

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

**CITY OF STERLING, KANSAS  
CITY OF THE SECOND CLASS  
For the Year Ended December 31, 2012**

**CITY COMMISSION**

Bob Booth  
Jonathan Zimmerman

Todd Rowland  
Mayor

Donna Marlow  
Steve Rivas

**CITY OFFICERS**

Gayla Horsch  
Treasurer

Rodney D. Willis  
Manager

Scott Bush  
Attorney

Mary Kendrick  
Police Chief

Sandra Fankhauser  
Clerk

Phil Durr  
Municipal Judge

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

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**CITY OF STERLING, KANSAS**

**For the Year Ended December 31, 2012**

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## INDEPENDENT AUDITORS' REPORT

Mayor and City Commissioners  
City of Sterling, Kansas 67579

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

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

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 of material misstatement.

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

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

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

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

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

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

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

### ***Opinion on Regulatory Basis of Accounting***

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

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the 2012 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and schedule of regulatory basis 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 2012 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 2012 basic financial statement. The 2012 information has been subjected to the auditing procedures applied in the audit of the 2012 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 basic financial statement or to the 2012 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2012 basic financial statement as a whole, on the basis of accounting described in Note 1.

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

*Swindoll, Janzen, Hawk & Loyd, LLC*

Certified Public Accountants

August 12, 2013

## CITY OF STERLING, KANSAS

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

For the Year Ended December 31, 2012

	Beginning Un-		Expendi-	Ending Un-		Add: Encum- brances and Accounts Payable	Ending Cash Balance
	Cash Balance	Receipts		Cash Balance			
<b>GENERAL FUND:</b>							
General Fund	\$ 433,974	\$ 1,172,579	\$ 1,084,726	\$ 521,827	\$ -	\$ 521,827	
<b>SPECIAL PURPOSE FUNDS:</b>							
Library Fund	-	43,502	43,502	-	-	-	
Cemetery Fund	-	43,502	43,502	-	-	-	
Special Highway Fund	183,311	172,460	206,618	149,153	-	149,153	
Special Parks and Recreation Fund	4,295	690	-	4,985	-	4,985	
Ambulance and Fire Equipment Fund	20,225	17,402	-	37,627	-	37,627	
Sterling Community Cemetery Fund	188,958	67,373	93,633	162,698	-	162,698	
Total Special Purpose Funds	396,789	344,929	387,255	354,463	-	354,463	
<b>BOND AND INTEREST FUND:</b>							
Bond and Interest Fund	1,525	291	932	884	-	884	
<b>CAPITAL PROJECT FUND:</b>							
Storm Sewer Project Fund	2,698	-	-	2,698	-	2,698	
<b>BUSINESS FUND:</b>							
Water Utility Fund	63,544	282,214	284,267	61,491	-	61,491	
Electric Utility Fund	401,203	2,905,199	3,033,821	272,581	103,675	376,256	
Electric Utility Bond and Interest 2001 Fund	50,891	137,468	137,468	50,891	-	50,891	
Electric Utility Bond Retirement 2001 Fund	144,000	-	144,000	-	-	-	
Electric Utility Depreciation Reserve Fund	50,000	-	-	50,000	-	50,000	
Electric Equipment Reserve Fund	121,883	474,827	113,898	482,812	-	482,812	
Sewer Utility Fund	(167,349)	425,516	485,899	(227,732)	-	(227,732)	
Medical Services Fund	17,074	31,296	26,350	22,020	-	22,020	
Total Business Funds	681,246	4,256,520	4,225,703	712,063	103,675	815,738	
Total Reporting Entity (Excluding Agency Funds)	\$ 1,516,232	\$ 5,774,319	\$ 5,698,616	\$ 1,591,935	\$ 103,675	\$ 1,695,610	
<b>COMPOSITION OF CASH:</b>							
Checking Accounts						\$ (108,504)	
Savings Accounts						1,372,518	
Certificates of Deposit						350,000	
Sterling Community Cemetery						178,898	
Cash on Hand						500	
Total Cash						1,793,412	
Less Agency Funds per Schedule 3						(97,802)	
Total Reporting Entity						\$ 1,695,610	

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

# CITY OF STERLING, KANSAS

## NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2012

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City of Sterling is a municipal financial reporting entity governed by an elected Commission. The financial statement presents all funds that are administered and controlled by the Commission.

**Related Municipal Entity.** The City of Sterling has the following related municipal entity:

Cemetery. Financial information for the Cemetery may be obtained from the City of Sterling at 114 North Broadway, Sterling, Kansas 67579. The Cemetery is presented as a special purpose fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There was one budget amendment for the year 2012.

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

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

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

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

### ***(e) 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.

### ***(f) Reimbursements***

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

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### *Compliance with Kansas Statutes*

Contrary to K.S.A. 79-2935, expenditures in the Sewer Utility Fund exceeded the lawfully budgeted amount by \$242,464.

A cash-basis violation occurred at December 31, 2012 in the Sewer Utility Fund of \$227,732. A cash basis violation is contrary to K.S.A. 10-1113.

