

Fiscal Year 2007 Budget Report

City of Horton, Kansas

**Prepared by Levi Henry, Horton City Administrator
As Required by Horton City Code § 1-310**

Presented August 2006

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Proposed Budget Form for Adoption

Part I:
General Fund, Fiscal Year 2007
Revenues & Expenditures Report

Part I: FY 2007 General Fund Revenues & Expenditures Budget

1. General Fund.

1.1. Executive Summary.

The general fund consists of all services and activities provided by the City of Horton municipal government that are not self-supportive by revenues generated other than via taxation. The general fund supports, either fully or partially, the following departments and services via taxation: city administration, including utility billing for four different utilities or services, economic development, and governing body preparation; police protection; communications and 911 dispatch; municipal court; fire protection; library services; street construction, repair and winter snow removal; parks and recreation, including maintenance of all city parks and lakes; and the city owned and operated firing range, pool, cemetery and airport.

General fund expenditures in the 2007 fiscal year are expected to remain at or below \$1,181,504.00. The increase over 2006 fiscal year expenditures are fully justified throughout this budget report and recommendation, and the expenditures are in balance with the expected revenues and receipts for the 2007 fiscal year.

1.2. Fiscal Year 2007 Expected Revenues & Receipts.

The real property valuation of the City of Horton increased in fiscal year 2006 from \$4,953,162.00 in 2006 to \$5,126,952.00 for fiscal year 2007. Ad valorem tax (AVT) revenues increased approximately \$34,952, from \$289,316.00 to \$323,268.00. In order to maintain current operations and to accomplish the goals set by the Governing Body over the 2006 fiscal year, the mill levy will see only a 1.01 mill levy reduction in fiscal year 2007. The budget as herein recommended, however, will not require an ordinance to exceed taxing limitations set in place by the Kansas Legislature as past budgets have required.

2. General Administration: Improving Efficiency, Increasing Revenues.

In FY 2006, large steps have been taken within City Administration to streamline government operations and find inefficiencies that are both taxing on the budget and also on the quality of customer service that is provided to the taxpayers and residents of the City of Horton.

The first inefficiency was discovered and quickly resolved by the Horton City Commission and Administration by the institution of the updated utility billing collection system. By the end of the second quarter of FY 2005, there were \$42,676.00 in uncollected utility bills. By the end of the second quarter of FY 2006, there were only \$10,383.00 in uncollected city bills. This has equated in a **\$32,293.00 increase in revenues**. Additionally, this has streamlined the process

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for collections, allowing city staff to schedule all discussions regarding back utility bills during a single day that is allotted for disconnection hearings.

The second inefficiency discovered since the beginning of the year is in the *Fundbalance™* computer system that has been in use by the City since 1988. Numerous inefficiencies have been identified since the beginning of the year. This budget requests the upgrade of the computer accounting, utility billing, payroll, cemetery, and court software. Such request can be found under heading 2.2.2.

2.1. Fiscal Year 2007 General Administrative Revenues & Receipts.

Even with a decrease in the mill levy, City Administrative revenues and receipts for fiscal year 2007 are expected to exceed fiscal year expected ending revenues and receipts by 9.42 percent or \$57,870.00.

<i>General Admin. Revenues</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Sales/Use/Bingo	\$276,149.00	\$270,000.00	\$115,878.00	\$270,000.00	\$280,000.00
Connect Link	\$19,702.00	\$20,000.00	\$9,831.00	\$20,000.00	\$20,000.00
Motor Veh	\$56,393.00	\$54,712.00	\$15,589.00	\$54,000.00	\$62,082.00
Recreational Veh	\$502.00	\$1,212.00	\$242.00	\$1,212.00	\$1,312.00
Current	\$231,291.00	\$289,316.00	\$259,774.00	\$270,000.00	\$299,226.00
Back Taxes	\$809.00	\$0	\$375.00	\$0	\$0
Revenue Sharing	\$0	\$0	\$0	\$0	\$0
In Lieu	\$0	\$2,200.00	\$0	\$0	\$0
Franchise	\$62,498.00	\$66,000.00	\$49,726.00	\$66,000.00	\$66,000.00
Neighborhood Revitalization	(\$8,162.00)	\$0	(\$12,045)	(\$14,000.00)	(\$14,000.00)
Redemption	\$8,843.00	\$5,000.00	\$4,595.00	\$7,000.00	\$5,000.00
Bldg Permits	\$531.00	\$400.00	\$288.00	\$400.00	\$400.00
CMB Licence	\$525.00	\$350.00	\$0.00	\$350.00	\$350.00
Liquor License	\$300.00	\$300.00	\$0	\$300.00	\$300.00
Bldg. Rent	\$3,082.00	\$3,000.00	\$525.00	\$500.00	\$500.00
Deposit Interest	(\$528.00)	\$0	(\$427.00)	(\$800.00)	(\$1,000.00)
Interest	\$37,024.00	\$20,000.00	\$20,000.00	\$27,059.00	\$50,000.00
Copies	\$115.00	\$150.00	\$50.00	\$100.00	\$100.00
Misc	\$7,729.00	\$15,000.00	\$4,929.00	\$10,000.00	\$10,000.00
NSF Collection	\$8,435.00	\$4,500.00	\$2,264.00	\$4,500.00	\$4,500.00
Bond Proceeds	\$0	\$0	\$0	\$0	\$0
Grant Revenues	\$0	\$0	\$0	\$0	\$0
Transfer	\$236,958.00	\$185,000.00	\$77,083.00	\$185,000.00	\$185,000.00
Total Receipts	\$942,196.00	\$937,140.00	\$555,736.00	\$937,050.00	\$969,938.00

The 2007 General Administrative budget assumes a 4 percent increase for administrative staff, excluding the City Administrator, and the approval of updated computer software for utility billing, payroll, and accounts receivable

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and payable. The total budget request for general administration is expected not to exceed \$245,262.00.

2.2. Justification for Budget Request.

2.2.1. Human & Financial Resource Tracking.

While on paper the administrative budget request represents a 40 percent increase over the 2005 budget and a 38 percent increase over the 2006 budget for salaries, the figures are misnomers due to the special emphasis placed on the budget for the tracking of both human and financial resources and maintaining accountability of City funds to the Governing Body and the City of Horton taxpayers. Because the administration of utility billing, mailing and collection requires nearly 2 full time employees (FTEs) in General Administration, a transfer from each of the utilities has been transferred to the General Fund for the purpose of maintaining accountability. Prior budgets have paid the salaries for the administrative staff necessary for the purpose of utility billing directly from the utilities. The 2007 budget transfers funds directly to the General Fund to pay the salaries of the employees necessary for utility billing.

2.2.2. Upgraded Software for the 21st Century.

The increase additionally represents a \$16,000.00 investment in the updating of the City's software package that is necessary for the processing of utility billing, payroll, accounts receivable and payable, and pet license purchasing. Updating the software package currently used by the city is necessary to improve efficiency as noted in section 2 and to comply with the accounting recommendations of *Lowenthal & Singleton, et al*, the City's auditors, in the administrative offices of the City.

The City's current accounting software currently requires the City Clerk to manually calculate the sales taxes owed to the state for the sale of City utilities. The software that will be recommended to the City Commission will automatically perform the sales tax operations for the utilities. Moreover, because the system is a relational database format, it will experience less error messages and operate with faster processes than the current software.

In conversation and later correspondence (see below) with Mr. Tom Singleton of *Lowenthal & Singleton, et al*, Mr. Singleton directed City Administration to research the Roslyn School District in New York state. During that research, it was revealed via the audit performed by the New York State Comptroller that over \$11.2 MM in public funds had been defrauded by school officials. The method for the fraud was by making a disbursement and then later entering into the general ledger accounting software and altering the name of the payee on the distribution. The City's current software allows for payee names to be changed after disbursement, and in order to comply with the recommendations of the

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City's auditor, the City Administrator is recommending the purchase of upgraded software that will not allow for such changes. While the City Administrator has full confidence and trust in his staff, these are changes that should be made now to ensure full public confidence in the expenditures of public tax dollars.

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PROFESSIONAL ASSOCIATION

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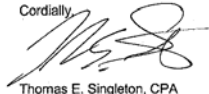
Levi Henry
City Administrator
City of Horton
PO Box 30
Horton, KS 66439

Dear Mr. Henry:

I am writing to follow up our conversation today regarding a management recommendation that we will have concerning one feature of the City's accounting software. As you know, this software allows a change to be made to the payee name for a vendor disbursement after the check is actually prepared. During our phone conversation today, I shared with you information from accounts of a fraud at the Roslyn School District in New York state where this weakness was used by the parties involved to commit their fraud. Even though we have not yet issued our normal management recommendation letter, I encourage you to explore ways to address this problem as soon as possible.

If you have any questions, please let me know.

Cordially,



Thomas E. Singleton, CPA

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The total package selected by city administrative staff as a whole, including software, conversion, installation and annual maintenance is \$31,913.00, with the cost for the software being spread over two budget years. Therefore, the increase for the Capital Outlay line item has increased from \$2,500.00 in 2006 to \$10,000.00 in 2007, with the Court Budget expending \$5,300 for the court portion of the package, which will be discussed under section 5.

2.2.3. General Administration Expenditures.

With special emphasis being placed on human and financial resource tracking, the General Administration budget will experience a 68 percent increase over the

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FY 2006 predicted expenditures. This increase is a misnomer. In previous years, the salaries for the City's administrative billing staff were paid directly from the Electric Distribution and Generation funds. In the 2007 fiscal year, the City Administrator is recommending that these funds be transferred to the City Administrative funds so that the dollars can be more accurately tracked and transfers from the utilities can be justified due to the monthly processing of bills and utility collections.

<i>General Admin. Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$61,013.00	\$72,500.00	\$35,367.00	\$70,734.00	\$143,200.00
Attorney Fee	\$8,236.00	\$10,000.00	\$3,718.00	\$10,000.00	\$8,000.00
Bank Charge	\$650.00	\$650.00	\$275.00	\$650.00	\$650.00
Contingency	\$0	\$15,000.00	\$15,000.00	\$0	\$0
Supplies	\$11,230.00	\$10,000.00	\$11,311.00	\$16,000.00	\$10,000.00
Gas	\$314.00	\$300.00	\$358.00	\$500.00	\$400.00
Dues	\$285.00	\$1,000.00	\$540.00	\$1,000.00	\$1,000.00
Bldg. Deposit	\$1,986.00	\$1,200.00	\$250.00	\$500.00	\$250.00
Licenses	\$200.00	\$200.00	\$175.00	\$200.00	\$200.00
Contract	\$46,507.00	\$40,000.00	\$32,214.00	\$44,000.00	\$45,000.00
Engineering	\$156.00	\$0.00	\$0.00	\$0.00	\$0.00
Training	\$125.00	\$500.00	\$978.00	\$1,000.00	\$1,000.00
Cap. Outlay	\$2,846.00	\$5,000.00	\$0	\$2,500.00	\$10,000.00
Debt Service	\$2,952.00	\$3,000.00	\$984.00	\$3,000.00	\$3,500.00
Repairs	\$795.00	\$200.00	\$0	\$200.00	\$200.00
Equip. Res.	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$0
Pub Bldg Res	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$0
FICA Costs	\$3,636.00	\$4,500.00	\$2,138.00	\$4,200.00	\$8,880.00
Medicare C	\$850.00	\$1,052.00	\$501.00	\$950.00	\$2,080.00
Retirement	\$2,176.00	\$3,500.00	\$392.00	\$2,000.00	\$7,402.00
NSF Checks	\$10,625.00	\$3,500.00	\$2,532.00	\$3,500.00	\$3,500.00
TOTALS	\$164,220.00	\$182,102.00	\$101,733.00	\$167,700.00	\$245,262.00

3. Police Budget.

3.1. Executive Summary.

The FY 2007 Police budget represents a 6% decrease from the FY 2006 Police budget. Reasons for this decrease are multilayered. First, in fiscal year 2007, all officers for the Horton Police Department will have successfully completed all requisite Kansas Law Enforcement Training Center training required by Kansas Statute. Therefore, less overtime will have to be accrued during the 15-weeks that other officers cover for the time of the officer in training. Second, in fiscal year 2007, the 2004 police cruisers, each having approximately 40,000 miles, will be paid off and there will be less debt service in the 2007 budget. Finally, because there will not be a requirement to hire new officers, there will

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additionally not be a need for new uniforms, thus reducing the amount required for supplies in the 2007 fiscal year budget.

3.2. Fiscal Year 2007 Police Revenues & Receipts.

Revenues and receipts for FY 2007 are expected to remain consistent with past years and no increased revenues are expected. There may be some in-kind grants that are not required to be reported as revenue, such as defibrillators from grants applied for in fiscal year 2006. Total receipts for 2007 are expected to be \$3,800.00, only a slight increase from projected FY 2006 revenues.

