

**CITY OF HILLSBORO, KANSAS**

Primary Government Financial Statement  
With Independent Auditors' Report

For the Year Ended December 31, 2012

**CITY OF HILLSBORO, KANSAS**  
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Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

To the City Council  
**City of Hillsboro, Kansas**  
Hillsboro, Kansas

We have audited the accompanying primary government summary statement of regulatory basis receipts, expenditures, and unencumbered cash of **City of Hillsboro, Kansas**, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

### Management's Responsibility for the Financial Statements

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 and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 Aggregate Discretely Presented Related Municipal Entities

The financial statement referred to above includes four related municipal entities, Hillsboro Public Building Commission, Hillsboro Public Library, Hillsboro Recreation Commission, and Hillsboro Convention and Visitors Bureau and does not include the financial data for the City's legally separate related municipal

entity, Housing Authority of City of Hillsboro, Kansas. Accounting principles generally accepted in the United States of America require financial data for all related municipal entities to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its related municipal entities. The City has not issued such reporting entity financial statements. The effect on the financial statement of this departure from accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material. The Housing Authority of the City of Hillsboro, Kansas has issued separate reporting entity financial statements issued by another auditor for the fiscal year ending September 30, 2012 and the audit report was dated April 11, 2013.

**Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" paragraph, the financial statement referred to above does not present fairly the financial position of the aggregate discretely presented related municipal entities of **City of Hillsboro, Kansas**, as of December 31, 2012, or the changes in financial position thereof for the year then ended.

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

As described in Note 1, the financial statement is prepared by **City of Hillsboro, 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 Aggregate Remaining Fund Information**

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Aggregate Discretely Presented Related Municipal Entities" and "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraphs, the financial statement referred to above does not present fairly, in all material respects, the financial position of the aggregate remaining fund information of **City of Hillsboro, Kansas** as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**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 **City of Hillsboro, 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* as described in Note 1.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the summary statement of receipts,

expenditures and unencumbered cash (basic financial statement) as a whole. The summary of expenditures – actual and budget, individual fund schedules of receipts and expenditures, and summary of receipts and expenditures – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. 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 basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statement or to the 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 information is fairly stated, in all material respects, in relation to the financial statement as a whole.

*Adams, Brown, Beran & Ball*  
**ADAMS, BROWN, BERAN & BALL, CHTD.**  
Certified Public Accountants

July 01, 2013

**CITY OF HILLSBORO, KANSAS**  
 Summary Statement of Receipts, Expenditures and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended December 31, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds</b>							
<b>General Fund</b>	\$ 161,118	-	2,123,867	1,952,975	332,010	2,712	334,722
<b>Special Purpose Funds</b>							
Airport Revolving Fund	10,792	-	11,319	11,723	10,388	-	10,388
D.A.R.E. Fund	593	-	-	449	144	-	144
Equipment Reserve Fund	13,625	-	49,094	54,639	8,080	-	8,080
Family Aquatic Center Fund	234,163	-	240,471	189,636	284,998	-	284,998
Museum Trust Fund	67,891	-	129	907	67,113	-	67,113
Industrial Fund	7,030	-	62,996	65,847	4,179	-	4,179
Library Fund	-	-	70,554	70,554	-	-	-
Municipal Court Fund	298	-	10,260	10,413	145	-	145
Recreation Fund	-	-	17,492	17,044	448	-	448
Special Highway Fund	2,332	-	77,224	71,187	8,369	-	8,369
Special Law Enforcement Fund	11,865	-	17,651	2,584	26,932	-	26,932
Special Parks and Recreation Fund	16,674	-	4,497	-	21,171	-	21,171
Township Fire Equipment Fund	817	-	8,119	7,751	1,185	-	1,185
K-9 Unit Fund	1,825	-	567	771	1,621	-	1,621
Hillsboro 150th Fund	1,500	-	21	-	1,521	-	1,521
Capital Improvement Fund	710,119	-	136,259	428,627	417,751	32,729	450,480
Tree Screening Fund	15,370	-	1,985	254	17,101	-	17,101
<b>Bond and Interest Funds</b>							
Bond and Interest Fund	15,108	-	1,003,487	1,018,595	-	-	-
TIF Fund	-	-	20,109	2,538	17,571	-	17,571
<b>Capital Project Fund</b>							
Sewer Bond Project Fund	(354,924)	-	594,800	239,876	-	-	-
<b>Business Funds</b>							
Electric Operating Fund	676,384	-	2,569,668	2,708,983	537,069	1,468	538,537
Refuse Operating Fund	163,837	-	187,087	192,119	158,805	-	158,805
Sewer Operating Fund	106,629	-	525,530	561,503	70,656	253	70,909
Water Operating Fund	38,676	-	869,958	863,503	45,131	1,678	46,809
<b>Total Primary Government</b>	<u>1,901,722</u>	<u>-</u>	<u>8,603,144</u>	<u>8,472,478</u>	<u>2,032,387</u>	<u>38,840</u>	<u>2,071,227</u>
<b>Related Municipal Entities</b>							
Hillsboro Public Library	70,750	-	86,108	83,932	72,926	-	72,926
Hillsboro Public Building Commission - Health Care Facilities	164,557	-	24,418	-	188,975	-	188,975
Hillsboro Public Building Commission - Family Aquatic Center	2,555	-	189,639	189,635	2,559	-	2,559
Hillsboro Recreation Commission	26,484	-	61,594	71,970	16,108	-	16,108
Hillsboro Convention and Visitors Bureau	6,606	-	13,011	7,971	11,646	-	11,646
<b>Total Related Municipal Entities</b>	<u>270,952</u>	<u>-</u>	<u>374,770</u>	<u>353,508</u>	<u>292,214</u>	<u>-</u>	<u>292,214</u>
<b>Total Primary Government (Excluding Agency Funds)</b>	<u>\$ 2,172,674</u>	<u>-</u>	<u>8,977,914</u>	<u>8,825,986</u>	<u>2,324,601</u>	<u>38,840</u>	<u>2,363,441</u>

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

**CITY OF HILLSBORO, KANSAS**  
Summary Statement of Receipts, Expenditures and Unencumbered Cash  
For the Year Ended December 31, 2012

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**Composition of Cash**

Checking Accounts	\$ 2,086,772
Petty Cash	300
Certificates of Deposit	<u>16,906</u>
Total Primary Government	2,103,978
Total Related Municipal Entities	292,214
Agency Funds per Schedule 3	<u>(32,751)</u>
<b>Total Primary Government (Excluding Agency Funds)</b>	<b>\$ <u>2,363,441</u></b>

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**City of Hillsboro, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

**Use of Estimates**

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

**Financial Reporting Entity**

The City is a municipal corporation governed by an elected five-member council. This financial statement presents the City (the municipality) and its related municipal entities, Hillsboro Public Building Commission, Hillsboro Public Library, Hillsboro Recreation Commission, and Hillsboro Convention and Visitors Bureau, shown below. The related municipal entities are included in the City's reporting entity because they were established to benefit the City and/or its constituents. This financial statement does not include the related municipal entity, Housing Authority of City of Hillsboro, Kansas, shown below.

**Hillsboro Public Building Commission**

The City's Public Building Commission was formed March 17, 1998, under K.S.A 12-1757 to 12-1768. The commission can sue and be sued, and can buy, sell, or lease real property. The commission can issue revenue bonds without City approval for the purpose of providing funds to acquire, erect, equip, repair, maintain, and operate buildings or other facilities maintained and operated by the City, as amended by Charter Ordinance No. 14.

**Hillsboro Public Library**

The City's 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 library.

