

CITY OF HAYS, KANSAS

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2012

CITY OF HAYS, KANSAS
 Financial Statements With Independent Auditors' Report
 For the Year Ended December 31, 2012

TABLE OF CONTENTS

Introductory Section

Independent Auditors' Report.....	1
Management's Discussion and Analysis	4

Financial Section

Statement 1 - Statement of Net Position	10
Statement 2 - Statement of Activities	13
Statement 3 - Balance Sheet and Reconciliation of Governmental Funds	14
Statement 4 - Statement of Revenues, Expenditures, and Change in Fund Balance and Reconciliation - Governmental Funds.....	16
Statement 5 Balance Sheet Proprietary Funds.....	18
Statement 6 Statement of Revenues, Expenses, and Change in Net Position Proprietary Funds.....	20
Statement 7 Statement of Cash Flows Proprietary Funds.....	21
Statement 8 Statement of Net Position Agency Funds	23
Notes to Financial Statements.....	24

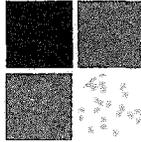
Required Supplementary Information

Statement 9 Balance Sheets and Summary Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (where applicable) General Fund 9-1 General Fund.....	42
 Special Revenue Funds	
9-2 Library Fund.....	46
9-3 Library Employee Benefit Fund.....	47
9-4 Special Highway Fund	48
9-5 Employee Benefit Fund.....	50
9-6 Public Safety Equipment Fund.....	52
9-7 Airport Fund	54
9-8 Park Development Fund	56

CITY OF HAYS, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended December 31, 2012

TABLE OF CONTENTS (continued)

9-9	Convention and Visitor's Bureau Fund	57
9-10	New Equipment Reserve Fund.....	59
9-11	Special Alcohol Program Fund	60
9-12	Special Park and Recreation Fund	61
 Debt Service Funds		
10-1	Bond and Interest Fund	62
10-2	Economic Development Bond Fund	64
 Schedule A		
Enterprise Funds		
	Combining Balance Sheets and Comparison of Actual Revenues and Expenditures to Budget (Water and Sewer Fund, Solid Waste Fund, and Stormwater Management Fund).....	65



Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commission
City of Hays, Kansas
Hays, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **City of Hays, Kansas**, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of Hays, Kansas, which represent .7%, .8%, and 1%, respectively, of the assets, net position and revenues of the Housing Authority of the City of Hays, Kansas. Those statements were audited by other auditors whose report has been furnished to us and our opinion insofar as it relates to the amount included for the Housing Authority of the City of Hays, Kansas, is based solely on the report of the other auditors. 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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

Basis for Qualified Opinion on General Fund and Water and Sewer Fund

The financial statements do not include the required annual cost and long-term obligations of the City's Other Postemployment Benefits as required by Governmental Auditing Standards Board Statements Number 43 and Number 45. Accounting principles generally accepted in the United States of America require the financial data for these Other Postemployment Benefits be reported in the primary government financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities and net assets of the primary government financial statements are not reasonably determinable and are presumed to be material.

Qualified Opinion

In our opinion, based on our audit report and the report of other auditors, except for the effects of the matter described in the "Basis for Qualified Opinion on General Fund and Water and Sewer Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and the Water and Sewer Fund of the **City of Hays, Kansas** as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund other than the General Fund and the Water and Sewer Fund, and the aggregate remaining fund information of **City of Hays, Kansas** as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **City of Hays, Kansas's** basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Adams, Brown, Beran & Ball

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

June 27, 2013

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the **City of Hays, Kansas'** financial performance provides an overview of the City's financial activities for the year ended December 31, 2012. Please read in conjunction with the City's financial statements, which begins after this letter.

FINANCIAL HIGHLIGHTS

As reflected in this audit, the **City of Hays, Kansas'** overall financial position is stable and continues to improve despite somewhat volatile economic conditions.

The General Fund's unreserved fund balance decreased \$526,636 when compared to the previous year. However, the City Commission opted to expend \$1,820,325 during 2012 to pay cash for upcoming capital projects including additional street maintenance, the Vine Street reconstruction and new turf for Larks Park. This pay-as-you-go philosophy was adopted by the commission in 2010/2011 in an effort to maintain the mill levy at 25 mills thus not burdening the citizens of Hays with a higher property tax bill. The availability of cash and the continued erosion of the investment interest rate environment prompted them to do so as well. This is reflective of the current management atmosphere and being accountable for increased oversight and new policies. The Comprehensive Financial Management Policy continues to ensure the wise use and investment of excess funds. This policy gives the citizens of Hays and future City leaders a defined process for the handling of City debt and excess revenue. In 2004, through a general election, the City passed a ¾% sales tax to replace the property tax levy for the General Fund. In 2012, the ¾% additional sales tax generated \$4,388,120, or the equivalent of 23.44 mills. The replacement of property tax revenue with sales tax revenue has spread the cost of funding general City operations across a broader tax base and helped to alleviate the tax burden for local property owners.

The Water and Sewer Fund has shown a steady growth in water sales and sewer service revenues. After a comprehensive review of operating expenditures, staff recommended no increase in water and sewer rates for 2012. The Water and Sewer Fund was also able to transfer \$500,000 to capital reserve so that bonding debt in the next year or so would not be needed for improvements to water and sewer infrastructure.

The Solid Waste Utility continues to be a self-supported enterprise fund calling for no rate increases in 2012. A transfer to reserves of \$89,000 in 2012 will allow the early payoff of the lease on the refuse trucks. Staff completing an evaluation of the Solid Waste Division and making recommendations for a new rate structure as well as changing to an automated collection process in 2006 contributed to a nice increase in refuse collection fees. Staff will review this structure for a possible rate increase in 2014.

The Capital Projects Fund is a consolidated fund for all major City projects so that all expenditures may be tracked by project and funded appropriately. In the past, the City used temporary financing for these projects until their completion at which time General Obligation Bonds were issued and the temporary financing was paid off. A change in requirements for Temporary Notes increased costs associated with their issuance. Subsequently staff determined that it is more beneficial for the City to utilize idle funds for the temporary financing and bypass issuance costs and finance charges. The City does forgo any interest it might have earned on these idle funds, but the savings received is greater than any interest that would have been earned especially in the prevailing low interest rate environment.

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and statement of activities on pages 10 through 13 provide information about the activities of the City as a whole and present a longer-term view to the City's finances. Fund financial statements start on page 42. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information of activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 10. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?"

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in it. Think of the City's net position, the difference between assets and liabilities, as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether financial health is improving or deteriorating. Consider other non-financial factors however, such as changes in the City's property tax base and the condition of the City's roads to assess the overall health of the City. In the statement of net position and the statement of activities, the City is divided into three kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here including the police, fire, public works, parks department and general administration. Sales tax, franchise fees and state and federal grants finance most of these activities.
- Business Type Activities – The City charges a fee to customers to help cover all or most of the services it provides. The City's water and sewer system and the solid waste facilities are reported here.
- Component Units –The notes to financial statements contain the listing of those entities that are considered component units of the City.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Analysis of the City's major funds begins on page 14. The fund financial statements begin on page 42 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenant. However, the City Commission establishes other funds to help or control money for particular purposes or to show that it is meeting legal responsibility for using certain taxes, grants and other monies. The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

- **Governmental Funds** – Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can regularly be converted to cash. The governmental fund statements provide a short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in a statement of net assets and the statement of activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.
- **Proprietary Funds** – When the City charges customers for the services it provides, whether to outside customers or to other units in the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in a Statement of Net Position and the Statement of Activities. In fact, the City's Enterprise Funds are the business type activities reported in the government-wide statements that provide more detail and additional information such as cash flows for Proprietary Funds.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

The City is the trustee or fiduciary for the police court. It is also responsible for other assets that because of a trust arrangement can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and changes in fiduciary net assets on page 23. Auditing staff excluded these activities from the City's other financial statements because the City can not use these assets to finance operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

TABLE 1
NET POSITION

	Governmental Activities	Business Type Activities	2012 Total Primary Government	2011 Total Primary Government
Current and Other Assets	\$ 23,219,264	32,127,330	55,346,594	49,381,617
Capital Assets	<u>88,032,568</u>	<u>21,616,362</u>	<u>109,648,930</u>	<u>110,684,606</u>
Total Assets	<u>111,251,832</u>	<u>53,743,692</u>	<u>164,995,524</u>	<u>160,066,223</u>
Long Term Debt				
Outstanding	14,709,891	4,637,198	19,640,852	19,640,852
Other Liabilities	<u>1,399,091</u>	<u>1,383,612</u>	<u>8,806,038</u>	<u>4,267,014</u>
Total Liabilities	<u>16,108,982</u>	<u>6,020,810</u>	<u>28,446,890</u>	<u>23,907,866</u>
Deferred Inflows of Resources	<u>4,641,139</u>	-	<u>4,641,139</u>	<u>4,539,024</u>
Invested in Capital Assets				
Net of Related Debt	73,322,677	16,864,078	90,186,755	89,198,466
Restricted	14,096,605	1,950,338	16,046,943	5,245,041
Unrestricted	3,082,427	29,603,566	32,685,993	37,175,826
Total Net Position	<u>\$ 90,501,709</u>	<u>48,417,982</u>	<u>138,919,691</u>	<u>131,619,333</u>

**CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TABLE 2
STATEMENT OF ACTIVITIES**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Totals		Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		2012	2011	Housing Authority of the City of Hays, Kansas	Hays Public Library
					Governmental Activities	Business-Type Activities				
Primary Government										
Governmental Activities										
General Government	\$ 11,810,973	798,203	8,903	-	(11,003,867)	-	(11,003,867)	(5,400,836)	-	-
Highway and Street	2,885,636	-	-	-	(2,885,636)	-	(2,885,636)	(1,270,798)	-	-
Culture and Recreation	3,732,782	308,535	-	-	(3,424,247)	-	(3,424,247)	(2,209,339)	-	-
Airport	1,135,313	87,369	-	271,659	(776,255)	-	(776,255)	(440,742)	-	-
Interest on Long-Term Debt	134,893	-	-	-	(134,893)	-	(134,893)	(479,803)	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	19,699,597	1,194,137	8,903	271,659	(18,224,898)	-	(18,224,898)	(9,801,518)	-	-
Business-Type Activities										
Water and Sewer	4,092,025	5,282,455	-	-	-	1,190,430	1,190,430	(1,863,812)	-	-
Solid Waste and Stormwater	1,419,636	2,062,814	-	-	-	642,978	642,978	607,607	-	-
Total Business-Type Activities	5,511,661	7,345,269	-	-	-	1,833,408	1,833,408	(1,256,205)	-	-
Total Primary Government	\$ 25,211,458	8,539,406	8,903	271,659	(18,224,898)	1,833,408	(16,391,490)	(11,057,723)	-	-
Component Units										
Housing Authority of the City of Hays, Kansas	\$ 446,479	73,947	275,824	10,970	-	-	-	-	(85,738)	-
Hays Public Library	1,460,288	6,671	15,580	56,572	-	-	-	-	-	(1,381,485)
Total Component Units	\$ 1,906,767	80,618	291,384	67,542	-	-	-	-	(85,738)	(1,381,485)
General Revenues										
Property Taxes					\$ 5,313,923	-	5,313,923	5,121,623	-	1,352,200
Sales Tax					10,515,031	2,984,765	13,499,796	12,851,569	-	-
Franchise Taxes					1,413,907	-	1,413,907	1,422,981	-	-
Motor Fuel Taxes					578,852	-	578,852	578,038	-	-
Alcoholic Liquor Taxes					413,458	-	413,458	378,146	-	-
Transient Guest Taxes					754,278	-	754,278	736,966	-	-
Special Assessments					482,775	-	482,775	398,594	-	-
Unrestricted Interest Income					52,668	82,381	135,029	150,826	796	2,504
Miscellaneous					20,792	282,662	303,474	686,381	20,518	22,078
Reimbursements					796,358	-	796,358	3,888,472	-	17,197
Special Items					-	-	-	-	1,185	-
Transfers					2,583,649	(2,583,649)	-	-	-	-
Total General Revenues, Special Items and Transfers					22,925,869	766,159	23,691,848	26,211,616	22,509	1,393,977
Change in Net Position					4,700,761	2,599,567	7,300,388	15,153,893	(63,228)	12,492
Net Position - Beginning					85,800,918	45,818,415	131,619,333	116,466,440	1,212,366	4,556,377
Net Position - Ending					\$ 90,501,709	48,417,982	138,919,691	131,619,333	1,149,136	4,568,869

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the City had \$109,602,326 invested in capital assets net of depreciation.

TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

	Governmental Activities	Business Type Activities	2012 Total Primary Government	2011 Total Primary Government
Land and Infrastructure	\$ 74,066,074	9,700,403	83,766,477	84,082,377
R-9 Ranch	-	3,300,128	3,300,128	3,351,041
Building and Equipment	13,966,494	8,569,227	22,535,721	23,200,516
Total	\$ 88,032,568	21,569,758	109,602,326	110,633,934

The City reports its governmental-type infrastructure assets (e.g., streets, bridges, traffic signals, signs and storm sewer systems) using the modified approach as defined by GASB No. 34. Infrastructure assets reported by the modified approach are not required to be depreciated as long as the City manages the eligible infrastructure assets using an asset management system that meets certain criteria and documents that infrastructure assets are being preserved approximately at a condition level established by the City. It is the City's policy to maintain and preserve infrastructure assets at a minimum condition level of "Fair". All infrastructure assets were assessed at condition levels of "Fair" to "Excellent" during 2012. There were no significant changes in the assessed condition levels from the previous year's assessments. There were no significant differences from the estimated annual amount of expenditures to maintain and preserve the infrastructure assets compared with the actual amounts expended during 2012. The City's estimated annual amount of expenditures were \$3,431,125 compared to the actual expenditures of \$1,147,368.