<i>Police Dept. Revenues & Receipts</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Dog Licenses	\$793.00	\$700.00	\$1,320.00	\$1,500.00	\$1,500.00
Misc.	\$219.00	\$1,200.00	\$189.00	\$200.00	\$200.00
Grant Rev.	\$0	\$0	\$0	\$0	\$0
Pound Fee	\$208.00	\$200.00	\$170.00	\$200.00	\$200.00
Vin Inspect.	\$1,440.00	\$1,900.00	\$810.00	\$1,600.00	\$1,900.00
Total Rev.	\$2,660.00	\$4,000.00	\$2,489.00	\$3,500.00	\$3,800.00

3.3. Fiscal Year 2007 Police Expenditures.

As noted in the overview, Police Department expenditures are expected to decrease to fiscal year 2007, because the payments on the cruisers will be completed by April and no officers will require training at the KLETC, requiring less overtime. Because of these reasons, the Police budget for FY 2007 has decreased by 9.7 percent or \$7,703.00 over FY 2006 expected expenditures.

<i>Police Dept. Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$158,495.00	\$165,600.00	\$81,397.00	\$162,000.00	\$164,404.00
Attorney	\$306.00	\$2,000.00	\$59.00	\$500.00	\$1,000.00
Supplies	\$13,449.00	\$11,000.00	\$4,966.00	\$11,000.00	\$8,000.00
Gas	\$9,994.00	\$8,000.00	\$5,405.00	\$10,000.00	\$11,000.00
Dues	\$285.00	\$250.00	\$7.00	\$250.00	\$250.00
VIN	\$116.00	\$300.00	\$88.00	\$200.00	\$250.00
Dog Pound	\$1,193.00	\$1,500.00	\$954.00	\$1,500.00	\$1,500.00
Contract	\$16,736.00	\$18,000.00	\$10,257.00	\$17,000.00	\$18,000.00
Training	\$3,104.00	\$3,000.00	\$1,092.00	\$3,000.00	\$2,000.00
Cap Outlay	\$79.00	\$3,000.00	\$200.00	\$1,000.00	\$2,000.00
Debt Service	\$15,116.00	\$15,500.00	\$7,558.00	\$15,500.00	\$4,000.00
Repairs	\$463.00	\$2,000.00	\$72.50	\$1,000.00	\$1,000.00
FICA Costs	\$9,511.00	\$10,300.00	\$4919.00	\$10,300.00	\$10,193.00
Medicare C	\$2,224.00	\$2,410.00	\$1,151.00	\$2,350.00	\$2,500.00
Retirement	\$5,553.00	\$7,900.00	\$3,183.00	\$7,000.00	\$8,800.00
Totals	\$236,624.00	\$250,760.00	\$123,396.00	\$242,600.00	\$234,897.00

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4. Communications Budget.

4.1. Executive Summary.

The Communications' revenues are expected to increase slightly over fiscal year 2007 due to the Kansas Department of Wildlife and Park's implementation of electronic issuing of hunting licenses. Receipts are expected to increase by approximately 9.2 percent to \$21,750.00. Expenditures for fiscal year 2007 are expected to decrease by 9.5 percent due to the retirement of a long serving employee. That employee has been replaced by a lower wage employee and the salaries line item, therefore, has been reduced.

4.2. Fiscal Year 2007 Communications Revenues & Receipts.

Beginning in fiscal year 2005, the Kansas Department of Wildlife and Parks implemented the new system for obtaining hunting, fishing and fur harvester's licenses. Because of this system, receipts on these licenses have more than doubled in fiscal year 2006 and the revenues are only expected to increase in fiscal year 2007 due to the convenience and availability of the system to the citizens of the City of Horton and surrounding areas. Receipts are expected to increase by 9.2 percent, for a total of \$21,750.00.

<i>Police Dept. Revenues & Receipts</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Fish License	\$6,233.00	\$5,400.00	\$5,581.00	\$6,500.00	\$7,200.00
Harvest Prog.	\$0	\$50.00	\$0	\$0	\$0
Misc.	\$1	\$0	\$0	\$0	\$0
911 Funds	\$205.00	\$0	\$0	\$0	\$0
Acc. Rep.	\$280.00	\$200.00	\$105.00	\$200.00	\$200.00
Driver Hist.	\$344.00	\$150.00	\$232.00	\$300.00	\$150.00
Contract	\$13,200.00	\$14,200.00	\$7,200.00	\$14,200.00	\$14,200.00
Totals	\$20,263.00	\$20,000.00	\$13,118.00	\$21,200.00	\$21,750.00

4.3. Fiscal Year 2007 Communications Expenditures.

Salaries will reduce in fiscal year 2007 due to the retirement of a long-term employee and the hiring of 1.5 new FTEs, which are paid at a lower wage than the previous 1.5 new FTEs. Expenditures are expected to decrease by 9.5 percent to approximately \$147,500.00.

<i>Communications Budget Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$113,993.00	\$115,000.00	\$57,846.00	\$117,000.00	\$110,000.00
Attorney	\$0	\$0	\$0	\$0	\$0
Supplies	\$2,135.00	\$2,500.00	\$415.00	\$1,600.00	\$2,000.00
Gas	\$36.00	\$50.00	\$0	\$50.00	\$50.00
Dues	\$0	\$0	\$0	\$0	\$0
Fish License	\$6,492.00	\$6,000.00	\$5,492.00	\$8,000.00	\$8,000.00

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Driver Hist.	\$258.00	\$100.00	\$24.00	\$100.00	\$100.00
Contract	\$9,090.00	\$11,000.00	\$7,768.00	\$11,000.00	\$11,000.00
Training	\$0	\$500.00	\$0	\$500.00	\$500.00
Cap Outlay	\$801.00	\$1,000.00	\$0	\$500.00	\$500.00
Repairs	\$1,568.00	\$0	\$2,077.00	\$2,100.00	\$1,000.00
FICA Costs	\$6,815.00	\$7,130.00	\$3,456.00	\$7,200.00	\$6,900.00
Medicare C	\$1,594.00	\$1,670.00	\$808.00	\$1,670.00	\$1,600.00
Retirement	\$4,391.00	\$5,530.00	\$2,300.00	\$5,530.00	\$5,900.00
Totals	\$147,173.00	\$150,480.00	\$80,186.00	\$155,520.00	\$147,550.00

5. Court Budget.

5.1. Executive Summary.

Fiscal year 2007 revenues are expected to increase by 9.6 percent or \$2,428.00 and expenditures are expected to increase due to the required purchase of software capable of electronically reporting court records to the State of Kansas.

5.2. Fiscal Year 2007 Revenues & Receipts.

Revenues for FY 2007 are expected to increase over the expected revenues of FY 2006 by 9.6 percent or \$2,428.00 due to an increase in court costs and increased convictions of city crimes.

<i>Court Revenues & Receipts</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Court Costs	\$46,113.00	\$43,000.00	\$25,522.00	\$53,472.00	\$55,900.00
Bonds	\$7,909.00	\$5,000.00	\$2,338.00	\$5,000.00	\$5,000.00
Totals	\$54,022.00	\$48,000.00	\$27,860.00	\$58,472.00	\$60,900.00

5.3. Fiscal Year 2007 Expenditures.

Expenditures for FY 2007 are expected to increase due to the purchase of state mandated software that allows for the filing of convictions electronically. This software is a part of the package that administration recommends purchasing under section 2.2.2. Having the same vendor for all computing software will decrease the maintenance cost and increase response time from the vendor.

<i>Court Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$4,800.00	\$4,800.00	\$2,400.00	\$4,800.00	\$6,200.00
Attorney	\$5,951.00	\$4,500.00	\$2,645.00	\$5,200.00	\$5,200.00
Supplies	\$512.00	\$500.00	\$453.00	\$500.00	\$500.00
Cap Outlay	\$0	\$0	\$0	\$0	\$5,300.00
Dues	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Contract	\$200.00	\$100.00	\$211.00	\$220.00	\$200.00
Court Costs	\$5,114.00	\$3,500.00	\$2,418.00	\$5,500.00	\$5,000.00
Bonds	\$7,824.00	\$5,000.00	\$2,318.00	\$5,000.00	\$5,000.00
FICA Costs	\$298.00	\$300.00	\$149.00	\$300.00	\$300.00

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Medicare C	\$70.00	\$70.00	\$35.00	\$70.00	\$70.00
Totals	\$24,819.00	\$18,820.00	\$10,679.00	\$21,640.00	\$27,820.00

6. Fire Department.

6.1. Executive Summary.

Many of the fire service contracts that the Horton Volunteer Fire Department (HVFD) held with surrounding townships and municipalities were badly in need of updating, many of them not being updated since 1980, because the cost of making the runs did not reflect the revenue being paid for making the runs. Therefore, City Administrator focused on these contracts and is still in the process of procuring many of them. Because not all of the contract negotiations have been finalized, some of those revenues are not reported in the fiscal year 2007 budget. Those that are have been placed under the Equipment Transfer line item so that the HVFD may use those revenues for potential match dollars in both state and federal fire assistance grants.

6.2. Fire Department Revenues & Receipts.

Revenues for the fire department are expected to increase 50 percent due to increased contract prices for surrounding townships and due to the upcoming contract execution with the Bureau of Indian Affairs (BIA), South Central Region, Department of Interior, for grassland firefighting. Each call made to the Horton Volunteer Fire Department for those calls will net the City of Horton \$600.00 in new revenues. The BIA Fire Service Contract is not expected to be completed and approved until early 2007, so not all of the revenues from that contract have been included in this report. Until the contract is approved by the Kansas Attorney General's Office, there is little investment being staked on the contract until approved and executed.

<i>Fire Dept. Revenues & Receipts</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Contracts	\$8,173.00	\$10,000.00	\$3,273.00	\$10,000.00	\$15,000.00
Misc.	\$2,250.00	\$0	\$0	\$0	\$0
Totals	\$10,423.00	\$10,000.00	\$3,273.00	\$10,000.00	\$15,000.00

6.3. Fire Department Expenditures.

Expenditures for the fire department are expected to decrease in FY 2007 by less than 1 percent, with an increase in gasoline and an investment being made in a Fire Department Equipment Reserve fund. The Fire Chief had expressed a desire that increased revenues that are not consumed by expenditures of the department be placed in an Equipment Reserve Fund. The following has followed the Fire Chief's recommendation as closely as possible.

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<i>Fire Dept. Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Fire Pay	\$10,034.00	\$11,000.00	\$6,566.00	\$13,200.00	\$13,500.00
Attorney	\$26.00	\$0	\$0	\$0	\$0
Supplies	\$2,392.00	\$5,000.00	\$1,366.00	\$5,000.00	\$5,000.00
Gas	\$1,092.00	\$1,000.00	\$499.00	\$1,000.00	\$1,500.00
Dues	\$0	\$0	\$0	\$0	\$135.00
Contract	\$7,502.00	\$7,000.00	\$5,783.00	\$7,000.00	\$7,000.00
Training	\$0	\$200.00	\$0	\$200.00	\$200.00
Cap Outlay	\$8,243.00	\$15,500.00	\$0	\$10,050.00	\$10,000.00
Debt Service	\$19,180.00	\$19,200.00	\$0	\$19,200.00	\$19,200.00
Repairs	\$581.00	\$1,500.00	\$210.00	\$1,500.00	\$1,500.00
Equip. Res.	\$0	\$0	\$0	\$0	\$2,000.00
Totals	\$49,050.00	\$60,450.00	\$14,424.00	\$57,150.00	\$60,035.00

7. Street Department Budget.

7.1. Executive Summary.

The Horton City Commission has, for fiscal year 2007, expressed a desire for a Curb Replacement Plan. In order to implement the first phase of the plan, which will be submitted by the end of fiscal year 2006, it is estimated that \$30,000.00 will be required. Therefore, the fiscal year 2007 Street budget's expenditures have increased nearly 12% to accommodate the first phase of the plan.

The City Administrator is in the process of applying for a Community Facilities grant for the replacement the curbs, storm water drain boxes, and street. In order to qualify for Community Facilities grants from the Kansas Department of Commerce, communities must be willing to match the grant on a 1:1 basis. Therefore, should the grant be awarded in January 2007, the curb plan would not be implemented until FY 2008, because the funds that have been allocated under the FY 2007 budget will be necessary for matching dollars. While in-kind matches in the form of force labor are acceptable, real dollars will be required to meet the additional match, which is expected to be in the \$400,000.00 ballpark. Should the grant be awarded, it is expected that the Street Budget would be used to make up at least one-half of that grant amount and a City owned Certificate of Deposit in the amount of \$200,000.00 would be used to make up the other half of the match.