**Hillsboro Recreation Commission**

The City's Recreation Commission oversees recreation activities. The recreation commission operates as a separate governing body but the City levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928.

**Hillsboro Convention and Visitors Bureau**

The convention and visitors bureau operates as a separate governing body but the City levies the taxes for the convention and visitors bureau. Acquisition or disposition of real property by the Bureau must be approved by the City. Bond issuances must also be approved by the City.

**Housing Authority of City of Hillsboro, Kansas**

The City's Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Audited financial statements can be obtained by contacting the housing authority's office.

The City is the primary government as defined in GASB #61. The City council is elected by the public.

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

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The council has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

**Basis of Presentation – Fund Accounting**

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2012.

**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 the acquisition or construction of major capital facilities or equipment.

**Business Fund** – fund financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service funds, etc.).

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

**Basis of Accounting**

The 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.

**Departure From Accounting Principles Generally Accepted in the United States of America**

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

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

**Property Tax Calendar**

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

**Restricted Assets**

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the agency funds of the City for special purposes.

**Reimbursements**

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

**NOTE 2 – 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:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. 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

## CITY OF HILLSBORO, KANSAS

### Notes to Financial Statement

December 31, 2012

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hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were budget amendments for this year for the Airport Revolving Fund, Township Fire Equipment Fund, Municipal Court Fund, K-9 Unit Fund, Equipment Reserves, General Fund, Capital Improvements Fund, Sewer Bond Projects Fund, CDBG Project Fund, Hillsboro Public Building Commission – Family Aquatic Center Fund, Electric Operating Fund, Sewer Operating Fund, and the Hillsboro Public Library Fund.

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 schedules 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 City 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, trust funds, and the following special purpose funds: Equipment Reserve Fund, Hillsboro 150th Fund, Capital Improvement Fund, Tree Screening Fund.

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

### NOTE 3 – DEPOSITS AND INVESTMENTS

**City of Hillsboro, Kansas** follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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 K.S.A. 9-1405.

#### Custodial Credit Risk – Deposits

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

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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, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2012.

At December 31, 2012, the City's carrying amount of deposits was \$2,103,978 and the bank balance was \$2,172,398. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$342,092 was covered by federal depository insurance and \$1,830,306 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2012, the Library's carrying amount of deposits was \$72,926 and the bank balance was \$76,256. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, all was covered by federal depository insurance.

At December 31, 2012, the Hillsboro Recreation Commission's carrying amount of deposits was \$16,108 and the bank balance was \$16,574. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, all was covered by federal depository insurance.

At December 31, 2012, the Hillsboro Conventions and Visitors Bureau's carrying amount of deposits was \$11,646 and the bank balance was \$12,150. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, all was covered by federal depository insurance.

At December 31, 2012, the Hillsboro Public Building Commission – Health Care Facilities' carrying amount of deposits was \$188,975 and the bank balance was \$164,606. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, all was covered by federal depository insurance.

At December 31, 2012, the Hillsboro Public Building Commission – Family Aquatic Center's carrying amount of deposits was \$2,559 and the bank balance was \$2,559. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, all was covered by federal depository insurance.

**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. The City had no investments at December 31, 2012.

**NOTE 4 – INTERFUND TRANSFERS**

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Hillsboro, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2012 were as follows:

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

From	To	Regulatory Authority	Amount
General Fund	Family Aquatic Center Fund	C.O. #11,14	\$ 240,471
Electric Operating Fund	General Fund	K.S.A. 12-825d	126,185
Electric Operating Fund	Industrial Fund	K.S.A. 12-825d	36,775
Electric Operating Fund	Equipment Reserve	K.S.A. 12-1,117	7,500
Refuse Operating Fund	Equipment Reserve	K.S.A. 12-1,117	5,000
Sewer Operating Fund	Equipment Reserve	K.S.A. 12-1,117	7,500
General Fund	Equipment Reserve	K.S.A. 12-1,117	5,000
General Fund	Equipment Reserve	K.S.A. 12-1,117	4,375
Electric Operating Fund	General Fund	K.S.A. 12-825d	465,000
Refuse Operating Fund	General Fund	K.S.A. 12-825d	27,500
Sewer Operating Fund	General Fund	K.S.A. 12-825d	52,500
Water Operating Fund	General Fund	K.S.A. 12-825d	85,000
Sewer Operating Fund	Bond and Interest Fund	K.S.A. 12-825d	147,746
Sewer Operating Fund	Bond and Interest Fund	K.S.A. 12-825d	190,878
Water Operating Fund	Bond and Interest Fund	K.S.A. 10-1204	290,000
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	15,000
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	25,000
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	25,000
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	52,601
General Fund	Tree Screening Fund	K.S.A. 12-6916	1,985

**NOTE 5 – CAPITAL PROJECTS**

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

Project Authorization	Cash Disbursements and Accounts Payable To Date
Sewer Lagoon Project \$ 1,088,826	\$ 1,088,826

**NOTE 6 – LITIGATION**

**City of Hillsboro, Kansas** is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

**NOTE 7 – RISK MANAGEMENT**

**City of Hillsboro, Kansas** has been unable to obtain worker's compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 141 participating members. The City pays an annual premium to Kansas Municipal Insurance Trust (KMIT) for its workers compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

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each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMT management. The City paid \$38,757 in premiums for the year ended December 31, 2012.

The City continues to carry commercial insurance for all other risks of loss, including property, general liability, inland marine, automobile, law enforcement liability, workers' compensation, aviation general liability, public officials errors and omissions, and employee benefit liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 8 – GRANTS AND SHARED REVENUES**

**City of Hillsboro, Kansas** participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

**NOTE 9 – OPERATING LEASES**

On February 2, 2012, **City of Hillsboro, Kansas** entered into a lease agreement with First Bank to lease a skid steer loader. The agreement called for a lease payment of \$3,900 at the beginning of the lease. The City had an option to purchase the equipment for \$24,984 at the end of the first year but didn't do so. Instead, the City entered into a similar lease for a new skid steer loader when this lease met its term in 2013. Payments totaling \$3,900 were made in 2012. No future payments were made on this lease.

**NOTE 10 – LEASE RECEIVABLES**

The City entered into an unconditional lease with Alltel Kansas Limited Partnership on October 10, 2003 in which the City is the lessor. The term of this lease is for five years; however, the tenant has the right to extend this lease for four additional terms of five years on the same terms and conditions as set forth in the lease agreement. As this lease is unconditional the City has total lease payments receivable of \$25,064 for years 2013-2018.

**NOTE 11 – DEFERRED COMPENSATION PLAN**

**City of Hillsboro, Kansas** sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The City is not required to make any contributions.

**NOTE 12 – DEFINED BENEFIT PENSION PLAN**

Plan Description

**City of Hillsboro, Kansas** 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.

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

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**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 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.

**NOTE 13 – OTHER POST EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, **City of Hillsboro, Kansas** 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.

**NOTE 14 – COMPENSATED ABSENCES**

**Vacation**

**City of Hillsboro, Kansas'** policy regarding vacation for full-time employees is as follows:

<u>Years Worked</u>	<u>Amount Earned</u>
0-10	80 hours/year
10 and over	120 hours/year

Part-time employees who work at least 20 hours per week shall earn vacation at the rate of 4 hours each month of employment. Seasonal and temporary employees do not earn vacation. Training employees terminated prior to attaining full-time status are not paid for accrued vacation. Eligible employees shall be paid for all accumulated unused vacation upon termination.

Vacation earned may not be taken until the employee completes one full year of service. The maximum accrual for vacation shall be no more than 160 hours for employees with 1-10 years of service and 240 hours for employees with 10 years of service or more. Upon termination any unused earned vacation will be paid to the employee. The potential liability for vacation at December 31, 2012 was \$64,101. This is not reflected in the financial statement.