DEBT

At the end of 2012, the City had the following debt:

TABLE 4
OUTSTANDING DEBT AT YEAR-END

	Governmental Activities	Business Type Activities	2012 Total Primary Government	2011 Total Primary Government
Capital Leases	\$ 739,891	226,240	966,131	1,445,555
G.O. Bonds	13,970,000	-	13,970,000	15,105,000
Revenue Bonds	-	4,410,958	4,410,958	5,086,398
Total	\$ 14,709,891	4,637,198	19,347,089	21,636,953

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances. The report is also designed to show the City's accountability for the money it receives.

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The component units' separately issued financial statements can be obtained by contacting the City Manager's office. Also, further questions concerning this report or the financial status of the **City of Hays, Kansas** should be directed to the City Manager's office at 1507 Main, Hays, Kansas (785) 628-7320 or tdougherty@haysusa.com.



Toby Dougherty
City Manager
City of Hays, Kansas

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2012
(With Comparative Totals as of December 31, 2011)

ASSETS	Primary Government				Component Units	
	Governmental Activities	Business-Type Activities	Totals		Housing Authority of the City of Hays, Kansas	Hays Public Library
			2012	2011		
Cash	\$ 15,073,797	28,757,556	43,831,353	38,303,135	158,544	1,149,676
Investments	-	-	-	-	84,687	-
Receivables (Net of Allowance for Uncollectibles)	4,855,495	487,142	5,342,637	5,279,864	332	1,406,533
Internal Balances	-	99,137	99,137	96,493	-	-
Due From Other Governments	68,791	-	68,791	41,446	866	-
Prepaid Insurance	-	-	-	-	3,650	-
Inventory	-	-	-	-	1,033	-
Restricted Assets - Cash and Cash Equivalents						
Budget Stabilization	3,221,181	-	3,221,181	3,221,181	-	-
Customer Deposits	-	211,274	211,274	199,732	-	-
Revenue Refunding Bonds - Series 2003 and 2009	-	621,883	621,883	795,433	-	-
Reserve for Capital Improvements	-	1,950,338	1,950,338	1,444,333	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	33,120	14,968
Capital Assets - Net of Depreciation						
Land and Infrastructure	74,066,074	9,700,403	83,766,477	84,082,377	135,000	-
Depreciable Buildings and Equipment	13,966,494	8,569,227	22,535,721	23,200,516	742,826	3,543,138
R-9 Ranch	-	3,300,128	3,300,128	3,351,041	-	-
Issuance Costs - Net of Amortization	-	46,604	46,604	50,672	-	-
Total Assets	\$ 111,251,832	53,743,692	164,995,524	160,066,223	1,160,058	6,114,315

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

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2012
(With Comparative Totals as of December 31, 2011)

<u>LIABILITIES</u>	Primary Government				Component Units	
	Governmental Activities	Business-Type Activities	Totals		Housing Authority of the City of Hays, Kansas	Hays Public Library
			2012	2011		
Accounts Payable	\$ 85,990	174,374	260,364	479,939	363	37,958
Accrued Payroll	184,181	37,235	221,416	155,994	821	6,482
Accrued Paid Time Off	475,661	98,010	573,671	548,457	-	-
Accrued Sick Leave Payout	36,315	-	36,315	34,919	-	-
Accrued Interest Payable	616,944	-	616,944	672,864	-	-
Internal Balances	-	99,137	99,137	96,493	-	-
Accrued Interest - Revolving Loan	-	10,049	10,049	12,782	-	-
Deferred Revenue	-	-	-	-	823	-
Restricted Assets						
Customer Deposits	-	211,274	211,274	208,732	5,150	-
Accrued Interest - Revenue and Sales Tax Bonds	-	58,433	58,433	60,733	-	-
Compensated Absences	-	-	-	-	3,765	114,473
State of Kansas Waste Water Revolving Loan						
Due Within One Year	-	380,167	380,167	365,440	-	-
Due in More Than One Year	-	195,791	195,791	575,958	-	-
Revenue Refunding Bonds - Series 2003						
Due Within One Year	-	-	-	35,000	-	-
Revenue Refunding Bonds - Series 2009						
Due Within One Year	-	160,000	160,000	275,000	-	-
Due in More Than One Year	-	3,675,000	3,675,000	3,835,000	-	-
Capital Leases						
Due Within One Year	149,566	46,501	196,067	185,661	-	-
Due in More Than One Year	590,325	179,739	770,064	1,259,894	-	-
General Obligation Bonds Payable						
Due Within One Year	990,000	-	990,000	1,135,000	-	-
Due in More Than One Year	12,980,000	-	12,980,000	13,970,000	-	-
Total Liabilities	16,108,982	5,325,710	21,434,692	23,907,866	10,922	158,913
Deferred Inflows of Resources						
Deferred Property Tax Receivable	4,641,139	-	4,641,139	4,539,024	-	1,386,533
Total Liabilities and Deferred Inflows of Resources	\$ 20,750,121	5,325,710	26,075,831	28,446,890	10,922	1,545,446

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

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2012
(With Comparative Totals as of December 31, 2011)

	Primary Government				Component Units	
	Governmental Activities	Business-Type Activities	Totals		Housing Authority of the City of Hays, Kansas	Hays Public Library
			2012	2011		
NET POSITION						
Net Investment in Capital Assets	\$ 73,322,677	16,864,078	90,186,755	89,198,466	877,826	3,543,138
Restricted for						
Budget Stabilization	3,221,181	-	3,221,181	3,221,181	-	-
Capital Projects	3,053,221	-	3,053,221	(909,102)	-	-
Debt Service	55,100	-	55,100	98,416	-	-
Encumbrances	7,767,103	-	7,767,103	1,406,667	-	-
Capital Improvements	-	1,950,338	1,950,338	1,444,333	-	-
Other	-	-	-	-	27,970	14,968
Unrestricted	3,082,427	29,603,566	32,685,993	37,159,372	243,340	1,010,763
Total Net Position	\$ 90,501,709	48,417,982	138,919,691	131,619,333	1,149,136	4,568,869

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

CITY OF HAYS, KANSAS
Statement of Activities
 For the Year Ended December 31, 2012
 (With Comparative Totals as of December 31, 2011)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Totals		Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		2012	2011	Housing Authority of the City of Hays, Kansas	Hays Public Library
					Governmental Activities	Business-Type Activities				
Primary Government										
Governmental Activities										
General Government	\$ 11,810,973	798,203	8,903	-	(11,003,867)	-	(11,003,867)	(5,400,836)	-	-
Highway and Street	2,885,636	-	-	-	(2,885,636)	-	(2,885,636)	(1,270,798)	-	-
Culture and Recreation	3,732,782	308,535	-	-	(3,424,247)	-	(3,424,247)	(2,209,339)	-	-
Airport	1,135,313	87,399	-	271,659	(776,255)	-	(776,255)	(440,742)	-	-
Interest on Long-Term Debt	134,893	-	-	-	(134,893)	-	(134,893)	(479,803)	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	19,699,597	1,194,137	8,903	271,659	(18,224,898)	-	(18,224,898)	(9,801,518)	-	-
Business-Type Activities										
Water and Sewer	4,092,025	5,282,455	-	-	-	1,190,430	1,190,430	(1,863,812)	-	-
Solid Waste and Stormwater	1,419,836	2,062,814	-	-	-	642,978	642,978	607,607	-	-
Total Business-Type Activities	5,511,861	7,345,269	-	-	-	1,833,408	1,833,408	(1,256,205)	-	-
Total Primary Government	\$ 25,211,458	8,539,406	8,903	271,659	(18,224,898)	1,833,408	(16,391,490)	(11,057,723)	-	-
Component Units										
Housing Authority of the City of Hays, Kansas	\$ 446,479	73,947	275,824	10,970	-	-	-	-	(85,738)	-
Hays Public Library	1,460,288	6,671	15,560	56,572	-	-	-	-	-	(1,381,485)
Total Component Units	\$ 1,906,767	80,618	291,384	67,542	-	-	-	-	(85,738)	(1,381,485)
General Revenues										
Property Taxes					\$ 5,313,923	-	5,313,923	5,121,823	-	1,352,200
Sales Tax					10,515,031	2,984,765	13,499,796	12,851,589	-	-
Franchise Taxes					1,413,907	-	1,413,907	1,422,981	-	-
Motor Fuel Taxes					578,852	-	578,852	578,038	-	-
Alcoholic Liquor Taxes					413,458	-	413,458	378,146	-	-
Transient Guest Taxes					754,278	-	754,278	736,966	-	-
Special Assessments					482,775	-	482,775	398,594	-	-
Unrestricted Interest Income					52,668	82,361	135,029	150,826	796	2,504
Miscellaneous					20,792	282,682	303,474	686,381	20,518	22,076
Reimbursements					796,356	-	796,356	3,886,472	-	17,197
Special Items					-	-	-	-	1,195	-
Transfers					2,583,649	(2,583,649)	-	-	-	-
Total General Revenues, Special Items and Transfers					22,925,689	766,159	23,691,848	26,211,616	22,509	1,393,977
Change in Net Position					4,700,791	2,599,567	7,300,358	15,153,893	(63,229)	12,492
Net Position - Beginning					85,800,918	45,818,415	131,619,333	116,465,440	1,212,365	4,556,377
Net Position - Ending					\$ 90,501,709	48,417,982	138,919,691	131,619,333	1,149,136	4,568,869

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

CITY OF HAYS, KANSAS
Balance Sheet
Governmental Funds
December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	General Fund	Employee Benefit Fund	Bond and Interest Fund	Sports Complex Fund	Capital Projects Fund	Other Governmental Funds	Totals	
							2012	2011
ASSETS								
Cash	\$ 5,155,908	972,831	298,280	901,388	2,094,061	5,651,329	15,073,797	11,772,966
Receivables - Net								
Accounts Receivable	-	14,526	-	-	188,112	11,718	214,356	434,952
Due From Other Governments	68,791	-	-	-	-	-	68,791	41,446
Taxes	-	2,176,143	703,406	-	-	1,761,590	4,641,139	4,539,024
Reserved Cash	3,221,181	-	-	-	-	-	3,221,181	3,221,181
Total Assets	\$ 8,445,880	3,163,500	1,001,686	901,388	2,282,173	7,424,637	23,219,264	20,009,569
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
Liabilities								
Accounts Payable	\$ 76,402	294	-	63	-	9,231	85,990	324,913
Accrued Payroll	176,259	-	-	-	-	7,922	184,181	129,028
Accrued Paid Time Off	454,070	-	-	-	-	21,591	475,661	445,529
Accrued Sick Leave Payout	36,315	-	-	-	-	-	36,315	34,919
Total Liabilities	743,046	294	-	63	-	38,744	782,147	934,389
Deferred Inflows of Resources								
Deferred Property Tax Receivable	-	2,176,143	703,406	-	-	1,761,590	4,641,139	4,539,024
Fund Balance								
Committed - Budget Stabilization	3,221,181	-	-	-	-	-	3,221,181	3,221,181
Assigned - Reserved for Encumbrances	141,878	-	-	-	130,277	7,494,948	7,767,103	1,213,589
Assigned - Designated for Subsequent Year Expenditures	3,610,972	548,346	243,180	-	-	1,132,445	5,534,943	5,848,723
Assigned	-	438,717	55,100	901,325	2,151,896	(3,003,090)	543,948	3,375,681
Unassigned	728,803	-	-	-	-	-	728,803	876,982
Total Fund Balance	7,702,834	987,063	298,280	901,325	2,282,173	5,624,303	17,795,978	14,536,156
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 8,445,880	3,163,500	1,001,686	901,388	2,282,173	7,424,637	23,219,264	20,009,569

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

CITY OF HAYS, KANSAS
Reconciliation of the Statement of Net Position to the
Balance Sheet for Governmental Funds
December 31, 2012

Amounts reported for governmental activities in the Statement of Net Position differ from the fund balances of Governmental Funds on the preceding balance sheet as shown in the following reconciliation:

Fund Balances of Governmental Funds from the Balance Sheet.	\$	17,795,978
Capital assets, net of depreciation, have not been included as financial resources in Governmental Fund activity on the Balance Sheet.		88,032,566
Long-term debt and capital leases have not been included in the Governmental Funds activity on the Balance Sheet.		
General Obligation Bonds		(13,970,000)
Capital Leases		(739,891)
Accrued interest payable for the current portion of interest due on bonds and capital leases have not been reported in the Governmental Funds on the Balance Sheet.		<u>(616,944)</u>
Net Position of Governmental Activities as Reported (Statement 1)	\$	<u><u>90,501,709</u></u>

