

**CITY OF HAVEN, KANSAS**  
**FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**CITY OF HAVEN, KANSAS  
CITY OF THE THIRD CLASS  
For the Year Ended December 31, 2012**

Mike Alfery, Mayor

**CITY COUNCIL**

John Mitchell

Donald Ford

Adam Wright

Don Etchison

Paula Scott

**CITY OFFICERS**

Leslie Warden, Clerk

Larry Bolton, Attorney

Gladys Dodds, Treasurer

Stanley Juhnke, Municipal Court Judge

Allen Blake, Administrator/Public Works Director

Robert Pell, Chief of Police



**CITY OF HAVEN, KANSAS**  
**For the Year Ended December 31, 2012**

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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Haven, Kansas 67543

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Haven, Kansas, a Municipal Financial Reporting Entity as of and for the year ended December 31, 2012 and the related notes to the financial statement.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the applicable audit requirements of the *Kansas Municipal Audit and Accounting Guide*. Those standards and the *Kansas Municipal Audit and Accounting Guide* require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Haven, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Haven, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

### *Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Haven, Kansas as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

### *Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the 2012 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds, schedules of regulatory basis receipts and expenditures-actual-related municipal entity, (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2012 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The schedule of expenditures of federal awards (Schedule 5 as listed in the table of contents) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic 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 2012 basic financial statement. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statement or to the 2012 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 supplementary information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2011 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedules of regulatory basis receipts and expenditures-actual-related municipal entity (Schedules 2 and 4 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 basic financial statement upon which we rendered an unqualified opinion dated March 21, 2012. The 2011 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 basic financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 basic financial statement or to the 2011 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 basic financial statement as a whole, on the basis of accounting described in Note 1.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2013, on our consideration of the City of Haven's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Haven's internal control over financial reporting and compliance.

Swindoll, Janzen, Hawk & Loyd, LLC

Certified Public Accountants

June 6, 2013



SWINDOLL  
JANZEN  
HAWK &  
LOYD, LLC

Certified Public Accountants

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
City of Haven  
Haven, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statement of the City of Haven (City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 6, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Those are listed as 12-01 and 12-02.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

## **City of Haven's Response to Findings**

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We noted certain matters that we reported to management of the City, in a separate letter dated June 6, 2013.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Swindoll, Janzen, Hawk & Loyd, LLC

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Swindoll Janzen Hawk & Loyd, LLC

June 6, 2013



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor and City Council  
City of Haven, Kansas

**Report on Compliance for Each Major Federal Program**

We have audited the City of Haven's compliance of the with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

**Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Swindoll, Janzen, Hawk & Loyd, LLC

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Swindoll Janzen Hawk & Loyd, LLC

June 6, 2013

## CITY OF HAVEN, KANSAS

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH****Regulatory Basis**

For the Year Ended December 31, 2012

	Beginning Un- encumbered Cash Balance	Receipts	Expendi- tures	Ending Un- encumbered Cash Balance	Add: Encum- brances and Accounts Payable	Ending Cash Balance
<b>GENERAL FUND:</b>						
General Fund	\$ 127,601	\$ 681,019	\$ 681,256	\$ 127,364	\$ 5,060	\$ 132,424
<b>SPECIAL PURPOSE FUNDS:</b>						
Employee Benefits Fund	2,727	241,496	243,876	347	78	425
Library Fund	-	49,445	49,445	-	-	-
Special Highway Fund	45,006	36,566	13,466	68,106	-	68,106
Total Special Purpose Funds	47,733	327,507	306,787	68,453	78	68,531
<b>BOND AND INTEREST FUND:</b>						
Bond and Interest Fund	269,832	6,000	275,832	-	-	-
<b>CAPITAL PROJECT FUNDS:</b>						
Capital Improvement Fund	33,814	3,509,530	1,138,996	2,404,348	13,527	2,417,875
City Equipment Fund	39,599	136,107	66,485	109,221	-	109,221
Total Capital Project Funds	73,413	3,645,637	1,205,481	2,513,569	13,527	2,527,096
<b>BUSINESS FUNDS:</b>						
Electric Utility Fund	184,155	1,971,702	1,449,149	706,708	5,060	711,768
Refuse Utility Fund	86,791	101,325	132,723	55,393	2	55,395
Sewer Utility Fund	33,058	106,906	101,313	38,651	571	39,222
Water Utility Fund	72,501	213,666	113,807	172,360	6,637	178,997
Total Business Funds	376,505	2,393,599	1,796,992	973,112	12,270	985,382
<b>RELATED MUNICIPAL ENTITY:</b>						
Library Board	185,031	60,611	55,390	190,252	-	190,252
Total Reporting Entity (Excluding Agency Funds)	\$ 1,080,115	\$ 7,114,373	\$ 4,321,738	\$ 3,872,750	\$ 30,935	\$ 3,903,685
<b>COMPOSITION OF CASH:</b>						
Cash on hand						\$ 40
Cash in bank, First National Bank of Hutchinson, City Treasurer						1,178,949
Cash in bank, First National Bank of Hutchinson, USDA RD						2,342,300
Cash in bank, First National Bank of Hutchinson, Community Ambulance Service						7,319
Cash in bank, First National Bank of Hutchinson, Public Funds Money Market						1,648
Certificates of Deposit, First National Bank of Hutchinson						212,403
Related Municipal Entity						190,252
Total Cash						3,932,911
Less Agency Funds per Schedule 3						(29,226)
Total Reporting Entity (Excluding Agency Funds)						\$ 3,903,685

**CITY OF HAVEN, KANSAS**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended December 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***(a) Municipal Financial Reporting Entity***

The City of Haven is a municipal corporation governed by an elected mayor and an elected five-member council. The regulatory financial statement presents the City of Haven (the municipal financial reporting entity) and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

**Library Board.** The City of Haven Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. Complete financial records for the Library Board may be reviewed at the administrative offices of the entity at 121 N. Kansas, Haven, Kansas 67543.

