

CITY OF HERINGTON, KANSAS

DECEMBER 31, 2012

CITY OF HERINGTON, KANSAS

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INDEPENDENT AUDITORS' REPORT

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The Mayor and City Commission
City of Herington, Kansas

We have audited the accompanying financial statement of City of Herington, Kansas (the City) which comprises the summary of cash receipts, expenditures, and unencumbered cash, 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 the financial statement in accordance with the cash basis and budget laws of the State of Kansas as prescribed by Kansas Municipal Audit and Accounting Guide (KMAAG), 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 of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and KMAAG. Those standards require that 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 the auditor's judgment, including the assessment of the risks of material misstatement, 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 the accounting policies used and the reasonableness of significant 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 reasonable basis for our audit opinion.

Basis for Adverse Opinion on United States Generally Accepted Accounting Principles

As described in note 1 of the financial statement, the financial statement is prepared by the City in accordance with the cash basis and budget laws of the State of Kansas as prescribed by KMAAG to meet the requirements of the State of Kansas, 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 United States Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters 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 accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2012, or the respective changes in financial position or where applicable, its changes in cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City, as of December 31, 2012, and the aggregate cash receipts and expenditures for the year then ended in accordance with the cash basis and budget laws of the State of Kansas as prescribed by KMAAG described in note 1.

Change in Accounting Principle

As discussed in note 1 to the financial statement, management has changed its policy for utility accounts receivable in 2012. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement. The schedule of expenditures - actual and budget, the individual fund schedules of cash receipts and expenditures - actual and budget, and the schedule of cash receipts and expenditures - related municipal entity (schedules 1 through 3, as listed in the table of contents) are presented for additional analysis and are not a required part of the financial statement. Such information is the responsibility of management and the supplementary information 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 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statement taken as a whole on the basis of accounting described in note 1.

Lindburg Vogel Pierce Faris

Certified Public Accountants

Hutchinson, Kansas
October 23, 2013

CITY OF HERINGTON, KANSAS
Herington, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For the Year Ended December 31, 2012

Page 1 of 2

Funds	Beginning Unencumbered Cash Balance	Adjust Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GOVERNMENTAL TYPE FUNDS							
General	\$ 394,309	\$ -	\$ 1,582,861	\$ 1,648,654	\$ 328,516	\$ 4,157	\$ 332,673
Special purpose							
Library	-	-	87,827	86,215	1,612	-	1,612
Employee benefits	36,326	-	351,384	345,063	42,647	-	42,647
Special highway	52,091	-	65,427	71,737	45,781	76	45,857
Park, recreation, and improvements	38,432	-	5,226	17,277	26,381	-	26,381
Guest tax	14,282	-	13,903	18,000	10,185	-	10,185
2010 sales tax	35,052	-	107,677	96,703	46,026	-	46,026
2006 sales tax	26,180	-	107,677	113,175	20,682	-	20,682
Hospital	-	-	342,228	236,155	106,073	-	106,073
Revolving loan	109,066	-	541	-	109,607	-	109,607
Storm water drainage	91,812	-	52,905	7,378	137,339	-	137,339
Equipment reserve	290,688	-	110,802	106,000	295,490	-	295,490
Hilltop deposits	10	-	10	-	20	9,185	9,205
Bond and interest							
Bond and interest	49,207	-	799,559	822,039	26,727	-	26,727
Capital projects	276,862	-	509	94,144	183,227	-	183,227
TRUST TYPE FUND							
Cemetery perpetual	123,488	-	2,921	-	126,409	-	126,409
BUSINESS TYPE FUNDS							
Business							
Airport	102,458	-	485,889	473,012	115,335	30	115,365
Water	146,002	(38,585)	524,376	459,993	171,800	2,469	174,269
Light	692,681	(314,591)	2,992,467	3,330,989	39,568	131,847	171,415
Sewer	98,907	(22,517)	222,491	213,695	85,186	1,659	86,845
Solid waste	37,175	(22,253)	204,998	206,882	13,038	-	13,038
2004 electrical bond reserve	50,000	-	99,150	99,150	50,000	-	50,000
2004 electrical principal and interest	13,807	-	109	-	13,916	-	13,916
TOTAL PRIMARY GOVERNMENT	2,678,835	(397,946)	8,160,937	8,446,261	1,995,565	149,423	2,144,988
RELATED MUNICIPAL ENTITY							
Herington Public Library	121,982	-	97,915	72,127	147,770	-	147,770
TOTAL REPORTING ENTITY	\$ 2,800,817	\$ (397,946)	\$ 8,258,852	\$ 8,518,388	\$ 2,143,335	\$ 149,423	\$ 2,292,758

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

CITY OF HERINGTON, KANSAS
Herington, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For the Year Ended December 31, 2012

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COMPOSITION OF CASH

Checking accounts	
Central National Bank, Herington, Kansas	\$ 1,520,832
First National Bank, Herington, Kansas	133,921
Petty cash	235
Certificates of deposit and savings accounts	
Central National Bank, Herington, Kansas	90,000
First National Bank, Herington, Kansas	400,000
Related municipal entity	
Herington Public Library	<u>147,770</u>
TOTAL REPORTING ENTITY	<u><u>\$ 2,292,758</u></u>

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

CITY OF HERINGTON, KANSAS
Herington, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2012

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Herington, Kansas (the City) is a municipal corporation governed by an elected mayor and five-member council. The financial statement presents the City (the primary government) and some of its related municipal entities. Related municipal entities are entities for which the City is considered to be financially accountable. The related municipal entities discussed below are included in the City's reporting entity because of their operational or financial relationships with the City. The blended related municipal entity, although a legally separate entity is, in substance, part of the City's operations. Data from this related municipal entity is combined with data from the City. The discretely presented related municipal entity is reported in a separate line in the financial statement to emphasize that it is legally separate from the City.