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

CITY OF HAYS, KANSAS
Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Funds
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	General Fund	Employee Benefit Fund	Bond and Interest Fund	Sports Complex Fund	Capital Projects Fund	Other Governmental Funds	Totals	
							2012	2011
Revenues								
Taxes	\$ 7,313,533	2,219,651	1,506,081	2,984,766	-	2,287,698	16,311,729	15,531,284
Intergovernmental	146,722	-	-	-	-	1,880,428	2,027,150	2,014,502
Licenses and Fees	1,548,072	-	-	-	-	-	1,548,072	1,573,192
Fines and Forfeitures	644,928	-	-	-	-	-	644,928	513,503
Use of Money and Property	53,868	-	-	-	-	-	53,868	51,869
Collections	301,010	-	-	-	-	114,034	415,044	368,651
Prior Year Encumbrances Voided	19,592	-	-	-	-	-	19,592	168,634
Miscellaneous	138,711	187,663	-	152,605	205,009	112,368	796,356	3,886,472
Total Revenues	10,166,436	2,407,314	1,506,081	3,137,371	205,009	4,394,528	21,816,739	24,108,107
Expenditures								
Current								
General Government	7,357,525	3,376,048	-	-	-	634,483	11,368,056	10,503,517
Highway and Street	958,828	-	-	-	1,656,197	104,339	2,719,364	1,062,856
Culture and Recreation	1,433,531	-	-	298,833	-	1,397,647	3,130,011	1,962,091
Airport	-	-	-	-	-	1,015,079	1,015,079	720,784
Debt Service	-	-	1,552,728	-	-	207,993	1,760,721	1,566,858
Capital Outlay	693,821	-	-	-	-	453,514	1,147,335	6,077,469
Total Expenditures	10,443,705	3,376,048	1,552,728	298,833	1,656,197	3,813,055	21,140,566	21,893,575
Excess (Deficiency) of Revenues Over Expenditures	(277,269)	(968,734)	(46,647)	2,838,538	(1,451,188)	581,473	676,173	2,214,532
Other Financing Sources (Uses)								
General Obligation Bond Proceeds	-	-	-	-	-	-	-	2,220,000
Transfers In	2,206,957	1,080,211	-	-	2,522,742	738,394	6,548,304	5,979,094
Transfers Out	(2,597,657)	-	-	(253,879)	-	(1,113,119)	(3,964,655)	(4,091,281)
Total Other Financing Sources (Uses)	(390,700)	1,080,211	-	(253,879)	2,522,742	(374,725)	2,583,649	4,107,813
Net Change in Fund Balance	(667,969)	111,477	(46,647)	2,584,659	1,071,554	206,748	3,259,822	6,322,345
Fund Balance - Beginning of Year	8,370,803	875,586	344,927	(1,683,334)	1,210,619	5,417,555	14,536,156	8,213,811
Fund Balance - End of Year	\$ 7,702,834	987,063	298,280	901,325	2,282,173	5,624,303	17,795,978	14,536,156

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

CITY OF HAYS, KANSAS
Reconciliation of the Statement of Revenues,
Expenditures, and Change in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2012

Net Change in Fund Balance - Total Governmental Funds (Statement 4)	\$	3,259,822
<p>Amounts reported for Governmental Activities in the Statement of Activities (Statement 2) are different because of the following:</p>		
<p>Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$1,292,172) exceeded capital outlays (\$1,147,334) in the current period.</p>		(144,838)
<p>Governmental Funds report the total proceeds from the disposal of assets as revenue. However, in the Statement of Activities, the disposal of assets is reported net of the adjusted basis of the assets. This is the amount of the total adjusted basis of assets disposed.</p>		(40,021)
<p>Capital lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of the capital lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which capital lease proceeds (none in the current year) exceeded capital lease repayments (\$434,909) recorded in the General Governmental Funds.</p>		434,909
<p>Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which bond proceeds (none) exceeded bond repayments (\$1,135,000) recorded in the Governmental Funds.</p>		1,135,000
<p>Accrued interest payable decreased (\$55,919) from the prior year. This balance is not accounted for in the Governmental Funds. However, the changes are reflected in the Statement of Activities.</p>		<u>55,919</u>
Change in Net Position of Governmental Activities (Statement 2)	\$	<u><u>4,700,791</u></u>

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

CITY OF HAYS, KANSAS
Statement of Net Position
Proprietary Funds
December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

ASSETS	Enterprise Funds		Totals	
	Water and Sewer Fund	Solid Waste and Stormwater Management Utility Funds	2012	2011
Current Assets				
Cash				
Operating Account	\$ 3,104,331	660,751	3,765,082	3,660,514
Local Sales Tax Account	24,992,474	-	24,992,474	22,869,654
Accounts Receivable (Net of Allowance for Uncollectibles)	487,142	-	487,142	305,888
Due From Water and Sewer Fund	-	99,137	99,137	96,493
Total Current Assets	28,583,947	759,888	29,343,835	26,932,549
Noncurrent Assets				
Restricted Cash				
Customer Deposits	211,274	-	211,274	199,732
Reserve for Capital Improvements	1,448,662	501,676	1,950,338	1,444,333
Revenue Refunding Bonds - Series 2003				
Principal and Interest Account	167,383	-	167,383	182,433
Bond Reserve Account	454,500	-	454,500	613,000
Total Restricted Cash	2,281,819	501,676	2,783,495	2,439,498
Capital Assets				
Water				
Land and Right-of-Ways	139,109	-	139,109	139,109
Infrastructure	18,487,053	-	18,487,053	18,366,363
Equipment	11,194,328	-	11,194,328	11,194,328
R-9 Ranch	4,262,040	-	4,262,040	4,262,040
Sewer and Solid Waste				
Building and Structures	11,782,910	289,324	12,072,234	12,072,234
Equipment	-	1,613,260	1,613,260	1,602,860
	45,865,440	1,902,584	47,768,024	47,636,934
Accumulated Depreciation	(25,222,130)	(976,136)	(26,198,266)	(25,220,428)
Net Capital Assets	20,643,310	926,448	21,569,758	22,416,506
Other Assets				
Issuance Costs (Net of Applicable Amortization)	46,604	-	46,604	50,672
Total Noncurrent Assets	22,971,733	1,428,124	24,399,857	24,906,676
Total Assets	\$ 51,555,680	2,188,012	53,743,692	51,839,225

The notes to the financial statements are an integral part of these statements

CITY OF HAYS, KANSAS
Statement of Net Position
Proprietary Funds
December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	Enterprise Funds		Totals	
	Water and Sewer Fund	Solid Waste and Stormwater Management Utility Funds	2012	2011
LIABILITIES				
Current Liabilities				
Current Portion - Capital Lease	\$ -	46,501	46,501	44,512
Current Portion - Revolving Loan	380,167	-	380,167	365,440
Accounts Payable	158,392	701	159,093	140,106
Sales Tax	5,785	-	5,785	5,335
State Water Fee	9,496	-	9,496	9,585
Accrued Payroll	26,967	10,268	37,235	26,966
Accrued Paid Time Off	75,622	22,388	98,010	102,928
Accrued Interest - Revolving Loan	10,049	-	10,049	12,782
Due to Stormwater Management Fund	58,150	-	58,150	57,425
Due to Solid Waste Fund	40,987	-	40,987	39,068
Total Current Liabilities	765,615	79,858	845,473	804,147
Current Liabilities Payable From Restricted Assets				
Revenue Refunding Bonds - Series 2003	-	-	-	35,000
Revenue Refunding Bonds - Series 2009	160,000	-	160,000	275,000
Customer Deposits	206,774	-	206,774	204,232
Monitoring Well Deposits	4,500	-	4,500	4,500
Accrued Interest - Revenue and Sales Tax Bonds	58,433	-	58,433	60,733
Total Current Liabilities Payable From Restricted Assets	429,707	-	429,707	579,465
Noncurrent Liabilities				
Capital Leases	-	179,739	179,739	226,240
State of Kansas Waste Water Revolving Loan	195,791	-	195,791	575,958
Sales Tax Refunding Bonds - Series 2003	3,675,000	-	3,675,000	3,835,000
Total Noncurrent Liabilities	3,870,791	179,739	4,050,530	4,637,198
Total Liabilities	5,066,113	259,597	5,325,710	6,020,810
NET POSITION				
Net Position				
Invested in Capital Assets, Net of Related Debt	16,163,870	700,208	16,864,078	17,260,841
Restricted for				
Encumbrances	152,058	126,849	278,907	193,078
Capital Improvements	1,448,662	501,676	1,950,338	1,444,333
Unrestricted	28,724,977	599,682	29,324,659	26,920,163
Total Net Position	\$ 46,489,567	1,928,415	\$ 48,417,982	45,818,415
Net Position of Business-Type Activities (Statement 1)			\$ 48,417,982	45,818,415

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

CITY OF HAYS, KANSAS
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Funds
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	Water and Sewer Fund	Solid Waste and Stormwater Management Utility Funds	Totals	
			2012	2011
Operating Revenues				
Charges for Sales and Services				
Water Sales	\$ 2,708,491	-	2,708,491	2,543,688
Water Sales Conservation Rate	441,506	-	441,506	344,618
Total Water Sales	<u>3,149,997</u>	-	<u>3,149,997</u>	<u>2,888,306</u>
Sewer Charges	2,035,646	-	2,035,646	1,962,744
Refuse Collections	-	1,253,792	1,253,792	1,238,092
Stormwater Fees	-	761,397	761,397	564,692
Tap Fees	42,825	-	42,825	46,113
Sales and Other Charges	53,987	47,625	101,612	108,216
Total Operating Revenues	<u>5,282,455</u>	<u>2,062,814</u>	<u>7,345,269</u>	<u>6,808,163</u>
Operating Expenses				
Wastewater Treatment and Collection	880,099	-	880,099	932,274
Water Production and Distribution	1,566,800	-	1,566,800	1,578,125
Refuse Collection	-	698,844	698,844	704,523
Stormwater Management	-	588,983	588,983	202,474
Amortization	4,067	-	4,067	8,069
Depreciation	857,310	120,528	977,838	1,052,288
Total Operating Expenses	<u>3,308,276</u>	<u>1,408,355</u>	<u>4,716,631</u>	<u>4,477,753</u>
Net Operating Income	<u>1,974,179</u>	<u>654,459</u>	<u>2,628,638</u>	<u>2,330,410</u>
Non-Operating Revenues (Expenses)				
Local Sales Tax	2,984,765	-	2,984,765	2,840,522
Interest Income	80,153	2,208	82,361	100,157
Rent on R-9 Ranch	280,000	-	280,000	393,446
Prior Year Encumbrances Voided	2,682	-	2,682	123,101
Interest Expense	(175,335)	(11,481)	(186,816)	(214,844)
R-9 Ranch Expenses	(148,029)	-	(148,029)	(370,113)
Water Exploration	(377,367)	-	(377,367)	(717,528)
Net Non-Operating Revenues (Expenses)	<u>2,646,869</u>	<u>(9,273)</u>	<u>2,637,596</u>	<u>2,154,741</u>
Income Before Contributions and Transfers	<u>4,621,048</u>	<u>645,186</u>	<u>5,266,234</u>	<u>4,485,151</u>
Transfers In	-	16,000	16,000	410,120
Transfers Out	(1,926,199)	(673,450)	(2,599,649)	(2,297,933)
Change in Net Position	<u>2,694,849</u>	<u>(12,264)</u>	<u>2,682,585</u>	<u>2,597,338</u>
Change in Capital Improvement Reserve Fund	<u>(83,018)</u>	-	<u>(83,018)</u>	<u>(2,284,130)</u>
Net Position - Beginning of Year	<u>43,877,736</u>	<u>1,940,679</u>		
Net Position - End of Year	<u>\$ 46,489,567</u>	<u>1,928,415</u>		
Change in Net Position of Business-Type Activities (Statement 2)			<u>\$ 2,599,567</u>	<u>313,208</u>

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

CITY OF HAYS, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	Enterprise Funds		Totals	
	Water and Sewer Fund	Solid Waste and Stormwater Management Utility Fund	2012	2011
Cash Flows From Operating Activities				
Receipts From Customers	\$ 5,103,744	2,062,814	7,166,558	6,795,330
Payments to Suppliers	(1,360,570)	(931,050)	(2,291,620)	(1,984,467)
Payments to Employees	(1,032,878)	(385,529)	(1,418,407)	(1,399,015)
Net Cash Provided by Operating Activities	<u>2,710,296</u>	<u>746,235</u>	<u>3,456,531</u>	<u>3,411,848</u>
Cash Flows From Investing Activities				
Rental Income	280,000	-	280,000	393,446
Rental Expenses	(148,029)	-	(148,029)	(370,113)
Interest on Investments	80,153	2,208	82,361	100,157
Net Cash Provided by Investing Activities	<u>212,124</u>	<u>2,208</u>	<u>214,332</u>	<u>123,490</u>
Cash Flows From Noncapital Financing Activities				
Transfers to Other Funds	(1,926,199)	(657,450)	(2,583,649)	(1,887,813)
Cash Flows From Capital and Related Financing Activities				
Purchase and Construction of Capital Assets	(120,690)	(10,400)	(131,090)	(197,108)
Lease Obligation Retired	-	(44,512)	(44,512)	(42,608)
Water Exploration	(377,367)	-	(377,367)	(717,528)
Interest Paid	(177,686)	(11,481)	(189,167)	(222,517)
Principal Payments - Revolving Loan	(380,167)	-	(380,167)	(365,440)
Principal Payments - Bonds	(295,273)	-	(295,273)	(325,844)
Local Sales Tax	2,984,765	-	2,984,765	2,840,522
Capital Improvement Reserve Purchases	(83,018)	-	(83,018)	(2,161,871)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>1,550,564</u>	<u>(66,393)</u>	<u>1,484,171</u>	<u>(1,192,394)</u>
Net Increase in Cash	2,546,785	24,600	2,571,385	455,131
Cash - Beginning of Year	<u>27,831,839</u>	<u>1,137,827</u>	<u>28,969,666</u>	<u>28,514,535</u>
Cash - End of the Year	<u>\$ 30,378,624</u>	<u>1,162,427</u>	<u>31,541,051</u>	<u>28,969,666</u>
Cash Per Statement 5				
Operating Account			\$ 3,765,082	3,660,514
Local Sales Tax Account			24,992,474	22,869,654
Restricted Cash and Cash Equivalents			<u>2,783,495</u>	<u>2,439,498</u>
Total Cash Per Statement 5			<u>\$ 31,541,051</u>	<u>28,969,666</u>

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

CITY OF HAYS, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	Enterprise Funds		Totals	
	Water and Sewer Fund	Solid Waste and Stormwater Management Utility Fund	2012	2011
	Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 1,974,179	654,459	2,628,638	2,330,410
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation and Amortization	861,377	120,528	981,905	1,060,357
Increase in Accounts Receivable	(181,253)	-	(181,253)	(19,438)
Increase in Due From Other Funds	-	(2,644)	(2,644)	(58,065)
Increase (Decrease) in Accounts Payable	47,174	(28,187)	18,987	32,112
Increase in Due to Other Funds	2,644	-	2,644	58,065
Increase in Accrued Liabilities	6,175	2,079	8,254	8,407
Net Cash Provided by Operating Activities	\$ 2,710,296	746,235	3,456,531	3,411,848

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

CITY OF HAYS, KANSAS
Statement of Net Position
Agency Funds
December 31, 2012
(With Comparative Totals as of December 31, 2011)

	Police Judge	TDD Sales Tax District	CID	Totals	
				2012	2011
<u>ASSETS</u>					
Cash	\$ 121,832	37,218	13,044	172,094	168,942
Restricted Cash	737	-	-	737	736
Total Assets	122,569	37,218	13,044	172,831	169,678
<u>LIABILITIES AND NET POSITION</u>					
Liabilities					
Accounts Payable	30,326	37,218	-	67,544	46,945
Due to Other Funds	68,791	-	-	68,791	41,446
Total Liabilities	99,117	37,218	-	136,335	88,391
Net Position					
Reserved for Debt	22,715	-	-	22,715	42,101
Reserved for ADSAP	737	-	-	737	736
Reserved for Improvements	-	-	13,044	13,044	38,450
Total Net Position	\$ 23,452	-	13,044	36,496	81,287

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of **City of Hays, Kansas**, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments (GASB 34 Edition), and by the Financial Accounting Standards Board, when applicable. The following is a summary of such significant policies.