**Sick Leave**

The City's policy for sick leave permits a full-time employee to earn sick leave at the rate of 8 hours per calendar month up to a maximum of 480 hours. Twenty-four hour shift full-time employees shall earn sick leave at a rate of 4 hours per calendar month up to a maximum of 480 hours. Seasonal and temporary employees do not earn sick leave. Sick leave will be paid for absences resulting from personal illness, injuries, accidents or other physical incapacities, occurring either on or off the job. Upon termination of employment an employee shall not be paid for accumulated sick leave. The potential liability for sick leave at December 31, 2012 was \$196,932. This is not reflected in the financial statement.

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

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**Comp Time**

Comp time is earned at the rate of 1½ hours per every hour worked over 40 hours during a one week period. At the discretion of the department head and with the agreement of the employee, an employee may be given compensatory time off in lieu of cash payments for the overtime worked. It must be taken as time off within two pay periods following the period in which it was earned. Upon termination any unused earned compensatory time will be paid to the employee. The liability for comp time at December 31, 2012 was \$4,640. This is reflected in the financial statement.

**NOTE 15 – DEBT RESTRICTIONS AND COVENANTS**

**KDOT Revolving Loan**

**City of Hillsboro, Kansas** entered into a loan agreement with the Kansas Department of Transportation on October 17, 2006 to fund qualified project costs of a transportation project in the amount of \$531,535. As of December 31, 2012, this project was complete and \$0 was drawn down from this loan during the current year. The loan agreement required the City to have a minimum of \$500,000 general liability insurance coverage in effect during the course of this loan agreement. The City was in compliance with this requirement as of December 31, 2012.

**NOTE 16 – LONG-TERM DEBT**

**City of Hillsboro, Kansas** has the following types of long-term debt.

**General Obligation Bond**

On October 15, 1997, the City issued \$160,990 in Series 1997A bonds for the purpose of internal improvements and special assessments for Carriage Hills.

On October 15, 2005, Hillsboro Public Building Commission (with authorization from the City) issued \$2,630,000 in Series 2005A bonds for the purpose of paying certain costs of issuance and costs of constructing a family aquatic center. These were advanced refunded during 2011 with the HPBC – Family Aquatic Center Series Refunding issuance for \$2,140,000.

On June 27, 2006, the City issued \$1,920,000 in Series 2006A bonds for the purpose of internal improvements for the water plant upgrade.

On September 20, 2007, the City issued \$78,358 in Series 2007A bonds for the purpose of internal improvements and special assessment for MB Church additions.

On September 16, 2009, the City issued \$4,552,500 in Series 2009A bonds for the purpose of internal improvements for the sewer lagoon project.

On November 2, 2010, the City issued \$1,970,000 in Series 2010 bonds for the purpose of providing funds of \$115,000 for internal improvements and for the purpose of refunding \$805,000 in Series 2004A general obligation bonds, \$135,000 in Series 2003 general obligation bonds, \$400,000 in Series 2001A general obligation bonds, and \$515,000 in Series 2000A general obligation bonds.

On December 22, 2011, the City issued \$345,000 in Series 2011A tax increment bonds for the purpose of providing funds to finance costs of certain internal capital improvements for Hillsboro Business Park.

On December 22, 2011, the City issued \$1,600,000 in Series 2011B bonds for the purpose of providing funds to finance costs of certain internal capital improvements for Adams and First street improvement.

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

**KDHE Revolving Loan**

The City entered into a \$146,352 revolving loan agreement on July 10, 2006 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance the construction of Lincoln Street. The City will use proceeds generated by the City for loan repayment, which began August 1, 2006.

**KDOT Revolving Loan**

The City entered into a \$531,535 revolving loan agreement on October 17, 2006 with the Kansas Department of Transportation acting on behalf of the State of Kansas to finance the construction on Adams Street. The City will use proceeds generated by the City for loan repayment, which began on August 1, 2007.

**Lease Obligations**

The City entered a lease agreement with Hillsboro Public Building Commission – Family Aquatic Center on April 18, 2011 in which the City is the lessee. The basic term ends on October 1, 2025, subject to prior termination or renewal as specified in the lease. The term of the lease may be extended for two consecutive five year terms, each such five year renewal period referred to as an "additional term".

The terms of the lease provide for basic rent to be paid on each basic rent payment date in an amount sufficient to pay on the next succeeding payment date, the principal of, redemption premium, if any, and interest on the Series 2011 refunding bonds which are due. The basic rent payment dates are April 1 and October 1, commencing October 1, 2011, and continuing throughout the basic term of the lease. The lease agreement also provides for the payment of additional rent, in addition to basic rent, in amounts pursuant to the terms of the lease. The City intends that revenues received from a one-half cent sales tax, approved by the voters of the City on April 5, 2005, and from the operation of the project under the provisions of the lease, will be used to make the City's payments to the Commission under the lease, which payments will in turn, be used to pay debt service on the Series 2011 refunding bonds. To the extent that the payments of basic rent and additional rent are not adequate to provide the Commission with funds sufficient to pay the principal and interest on the bonds as they become due and payable, the City shall be obligated to pay, as additional rent, further sums of money as may be required for such purposes.

Year	Total Basic Rental Payment
2012	\$ 189,635
2013	191,035
2014	192,285
2015	193,385
2016	194,335
2017-2021	946,156
2022-2025	753,300
Total	\$ 2,660,131

The City has also entered into other lease agreements with an option to purchase at the expiration of the lease terms. The leases contain a fiscal funding clause.

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>									
Series 1997A	4.55%-5.15%	1997	\$ 160,990	2013	\$ 30,000	-	(15,000)	15,000	1,530
Series 2006A	4.50%	2006	1,920,000	2046	1,821,862	-	(22,355)	1,799,507	81,984
Series 2007A	4.75%-5.90%	2007	78,358	2023	71,000	-	(5,000)	66,000	3,729
Series 2009A	4.38%	2009	4,552,500	2049	4,362,928	-	(147,746)	4,215,182	190,878
Series 2010 Refunding Bond	3.00%	2010	1,970,000	2020	1,585,000	-	(385,000)	1,200,000	47,550
Series 2011A	2.00 - 3.40%	2011	345,000	2025	345,000	-	(25,000)	320,000	7,153
Series 2011B	2.25 - 3.15%	2011	1,600,000	2026	1,600,000	-	-	1,600,000	31,992
<b>Revolving Debt</b>									
KDHE Revolving Loan	3.77%	2006	146,352	2026	116,302	-	(6,158)	110,144	4,327
KDOT Revolving Loan	3.79%	2006	531,535	2025	417,368	-	(24,338)	393,030	15,818
<b>Capital Leases</b>									
Street Sweeper	4.44%	2007	124,763	2012	27,168	-	(27,168)	-	1,207
International Bucket Truck	4.69%	2007	145,587	2012	31,847	-	(31,847)	-	1,494
HPBC - Family Aquatic Center	3.00 - 4.00%	2011	2,140,000	2025	2,075,000	-	(120,000)	1,955,000	69,635
2 Ford F250 Pick-ups	3.24%	2012	29,938	2016		29,938	(3,875)	26,063	93
<b>Total Contractual Indebtedness</b>					<b>\$ 12,483,475</b>	<b>29,938</b>	<b>(813,487)</b>	<b>11,699,926</b>	<b>457,390</b>