## 3. DEPOSITS AND INVESTMENTS

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

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

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

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

At December 31, 2012, the City's carrying amount of deposits was \$1,792,912 and the bank balance was \$1,940,517. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining \$1,440,517 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

## 4. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
Electric Utility	General	K.S.A. 12-825d	\$ 115,000
Water Utility	General	K.S.A. 12-825d	14,500
Bond and Interest	General	K.S.A. 12-825d	932
Electric Utility	Electric Utility Bond and Interest 2001	K.S.A. 12-825d	137,468
Electric Utility	Electric Equipment Reserve	K.S.A. 12-1, 117	150,000
Electric Utility Bond Retirement 2001	Electric Utility	K.S.A. 12-825d	144,000
Total			<u>\$ 561,900</u>

## 5. LONG-TERM DEBT

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
Revenue Bond:									
Series 2001 Refunding	6.00% to 7.45%	04-30-01	\$1,440,000	10-01-17	\$ 570,000	\$ -	\$ 570,000	\$ -	\$ 42,468
General Obligation Bonds:									
Series 2012A Refunding	0.60% to 1.15%	11-20-12	500,000	10-01-17	-	500,000	-	500,000	-
Series 2012B Refunding	1.15% to 1.65%	11-20-12	220,000	08-01-23	-	220,000	-	220,000	-
Total General Obligation Bonds					-	720,000	-	720,000	-
Other:									
Kansas Public Water Supply Revolving Loan	4.13%	07-31-01	488,176	02-01-23	222,583	-	222,583	-	9,035
Kansas Water Pollution Control Revolving Loan	2.79%	08-20-08	1,220,348	09-01-29	1,139,113	-	49,492	1,089,621	31,438
Total Other					1,361,696	-	272,075	1,089,621	40,473
Capital Lease:									
Medical Center Roof/H&A	3.98%	06-30-18	199,290	06-30-18	138,333	-	19,031	119,302	5,161
Due to Other Funds:									
Water Fund due to Electric Fund	4.50%	12-31-98	120,000	12-31-13	56,387	-	-	56,387	-
Sewer Fund due to Electric Fund	4.50%	12-31-99	150,000	12-31-13	72,615	-	-	72,615	-
Total Due to Other Funds					129,002	-	-	129,002	-
Total Contractual Indebtedness					\$ 2,199,031	\$ 720,000	\$ 861,106	\$ 2,057,925	\$ 88,102

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

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

	Year								Total
	2013	2014	2015	2016	2017	2018 to 2022	2023 to 2027	2028 to 2030	
<b>PRINCIPAL:</b>									
General Obligation Bonds:									
Series 2012A Refunding	\$ 120,000	\$ 115,000	\$ 110,000	\$ 105,000	\$ 50,000	\$ -	\$ -	\$ -	\$ 500,000
Series 2012B Refunding	10,000	20,000	20,000	20,000	20,000	120,000	10,000	-	220,000
Total General Obligation Bonds	130,000	135,000	130,000	125,000	70,000	120,000	10,000	-	720,000
Other:									
Kansas Water Pollution Control Revolving Loan	50,882	52,312	53,782	55,293	56,846	309,103	355,033	156,370	1,089,621
Capital Lease:									
Medical Center Roof/H&A	19,802	20,605	21,440	22,309	23,214	11,932	-	-	119,302
Due to Other Funds:									
Water Fund due to Electric Fund	9,463	9,888	10,333	10,798	11,284	4,621	-	-	56,387
Sewer Fund due to Electric Fund	11,732	12,260	12,812	13,389	13,991	8,431	-	-	72,615
Total Due to Other Funds	21,195	22,148	23,145	24,187	25,275	13,052	-	-	129,002
<b>TOTAL PRINCIPAL</b>	<b>221,879</b>	<b>230,065</b>	<b>228,367</b>	<b>226,789</b>	<b>175,335</b>	<b>454,087</b>	<b>365,033</b>	<b>156,370</b>	<b>2,057,925</b>
<b>INTEREST:</b>									
General Obligation Bonds:									
Series 2012A Refunding	3,491	3,258	2,453	1,573	574	-	-	-	11,349
Series 2012B Refunding	2,226	2,958	2,728	2,498	2,268	6,493	121	-	19,292
Total General Obligation Bonds	5,717	6,216	5,181	4,071	2,842	6,493	121	-	30,641
Other:									
Kansas Water Pollution Control Revolving Loan	30,048	28,618	27,149	25,638	24,084	95,549	49,619	5,491	286,196
Capital Lease:									
Medical Center Roof/H&A	4,390	3,587	2,752	1,883	978	166	-	-	13,756
Due to Other Funds:									
Water Fund due to Electric Fund	2,537	2,112	1,667	1,202	716	208	-	-	8,442
Sewer Fund due to Electric Fund	3,268	2,740	2,188	1,611	1,009	379	-	-	11,195
Total Due to Other Funds	5,805	4,852	3,855	2,813	1,725	587	-	-	19,637
<b>TOTAL INTEREST</b>	<b>45,960</b>	<b>43,273</b>	<b>38,937</b>	<b>34,405</b>	<b>29,629</b>	<b>102,795</b>	<b>49,740</b>	<b>5,491</b>	<b>350,230</b>
<b>TOTAL PRINCIPAL AND INTEREST</b>	<b>\$ 267,839</b>	<b>\$ 273,338</b>	<b>\$ 267,304</b>	<b>\$ 261,194</b>	<b>\$ 204,964</b>	<b>\$ 556,882</b>	<b>\$ 414,773</b>	<b>\$ 161,861</b>	<b>\$2,408,155</b>

## 6. LONG-TERM DEBT – CURRENT REFUNDING

In November 2012, the Commission issued \$500,000 of General Obligation Refunding Bonds Series A 2012 to current refund the Revenue Bonds Series 2001. The proceeds were also used to pay the costs of issuance. The Commission has followed the provisions of *Governmental Accounting Standards Board (GASB) Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. The current refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of approximately \$150,033. The refunding decreased the Commission's aggregate debt service payments by approximately \$54,772 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$50,103.