7.2. Fiscal Year 2007 Receipts & Revenues.

Revenues for the FY 2007 Street Budget are expected to be higher than other years due to the sale of the 1981 *803L Galion* street grader that was upgraded with a newer model in fiscal year 2006. While the City anticipates selling the grader for a higher amount, the low figure was used for budgetary purposes to not over assume the revenues of the Street Department.

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<i>Street Dept. Revenues & Receipts</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Contracts	\$8,949.00	\$0	\$225.00	\$225.00	\$10,000.00
Totals	\$8,949.00	\$0	\$225.00	\$225.00	\$10,000.00

7.3. Fiscal Year 2007 Expenditures.

The expenditures for FY 2007 include not only the first phase of the curb replacement plan, but also include the \$15,467.00 payment on the 2000 *Fiat-Allis* grader that was purchased in FY 2008.

<i>Street Dept. Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$80,932.00	\$81,400.00	\$39,932.00	\$80,000.00	\$85,422.00
Supplies	\$33,616.00	\$27,000.00	\$13,965.00	\$27,000.00	\$27,000.00
Gas	\$8,291.00	\$6,000.00	\$3,902.00	\$8,000.00	\$8,500.00
Contract	\$22,578.00	\$22,000.00	\$20,115.00	\$22,000.00	\$22,000.00
Training	\$120.00	\$200.00	\$0	\$200.00	\$100.00
Cap Outlay	\$22,677.00	\$30,000.00	\$3,386.00	\$30,000.00	\$49,000.00
Repairs	\$7,458.00	\$5,000.00	\$3,388.00	\$5,000.00	\$3,000.00
Debt Service	\$0	\$0	\$0	\$0	\$15,467.00
FICA Costs	\$4,962.00	\$5,050.00	\$2,430.00	\$5,050.00	\$5,308.00
Medicare C	\$1,160.00	\$1,225.00	\$568.00	\$1,225.00	\$1,240.00
Retirement	\$3,188.00	\$3,800.00	\$1,813.00	\$3,800.00	\$4,536.00
Total	\$184,982.00	\$181,675.00	\$89,499.00	\$182,275.00	\$206,573.00

8. Library Fund Transfer.

8.1. Executive Summary.

The Library Fund transfer will remain the same as it has in years past with no amendments.

8.2. Transfer.

<i>Library Dept. Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Contract	\$38,000.00	\$38,000.00	\$19,000.00	\$38,000.00	\$38,000.00
Cap Outlay	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Total	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00	\$40,000.00

9. Parks Department Budget.

9.1. Executive Summary.

The Parks and Recreation budget will experience a small increase in revenues, but given the desire of the Commission to continue to improve the Parks and Recreation system of the City, the expenditures recommended by this report will increase by approximately 19.5 percent or \$8,500.00.

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9.2. Fiscal Year 2007 Parks Department Revenues & Receipts.

Fiscal year 2007 Parks Department revenues are expected to increase slightly with the increases that are annually provided under the Community Fisheries Assistance Program (CFAP). The revenues are expected to increase by about 1 percent or \$200.00.

<i>Parks Dept. Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Boating	\$1,315.00	\$2,500.00	\$1,080.00	\$1,500.00	\$1,500.00
Camping	\$7,630.00	\$7,000.00	\$5,635.00	\$7,000.00	\$7,000.00
Reservations	\$775.00	\$800.00	\$550.00	\$800.00	\$800.00
Misc.	\$2,913.00	\$1,500.00	\$1,131.00	\$1,500.00	\$1,500.00
CFAP Funds	\$3,430.00	\$0	\$2,573.00	\$4,400.00	\$4,600.00
Lake Electric	\$5,156.00	\$3,000.00	\$1,760.00	\$3,000.00	\$3,000.00
Totals	\$21,219.00	\$14,800.00	\$12,729.00	\$18,200.00	\$18,400.00

9.3. Fiscal Year 2007 Parks Department Expenditures.

In order to continue to improve the quality of Parks and the services provided at City Parks, the FY 2007 budget increases expenditures by 19.5 percent or \$8,462.00. This is largely to budget for finishing the remainder of the new Lake Caretaker's Barn, but also so that the barn can be completed without compromising any of the other Parks and Recreation services provided by the City of Horton.

<i>Parks Dept. Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$6,626.00	\$3,800.00	\$2,135.00	\$6,500.00	\$10,000.00
Attorney	\$0	\$0	\$0	\$0	\$0
Supplies	\$8,431.00	\$6,500.00	\$6,905.00	\$9,000.00	\$9,000.00
Gas	\$2,012.00	\$1,600.00	\$1,971.00	\$2,900.00	\$3,000.00
Bldg. Deposit	\$500.00	\$300.00	\$200.00	\$500.00	\$500.00
Contract	\$6,482.00	\$6,000.00	\$2,298.00	\$5,000.00	\$5,000.00
Engineering	\$0	\$0	\$0	\$0	\$0
Cap. Outlay	\$0	\$0	\$0	\$0	\$10,000.00
Special Proj.	\$8,839.00	\$10,000.00	\$8,257.00	\$10,000.00	\$5,000.00
Debt Service	\$0	\$0	\$0	\$0	\$0
Repairs	\$325.00	\$1,000.00	\$121.00	\$500.00	\$620.00
FICA Cost	\$411.00	\$240.00	\$132.00	\$403.00	\$145.00
Medicare C	\$96.00	\$65.00	\$31.00	\$95.00	\$95.00
Retirement	\$11.00	\$0	\$0	\$0	\$0
Totals	\$33,733.00	\$29,505.00	\$22,050.00	\$34,898.00	\$43,360.00

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10. Pool Budget.

10.1. Executive Summary.

While Pool Revenues remain fairly consistent and predictable from year-to-year, the expenditures necessary for the maintenance and operation of the pool are incrementally increasing year-to-year. This report makes advisement to both the Commissioner of Parks & Recreation and Parks & Recreation Board for the increase in fees charged at the pool.

City Administration, in fiscal year 2007, will implement a new inventory and receipting process, which was recently discovered to not being conducted on a daily basis. These internal controls are necessary to not only maintain accountability of City revenues, but also to provide for an accurate accounting of sales tax to the State of Kansas. These controls may increase the concessions revenues, but absent theft or fraud, of which there is no evidence, concessions revenues should remain consistent.

10.2. Fiscal Year 2007 Pool Revenues & Receipts.

Revenues are not expected to dramatically increase between FY 2006 and 2007. While the City Administrator will defer to the Parks Commission regarding prices charged both for admissions and concessions, the Parks Commission would be well advised that operation of the swimming pool costs the taxpayers of the City of Horton nearly \$37,000.00 annually. Concessions in FY 2006 are estimated to break even, and the admission to the pool does not cover the salaries for the employees of the pool. This information is only an advisement to the costs of operation and not a recommendation to the Parks Commission nor the Horton City Commission.

<i>Pool Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Misc.	\$338.00	\$0	\$0	\$0	\$0
Concessions	\$4,788.00	\$5,000.00	\$2,708.00	\$5,000.000	\$5,000.00
Swim Lessons	\$410.00	\$700.00	\$0	\$400.00	\$700.00
Swim Tickets	\$6,980.00	\$5,000.00	\$2,893.00	\$5,000.00	\$5,000.00
Totals	\$12,516.00	\$10,700.00	\$5,601.00	\$10,400.00	\$10,700.00

10.3. Fiscal Year 2007 Pool Expenditures.

Pool expenditures are recommended by this report to increase by 13 percent or \$1,426.00 in order to repair the remainder of the baby pool concrete that needs to be repaired. The City Administrator is only a slight increase for the remainder of the repairs that need to be completed on the baby pool, which is highlighted under the Repairs line item.

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<i>Pool Dept. Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$21,462.00	\$15,300.00	\$5,473.00	\$15,300.00	\$15,300.00
Supplies	\$2,343.00	\$3,000.00	\$3,047.00	\$3,300.00	\$3,500.00
Chemicals	\$1,990.00	\$3,000.00	\$655.00	\$2,500.00	\$2,500.00
Concessions	\$4,128.00	\$5,000.00	\$2,217.00	\$5,000.00	\$5,000.00
Contract	\$19,785.00	\$10,000.00	\$929.00	\$10,000.00	\$10,000.00
Training	\$400.00	\$600.00	\$0	\$600.00	\$600.00
Repairs	\$14,211.00	\$5,000.00	\$1,600.00	\$3,000.00	\$3,600.00
Sales Tax	\$919.00	\$500.00	\$0	\$500.00	\$593.00
FICA Cost	\$1,275.00	\$950.00	\$339.00	\$950.00	\$949.00
Medicare C	\$295.00	\$230.00	\$79.00	\$230.00	\$263.00
Retirement	\$0	\$0	\$55.00	\$200.00	\$701.00
Totals	\$66,811.00	\$46,080.00	\$14,394.00	\$41,580.00	\$43,006.00

11. Firing Range Budget.

11.1. Executive Summary.

The Firing Range budget is remaining relatively consistent with previous years. While the same revenue is anticipated, City Administrator has recommended that expenditures for the Firing Range be as close to spending for the previous year as possible, since no large capital outlay projects have been indicated for the firing range.

11.2. Fiscal Year 2007 Firing Range Revenues & Receipts.

Revenues are expected to remain consistent with previous year's revenue patterns.

<i>Firing Range Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Fees	\$1,241.00	\$1,000.00	\$564.00	\$1,000.00	\$1,000.00
Totals	\$1,241.00	\$1,000.00	\$564.00	\$1,000.00	\$1,000.00

11.3. Fiscal Year 2007 Firing Range Expenditures.

Firing Range expenditures, because of no planning for major capital outlay, should run consistent with the previous years estimated expenditures of \$2,000.

<i>Firing Range Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Supplies	\$931.00	\$1,500.00	\$882.00	\$1,500.00	\$1,500.00
Dues	\$0	\$0	\$0	\$0	\$0
Contract	\$272.00	\$700.00	\$168.00	\$500.00	\$500.00
Totals	\$1,203.00	\$2,220.00	\$1,050.00	\$2,000.00	\$2,000.00

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12. Cemetery Budget.

12.1. Executive Summary.

The FY 2007 Budget Report recommends the raising of cemetery lot spaces in order to offset the costs incurred in the continued and future maintenance of the cemetery. The rates were last raised in 1990 at \$100.00 per space and \$400.00 for five spaces. The reasoning for this recommendation is based upon the increasing costs for the care of the cemetery, including increases in wages, gasoline and repairs. For example, in 2005, the cemetery operated with losses exceeding \$5,300.00. In 2006, the losses are expected to be approximately \$6,100.00.

The City Administrator has performed a search of cemetery rates both regionally and across the state and based upon that inquiry is recommending that the price per space be raised to \$250 per space. Based upon 20 purchases per year, the average number of purchases for the last three years, the total revenues that would be produced via grave space sales would be \$9,000.00, which would help to provide a better service, greater care for the cemetery, and less of a burden on the taxpayer for the care and maintenance of the cemetery.

Included is a table of example prices for cemetery spaces. The following cities were cities that responded to a Kansas Association of City Managers listserv request for grave space prices. The City of Hiawatha was consulted and that city does not operate the cemetery in the City of Hiawatha. The City of Seneca was consulted and the charges for spaces at the City of Seneca’s cemetery is \$50.00. Glenn Rodden, the Seneca City Administrator, reported, however, that most burials in Seneca occur at St. Peter & Paul’s Catholic Cemetery. For publicly operated cemeteries, the recommendation included in this report is fairly consistent with other city’s prices for cemetery spaces.

City	Price per Space
Girard	\$250.00
Larned	\$150.00
Garden City	\$400.00
Fredonia	\$200.00
Hoisington	\$200.00 (resident)/\$500.00 (non-resident)

12.2. Fiscal Year 2007 Cemetery Revenues & Receipts.

Basing the revenues upon the average number of openings for the last three years, which is 20, and assuming a price of \$250.00 per space, revenues can be expected to be \$5,000.00. This budget recommends no increase in the cost of grave openings, since that function is contracted out and no increase in cost for that service has been indicated. If approved, this budget assumes an increase in cemetery revenues of 44 percent or \$4,000.00.

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<i>Cemetery Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Space Sales	\$1,825.00	\$500.00	\$75.00	\$500.00	\$5,000.00
Grave Open.	\$3,825.00	\$4,500.00	\$1,950.00	\$4,500.00	\$4,000.00
Totals	\$5,650.00	\$5,000.00	\$2,025.00	\$5,000.00	\$9,000.00

12.3. Fiscal Year 2007 Cemetery Expenditures.

Because of the concerns expressed by citizens over the 2006 summer regarding the care of the Horton Cemetery, this budget recommends a seasonal FTE dedicated for cemetery care only. Having one person only working at the cemetery will bring accountability for any damage that is done and allows the City to determine whether such damage was caused by the City, its agents, weathering, vandalism or causes otherwise.