Blended Related Municipal Entity

The mayor and city council sits in a separate legal capacity as the Public Building Commission (the Commission). The Commission has authority to do all things that are necessary or incidental to construct, acquire, or enlarge; furnish and equip; and operate and maintain buildings for government use.

Discretely Presented Related Municipal Entity

The Herington Public Library (the Library) is governed by a board, all appointees of which are approved by the City mayor. The Library is not a separate taxing entity under Kansas statutes, and the City levies taxes for the Library operation, which represents a significant portion of its total revenues.

Related Municipal Entity Not Presented

Management has determined that Herington Municipal Hospital (the Hospital) is a related municipal entity of the City. Financial information for the Hospital has not been reported in the City's financial statement. The Hospital's financial statements can be obtained from the Hospital Board of Trustees at Herington Municipal Hospital, Herington, Kansas.

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The City has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Kansas Municipal Audit and Accounting Guide Regulatory Basis of Presentation Fund Definitions

The following types of funds comprise the financial activities of the City for the year of 2012:

General fund—to account for all unrestricted resources except those required to be accounted for in another fund.

Special purpose 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.

Capital projects funds—to account for the financial resources segregated for the acquisition of major capital facilities (other than those financed by business funds).

Bond and interest fund—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.

Trust funds—to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purpose that supports the government's programs.

Business funds—to account for operations that are financed and operated in a manner similar to private business enterprise—where the stated intent is that the costs of providing goods and services to the general public on a continuing basis to 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.

Regulatory Basis of Accounting and Departures from Generally Accepted Accounting Principles

The regulatory basis of accounting as prescribed in Kansas Municipal Audit and Accounting Guide (KMAAG) 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 reporting the changes in unencumbered cash and investments of a fund resulting from the 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. 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 municipality to use the regulatory basis of accounting.

Change in Accounting Principle

As a result of the issuance of 2013 KMAAG, utility accounts receivables no longer meet the definition of cash/receipts under the regulatory basis of accounting. Accordingly, the beginning unencumbered cash balance has been reduced by the beginning utility accounts receivable balance of \$397,946.

Compensated Absences

The City's policies regarding vacation and sick leave permit employees to accumulate a maximum of 60 days vacation and 120 days sick leave. Policies prohibit payment of vacation time in lieu of time off and all accumulated vacation pay is payable upon employment termination. Policy prohibits payment of unused sick pay upon termination by the City. Long-time employees will be paid for sick leave once 120 sick days have been accrued. These employees are paid for half the hours over 120 sick days.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Temporary Notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds or from other City funds.

Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund.

Interest Income

Unless specifically designated, all investment income is credited to the general fund.

Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

Budgets

Kansas statutes require that an annual operating budget be legally adopted for all funds (including bond and interest and business funds) unless exempted by specific statute. The statutes provided for the following sequence and timetable in adoption of the legal annual operating budget:

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

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 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

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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.

Original appropriations are modified by supplemental appropriations and transfers among budget categories. The City Commission approves all significant changes.

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

- Revolving loan
- Hilltop deposits
- Equipment reserve

Taxes levied to finance the budget become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. These taxes are made available to the City after January 1 and are distributed by the County Treasurer generally in the months of January and June. Delinquent tax collections are distributed through-out the year.

NOTE 2—DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the summary of cash receipts, expenditures, and unencumbered cash. In addition, investments are held separately by some of the City's funds. The cash balances of certain funds are restricted as to their use.

K.S.A. 9-1401 established 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 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.

Deposits

At year end, the carrying amount of the City's deposits, including certificates of deposit was \$2,144,988. The bank balance was \$2,248,375. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$500,000 was covered by FDIC insurance; \$1,748,375 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

At year end, the carrying amount of the related municipal entity's deposits, including certificates of deposits was \$147,770. The bank balance was \$148,676. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$148,676 was covered by FDIC insurance.

Restricted Deposits and Investments

Certain deposits of the City's business funds are restricted as to their use. The carrying amount of the restricted assets at December 31, 2012, was \$63,916.

NOTE 3—TRANSFERS

Interfund transfers for the year ended December 31, 2012, were as follows:

Amount	From	To	Statutory Authority
\$ 11,000	General fund	Hospital fund	City Council
325,000	Light fund	Hospital fund	City Council
30,000	Sewer fund	Bond and interest fund	K.S.A. 12-631o
113,175	2006 sales tax fund	Bond and interest fund	K.S.A. 12-195b
99,150	Light fund	2004 electrical bond reserve	City ordinance
20,000	General fund	Equipment reserve fund	K.S.A. 12-1,117
10,000	Sewer fund	Equipment reserve fund	K.S.A. 12-1,117
70,000	Light fund	Equipment reserve fund	K.S.A. 12-1,117
10,000	Water fund	Equipment reserve fund	K.S.A. 12-1,117
106,000	Equipment reserve fund	General fund	K.S.A. 12-1,117
75,000	Light fund	General fund	K.S.A. 12-825d

NOTE 4—DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to substantially all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 5—DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Fireman's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERs and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs and KP&F issue a publicly available financial report (only one is issued) 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 66603-3803, or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 established 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 4.00% of covered salary for Tier 1 members and at 6.00% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member employee contribution rate at 7.00%.

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 and KP&F employers. The KPERS employer rate established for 2012 was 8.34%, except for the second quarter of 2012 when the rate was 7.34%. The KP&F employer rate established for fiscal years beginning in 2012 was 16.54%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer.