***(b) Regulatory Basis Fund Types***

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

**Special Purpose Fund** - used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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

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

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

**Trust Fund** – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

**Agency Fund** – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, county treasurer tax collection accounts, etc.)

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

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

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

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

### ***(d) Budgetary Information***

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Purpose Funds (unless specifically exempted by statute), Bond and Interest Funds and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year 2012.

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

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

A legal operating budget is not required for Capital Project Funds and Agency Funds.

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.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### *Compliance with Kansas Statutes*

No statute violations were noted during 2012.

## 3. DEPOSITS AND INVESTMENTS

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

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

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

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

At December 31, 2012, the City's carrying amount of deposits was \$3,742,619 and the bank balance was \$3,785,034. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$3,535,034 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

## 4. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2012, 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>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bond: Refunding & Imp. Series 2001	3.50% to 5.20%	06-13-01	\$ 900,000	06-01-16	\$ 270,000	\$ -	\$ 270,000	\$ -	\$ 6,766
General Obligation Temporary Notes: Series 2012	0.50%	05-06-12	3,435,000	11-01-13	-	3,435,000	-	3,435,000	-
Kanss Revolving Loan Fund: Water Pollution Control	2.41%	01-11-08	513,893	09-01-29	<u>460,557</u>	<u>-</u>	<u>20,976</u>	<u>439,581</u>	<u>12,112</u>
Total Contractual Indebtedness					<u>\$ 730,557</u>	<u>\$ 3,435,000</u>	<u>\$ 290,976</u>	<u>\$ 3,874,581</u>	<u>\$ 18,878</u>

#### 4. LONG-TERM DEBT (CONT.)

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

	Year								
	2013	2014	2015	2016	2017	2018 to 2022	2023 to 2027	2028 to 2029	Total
Principal:									
General Obligation Temporary Notes:									
Series 2012	\$ 3,435,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,435,000
Kansas Revolving Loan Fund:									
Water Pollution Control	21,537	22,114	22,706	23,315	23,939	129,658	147,972	48,340	439,581
Interest:									
General Obligation Temporary Notes:									
Series 2012	25,763	-	-	-	-	-	-	-	25,763
Kansas Revolving Loan Fund:									
Water Pollution Control	11,551	10,974	10,382	9,774	9,149	35,782	17,468	1,292	106,372
Total Principal and Interest	\$ 3,493,851	\$ 33,088	\$ 33,088	\$ 33,089	\$ 33,088	\$ 165,440	\$ 165,440	\$ 49,632	\$ 4,006,716

#### 5. DEFINED BENEFIT PENSION PLAN

**Plan Description.** The City participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

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

#### 6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

##### (a) 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 of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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.

## 6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT.)

### ***(b) Other Employee Benefits***

Vacation – For employees hired prior to January 1, 1986, vacations are earned as of January 1, each year and may be taken during the current calendar year. There is no accumulation or carryover of vacation time. Vacation time not taken as of the end of the calendar year is lost. Each permanent full-time employee hired prior to January 1, 1986 will receive vacation leave as follows:

<u>Years of Service</u>	<u>Per Year</u>	<u>Maximum Accumulation</u>
First January 1st	40 working hours	None
Second January 1st	80 working hours	None
Tenth January 1st	120 working hours	None
Twentieth January 1st	160 working hours	None

For employees hired after December 31, 1985, vacations are earned after obtaining a full year of service and may be taken prior to the employee's next anniversary date. If an employee is not actively at work as of their anniversary of their hire date, any vacation time earned as of that date may not be taken until the employee returns to active work. There is no accumulation or carryover of vacation time. Vacation time not taken as of the employee's anniversary date is lost. Each permanent full-time employee hired after December 31, 1985, will receive vacation leave as follows:

<u>Years of Service</u>	<u>Per Year</u>	<u>Maximum Accumulation</u>
1 year	40 working hours	None
2 to 10 years	80 working hours	None
10 to 20 years	120 working hours	None
After 20 years	160 working hours	None

The Haven Public Library maintains a separate policy enforcing the use of or loss of vacation by May 31. Vacation time is earned based on the number of hours an employee works during the week.

Sick leave - All employees who work full-time shall be entitled to sick leave with pay for absences resulting from personal illness, injuries, accidents or other physical incapacities, occurring either on or off the job.

Amount of sick leave - Full-time employees shall be granted ten (10) days of sick leave each year. Part-time employees and other employees shall not have paid sick leave.