Also in November 2012, the Commission issued \$220,000 of General Obligation Bonds Series B 2012 to current refund the Kansas Public Water Supply Revolving Loan. The proceeds were also used to pay the costs of issuance. The Commission has followed the provisions of *Governmental Accounting Standards Board (GASB) Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*. The current refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of approximately \$22,089. The refunding decreased the Commission's aggregate debt service payments by approximately \$14,314 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$13,088.

## 7. DEFINED BENEFIT PENSION PLAN

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

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

## 8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

### **(a) Other Post Employment Benefits**

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

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

### ***(b) Defined Contribution Pension Plan***

The City participates in a defined contribution plan administered by the International City Manager's Association Retirement Corporation (ICMA Retirement). Employees become eligible for participation in the plan upon hire. The City contributes 1% of the participants' base wage and the participants may contribute any amount they determine. For the year ended December 31, 2012, actual contributions by the City and plan participants were \$11,329 and \$9,588 respectively. ICMA Retirement includes 21 participants. Participants vest at service inception and are entitled to 100 percent of vested contributions. The plan is a money purchase plan qualified under Section 457 of the Internal Revenue Code.

### ***(c) Other Employee Benefits***

Vacation - Vacation time shall be earned on the basis of complete calendar months of service. Accrual of vacation shall start from the original date of employment and may be used within the first year. Vacation may not be used for any periods spent on unauthorized leave. Employees should make every effort to take their vacation in the calendar year in which it was earned. The City Manager at his discretion may allow vacation leave to be carried over from one calendar year to the next.

Each regular full-time employee will earn vacation leave as follows:

<u>Years of Service</u>	<u>Per Year</u>	<u>Maximum Accumulation</u>
Start through 9 years	80 hours	None
10 years and beyond	120 hours	None

Regular part-time employees earn vacation leave as follows:

<u>Years of Service</u>	<u>Per Year</u>	<u>Maximum Accumulation</u>
Start through 9 years	40 hours	None
10 years and beyond	80 hours	None

Upon separation of employment, employees shall be compensated for all earned but unused vacation leave at their final rate of pay, provided the employee has been employed with the City for at least twelve consecutive months.

Sick leave - All regular full time employees shall accrue sick leave at a rate of eight hours for each complete calendar month they are on paid status. Regular part-time employees shall accrue sick leave at a rate of four hours for each complete calendar month they are on paid status.

Accumulation of sick leave - Employees may accrue sick leave up to a maximum of seventy-five working days. Upon separation of employment, employees shall be compensated for one fourth (1/4) of accrued and unused sick leave at their final rate of pay, provided the employee has been employed with the City of Sterling for at least twelve consecutive months.

Compensation - Compensation time for authorized overtime work shall be at a rate of one and one-half time the employee's rate of pay. Employees shall be entitled to receive overtime compensation for all hours worked in excess of forty hours per week. Vacation, sick leave, personal days and holidays are generally counted as hours worked when computing overtime. However, no person employed in an administrative, executive or professional position, shall be eligible for overtime compensation.

## 9. CLAIMS AND JUDGMENTS

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2011 to 2012 and there were no settlements that exceeded insurance coverage in the past three years.

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

## 10. RELATED PARTY

One of the Commission's members is an officer of one of the financial institutions where the City has funds deposited. At December 31, 2012, funds deposited at this institution totaled \$292,719.

## 11. CAPITAL PROJECTS

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

	<u>Expenditures To Date</u>	<u>Project Authorization</u>
Sewer Lagoon Project-KDHE loan	\$ 1,315,039	\$ 1,509,145
Sewer Lagoon Project-CDBG	<u>364,550</u>	<u>400,000</u>
Total	<u>\$ 1,679,589</u>	<u>\$ 1,909,145</u>

## 12. SUBSEQUENT EVENTS

The City Commission approved a digger truck on June 17, 2013 for \$203,789.

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

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

## CITY OF STERLING, KANSAS

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET****Regulatory Basis****(Budgeted Funds Only)****For the Year Ended December 31, 2012**

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
<b>GENERAL FUND:</b>					
General Fund	\$ 1,281,264	\$ -	\$ 1,281,264	\$ 1,084,726	\$ (196,538)
<b>SPECIAL PURPOSE FUNDS:</b>					
Library Fund	49,240	-	49,240	43,502	(5,738)
Cemetery Fund	49,240	-	49,240	43,502	(5,738)
Special Highway Fund	254,765	-	254,765	206,618	(48,147)
Special Parks and Recreation Fund	4,744	-	4,744	-	(4,744)
Ambulance and Fire Equipment Fund	33,175	-	33,175	-	(33,175)
<b>BOND AND INTEREST FUND:</b>					
Bond and Interest Fund	932	-	932	932	-
<b>BUSINESS FUND:</b>					
Water Utility Fund	287,811	-	287,811	284,267	(3,544)
Electric Utility Fund	3,074,154	4,544	3,078,698	3,033,821	(44,877)
Electric Equipment Reserve Fund	336,341	-	336,341	113,898	(222,443)
Sewer Utility Fund	243,435	-	243,435	485,899	242,464
Medical Services Fund	35,685	-	35,685	26,350	(9,335)