The City's employer contributions to KPERS for the years ended December 31, 2012, 2011, and 2010, were \$71,561, \$70,282, and \$63,482, respectively, equal to the statutory required contributions for each year. The City's contributions to KP&F for the years ended 2012, 2011, and 2010, were \$62,429, \$53,429, and \$48,189, respectively, equal to the required contributions for each year.

NOTE 6—LONG-TERM DEBT

Terms for long-term debt for the City for the year ended December 31, 2012, were as follows:

Issue	Interest Rates	Date of Issue	Interest Due	Principal Due	Amount of Issue	Date of Final Maturity
General obligation bonds						
Series 2000	4.25% to 5.50%	09/01/00	03-01,09-01	09-01	\$ 630,000	Refunded 2012
Series 2006	3.95% to 5.60%	09/25/06	04-01,10-01	10-01	1,000,000	Refunded 2012
Series 2008	4.15% to 5.50%	11/04/08	04-01,10-01	10-01	455,000	10/01/24
Series 2012	0.08% to 1.60%	08/07/12	04-01,10-01	10-01	640,000	10/01/17
Herington Public Building Commission						
Series 2010	1.50% to 3.75%	08/01/10	03-01,09-01	03-01	905,000	03/01/19
Capital leases						
Fire truck	4.99%	03/30/07	06/15	06/15	167,338	06/15/15
Caterpillar engine	4.80%	04/19/02	Monthly	Monthly	371,091	04/19/12
Community building	4.52%	10/15/09	Monthly	Monthly	398,283	11/15/14
Revenue bonds						
Series 2010	1.75% to 4.50%	09/01/10	03-01,09-01	03-01	1,260,000	03/01/25
Other debt						
KDHE sewer	2.58%	09/12/03	03-01,09-01	03-01,09-01	605,000	09/01/25
KDHE water	3.68%	03/01/04	02-01,08-01	02-01,08-01	1,233,194	08/01/25
KDOT overpass	3.91%	11/16/04	02-01,08-01	02-01,08-01	150,000	08/01/25
KDOT overpass	3.64%	06/19/07	02-01,08-01	08-01	300,000	08/01/27
Bank credit line						
First National Bank	10.00%	02/06/01			120,379	02/16/16
Affordable housing program						
Funds available to draw \$120,379 at December 31, 2012, secured by CD's totaling \$125,000						

Changes in long-term debt for the City for the year ended December 31, 2012, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General obligation bonds					
Series 2000	\$ 135,000	\$ -	\$ 135,000	\$ -	\$ 7,271
Series 2006	605,000	-	605,000	-	23,175
Series 2008	425,000	-	25,000	400,000	19,805
Series 2012	-	640,000	-	640,000	-
Public Building Commission					
Series 2010	845,000	-	95,000	750,000	23,281
Capital leases					
Fire truck	80,316	-	18,636	61,680	4,011
Caterpillar engine	15,299	-	15,299	-	154
Community building	233,722	-	81,404	152,318	8,917
Available credit lines					
KDHE	443,049	-	27,369	415,680	12,346
KDHE	993,115	-	50,661	942,454	36,085
KDOT overpass	115,513	-	7,864	107,649	3,636
KDOT overpass	99,889	-	7,246	92,643	4,517
Revenue bonds					
Series 2010	1,225,000	-	55,000	1,170,000	44,150
Total bonded indebtedness	\$ 5,215,903	\$ 640,000	\$ 1,123,479	\$ 4,732,424	\$ 187,348

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

	Principal				
	General Obligation Bonds	Public Building Commission	Capital Leases	Revenue Bonds	Other Debt
2013	\$ 160,000	\$ 100,000	\$ 104,755	\$ 60,000	\$ 96,371
2014	170,000	100,000	87,674	65,000	99,716
2015	175,000	105,000	21,569	70,000	103,177
2016	135,000	105,000	-	75,000	106,762
2017	140,000	110,000	-	80,000	110,473
2018-2022	175,000	230,000	-	475,000	608,545
2023-2027	85,000	-	-	345,000	433,382
	\$ 1,040,000	\$ 750,000	\$ 213,998	\$ 1,170,000	\$ 1,558,426

	Interest				
	General Obligation Bonds	Public Building Commission	Capital Leases	Revenue Bonds	Other Debt
2013	\$ 27,180	\$ 21,450	\$ 8,212	\$ 42,925	\$ 53,352
2014	23,775	19,200	3,384	41,438	50,007
2015	21,175	16,506	1,077	39,662	46,546
2016	18,085	13,488	-	37,575	42,961
2017	15,370	10,125	-	35,150	39,250
2018-2022	46,730	8,481	-	126,195	135,859
2023-2027	6,500	-	-	23,455	32,129
	<u>\$ 158,815</u>	<u>\$ 89,250</u>	<u>\$ 12,673</u>	<u>\$ 346,400</u>	<u>\$ 400,104</u>

Conduit Debt

The City has issued Industrial Revenue Bonds not directly obligated by the City. The total amount outstanding at December 31, 2012, was \$1,620,000. These bonds do not constitute an indebtedness or pledge of the faith and credit of the City.