Accumulation of sick leave – Sick leave is cumulative to 60 days. Any days over 60 are bought back by the City on December 31, at the rate of \$10 per day. At the time of retirement, employees will receive pay for accumulated unused sick leave at the rate of 50% of their current pay for up to 60 days. An employee shall not be paid for any unused sick leave upon termination.

The Haven Public Library maintains a separate policy enforcing the use of or loss of sick leave by May 31. Sick leave is granted based on the number of hours an employee works during the week.

## 7. CAPITAL PROJECTS

At year end, capital project authorizations with approved change orders compared with cash disbursements and account payable from inception are as follows:

	Cash Disbursements and Accounts Payable To Date	Project Authorization
USDA Rural Development Water Project	<u>\$ 1,081,634</u>	<u>\$ 4,907,000</u>

## 8. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	City Equipment	K.S.A. 40-2301	\$ 22,000
General	Capital Improvement	K.S.A. 40-2301	75,000
General	Employee Benefits	K.S.A. 40-2301	57,711
Water Utility	City Equipment	K.S.A. 12-825d	5,500
Water Utility	General	K.S.A. 12-825d	10,000
Water Utility	Employee Benefits	K.S.A. 12-825d	11,998
Sewer Utility	City Equipment	K.S.A. 12-825d	4,900
Sewer Utility	Employee Benefits	K.S.A. 12-825d	14,072
Electric Utility	City Equipment	K.S.A. 12-825d	86,000
Electric Utility	General	K.S.A. 12-825d	50,050
Electric Utility	Capital Improvement	K.S.A. 12-825d	633
Electric Utility	Library	K.S.A. 12-825d	35,768
Electric Utility	Employee Benefits	K.S.A. 12-825d	103,269
Electric Utility	Bond and Interest	K.S.A. 12-825d	6,000
Refuse Utility	City Equipment	K.S.A. 12-825d	12,000
Refuse Utility	Employee Benefits	K.S.A. 12-825d	21,671
			<u>\$ 516,572</u>

## 9. CLAIMS AND JUDGMENTS

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government.

The City is 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. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2011 to 2012 and there were no settlements that exceeded insurance coverage in the past three years.

## **9. CLAIMS AND JUDGMENTS (CONT.)**

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

## **10. SUBSEQUENT EVENTS**

In June of 2010, the City was notified they had been selected to receive a loan of \$3,435,000 and a grant of \$1,472,000 from USDA Rural Development to be funded by federal appropriations provided through the American Recovery and Reinvestment Act. The loan and grant funds will be used for replacement and rehabilitation of several components of the water supply, storage system, and treatment of the water. The project will install a treatment plant to remove nitrates and provide disinfection to the drinking water; rehabilitate all four existing well house buildings and pumps; install a new elevated storage tank; install 3.2 miles of distribution system; dismantle the existing elevated water storage tower; purchase a generator for an emergency back-up power source; and install isolation valves throughout the distribution system. The City received a General Obligation Temporary Note, Series 2012 in 2012 that will be purchased by USDA Rural Development in November 2013 when it becomes due. The City has expended \$1,081,634 to date for the project. The project is expected to be completed in 2013.

Management has evaluated the effects of the financial statement of subsequent events occurring the date of this report, which is the date at which the financial statement was available to be issued.

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

CITY OF HAVEN, KANSAS

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**

Regulatory Basis

(Budgeted Funds Only)

For the Year Ended December 31, 2012

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
<b>GENERAL FUND:</b>					
General Fund	\$ 789,472	\$ -	\$ 789,472	\$ 681,256	\$ (108,216)
<b>SPECIAL PURPOSE FUNDS:</b>					
Employee Benefits Fund	254,138	-	254,138	243,876	(10,262)
Library Fund	50,007	-	50,007	49,445	(562)
Special Highway Fund	85,138	-	85,138	13,466	(71,672)
<b>BOND AND INTEREST FUND:</b>					
Bond and Interest Fund	276,287	-	276,287	275,832	(455)
<b>CAPITAL PROJECT FUNDS:</b>					
Capital Improvement Fund	4,725,125	-	4,725,125	1,138,996	(3,586,129)
City Equipment Fund	170,083	-	170,083	66,485	(103,598)
<b>BUSINESS FUNDS:</b>					
Electric Utility Fund	1,796,723	-	1,796,723	1,449,149	(347,574)
Refuse Utility Fund	188,437	-	188,437	132,723	(55,714)
Sewer Utility Fund	141,995	-	141,995	101,313	(40,682)
Water Utility Fund	321,941	-	321,941	113,807	(208,134)