Reporting Entity

The City is a municipal corporation governed by an elected five-member commission. The City receives funding from local, state, and federal governmental sources and must comply with the requirements of these funding sources. The financial statements of the City consist of all the funds of the City and governmental entities that are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Discretely Presented Component Units

Housing Authority of the City of Hays, Kansas

The Housing Authority of the City of Hays, Kansas operates a subsidized public housing project. The five-member board is appointed by the City, and the City is entitled to the resources of the Housing Authority. The City has included this component unit in the City's government wide financial statements. Contact the City office for information on how to obtain a copy of the financial statements and audit report.

Hays Public Library

The Hays Public Library is overseen by a library board whose members are appointed by the City Commission. The day to day operations are managed by a library director that was appointed by the library board. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. The City must approve, by charter ordinance, increases in the library mill levy rate. The City has included this component unit in the City's government wide financial statements. Contact the City office for information on how to obtain a copy of the financial statements and audit report.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures that can affect these financial statements. Actual results could differ from those estimates.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (i.e. the statement of net position and the statement of activities) report financial information for the City as a whole excluding fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The Statement of Activities reports the direct expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

Program revenues include charges for services which report fees, fines and forfeitures, and other charges to users of the City's services, operating grants which finance annual operating activities including investment income, and capital grants which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Special assessments are recognized as revenue when levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the liability is incurred, However, debt service expenditures, as well as expenditure related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to incurring a qualifying expenditure. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

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

The City reports the following major governmental and proprietary funds:

General Fund – The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Employee Benefit Fund – The employee benefit fund is a special revenue fund established to account for revenues and expenditures derived from taxes levied for employee benefit expenditures.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

Debt Service Fund – The debt service fund accounts for the servicing of general long-term debt, including special assessment and is not being financed by the proprietary funds.

Capital Projects Fund – The capital project fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities and infrastructure for the City.

Major Proprietary Fund Category

Water and Sewer Fund – This fund accounts for water and sewer operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Non-Major Governmental Funds

The City reports the following non-major governmental funds:

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

Capital Projects Funds – to account for financial resources to be used for the acquisition of major capital facilities and capital assets.

Economic Development Fund – to account for the accumulation of resources for, and the payment of interest and principal on general obligation bonds, which were used to finance infrastructure for the TDD District.

Non-Major Proprietary Funds

The City reports the following non-major proprietary funds:

Solid Waste Fund – to account for solid waste operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Storm Water Management Fund – to account for storm water management operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

Fiduciary Fund

Additionally, the City reports the following fund category:

Agency Funds – to account for assets held by the City either as trustee or agent for others.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. 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 10 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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time.

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute liabilities because the commitments will be honored during subsequent years.

A legal operating budget is not required for capital project funds, the risk management reserve fund, the new equipment reserve fund, and fiduciary funds.

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.

The following table provides a reconciliation between the legally adopted basis of budgeting and the GAAP prescribed basis of accounting presented in the financial statements for the City's major governmental funds.

Fund	Expenditures and Transfers Out Per Fund Statement	Less Beginning Encumbrances	Less Beginning Reserve for Budget Stabilization	Plus Ending Encumbrances	Plus Ending Reserve for Budget Stabilization	Expenditures and Transfers out Per Budget Basis
General Fund	\$ 13,041,362	283,211	3,221,181	141,878	3,221,181	12,900,029
Bond and Interest Fund	1,552,728	-	-	-	-	1,552,728
Employee Benefit Fund	3,376,048	-	-	-	-	3,376,048

The following table provides a reconciliation between the legally adopted basis of budgeting and the GAAP prescribed basis of accounting presented in the financial statements for the City's major proprietary fund.

[The remainder of this page intentionally left blank]

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

Water and Sewer Fund

	<u>Statutory Basis</u>	<u>Statutory Adjustments</u>	<u>Encumbrances</u>		<u>GAAP Basis</u>
			<u>Prior Year</u>	<u>Current Year</u>	
Operating Revenues					
Charges for Sales and Services					
Water Sales	\$ 2,708,491	-	-	-	2,708,491
Sewer Charges	2,035,646	-	-	-	2,035,646
Tap Fees	42,825	-	-	-	42,825
Water Sales Conservation Rate	441,506	-	-	-	441,506
Sales and Other Charges	53,987	-	-	-	53,987
Total Operating Revenues	<u>5,282,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,282,455</u>
Operating Expenses					
Wastewater Treatment and Collection	907,333	-	-	(27,234)	880,099
Waster Production and Distribution	1,473,970	(9,898)	74,024	(49,964)	1,488,132
Clean Water Fee	20,799	-	-	-	20,799
Other Contractual Fees	92,281	-	-	(34,412)	57,869
Amortization	-	4,067	-	-	4,067
Depreciation	-	857,310	-	-	857,310
Total Operating Expenses	<u>2,494,383</u>	<u>851,479</u>	<u>74,024</u>	<u>(111,610)</u>	<u>3,308,276</u>
Operating Income	<u>2,788,072</u>	<u>(851,479)</u>	<u>74,024</u>	<u>(111,610)</u>	<u>1,974,179</u>
Non-Operating Revenues (Expenses)					
Local Sales Tax	2,984,765	-	-	-	2,984,765
Local Sales Tax Transfer	(2,502,292)	2,502,292	-	-	-
Capital Outlay	(110,922)	110,922	-	-	-
Interest Income	80,153	-	-	-	80,153
Rent on R-9 Ranch	280,000	-	-	-	280,000
Prior Year Encumbrances Voided	2,682	-	-	-	2,682
R-9 Ranch Expenses	(148,029)	-	-	-	(148,029)
Transfers (Out)	(2,426,199)	500,000	-	-	(1,926,199)
Transfers In	-	-	-	-	-
Interest on Deposits	(241)	-	-	-	(241)
Principal Debt Service Payments	(675,440)	675,440	-	-	-
Water Sales Tax Fund Reserve Expenses	-	(377,367)	-	-	(377,367)
Interest Expense	(178,000)	2,906	-	-	(175,094)
Total Non-Operating Revenues (Expenses)	<u>(2,693,523)</u>	<u>3,414,193</u>	<u>-</u>	<u>-</u>	<u>720,670</u>
Net Income	<u>\$ 94,549</u>	<u>2,562,714</u>	<u>74,024</u>	<u>(111,610)</u>	<u>2,694,849</u>

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

Inventories and Prepaid Items

In both government-wide and fund financial statements, payments made to vendors for goods or services that will benefit periods beyond the current year, are recorded as inventory or prepaid items when they are deemed material and it is considered appropriate. Currently, the City does not have inventory or prepaid expenses that are deemed material.

Accounting for Capital Assets and Depreciation

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of three years. These assets are valued at historical cost, estimated historical cost if actual cost is not available, estimated fair value on the date donated, or at the lower of cost or fair value if transferred from the governmental funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Capital assets of proprietary funds are capitalized and depreciated over the remaining useful lives of the related capital asset categories, as applicable.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	40 to 50 years
Infrastructure	20 to 50 years
Machinery and Equipment.....	3 to 7 years

The City has elected to report its governmental-type infrastructure assets (e.g., streets, bridges, traffic signals, signs, and storm sewer systems) using the modified approach as defined by GASB No. 34. Infrastructure assets reported by the modified approach are not required to be depreciated as long as the City manages the eligible infrastructure assets using an asset management system that meets certain criteria and documents that infrastructure assets are being preserved approximately at a condition level established by the City. The City has met the requirements for electing the modified approach and thus, no depreciation is calculated or included in the financial statements for infrastructure assets.

All expenditures made for infrastructure assets are expensed in the period incurred. Any additions or improvements which increase the capacity or efficiency of the assets are capitalized.

The City prepares a long-range capital improvement plan each year to ensure that infrastructure capital assets are being preserved approximately at or above the desired condition assessment levels set by the City. It is updated annually and now extends through 2016. The capital improvement plan is developed by the Public Works Department, reviewed by the City Manager, Assistant City Manager, and Director of Finance, and approved by the City Commission.

In this plan, the public works division staff and outside engineers contracted by the City assess the condition of infrastructure assets annually and determine the estimated amounts of expenditures needed to preserve and maintain these assets at the predetermined condition levels.

The City has created a condition level measurement scale that is comprised of four performance levels of condition. Performance Level 1 is denoted as a condition level of "Excellent", which denotes that the infrastructure is fully operational and has no defects. This condition level does not require any corrective action or preventative maintenance. Performance Level 2 is denoted as a condition level of "Good" which requires that infrastructure is operational and has few defects. This category does not require corrective action but may

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

require preventative maintenance to prolong this good condition. Performance Level 3 is denoted as a condition level of "Fair". This performance level condition is representative of infrastructure which requires routine maintenance to improve operation and correct moderate defects. Performance Level 4 is denoted as a condition level of "Poor". Infrastructure assessed at this level requires rehabilitative action beyond routine maintenance. It is the City's policy to maintain and preserve infrastructure at a minimum condition level of "Fair".

During 2012, the infrastructure was assessed, and it was determined that the infrastructure was at condition levels of "Good to Excellent". No significant deterioration of the infrastructure had occurred, and there were no significant changes in condition levels from the previous year's assessments.

The following schedule shows the estimated annual amount of expenditures calculated during June 2012 to maintain and preserve the infrastructure at a minimum condition level of "Fair" for 2012. It also shows the amounts actually expended for each of the past four reporting periods.

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Totals</u>
Estimated	\$	2,976,811	2,220,474	11,146,638	3,431,125	19,775,048
Actual	\$	2,764,967	1,239,130	11,012,205	1,147,368	16,163,670

Capital asset activity for the year ended December 31, 2012 was as follows:

Primary Government

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities				
Non-Depreciable Capital Assets				
Land and Right of Ways	\$ 24,859,362	23,045	-	24,882,407
Infrastructure (Modified Approach)	49,183,667	-	-	49,183,667
Total Non-Depreciable Capital Assets	74,043,029	23,045	-	74,066,074
Depreciable Capital Assets				
Buildings	12,494,906	144,603	-	12,639,509
Machinery and Equipment	13,595,255	979,720	(141,250)	14,433,725
Total Depreciable Capital Assets	26,090,161	1,124,323	(141,250)	27,073,234
Less Accumulated Depreciation	(11,915,797)	(1,292,172)	101,229	(13,106,740)

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

Depreciable Capital Assets, Net of Accumulated Depreciation		<u>14,174,364</u>	<u>(167,849)</u>	<u>(40,021)</u>	<u>139,66,494</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$	<u>88,217,393</u>	<u>(144,804)</u>	<u>(40,021)</u>	<u>88,032,568</u>
Primary Government					
		<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities Non-Depreciable Capital Assets					
Land	\$	<u>139,109</u>	<u>-</u>	<u>-</u>	<u>139,109</u>
Depreciable Capital Assets					
R-9 Ranch		4,262,040	-	-	4,262,040
Infrastructure		18,366,363	120,690	-	18,487,053
Buildings		12,072,234	-	-	12,072,234
Machinery and Equipment		<u>12,797,188</u>	<u>10,400</u>	<u>-</u>	<u>12,807,588</u>
Total Depreciable Capital Assets		47,497,825	131,090	-	47,628,915
Less Accumulated Depreciation		<u>(25,220,428)</u>	<u>(977,838)</u>	<u>-</u>	<u>(26,198,266)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation		<u>22,277,397</u>	<u>(846,748)</u>	<u>-</u>	<u>21,430,649</u>
Business-Type Activities Capital Assets Net of Accumulated Depreciation	\$	<u>22,416,506</u>	<u>(846,748)</u>	<u>-</u>	<u>21,569,758</u>

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

Deposits and Investments

The City follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet.

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 not further limited its interest rate risk in its investment policy.

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 limited its investment choices in its investment policy to the above.

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

At December 31, 2012, the City's carrying amount of deposits, including certificates of deposit, was \$50,008,860. The bank balance was \$50,327,459. Of the bank balance, \$1,377,313 was covered by FDIC insurance and the remaining \$48,950,146 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. As of December 31, 2012, the City had no investments.

Compensated Absences

In 2005, the City implemented a general leave policy of paid-time off (PTO). PTO shall be accrued by full-time employees, and all employees shall have a maximum amount of PTO accrual equal to the number of hours they accrue during their anniversary year. Employees who exceed the accrual maximum shall not be credited with further PTO accrual until their accruals are reduced below the maximum level. Upon separation from employment with the City, employees who terminate in good standing will be paid for all accrued but unused PTO at their current rate of pay. The City's maximum potential liability under the plan at December 31, 2012 has been estimated at \$574,961.