**CITY OF HILLSBORO, KANSAS**  
Notes to Financial Statement  
December 31, 2012

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

	YEAR											Total	
	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	2033-2037	2038-2042	2043-2047		2048-2049
<b>Principal</b>													
General Obligation Bonds	\$ 513,196	461,428	464,802	308,325	243,004	1,348,145	1,373,782	764,273	948,580	1,177,341	1,356,945	255,868	9,215,689
Revolving Debt	31,653	32,853	34,099	35,393	36,735	205,666	126,775	-	-	-	-	-	503,174
Capital Leases	7,150	7,383	7,625	3,905	-	-	-	-	-	-	-	-	26,063
Capital Lease - HPBC	125,000	130,000	135,000	140,000	140,000	760,000	525,000	-	-	-	-	-	1,955,000
<b>Total Principal</b>	<b>551,999</b>	<b>501,664</b>	<b>506,526</b>	<b>347,623</b>	<b>279,739</b>	<b>1,553,811</b>	<b>1,500,557</b>	<b>764,273</b>	<b>948,580</b>	<b>1,177,341</b>	<b>1,356,945</b>	<b>255,868</b>	<b>11,699,926</b>
<b>Interest</b>													
General Obligation Bonds	359,734	342,884	327,865	312,747	303,173	1,396,359	1,156,024	950,542	766,236	537,474	253,532	21,380	6,727,950
Revolving Debt	18,989	17,788	16,542	15,248	13,906	47,540	8,938	-	-	-	-	-	138,951
Capital Leases	787	553	312	63	-	-	-	-	-	-	-	-	1,715
Capital Lease - HPBC	66,035	62,285	58,385	54,335	50,135	182,431	41,890	-	-	-	-	-	515,496
<b>Total Interest</b>	<b>379,510</b>	<b>361,225</b>	<b>344,719</b>	<b>328,058</b>	<b>317,079</b>	<b>1,443,899</b>	<b>1,164,962</b>	<b>950,542</b>	<b>766,236</b>	<b>537,474</b>	<b>253,532</b>	<b>21,380</b>	<b>6,868,616</b>
<b>Total Principal and Interest</b>	<b>\$ 931,509</b>	<b>862,889</b>	<b>851,245</b>	<b>675,681</b>	<b>596,818</b>	<b>2,997,710</b>	<b>2,665,519</b>	<b>1,714,815</b>	<b>1,714,816</b>	<b>1,714,815</b>	<b>1,610,477</b>	<b>277,248</b>	<b>16,613,542</b>

**CITY OF HILLSBORO, KANSAS**

Regulatory-Required Supplementary Information

**CITY OF HILLSBORO, KANSAS**  
 Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2012

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>Governmental Fund Categories</b>					
<b>General Fund</b>	\$ 1,992,248	-	1,992,248	1,952,975	(39,273)
<b>Special Purpose Funds</b>					
Airport Revolving Fund	13,000	-	13,000	11,723	(1,277)
D.A.R.E. Fund	797	-	797	449	(348)
Family Aquatic Center Fund	189,638	-	189,638	189,636	(2)
Museum Trust Fund	68,663	-	68,663	907	(67,756)
Industrial Fund	68,002	-	68,002	65,847	(2,155)
Library Fund	72,100	-	72,100	70,554	(1,546)
Municipal Court Fund	11,500	-	11,500	10,413	(1,087)
Recreation Fund	17,044	-	17,044	17,044	-
Special Highway Fund	87,000	-	87,000	71,187	(15,813)
Special Law Enforcement Fund	32,719	-	32,719	2,584	(30,135)
Special Parks and Recreation Fund	11,156	-	11,156	-	(11,156)
Township Fire Equipment Fund	9,000	-	9,000	7,751	(1,249)
K-9 Unit Fund	4,325	-	4,325	771	(3,554)
<b>Bond and Interest Funds</b>					
Bond and Interest Fund	1,157,248	-	1,157,248	1,018,595	(138,653)
TIF Fund	33,323	-	33,323	2,538	(30,785)
<b>Business Funds</b>					
Electric Operating Fund	2,716,000	-	2,716,000	2,708,983	(7,017)
Refuse Operating Fund	212,700	-	212,700	192,119	(20,581)
Sewer Operating Fund	576,753	-	576,753	561,503	(15,250)
Water Operating Fund	947,917	-	947,917	863,503	(84,414)

**CITY OF HILLSBORO, KANSAS**  
**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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 492,885	<b>410,090</b>	427,279	(17,189)
Delinquent Tax	18,782	<b>18,760</b>	-	18,760
Motor Vehicle Tax	60,176	<b>65,102</b>	65,419	(317)
Recreational Vehicle Tax	708	<b>815</b>	793	22
16/20M Vehicle Tax	483	<b>305</b>	516	(211)
Local Sales/Use Tax	240,309	<b>266,976</b>	240,000	26,976
Sales Tax - Family Aquatic Center	219,930	<b>240,471</b>	201,000	39,471
Local Alcoholic Liquor Tax	2,964	<b>2,747</b>	3,000	(253)
In Lieu of Tax	3,478	<b>3,374</b>	3,000	374
Highway Connecting Links	314	<b>314</b>	300	14
Transient Guest Tax	9,038	<b>15,076</b>	12,500	2,576
State Aid	1,741	-	-	-
Franchise Taxes	96,465	<b>89,638</b>	220,000	(130,362)
Licenses, Permits, and Fees	7,365	<b>5,358</b>	6,700	(1,342)
Building Permits	2,232	<b>7,097</b>	2,300	4,797
Rural Fire Contracts	5,788	<b>12,488</b>	4,500	7,988
Interest Income	4,616	<b>5,877</b>	3,000	2,877
Rent Income	3,665	<b>39,047</b>	3,500	35,547
Court Fines and Bonds	4,737	<b>8,935</b>	8,000	935
Reimbursements	26,877	<b>24,044</b>	71,660	(47,616)
Museum Income	114	<b>345</b>	500	(155)
Swimming Pool Receipts	49,891	<b>51,814</b>	48,000	3,814
Sports Complex Income	7,644	<b>8,908</b>	5,650	3,258
Miscellaneous	13,827	<b>90,101</b>	16,000	74,101
Transfers In	703,474	<b>756,185</b>	630,000	126,185
<b>Total Cash Receipts</b>	<u>1,977,503</u>	<u><b>2,123,867</b></u>	<u>1,973,617</u>	<u>150,250</u>
<b>Expenditures</b>				
<b>Legislative</b>				
Personnel Services	11,701	<b>11,603</b>	12,570	(967)
Contractual Services	42,379	<b>44,050</b>	54,000	(9,950)
Commodities	21,744	<b>17,500</b>	21,000	(3,500)
<b>Total Legislative</b>	<u>\$ 75,824</u>	<u><b>73,153</b></u>	<u>87,570</u>	<u>(14,417)</u>