CITY OF HAVEN, KANSAS

GENERAL FUND

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

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

	<u>2012</u>			<u>Variance - Over (Under)</u>
	<u>2011 Actual</u>	<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes -				
Ad valorem property tax	\$ 206,310	\$ 207,041	\$ 215,378	\$ (8,337)
Back tax collections	7,972	7,600	3,000	4,600
Motor vehicle tax	37,016	41,193	49,879	(8,686)
Recreational vehicle tax	548	568	633	(65)
16/20M vehicle tax	90	260	413	(153)
Local sales tax	<u>130,919</u>	<u>139,082</u>	<u>120,000</u>	<u>19,082</u>
Total Taxes	<u>382,855</u>	<u>395,744</u>	<u>389,303</u>	<u>6,441</u>
Fines and Fees	<u>31,511</u>	<u>26,930</u>	<u>18,000</u>	<u>8,930</u>
Licenses and Permits	<u>15,567</u>	<u>13,451</u>	<u>8,000</u>	<u>5,451</u>
Franchise Taxes	<u>17,211</u>	<u>14,846</u>	<u>20,000</u>	<u>(5,154)</u>
Charges for Services -				
Ambulance	80,513	84,248	75,000	9,248
Township ambulance reimbursement	48,687	46,648	50,000	(3,352)
Swimming pool	<u>5,439</u>	<u>6,491</u>	<u>5,500</u>	<u>991</u>
Total Charges for Services	<u>134,639</u>	<u>137,387</u>	<u>130,500</u>	<u>6,887</u>
Transfers -				
Transfer from Electric Utility Fund	-	50,050	95,000	(44,950)
Transfer from Water Utility Fund	-	10,000	10,000	-
Transfer from Bond and Interest Fund	<u>-</u>	<u>-</u>	<u>287</u>	<u>(287)</u>
Total Transfers	<u>-</u>	<u>60,050</u>	<u>105,287</u>	<u>(45,237)</u>
Use of Money and Property -				
Interest	<u>208</u>	<u>17</u>	<u>-</u>	<u>17</u>
Recreation Board -				
Other	<u>5,285</u>	<u>6,675</u>	<u>7,000</u>	<u>(325)</u>

## CITY OF HAVEN, KANSAS

GENERAL FUNDGENERAL FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts (cont.)				
Park Board -				
Other	\$ 4,143	\$ 4,300	\$ -	\$ 4,300
Other Income -				
Insurance collection - damages rec.	48,421	15,014	5,000	10,014
Cash rent - Myron Miller	1,800	900	800	100
Sale of surplus property	1,711	3,519	-	3,519
Reimbursements	763	112	2,500	(2,388)
Rent of equipment	-	-	4,000	(4,000)
Tree donations	-	143	-	143
State of Kansas grant	1,533	-	-	-
Miscellaneous	1,590	1,931	2,500	(569)
Total Other Income	55,818	21,619	14,800	6,819
Total Receipts	647,237	681,019	\$ 692,890	\$ (11,871)
Expenditures				
General Government -				
Personal services	12,088	36,116	\$ 17,000	\$ 19,116
Contractual services	57,795	75,140	62,000	13,140
Commodities	12,696	15,957	10,000	5,957
Capital outlay	38,386	45,371	61,342	(15,971)
Economic Development	-	-	14,000	(14,000)
Sidewalk, ramps, etc.	-	-	36,450	(36,450)
Transfer to Employee Benefits Fund	42,730	45,884	50,000	(4,116)
Transfer to Capital Improvement Fund	-	55,000	55,000	-
Transfer to City Equipment Fund	7,500	-	-	-
Miscellaneous	1,135	380	500	(120)
Total General Government	172,330	273,848	306,292	(32,444)
Police -				
Personal services	116,464	116,978	141,662	(24,684)
Contractual services	5,987	4,537	7,700	(3,163)
Commodities	30,917	34,109	26,464	7,645
Transfer to City Equipment Fund	5,000	5,000	5,000	-
Total Police	158,368	160,624	180,826	(20,202)
Street -				
Commodities	-	-	3,000	(3,000)

## CITY OF HAVEN, KANSAS

GENERAL FUNDGENERAL FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Expenditures (cont.)				
Recreation Board -				
Commodities	\$ 30,658	\$ 31,589	\$ 32,940	\$ (1,351)
Park Board -				
Personal services	3,384	3,822	-	3,822
Commodities	6,412	3,982	12,500	(8,518)
Capital outlay	-	200	-	200
Miscellaneous	1,200	1,260	-	1,260
Total Park Board	10,996	9,264	12,500	(3,236)
Swimming Pool -				
Personal services	23,132	-	24,000	(24,000)
Commodities	11,423	-	10,000	(10,000)
Capital outlay	-	-	11,500	(11,500)
Total Swimming Pool	34,555	-	45,500	(45,500)
Ambulance -				
Personal services	134,921	134,968	135,600	(632)
Commodities	11,462	10,656	22,814	(12,158)
Transfer to Employee Benefits Fund	11,844	11,828	-	11,828
Transfer to City Equipment Fund	9,000	17,000	17,000	-
Transfer to Capital Improvement Fund	-	20,000	20,000	-
Miscellaneous	654	-	-	-
Total Ambulance	167,881	194,452	195,414	(962)
Tree Board -				
Commodities	11,422	11,479	13,000	(1,521)
Total Expenditures	586,210	681,256	\$ 789,472	\$ (108,216)
Receipts Over (Under) Expenditures	61,027	(237)		
Unencumbered Cash, Beginning	66,573	127,601		
Unencumbered Cash, Ending	\$ 127,601	\$ 127,364		