Establishing one seasonal FTE to act as cemetery sexton will cause additional salaries and an increase in the costs for FICA and Medicare C. Additionally, a \$250 expected line item expenditure for repairs and an anticipated increase in fuel contribute to an increase in expenditures. In total, the increase is a 14 percent or \$1,981.00 increase over FY 2006 expected expenditures.

<i>Cemetery Line Item</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$6,384.00	\$4,000.00	\$0	\$4,300.00	\$5,940.00
Supplies	\$131.00	\$260.00	\$1,221.00	\$1,300.00	\$1,300.00
Gas	\$748.00	\$800.00	\$891.00	\$900.00	\$950.00
Contract	\$3,256.00	\$4,000.00	\$2,267.00	\$4,000.00	\$4,000.00
Cap Outlay	\$0	\$550.00	\$0	\$500.00	\$500.00
Repairs	\$0	\$0	\$0	\$0	\$250.00
FICA Costs	\$396.00	\$300.00	\$300.00	\$335.00	\$369.00
Medicare C	\$93.00	\$70.00	\$70.00	\$80.00	\$87.00
Retirement	\$12.00	\$20.00	\$20.00	\$0	\$0
Totals	\$11,020.00	\$10,000.00	\$4,769.00	\$11,415.00	\$13,396.00

13. Airport Budget.

13.1. Executive Summary.

No change in revenues; slight decrease in expenditures.

13.2. Fiscal Year 2007 Airport Revenues & Receipts.

The revenues for FY 2007 will remain the same as FY 2006, because those revenues are generated by the three-year lease of the ground surrounding the airstrip by rental fees.

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<i>Airport Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Misc.	\$2,129.00	\$1,764.00	\$1,399.23	\$1,764.00	\$1,764.00
Totals	\$2,129.00	\$1,764.00	\$1,399.23	\$1,764.00	\$1,764.00

13.3. Fiscal Year 2007 Airport Expenditures.

Insurance for the airport is not expected to unexpectedly increase; therefore, the expenditures for the airport have been slightly reduced to bring it closer to the amount that is actually paid for the insurance at the airport.

<i>Airport Line Item</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Supplies	\$550.00	\$200.00	\$0	\$500.00	\$200.00
Contract	\$1,766.00	\$2,000.00	\$1,603.00	\$2,000.00	\$2,000.00
Repairs	\$0	\$0	\$0	\$0	\$0
Totals	\$2,316.00	\$2,200.00	\$1,603.00	\$2,500.00	\$2,200.00

14. Building Demolition Budget.

14.1. Executive Summary.

Past budgets have not assumed the payment for building demolition, because those payments can come at unexpected times, depending on whether the property to which the building is attached is purchased via Sheriff’s sale or otherwise. Therefore, revenues for building demolition should not be assumed to increase.

14.2. Fiscal Year 2007 Building Demolition Revenues & Receipts.

Because most properties that are demolished are not paid by the owners of those properties, the City of Horton does not assume that it will receive those revenues in any given year. Therefore, this line item assumes no revenues.

<i>Building Demolition Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Reimbursement	\$50.00	\$0	\$50.00	\$50.00	\$0
Total	\$50.00	\$0	\$50.00	\$50.00	\$0

14.3. Fiscal Year 2007 Building Demolition Expenditures.

Building demolition expenditures are being based on last year’s budget, because no demolitions to date have occurred, so there is no basis for determining the costs for the current or future demolitions. Fiscal year 2005 is also an unreasonable basis, because the size of the demolition then was much larger than any anticipated demolitions for either the 2006 or 2007 fiscal years. For these

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reasons, the building demolition expenditures are recommended to remain constant with the fiscal year 2006 appropriation.

<i>Building Demolition Line Item</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Contract	\$12,810.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00
Totals	\$12,810.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00

15. Employee Benefits Budget.

15.1. Executive Summary.

Blue Cross & Blue Shield (BCBS) counseled with both City Administrator and City Clerk in early June 2006 regarding a 9 percent increase in health insurance premiums paid by the City. Both City Administrator and City Clerk felt that this quote was based on circumstances that no longer existed within city personnel and, therefore, requested an appeal of that quote. After having city employees complete health profiles and a review by BCBS of the price, the City was quoted a 6 percent increase in health insurance premiums, which equates to an approximate \$6,000.00 increase.

Also included in the Employee Benefits budget is a line item for unemployment insurance, which decreased from 1.1 percent in fiscal year 2006 to .26 percent in fiscal year 2007, which equates in an approximate \$6,000.00 decrease.

Because the increase in premiums by BCBS and the decrease for unemployment are approximately equal, it is expected that fiscal year 2007 expenditures will remain constant with fiscal year 2006 expenditures.

15.2. Fiscal Year 2007 Employee Benefits Expenditures.

<i>Employee Benefits Line Item</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Emp. Ben.	\$76,981.00	\$92,000.00	\$43,129.00	\$90,000.00	\$90,000.00
Total	\$76,981.00	\$92,000.00	\$43,129.00	\$90,000.00	\$90,000.00

16. Conclusion.

The Fiscal Year 2007 General Operations Fund Budget represents an approximately 1.01 mill decrease in AVT generated revenue, meanwhile addresses the goals the Governing Body has deemed as critical, such as curb replacement and more investments in the City’s Parks and Recreation system and infrastructure. The General Operating Fund has an expected balanced budget of \$1,181,504.00 for fiscal year 2007, with revenues expected to exceed \$1,181,692.00.

Part II:
Electric Fund, Fiscal Year 2007
Revenues & Expenditures Report

Part II: FY 2007 Electric Fund Revenues & Expenditures Budget

1. Overview.

The overview message of the fiscal year 2007 Electric Fund Budget Report is future reliability and marketability. This report will detail expenditures that the City Administrator deems necessary to be made in the 2007 fiscal year.

The City of Horton's local distributing company's (LDC) current baseload contract with Westar Energy will expire in fiscal year 2008. The City of Horton has procured a contract for transmission from the Southwest Power Pool Association (SPPA) and energy from the Grand River Dam Authority (GRDA) to meet the expected 1 MW of supply necessary to supply the minimum baseload of the City of Horton. This contract, however, does not become effective until 2010; therefore, the City of Horton is in a situation of finding a source of electricity between the years of 2008 and 2010.

The new contract with SPPA and GRDA will bring the cost of electricity for the City from approximately \$34 per megawatt hour (MWH), including both transmission and the cost of the electricity, to \$45 per MWH. In 2008, that price will increase to an unknown amount at this time, but the amount is expected to be between \$45 per MWH and \$55 per MWH. In 2010, that price will level back out at \$45 MWH under the SPPA and GRDA contract, but the City must be prepared to weather a two-year period.

Expected expenditures this budget report makes include the recommendation to appropriate funds necessary to meet the real time metering requirements of the Kansas Municipal Energy Agency (KMEA), so that the City may be able to buy, sell and trade energy with precision, as required by the Southwest Power Pool's Open Access Transmission Tariff. Without making this investment, the City of Horton will not be eligible to make trades for electricity after 2010.

The budget report will also make the recommendation for the commissioning of a study to explore alternative fuels for generation within the LDC for the City of Horton. With unknown foreign fuel supplies being brought into question, it is necessary that we, as a community, begin to look for domestic supplies of fuel for cogeneration of electricity, using a mix of natural gas and diesel.

Finally, this budget report will make the recommendation for a load management and peak forecasting study to ensure that the City of Horton will have the necessary energy to meet peak demands in the coming 5-years.

Part II: FY 2007 Electric Fund Revenues & Expenditures Budget

2. Fiscal Year 2007 Electric Fund Revenues.

2.1. Current Predicted Electric Revenues.

The following table is illustrative of the FY 2007 budget without any increases in electric retail prices to residential and commercial customers. As part of the 2007 revenues, this budget closes the Electric Special Project Fund and moves those dollars into the current year's budget in order to close the project. It is anticipated that those funds will be used in acquiring the real time metering equipment necessary for the trading of energy through KMEA.

<i>Electric Fund Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Elec. Sales	\$1,199,675.00	\$1,189,300.00	\$576,816.00	\$1,200,000.00	\$1,200,000.00
Fuel Adj.	\$26,929.00	\$5,000.00	\$3,448.00	\$10,000.00	\$10,000.00
Space Light	\$13,028.00	\$13,500.00	\$6,061.00	\$13,500.00	\$13,500.00
Meter Charge	\$45,984.00	\$49,500.00	\$21,040.00	\$45,000.00	\$45,000.00
Sales Tax	\$41,727.00	\$40,000.00	\$15,529.00	\$38,000.00	\$38,000.00
Connect Fee	\$1,565.00	\$1,300.00	\$1,190.00	\$2,000.00	\$1,500.00
Misc.	\$4,844.00	\$5,000.00	\$3,356.00	\$5,000.00	\$5,000.00
Proj. Transfer	\$0	\$0	\$0	\$0	\$37,500.00
Totals	\$1,333,752.00	\$1,303,600.00	\$627,440.00	\$1,313,500.00	\$1,350,500.00

3. Fiscal Year 2007 Electric Budget Expenditures.

A major focus of this report has been the reporting of inefficiencies and eliminating those inefficiencies. The City Administrator, via this report, will make recommendations regarding changes in operations and in making special expenditures in order to effectively plan for the future.

Fiscal year 2006 accurately assumes revenues of approximately \$1,350,500.00 in fiscal year 2007. Therefore, in fiscal year 2007 there is approximately \$82,500.00 in excess revenues over fiscal year 2006.

3.1. Operational Changes.

The Electric Department, while generally efficient and successful in completing set goals, does experience some inefficiency during the off-generation season. One full time employee (FTE) is retained during the entire year for the purpose of having a person available during the generation season to take calls and be available should a call to generate come.

The City Administrator is recommending elimination of this FTE and having any calls for generation placed with the Communications Department. While there is some reluctance to attempt this method, because Westar gives one-hour to get the City generators running, City Administration is prepared to place into service a program for the receiving of the notification to generate and to effectively make the call to necessary personnel to have the generators running.

Part II: FY 2007 Electric Fund Revenues & Expenditures Budget

Elimination of this FTE will save the City approximately \$28,000.00 annually. This savings is reflected in the expenditures reported in the table under section 3.3.

3.2. Fiscal Year 2007 Special Expenditures.

The 2007 budget report makes the recommendation for three special, or non-ordinary, expenditures. Those expenditures include the real time metering, a feasibility study for the purposes of determining what costs are necessary for cogeneration, and the commissioning of a forecasting report and load management plan.

3.2.1. Real Time Metering.

The Kansas Municipal Energy Agency (KMEA) has implemented a reliability network that allows communities with the capacity to generate electricity to trade electricity in times of necessity, high peak demand, and emergency. The real time metering system will also allow the City to contract with another city for the purchase of excess market power during the 2008 to 2010 non-contract window.

To pursue opportunities for lower costs through both power pooling and buying market power, the City must use the bulk transmission system as a network transmission customer of the Southwest Power Pool (SPP). In order to be eligible for the pooling under this reliability program, the Southwest Power Pool Open Access Trade Tariff (OATT) requires that the City install and maintain meters and communication equipment compatible with SPP's meter reading system, the SPP Level Metering System.

The Kansas Municipal Energy Agency has estimated the cost for the implementation of the program being approximately \$38,500.00. The 2007 budget assumes that the cost of the implementation of the system to be \$40,000.00. If the costs are over that amount, a three-year lease purchase option is available from KMEA and the metering system should be built into future years budgets.

Whether this expenditure is made this year or not, it will be necessary that the real time metering system be installed in the coming years in order to be eligible network transmission customers of the SPP. This requirement is from the SPP OATT approved by the Federal Energy Regulatory Commission (FERC). The City will not be able to receive the GRDA power in 2010 until this system is installed, so it is the recommendation of both the City Administrator and Electric Superintendent that this system be installed in 2007.

Part II: FY 2007 Electric Fund Revenues & Expenditures Budget

3.2.2. Cogeneration Feasibility Study.

Additionally, with a volatile crude market especially dependent upon the actions of foreign actors and foreign sources, making investments in equipment for conversion to domestic sources of fuel will prove to be an especially cost-effective measure in the coming years. Even as of the writing of this budget report, diesel number 2 fuel had a cost to the City of \$16.90 per MMBtu (\$2.35 per gallon), while natural gas had a cost of \$7.24 per MMBtu.