CITY OF STERLING, KANSAS

GENERAL FUND

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes -				
Ad valorem property tax	\$ 231,413	\$ 241,322	\$ 271,638	\$ (30,316)
Back tax collections	12,763	7,530	-	7,530
Motor vehicle tax	47,930	43,953	51,014	(7,061)
Recreational vehicle tax	1,015	674	11,721	(11,047)
16/20M vehicle tax	295	953	72	881
Liquor control tax	634	690	512	178
Local sales tax	406,459	443,898	370,000	73,898
In lieu of tax	1,793	1,804	1,500	304
Total Taxes	702,302	740,824	706,457	34,367
Intergovernmental Revenues -				
State connecting links	8,742	8,748	8,700	48
Licenses and Permits -				
Utility franchise taxes	65,619	59,213	69,000	(9,787)
Dog and cat tags	789	707	-	707
Licenses and permits	2,803	3,262	15,349	(12,087)
Total Licenses and Permits	69,211	63,182	84,349	(21,167)
Charges for Services -				
Burn site	10,706	17,696	17,350	346
Camping	5,516	6,510	5,500	1,010
Impoundment	944	646	1,000	(354)
Refuse collection	90,586	91,431	95,501	(4,070)
Swimming and concessions	13,231	14,381	13,000	1,381
Total Charges for Services	120,983	130,664	132,351	(1,687)
Fines, Forfeitures and Penalties -				
Police fines	15,117	14,648	15,500	(852)
Use of Money and Property -				
Interest income	7,859	3,525	12,700	(9,175)
Other Income -				
Insurance reimbursement	1,344	-	-	-
Veteran's War Memorial	22,119	20,673	-	20,673
Federal police grant	831	1,576	-	1,576
Miscellaneous	39,512	58,307	-	58,307
Total Other Income	63,806	80,556	-	80,556

CITY OF STERLING, KANSAS

GENERAL FUND

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts (cont.)				
Operating Transfers -				
Transfer from Electric Utility Fund	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Transfer from Water Utility Fund	14,500	14,500	14,500	-
Transfer from Bond and Interest Fund	10,913	932	932	-
Total Operating Transfers	140,413	130,432	130,432	-
Total Receipts	1,128,433	1,172,579	\$ 1,090,489	\$ 82,090
Expenditures				
General Administrative -				
Personal services	63,484	62,661	\$ 71,507	\$ (8,846)
Contractual services	137,222	138,201	44,400	93,801
Commodities	2,726	4,004	3,500	504
Capital outlay	24,283	13,648	126,000	(112,352)
Library building maintenance	-	-	10,000	(10,000)
Total General Administrative	227,715	218,514	255,407	(36,893)
Police -				
Personal services	338,964	336,172	333,800	2,372
Contractual services	57,216	54,603	61,600	(6,997)
Commodities	19,646	20,106	26,100	(5,994)
Capital outlay	13,587	17,021	29,705	(12,684)
Total Police	429,413	427,902	451,205	(23,303)
Fire -				
Personal services	5,165	6,332	5,400	932
Contractual services	10,927	5,147	9,000	(3,853)
Commodities	1,343	2,610	3,250	(640)
Capital outlay	5,456	8,691	5,000	3,691
Total Fire	22,891	22,780	22,650	130
Health & Sanitation -				
Personal services	10,081	17,131	3,250	13,881
Contractual services	-	-	250	(250)
Commodities	3,447	573	2,750	(2,177)
Total Health & Sanitation	13,528	17,704	6,250	11,454

CITY OF STERLING, KANSAS

GENERAL FUND

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Expenditures (cont.)				
Street -				
Personal services	\$ 103,565	\$ 87,710	\$ 86,310	\$ 1,400
Contractual services	19,962	104,903	105,000	(97)
Commodities	35,553	54,996	104,000	(49,004)
Capital outlay	-	21,662	22,500	(838)
Total Street	<u>159,080</u>	<u>269,271</u>	<u>317,810</u>	<u>(48,539)</u>
Park -				
Contractual services	7,152	1,793	6,000	(4,207)
Commodities	7,409	11,765	13,500	(1,735)
Capital outlay	-	34,464	89,560	(55,096)
Total Park	<u>14,561</u>	<u>48,022</u>	<u>109,060</u>	<u>(61,038)</u>
Swimming Pool -				
Personal services	34,612	47,954	31,200	16,754
Contractual services	4,648	2,970	4,000	(1,030)
Commodities	14,501	16,868	19,500	(2,632)
Capital outlay	14,992	6,117	15,000	(8,883)
Total Swimming Pool	<u>68,753</u>	<u>73,909</u>	<u>69,700</u>	<u>4,209</u>
Neighborhood revitalization rebate	-	-	16,770	(16,770)
Equipment	-	-	32,412	(32,412)
Capital improvement	-	6,624	-	6,624
Total Expenditures	<u>935,941</u>	<u>1,084,726</u>	<u>\$ 1,281,264</u>	<u>\$ (196,538)</u>
Receipts Over (Under) Expenditures	192,492	87,853		
Unencumbered Cash, Beginning	<u>241,482</u>	<u>433,974</u>		
Unencumbered Cash, Ending	<u>\$ 433,974</u>	<u>\$ 521,827</u>		