## CITY OF HAVEN, KANSAS

SPECIAL PURPOSE FUNDEMPLOYEE BENEFITS FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Ad valorem property tax	\$ 17,556	\$ 17,619	\$ 18,326	\$ (707)
Back tax collection	785	656	350	306
Motor vehicle tax	3,525	3,538	4,244	(706)
Recreational vehicle tax	52	48	54	(6)
16/20M vehicle tax	9	25	35	(10)
Transfer from various funds	206,357	208,721	212,000	(3,279)
Payroll deductions/reimbursement	9,779	10,889	7,500	3,389
Total Receipts	<u>238,063</u>	<u>241,496</u>	<u>\$ 242,509</u>	<u>\$ (1,013)</u>
Expenditures				
Social security	44,383	44,015	\$ 46,000	\$ (1,985)
KPERS	30,882	34,519	32,000	2,519
Unemployment tax	9,997	4,876	5,200	(324)
Health insurance premiums	150,469	160,466	170,938	(10,472)
Total Expenditures	<u>235,731</u>	<u>243,876</u>	<u>\$ 254,138</u>	<u>\$ (10,262)</u>
Receipts Over (Under) Expenditures	2,332	(2,380)		
Unencumbered Cash, Beginning	<u>395</u>	<u>2,727</u>		
Unencumbered Cash, Ending	<u>\$ 2,727</u>	<u>\$ 347</u>		

## CITY OF HAVEN, KANSAS

SPECIAL PURPOSE FUNDLIBRARY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Ad valorem property tax	\$ 10,974	\$ 11,010	\$ 11,455	\$ (445)
Back tax collections	490	411	75	336
Motor vehicle tax	2,202	2,211	2,653	(442)
Recreational vehicle tax	33	30	34	(4)
16/20M vehicle tax	5	15	22	(7)
Transfer from Electric Utility Fund	35,813	35,768	35,768	-
Total Receipts	<u>49,517</u>	<u>49,445</u>	<u>\$ 50,007</u>	<u>\$ (562)</u>
Expenditures				
Appropriation to Library Board	<u>49,517</u>	<u>49,445</u>	<u>\$ 50,007</u>	<u>\$ (562)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

## CITY OF HAVEN, KANSAS

SPECIAL PURPOSE FUNDSPECIAL HIGHWAY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
State payments	\$ 31,239	\$ 32,099	\$ 31,540	\$ 559
County payments	4,641	4,467	4,160	307
Total Receipts	<u>35,880</u>	<u>36,566</u>	<u>\$ 35,700</u>	<u>\$ 866</u>
Expenditures				
Contractual services	950	-	\$ 74,138	\$ (74,138)
Commodities	14,172	13,466	11,000	2,466
Total Expenditures	<u>15,122</u>	<u>13,466</u>	<u>\$ 85,138</u>	<u>\$ (71,672)</u>
Receipts Over (Under) Expenditures	20,758	23,100		
Unencumbered Cash, Beginning	<u>24,248</u>	<u>45,006</u>		
Unencumbered Cash, Ending	<u>\$ 45,006</u>	<u>\$ 68,106</u>		

## CITY OF HAVEN, KANSAS

BOND AND INTEREST FUNDBOND AND INTEREST FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Back tax collections	\$ -	\$ -	\$ 231	\$ (231)
Transfer from Electric Utility Fund	90,000	6,000	-	6,000
Transfer from Refuse Utility Fund	9,204	-	-	-
Transfer from Sewer Utility Fund	25,200	-	-	-
Transfer from Water Utility Fund	52,008	-	6,000	(6,000)
Total Receipts	<u>176,412</u>	<u>6,000</u>	<u>\$ 6,231</u>	<u>\$ (231)</u>
Expenditures				
Principal	50,000	270,000	\$ 270,000	\$ -
Interest	14,738	5,815	6,000	(185)
Commission and postage	3	17	-	17
Transfer to General Fund	-	-	287	(287)
Total Expenditures	<u>64,741</u>	<u>275,832</u>	<u>\$ 276,287</u>	<u>\$ (455)</u>
Receipts Over (Under) Expenditures	111,671	(269,832)		
Unencumbered Cash, Beginning	<u>158,161</u>	<u>269,832</u>		
Unencumbered Cash, Ending	<u>\$ 269,832</u>	<u>\$ -</u>		

## CITY OF HAVEN, KANSAS

CAPITAL PROJECT FUNDCAPITAL IMPROVEMENT FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Interest	\$ 236	\$ -	\$ 400	\$ (400)
Special assessments	9,645	11,786	15,000	(3,214)
Water project grant	-	-	1,472,000	(1,472,000)
Water project loan	-	-	3,054,500	(3,054,500)
General Obligation Temporary Note proceeds	-	3,422,111	-	3,422,111
Transfer from General Fund	-	75,000	75,000	-
Transfer from Electric Utility Fund	276,943	633	-	633
<b>Total Receipts</b>	<u>286,824</u>	<u>3,509,530</u>	<u>\$ 4,616,900</u>	<u>\$ (1,107,370)</u>
<b>Expenditures</b>				
Capital outlay	-	9,434	\$ 11,008	\$ (1,574)
Water project	280,770	698,442	4,526,500	(3,828,058)
Water project-reimbursement	-	387,373	-	387,373
Water project - other	7,242	-	-	-
Veterans Park	-	-	27,617	(27,617)
Ambulance building	-	-	40,000	(40,000)
E 1st 7200 upgrade	-	-	20,000	(20,000)
5th Street line upgrade	-	-	35,000	(35,000)
8/9th Street lights	-	-	10,000	(10,000)
Christmas lights	-	9,612	10,000	(388)
Drainage projects	-	34,135	45,000	(10,865)
<b>Total Expenditures</b>	<u>288,012</u>	<u>1,138,996</u>	<u>\$ 4,725,125</u>	<u>\$ (3,586,129)</u>
Receipts Over (Under) Expenditures	(1,188)	2,370,534		
Unencumbered Cash, Beginning	<u>35,002</u>	<u>33,814</u>		
Unencumbered Cash, Ending	<u>\$ 33,814</u>	<u>\$ 2,404,348</u>		