In order to begin investigating and researching alternatives to sole source petroleum generation, the City Administrator is recommending that the City make affirmative steps to determine what costs would be associated with conversion of the current generators to cogeneration units. There is a current standpipe gas line that runs into the LDC facility and the City would be able to purchase natural gas from that pipe or the alternative pipe that runs through Brown County pursuant to FERC regulations. Initial research has the cost recovery of conversion on a 15-year calendar. If cogeneration were available in the LDC today, there would be an approximate \$35,000.00 savings in fuel.

Preliminary research has generated price quotations ranging in upwards of \$10,000.00 for the feasibility study. The 2007 budget has assumed a cap of \$10,000.00 for the purpose of conducting a cogeneration feasibility study.

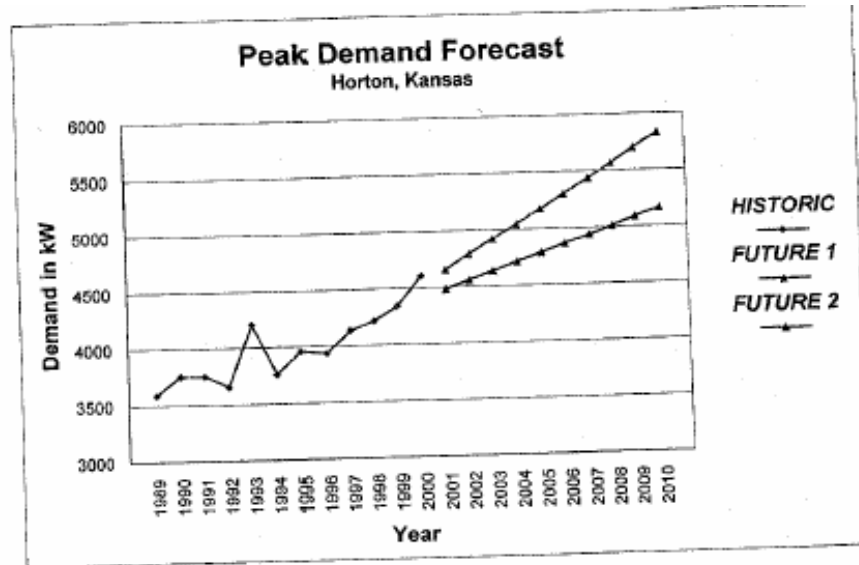
3.2.3. Load Forecasting & Management.

In February 2001, Olsson Associates prepared a load forecast report for the City of Horton. This report predicted, using two different cohort methodologies, the peak demand forecast for the City through 2010. The City of Horton currently has a 5 MW maximum capacity transformer for its substation tie with *Westar Energy*. Using the lowest growth pattern, the forecast report predicted that the City of Horton would exceed its 5 MW capacity by 2008. See *Peak Demand Forecast charting below*.

While the City has the advantage in that it is able to generate up to 4.6 MW of electricity, should there be a failure at the generation facility, the City would be unable to provide electricity via the current transformer by 2008, because the current 5 MW transformer would be unable to handle the required 5.2 MW expected demand.

In order to provide reliable electric service beyond 2008 year, the City must consider purchasing additional capacity in its current substation, currently owned by *Westar Energy*. Moreover, at least 1 MW of additional generating capacity is going to be required in order to meet the forecasted demand of the City of Horton beyond 2010.

Part II: FY 2007 Electric Fund Revenues & Expenditures Budget



Peak shaving, e.g., encouraging large, usually industrial, consumers to operate during non-peak hours by using demand side incentives, may also become necessary in order to manage and bring some leveling to the use of energy. In order to implement such a system, a load management plan will be necessary to control the demand during peak periods.

City Administrator has built into the fiscal year 2007 budget approximately \$10,000.00 to conduct a load management plan, which will require a load forecasting report to be conducted, so that the City can maintain reliability and marketability in the coming years.

3.3. Fiscal Year 2007 Electric Expenditures Table.

While the City is expected to receive approximately \$1.35 MM in revenues, the recommended budget has expenditures in the amount of \$1.475 MM. This budget assumes closing that gap by using surplus electric fund moneys from previous years.

The City has an approximately \$800,000.00 Electric Fund surplus that has been carried over from previous years. It is necessary that steps be taken today, for the above said reasons, so that we are able to maintain reliability and marketability in the future. This budget report recommends using approximately \$125,000.00 of that surplus to fund the above projects and to avoid an unnecessary rate increase for the service customers of the City of Horton's LDC. The City Administrator is confident that the remaining surplus will be sufficient to cover any failures or natural disasters that should occur to the electrical distribution system.

Part II: FY 2007 Electric Fund Revenues & Expenditures Budget

<i>Electric Totals Line Item</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Distribution	\$352,821.00	\$383,838.00	\$167,466.00	\$373,970.00	\$416,873.00
Generation	\$908,726.00	\$919,372.00	\$380,149.00	\$1,001,072.00	\$1,058,707.00
Totals	\$1,261,647.00	\$1,303,210.00	\$547,615.00	\$1,375,042.00	\$1,475,580.00

<i>Electric Dist. Line Item</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$96,369.00	\$100,733.00	\$51,624.00	\$100,733.00	\$80,000.00
Attorney	\$0	\$200.00	\$189.00	\$200.00	\$0
Supplies	\$34,877.00	\$55,000.00	\$15,719.00	\$55,000.00	\$55,000.00
Gas	\$3,181.00	\$4,000.00	\$1,501.00	\$3,000.00	\$4,000.00
Dues	\$929.00	\$930.00	\$1,062.00	\$1,062.00	\$1,100.00
Contract	\$23,804.00	\$35,000.00	\$13,749.00	\$25,000.00	\$35,000.00
Engineering	\$1,882.00	\$0	\$0	\$0	\$10,000.00
Training	\$688.00	\$2000.00	\$155.00	\$1,000.00	\$2,000.00
Cap. Outlay	\$17,989.00	\$0	\$1,222.00	\$2,000.00	\$42,000.00
Debt Service	\$16,047.00	\$16,415.00	\$7,839.00	\$16,415.00	\$16,415.00
Repairs	\$2,271.00	\$3,000.00	\$309.00	\$3,000.00	\$3,000.00
Sales Tax	\$41,993.00	\$41,500.00	\$20,602.00	\$41,500.00	\$47,500.00
Transfer	\$84,792.00	\$92,500.00	\$38,542.00	\$92,500.00	\$92,500.00
Emp. Benefit	\$16,884.00	\$20,000.00	\$8,799.00	\$20,000.00	\$18,000.00
FICA Cost	\$5,890.00	\$6,250.00	\$3,144.00	\$6,250.00	\$4,950.00
Medicare C	\$1,378.00	\$1,460.00	\$735.00	\$1,460.00	\$1,160.00
Retirement	\$3,847.00	\$4,850.00	\$2,275.00	\$4,850.00	\$4,248.00
Totals	\$352,821.00	\$383,838.00	\$167,466.00	\$373,970.00	\$416,873.00

<i>Electric Generation Line Item</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$45,734.00	\$47,000.00	\$20,398.00	\$47,000.00	\$30,000.00
Attorney	\$33.00	\$0	\$0	\$0	\$0
Supplies	\$3,256.00	\$22,500.00	\$3,540.00	\$22,500.00	\$22,500.00
Dues	\$810.00	\$0	\$100.00	\$900.00	\$800.00
Diesel	\$35,231.00	\$30,900.00	\$38,000.00	\$38,000.00	\$50,000.00
Contract	\$24,172.00	\$35,000.00	\$26,678.00	\$27,800.00	\$30,000.00
Engineering	\$0	\$0	\$0	\$0	\$10,000.00
Training	\$0	\$500.00	\$0	\$0	\$1,500.00
Cap. Outlay	\$4,405.00	\$41,000.00	\$0	\$41,000.00	\$41,000.00
Debt Service	\$151,441.00	\$148,967.00	\$46,983.00	\$148,967.00	\$171,464.00
Repairs	\$1,767.00	\$0	\$699.00	\$800.00	\$1,000.00
Power Cost	\$547,946.00	\$490,000.00	\$201,093.00	\$570,000.00	\$600,000.00
Transfer	\$84,792.00	\$92,500.00	\$38,542.00	\$92,500.00	\$92,500.00
Emp. Benefit	\$4,261.00	\$5,500.00	\$2,064.00	\$5,500.00	\$4,055.00
FICA Cost	\$2,813.00	\$2,820.00	\$1,254.00	\$2,920.00	\$1,860.00
Medicare C	\$658.00	\$685.00	\$293.00	\$685.00	\$435.00
Retirement	\$1,407.00	\$2,000.00	\$505.00	\$2,000.00	\$1,593.00
Totals	\$908,726.00	\$919,372.00	\$380,149.00	\$1,001,072.00	\$1,058,707.00

_____Part II: FY 2007 Electric Fund Revenues & Expenditures Budget

4. **Conclusion.**

As noted from the beginning of the Fiscal Year 2007 Electric Fund Budget Report, the message is future reliability and marketability of electric services provided by the City of Horton's LDC. The City Administrator is confident that the expenditures recommended by this report will give the City service customer, the Governing Body, the Electric Department and City Administration the information necessary to ensure the reliability of future energy supplies as well as the marketability of that energy.

Part III:
Water Fund, Fiscal Year 2007
Revenues & Expenditures Report

Part III: FY 2007 Water Fund Budget

1. Overview.

The Water Fund is maintaining revenues and expenditures have not increased to the point that the Water Fund revenues cannot support the expenditures that are necessary for the operation of the facility. Therefore, the City Administrator recommends that the water rates remain constant as they have since 1998.

In fiscal year 2007, approximately four blocks of water distribution line and additional valves are scheduled for replacement. These projects will fit well within the fiscal year 2007 capitol outlay expenditures.

No costs associated with the Mission Lake Special Project have been assumed under the Water Fund budget, as that project, when the bonds are issued, will be placed under the Mission Lake Special Project Fund.

With expected revenues of \$244,320.00 and expected expenditures at \$244,320.00, the fiscal year 2007 budget expects a balanced budget.

<i>Water Fund Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Totals	\$249,239.00	\$255,120.00	\$122,337.00	\$242,220.00	\$244,320.00

<i>Water Fund Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Totals	\$239,954.00	\$255,115.00	\$102,715.00	\$230,269.00	\$244,320.00

2. Fiscal Year 2007 Water Fund Revenues & Receipts.

Receipts for fiscal year 2007 are expected to increase only slightly, being caused by increased usage only – not by an increase in taxing or rates. The increase is based on the average increase for the three previous years.

<i>Water Fund Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Water Sales	\$229,661.00	\$245,000.00	\$115,565.00	\$230,000.00	\$230,000.00
Wtr Prot. Fee	\$1,618.00	\$1,800.00	\$799.00	\$1,600.00	\$1,700.00
Deposit	\$5,550.00	\$0	\$1,941.00	\$3,000.00	\$0
Misc	\$5,196.00	\$1,000.00	\$346.00	\$1,000.00	\$1,000.00
Connect Fee	\$1,347.00	\$1,200.00	\$1,120.00	\$1,500.00	\$1,500.00
Weather Rpt	\$120.00	\$120.00	\$60.00	\$120.00	\$120.00
Wills Water	\$5,147.00	\$6,000.00	\$2,506.00	\$5,000.00	\$10,000.00
Transfer	\$0	\$0	\$0	\$0	\$0
Totals	\$249,239.00	\$255,120.00	\$122,337.00	\$242,220.00	\$244,320.00

Part III: FY 2007 Water Fund Budget

3. Fiscal Year 2007 Water Fund Expenditures.

In order to fund the first year of the Capital replacement program that City Administration and City Water Distribution Manager have been writing, the expenses for Capital Outlay have increased, along with nominal increases for supplies, e.g., new meters. The first two-to-three years of this program have been identified, and City Administration is hoping to have this section of the Capital Improvement Program in place before January 1, 2007.

