
Miscellaneous	2,041	0
Total Cash Receipts	143,343	4,550
Expenditures		
Salaries and Wages	80,741	3,230
Employee Benefits	20,067	0
Books and Periodicals	12,105	282
Miscellaneous	1,588	0
Repairs and Maintenance	4,167	0
Capital Outlay	4,508	0
Supplies	2,361	0
Utilities	1,039	0
Transfer to Capital Improvements	0	0
Total Expenditures	126,576	3,512
Cash Receipts Over (Under) Expenditures	16,767	1,038
Unencumbered Cash, Beginning	15,892	0
Unencumbered Cash, Ending	\$ 32,659	1,038

CITY OF NORTON, KANSAS
 Component Units
 Schedule of Cash Receipts and Expenditures
For the Year Ended December 31, 2011

	Norton Public Library	
	Copier	Capital Improvement
Cash Receipts:		
Fees	\$ 5,724	0
Interest on Idle Funds	169	20
Total Cash Receipts	5,893	20
Expenditures		
Repairs and Maintenance	2,072	0
Sales Tax	341	0
Supplies	973	0
Total Expenditures	3,386	0
Cash Receipts Over (Under) Expenditures	2,507	20
Unencumbered Cash, Beginning	16,972	7,777
Unencumbered Cash, Ending	\$ 19,479	7,797

CITY OF NORTON, KANSAS

SCHEDULE 3

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended December 31, 2011

	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance December 31
Payroll Clearing	\$ 7,974	1,607,020	1,606,528	8,466
Fire Insurance	0	7,830	7,830	0
Utility Trust	<u>5,547</u>	<u>16,632</u>	<u>18,287</u>	<u>3,892</u>
Total Agency Funds	\$ <u>13,521</u>	<u>1,631,482</u>	<u>1,632,645</u>	<u>12,358</u>