## CITY OF HAVEN, KANSAS

CAPITAL PROJECT FUNDCITY EQUIPMENT FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Sale of miscellaneous item	\$ 5,999	\$ 3,150	\$ 3,200	\$ (50)
Insurance reimbursement	-	2,557	-	2,557
Transfer from Electric Utility Fund	-	86,000	86,000	-
Transfer from General Fund	21,500	22,000	22,000	-
Transfer from Sewer Utility Fund	-	4,900	4,900	-
Transfer from Water Utility Fund	-	5,500	5,500	-
Transfer from Refuse Utility Fund	12,000	12,000	12,000	-
<b>Total Receipts</b>	<b>39,499</b>	<b>136,107</b>	<b>\$ 133,600</b>	<b>\$ 2,507</b>
<b>Expenditures</b>				
Capital outlay	7,900	777	\$ 4,733	\$ (3,956)
Ambulance	-	-	18,000	(18,000)
Tractors	-	-	15,000	(15,000)
Trash truck	-	-	24,000	(24,000)
Patrol car	-	-	10,000	(10,000)
Pickup truck	-	21,419	3,400	18,019
Bucket truck	-	-	8,500	(8,500)
Ambulance radio equipment	-	6,944	8,000	(1,056)
Hi volt tester	-	1,401	2,500	(1,099)
Pipe locator	-	3,225	5,150	(1,925)
Dump truck	-	-	1,500	(1,500)
Generator	-	-	14,000	(14,000)
Bobcat	-	32,719	55,300	(22,581)
<b>Total Expenditures</b>	<b>7,900</b>	<b>66,485</b>	<b>\$ 170,083</b>	<b>\$ (103,598)</b>
Receipts Over (Under) Expenditures	31,599	69,622		
Unencumbered Cash, Beginning	8,000	39,599		
Unencumbered Cash, Ending	<b>\$ 39,599</b>	<b>\$ 109,221</b>		

## CITY OF HAVEN, KANSAS

BUSINESS FUNDELECTRIC UTILITY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Sales to consumers	\$ 1,407,138	\$ 1,562,076	\$ 1,391,000	\$ 171,076
Interest	295	561	500	61
Miscellaneous	1,506	4,216	1,000	3,216
Reimbursement from KPPA	-	13,720	-	13,720
Reimbursement for water project	-	387,373	-	387,373
Reimbursements	4,054	3,756	-	3,756
<b>Total Receipts</b>	<b>1,412,993</b>	<b>1,971,702</b>	<b>\$ 1,392,500</b>	<b>\$ 579,202</b>
<b>Expenditures</b>				
Personal services	170,393	149,494	\$ 145,000	\$ 4,494
Contractual services	168	1,532	1,400	132
Commodities	113,418	99,167	110,000	(10,833)
Capital outlay	15,005	25,891	401,095	(375,204)
Sales tax	22,162	24,652	25,000	(348)
Purchased power	863,132	861,716	800,000	61,716
Bad debt expense	-	-	500	(500)
K96 corridor fee	-	-	2,000	(2,000)
Meter read upgrade, etc.	-	-	20,760	(20,760)
Other	7,313	4,977	1,200	3,777
Transfer to General Fund	-	50,050	95,000	(44,950)
Transfer to Library Fund	35,813	35,768	35,768	-
Transfer to City Equipment Fund	-	86,000	86,000	-
Transfer to Capital Improvement Fund	276,943	633	-	633
Transfer to Bond and Interest Fund	90,000	6,000	-	6,000
Transfer to Employee Benefits Fund	112,786	103,269	73,000	30,269
<b>Total Expenditures</b>	<b>1,707,133</b>	<b>1,449,149</b>	<b>\$ 1,796,723</b>	<b>\$ (347,574)</b>
Receipts Over (Under) Expenditures	(294,140)	522,553		
Unencumbered Cash, Beginning	478,295	184,155		
Unencumbered Cash, Ending	\$ 184,155	\$ 706,708		

CITY OF HAVEN, KANSAS

BUSINESS FUND

REFUSE UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Sales to consumers	\$ 89,942	\$ 94,325	\$ 92,000	\$ 2,325
Reimbursements	1,673	7,000	900	6,100
Total Receipts	<u>91,615</u>	<u>101,325</u>	<u>\$ 92,900</u>	<u>\$ 8,425</u>
Expenditures				
Personal services	48,653	69,896	\$ 63,000	\$ 6,896
Commodities	22,603	24,190	17,000	7,190
Capital outlay	1,991	4,966	33,237	(28,271)
Trash containers	-	-	5,200	(5,200)
Transfer to Bond and Interest Fund	9,204	-	-	-
Transfer to City Equipment Fund	12,000	12,000	12,000	-
Transfer to Employee Benefits Fund	17,214	21,671	58,000	(36,329)
Total Expenditures	<u>111,665</u>	<u>132,723</u>	<u>\$ 188,437</u>	<u>\$ (55,714)</u>
Receipts Over (Under) Expenditures	(20,050)	(31,398)		
Unencumbered Cash, Beginning	<u>106,841</u>	<u>86,791</u>		
Unencumbered Cash, Ending	<u>\$ 86,791</u>	<u>\$ 55,393</u>		