<i>Water Fund Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$70,966.00	\$67,766.00	\$32,400.00	\$67,766.00	\$51,261.00
Attorney	\$702.00	\$4,946.00	\$0	\$0	\$0
Supplies	\$21,344.00	\$17,000.00	\$14,686.00	\$23,000.00	\$23,780.00
Gas	\$3,548.00	\$2,800.00	\$961.00	\$2,500.00	\$2,800.00
Dues	\$802.00	\$1,000.00	\$514.00	\$1,000.00	\$1,000.00
Chemical	\$2,926.00	\$4,000.00	\$683.00	\$3,000.00	\$4,000.00
Water Purch.	\$268.00	\$2,000.00	\$0	\$0	\$1,000.00
Contract	\$32,656.00	\$40,000.00	\$24,638.00	\$40,000.00	\$40,000.00
Engineering	\$2,382.00	\$30,000.00	\$0	\$10,000.00	\$10,000.00
Training	\$442.00	\$1,000.00	\$913.00	\$1,000.00	\$1,000.00
Cap. Outlay	\$7,325.00	\$28,000.00	\$2,999.00	\$20,000.00	\$25,000.00
Debt Service	\$1,839.00	\$27,153.00	\$11,088.00	\$27,153.00	\$31,236.00
Deposit Paid	\$1,889.00	\$0	\$928.00	\$2,000.00	\$0
Water Prot. Fee	\$1,708.00	\$1,600.00	\$646.00	\$1,600.00	\$1,600.00
Clean Water Fee	\$1,602.00	\$1,600.00	\$646.00	\$16,000.00	\$1,600.00
Transfer	\$67,375.00	\$0	\$0	\$0	\$25,800.00
Emp. Benefits	\$14,160.00	\$16,000.00	\$8,032.00	\$16,000.00	\$16,000.00
FICA Costs	\$4,352.00	\$4,800.00	\$1,976.00	\$4,800.00	\$3,178.00
Medicare C	\$1,018.00	\$1,200.00	\$1,200.00	\$1,200.00	\$745.00
Retirement	\$2,063.00	\$3,250.00	\$938.00	\$3,250.00	\$2,722.00
Totals	\$239,954.00	\$255,115.00	\$102,715.00	\$230,269.00	\$244,320.00

4. Conclusion.

The fiscal year 2007 Water Budget will remain relatively consistent with previous years' spending patterns, making nominal adjustments for fuel increases and supply increases. Additionally, to continue to replace valves and piping within the City of Horton that is either dilapidated or failing, the Capital Outlay line item has increased to absorb those items.

Part IV:
Sewer Fund, Fiscal Year 2007
Revenues & Expenditures Report

Part IV: FY 2007 Sewer Fund Revenues & Expenditures Budget

1. Overview.

With the 2004 \$300,000.00 bond issue passed in order to rehabilitate the Wastewater Treatment Plant (WWTP), the Sanitary Sewer Budget is experiencing approximately \$40,000.00 annually in new expenditures, yet this amount has been absorbed by the existing Sewer revenues. Because Sewer revenues have not increased, but the costs of doing business have, it is necessary that Sewer rates be increased in order to accommodate for the increased costs.

The City Administrator, via the 2007 Fiscal Year Budget Report, recommends incrementally increasing sanitary sewer rates in order to accommodate for those increased costs of doing business, but also in order to begin saving for a new WWTP. This budget recommends a 10-year equipment reserve transfer program, which is anticipated to bring over \$1 million in construction moneys for the replacement of the current WWTP facility. This action will not only improve the image of good faith efforts with the Kansas Department of Health and Environment for grant and revolving loan approval, but will also lessen the fiscal impact of the replacement facility for the current WWTP by encouraging the investment of USDA Rural Development moneys for the replacement.

2. Fiscal Year 2007 Sewer Fund Revenues & Receipts.

2.1. Sanitary Sewer Rates Incremental Increase Recommendation.

The current sanitary sewer revenues are generated based on a base usage of \$7.05 per connection and \$2.50 per 1,000 gallons of usage. There is approximately 869 connections in the City of Horton, with an average usage per connection of 3,906 gallons. Given these figures, the fiscal year 2007 revenue expectation from sewer sales can be approximately \$190,698.00, an amount that is currently only meeting the annual expenditures of just under \$190,000.00.

State averages are based on 5,000 gallons of usage per connection per community. While Horton is under that average, in order to compare Horton's rates with the state average and the average of regional communities, Horton's rate will be based on 5,000 gallons of usage. Based on the 5,000 gallon assumption, Horton has a monthly average of \$19.55 per month. The following table is illustrative, for comparison reasons, of the rates charged both statewide and regionally.

Statewide 75 th Percentile	\$18.65 per 5,000 gallons
Median Statewide Percentile	\$13.03 per 5,000 gallons
Statewide 25 th Percentile	\$8.48 per 5,000 gallons
Holton	\$33.73 per 5,000 gallons
Sabetha	\$19.19 per 5,000 gallons
Seneca	\$10.00 per 5,000 gallons
Hiawatha	\$22.00 per 5,000 gallons

_____Part IV: FY 2007 Sewer Fund Revenues & Expenditures Budget

It is necessary that sanitary sewer rates be increased to either acquire a sludge pumping truck or repair the current truck and to also begin saving for the construction of a new wastewater treatment facility by the year 2017. It is estimated that a new wastewater treatment facility could vary between \$2.8 MM and \$3.5 MM. Therefore, the City’s 10-year goal for wastewater reserve should be \$1.5 MM to be able to meet at least one-half of the amounts necessary to build a new facility. The high amount of the match will decrease the amount of the interest rate on the future bonds or revolving loan dollars necessary to meet the remaining amount of the new construction.

The City Administrator has independently conferred with members of the Horton City Commission and members of the community, particularly the elderly and those on fixed incomes, regarding the need to increase sanitary sewer rates. The consensus has been that should an increase be necessary, that increase should come in the form of an increase in the base usage price. Therefore, the following recommendation is based primarily on an increase in the base usage price.

The following recommendation is a two (2) year, incremental increase in order to prevent from charging more than is necessary for the purpose of meeting the \$1.5 MM match goal by the year 2017 for a new wastewater treatment facility.

Recommended Incremental Sewer Rate Increase				
Year	Rate	Price	Total Revenue	Amt of Increased Revenue
2006	Base Rate	\$7.05	\$190,694.00	\$190,694.00
	Usage Rate	\$2.50		
2007	Base Rate	\$12.05	\$252,212.00	\$252,212.00
	Usage Rate	\$2.70		
2008	Base Rate	\$12.05	\$291,116.00	\$291,116.00
	Usage Rate	\$3.53		

Should the following recommendation be adopted, the City will be well situated to reach a \$1.5 MM goal for the replacement of the WWTP, with over \$350,000.00 of the \$1.5 MM being earned via interest bearing certificate of deposit.

With the above recommended increase, the City of Horton would be well situated to develop an estimated \$1.324 MM fund, including principal and interest, for the purposes of a matching USDA Rural Development, KDHE State Revolving Loan Fund, and Kansas Department of Commerce Community Development Block Grant dollars.

Part IV: FY 2007 Sewer Fund Revenues & Expenditures Budget

While the investments today would be of great assistance in the attraction of grant dollars for the rebuilding of a new mechanical wastewater treatment facility in the next decade, another requirement for USDA Rural Development moneys is that sewer bills, based on a 5,000 monthly average, be in the \$30.00 range. The fiscal year 2007 proposed increase would create a \$25.55 bill for Horton residents, based on a 5,000 gallon usage. The fiscal year 2008 proposed increase would create a \$29.70 bill for Horton residents, again based on a 5,000 gallon usage.

The purpose of USDA Rural Development dollars is to encourage the decrease in water and sewer billings to customers in the rural, economically depressed regions of the United States. This recommendation would place Horton within the range of eligibility for USDA Rural Development *grant* moneys – not the loan fund that is available to communities – and place the City of Horton in a prime position to have the remainder of the costs for a new facility paid for by the USDA.

The following amortization table is illustrative of the interest earned from the savings made today.

Year	Deposit	APR	APY	Avg. Annual Earnings	Total Interest Earned	2017 Est. of Investment Total
2008	\$56,518.00	5.50%	5.64%	\$5,172.78	\$46,555.00	\$103,073.00
2009	\$100,422.00	5.50%	5.64%	\$9,122.97	\$72,983.77	\$173,405.77
2010	\$100,422.00	5.50%	5.64%	\$9,109.29	\$63,187.50	\$164,870.50
2011	\$100,422.00	5.00%	5.12%	\$9,438.73	\$56,632.37	\$157,054.37
2012	\$100,422.00	5.00%	5.12%	\$6,824.97	\$41,774.78	\$142,166.78
2013	\$100,422.00	5.00%	5.12%	\$5,813.62	\$34,881.69	\$135,303.69
2014	\$100,422.00	4.00%	4.1%	\$4,422.39	\$22,111.92	\$122,533.92
2015	\$100,422.00	4.00%	4.1%	\$4,245.34	\$12,736.02	\$113,158.02
2016	\$100,422.00	4.00%	4.1%	\$4,160.32	\$8,320.64	\$108,742.64
2017	\$100,422.00	4.00%	4.1%	\$4,077.54	\$4,077.54	\$104,077.54
Totals	\$960,316.00	4.75%	4.868%	\$36,336.10	\$363,361.23	\$1,324,386.23

2.2. Fiscal Year 2007 Sewer Revenues With Recommended Rate Increase.

The following table illustrates the sources of revenues for the sanitary sewer fund if the Governing Body chooses to accept the rate increase recommendation of this report.

Part IV: FY 2007 Sewer Fund Revenues & Expenditures Budget

<i>Sewer Fund Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Sewer Sales	\$181,974.00	\$217,300.00	\$95,347.00	\$190,700.00	\$251,512.00
Misc.	\$663.00	\$500.00	\$216.00	\$500.00	\$500.00
Connect Fee	\$139.00	\$200.00	\$160.00	\$200.00	\$200.00
Totals	\$182,776.00	\$218.00	\$95,723.0	\$191,300.00	\$252,212.00

2.3. Fiscal Year 2007 Sewer Expenditures Without Approve Rate Increase.

The following table illustrates the sources of revenues for the sanitary sewer fund if the Governing Body chooses not to accept the rate increase recommendation of this report.

<i>Sewer Fund Line Items</i>	2005 Year Actual Receipts	FY 2006 Revenue Projections	Actual 2006 Q1 to Q2 Revenues	Estimated 2006 Revenues	Expected 2007 Revenues
Sewer Sales	\$181,974.00	\$217,300.00	\$95,347.00	\$190,700.00	\$190,700.00
Misc.	\$663.00	\$500.00	\$216.00	\$500.00	\$500.00
Connect Fee	\$139.00	\$200.00	\$160.00	\$200.00	\$200.00
Totals	\$182,776.00	\$218,000.00	\$95,723.0	\$191,300.00	\$191,394.00

3. Fiscal Year 2007 Sewer Fund Expenditures.

Because the amount of expenditures made is dependent upon the whether the Governing Body chooses to implement the rate recommendations of this report, the following section is separated into two subsections for the purpose of illustrating the use of anticipated expenditures. The first expenditure table is with the acceptance of the recommended rate increase; and the second expenditure table is without the acceptance of the recommended rate increase.

Both tables illustrate the decrease in salaries that the Sanitary Sewer Department will experience in the next year. Salaries for the 2006 fiscal year were a bit higher due to a transition period and consulting fees paid for the rehabilitation of the WWTP. Those costs will decrease in fiscal year 2007. The salaries in fiscal year 2007 are assumed to be that of certified water pollution operators with a 5 percent overtime contingency built into the salaries estimation.

3.1. Fiscal Year 2007 Sewer Fund Expenditures with Increased Revenues.

Should the Governing Body choose to accept the recommendations to increase sewer rates, the following table will illustrate the use of those moneys. In particular, added to the Sewer Fund under this scenario is a line item for the transfer of \$56,518.00 to the Capital Building Improvement Fund for the purposes of building a new mechanical wastewater treatment plant in the next decade.

Part IV: FY 2007 Sewer Fund Revenues & Expenditures Budget

<i>Sewer Fund Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$50,645.00	\$55,000.00	\$34,100.00	\$68,000.00	\$46,431.00
Attorney	\$360.00	\$150.00	\$98.00	\$150.00	\$150.00
Supplies	\$19,679.00	\$20,000.00	\$9,507.00	\$20,000.00	\$25,000.00
Gas	\$3,770.00	\$4,000.00	\$1,586.00	\$4,000.00	\$4,000.00
Dues	\$802.00	\$800.00	\$514.00	\$800.00	\$800.00
Contract	\$18,418.00	\$25,000.00	\$16,934.00	\$20,000.00	\$20,000.00
Engineering	\$1,146.00	\$0	\$0	\$0	\$0
Training	\$742.00	\$1,000.00	\$1,960.00	\$2,200.00	\$1,000.00
Cap. Outlay	\$8,011.00	\$38,000.00	\$722.00	\$25,000.00	\$25,000.00
Capital Reserve	\$0	\$0	\$0	\$0	\$56,518.00
Debt Service	\$19,358.00	\$40,400.00	\$7,604.00	\$40,400.00	\$39,840.00
Repairs	\$4,223.00	\$15,050.00	\$6,327.00	\$10,000.00	\$15,000.00
Emp. Benefits	\$21,544.00	\$12,500.00	\$5,589.00	\$12,500.00	\$11,200.00
FICA Costs	\$3,113.00	\$3,450.00	\$2,094.00	\$4,216.00	\$2,879.00
Medicare C	\$728.00	\$800.00	\$490.00	\$986.00	\$674.00
Retirement	\$1,457.00	\$2,650.00	\$430.00	\$2,931.00	\$2,466.00
Totals	\$153,996.00	\$218,800.00	\$87,955.00	\$211,183.00	\$250,958.00

3.2. Fiscal Year 2007 Sewer Fund Expenditures without Increased Revenues.

Without accepting the recommended rate increases, the following table illustrates the expenditures of city tax dollars. Without the increase, it is estimated that the budget for the Sanitary Sewer Department will remain consistent with previous years' operational costs.