**CITY OF HILLSBORO, KANSAS**  
**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)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Expenditures (continued)</b>				
<b>Administrative</b>				
Personnel Services	\$ 320,399	<b>319,151</b>	327,750	(8,599)
Contractual Services	37,234	<b>37,120</b>	42,300	(5,180)
Commodities	56,316	<b>54,917</b>	51,700	3,217
Capital Outlay	-	<b>7,202</b>	3,500	3,702
Miscellaneous	275	<b>125</b>	150	(25)
<b>Total Administrative</b>	<b>414,224</b>	<b>418,515</b>	<b>425,400</b>	<b>(6,885)</b>
<b>Police</b>				
Personnel Services	350,459	<b>354,725</b>	354,564	161
Contractual Services	21,402	<b>17,509</b>	34,000	(16,491)
Commodities	24,220	<b>23,541</b>	26,370	(2,829)
Capital Outlay	1,004	<b>1,288</b>	9,000	(7,712)
<b>Total Police</b>	<b>397,085</b>	<b>397,063</b>	<b>423,934</b>	<b>(26,871)</b>
<b>Fire</b>				
Personnel Services	40,476	<b>39,723</b>	47,388	(7,665)
Contractual Services	9,932	<b>11,554</b>	11,800	(246)
Commodities	19,526	<b>16,106</b>	15,800	306
<b>Total Fire</b>	<b>69,934</b>	<b>67,383</b>	<b>74,988</b>	<b>(7,605)</b>
<b>Street</b>				
Personnel Services	145,231	<b>139,138</b>	167,130	(27,992)
Contractual Services	18,228	<b>14,624</b>	31,000	(16,376)
Commodities	50,175	<b>53,089</b>	45,400	7,689
Capital Outlay	-	<b>680</b>	10,000	(9,320)
<b>Total Street</b>	<b>213,634</b>	<b>207,531</b>	<b>253,530</b>	<b>(45,999)</b>
<b>Parks and Recreation</b>				
Personnel Services	10,780	<b>9,386</b>	12,050	(2,664)
Contractual Services	7,282	<b>6,335</b>	7,600	(1,265)
Commodities	9,692	<b>7,994</b>	7,600	394
Capital Outlay	4,936	<b>2,564</b>	5,000	(2,436)
<b>Total Parks and Recreation</b>	<b>\$ 32,690</b>	<b>26,279</b>	<b>32,250</b>	<b>(5,971)</b>

**CITY OF HILLSBORO, KANSAS**  
**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)

Expenditures (continued)	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
<b>Trees</b>				
Commodities	\$ 80	15	2,000	(1,985)
<b>Museum</b>				
Personnel Services	9	-	-	-
Contractual Services	5,223	4,966	8,000	(3,034)
Commodities	1,834	8,615	8,000	615
<b>Total Museum</b>	7,066	13,581	16,000	(2,419)
<b>Swimming Pool</b>				
Personnel Services	57,990	58,366	64,650	(6,284)
Contractual Services	18,347	15,476	18,000	(2,524)
Commodities	29,567	25,925	23,500	2,425
Capital Outlay	-	391	1,000	(609)
<b>Total Swimming Pool</b>	105,904	100,158	107,150	(6,992)
<b>Golf</b>				
Personnel Services	72,623	74,786	87,900	(13,114)
<b>Public Safety</b>				
Commodities	1,229	2,800	10,000	(7,200)
<b>Planning</b>				
Personnel Services	59,603	61,525	58,815	2,710
Contractual Services	62	-	10,000	(10,000)
Commodities	3,718	3,350	3,500	(150)
<b>Total Planning</b>	63,383	64,875	72,315	(7,440)
<b>Tourism</b>				
Appropriation	\$ 9,038	15,076	12,500	2,576

**CITY OF HILLSBORO, KANSAS**  
**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)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Expenditures (continued)</b>				
<b>Sports Complex</b>				
Personnel Services	63,130	<b>65,122</b>	64,480	642
Contractual Services	3,413	<b>5,816</b>	1,800	4,016
Commodities	16,223	<b>18,640</b>	12,100	6,540
Capital Outlay	2,095	<b>6,257</b>	7,500	(1,243)
<b>Total Sports Complex</b>	\$ 84,861	<b>95,835</b>	85,880	9,955
<b>Other Expenditures</b>				
Rent to Hillsboro Public Building Commission -				
Health Care Facilities	75,000	<b>24,369</b>	24,369	-
Miscellaneous	1,200	<b>1,600</b>	4,431	(2,831)
Neighborhood Revitalization Rebate	534	<b>524</b>	631	(107)
Transfers Out	352,250	<b>369,432</b>	271,400	98,032
<b>Total Other Expenditures</b>	428,984	<b>395,925</b>	300,831	95,094
<b>Total Expenditures</b>	1,976,559	<b>1,952,975</b>	<u>1,992,248</u>	<u>(39,273)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	944	<b>170,892</b>		
<b>Unencumbered Cash - Beginning</b>	160,174	<b>161,118</b>		
<b>Unencumbered Cash - Ending</b>	\$ <u>161,118</u>	<u><b>332,010</b></u>		

**CITY OF HILLSBORO, KANSAS**  
**Airport Revolving 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)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Fuel Sales	\$ 10,945	<b>7,974</b>	8,000	(26)
Rent	4,620	<b>3,345</b>	5,000	(1,655)
<b>Total Cash Receipts</b>	<u>15,565</u>	<u><b>11,319</b></u>	<u>13,000</u>	<u>(1,681)</u>
<b>Expenditures</b>				
Fuel	12,292	<b>8,227</b>	8,000	227
Commodities	2,432	<b>1,560</b>	-	1,560
Contractual	2,315	<b>1,936</b>	5,000	(3,064)
<b>Total Expenditures</b>	<u>17,039</u>	<u><b>11,723</b></u>	<u>13,000</u>	<u>(1,277)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(1,474)	<b>(404)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>12,266</u>	<u><b>10,792</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u><u>10,792</u></u>	<u><u><b>10,388</b></u></u>		

**CITY OF HILLSBORO, KANSAS**  
**D.A.R.E. 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 400	-	-	-
Miscellaneous	400	-	500	(500)
<b>Total Cash Receipts</b>	800	-	<u>500</u>	<u>(500)</u>
<b>Expenditures</b>				
Commodities	504	<b>449</b>	<u>797</u>	<u>(348)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	296	<b>(449)</b>		
<b>Unencumbered Cash - Beginning</b>	297	<b>593</b>		
<b>Unencumbered Cash - Ending</b>	\$ <u>593</u>	<u>144</u>		

**CITY OF HILLSBORO, KANSAS**  
**Equipment Reserve Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 30,000	29,375
Reimbursements	-	19,719
<b>Total Cash Receipts</b>	<u>30,000</u>	<u>49,094</u>
<b>Expenditures</b>		
Capital Outlay	6,270	19,719
Lease Payments	32,275	34,920
<b>Total Expenditures</b>	<u>38,545</u>	<u>54,639</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(8,545)	(5,545)
<b>Unencumbered Cash - Beginning</b>	<u>22,170</u>	<u>13,625</u>
<b>Unencumbered Cash - Ending</b>	<u>\$ 13,625</u>	<u>8,080</u>

**CITY OF HILLSBORO, KANSAS**  
**Family Aquatic Center 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Transfers In	\$ 219,930	<b>240,471</b>	<u>189,638</u>	<u>50,833</u>
<b>Expenditures</b>				
Rent to Hillsboro Public Building Commission - Family Aquatic Center	<u>145,375</u>	<u>189,636</u>	<u>189,638</u>	<u>(2)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	74,555	<b>50,835</b>		
<b>Unencumbered Cash - Beginning</b>	<u>159,608</u>	<u>234,163</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>234,163</u>	<u>284,998</u>		

**CITY OF HILLSBORO, KANSAS**  
**Museum Trust 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Interest Income	253	129	-	129
<b>Expenditures</b>				
Contractual Services	25	907	68,663	(67,756)
<b>Cash Receipts Over (Under) Expenditures</b>	228	(778)		
<b>Unencumbered Cash - Beginning</b>	67,663	67,891		
<b>Unencumbered Cash - Ending</b>	\$ 67,891	67,113		