## CITY OF HAVEN, KANSAS

BUSINESS FUNDSEWER UTILITY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	<u>2011 Actual</u>	<u>2012</u>		<u>Variance - Over (Under)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Sales to consumers	\$ 115,372	\$ 106,906	\$ 113,000	\$ (6,094)
Expenditures				
Personal services	35,450	40,410	\$ 41,000	\$ (590)
Contractual services	3,250	-	-	-
Commodities	15,365	7,893	8,000	(107)
Capital outlay	-	-	38,007	(38,007)
Revolving Loan Payment	33,086	33,088	33,088	-
Interest Payment	-	950	-	950
Transfer to City Equipment Fund	-	4,900	4,900	-
Transfer to Employee Benefits Fund	12,246	14,072	17,000	(2,928)
Transfer to Bond and Interest Fund	25,200	-	-	-
Total Expenditures	<u>124,597</u>	<u>101,313</u>	<u>\$ 141,995</u>	<u>\$ (40,682)</u>
Receipts Over (Under) Expenditures	(9,225)	5,593		
Unencumbered Cash, Beginning	<u>42,283</u>	<u>33,058</u>		
Unencumbered Cash, Ending	<u>\$ 33,058</u>	<u>\$ 38,651</u>		

## CITY OF HAVEN, KANSAS

BUSINESS FUNDWATER UTILITY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Sales to consumers	\$ 170,747	\$ 212,638	\$ 285,000	\$ (72,362)
Miscellaneous	13	1,028	20	1,008
Total Receipts	<u>170,760</u>	<u>213,666</u>	<u>\$ 285,020</u>	<u>\$ (71,354)</u>
Expenditures				
Personal services	37,998	31,212	\$ 38,000	\$ (6,788)
Commodities	32,309	48,229	37,000	11,229
Capital outlay	320	6,868	69,241	(62,373)
Water project	-	-	135,000	(135,000)
Hydrants	-	-	7,200	(7,200)
Transfer to General Fund	-	10,000	10,000	-
Transfer to Bond and Interest Fund	52,008	-	6,000	(6,000)
Transfer to Employee Benefits Fund	9,538	11,998	14,000	(2,002)
Transfer to Equipment Reserve Fund	-	5,500	5,500	-
Total Expenditures	<u>132,173</u>	<u>113,807</u>	<u>\$ 321,941</u>	<u>\$ (208,134)</u>
Receipts Over (Under) Expenditures	38,587	99,859		
Unencumbered Cash, Beginning	<u>33,914</u>	<u>72,501</u>		
Unencumbered Cash, Ending	<u>\$ 72,501</u>	<u>\$ 172,360</u>		

CITY OF HAVEN, KANSAS

AGENCY FUNDS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

Regulatory Basis

For the Year Ended December 31, 2012

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Community Ambulance Service Fund	\$ 7,466	\$ 5,578	\$ 5,724	\$ 7,320
Meter Deposit Fund	26,179	10,929	15,202	21,906
Payroll Fund	-	46	46	-
Total	<u>\$ 33,645</u>	<u>\$ 16,553</u>	<u>\$ 20,972</u>	<u>\$ 29,226</u>

## CITY OF HAVEN, KANSAS

RELATED MUNICIPAL ENTITYLIBRARY BOARDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUALRegulatory Basis

For Years Ended December 31, 2012 and 2011

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Receipts		
State of Kansas	\$ -	\$ 527
SCKLS	6,108	5,717
City of Haven	58,569	49,063
Donations	2,168	1,828
Fines and copies	2,000	3,002
Interest	19	474
	<u>68,864</u>	<u>60,611</u>
Total Receipts		
Expenditures		
Advertising	21	-
Collection	6,502	7,128
Maintenance and repairs	570	4,975
Mileage	229	70
Electronic programming	1,376	180
Equipment	-	4,686
Gifts	414	148
Insurance	2,043	-
Licenses	-	104
Office	257	394
Supplies	382	340
Children's programming	1,496	2,127
Payroll	24,734	26,367
Periodicals	1,864	2,032
Miscellaneous	404	3,652
Workshops	32	15
Postage	700	400
Telephone	677	772
	<u>41,701</u>	<u>55,390</u>
Total Expenditures		
Receipts Over (Under) Expenditures	27,163	5,221
Unencumbered Cash, Beginning	<u>157,868</u>	<u>185,031</u>
Unencumbered Cash, Ending	<u>\$ 185,031</u>	<u>\$ 190,252</u>

**CITY OF HAVEN, KANSAS**

**SINGLE AUDIT SECTION**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

CITY OF HAVEN, KANSAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2012

<u>Federal Grantor/ Pass - Through Grantor/ Program Title</u>	<u>Federal CFDA Identifying Number Number</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
ARRA - Water and Waste Disposal Systems for Rural Communities	10.781	\$ 1,472,000	\$ 698,442

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Note 1 - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented in accordance with the cash basis and budget laws of the State of Kansas. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statement.