## CITY OF STERLING, KANSAS

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

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Ad valorem property tax	\$ 35,742	\$ 35,131	\$ 39,540	\$ (4,409)
Back tax collections	2,303	1,334	-	1,334
Motor vehicle tax	7,723	6,786	7,879	(1,093)
Recreational vehicle tax	168	104	1,810	(1,706)
16/20M vehicle tax	117	147	11	136
Total Receipts	<u>46,053</u>	<u>43,502</u>	<u>\$ 49,240</u>	<u>\$ (5,738)</u>
Expenditures				
Appropriation to Library Board	46,053	43,502	\$ 46,811	\$ (3,309)
Neighborhood revitalization rebate	-	-	2,429	(2,429)
Total Expenditures	<u>46,053</u>	<u>43,502</u>	<u>\$ 49,240</u>	<u>\$ (5,738)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

**CITY OF STERLING, KANSAS**

**SPECIAL PURPOSE FUND**

**CEMETERY FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**Regulatory Basis**

**For the Year Ended December 31, 2012**

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

	<b>2011 Actual</b>	<b>2012</b>		<b>Variance - Over (Under)</b>
		<b>Actual</b>	<b>Budget</b>	
<b>Receipts</b>				
Ad valorem property tax	\$ 35,742	\$ 35,131	\$ 39,540	\$ (4,409)
Back tax collections	2,303	1,334	-	1,334
Motor vehicle tax	7,723	6,786	7,879	(1,093)
Recreational vehicle tax	168	104	1,810	(1,706)
16/20M vehicle tax	117	147	11	136
<b>Total Receipts</b>	<b>46,053</b>	<b>43,502</b>	<b>\$ 49,240</b>	<b>\$ (5,738)</b>
<b>Expenditures</b>				
Appropriation to Sterling Community Cemetery	46,053	43,502	\$ 46,811	\$ (3,309)
Neighborhood revitalization rebate	-	-	2,429	(2,429)
<b>Total Expenditures</b>	<b>46,053</b>	<b>43,502</b>	<b>\$ 49,240</b>	<b>\$ (5,738)</b>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

## CITY OF STERLING, KANSAS

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

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Ad valorem property tax	\$ 33,676	\$ 22,691	\$ 25,530	\$ (2,839)
Back tax collections	4,217	2,271	-	2,271
Motor vehicle tax	10,828	6,452	7,424	(972)
Recreational vehicle tax	263	100	1,706	(1,606)
16/20M vehicle tax	608	168	10	158
KLINK reimbursement	-	80,493	-	80,493
State of Kansas - fuel tax	63,460	60,285	68,870	(8,585)
<b>Total Receipts</b>	<u>113,052</u>	<u>172,460</u>	<u>\$ 103,540</u>	<u>\$ 68,920</u>
<b>Expenditures</b>				
Contractual services	136,232	149,888	\$ 139,197	\$ 10,691
Commodities	49,747	56,730	112,000	(55,270)
Capital outlay	9,067	-	2,000	(2,000)
Neighborhood revitalization rebate	-	-	1,568	(1,568)
<b>Total Expenditures</b>	<u>195,046</u>	<u>206,618</u>	<u>\$ 254,765</u>	<u>\$ (48,147)</u>
Receipts Over (Under) Expenditures	(81,994)	(34,158)		
Unencumbered Cash, Beginning	<u>265,305</u>	<u>183,311</u>		
Unencumbered Cash, Ending	<u>\$ 183,311</u>	<u>\$ 149,153</u>		

**CITY OF STERLING, KANSAS**

**SPECIAL PURPOSE FUND**

**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 Total for the Prior Year Ended December 31, 2011)**

	<u>2011 Actual</u>	<u>2012</u>		<u>Variance - Over (Under)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
State of Kansas - liquor tax	\$ 634	\$ 690	\$ 512	\$ 178
Expenditures				
Capital outlay	-	-	\$ 4,744	\$ (4,744)
Receipts Over (Under) Expenditures	634	690		
Unencumbered Cash, Beginning	<u>3,661</u>	<u>4,295</u>		
Unencumbered Cash, Ending	<u>\$ 4,295</u>	<u>\$ 4,985</u>		

**CITY OF STERLING, KANSAS**

**SPECIAL PURPOSE FUND**

**AMBULANCE AND FIRE EQUIPMENT FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**Regulatory Basis**

**For the Year Ended December 31, 2012**

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

	<u>2011 Actual</u>	<u>2012</u>		<u>Variance - Over (Under)</u>
		<u>Actual</u>	<u>Budget</u>	
<b>Receipts</b>				
Ad valorem property tax	\$ 14,293	\$ 14,054	\$ 15,816	\$ (1,762)
Back tax collections	921	534	-	534
Motor vehicle tax	3,089	2,714	3,152	(438)
Recreational vehicle tax	67	42	724	(682)
16/20M vehicle tax	47	58	4	54
<b>Total Receipts</b>	<u>18,417</u>	<u>17,402</u>	<u>\$ 19,696</u>	<u>\$ (2,294)</u>
<b>Expenditures</b>				
Capital outlay	-	-	\$ 17,383	\$ (17,383)
Lease payment	12,003	-	14,820	(14,820)
Neighborhood revitalization rebate	-	-	972	(972)
<b>Total Expenditures</b>	<u>12,003</u>	<u>-</u>	<u>\$ 33,175</u>	<u>\$ (33,175)</u>
<b>Receipts Over (Under) Expenditures</b>	6,414	17,402		
<b>Unencumbered Cash, Beginning</b>	<u>13,811</u>	<u>20,225</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 20,225</u>	<u>\$ 37,627</u>		