**CITY OF HILLSBORO, KANSAS**  
**Industrial 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 15,214	<b>14,820</b>	15,438	(618)
Delinquent Tax	627	<b>611</b>	-	611
Motor Vehicle Tax	2,055	<b>2,043</b>	2,020	23
Recreational Vehicle Tax	26	<b>25</b>	24	1
16/20M Vehicle Tax	17	<b>10</b>	16	(6)
Reimbursed Expenses	8,466	<b>8,712</b>	10,000	(1,288)
Transfers In	40,000	<b>36,775</b>	36,775	-
<b>Total Cash Receipts</b>	<u>66,405</u>	<u><b>62,996</b></u>	<u>64,273</u>	<u>(1,277)</u>
<b>Expenditures</b>				
Personnel Services	63,904	<b>65,762</b>	66,190	(428)
Commodities	66	<b>66</b>	1,793	(1,727)
Neighborhood Revitalization	16	<b>19</b>	19	-
<b>Total Expenditures</b>	<u>63,986</u>	<u><b>65,847</b></u>	<u>68,002</u>	<u>(2,155)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	2,419	<b>(2,851)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>4,611</u>	<u><b>7,030</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u><u>7,030</u></u>	<u><u><b>4,179</b></u></u>		

**CITY OF HILLSBORO, KANSAS**  
**Library 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)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 60,796	59,263	59,933	(670)
Delinquent Tax	2,503	2,440	1,798	642
Motor Vehicle Tax	8,204	8,165	8,083	82
Recreational Vehicle Tax	97	101	98	3
16/20M Vehicle Tax	66	42	64	(22)
Miscellaneous	-	543	2,124	(1,581)
<b>Total Cash Receipts</b>	71,666	70,554	72,100	(1,546)
<b>Expenditures</b>				
Appropriation to Public Library	71,600	70,478	72,100	(1,622)
Neighborhood Revitalization Rebate	66	76	-	76
<b>Total Expenditures</b>	71,666	70,554	72,100	(1,546)
<b>Cash Receipts Over (Under) Expenditures</b>	-	-		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ -	-		

**CITY OF HILLSBORO, KANSAS**  
**Municipal Court 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Fines and Fees	\$ 5,824	10,260	11,500	(1,240)
<b>Expenditures</b>				
Payments to State of Kansas	1,087	1,309	1,500	(191)
Payments to City of Hillsboro	4,737	8,935	10,000	(1,065)
Miscellaneous	117	169	-	169
<b>Total Expenditures</b>	5,941	10,413	11,500	(1,087)
<b>Cash Receipts Over (Under) Expenditures</b>	(117)	(153)		
<b>Unencumbered Cash - Beginning</b>	415	298		
<b>Unencumbered Cash - Ending</b>	\$ 298	145		

**CITY OF HILLSBORO, KANSAS**  
**Recreation 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 15,223	14,803	15,432	(629)
Delinquent Tax	627	611	-	611
Motor Vehicle Tax	2,063	2,043	2,021	22
Recreational Vehicle Tax	22	25	24	1
16/20M Vehicle Tax	-	10	16	(6)
<b>Total Cash Receipts</b>	<u>17,935</u>	<u>17,492</u>	<u>17,493</u>	<u>(1)</u>
<b>Expenditures</b>				
Appropriations	17,935	17,044	17,025	19
Neighborhood Revitalization	-	-	19	(19)
<b>Total Expenditures</b>	<u>17,935</u>	<u>17,044</u>	<u>17,044</u>	<u>-</u>
<b>Cash Receipts Over (Under) Expenditures</b>	-	448		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ -	448		

**CITY OF HILLSBORO, KANSAS**  
**Special Highway 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
State Payments	\$ 73,157	<b>77,224</b>	72,000	5,224
<b>Expenditures</b>				
Commodities	164,123	71,187	87,000	(15,813)
<b>Cash Receipts Over (Under) Expenditures</b>	(90,966)	<b>6,037</b>		
<b>Unencumbered Cash - Beginning</b>	93,298	<b>2,332</b>		
<b>Unencumbered Cash - Ending</b>	\$ 2,332	<b>8,369</b>		

**CITY OF HILLSBORO, KANSAS**  
**Special Law Enforcement 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 15,215	14,820	15,440	(620)
Delinquent Tax	976	662	-	662
Motor Vehicle Tax	2,181	2,043	2,021	22
Recreational Vehicle Tax	25	25	24	1
16/20M Vehicle Tax	23	10	16	(6)
Miscellaneous	75	91	-	91
<b>Total Cash Receipts</b>	<u>18,495</u>	<u>17,651</u>	<u>17,501</u>	<u>150</u>
<b>Expenditures</b>				
Commodities	-	300	-	300
Capital Outlay	24,382	2,265	32,700	(30,435)
Neighborhood Revitalization	16	19	19	-
<b>Total Expenditures</b>	<u>24,398</u>	<u>2,584</u>	<u>32,719</u>	<u>(30,135)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(5,903)	15,067		
<b>Unencumbered Cash - Beginning</b>	<u>17,768</u>	<u>11,865</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>11,865</u>	<u>26,932</u>		

**CITY OF HILLSBORO, KANSAS**  
**Special Parks and Recreation 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Liquor Tax	\$ 2,964	<b>2,747</b>	3,000	(253)
Miscellaneous	54,346	<b>1,750</b>	0	1,750
<b>Total Cash Receipts</b>	<u>57,310</u>	<u><b>4,497</b></u>	<u>3,000</u>	<u>1,497</u>
<b>Expenditures</b>				
Contractual Services	3,000	-	-	-
Commodities	1,181	-	1,156	(1,156)
Capital Outlay	49,579	-	10,000	(10,000)
<b>Total Expenditures</b>	<u>53,760</u>	<u>-</u>	<u>11,156</u>	<u>(11,156)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	3,550	<b>4,497</b>		
<b>Unencumbered Cash - Beginning</b>	<u>13,124</u>	<u><b>16,674</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>16,674</u>	<u><b>21,171</b></u>		

**CITY OF HILLSBORO, KANSAS**  
**Township Fire Equipment 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Township Payments	\$ 6,330	8,114	8,500	(386)
Interest Income	7	5	-	5
<b>Total Cash Receipts</b>	<u>6,337</u>	<u>8,119</u>	<u>8,500</u>	<u>(381)</u>
<b>Expenditures</b>				
Contractual Services	6,137	5,577	5,000	577
Commodities	1,260	2,174	4,000	(1,826)
<b>Total Expenditures</b>	<u>7,397</u>	<u>7,751</u>	<u>9,000</u>	<u>(1,249)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(1,060)	368		
<b>Unencumbered Cash - Beginning</b>	<u>1,877</u>	<u>817</u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>817</u>	<u>1,185</u>		

**CITY OF HILLSBORO, KANSAS**  
**K-9 Unit 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Donations	\$ 3,950	550	2,500	(1,950)
Miscellaneous	15	17	-	17
<b>Total Cash Receipts</b>	<u>3,965</u>	<u>567</u>	<u>2,500</u>	<u>(1,933)</u>
<b>Expenditures</b>				
Animal Care	873	771	4,325	(3,554)
Miscellaneous	3,100	-	-	-
<b>Total Expenditures</b>	<u>3,973</u>	<u>771</u>	<u>4,325</u>	<u>(3,554)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(8)	(204)		
<b>Unencumbered Cash - Beginning</b>	<u>1,833</u>	<u>1,825</u>		
<b>Unencumbered Cash - Ending</b>	<u>\$ 1,825</u>	<u>1,621</u>		

**CITY OF HILLSBORO, KANSAS**  
**Hillsboro 150th Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Income Received From Convention and Visitors Bureau	\$ 1,500	-
Interest Income	-	21
<b>Total Cash Receipts</b>	1,500	21
<b>Expenditures</b>	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	1,500	21
<b>Unencumbered Cash - Beginning</b>	-	1,500
<b>Unencumbered Cash - Ending</b>	\$ 1,500	1,521