Note 2 - Federal expenditures for the water project were paid from the Capital Improvement Fund.

**CITY OF HAVEN, KANSAS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended December 31, 2012**

There were no reportable findings for the year ended December 31, 2011.

CITY OF HAVEN, KANSAS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2012**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statement of the City of Haven.
2. Two significant deficiencies relating to the audit of the financial statement is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of the City of Haven, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs expressed an unqualified opinion.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs include:

	<u>CFDA No.</u>
ARRA - Water & Waste Disposal Systems for Rural Communities	10.781
8. The threshold for distinguishing Types A and B program was \$300,000.
9. The City of Haven was not determined to be a low-risk auditee.

**B. FINDINGS--FINANCIAL STATEMENTS AUDIT**

**SIGNIFICANT DEFICIENCIES**

**Number 12-01: Segregation of Duties**

Condition: Appropriate segregation of duties is achieved when one or more employees or functions acts as a check and balance on the activities of another so that no employee should be in a position to both commit an irregularity and conceal it.

**Number 12-01: Segregation of Duties (Cont.)**

Criteria:	<p>No single individual should be able to:</p> <ul style="list-style-type: none"><li>• <i>authorize</i> a transaction;</li><li>• <i>record</i> the transaction in the books of account; and</li><li>• ensure custody of the asset resulting from the transaction, including the receipt/custody of cash.</li></ul> <p>For example, if one person executes a sale/transaction, that person should not record the transaction, handle the cash receipt, have authority for or access to cash receipts records, and reconcile the bank account.</p>
Effect:	<p>Lack of segregation of duties aids in the possibility that errors and irregularities whether caused by fraud or human error will not be detected.</p>
Cause:	<p>Due to resource constraints, these conflicting phases of transactions potentially occur throughout your entity at various times throughout the fiscal year. We considered this lack of segregation of duties to be a significant deficiency under standards established by the American Institute of Certified Public Accountants.</p>
Recommendation:	<p>We recommend that management and the governing body continually review their daily transactions for potential conflicting phases of a transaction as noted above. Below we have detailed actions that management and the governing body should take to compensate for these conflicting phases that have been identified in your daily transaction process:</p> <ul style="list-style-type: none"><li>• <b><i>Review reports of detail transactions</i></b> – Management and the governing body should review <u>detailed</u> transactions on a regular and timely basis through appropriate computer reports of the detailed transactions.</li><li>• <b><i>Review selected transactions</i></b> – Management and the governing body should select random transactions for review of supporting documents. These selected transactions should be followed through the entire transaction process from start to finish to ensure that all documented internal controls are working appropriately and are not being overridden by any individual within the entity.</li><li>• <b><i>Take periodic asset counts</i></b> – Management and the governing body should periodically conduct counts of physical inventory, equipment, daily cash drawer receipts or other assets and compare these counts with the appropriate accounting records.</li><li>• <b><i>Check reconciliations</i></b> – Management and the governing body should review reconciliations of account balances such as cash, utility billing receivables or other liquid assets on a regular basis. The governing body should perform surprise procedures on these reconciliations independently of management at certain times throughout the fiscal year. These surprise procedures should be documented appropriately by the governing body member, including signature and date conducted.</li></ul>

**Number 12-01: Segregation of Duties (Cont.)**

Management

Response: I concur with the auditor's findings, however, with limited staff, it is not always possible to segregate duties relating to cash receipts and the recording of same. We will make every effort to separate duties for better internal controls.

**Number 12-02: Financial Statement Reporting**

Condition: Our firm has been asked to prepare the financial statement for the City; however, our firm cannot be considered part of the internal control structure of the City in regard to the preparation of the financial statement.

Criteria: The City prepares its financial statement in accordance with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, in accordance with the reporting and formatting requirements displayed in the *Kansas Municipal Audit and Accounting Guide* (KMAAG).

Effect: We consider this condition related to external financial statement preparation to be a significant deficiency under the standards established by the American Institute of Certified Public Accountants.

Cause: City personnel does have the skill and knowledge to process all the basic financial transactions and the ability to issue the internal financial statement needed to provide appropriate budget and operating information to the City governing body on an as needed basis. However, the City either has no documented policy or procedures related to the preparation of the external financial statement and/or the policies and procedures are not implemented and adequately followed to ensure the accuracy and completeness of the external financial statement.

Recommendation: To strengthen internal control over financial statement preparation, we recommend:

- Obtain a current copy of the Kansas Municipal Audit and Accounting Guide (KMAAG). (The City Clerk purchased a copy of KMAAG May 28, 2013.)
- Participate in a training session on financial statement preparation and review. (The City Clerk attended training on May 23, 2013.)
- Adopt a policy that annual financial statement will be reviewed prior to being subjected to audit.

Management

Response: I concur with the auditor's findings that the financial information supplied is not presented in the form express in the KMAAG. However, I do believe that the information provided in current form accurately expresses the financial and budgetary condition of the City. Additional training is being pursued to fulfill the requirement set forth.

**C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

There were no reportable findings.