Defined Benefit Pension Plan

Plan Description

City of Hays, Kansas participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 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. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. 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 and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

Deferred Compensation Plan

City employees may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. The employee is responsible for the amount of deferred compensation to be contributed. The amount selected is invested for the employee. The City is not responsible to make any contributions. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or in case of limited specific circumstances.

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 these financial statements.

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

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due From Other Funds" or "Due to Other Funds" on the Statement of Net Position.

The City records utility revenues on a monthly basis. The balance shown as accounts receivable at December 31, 2012 is comprised of accounts considered to be collectible by management. Balances are stated at net of anticipated uncollectible accounts.

Property Tax Calendar and Receivable

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. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City; and therefore, are not susceptible to accrual. At December 31, such taxes are

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

recorded as taxes receivable. Net of anticipated delinquencies with a correspondence amount recorded as deferred inflows of resources in the fund financial statements.

It is not practicable to apportion delinquent taxes at the end of the year and, further, the amounts are not material in relationship to the basic financial statements.

Restricted Assets

These assets consist of cash restricted for certain enterprise, debt service, and agency funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Equity Classifications

In the government-wide statements, equity is shown as net position and classified into three components:

- Net investment in capital assets - consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction, or improvements of those assets.
- Restricted net position - consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

As prescribed by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, governmental fund balance classifications are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

In the fund financial statements, governmental funds report fund balance in five different classifications:

- Non-spendable: Assets legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.
- Restricted: Assets with externally imposed constraints, such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
- Committed: Assets with a purpose formally imposed by resolution by the City Commission, binding unless modified or rescinded by the City Commission.
- Assigned: Comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Commission or (2) a body or official to whom the City's Commission has delegated the authority to assign amounts to be used for specific purposes as prescribed by the City's fund balance and cash policy.
- Unassigned: All amounts not included in the other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

In circumstances when expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

The City's fund balance policy states that the General Fund will be managed in such a way as to maintain a minimum unrestricted fund balance on the last calendar quarter equal to 20 percent of budgeted annual expenditures and transfers out.

Deferred Inflows of Resources/Deferred Outflows of Resources

Effective January 1, 2012, the City implemented the provisions of GASB Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position and GASB Statement No. 65 Items Previously Reported As Assets and Liabilities. GASB 63 provides guidance for reporting deferred outflows and deferred inflows of resources and GASB 65 provides additional guidance on reclassifying, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The City identified certain financial statement balances that met the definition of a deferred outflow of resources or a deferred inflow of resources. These items were reclassified as deferred outflows of resources or deferred inflows of resources, as applicable. Additionally, the term "net assets" was replaced with the term "net position".

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. 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.

NOTE 2 - CAPITAL LEASES

As of December 31, 2012, **City of Hays, Kansas** had the following capital leases:

Lease Date	Maturity Date	Interest Rate	Property
07-24-1998	07-24-2018	4.95%	HRC Building Facility
11-20-2007	04-18-2017	4.42%	Welcome Center
10-18-2007	11-01-2018	6.65%	Sanitation Trucks

The following is a schedule by years of future minimum lease payments for the governmental activities funds capital leases together with the present value of the net minimum lease payments as of December 31, 2012.

Year Ending December 31	Governmental Activities			Business Type Activities
	HRC Building Facility	Welcome Center	Total	Sanitation Trucks
2013	\$ 106,312	100,582	206,894	55,993
2014	106,312	100,582	206,894	55,993
2015	106,312	100,582	206,894	55,993
2016	25,738	100,582	126,320	55,993
2017	-	100,582	100,582	27,996
2018	-	21,604	21,604	-

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

Total Minimum Lease Payments	344,674	524,514	869,188	251,968
Less: Amount Representing Interest	<u>(91,784)</u>	<u>(37,513)</u>	<u>(129,297)</u>	<u>(25,728)</u>
Present Value Of Future Minimum Lease Payments	<u>\$ 252,890</u>	<u>487,001</u>	<u>739,891</u>	<u>226,240</u>

The City has entered into an agreement with the Hays Recreation Commission whereby the Hays Recreation Commission has agreed to reimburse the City the lease payments on the Hays Recreation Commission Building Facility.

NOTE 3 - LONG-TERM DEBT

General Obligation Bonds

The City issues General Obligation Bonds (G.O. Bonds) to provide funds for the acquisition and construction or improvement of major capital assets. G.O. Bonds have been issued for governmental activities and are listed as outstanding by type as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.45 – 6.50%	\$15,105,000

The annual requirements to retire G.O. Bonds as of December 31, 2012, are as follows:

<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2013	\$ 990,000	559,618	1,549,618
2014	1,035,000	520,717	1,555,717
2015	1,075,000	480,590	1,555,590
2016	1,120,000	437,882	1,557,882
2017	1,175,000	393,486	1,568,486
2018-2022	5,665,000	1,284,352	6,949,352
2023-2026	<u>2,910,000</u>	<u>269,029</u>	<u>3,179,029</u>
Total	<u>\$ 13,970,000</u>	<u>3,945,674</u>	<u>17,915,674</u>

Revenue Refunding Bonds and Revolving Loan

The City has issued revenue bonds and entered into a revolving loan agreement with the State of Kansas in order to finance wastewater plant improvements.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.60 – 5.25%	\$5,086,398

The annual requirements to retire revenue bonds and the revolving loan as of December 31, 2012 are as follows:

<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2013	\$ 540,167	157,576	697,743
2014	480,791	139,857	620,648
2015	290,000	129,070	419,070
2016	300,000	121,095	421,095
2017	305,000	111,795	416,795
2018-2022	1,710,000	383,915	2,093,915
2023-2024	<u>785,000</u>	<u>51,755</u>	<u>836,755</u>
Total	<u>\$ 4,410,958</u>	<u>1,095,063</u>	<u>5,506,021</u>

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

Transportation Development District Sales Tax Revenue Bonds

On November 15, 2004, **City of Hays, Kansas** issued \$1,770,000 in bonds to pay the cost of the Transportation Development District. The bonds shall be special obligations of the City payable solely from and secured as to the payment of principal and interest by a pledge of and lien upon the TDD sales revenues. The City pledges the TDD sales revenues to the payment of the principal and interest on the bonds. The bonds do not constitute a general obligation of the City, nor do they constitute an indebtedness of the City, and the taxing power of the City is not pledged to the payment of the bonds.

Long-term debt activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
G.O. Bonds	\$ 15,105,000	-	(1,135,000)	13,970,000	990,000
Capital Leases	1,174,796	-	(434,973)	739,891	149,566
Total Governmental Long-Term Liabilities	16,279,796	-	(1,569,539)	14,710,257	1,139,566
Business-Type Activities					
Capital Leases	270,752	-	(44,512)	226,240	46,501
Revenue Bonds	4,145,000	-	(310,000)	3,835,000	160,000
State Revolving Loan	941,398	-	(365,440)	575,958	380,167
Total Business-Type Long-Term Liabilities	5,357,150	-	(719,952)	4,637,198	586,668
Total Long- Term Liabilities	\$ 21,636,946	-	(2,289,491)	19,347,455	1,726,234

NOTE 4 – CONDUIT DEBT OBLIGATIONS

From time to time the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The industrial revenue bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The outstanding balance of the bonds as of December 31, 2012 is unavailable.

NOTE 5 - COMPLIANCE WITH REVENUE BOND PROVISION WATER AND SEWER UTILITY FUND

The Water and Sewage System Revenue Bonds - Series 2009 require that water rates charged in each year will enable the City to have in each fiscal year net operating revenues from the system equal to 125 percent of the maximum amount required to be paid by the City in such fiscal year on account of both principal and interest on all water and sewage system revenue bonds then outstanding. This provision was complied with for the year ended December 31, 2012. Excess revenues totaled \$1,097,539.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

Gross Revenues		\$ 5,282,455
Adjustments –		
Less – Operating Expenses	\$(2,446,899)	
Transfers Out	(1,383,372)	
Add - Interest Earned	<u>19,799</u>	
Net Adjustments		(3,810,472)
Net Revenues		1,471,983
Maximum Amount of Principal and Interest	299,555	
	<u>125%</u>	
Net Revenues Required		<u>374,444</u>
Excess		\$ <u>1,097,539</u>

NOTE 6 – 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. The City's operating transfers and statutory authority for the year ended December 31, 2012 were as follows:

From Fund	To Fund	Statutory Authority	Amount
Water and Sewer	General	12-825d	\$ 907,575
Solid Waste	General	12-825d	245,000
Convention and Tourism	General	79-2925	57,000
Special Alcohol	General	79-41a04	47,059
Water Sales Tax – W&S Fund	General	12-825d	542,827
Stormwater Management	General	12-825d	170,572
Sports Complex	General	79-2925	236,924
General Fund	Employee Benefit	12-16,102	381,635
Solid Waste	Employee Benefit	12-825d	150,514
Water and Sewer	Employee Benefit	12-825d	417,579
Convention and Tourism	Employee Benefit	79-2925	74,044
Special Alcohol	Employee Benefit	79-41a04	18,964
Stormwater Management	Employee Benefit	12-825b	20,520
Sports Complex	Employee Benefit	79-2925	16,955
Solid Waste	Solid Waste Reserve	12-825d	89,023
Water and Sewer	Sales Tax Reserve	12-825d	2,502,292
General Fund	New Equipment Reserve	12-1,117	300,022
Airport Fund	New Equipment Reserve	12-1,117	6,207
Convention and Tourism	New Equipment Reserve	12-1,117	2,760
Water and Sewer	New Equipment Reserve	12-1,117	58,218
Stormwater Management	New Equipment Reserve	12-1,117	1,844
Public Safety Equipment	New Equipment Reserve	12-1,117	369,343
Stormwater Management	Capital Projects	Commission Approved	85,000
Water and Sewer	Capital Improvement Reserve	12-825d	500,000
Special Highway	Capital Projects	Commission Approved	537,742
General	Capital Projects	Commission Approved	1,900,000
General	Stormwater Management	Commission Approved	16,000

In the fund financial statements, total transfers of \$2,583,649 are equal to the total transfers out of \$2,583,649 from Business-Type Funds.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

NOTE 7 – SELF-INSURANCE PLANS

Health Care Coverage – During the year ended December 31, 2012, employees of **City of Hays, Kansas** were covered by the City's medical partially self-funded insurance plan (the "plan"). The premium contributed is approximately \$354 (\$312), \$760 (\$672), \$718 (\$633) and \$1,124 (\$993) per month per employee with single, employee with spouse, employee with children, and family coverage, respectively, for the traditional plan (high-deductible plan). The City contributes \$312, \$672, \$633 and \$933 for an employee with single, employee with spouse, employee with children, and family coverage, respectively. Employees who are covered by the traditional plan pay the premium difference through authorized withholdings. Claims were paid by a third party administrator acting on behalf of the City. The administration contract between the City and the third party administration is renewable annually and administration fees are included in the contractual provisions. The City was protected against unanticipated catastrophic individual loss or aggregate loss by stop loss coverage carried through Blue Cross Blue Shield of Kansas. Stop loss coverage was in effect for individual claims exceeding \$50,000 and for aggregate loss with an annualized maximum claim limit of 120%, or \$1,384,735. The annualized maximum claim limit is set annually by Blue Cross Blue Shield of Kansas, based on previous year's claims.

	Current Year Beginning of Fiscal Year	
Self-Insurance Liability	Liability	Claims and Changes in Estimates
<u>2012</u>	<u>340,435</u>	<u>1,384,735</u>
\$		
Claim Payments	Balance at Fiscal Year End	
<u>\$ 1,725,170</u>	<u>-</u>	

NOTE 8 - LITIGATION

City of Hays, Kansas is party to various legal proceedings, such as foreclosure actions and tax appeals, which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the funds of the City.

NOTE 9 - RISK MANAGEMENT – CLAIMS AND JUDGMENTS

City of Hays, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been able to obtain errors and omissions insurance at a cost that is considered to be economically justifiable.

The City carries commercial insurance for all other risks of loss, including property, general liability, inland marine, crime, automobile and fidelity bond coverage.

The City has elected to obtain comprehensive and collision coverage on City owned motor vehicles that the City has determined would be cost beneficial. Comprehensive and collision coverage was not obtained for vehicles considered obsolete based on their year and value by the City.

The City has been unable to obtain workers 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 joined KMIT in January 2005. 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 each insured event. During 2012, the City contributed \$144,791 to the fund for this insurance coverage. Additional premiums may be due

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2012

if total claims for the pool are different than what has been anticipated by KMIT management.

There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three calendar years.

NOTE 10 - GRANTS AND SHARED REVENUES

City of Hays, 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 audits, is not believed to be material.

NOTE 11 - COMPARATIVE DATA

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in **City of Hays, Kansas'** financial position and operations. The comparative totals appear in the government-wide financial statements, fund financial statements, and the accompanying supplemental financial statements. However, complete comparative data has not been presented in all the financial statements since their inclusion would make the statement unduly complex and difficult to read.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2013, which is the date of the financial statements.