**CITY OF HILLSBORO, KANSAS**  
**Capital Improvement Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Rental Income	\$ 34,855	-
Federal Aid	58,785	7,500
Bond Proceeds	1,945,000	-
Reimbursements	1,508	11,158
Miscellaneous	16,320	-
Transfers In	125,000	117,601
<b>Total Cash Receipts</b>	<b>2,181,468</b>	<b>136,259</b>
<b>Expenditures</b>		
Capital Outlay	12,722	19,737
Revolving Loan Payments	842,853	-
Airport	10,000	2,000
AMPI Property	25,257	44,047
Business Park	2,692	-
City Hall Remodeling	8,872	12,402
Swimming Pool	-	5,697
Willow Glen Additions	5,165	-
Miscellaneous	606,460	344,744
<b>Total Expenditures</b>	<b>1,514,021</b>	<b>428,627</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>667,447</b>	<b>(292,368)</b>
<b>Unencumbered Cash - Beginning</b>	<b>42,672</b>	<b>710,119</b>
<b>Unencumbered Cash - Ending</b>	<b>\$ 710,119</b>	<b>417,751</b>

**CITY OF HILLSBORO, KANSAS**  
**Tree Screening Fund**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Transfers In	\$ 1,920	1,985
<b>Expenditures</b>		
Commodities	807	254
<b>Cash Receipts Over (Under) Expenditures</b>	1,113	1,731
<b>Unencumbered Cash - Beginning</b>	14,257	15,370
<b>Unencumbered Cash - Ending</b>	\$ 15,370	17,101

**CITY OF HILLSBORO, KANSAS**  
**Bond and Interest 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 35,795	104,224	108,410	(4,186)
Delinquent Tax	1,880	1,877	-	1,877
Motor Vehicle Tax	7,783	5,328	4,751	577
Recreational Vehicle Tax	92	63	58	5
16/20M Vehicle Tax	59	40	37	3
Local Retailer Sales Tax	150,000	150,000	150,000	-
Special Assessments	103,277	113,331	144,000	(30,669)
Miscellaneous	101	-	-	-
Transfers In	632,999	628,624	633,000	(4,376)
<b>Total Cash Receipts</b>	<b>931,984</b>	<b>1,003,487</b>	<b>1,040,256</b>	<b>(36,769)</b>
<b>Expenditures</b>				
Debt Service Principal	571,137	600,101	750,000	(149,899)
Debt Service Interest	335,688	362,278	330,046	32,232
Commission and Postage	1	1	-	1
Neighborhood Revitalization Rebate	39	133	46	87
Adams Street Project	40,156	40,156	40,156	-
Willow Glen Project	27,413	15,926	37,000	(21,074)
<b>Total Expenditures</b>	<b>974,434</b>	<b>1,018,595</b>	<b>1,157,248</b>	<b>(138,653)</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(42,450)</b>	<b>(15,108)</b>		
<b>Unencumbered Cash - Beginning</b>	<b>57,558</b>	<b>15,108</b>		
<b>Unencumbered Cash - Ending</b>	<b>\$ 15,108</b>	<b>-</b>		

**CITY OF HILLSBORO, KANSAS**  
**TIF 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Bond Proceeds	\$ -	<u>20,109</u>	<u>33,323</u>	<u>(13,214)</u>
<b>Expenditures</b>				
Principal Payments	-	-	25,000	(25,000)
Interest Payments	-	<u>2,538</u>	<u>8,323</u>	<u>(5,785)</u>
<b>Total Expenditures</b>	-	<u>2,538</u>	<u>33,323</u>	<u>(30,785)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	-	<b>17,571</b>		
<b>Unencumbered Cash - Beginning</b>	-	-		
<b>Unencumbered Cash - Ending</b>	\$ -	<u>17,571</u>		

**CITY OF HILLSBORO, KANSAS**  
**Sewer Bond Project Fund**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Federal Aid	\$ 155,200	594,800
<b>Expenditures</b>		
Contractual	126,280	-
Capital Outlay	722,670	239,876
<b>Total Expenditures</b>	<b>848,950</b>	<b>239,876</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(693,750)</b>	<b>354,924</b>
<b>Unencumbered Cash - Beginning</b>	<b>338,826</b>	<b>(354,924)</b>
<b>Unencumbered Cash - Ending</b>	<b>\$ (354,924)</b>	<b>-</b>

**CITY OF HILLSBORO, KANSAS**  
**Electric Operating 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Collections	\$ 2,565,849	<b>2,523,700</b>	2,800,000	(276,300)
Connection Fees	705	<b>525</b>	600	(75)
Insurance Proceeds	-	<b>29,904</b>	-	29,904
Reimbursements	3,570	<b>4,394</b>	2,500	1,894
Miscellaneous	3,681	<b>11,145</b>	-	11,145
<b>Total Cash Receipts</b>	<u>2,573,805</u>	<u><b>2,569,668</b></u>	<u>2,803,100</u>	<u>(233,432)</u>
<b>Expenditures</b>				
Personnel Services	235,480	<b>246,061</b>	241,810	4,251
Contractual Services	41,943	<b>32,372</b>	34,500	(2,128)
Commodities	89,165	<b>134,485</b>	65,000	69,485
Capital Outlay	46,570	<b>21,455</b>	32,000	(10,545)
Electric Purchases	1,565,851	<b>1,603,329</b>	1,700,074	(96,745)
Lease Payments	33,341	<b>34,664</b>	33,341	1,323
Use Tax	1,356	<b>1,157</b>	2,000	(843)
Transfers Out	583,474	<b>635,460</b>	607,275	28,185
<b>Total Expenditures</b>	<u>2,597,180</u>	<u><b>2,708,983</b></u>	<u>2,716,000</u>	<u>(7,017)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(23,375)	<b>(139,315)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>699,759</u>	<u><b>676,384</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u><u>676,384</u></u>	\$ <u><u><b>537,069</b></u></u>		

**CITY OF HILLSBORO, KANSAS**  
**Refuse Operating 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Collections	\$ 181,820	<b>186,237</b>	185,000	1,237
Reimbursements	774	<b>450</b>	750	(300)
Miscellaneous	210	<b>400</b>	100	300
<b>Total Cash Receipts</b>	<u>182,804</u>	<u><b>187,087</b></u>	<u>185,850</u>	<u>1,237</u>
<b>Expenditures</b>				
Personnel Services	81,813	<b>87,104</b>	82,400	4,704
Contractual Services	30,149	<b>27,636</b>	22,800	4,836
Commodities	15,623	<b>18,575</b>	24,000	(5,425)
Capital Outlay	-	-	26,000	(26,000)
Recycling	25,067	<b>26,304</b>	25,000	1,304
Transfers Out	32,500	<b>32,500</b>	32,500	-
<b>Total Expenditures</b>	<u>185,152</u>	<u><b>192,119</b></u>	<u>212,700</u>	<u>(20,581)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(2,348)	<b>(5,032)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>166,185</u>	<u><b>163,837</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u><u>163,837</u></u>	\$ <u><u><b>158,805</b></u></u>		