## CITY OF STERLING, KANSAS

SPECIAL PURPOSE FUNDSTERLING COMMUNITY CEMETERY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2012		
	<u>General Fund Actual</u>	<u>Stevenson Fund Actual</u>	<u>Perpetual Care Actual</u>
Receipts			
Taxes	\$ 47,502	\$ -	\$ -
Charges for service	10,415	-	-
Interest	2,508	-	-
Sale of lots	984	-	3,600
FEMA reimbursement	2,356	-	-
Township distribution	-	-	-
Total Receipts	<u>63,765</u>	<u>-</u>	<u>3,600</u>
Expenditures			
Personal services	85,213	-	-
Contractual services	4,885	-	-
Commodities	3,535	-	-
Total Expenditures	<u>93,633</u>	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	(29,868)	-	3,600
Unencumbered Cash, Beginning	<u>35,441</u>	<u>59,700</u>	<u>88,840</u>
Unencumbered Cash, Ending	<u>\$ 5,573</u>	<u>\$ 59,700</u>	<u>\$ 92,440</u>

CITY OF STERLING, KANSAS

SPECIAL PURPOSE FUND

STERLING COMMUNITY CEMETERY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

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

	<u>2012</u>				
	<u>Mausoleum Trust Funds</u>			<u>Total</u>	
	<u>Mincer</u>	<u>Manz</u>	<u>Mead</u>	<u>Cemetery</u>	<u>2011</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Receipts					
Taxes	\$ -	\$ -	\$ -	\$ 47,502	\$ 47,410
Charges for service	-	-	-	10,415	7,920
Interest	4	3	1	2,516	3,535
Sale of lots	-	-	-	4,584	4,072
FEMA reimbursement	-	-	-	2,356	170
Township distribution	-	-	-	-	8,000
<b>Total Receipts</b>	<u>4</u>	<u>3</u>	<u>1</u>	<u>67,373</u>	<u>71,107</u>
Expenditures					
Personal services	-	-	-	85,213	68,252
Contractual services	-	-	-	4,885	2,997
Commodities	-	-	-	3,535	2,164
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,633</u>	<u>73,413</u>
Receipts Over (Under) Expenditures	4	3	1	(26,260)	(2,306)
Unencumbered Cash, Beginning	<u>2,458</u>	<u>1,706</u>	<u>813</u>	<u>188,958</u>	<u>191,264</u>
Unencumbered Cash, Ending	<u>\$ 2,462</u>	<u>\$ 1,709</u>	<u>\$ 814</u>	<u>\$ 162,698</u>	<u>\$ 188,958</u>

**CITY OF STERLING, KANSAS**

**BOND AND INTEREST FUND**

**BOND AND INTEREST FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**Regulatory Basis**

**For the Year Ended December 31, 2012**

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

	<u>2011 Actual</u>	<u>2012</u>		<u>Variance - Over (Under)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Back tax collections	\$ 592	\$ 291	\$ -	\$ 291
Expenditures				
Transfer to General Fund	10,913	932	\$ 932	\$ -
Receipts Over (Under) Expenditures	(10,321)	(641)		
Unencumbered Cash, Beginning	11,846	1,525		
Unencumbered Cash, Ending	\$ 1,525	\$ 884		

**CITY OF STERLING, KANSAS**

**CAPITAL PROJECT FUND**

**STORM SEWER PROJECT FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL**

**Regulatory Basis**

**For the Year Ended December 31, 2012**

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

	<u>2011 Actual</u>	<u>2012 Actual</u>
Receipts	\$ -	\$ -
Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>2,698</u>	<u>2,698</u>
Unencumbered Cash, Ending	<u>\$ 2,698</u>	<u>\$ 2,698</u>

## CITY OF STERLING, KANSAS

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

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Sale to customers	\$ 274,693	\$ 269,767	\$ 261,500	\$ 8,267
Tank water sales	769	542	-	542
Connection fees	2,765	3,188	-	3,188
New service	609	-	-	-
Tower rent	3,960	4,125	-	4,125
Miscellaneous	1,038	4,592	6,800	(2,208)
Total Receipts	<u>283,834</u>	<u>282,214</u>	<u>\$ 268,300</u>	<u>\$ 13,914</u>
Expenditures				
Production -				
Contractual services	2,580	23,550	\$ 5,500	\$ 18,050
Commodities	6,746	11,539	7,600	3,939
Total Production	<u>9,326</u>	<u>35,089</u>	<u>13,100</u>	<u>21,989</u>
Distribution -				
Personal services	83,949	90,692	86,304	4,388
Contractual services	6,561	11,494	5,800	5,694
Commodities	31,131	27,405	27,500	(95)
Capital outlay	-	12,439	18,850	(6,411)
Total Distribution	<u>121,641</u>	<u>142,030</u>	<u>138,454</u>	<u>3,576</u>
General and Administrative -				
Personal services	44,619	40,265	53,152	(12,887)
Contractual services	19,346	15,192	66,105	(50,913)
Commodities	1,682	2,582	2,500	82
Capital outlay	-	9,125	-	9,125
Revolving loan principal	14,853	15,475	-	15,475
Revolving loan interest	9,657	9,035	-	9,035
Miscellaneous	3,349	974	-	974
Total General and Administrative	<u>93,506</u>	<u>92,648</u>	<u>121,757</u>	<u>(29,109)</u>
Transfer to General Fund	<u>14,500</u>	<u>14,500</u>	<u>14,500</u>	<u>-</u>
Total Expenditures	<u>238,973</u>	<u>284,267</u>	<u>\$ 287,811</u>	<u>\$ (3,544)</u>
Receipts Over (Under) Expenditures	44,861	(2,053)		
Unencumbered Cash, Beginning	<u>18,683</u>	<u>63,544</u>		
Unencumbered Cash, Ending	<u>\$ 63,544</u>	<u>\$ 61,491</u>		