CITY OF HAYS, KANSAS

Supplementary Information

CITY OF HAYS, KANSAS
General Fund
Balance Sheets
December 31, 2012 and 2011

<u>ASSETS</u>		
	<u>2012</u>	<u>2011</u>
Cash	\$ 5,155,908	5,804,735
Receivables		
Accounts Receivable (Net of Allowance for Uncollectibles)	68,791	41,446
Other Asset		
Reserved Cash - Budget Stabilization	<u>3,221,181</u>	<u>3,221,181</u>
Total Assets	\$ <u>8,445,880</u>	<u>9,067,362</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 76,402	107,463
Accrued Payroll	176,259	123,865
Accrued Paid-Time Off	454,070	430,312
Accrued Sick Leave Payout	<u>36,315</u>	<u>34,919</u>
Total Liabilities	<u>743,046</u>	<u>696,559</u>
Fund Balance		
Committed - Budget Stabilization	3,221,181	3,221,181
Assigned - Reserved for Encumbrances	141,878	283,211
Assigned - Designated for Subsequent Year Expenditures	3,610,972	3,989,428
Unassigned	<u>728,803</u>	<u>876,983</u>
Total Fund Balance	<u>7,702,834</u>	<u>8,370,803</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>8,445,880</u>	<u>9,067,362</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
General Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Revenues (Statement 9-1, Page 4)	\$ 9,353,697	10,166,436	812,739	9,653,251
Expenditures (Statement 9-1, Page 4)	11,747,336	10,302,372	1,444,964	9,916,768
Excess Revenues Over (Under) Expenditures	(2,393,639)	(135,936)	2,257,703	(263,517)
Other Financing Sources (Uses)				
Transfers In	2,106,116	2,206,957	100,841	2,028,393
Transfers Out	(2,599,107)	(2,597,657)	1,450	(2,319,980)
Total Other Financing Sources (Uses)	(492,991)	(390,700)	102,291	(291,587)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(2,886,630)	(526,636)	2,359,994	(555,104)
Fund Balance - Beginning	3,989,428	8,370,803	4,381,375	8,896,794
Increase (Decrease) in Reserve for Encumbrances	-	(141,333)	(141,333)	29,863
Increase (Decrease) in Reserve for Budget Stabilization	-	-	-	(750)
Fund Balance - Ending	\$ 1,102,798	7,702,834	6,600,036	8,370,803

See independent auditors' report.

CITY OF HAYS, KANSAS
General Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Delinquent	\$ -	-	-	5,047
Local Sales	6,653,273	7,313,533	660,260	6,959,478
Total Taxes	6,653,273	7,313,533	660,260	6,964,525
Intergovernmental				
Liquor Tax	118,813	137,819	19,006	123,476
State Grant	-	1,500	1,500	8,538
Federal Grant	-	7,403	7,403	614
Total Intergovernmental	118,813	146,722	27,909	132,628
Licenses and Permits				
Franchise Tax	1,486,083	1,413,907	(72,176)	1,422,981
Licenses	41,100	46,006	4,906	62,151
Permits	55,000	88,159	33,159	88,060
Total Licenses and Permits	1,582,183	1,548,072	(34,111)	1,573,192
Fines and Forfeitures				
Fines and Court Fees	510,000	644,928	134,928	513,503
Use of Money and Property				
Interest Income	34,425	52,668	18,243	50,669
Rent	1,200	1,200	-	1,200
Total Use of Money and Property	\$ 35,625	53,868	18,243	51,869

See independent auditors' report.

CITY OF HAYS, KANSAS
General Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

Revenues (continued)	2012			2011 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
Miscellaneous				
Golf Course Fees	\$ 301,503	281,900	(19,603)	251,151
Cemetery Receipts	9,300	19,110	9,810	20,120
Miscellaneous Receipts	143,000	138,711	(4,289)	126,934
Prior Year Encumbrances Voided	-	19,592	19,592	19,329
Total Miscellaneous	<u>453,803</u>	<u>459,313</u>	<u>5,510</u>	<u>417,534</u>
Total Revenues	<u>\$ 9,353,697</u>	<u>10,166,436</u>	<u>812,739</u>	<u>9,653,251</u>
Expenditures				
City Commission	\$ 1,066,330	263,398	802,932	130,291
City Manager	437,300	400,148	37,152	380,008
Human Resources	180,470	160,978	19,492	152,849
Information Technology	497,780	485,035	12,745	455,513
City Attorney	101,000	132,338	(31,338)	117,437
Finance - City Clerk	416,805	385,162	31,643	364,039
Intergovernmental Account	329,320	335,586	(6,266)	317,809
Police Department	2,511,900	2,380,893	131,007	2,283,084
Municipal Court	144,760	142,766	1,994	118,219
Public Works - General Administration	250,510	230,606	19,904	229,282
Service Division	832,980	728,222	104,758	744,379
Planning, Inspection, and Enforcement	287,239	267,651	19,588	245,368
Building and Grounds	446,850	452,187	(5,337)	453,774
Fleet Maintenance	868,490	746,611	121,879	725,572
Fire Department	1,334,830	1,291,892	42,938	1,271,953
Parks and Playgrounds	832,140	810,416	21,724	762,764
Golf Course	345,065	323,938	21,127	324,473
Swimming Pool	108,200	68,725	39,475	60,218
Ballfield Maintenance	58,300	26,253	32,047	42,042
Cemeteries	13,500	7,648	5,852	8,121
Bickle-Schmidt Sports Complex	230,180	217,399	12,781	288,097
Social Services	164,000	164,000	-	164,000
Economic Development	256,205	247,338	8,867	244,944
Qualify of Life	33,182	33,182	-	32,532
Total Expenditures	<u>\$ 11,747,336</u>	<u>10,302,372</u>	<u>1,444,964</u>	<u>9,916,768</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Library Fund
 Balance Sheets
 December 31, 2012 and 2011

<u>ASSETS</u>			
	<u>2012</u>	<u>2011</u>	
Cash	\$ 65,711	17,317	
Taxes Receivable	1,051,066	1,071,598	
Total Assets	\$ 1,116,777	1,088,915	
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>			
Deferred Inflows of Resources			
Deferred Property Tax Receivable	\$ 1,051,066	1,071,598	
Fund Balance			
Assigned - Designated for Subsequent Year Expenditures	20,386	-	
Assigned	45,325	17,317	
Total Fund Balance	65,711	17,317	
Total Deferred Inflows of Resources and Fund Balance	\$ 1,116,777	1,088,915	

Library Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2012</u>			<u>2011 Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	
Revenues				
Taxes				
Ad Valorem	\$ 1,104,740	1,086,690	(18,050)	1,074,447
Delinquent	-	34,077	34,077	14,662
Motor Vehicle	104,260	132,532	28,272	126,664
Recreational Vehicle	1,579	1,967	388	1,911
16/20M Truck	950	1,416	466	1,270
Total Revenues	1,211,529	1,256,682	45,153	1,218,954
Expenditures				
Distributions to Library Board	1,186,000	1,186,000	-	1,178,738
Tax Increment Financing Dist (TIF)	19,687	16,138	3,549	16,619
Neighborhood Revit Rebate	5,842	6,150	(308)	6,280
Total Expenditures	1,211,529	1,208,288	3,241	1,201,637
Excess Revenues Over (Under)				
Expenditures	-	48,394	48,394	17,317
Fund Balance - Beginning	-	17,317	17,317	-
Fund Balance - Ending	\$ -	65,711	65,711	17,317

See independent auditors' report.

CITY OF HAYS, KANSAS
Library Employee Benefit Fund
 Balance Sheets
 December 31, 2012 and 2011

<u>ASSETS</u>			
	<u>2012</u>	<u>2011</u>	
Cash	\$ 7,654	2,159	
Taxes Receivable	<u>153,611</u>	<u>151,103</u>	
Total Assets	\$ <u>161,265</u>	<u>153,262</u>	
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>			
Deferred Inflows of Resources			
Deferred Property Tax Receivable	\$ <u>153,611</u>	<u>151,103</u>	
Fund Balance			
Assigned - Designated for Subsequent Year Expenditures	<u>2,321</u>	-	
Assigned	<u>5,333</u>	<u>2,159</u>	
Total Fund Balance	<u>7,654</u>	<u>2,159</u>	
Total Deferred Inflows of Resources and Fund Balance	\$ <u>161,265</u>	<u>153,262</u>	

Library Employee Benefit Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2012</u>			<u>2011 Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	
Revenues				
Taxes				
Ad Valorem	\$ 155,776	153,143	(2,633)	138,922
Delinquent	-	4,252	4,252	1,706
Motor Vehicle	13,483	16,995	3,512	15,985
Recreational Vehicle	204	252	48	242
16/20M Truck	<u>123</u>	<u>194</u>	<u>71</u>	<u>165</u>
Total Revenues	<u>169,586</u>	<u>174,836</u>	<u>5,250</u>	<u>157,020</u>
Expenditures				
Distributions to Library Board	166,200	166,200	-	151,900
Tax Increment Financing Dist (TIF)	2,562	2,274	288	2,149
Neighborhood Revit Rebate	<u>824</u>	<u>867</u>	<u>(43)</u>	<u>812</u>
Total Expenditures	<u>169,586</u>	<u>169,341</u>	<u>245</u>	<u>154,861</u>
Excess Revenues Over (Under)				
Expenditures	-	5,495	5,495	2,159
Fund Balance - Beginning	<u>-</u>	<u>2,159</u>	<u>2,159</u>	<u>-</u>
Fund Balance - Ending	\$ <u>-</u>	<u>7,654</u>	<u>7,654</u>	<u>2,159</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Highway Fund
Balance Sheets
December 31, 2012 and 2011

<u>ASSETS</u>		
	<u>2012</u>	<u>2011</u>
Cash	\$ <u>487,989</u>	<u>615,171</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ -	13,148
Fund Balance		
Assigned - Reserved for Encumbrances	-	51,516
Assigned - Designated for Subsequent Year's Expenditures	-	73,732
Assigned	<u>487,989</u>	<u>476,775</u>
Total Fund Balance	<u>487,989</u>	<u>602,023</u>
Total Liabilities and Fund Balance	<u>\$ 487,989</u>	<u>615,171</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Highway Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2012</u>		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Intergovernmental				
State Gasoline Tax	\$ 549,250	534,061	(15,189)	533,277
Connecting Link Maintenance	44,760	44,791	31	44,760
Prior Year Encumbrance Voided	-	711	711	18,628
Total Revenues	<u>594,010</u>	<u>579,563</u>	<u>(14,447)</u>	<u>596,665</u>
Expenditures				
Contractual Services	50,000	505	49,495	-
Capital Outlay	80,000	103,834	(23,834)	127,788
Total Expenditures	<u>130,000</u>	<u>104,339</u>	<u>25,661</u>	<u>127,788</u>
Excess Revenues Over (Under) Expenditures	464,010	475,224	11,214	468,877
Other Financing Sources (Uses)				
Transfers Out	(537,742)	(537,742)	-	-
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(73,732)	(62,518)	11,214	468,877
Fund Balance - Beginning	73,732	602,023	528,291	122,878
Increase (Decrease) in Reserve for Encumbrances	-	(51,516)	(51,516)	10,268
Fund Balance - Ending	<u>\$ -</u>	<u>487,989</u>	<u>487,989</u>	<u>602,023</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Employee Benefit Fund
Balance Sheets
December 31, 2012 and 2011

<u>ASSETS</u>		
	<u>2012</u>	<u>2011</u>
Cash	\$ 972,831	995,044
Receivable - Employee Withholdings	14,526	-
Taxes Receivable	<u>2,176,143</u>	<u>1,886,778</u>
Total Assets	\$ <u>3,163,500</u>	<u>2,881,822</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>294</u>	<u>119,458</u>
Deferred Inflows of Resources		
Deferred Property Tax Receivable	<u>2,176,143</u>	<u>1,886,778</u>
Fund Balance		
Assigned - Designated for Subsequent Year's Expenditures	548,346	256,635
Assigned	<u>438,717</u>	<u>618,951</u>
Total Fund Balance	<u>987,063</u>	<u>875,586</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>3,163,500</u>	<u>2,881,822</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Employee Benefit Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Ad Valorem	\$ 1,945,132	1,913,183	(31,949)	2,077,015
Delinquent	-	57,784	57,784	20,984
Motor Vehicle	201,546	242,725	41,179	192,433
Recreational Vehicle	3,052	3,551	499	2,903
16/20M Truck	1,837	2,408	571	1,917
Interest Income	3,000	3,018	18	3,639
Miscellaneous	-	184,645	184,645	41,002
Total Revenues	2,154,567	2,407,314	252,747	2,339,893
Expenditures				
Workmen's Compensation	164,888	206,517	(41,629)	159,367
Unemployment Compensation	8,428	8,044	384	7,941
Social Security	644,752	598,400	46,352	579,998
Employee Retirement	871,550	870,818	732	763,606
Contingency	100,000	8,820	91,180	-
Health Insurance	1,719,507	1,601,133	118,374	1,331,846
Contractual Services	42,249	43,076	(827)	25,812
Tax Increment Financing Dist (TIF)	29,756	28,412	1,344	32,126
Neighborhood Revit Rebate	10,283	10,828	(545)	12,140
Total Expenditures	3,591,413	3,376,048	215,365	2,912,836
Excess Revenues Over (Under) Expenditures	(1,436,846)	(968,734)	468,112	(572,943)
Other Financing Sources (Uses)				
Transfers In	1,080,211	1,080,211	-	927,217
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(356,635)	111,477	468,112	354,274
Fund Balance - Beginning	356,635	875,586	518,951	521,312
Fund Balance - Ending	\$ -	987,063	987,063	875,586

See independent auditors' report.

CITY OF HAYS, KANSAS
Public Safety Equipment Fund
Balance Sheets
December 31, 2012 and 2011

<u>ASSETS</u>		
	<u>2012</u>	<u>2011</u>
Cash	\$ 83,394	181,683
Taxes Receivable	<u>371,275</u>	<u>363,121</u>
Total Assets	\$ <u>454,669</u>	<u>544,804</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>153</u>	<u>4,124</u>
Deferred Inflows of Resources		
Deferred Property Tax Receivable	<u>371,275</u>	<u>363,121</u>
Fund Balance		
Assigned - Reserved for Encumbrances	13,219	32,217
Assigned - Designated for Subsequent Year's Expenditures	44,048	116,021
Assigned	<u>25,974</u>	<u>29,321</u>
Total Fund Balance	<u>83,241</u>	<u>177,559</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>454,669</u>	<u>544,804</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Public Safety Equipment Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Ad Valorem	\$ 374,352	368,167	(6,185)	358,149
Delinquent	-	11,469	11,469	4,430
Motor Vehicle	34,753	44,221	9,468	42,395
Recreational Vehicle	526	656	130	640
16/20M Truck	317	478	161	426
Intergovernmental				
Federal Grants	-	1,870	1,870	11,389
Miscellaneous Revenue	-	16,946	16,946	-
Prior Year Cancelled Encumbrance	-	836	16,946	-
Total Revenues	409,948	444,643	50,805	417,429
Expenditures				
Capital Outlay	148,055	143,068	4,987	259,436
Tax Increment Financing Dist (TIF)	6,592	5,468	1,124	5,540
Neighborhood Revit Rebate	1,979	2,084	(105)	2,093
Total Expenditures	156,626	150,620	6,006	267,069
Excess Revenues Over (Under) Expenditures	253,322	294,023	56,811	150,360
Other Financing Sources (Uses)				
Transfers Out	(369,343)	(369,343)	-	(568,986)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(116,021)	(75,320)	56,811	(418,626)
Fund Balance - Beginning	116,021	177,559	61,538	567,778
Increase (Decrease) in Reserve for Encumbrances	-	(18,998)	(18,998)	28,407
Fund Balance - Ending	\$ -	83,241	99,351	177,559

See independent auditors' report.