**CITY OF HILLSBORO, KANSAS**  
**Sewer Operating 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Collections	\$ 525,186	<b>524,663</b>	570,000	(45,337)
Reimbursements	722	<b>867</b>	-	867
Miscellaneous	210	-	-	-
<b>Total Cash Receipts</b>	<u>526,118</u>	<u><b>525,530</b></u>	<u>570,000</u>	<u>(44,470)</u>
<b>Expenditures</b>				
Personnel Services	77,694	<b>78,491</b>	78,453	38
Contractual Services	38,738	<b>58,404</b>	64,162	(5,758)
Commodities	18,029	<b>25,984</b>	27,138	(1,154)
Lease Payments	11,930	-	-	-
Transfers Out	402,999	<b>398,624</b>	407,000	(8,376)
<b>Total Expenditures</b>	<u>549,390</u>	<u><b>561,503</b></u>	<u>576,753</u>	<u>(15,250)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(23,272)	<b>(35,973)</b>		
<b>Unencumbered Cash - Beginning</b>	<u>129,901</u>	<u><b>106,629</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>106,629</u>	<u><b>70,656</b></u>		

**CITY OF HILLSBORO, KANSAS**  
**Water Operating 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)

	Prior Year Actual	Current Year		Variance Over Under (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Collections	\$ 838,771	<b>867,703</b>	915,500	(47,797)
Sale of Equipment	-	<b>45</b>	-	45
Reimbursements	2,008	<b>1,427</b>	-	1,427
Miscellaneous	1,331	<b>783</b>	3,000	(2,217)
<b>Total Cash Receipts</b>	<u>842,110</u>	<u><b>869,958</b></u>	<u>918,500</u>	<u>(48,542)</u>
<b>Expenditures</b>				
Personnel Services	211,803	<b>222,380</b>	212,432	9,948
Contractual Services	96,023	<b>91,101</b>	99,000	(7,899)
Commodities	118,004	<b>130,533</b>	136,000	(5,467)
Capital Outlay	56,039	<b>19,004</b>	100,000	(80,996)
Water Purchases	15,000	<b>15,000</b>	15,000	-
Revolving Loan Payments	10,485	<b>10,485</b>	10,485	-
Transfers Out	382,500	<b>375,000</b>	375,000	-
<b>Total Expenditures</b>	<u>889,854</u>	<u><b>863,503</b></u>	<u>947,917</u>	<u>(84,414)</u>
<b>Cash Receipts Over (Under) Expenditures</b>	(47,744)	<b>6,455</b>		
<b>Unencumbered Cash - Beginning</b>	<u>86,420</u>	<u><b>38,676</b></u>		
<b>Unencumbered Cash - Ending</b>	\$ <u>38,676</u>	<u><b>45,131</b></u>		

**CITY OF HILLSBORO, KANSAS**  
**Hillsboro Public Library**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 32	15
User Charges, Fines and Fees	4,281	3,755
Appropriations From the City of Hillsboro	71,600	70,478
Gifts, Memorials, and Donations	3,786	4,943
Book Sales	1,185	822
State of Kansas	1,284	2,113
Grants	5,800	-
Copies	1,968	3,092
Reimbursements	603	890
<b>Total Cash Receipts</b>	<u>90,539</u>	<u>86,108</u>
<b>Expenditures</b>		
Personnel Services	47,542	48,409
Contractual Services	2,345	2,337
Commodities	32,272	33,186
<b>Total Expenditures</b>	<u>82,159</u>	<u>83,932</u>
<b>Cash Receipts Over (Under) Expenditures</b>	8,380	2,176
<b>Unencumbered Cash - Beginning</b>	<u>62,370</u>	<u>70,750</u>
<b>Unencumbered Cash - Ending</b>	<u>\$ 70,750</u>	<u>72,926</u>

**CITY OF HILLSBORO, KANSAS**  
**Hillsboro Public Building Commission - Health Care Facilities**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Interest Income	\$ 61	50
Rent Income	75,000	24,368
<b>Total Cash Receipts</b>	75,061	24,418
<b>Expenditures</b>	-	-
<b>Cash Receipts Over (Under) Expenditures</b>	75,061	24,418
<b>Unencumbered Cash - Beginning</b>	89,496	164,557
<b>Unencumbered Cash - Ending</b>	\$ 164,557	188,975

**CITY OF HILLSBORO, KANSAS**  
**Hillsboro Public Building Commission - Family Aquatic Center**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Miscellaneous Receipts	\$ 15	-
Bond Proceeds	30,646	-
Rent Income From City of Hillsboro	145,376	<b>189,635</b>
Interest Income	19	<b>4</b>
<b>Total Cash Receipts</b>	<b>176,056</b>	<b>189,639</b>
<b>Expenditures</b>		
Debt Service Principal	109,981	<b>120,000</b>
Debt Service Interest	80,376	<b>69,635</b>
Legal and Professional Fees	28,087	-
Miscellaneous	952	-
<b>Total Expenditures</b>	<b>219,396</b>	<b>189,635</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(43,340)</b>	<b>4</b>
<b>Unencumbered Cash - Beginning</b>	<b>45,895</b>	<b>2,555</b>
<b>Unencumbered Cash - Ending</b>	<b>\$ 2,555</b>	<b>2,559</b>

**CITY OF HILLSBORO, KANSAS**  
**Hillsboro Recreation Commission**  
Schedule of Receipts and Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2012  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Athletic Programs	\$ 33,188	33,814
Fundraising and Donations	2,880	3,585
Appropriations From the City of Hillsboro	17,935	17,044
Reimbursements	1,225	6,881
Miscellaneous	250	270
<b>Total Cash Receipts</b>	<b>55,478</b>	<b>61,594</b>
<b>Expenditures</b>		
Athletic Programs	32,117	34,600
Contractual Services	932	1,094
Commodities	698	892
Capital Outlay	17,339	21,551
Field and Equipment Maintenance	1,071	1,117
Utilities	11,424	10,996
Miscellaneous	692	1,720
<b>Total Expenditures</b>	<b>64,273</b>	<b>71,970</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>(8,795)</b>	<b>(10,376)</b>
<b>Unencumbered Cash - Beginning</b>	<b>35,279</b>	<b>26,484</b>
<b>Unencumbered Cash - Ending</b>	<b>\$ 26,484</b>	<b>16,108</b>

**CITY OF HILLSBORO, KANSAS**  
**Hillsboro Convention and Visitors Bureau**  
 Schedule of Receipts and Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2012  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
<b>Cash Receipts</b>		
Appropriations From the City of Hillsboro	7,754	7,238
Donations	750	5,600
Miscellaneous	614	173
<b>Total Cash Receipts</b>	<b>9,118</b>	<b>13,011</b>
<b>Expenditures</b>		
Contractual	1,102	1,325
Chamber of Commerce	5,500	5,500
Special Event Expenses	682	405
Miscellaneous	219	741
<b>Total Expenditures</b>	<b>7,503</b>	<b>7,971</b>
<b>Cash Receipts Over (Under) Expenditures</b>	1,615	5,040
<b>Unencumbered Cash - Beginning</b>	4,991	6,606
<b>Unencumbered Cash - Ending</b>	<b>\$ 6,606</b>	<b>11,646</b>

**CITY OF HILLSBORO, KANSAS**  
**Agency Funds**  
 Summary of Receipts and Disbursements  
 For the Year Ended December 31, 2012

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Meter Deposit Fund	\$ 20,723	15,383	15,632	20,474
Payroll Withholding Fund				
Federal Withholding	-	126,506	126,506	-
State Withholding	-	51,936	51,936	-
Social Security and Medicare	-	75,883	75,883	-
KPERs Retirement	-	54,079	54,079	-
Cafeteria Health Insurance	12	44,335	44,162	186
Other	2,208	39,367	38,858	2,718
Total Payroll Withholding Fund	2,220	392,105	391,422	2,903
Sales Tax Fund	8,531	84,550	83,707	9,374
<b>Total</b>	<b>\$ 31,474</b>	<b>492,038</b>	<b>490,761</b>	<b>32,751</b>