Electric Covenants

The ordinance authorizing the issuance of 2010 Electrical System Revenue Bonds created the principal and interest account, the bond reserve account, and the rebate account. The City shall transfer to the principal and interest account monthly proportionate amounts to accumulate the next maturing principal and interest payments one month prior to payment. Proper transfers required to accumulate for 2012 payments have not been made to the principal and interest account in 2012. The City transferred the remaining funds due after the year end. After the payment of reasonable and proper expenses of operating and maintaining the system, transfers made to meet debt requirements as previously discussed, the City shall deposit the excess into the Electrical Bond Reserve account until such time the reserve account has attained the sum of \$50,000. Balance in the Electrical Bond Reserve account at December 31, 2012, was \$50,000. The Electrical System is required to establish user fees and rates that will yield net operating revenues not less than 110% of the amount required to be paid by the City in such fiscal year on account of the principal and interest on the revenue bond at the time outstanding. The net income for 2012 was sufficient to meet this requirement.

NOTE 7—RISK MANAGEMENT

The City is subject to certain risks such as torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from third parties. There have been no significant reductions in insurance coverage from the prior year and there have been no settled claims in excess of insurance coverage for the prior three years.

NOTE 8—LEASES

The City leases airport land to others through operating leases, the majority of which are cancelable. Future minimum rentals receivable under noncancelable operating leases at December 31, 2012, are as follows:

2013	\$	50,661
2014		79,927
2015		79,945
2016		79,963
2017		79,981
Later years		<u>154,466</u>
	<u>\$</u>	<u>524,943</u>

NOTE 9—CDBG/SMALL CITIES PROGRAM REVOLVING LOAN FUND

The purpose of the City's revolving loan fund is to stimulate private investment and create or retain permanent jobs for low and moderate income citizens of the City. The fund was created to reuse the proceeds of a grant through the Community Development Block Grant/Small Cities Program. All loans or loan guarantees made from the revolving loan fund must comply with HUD eligibility standards and be approved by appropriate agencies.

A summary of notes receivable activity for 2012, is as follows:

	Balance January 1, 2012	New Loans During 2012	Loans Written Off	Loan Repayments During 2012	Balance December 31, 2012
Loan #03-BF-001	<u>\$ 17,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 17,085</u>

The above loan is unsecured.

NOTE 10—CONTINGENCIES

The Herington Municipal Hospital (the Hospital), a related municipal entity of the City, has incurred significant operating losses and cash flow issues over the past few years. At December 31, 2012, the City Commission and Hospital Trustees were continuing discussions regarding the Hospital and its future direction.

Among possible alternatives being discussed, included the City satisfying existing Hospital debts and taking over management of the Hospital. The amount of operating debt that could be assumed by the City is unknown and would be material to its financial statement.

The ultimate outcome of these negotiations and an estimate of the total costs to the City cannot be determined at December 31, 2012.

NOTE 11—CAPITAL PROJECTS

At year end, capital project authorizations compared with expenditures from inception are as follows:

Electric System Improvements Authorized	<u>\$ 1,480,000</u>
Expended to date	<u>\$ 1,357,150</u>

CITY OF HERINGTON, KANSAS
Herington, Kansas

SCHEDULE OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GOVERNMENTAL TYPE FUNDS					
General	\$ 1,920,272	\$ -	\$ 1,920,272	\$ 1,648,654	\$ (271,618)
Special purpose					
Library	86,215	-	86,215	86,215	-
Employee benefits	377,300	-	377,300	345,063	(32,237)
Special highway	80,750	-	80,750	71,737	(9,013)
Park, recreation, and improvements	20,000	-	20,000	17,277	(2,723)
Guest tax	18,000	-	18,000	18,000	-
2010 sales tax	110,500	-	110,500	96,703	(13,797)
2006 sales tax	113,175	-	113,175	113,175	-
Hospital	236,155	-	236,155	236,155	-
Storm water drainage	75,000	-	75,000	7,378	(67,622)
Bond and interest					
Bond and interest	205,401	620,000	825,401	822,039	(3,362)
BUSINESS TYPE FUNDS					
Airport	96,500	413,107	509,607	473,012	(36,595)
Water	501,956	-	501,956	459,993	(41,963)
Light	3,282,765	107,278	3,390,043	3,330,989	(59,054)
Sewer	245,569	-	245,569	213,695	(31,874)
Solid waste	232,000	-	232,000	206,882	(25,118)

CITY OF HERINGTON, KANSAS
Herington, Kansas

GENERAL FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Taxes			
Ad valorem property tax	\$ 302,685	\$ 315,496	\$ (12,811)
Back tax collections	20,302	-	20,302
Motor vehicle tax	50,873	47,106	3,767
Recreational vehicle tax	1,333	1,263	70
16/20M vehicle tax	332	389	(57)
Payments in lieu of tax	5,419	5,200	219
Special assessments	6,418	6,000	418
City sales tax	109,233	106,900	2,333
County sales tax	290,121	278,000	12,121
Liquor tax	5,226	7,400	(2,174)
Total taxes	791,942	767,754	24,188
Intergovernmental			
Highway connecting links	9,210	9,200	10
Hunting lease	72,000	72,000	-
Rural fire contracts	30,872	29,909	963
Total intergovernmental	112,082	111,109	973
Licenses, fees, and permits			
Utility franchise tax	33,276	39,000	(5,724)
Gas franchise tax	42,497	58,000	(15,503)
Dog and cat licenses	3,825	3,200	625
Miscellaneous permits and licenses	21,450	20,300	1,150
New lake licenses	5,413	7,500	(2,087)
Total licenses, fees, and permits	106,461	128,000	(21,539)
Charges for services			
Homestead rents	114,321	164,700	(50,379)
Cemetery	4,500	3,900	600
Community building rent	16,390	18,000	(1,610)
Swimming pool	19,243	18,000	1,243
Total charges for services	154,454	204,600	(50,146)
Fines, forfeitures, and penalties			
	46,414	21,300	25,114
Interest on idle funds			
	3,676	9,200	(5,524)
Hilltop			
Bus	18,038	17,000	1,038
Building rent	47,264	37,600	9,664
Reimbursed expenses	20,682	29,900	(9,218)
Miscellaneous	5,194	4,000	1,194
Total Hilltop	91,178	88,500	2,678
Other receipts			
Transfers	181,000	181,000	-
Reimbursed expenses	42,699	35,300	7,399
Miscellaneous	52,955	52,000	955
Total other receipts	276,654	268,300	8,354
TOTAL CASH RECEIPTS	1,582,861	\$ 1,598,763	\$ (15,902)