CITY OF HAYS, KANSAS
Airport Fund
Balance Sheets
December 31, 2012 and 2011

<u>ASSETS</u>		
	<u>2012</u>	<u>2011</u>
Cash	\$ 146,377	137,407
Accounts Receivable (Net of Allowance for Uncollectibles)	11,718	-
Taxes Receivable	<u>185,638</u>	<u>181,561</u>
Total Assets	\$ <u>343,733</u>	<u>318,968</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 5,640	10,556
Accrued Payroll	2,909	1,410
Accrued Paid Time Off	<u>7,035</u>	<u>4,353</u>
Total Liabilities	<u>15,584</u>	<u>16,319</u>
Deferred Inflows of Resources		
Deferred Property Tax Receivable	<u>185,638</u>	<u>181,561</u>
Fund Balance		
Assigned - Reserved for Encumbrances	6,381	2,473
Assigned - Designated for Subsequent Year's Expenditures	-	105,978
Assigned	<u>136,130</u>	<u>12,637</u>
Total Fund Balance	<u>142,511</u>	<u>121,088</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>343,733</u>	<u>318,968</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Airport Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes				
Ad Valorem	\$ 187,176	184,175	(3,001)	179,075
Delinquent	-	5,734	5,734	2,468
Motor Vehicle	17,377	22,111	4,734	21,195
Recreational Vehicle	263	328	65	320
16/20M Truck	158	239	81	213
Licenses and Fees Collected	105,710	87,399	(18,311)	86,820
Farming Leases	16,512	18,977	2,465	17,012
Miscellaneous	10,000	6,860	(3,140)	7,455
Prior Year Encumbrances Voided	-	-	-	106
Total Revenues	337,196	325,823	(11,373)	314,664
Expenditures				
Personal Services	106,335	105,436	899	100,178
Contractual Services	100,080	79,746	20,334	76,061
Commodities	161,270	113,142	48,128	77,358
Capital Outlay	65,000	-	65,000	-
Tax Increment Financing Dist (TIF)	3,295	2,735	560	2,770
Neighborhood Revit Rebate	987	1,042	(55)	1,047
Total Expenditures	436,967	302,101	134,866	257,414
Excess Revenues Over (Under) Expenditures	(99,771)	23,722	123,493	57,250
Other Financing (Uses)				
Transfers Out	(6,207)	(6,207)	-	(344,536)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(105,978)	17,515	123,493	(287,286)
Fund Balance - Beginning	105,978	121,088	15,110	408,001
Increase (Decrease) in Reserve for Encumbrances	-	3,908	3,908	373
Fund Balance - Ending	\$ -	142,511	142,511	121,088

See independent auditors' report.

CITY OF HAYS, KANSAS
Park Development Fund
 Balance Sheets
 December 31, 2012 and 2011

	ASSETS	
	2012	2011
Cash	\$ <u>5,027</u>	<u>5,027</u>
FUND BALANCE		
Fund Balance		
Assigned - Designated for Subsequent Year's Expenditures	\$ <u>5,027</u>	<u>5,027</u>

Park Development Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012			
	Original and Final Budget	Actual	Variance Positive (Negative)	2011 Actual
Revenues				
Miscellaneous	\$ -	-	-	-
Expenditures				
Contractual Services	<u>5,027</u>	-	<u>5,027</u>	-
Excess Revenues Over (Under) Expenditures	(5,027)	-	5,027	-
Fund Balance - Beginning	<u>5,027</u>	<u>5,027</u>	-	<u>5,027</u>
Fund Balance - Ending	\$ <u>-</u>	<u>5,027</u>	<u>5,027</u>	<u>5,027</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Convention and Visitor's Bureau Fund
 Balance Sheets
 December 31, 2012 and 2011

	<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash		\$ <u>637,387</u>	<u>527,653</u>
 <u>LIABILITIES AND FUND BALANCE</u> 			
Liabilities			
Accounts Payable		\$ 3,438	30,786
Accrued Payroll		5,013	3,753
Accrued Paid Time Off		<u>14,556</u>	<u>10,864</u>
Total Liabilities		<u>23,007</u>	<u>45,403</u>
Fund Balance			
Assigned - Reserved for Encumbrances		17,532	-
Assigned - Designated for Subsequent Year's Expenditures		548,497	335,046
Assigned		<u>48,351</u>	<u>147,204</u>
Total Fund Balance		<u>614,380</u>	<u>482,250</u>
Total Liabilities and Fund Balance		<u>\$ 637,387</u>	<u>527,653</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Convention and Visitor's Bureau Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Intergovernmental				
Guest Tax	\$ 660,000	754,278	94,278	736,965
Prior Year Encumbrances Voided	-	-	-	487
Miscellaneous	37,000	41,736	4,736	37,006
Total Revenues	<u>697,000</u>	<u>796,014</u>	<u>99,014</u>	<u>774,458</u>
Expenditures				
Personal Services	227,070	216,498	10,572	210,276
Contractual Services	594,172	268,075	326,097	239,611
Commodities	47,000	45,287	1,713	51,263
Capital Outlay	30,000	17,752	12,248	19,864
Total Expenditures	<u>898,242</u>	<u>547,612</u>	<u>350,630</u>	<u>521,014</u>
Excess Revenues Over (Under) Expenditures	(201,242)	248,402	449,644	253,444
Other Financing Sources (Uses)				
Transfers Out	(133,804)	(133,804)	-	(129,658)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(335,046)	114,598	449,644	123,786
Fund Balance - Beginning	335,046	482,250	147,204	358,951
Increase (Decrease) in Reserve for Encumbrances	-	17,532	17,532	(487)
Fund Balance - Ending	<u>\$ -</u>	<u>614,380</u>	<u>614,380</u>	<u>482,250</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
New Equipment Reserve Fund
 Balance Sheets
 December 31, 2012 and 2011

	<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash		\$ <u>2,607,277</u>	<u>2,142,707</u>
	<u>FUND BALANCE</u>		
Fund Balance Assigned		\$ <u>2,607,277</u>	<u>2,142,707</u>

New Equipment Reserve Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Revenues		
Interest Income	\$ 5,034	5,258
Expenditures		
Capital Outlay	<u>278,858</u>	<u>176,669</u>
Excess Revenues Over (Under) Expenditures	(273,824)	(171,411)
Other Financing Sources (Uses)		
Transfers In	<u>738,394</u>	<u>895,490</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	464,570	724,079
Fund Balance - Beginning	2,142,707	1,457,220
Increase (Decrease) in Reserve for Encumbrances	<u>-</u>	<u>(38,592)</u>
Fund Balance - Ending	\$ <u>2,607,277</u>	<u>2,142,707</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Alcohol Program Fund
 Balance Sheets
 December 31, 2012 and 2011

ASSETS			
	<u>2012</u>	<u>2011</u>	
Cash	\$ <u>190,725</u>	<u>193,081</u>	
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts Payable	\$ -	<u>2,449</u>	
Fund Balance			
Assigned - Designated for Subsequent Year's Expenditures	<u>173,385</u>	<u>187,037</u>	
Assigned	<u>17,340</u>	<u>3,595</u>	
Total Fund Balance	<u>190,725</u>	<u>190,632</u>	
Total Liabilities and Fund Balance	\$ <u>190,725</u>	<u>193,081</u>	

Special Alcohol Program Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2012</u>			<u>2011 Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	
Revenues				
Intergovernmental				
Liquor Tax	\$ <u>118,813</u>	<u>137,820</u>	<u>19,007</u>	<u>123,476</u>
Expenditures				
Contractual	239,827	<u>71,704</u>	168,123	65,200
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,449</u>
Total Expenditures	<u>239,827</u>	<u>71,704</u>	<u>168,123</u>	<u>67,649</u>
Excess Revenues Over (Under) Expenditures	(121,014)	66,116	187,130	55,827
Other Financing Sources (Uses)				
Transfers Out	<u>(66,023)</u>	<u>(66,023)</u>	<u>-</u>	<u>(57,950)</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(187,037)	93	187,130	(2,123)
Fund Balance - Beginning	<u>187,037</u>	<u>190,632</u>	<u>3,595</u>	<u>192,755</u>
Fund Balance - Ending	\$ <u>-</u>	<u>190,725</u>	<u>190,725</u>	<u>190,632</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Park and Recreation Fund
 Balance Sheets
 December 31, 2012 and 2011

<u>ASSETS</u>		
	<u>2012</u>	<u>2011</u>
Cash	\$ <u>309,832</u>	<u>570,025</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>-</u>	<u>100</u>
Fund Balance		
Assigned - Reserved for Encumbrances	<u>4,002</u>	<u>383,979</u>
Assigned - Designated for Subsequent Year's Expenditures	<u>255,946</u>	<u>185,946</u>
Assigned	<u>49,884</u>	<u>-</u>
Total Fund Balance	<u>309,832</u>	<u>569,925</u>
Total Liabilities and Fund Balance	<u>\$ 309,832</u>	<u>570,025</u>

Special Park and Recreation Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2012</u>			<u>2011</u> <u>Actual</u>
	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>	
Revenues				
Intergovernmental				
Liquor Tax	\$ 118,813	137,819	19,006	131,194
Miscellaneous Revenue	-	15,031	15,031	-
Prior Year Voided Encumbrance	-	6,237	6,237	-
Total Revenues	118,813	159,087	40,274	131,194
Expenditures				
Capital Outlay	852,120	39,203	812,917	582,291
Excess Revenues Over (Under) Expenditures	(733,307)	119,884	853,191	(451,097)
Fund Balance - Beginning	733,307	569,925	(163,382)	637,875
Increase (Decrease) in Reserve For Encumbrances	-	<u>(379,977)</u>	<u>(379,977)</u>	<u>383,147</u>
Fund Balance - Ending	<u>\$ -</u>	<u>309,832</u>	<u>309,832</u>	<u>569,925</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Bond and Interest Fund
Balance Sheets
December 31, 2012 and 2011

<u>ASSETS</u>		
	<u>2012</u>	<u>2011</u>
Cash	\$ 298,280	344,927
Taxes Receivable	<u>703,406</u>	<u>884,863</u>
Total Assets	\$ <u>1,001,686</u>	<u>1,229,790</u>
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>		
Deferred Inflows of Resources		
Deferred Property Tax Receivable	\$ <u>703,406</u>	<u>884,863</u>
Fund Balance		
Assigned - Designated for Subsequent Year's Expenditures	<u>243,180</u>	246,511
Assigned	<u>55,100</u>	<u>98,416</u>
Total Fund Balance	<u>298,280</u>	<u>344,927</u>
Total Deferred Inflows of Resources and Fund Balance	\$ <u>1,001,686</u>	<u>1,229,790</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Bond and Interest Fund

Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012			2011 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
Revenues				
Taxes				
Ad Valorem	\$ 912,230	897,189	(15,041)	649,079
Delinquent	-	29,552	29,552	18,341
Motor Vehicle	62,988	93,880	30,892	135,215
Recreational Vehicle	954	1,446	492	2,054
16/20M Truck	574	1,239	665	1,531
Special Assessments	492,067	482,775	(9,292)	398,594
Miscellaneous	-	-	-	18,429
Total Revenues	<u>1,468,813</u>	<u>1,506,081</u>	<u>37,268</u>	<u>1,223,243</u>
Expenditures				
Neighborhood Revitalization Rebate	4,824	5,078	(254)	3,794
Tax Increment Financing District	23,764	13,324	10,440	10,040
Bond Principal	1,035,000	1,035,000	-	870,000
Interest Expense	516,736	499,326	17,410	474,925
Levy Stabilization	75,000	-	75,000	-
Cash Basis Reserve	60,000	-	60,000	-
Total Expenditures	<u>1,715,324</u>	<u>1,552,728</u>	<u>162,596</u>	<u>1,358,759</u>
Excess Revenues Over (Under)				
Expenditures	(246,511)	(46,647)	199,864	(135,516)
Fund Balance - Beginning	<u>246,511</u>	<u>344,927</u>	<u>98,416</u>	<u>480,443</u>
Fund Balance - Ending	<u>\$ -</u>	<u>298,280</u>	<u>298,280</u>	<u>344,927</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Economic Development Bond Fund
 Balance Sheets
 December 31, 2012 and 2011

	<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash		\$ <u>82,187</u>	<u>73,448</u>
 <u>FUND BALANCE</u> 			
Fund Balance			
Assigned - Designated for Subsequent Year's Expenditures		\$ <u>82,835</u>	66,743
Assigned		<u>(648)</u>	<u>6,705</u>
Total Fund Balance		\$ <u>82,187</u>	<u>73,448</u>