<i>Sewer Fund Line Items</i>	FY 2005 Actual	FY 2006 Budget	Actual 2006 Q1 to Q2 Expenditures	Estimated FY 2006 Expenditures	Requested FY 2007 Expenditures
Salaries	\$50,645.00	\$55,000.00	\$34,100.00	\$68,000.00	\$46,431.00
Attorney	\$360.00	\$150.00	\$98.00	\$150.00	\$150.00
Supplies	\$19,679.00	\$20,000.00	\$9,507.00	\$20,000.00	\$20,000.00
Gas	\$3,770.00	\$4,000.00	\$1,586.00	\$4,000.00	\$4,000.00
Dues	\$802.00	\$800.00	\$514.00	\$800.00	\$800.00
Contract	\$18,418.00	\$25,000.00	\$16,934.00	\$20,000.00	\$20,000.00
Engineering	\$1,146.00	\$0	\$0	\$0	\$0
Training	\$742.00	\$1,000.00	\$1,960.00	\$2,200.00	\$1,000.00
Cap. Outlay	\$8,011.00	\$38,000.00	\$722.00	\$25,000.00	\$25,000.00
Debt Service	\$19,358.00	\$40,400.00	\$7,604.00	\$40,400.00	\$39,840.00
Repairs	\$4,223.00	\$15,050.00	\$6,327.00	\$10,000.00	\$15,000.00
Emp. Benefits	\$21,544.00	\$12,500.00	\$5,589.00	\$12,500.00	\$11,200.00
FICA Costs	\$3,113.00	\$3,450.00	\$2,094.00	\$4,216.00	\$2,879.00
Medicare C	\$728.00	\$800.00	\$490.00	\$986.00	\$674.00
Retirement	\$1,457.00	\$2,650.00	\$430.00	\$2,931.00	\$2,466.00
Totals	\$153,996.00	\$218,800.00	\$87,955.00	\$211,183.00	\$189,440.00

_____Part IV: FY 2007 Sewer Fund Revenues & Expenditures Budget

4. Conclusion.

The fiscal year 2007 budget for the Sanitary Sewer Department is more than a detailed list of where the revenues will be generated from and how those revenues will be spent. This section of the budget report is an important compass for the updating of City infrastructure that has been used well beyond its expected life. In the fall of 2006, as the City Administrator updates the City's 5-year and 10-year Strategic Plans, as is required by *Horton City Code §1-310 (Ordinance 1055, 2004)*, this budget piece of the budget will additionally be a critical compass for the direction of those strategic plans.

**Appendix
Fiscal Year 2007
Proposed Budget Worksheet**

CERTIFICATE

To the Clerk of Brown County, State of Kansas
We, the undersigned, officers of
Horton

certify that: (1) the hearing mentioned in the attached publication was held;
(2) after the Budget Hearing this budget was duly approved and adopted as the
maximum expenditure for the various funds for the year 2007; and (3) the Amount(s)
of 2006 Ad Valorem Tax are within statutory limitations for the 2007 Budget.

			2007 Adopted Budget		
		Page No.	Expenditures	Amount of 2006 Ad Valorem Tax	County Clerk's Use Only
Table of Contents:					
Computation to Determine Limit for 2007		2			
Allocation of MVT, RVT & 16/20M Veh		3			
Schedule of Transfers		3			
Statement of Indebtedness		4			
Statement of Lease-Purchases		4a			
<u>Fund</u>	<u>K.S.A.</u>				
General	12-101a	5 & 6	1,181,504	299,226	
Industrial Development	12-1617h	7	10,350	885	
Bond & Interest	10-113	7	27,153	23,157	
Special Highway		8	100,000		
Grants		8			
Electric Project Fund		9	65,544		
Electric		9	1,475,580		
Water		10	238,942		
Sewer		10	250,958		
Solid Waste		11	85,000		
Cemetery Memorial Fund		11			
Schneider Fund		12			
IRB		12			
Sewer Improvement Project		13			
Water Improvement Project		13			
Equipment Reserve		14			
Court Diversion Program		14			
Totals		xxxxxx	3,435,031	323,268	0.000
Publication		16	County Clerk's Use Only		
Final Assessed Valuation					

November 1st Valuation

Assisted by: _____

State Use Only
Received _____
Reviewed by _____
Follow-up: Yes ___ No ___

Attest: _____ 2006

Governing Body

County Clerk

Horton

Computation to Determine Limit for 2007

		Amount of Levy
1. Tax Levy Amt in 2006 Budget	+ \$	317,319
2. Debt Service Levy in 2006 Budget	-	<u>20,587</u>
3. Tax Levy Excluding Debt Service	\$	<u>296,732</u>
 2006 Valuation Information for Valuation Adjustments:		
4. New Improvements for 2006:	+ <u> </u>	9,490
5. Increase in Personal Property for 2006:		
5a. Personal Property 2006	+ <u> </u>	488,392
5b. Personal Property 2005	- <u> </u>	454,192
5c. Increase in Personal Property (5a minus 5b)	+ <u> </u>	34,200
		(Use Only if > 0)
6. Valuation of annexed territory for 2006:		
6a. Real Estate	+ <u> </u>	0
6b. State Assessed	+ <u> </u>	0
6c. New Improvements	- <u> </u>	0
6d. Total Adjustment (Sum of 6a, 6b, and 6c)	+ <u> </u>	0
7. Valuation of Property that has Changed in Use during 2006:		<u>10,702</u>
8. Total Valuation Adjustment (Sum of 4, 5c, 6d & 7)		<u>54,392</u>
9. Total Estimated Valuation July 1, 2006	<u> </u>	5,126,952
10. Total Valuation less Valuation Adjustment (9 minus 8)		<u>5,072,560</u>
11. Factor for Increase (8 divided by 10)		<u>0.01072</u>
12. Amount of Increase (11 times 3)	+ \$	<u> </u> 3,182
13. Maximum Tax Levy, excluding debt service, without an Ordinance (3 plus 12)	\$	<u> </u> 299,914
14. Debt Service Levy in this 2007 Budget		<u> </u> 23,357
15. Maximum levy, including debt service, without an Ordinance (13 plus 14)		<u> </u> 323,271

If the 2007 budget includes tax levies exceeding the total on line 15, you must adopt an ordinance to exceed this limit and attach a copy to this budget.

Allocation of Motor, Recreational and 16/20M Vehicle Tax

2006 Budgeted Fund	Tax Levy Amt in 2006 Budget	Allocation for Year 2007		
		MVT	RVT	16/20M Veh
General	289,316	62,082	555	757
Industrial Development	7,416	1,591	14	10
Bond & Interest	20,587	4,417	40	59
TOTAL	317,319	68,090	609	827

County Treas Motor Vehicle Estimate	68,090		
County Treasurers Recreational Vehicle Estimate		609	
County Treasurers 16/20M Vehicle Estimate			827
Motor Vehicle Factor	0.21458		
Recreational Vehicle Factor		0.00192	
16/20M Vehicle Factor			0.00260

Schedule of Transfers

Fund Transferred From:	Fund Transferred To:	2005 Amount Actual	2006 Amount	2007 Amount	Statute
General Fund	Equipment Reserve	5,000	5,000	-	
General Fund	Cap. Imp Bldg. Rese	5,000	5,000	-	
Electric	General Fund	169,584	185,000	185,000	
Water	General Fund	67,375	-	-	
Sewer	Cap. Imp Bldg. Rese	-	-	56,518	
Electric Project Fund	Electric	-	-	65,544	

Horton

FUND PAGE - GENERAL

Adopted Budget General	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	66,329	89,716	59,420
Receipts:			
Ad Valorem Tax	231,291	270,000	xxxxxxxxxxxxxxxxxxxx
Delinquent Tax	9,652	7,000	5,000
Motor Vehicle Tax	56,393	54,000	62,082
Recreational Vehicle Tax	502	1,212	555
16/20M Vehicle Tax			757
Neighborhood Revitalization	(8,162)	(14,000)	(14,000)
Gross Earning (Intangible) Tax			0
Sales Tax	276,149	270,000	280,000
Connecting Link	19,702	20,000	20,000
In Lieu of Taxes (IRB)	0	0	0
Franchise Tax	62,498	66,000	66,000
Permits and Licenses	1,356	1,050	1,050
Police Fees	2,660	3,500	3,800
Communications	20,263	21,200	21,750
Court Fines & Costs	54,022	58,472	60,900
Street	8,949	225	10,000
Bldg Demolition	50	50	0
Pool Fees	12,516	10,400	10,700
Firing Range Fees	1,241	1,000	1,000
Park Fees	21,219	18,200	18,400
Fire Department	10,423	10,000	15,000
Fire Insurance Proceeds	0	24,100	0
Cemetery	5,650	5,000	9,000
Airport	2,129	1,764	1,764
Rent	3,082	500	500
Miscellaneous	7,729	10,000	10,000
Copies	115	100	100
Deposit Interest	(528)	(800)	(1,000)
Insufficient Funds Collections	8,435	4,500	4,500
Transfer from Electric	169,584	185,000	185,000
Transfer from Water	67,374	0	0
Interest on Idle Funds	37,024	27,059	50,000
Total Receipts	1,081,318	1,055,532	822,858
Resources Available:	1,147,647	1,145,248	882,278

Page No. 5

Horton

FUND PAGE - GENERAL

Adopted Budget General	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Resources Available:	1,147,647	1,145,248	882,278
Expenditures:			
General Administration			
Salaries & Wages	67,675	77,884	161,562
Commodities	25,725	21,900	15,550
Contract Services	55,024	55,650	54,650
Capitol Outlay	2,846	2,500	10,000
Debt Service	2,952	3,000	3,500
Police			
Salaries and Wages	175,783	181,650	185,897
Contractual	20,146	20,500	21,000
Commodities	25,500	23,950	22,000
Debt Service	15,116	15,500	4,000
Capital Outlay	79	1,000	2,000
Communications			
Salaries and Wages	126,793	131,400	124,400

Contractual	9,090	11,500	11,500
Commodities	10,489	11,850	11,150
Capital Outlay	801	500	500
Court			
Salaries and Wages	5,168	5,170	6,570
Contractual	6,151	5,420	5,400
Commodities	13,500	11,050	10,550
Capital Outlay			5,300
Fire Department			
Salaries and Wages	10,034	13,200	13,500
Contractual	7,528	7,200	7,200
Commodities	4,065	7,500	8,135
Debt Service	19,180	19,200	19,200
Capital Outlay	8,243	10,050	10,000
Transfer to Equipment Reserve	0	0	2,000
Fire Insurance Proceeds	6,187	23,586	0
Library			
Contractual	38,000	38,000	38,000
Capital Outlay	2,000	2,000	2,000
Building Demolition			
Contractual	12,810	10,000	10,000
Streets			
Salaries and Wages	90,242	90,075	96,506
Contractual	22,698	22,200	22,100
Commodities	49,365	40,000	38,500
Capital Outlay	22,677	30,000	49,000
Debt Service	0	0	15,467
Recreation			
Salaries and Wages	7,144	6,998	10,765
Contractual	6,482	5,000	5,000
Commodities	11,268	22,900	18,000
Capital Outlay	8,839	0	10,000
Firing Range			
Contractual	272	500	500
Commodities	931	1,500	1,500
Pool			
Salaries and Wages	23,035	16,680	17,906
Contractual	20,185	10,600	10,600
Commodities	23,591	14,300	14,500
Capital Outlay	0	0	0
Cemetery	11,020	11,415	13,396
Airport	2,316	2,500	2,200
Employee Benefits	76,981	90,000	90,000
Transfer to Equip. Reserve	5,000	5,000	0
Transfer to Public Bldg. Reserve	5,000	5,000	0
Total Expenditures	1,057,931	1,085,828	1,181,504
Unencumbered Cash Balance Dec 31	89,716	59,420	xxxxxxxxxxxxxxxxxxxx
Non-Appropriated Balance			
Total Expenditures and Non-Appropriated Balance			1,181,504
Tax Required			299,226
Delinquency Computation	0.00 %		0
Amount of 2006 Ad Valorem Tax			299,226