CITY OF HERINGTON, KANSAS
Herington, Kansas

GENERAL FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	Actual	Budget	Variance Over (Under)
EXPENDITURES			
General administration			
Personal services	\$ 16,920	\$ 19,400	\$ (2,480)
Contractual services	39,758	50,000	(10,242)
Commodities	3,667	11,300	(7,633)
Capital outlay	4,600	14,000	(9,400)
Transfers	11,000	-	11,000
Hospital grant	95,000	106,000	(11,000)
Miscellaneous	1,868	-	1,868
Total departmental	<u>172,813</u>	<u>200,700</u>	<u>(27,887)</u>
Police			
Personal services	280,308	291,000	(10,692)
Contractual services	35,246	38,500	(3,254)
Commodities	54,588	58,200	(3,612)
Capital outlay	32,336	32,000	336
Total departmental	<u>402,478</u>	<u>419,700</u>	<u>(17,222)</u>
Fire			
Personal services	105,872	114,500	(8,628)
Contractual services	26,003	25,130	873
Commodities	25,959	34,300	(8,341)
Capital outlay	29,927	45,147	(15,220)
Transfer to equipment reserve	10,000	-	10,000
Total departmental	<u>197,761</u>	<u>219,077</u>	<u>(21,316)</u>
Street			
Personal services	114,860	100,000	14,860
Contractual services	26,621	20,500	6,121
Commodities	102,256	73,200	29,056
Capital outlay	83,127	299,471	(216,344)
Transfer to equipment reserve	10,000	-	10,000
Total departmental	<u>336,864</u>	<u>493,171</u>	<u>(156,307)</u>
Park, cemetery, and lake			
Personal services	11,790	-	11,790
Contractual services	3,734	-	3,734
Commodities	6,480	4,050	2,430
Capital outlay	1,000	22,600	(21,600)
Total departmental	<u>23,004</u>	<u>26,650</u>	<u>(3,646)</u>
Pool			
Personal services	31,886	32,000	(114)
Contractual services	2,718	3,000	(282)
Commodities	30,441	25,000	5,441
Miscellaneous	40	-	40
Capital outlay	5,000	5,000	-
Total departmental	<u>70,085</u>	<u>65,000</u>	<u>5,085</u>

CITY OF HERINGTON, KANSAS
Herington, Kansas

GENERAL FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	Actual	Budget	Variance Over (Under)
EXPENDITURES (continued)			
Municipal court			
Personal services	\$ 50,552	\$ 52,800	\$ (2,248)
Contractual services	6,087	3,500	2,587
Commodities	2,179	3,500	(1,321)
Capital outlay	480	1,500	(1,020)
Refunds and state assessments	19,487	10,500	8,987
Total departmental	<u>78,785</u>	<u>71,800</u>	<u>6,985</u>
New lake			
Personal services	24,966	25,200	(234)
Contractual services	9,519	12,750	(3,231)
Commodities	17,277	22,200	(4,923)
Capital outlay	12,253	16,000	(3,747)
Total departmental	<u>64,015</u>	<u>76,150</u>	<u>(12,135)</u>
Community building			
Contractual services	8,047	13,000	(4,953)
Commodities	4,628	8,000	(3,372)
Capital outlay	-	1,000	(1,000)
Miscellaneous	55	-	55
Total departmental	<u>12,730</u>	<u>22,000</u>	<u>(9,270)</u>
Homestead Village			
Personal services	27,424	23,350	4,074
Contractual services	8,857	7,080	1,777
Commodities	1,999	8,400	(6,401)
Capital outlay	-	18,718	(18,718)
Miscellaneous	1,249	-	1,249
Bonded debt	118,281	118,281	-
Total departmental	<u>157,810</u>	<u>175,829</u>	<u>(18,019)</u>
Hilltop			
Personal services	63,844	70,095	(6,251)
Contractual services	43,675	47,300	(3,625)
Commodities	24,790	21,800	2,990
Capital outlay	-	11,000	(11,000)
Total departmental	<u>132,309</u>	<u>150,195</u>	<u>(17,886)</u>
	1,648,654	1,920,272	(271,618)
Adjustment for qualifying budget credits	-	-	-
TOTAL EXPENDITURES	<u>1,648,654</u>	<u>\$ 1,920,272</u>	<u>\$ (271,618)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(65,793)		
UNENCUMBERED CASH, BEGINNING	<u>394,309</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 328,516</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

LIBRARY FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Ad valorem property tax	\$ 72,919	\$ 76,008	\$ (3,089)
Back tax collections	4,033	-	4,033
Motor vehicle tax	10,534	9,861	673
Recreational vehicle tax	294	265	29
16/20M vehicle tax	47	81	(34)
	<u>87,827</u>	<u>\$ 86,215</u>	<u>\$ 1,612</u>
TOTAL CASH RECEIPTS			
EXPENDITURES			
Appropriations to library board	<u>86,215</u>	<u>\$ 86,215</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES			
	1,612		
UNENCUMBERED CASH, BEGINNING			
	<u>-</u>		
UNENCUMBERED CASH, ENDING			
	<u>\$ 1,612</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