Economic Development Bond Fund
 Summary Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2012</u>			
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2011 Actual</u>
Revenues				
Intergovernmental				
Local Sales Tax	\$ <u>206,406</u>	<u>216,732</u>	<u>10,326</u>	<u>211,067</u>
Expenditures				
Bond Principal	100,000	<u>100,000</u>	-	95,000
Interest Expense	<u>107,993</u>	<u>107,993</u>	-	<u>113,099</u>
Total Expenditures	<u>207,993</u>	<u>207,993</u>	-	<u>208,099</u>
Excess Revenues Over (Under) Expenditures	(1,587)	<u>8,739</u>	10,326	2,968
Fund Balance - Beginning	<u>66,743</u>	<u>73,448</u>	<u>6,705</u>	<u>70,480</u>
Fund Balance - Ending	\$ <u>65,156</u>	<u>82,187</u>	<u>17,031</u>	<u>73,448</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Enterprise Funds
Combining Balance Sheets
December 31, 2012 and 2011

	2012			Total	2011
	Water and Sewer Fund	Solid Waste Utility Fund	Stormwater Management Fund		
ASSETS					
Current Assets					
Cash					
Operating Account	\$ 3,104,331	450,108	210,643	3,765,082	3,660,514
Local Sales Tax Account	24,992,474	-	-	24,992,474	22,869,654
Accounts Receivable (Net)	487,142	-	-	487,142	305,888
Due From Water and Sewer Fund	-	40,987	58,150	99,137	96,493
Total Current Assets	28,583,947	491,095	268,793	29,343,835	26,932,549
Restricted Assets					
Customer Deposits	211,274	-	-	211,274	199,732
Reserve for Capital Improvements	1,448,662	501,676	-	1,950,338	1,444,333
Revenue Bonds					
Principal and Interest Account	167,383	-	-	167,383	182,433
Bond Reserve Account	454,500	-	-	454,500	613,000
Total Restricted Assets	2,281,819	501,676	-	2,783,495	2,439,498
Capital Assets					
Water					
Land and Right-of-Ways	139,109	-	-	139,109	139,109
Infrastructure	18,487,053	-	-	18,487,053	18,366,363
Equipment	11,194,328	-	-	11,194,328	11,194,328
R-9 Ranch	4,262,040	-	-	4,262,040	4,262,040
Sewer and Solid Waste					
Building and Structures	11,782,910	289,324	-	12,072,234	12,072,234
Equipment	-	1,613,260	-	1,613,260	1,602,860
Total Capital Assets	45,865,440	1,902,584	-	47,768,024	47,636,934
Accumulated Depreciation	(25,222,130)	(976,136)	-	(26,198,266)	(25,220,428)
Net Capital Assets	20,643,310	926,448	-	21,569,758	22,416,506
Other Assets					
Issuance Costs Net of Applicable Amortization	46,604	-	-	46,604	50,672
Total Assets	\$ 51,555,680	1,919,219	268,793	53,743,692	51,839,225

See independent auditors' report.

CITY OF HAYS, KANSAS
Enterprise Funds
Combining Balance Sheets
December 31, 2012 and 2011

	2012			Total	2011
	Water and Sewer Fund	Solid Waste Utility Fund	Stormwater Management Fund		
LIABILITIES AND EQUITY					
Current Liabilities					
Current Portion - Capital Lease	\$ -	46,501	-	46,501	44,512
Current Portion - Revolving Loan	380,167	-	-	380,167	365,440
Accounts Payable	158,392	571	130	159,093	140,106
Sales Tax	5,785	-	-	5,785	5,335
State Water Fee	9,496	-	-	9,496	9,585
Due to Stormwater Management Fund	58,150	-	-	58,150	57,425
Accrued Payroll	26,967	8,761	1,507	37,235	26,966
Accrued Paid Time Off	75,622	22,388	-	98,010	102,928
Accrued Interest - Revolving Loan	10,049	-	-	10,049	12,782
Due to Solid Waste Fund	40,987	-	-	40,987	39,068
Total Current Liabilities	765,615	78,221	1,637	845,473	804,147
Current Liabilities Payable From Restricted Assets					
2003 Revenue Refunding Bonds	-	-	-	-	35,000
2009 Revenue Bonds	160,000	-	-	160,000	275,000
Customer Deposits	206,774	-	-	206,774	204,232
Monitoring Well Deposits	4,500	-	-	4,500	4,500
Accrued Interest - Bonds	58,433	-	-	58,433	60,733
Total Current Liabilities Payable From Restricted Assets	429,707	-	-	429,707	579,465
Noncurrent Liabilities					
Capital Lease	-	179,739	-	179,739	226,240
State of Kansas Waster Water Revolving Loan	195,791	-	-	195,791	575,958
2009 Revenue Bonds	3,675,000	-	-	3,675,000	3,835,000
Total Noncurrent Liabilities	3,870,791	179,739	-	4,050,530	4,637,198
Total Liabilities	5,066,113	257,960	1,637	5,325,710	6,020,810
Equity					
Reserve for Capital Improvements	1,448,662	501,676	-	1,950,338	1,444,333
Reserve for Encumbrances	152,058	41,837	85,012	278,907	193,078
Contributed Capital	3,215,105	115,383	-	3,330,488	3,330,488
Unreserved	41,673,742	1,002,363	182,144	42,858,249	40,850,516
Total Equity	46,489,567	1,661,259	267,156	48,417,982	45,818,415
Total Liabilities and Equity	\$ 51,555,680	1,919,219	268,793	53,743,692	51,839,225

See independent auditors' report.

CITY OF HAYS, KANSAS
Water and Sewer Utility Fund
 Comparison of Actual Revenues and Expenditures to Budget
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	<u>2012</u>			2011 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
Revenues				
Local Sales Tax	\$ 2,714,134	2,984,765	270,631	2,840,522
Water Sales	2,517,875	2,708,491	190,616	2,543,688
Sewer Service Charges	2,020,000	2,035,646	15,646	1,962,744
Water Tap - Turn-Ons	35,000	42,825	7,825	46,113
Water Sales Conservation Rate	275,000	441,506	166,506	344,618
Sales and Other Charges	15,000	23,592	8,592	9,226
Penalty	25,000	30,395	5,395	28,946
Rent on R-9 Ranch	362,150	280,000	(82,150)	393,446
Interest on Investments	27,000	19,799	(7,201)	26,599
Interest on Sales Tax Reserves	60,000	60,354	354	70,724
Transfer From Capital Projects Fund	-	-	-	365,620
Prior Year Encumbrances Voided	-	2,682	2,682	122,259
Total Revenues	\$ 8,051,159	8,630,055	578,896	8,754,505
Expenditures				
Wastewater Treatment and Collection				
Personal Services				
Salaries	\$ 492,490	455,266	37,224	498,802
Contractual Services				
Communications	3,000	2,376	624	2,919
Heat, Light and Power	198,520	191,554	6,966	183,763
Travel and Training	3,410	3,255	155	2,345
Other Contractual Services	33,000	35,427	(2,427)	31,347
Professional Services	17,660	23,403	(5,743)	17,755
Total Contractual Services	255,590	256,015	(425)	238,129
Commodities				
Office Supplies	600	472	128	537
General Supplies	22,700	16,799	5,901	30,208
Chemicals	65,160	82,846	(17,686)	64,733
Equipment Expense	56,420	74,053	(17,633)	39,248
Uniforms	4,080	3,243	837	3,904
Projects	30,000	14,298	15,702	-
Repairs to Buildings and Structures	5,000	4,341	659	4,579
Total Commodities	183,960	196,052	(12,092)	143,209
Total Wastewater Treatment and Collection	\$ 932,040	907,333	40,409	880,140

See independent auditors' report.

CITY OF HAYS, KANSAS
Water and Sewer Utility Fund
 Comparison of Actual Revenues and Expenditures to Budget
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Water Production and Distribution				
Personal Services				
Salaries	\$ 555,070	580,884	(25,814)	531,972
Contractual Services				
Communications	4,300	5,381	(1,081)	5,316
Publications	3,150	283	2,867	3,090
Heat, Light and Power	252,360	255,909	(3,549)	241,197
Professional Services	15,540	3,275	12,265	541
Travel and Training	3,500	2,420	1,080	2,945
Other Contractual Services	91,720	65,228	26,492	78,137
Total Contractual Services	370,570	332,496	38,074	331,226
Commodities				
Office Supplies	1,100	447	653	756
General Supplies	42,000	27,331	14,669	37,033
Chemicals	466,480	450,876	15,604	426,100
Repairs to Buildings and Structures	4,500	2,448	2,052	11,586
Equipment Expense	74,140	75,843	(1,703)	53,245
Uniforms	5,000	3,645	1,355	3,458
Total Commodities	593,220	560,590	32,630	532,178
Total Water Production and Distribution	1,518,860	1,473,970	44,890	1,395,376
Debt Service				
Principal Payment - 2003 Revenue Bond	35,000	35,000	-	290,000
Interest Payment - 2003 Revenue Bond	1,120	1,120	-	10,110
Principal Payment - Revolving Loan	365,440	365,440	-	351,284
Interest Payment - Revolving Loan	33,953	31,825	2,128	45,094
Principal Payment - 2009 Revenue Bond	275,000	275,000	-	50,000
Interest Payment - 2009 Revenue Bond	145,055	145,055	-	146,055
Total Debt Service	\$ 855,568	853,440	2,128	892,543

See independent auditors' report.

CITY OF HAYS, KANSAS
Water and Sewer Utility Fund
 Comparison of Actual Revenues and Expenditures to Budget
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Non-Operating Expenditures				
R-9 Ranch Expenditures	\$ 250,000	148,029	101,971	370,113
Water Taps, Hydrants, Meters,	124,275	110,922	13,353	120,891
Contingency	100,000	54,452	45,548	1,217
Projects	25,000	22,895	2,105	20,235
Interest on Deposits	5,000	241	4,759	906
Clean Drinking Water Fee	18,000	20,799	(2,799)	19,047
Other Contractual Services	-	14,934	(14,934)	11,635
Transfer to Sales Tax Reserve Fund	2,704,300	2,502,292	202,008	2,429,234
Transfer to Capital Improvement Fund	500,000	500,000	-	-
Transfer to General Fund	907,575	907,575	-	892,745
Transfer to General Fund - Water Sales Tax	542,827	542,827	-	482,012
Transfer to Employee Benefit Fund	417,579	417,579	-	390,788
Transfer to Stormwater Management	-	-	-	44,500
Transfer to New Equipment Reserve	58,218	58,218	-	55,925
Total Non-Operating Expenditures	<u>5,652,774</u>	<u>5,300,763</u>	<u>352,011</u>	<u>4,839,248</u>
Total Expenditures	<u>\$ 8,959,242</u>	<u>8,535,506</u>	<u>432,385</u>	<u>8,007,307</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Solid Waste Utility Fund
 Comparison of Actual Revenues and Expenditures to Budget
 For the Year Ended December 31, 2012
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Refuse Collections	\$ 1,225,000	1,252,028	27,028	1,236,265
Interest on Investments	2,000	2,208	208	2,834
Yard Waste Tags	1,900	1,764	(136)	1,827
Recycling Revenue	40,000	47,605	7,605	69,964
Prior Year Encumbrances Voided	-	-	-	842
Total Revenues	\$ 1,268,900	1,303,605	34,705	1,311,732
Expenditures				
Personal Services				
Salaries	\$ 333,140	329,909	3,231	319,250
Transfer to Employee Benefit Fund	150,514	150,514	-	141,823
Total Personal Services	483,654	480,423	3,231	461,073
Contractual Services				
Communications	1,190	1,002	188	787
Publications	2,000	361	1,639	1,016
Utility - Water, Light and Power	7,825	4,854	2,971	7,062
Contingency	5,000	215	4,785	-
Other Contractual Services	376,880	358,828	18,052	346,925
Travel and Training	800	801	(1)	526
Transfer to Reserve Fund	89,023	89,023	-	88,349
Transfer to General Fund	245,000	245,000	-	240,000
Total Contractual Services	727,718	700,084	27,634	684,665
Commodities				
Office Supplies	500	40	460	441
General Supplies	23,240	22,569	671	16,985
Equipment Expense	70,900	21,557	49,343	8,113
Uniforms	3,500	3,369	131	2,657
Rentals	-	-	-	85
Repairs to Buildings and Structures	3,600	3,600	-	3,527
Total Commodities	101,740	51,135	50,605	31,808
Debt Service	56,000	55,993	7	55,993
Total Expenditures	\$ 1,369,112	1,287,635	81,477	1,233,539

See independent auditors' report.

CITY OF HAYS, KANSAS
Stormwater Management Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2012
(With Comparative Actual Totals for the Prior Year Ended December 31, 2011)

	2012		Variance Positive (Negative)	2011 Actual
	Original and Final Budget	Actual		
Revenues				
Stormwater Fee	\$ 670,000	761,397	91,397	564,692
Miscellaneous	-	20	20	80
Transfer From Water and Sewer Fund	-	-	-	44,500
Transfer From General Fund	16,000	16,000	-	-
Total Revenues	\$ 686,000	777,417	91,417	609,272
Expenditures				
Personal Services				
Salaries	\$ 57,160	57,699	(539)	51,943
Transfer to Employee Benefit	20,520	20,520	-	17,635
Total Personal Services	77,680	78,219	(539)	69,578
Contractual Services				
Communications	650	715	(65)	585
Other Contractual Services	14,000	12,567	1,433	1,380
Travel and Training	3,000	1,798	1,202	1,008
Transfer to General Fund	56,950	170,572	(113,622)	31,025
Total Contractual Services	74,600	185,652	(111,052)	33,998
Commodities				
Office Supplies	-	-	-	471
General Supplies	7,400	693	6,707	194
Uniforms	200	165	35	-
Projects	594,276	485,174	109,102	262,077
Transfer to Capital Projects Fund	85,000	85,000	-	-
Transfer to New Equipment Reserve	1,844	1,844	-	1,480
Total Commodities	688,720	572,876	115,844	264,222
Total Expenditures	\$ 841,000	836,747	4,253	367,798

See independent auditors' report.