Horton

FUND PAGE FOR FUNDS WITH A TAX LEVY

Adopted Budget Industrial Development	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	6,835	7,896	8,129
Receipts:			
Ad Valorem Tax	3,095	7,416	XXXXXXXXXXXXXXXXXXXX
Delinquent Tax	128	120	120
Motor Vehicle Tax	939		1,591
Recreational Vehicle Tax	8	6	14
16/20M Vehicle Tax			10
Neighborhood Revitalization	-109	-309	-400
Interest on Idle Funds			
Total Receipts	4,061	7,233	1,335
Resources Available:	10,896	15,129	9,465
Expenditures:			
Commodities	0	0	850
Contract Services	3,000	7,000	9,500
Total Expenditures	3,000	7,000	10,350
Unencumbered Cash Balance Dec 31	7,896	8,129	XXXXXXXXXXXXXXXXXXXX

Non-Appropriated Balance		
Total Expenditures and Non-Appropriated Balance		10,350
Tax Required		885
Delinquency Computation	0.00 %	0
Amount of 2006 Ad Valorem Tax		885

Adopted Budget

Bond & Interest	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	768	1,343	0
Receipts:			
Ad Valorem Tax	18,088	20,587	XXXXXXXXXXXXXXXXXXXX
Delinquent Tax	792	573	330
Motor Vehicle Tax	4,541	4,500	4,417
Recreational Vehicle Tax	40	40	40
Neighborhood Revitalization	-638	-857	-850
16/20M Vehicle Tax	0	0	59
Interest on Idle Funds			
Total Receipts	22,823	24,843	3,996
Resources Available:	23,591	26,186	3,996
Expenditures:			
Principle	20,000	25,000	26,000
Interest	2,248	1,186	338
Commission	0	0	15
Cash Basis Reserve	0		800
Total Expenditures	22,248	26,186	27,153
Unencumbered Cash Balance Dec 31	1,343	0	XXXXXXXXXXXXXXXXXXXX

Non-Appropriated Balance		
Total Expenditures and Non-Appropriated Balance		27,153
Tax Required		23,157
Delinquency Computation	0.00 %	0
Amount of 2006 Ad Valorem Tax		23,157

Horton

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Special Highway	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	49,376	49,893	47,993
Receipts:			
State of Kansas Gas Tax	56,010	54,290	55,860
Interest on Idle Funds			
Total Receipts	56,010	54,290	55,860
Resources Available:	105,386	104,183	103,853
Expenditures:			
Commodities	35,895	20,000	50,000
Contract Services	136	30,000	30,000
Capitol Outlay	19,462	6,190	20,000
Total Expenditures	55,493	56,190	100,000
Unencumbered Cash Balance Dec 31	49,893	47,993	3,853

Adopted Budget

Grants	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	1,206	-1,500	0
Receipts:			
Grant Revenue	3,295	1,500	
Local Revenue	4,354		
Interest on Idle Funds			
Total Receipts	7,649	1,500	0
Resources Available:	8,855	0	0
Expenditures:			
Commodities	8,100		
Capitol Outlay	1,528		
Contract Services	727		
Total Expenditures	10,355	0	0
Unencumbered Cash Balance Dec 31	-1,500	0	0

Horton

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Electric Project Fund	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	144,340	91,975	65,544
Receipts:			
Revenues	0	0	0
Interest on Idle Funds			
Total Receipts	0	0	0
Resources Available:	144,340	91,975	65,544
Expenditures:			
Commodities	0		
Contract Services	6,287	26,431	
Capitol Outlay	46,078	0	
Transfer to Electric Fund			65,544
Total Expenditures	52,365	26,431	65,544
Unencumbered Cash Balance Dec 31	91,975	65,544	0

Adopted Budget

Electric	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	742,249	814,464	752,922
Receipts:			
Charges to Customers	1,333,752	1,313,500	1,347,528
Transfer from Project Fund	0	0	65,544
Interest on Idle Funds			
Total Receipts	1,333,752	1,313,500	1,413,072
Resources Available:	2,076,001	2,127,964	2,165,994
Expenditures:			
Salaries & Wages	158,096	165,898	124,246
Employee Benefits	21,145	25,500	22,055
Operations	745,224	833,262	956,400
Transfer to General Fund	169,584	185,000	185,000
Debt Service	167,488	165,382	187,879
Total Expenditures	1,261,537	1,375,042	1,475,580
Unencumbered Cash Balance Dec 31	814,464	752,922	690,414

Horton

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Water	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	370,641	379,926	391,877
Receipts:			
Charges to Customers	249,239	242,220	244,320
Interest on Idle Funds			
Total Receipts	249,239	242,220	244,320
Resources Available:	619,880	622,146	636,197
Expenditures:			
Salaries & Wages	78,299	73,766	57,906
Employee Benefits	14,160	16,000	16,000
Operations	78,281	113,350	133,800
Transfers to General Fund	67,375	0	0
Debt Service	1,839	27,153	31,236
Total Expenditures	239,954	230,269	238,942
Unencumbered Cash Balance Dec 31	379,926	391,877	397,255

Adopted Budget

Sewer	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	16,812	45,570	25,687
Receipts:			
Charges to Customers	182,766	191,300	252,212
Interest on Idle Funds			
Total Receipts	182,766	191,300	252,212
Resources Available:	199,578	236,870	277,899
Expenditures:			
Salaries & Wages	55,943	76,133	52,450
Employee Benefits	21,544	12,500	11,200
Operations	49,152	57,150	65,950
Debt Service	19,358	40,400	39,840
Capital Outlay	8,011	25,000	25,000
Transfer to Capital Imp. Bldg. Reserve			56,518
Total Expenditures	154,008	211,183	250,958
Unencumbered Cash Balance Dec 31	45,570	25,687	26,941

Horton

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Solid Waste	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	6,349	4,382	3,182
Receipts:			
Charges to Customers	79,513	82,300	82,000
Interest on Idle Funds			
Total Receipts	79,513	82,300	82,000
Resources Available:	85,862	86,682	85,182
Expenditures:			
Commodities	7,001	0	1,000
Contractual	74,479	83,500	84,000
Total Expenditures	81,480	83,500	85,000
Unencumbered Cash Balance Dec 31	4,382	3,182	182

Adopted Budget

Cemetery Memorial Fund	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	1,139	1,159	1,159
Receipts:			
Interest on Idle Funds	20	0	0
Total Receipts	20	0	0
Resources Available:	1,159	1,159	1,159
Expenditures:			
Total Expenditures	0	0	0
Unencumbered Cash Balance Dec 31	1,159	1,159	1,159

Horton

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Schneider Fund	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	2,428	2,428	2,428
Receipts:			
Interest on Idle Funds	41		
Total Receipts	41	0	0
Resources Available:	2,469	2,428	2,428
Expenditures:			
Contract Services	41		
Total Expenditures	41	0	0
Unencumbered Cash Balance Dec 31	2,428	2,428	2,428

Adopted Budget

IRB	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	117	0	0
Receipts:			
Revenues	273	0	
Interest on Idle Funds			
Total Receipts	273	0	0
Resources Available:	390	0	0
Expenditures:			
Debt Service	390	0	
Total Expenditures	390	0	0
Unencumbered Cash Balance Dec 31	0	0	0

Horton

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Sewer Improvement Project	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	0	206,248	206,248
Receipts:			
Bond Revenue	297,030		
Interest on Idle Funds			
Total Receipts	297,030	0	0
Resources Available:	297,030	206,248	206,248
Expenditures:			
Commodities	4,440	0	
Contract Services	46,672	0	
Engineering	0	0	
Capitol Outlay	39,670	0	
Total Expenditures	90,782	0	0
Unencumbered Cash Balance Dec 31	206,248	206,248	206,248

Adopted Budget

Water Improvement Project	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	102,699	67,680	67,680
Receipts:			
	0		
Interest on Idle Funds			
Total Receipts	0	0	0
Resources Available:	102,699	67,680	67,680
Expenditures:			
Commodities	1,358		
Contract Services	3,515		
Engineering	513		
Capitol Outlay	0		
Debt Service	29,633		
Total Expenditures	35,019	0	0
Unencumbered Cash Balance Dec 31	67,680	67,680	67,680

Horton

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Equipment Reserve	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	6,363	3,475	8,475
Receipts:			
Transfer from Electric	5,000	5,000	48,000
Interest on Idle Funds			
Total Receipts	5,000	5,000	48,000
Resources Available:	11,363	8,475	56,475
Expenditures:			
Commodities	0	0	0
Capitol Outlay	7,888	0	0
Total Expenditures	7,888	0	0
Unencumbered Cash Balance Dec 31	3,475	8,475	56,475

Adopted Budget

Capital Imp. Bldg. Reserve	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	63	2,314	4,314
Receipts:			
Transfer from Sewer	5,000	5,000	65,544
Interest on Idle Funds			
Total Receipts	5,000	5,000	65,544
Resources Available:	5,063	7,314	69,858
Expenditures:			
Commodities	1,014	0	0
Contract Services	1,735	0	0
Capitol Outlay	0	3,000	0
Total Expenditures	2,749	3,000	0
Unencumbered Cash Balance Dec 31	2,314	4,314	69,858

Horton

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Court Diversion Program	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	6,860	4,988	6,988
Receipts:			
Fees	4,434	4,000	3,000
Interest on Idle Funds			
Total Receipts	4,434	4,000	3,000
Resources Available:	11,294	8,988	9,988
Expenditures:			
Commodities	3,325	0	3,000
Contractual Services	0	0	0
Capitol Outlay	2,981	2,000	5,000
Total Expenditures	6,306	2,000	8,000
Unencumbered Cash Balance Dec 31	4,988	6,988	1,988

Adopted Budget

	Prior Year Actual 2005	Current Year Estimate 2006	Proposed Budget Year 2007
Unencumbered Cash Balance Jan 1	0	0	0
Receipts:			
Revenues	0		
Interest on Idle Funds			
Total Receipts	0	0	0
Resources Available:	0	0	0
Expenditures:			
Commodities	0		
Contract Services	0		
Capitol Outlay	0		
Total Expenditures	0	0	0
Unencumbered Cash Balance Dec 31	0	0	0

NOTICE OF BUDGET HEARING

The governing body of
Horton
will meet on the 21 day of August, 2006 at 7:15 p.m. at the City Hall Commission Room for the purpose of
hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of ad valorem tax.

Detailed budget information is available at the City Clerk's Office, 205 E. 8th Street
and will be available at this hearing.

BUDGET SUMMARY

Proposed Budget 2007 Expenditures and Amount of 2006 Ad Valorem Tax establish the maximum limits of the 2007 budget.
Estimated Tax Rate is subject to change depending on the final assessed valuation.

FUND	2005		2006		Proposed Budget 2007		
	Prior Year Actual Expenditures	Actual Tax Rate *	Current Year Est of Expenditures	Actual Tax Rate *	Expenditures	Amount of 2006 Ad Valorem Tax	Est. Tax Rate *
General	1,057,931	52.135	1,085,828	58.410	1,181,504	299,226	58.363
Industrial Development	3,000	0.698	7,000	1.497	10,350	885	0.173
Bond & Interest	22,248	4.077	26,186	4.156	27,153	23,157	4.517
Special Highway	55,493		56,190		100,000		
Grants	10,355						
Electric Project Fund	52,365		26,431		65,544		
Electric	1,261,537		1,375,042		1,475,580		
Water	239,954		230,269		238,942		
Sewer	154,008		211,183		250,958		
Solid Waste	81,480		83,500		85,000		
Cemetery Memorial Fund	1,159						
Schneider Fund	41						
IRB	390						
Sewer Improvement Project	90,782						
Water Improvement Project	35,019						
Equipment Reserve	7,888						
Court Diversion Program	2,749		3,000				
Totals	3,076,399	56.910	3,104,629	64.063	3,435,031	323,268	63.053
Less: Transfers							
Net Expenditure	3,076,399		3,104,629		3,435,031		
Total Tax Levied	263,603		317,319		xxxxxxxxxxxxxxxxxxxx		
Assessed Valuation	4,631,919		4,980,741		5,126,952		

Outstanding Indebtedness, January 1,	2004	2005	2006
G.O. Bonds	570,000	830,000	790,000
Revenue Bonds	1,980,000	1,930,000	1,875,000
Other			0
Lease Purchase Principal	228,671	222,952	171,504
Total	2,778,671	2,982,952	2,836,504

*Tax rates are expressed in mills

City Official, Title _____

*Fiscal Year 2007 Proposed Budget
City of Horton, August 2006*