EMPLOYEES BENEFITS FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
CASH RECEIPTS			
Ad valorem property tax	\$ 295,334	\$ 307,844	\$ (12,510)
Back tax collections	12,630	-	12,630
Motor vehicle tax	37,076	35,246	1,830
Recreational vehicle tax	1,023	946	77
16/20M vehicle tax	163	291	(128)
Reimbursed expense	343	-	343
Miscellaneous	4,815	-	4,815
	<u>351,384</u>	<u>\$ 344,327</u>	<u>\$ 7,057</u>
TOTAL CASH RECEIPTS			
EXPENDITURES			
Health insurance	183,456	\$ 206,000	\$ (22,544)
Social Security	53,274	60,300	(7,026)
Worker's compensation	23,294	33,000	(9,706)
KPERS	19,471	23,000	(3,529)
KP&F retirement	62,429	53,000	9,429
Unemployment insurance	3,139	2,000	1,139
	<u>345,063</u>	<u>\$ 377,300</u>	<u>\$ (32,237)</u>
TOTAL EXPENDITURES			
RECEIPTS OVER (UNDER) EXPENDITURES	6,321		
UNENCUMBERED CASH, BEGINNING	<u>36,326</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 42,647</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

SPECIAL HIGHWAY FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Gasoline taxes - state	\$ 65,427	\$ 66,010	\$ (583)
EXPENDITURES			
Contractual services	2,102	\$ 1,750	\$ 352
Commodities	33,114	39,000	(5,886)
Capital outlay	36,521	40,000	(3,479)
TOTAL EXPENDITURES	<u>71,737</u>	<u>\$ 80,750</u>	<u>\$ (9,013)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(6,310)		
UNENCUMBERED CASH, BEGINNING	<u>52,091</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 45,781</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

PARK, RECREATION, AND IMPROVEMENTS FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Liquor enforcement tax	\$ 5,226	<u>\$ 7,400</u>	<u>\$ 2,174</u>
EXPENDITURES			
Capital outlay	<u>17,277</u>	<u>\$ 20,000</u>	<u>\$ (2,723)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(12,051)		
UNENCUMBERED CASH, BEGINNING	<u>38,432</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 26,381</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

GUEST TAX FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
State payments	\$ 13,903	\$ 14,300	\$ (397)
EXPENDITURES			
Contractual services	14,000	\$ 14,000	\$ -
Commodities	4,000	4,000	-
TOTAL EXPENDITURES	<u>18,000</u>	<u>\$ 18,000</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(4,097)		
UNENCUMBERED CASH, BEGINNING	<u>14,282</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 10,185</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

2010 SALES TAX FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Sales tax	\$ 107,677	<u>\$ 106,900</u>	<u>\$ 777</u>
EXPENDITURES			
Community building payment	<u>96,703</u>	<u>\$ 110,500</u>	<u>\$ (13,797)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	10,974		
UNENCUMBERED CASH, BEGINNING	<u>35,052</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 46,026</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

2006 SALES TAX FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Sales tax	\$ 107,677	<u>\$ 106,900</u>	<u>\$ 777</u>
EXPENDITURES			
Transfer to bond and interest	<u>113,175</u>	<u>\$ 113,175</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(5,498)		
UNENCUMBERED CASH, BEGINNING	<u>26,180</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 20,682</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

HOSPITAL FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Ad valorem property tax	\$ 5,200	\$ 5,426	\$ (226)
Back tax collections	252	-	252
Motor vehicle tax	752	704	48
Recreational vehicle tax	21	19	2
16/20M vehicle tax	3	6	(3)
Transfers in	336,000	336,000	-
TOTAL CASH RECEIPTS	<u>342,228</u>	<u>\$ 342,155</u>	<u>\$ 73</u>
EXPENDITURES			
Grants to Hospital	230,000	\$ 230,000	-
Contractual	6,155	6,155	-
TOTAL EXPENDITURES	<u>236,155</u>	<u>\$ 236,155</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	106,073		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 106,073</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

STORM WATER DRAINAGE FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
CASH RECEIPTS			
Storm water drainage fee	\$ 52,905	<u>\$ 50,000</u>	<u>\$ 2,905</u>
EXPENDITURES			
Storm water drainage	<u>7,378</u>	<u>\$ 75,000</u>	<u>\$ (67,622)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	45,527		
UNENCUMBERED CASH, BEGINNING	<u>91,812</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 137,339</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

BOND AND INTEREST FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Ad valorem property tax	\$ 8,045	\$ 8,382	\$ (337)
Back tax collections	3,169	-	3,169
Motor vehicle tax	6,619	5,996	623
Recreational vehicle tax	188	161	27
16/20M vehicle tax	32	49	(17)
Special assessments	7,931	7,812	119
Miscellaneous	10,400	-	10,400
Reimbursed expense	620,000	-	620,000
Transfer from 2006 sales tax fund	113,175	113,175	-
Transfer from sewer fund	30,000	30,000	-
	<u>799,559</u>	<u>\$ 165,575</u>	<u>\$ 633,984</u>
EXPENDITURES			
Bond principal	765,000	\$ 145,000	\$ 620,000
Interest coupons	50,251	50,251	-
Commission and postage	206	150	56
Cash reserve	6,582	10,000	(3,418)
	<u>822,039</u>	<u>205,401</u>	<u>616,638</u>
Adjustment for qualifying budget credit	-	620,000	(620,000)
	<u>822,039</u>	<u>\$ 825,401</u>	<u>\$ (3,362)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(22,480)		
UNENCUMBERED CASH, BEGINNING	49,207		
UNENCUMBERED CASH, ENDING	\$ 26,727		