## CITY OF STERLING, KANSAS

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

For the Year Ended December 31, 2012

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

	<u>2012</u>			Variance - Over (Under)
	<u>2011 Actual</u>	<u>Actual</u>	<u>Budget</u>	
<b>Receipts</b>				
Sale to customers	\$ 2,287,547	\$ 2,443,552	\$ 2,300,000	\$ 143,552
Capacity purchase reserve	179,909	236,931	234,600	2,331
Connection fees	3,090	3,393	3,100	293
Installation charges	-	217	-	217
FEMA reimbursement	191,306	4,544	4,544	-
Kansas Power Pool and miscellaneous	112,330	72,562	58,400	-
Transfer from Electric Utility Bond Retirement 2001 Fund	-	144,000	-	14,162
<b>Total Receipts</b>	<u>2,774,182</u>	<u>2,905,199</u>	<u>\$ 2,600,644</u>	<u>\$ 160,555</u>
<b>Expenditures</b>				
<b>Production -</b>				
Personal services	156,027	156,508	\$ 134,939	\$ 21,569
Contractual services	1,298,224	1,436,844	1,435,500	1,344
Commodities	49,884	63,873	79,750	(15,877)
Capital outlay	30,256	8,154	5,300	2,854
<b>Total Production</b>	<u>1,534,391</u>	<u>1,665,379</u>	<u>1,655,489</u>	<u>9,890</u>
<b>Distribution -</b>				
Personal services	236,182	243,317	222,929	20,388
Contractual services	35,352	35,344	40,500	(5,156)
Commodities	49,091	124,068	112,250	11,818
Capital outlay	47,111	-	150,000	(150,000)
<b>Total Distribution</b>	<u>367,736</u>	<u>402,729</u>	<u>525,679</u>	<u>(122,950)</u>
<b>General and Administrative -</b>				
Personal services	259,999	297,278	279,839	17,439
Contractual services	163,599	161,346	166,944	(5,598)
Commodities	7,481	8,564	7,000	1,564
Capital outlay	11,870	70,242	161,548	(91,306)
Payment to Main Street	20,000	20,000	20,000	-
Payment to Chamber/fireworks	5,000	5,000	5,000	-
FEMA reconductoring project	32,546	360	-	360
Miscellaneous	703	455	-	455
<b>Total General and Administrative</b>	<u>501,198</u>	<u>563,245</u>	<u>640,331</u>	<u>(77,086)</u>

CITY OF STERLING, KANSAS

BUSINESS FUND

ELECTRIC UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Expenditures (cont.)				
Operating Transfers -				
Transfer to General Fund	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Transfer to Electric Equipment Reserve Fund	677,000	150,000	-	(150,000)
Transfer to Electric Utility Bond and Interest 2001 Fund	<u>144,543</u>	<u>137,468</u>	<u>137,655</u>	<u>(187)</u>
Total Operating Transfers	<u>936,543</u>	<u>402,468</u>	<u>252,655</u>	<u>(150,187)</u>
Adjustment for Qualifying Budget Credits	<u>-</u>	<u>-</u>	<u>4,544</u>	<u>4,544</u>
Total Expenditures	<u>3,339,868</u>	<u>3,033,821</u>	<u>\$ 3,078,698</u>	<u>\$ (44,877)</u>
Receipts Over (Under) Expenditures	(565,686)	(128,622)		
Unencumbered Cash, Beginning	<u>966,889</u>	<u>401,203</u>		
Unencumbered Cash, Ending	<u>\$ 401,203</u>	<u>\$ 272,581</u>		

**CITY OF STERLING, KANSAS**

**BUSINESS FUND**

**ELECTRIC UTILITY BOND AND INTEREST 2001 FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL**

**Regulatory Basis**

**For the Year Ended December 31, 2012**

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

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Receipts		
Transfer from Electric Utility Fund	\$ 144,543	\$ 137,468
Expenditures		
Principal	95,000	95,000
Interest	<u>49,543</u>	<u>42,468</u>
Total Expenditures	<u>144,543</u>	<u>137,468</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>50,891</u>	<u>50,891</u>
Unencumbered Cash, Ending	<u>\$ 50,891</u>	<u>\$ 50,891</u>

**CITY OF STERLING, KANSAS**

**BUSINESS FUND**

**ELECTRIC UTILITY BOND RETIREMENT 2001 FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL**

**Regulatory Basis**

**For the Year Ended December 31, 2012**

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

	<u>2011 Actual</u>	<u>2012 Actual</u>
Receipts	\$ -	\$ -
Expenditures		
Transfer to Electric Utility Fund	<u>-</u>	<u>144,000</u>
Receipts Over (Under) Expenditures	-	(144,000)
Unencumbered Cash, Beginning	<u>144,000</u>	<u>144,000</u>
Unencumbered Cash, Ending	<u>\$ 144,000</u>	<u>\$ -</u>