CITY OF HERINGTON, KANSAS
Herington, Kansas

AIRPORT FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Interest income	\$ 45	\$ 200	\$ (155)
Rental income	67,737	70,000	(2,263)
Reimbursed expenses	27,257	5,000	22,257
FAA grant	390,850	-	390,850
	<u>485,889</u>	<u>\$ 75,200</u>	<u>\$ 410,689</u>
EXPENDITURES			
Personal services	4,136	\$ 10,000	\$ (5,864)
Contractual services	61,322	61,750	(428)
Commodities	22,030	14,750	7,280
Airport improvements	385,524	10,000	375,524
	<u>473,012</u>	<u>96,500</u>	<u>376,512</u>
Adjustment for qualifying budget credits			
Reimbursed expense	-	22,257	(22,257)
Grant expenditures reimburseable	-	390,850	(390,850)
	<u>473,012</u>	<u>\$ 509,607</u>	<u>\$ (36,595)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	12,877		
UNENCUMBERED CASH, BEGINNING	<u>102,458</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 115,335</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

WATER FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Charges for service	\$ 478,237	\$ 402,000	\$ 76,237
Other charges	32,661	27,015	5,646
Reimbursed expenses	2,490	2,000	490
Miscellaneous	10,988	13,500	(2,512)
	524,376	\$ 444,515	\$ 79,861
EXPENDITURES			
Production			
Personal services	14,597	\$ 14,930	\$ (333)
Contractual services	20,806	17,800	3,006
Commodities	2,191	5,400	(3,209)
Refunds	506	-	506
Capital outlay	3,100	5,000	(1,900)
	41,200	43,130	(1,930)
Transmission and distribution			
Personal services	42,954	38,230	4,724
Contractual services	3,222	8,500	(5,278)
Commodities	76,290	69,950	6,340
Capital outlay	7,088	33,200	(26,112)
	129,554	149,880	(20,326)
General and administrative			
Personal services	67,313	62,600	4,713
Contractual services	9,881	21,350	(11,469)
Commodities	60,225	76,600	(16,375)
Transfer to equipment reserve fund	10,000	-	10,000
Capital outlay	31,700	41,700	(10,000)
	179,119	202,250	(23,131)
Other			
Sales tax	14,562	10,450	4,112
Water protection fee	4,988	4,700	288
Worker's compensation	3,439	4,600	(1,161)
Unemployment compensation	385	200	185
KDHE loan payments	86,746	86,746	-
	110,120	106,696	3,424
	459,993	\$ 501,956	\$ (41,963)
RECEIPTS OVER (UNDER) EXPENDITURES	64,383		
UNENCUMBERED CASH, BEGINNING	146,002		
ADJUSTMENT TO BEGINNING UNENCUMBERED CASH	(38,585)		
UNENCUMBERED CASH, ENDING	\$ 171,800		

CITY OF HERINGTON, KANSAS
Herington, Kansas

LIGHT FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	Actual	Budget	Variance Over (Under)
CASH RECEIPTS			
Charges for service	\$ 2,764,932	\$ 2,665,000	\$ 99,932
Other charges	178,770	192,137	(13,367)
Reimbursed expenses	37,346	30,000	7,346
Transfer	-	106,000	(106,000)
Other revenues	11,419	15,200	(3,781)
TOTAL CASH RECEIPTS	2,992,467	\$ 3,008,337	\$ (15,870)
EXPENDITURES			
Production			
Personal services	-	\$ 337,911	\$ (337,911)
Contractual services	-	67,500	(67,500)
Commodities	-	13,000	(13,000)
Capital outlay	-	20,000	(20,000)
Total production	-	438,411	(438,411)
Transmission and distribution			
Personal services	410,751	79,500	331,251
Contractual services	1,734,566	1,660,150	74,416
Commodities	30,046	28,900	1,146
Capital outlay	2,708	15,000	(12,292)
Miscellaneous	863	-	863
Transfer to equipment reserve fund	10,000	-	10,000
Total transmission and distribution	2,188,934	1,783,550	405,384
General and administrative			
Personal services	323,498	335,000	(11,502)
Contractual services	23,602	26,050	(2,448)
Commodities	121,254	145,100	(23,846)
Transfer to equipment reserve fund	60,000	-	60,000
Other expenses	2,782	81,104	(78,322)
Capital outlay	16,017	83,800	(67,783)
Total general and administrative	547,153	671,054	(123,901)
Other			
Payroll expenses	18,967	25,300	(6,333)
Transfer to general	75,000	75,000	-
Transfer to reserve accounts	424,150	205,150	219,000
Miscellaneous	-	10,000	(10,000)
Sales tax	76,785	74,300	2,485
Total other	594,902	389,750	205,152
Adjustment for qualifying budget credit	-	107,278	(107,278)
TOTAL EXPENDITURES	3,330,989	\$ 3,390,043	\$ (59,054)
RECEIPTS OVER (UNDER) EXPENDITURES	(338,522)		
UNENCUMBERED CASH, BEGINNING	692,681		
ADJUSTMENT TO BEGINNING UNENCUMBERED CASH	(314,591)		
UNENCUMBERED CASH, ENDING	\$ 39,568		