**CITY OF STERLING, KANSAS**

**- BUSINESS FUND**

**ELECTRIC UTILITY DEPRECIATION RESERVE FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL**

**Regulatory Basis**

**For the Year Ended December 31, 2012**

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

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>
Receipts	\$ -	\$ -
Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	<u>50,000</u>	<u>50,000</u>
Unencumbered Cash, Ending	<u>\$ 50,000</u>	<u>\$ 50,000</u>

## CITY OF STERLING, KANSAS

BUSINESS FUNDELECTRIC EQUIPMENT RESERVE FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2012

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

	2011 Actual	2012		Variance - Over (Under)
		Actual	Budget	
Receipts				
Transfer from Electric Utility Fund	\$ 677,000	\$ 150,000	\$ -	\$ 150,000
FEMA reimbursement	-	324,827	-	324,827
Total Receipts	677,000	474,827	\$ -	\$ 474,827
Expenditures				
Commodities	145,599	13,898	-	\$ 13,898
Capital outlay	33,510	100,000	336,341	(236,341)
FEMA reconductoring project	376,008	-	-	-
Total Expenditures	555,117	113,898	\$ 336,341	\$ (222,443)
Receipts Over (Under) Expenditures	121,883	360,929		
Unencumbered Cash, Beginning	-	121,883		
Unencumbered Cash, Ending	\$ 121,883	\$ 482,812		

CITY OF STERLING, KANSAS

BUSINESS FUND

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2012

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

	<u>2012</u>			<u>Variance - Over (Under)</u>
	<u>2011 Actual</u>	<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services	\$ 207,569	\$ 209,185	\$ 205,000	\$ 4,185
State of Kansas wastewater loan proceeds	-	215,847	-	215,847
Miscellaneous	315	484	-	484
<b>Total Receipts</b>	<u>207,884</u>	<u>425,516</u>	<u>\$ 205,000</u>	<u>\$ 220,516</u>
Expenditures				
Collection -				
Contractual services	11,626	14,906	\$ 13,000	\$ 1,906
Commodities	2,014	340	4,500	(4,160)
<b>Total Collection</b>	<u>13,640</u>	<u>15,246</u>	<u>17,500</u>	<u>(2,254)</u>
Treatment -				
Personal services	86,536	78,159	86,271	(8,112)
Contractual services	13,477	8,179	14,600	(6,421)
Commodities	3,114	3,784	2,000	1,784
<b>Total Treatment</b>	<u>103,127</u>	<u>90,122</u>	<u>102,871</u>	<u>(12,749)</u>
General and Administrative -				
Personal services	44,710	35,461	54,150	(18,689)
Contractual services	8,979	9,125	2,000	7,125
Commodities	437	450	-	450
Capital outlay	-	5,625	-	5,625
Revolving loan payment	80,930	80,930	66,914	14,016
Sewer lagoon project	24,858	248,940	-	248,940
<b>Total General and Administrative</b>	<u>159,914</u>	<u>380,531</u>	<u>123,064</u>	<u>257,467</u>
<b>Total Expenditures</b>	<u>276,681</u>	<u>485,899</u>	<u>\$ 243,435</u>	<u>\$ 242,464</u>
Receipts Over (Under) Expenditures	(68,797)	(60,383)		
Unencumbered Cash, Beginning	<u>(98,552)</u>	<u>(167,349)</u>		
Unencumbered Cash, Ending	<u>\$ (167,349)</u>	<u>\$ (227,732)</u>		

**CITY OF STERLING, KANSAS**

**BUSINESS FUND**

**MEDICAL SERVICES FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**Regulatory Basis**

**For the Year Ended December 31, 2012**

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

	<u>2011 Actual</u>	<u>2012</u>		<u>Variance - Over (Under)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Rent	\$ 30,438	\$ 31,296	\$ 31,896	\$ (600)
Expenditures				
Contractual services	4,386	2,158	\$ 11,493	\$ (9,335)
Lease purchase payment	<u>24,192</u>	<u>24,192</u>	<u>24,192</u>	<u>-</u>
Total Expenditures	<u>28,578</u>	<u>26,350</u>	<u>\$ 35,685</u>	<u>\$ (9,335)</u>
Receipts Over (Under) Expenditures	1,860	4,946		
Unencumbered Cash, Beginning	<u>15,214</u>	<u>17,074</u>		
Unencumbered Cash, Ending	<u>\$ 17,074</u>	<u>\$ 22,020</u>		

CITY OF STERLING, KANSAS

AGENCY FUNDS

SCHEDULE OF RECEIPTS AND CASH DISBURSEMENTS

Regulatory Basis

For the Year Ended December 31, 2012

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
State cost analysis	\$ 65,603	\$ -	\$ 700	\$ 64,903
Water utility deposits	5,564	2,115	2,400	5,279
Electric utility deposits	21,645	11,141	12,067	20,719
CDBG Studio 96	-	12,147	12,147	-
CDBG sewer lagoon	-	19,713	19,713	-
CDBG escrow	2,557	4	-	2,561
Municipal court	1,929	-	-	1,929
Court alcohol & drug	224	-	-	224
D.A.R.E.	1,395	521	150	1,766
Police forfeiture	220	201	-	421
<b>Total Agency Funds</b>	<b>\$ 99,137</b>	<b>\$ 45,842</b>	<b>\$ 47,177</b>	<b>\$ 97,802</b>