CITY OF HERINGTON, KANSAS
Herington, Kansas

SEWER FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Charges for service	\$ 220,819	\$ 212,000	\$ 8,819
Reimbursed expenses	826	800	26
Miscellaneous	846	1,500	(654)
	<u>222,491</u>	<u>\$ 214,300</u>	<u>\$ 8,191</u>
TOTAL CASH RECEIPTS			
EXPENDITURES			
Operations			
Personal services	52,526	\$ 55,800	\$ (3,274)
Contractual services	26,086	32,900	(6,814)
Commodities	10,878	21,850	(10,972)
Capital outlay	54,472	64,000	(9,528)
Transfer to bond and interest	30,000	30,000	-
Miscellaneous	18	-	18
KDHE loan repayment	39,715	41,019	(1,304)
	<u>213,695</u>	<u>\$ 245,569</u>	<u>\$ (31,874)</u>
TOTAL EXPENDITURES			
RECEIPTS OVER (UNDER) EXPENDITURES	8,796		
UNENCUMBERED CASH, BEGINNING	98,907		
ADJUSTMENT TO BEGINNING UNENCUMBERED CASH	<u>(22,517)</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 85,186</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

SOLID WASTE FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For the Year Ended December 31, 2012

Schedule 2
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	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
CASH RECEIPTS			
Charges for service	\$ 204,998	<u>\$ 232,000</u>	<u>\$ (27,002)</u>
EXPENDITURES			
Operations			
Contractual services	<u>206,882</u>	<u>\$ 232,000</u>	<u>\$ (25,118)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(1,884)		
UNENCUMBERED CASH, BEGINNING	37,175		
ADJUSTMENT TO BEGINNING UNENCUMBERED CASH	<u>(22,253)</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 13,038</u>		

CITY OF HERINGTON, KANSAS
Herington, Kansas

REVOLVING LOAN FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Year Ended December 31, 2012

Schedule 2
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CASH RECEIPTS	
Interest income	\$ 41
Loan payments	<u>500</u>
TOTAL CASH RECEIPTS	541
EXPENDITURES	
Loans disbursed	<u>-</u>
RECEIPTS OVER (UNDER) EXPENDITURES	541
UNENCUMBERED CASH, BEGINNING	<u>109,066</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 109,607</u></u>

CITY OF HERINGTON, KANSAS
Herington, Kansas

CEMETERY PERPETUAL FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Year Ended December 31, 2012

Schedule 2
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CASH RECEIPTS	
Receipts for perpetual care	\$ 1,984
Sale of cemetery lots	900
Interest income	<u>37</u>
TOTAL CASH RECEIPTS	2,921
EXPENDITURES	<u>-</u>
RECEIPTS OVER (UNDER) EXPENDITURES	2,921
UNENCUMBERED CASH, BEGINNING	<u>123,488</u>
UNENCUMBERED CASH, ENDING	<u>\$ 126,409</u>

CITY OF HERINGTON, KANSAS
Herington, Kansas

BUSINESS NONBUDGETED FUNDS
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Year Ended December 31, 2012

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	<u>2004 Electrical Bond Reserve</u>	<u>2004 Electrical Principal and Interest</u>
CASH RECEIPTS		
Interest	\$ -	\$ 109
Transfer from light fund	<u>99,150</u>	<u>-</u>
TOTAL CASH RECEIPTS	<u>99,150</u>	<u>109</u>
EXPENDITURES		
Principal paid	55,000	-
Interest paid	<u>44,150</u>	<u>-</u>
TOTAL EXPENDITURES	<u>99,150</u>	<u>-</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-	109
UNENCUMBERED CASH, BEGINNING	<u>50,000</u>	<u>13,807</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 50,000</u></u>	<u><u>\$ 13,916</u></u>

CITY OF HERINGTON, KANSAS
Herington, Kansas

SPECIAL PURPOSE NONBUDGETED FUND
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Year Ended December 31, 2012

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	Equipment Reserve	Hilltop Deposits
CASH RECEIPTS		
Operating transfers in	\$ 110,000	\$ -
Interest	802	10
TOTAL CASH RECEIPTS	110,802	10
EXPENDITURES	106,000	-
RECEIPTS OVER (UNDER) EXPENDITURES	4,802	10
UNENCUMBERED CASH, BEGINNING	290,688	10
UNENCUMBERED CASH, ENDING	\$ 295,490	\$ 20

CITY OF HERINGTON, KANSAS
 Herington, Kansas

CAPITAL PROJECTS FUNDS
 SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 For the Year Ended December 31, 2012

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	<u>2004 Electrical Bond Reserve</u>
CASH RECEIPTS	
Interest income	\$ 509
EXPENDITURES	
Capital projects	<u>94,144</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(93,635)
UNENCUMBERED CASH, BEGINNING	<u>276,862</u>
UNENCUMBERED CASH, ENDING	<u><u>\$ 183,227</u></u>

CITY OF HERINGTON, KANSAS
Herington, Kansas

HERINGTON PUBLIC LIBRARY - RELATED MUNICIPAL ENTITY
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - REGULATORY BASIS
For the Year Ended December 31, 2012

Schedule 3

CASH RECEIPTS	
Appropriations	\$ 87,715
Contributions and support	7,981
State aid	1,076
Miscellaneous	840
Interest	303
	<hr/>
TOTAL CASH RECEIPTS	97,915
	<hr/>
EXPENDITURES	
AV materials	550
Books	4,667
Capital outlay	1,681
Continuing education	50
Contract expense	2,098
Insurance	2,863
Maintenance	1,327
Memorial items	4,921
Miscellaneous	1,481
Office expense	1,184
Programs	888
Payroll expense	38,094
Payroll taxes	9,825
Utilities	2,498
	<hr/>
TOTAL EXPENDITURES	72,127
	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	25,788
UNENCUMBERED CASH, BEGINNING	121,982
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UNENCUMBERED CASH, ENDING	<u>\$ 147,770</u>