

2012 ANNUAL BUDGET DOCUMENT



PREPARED BY

GREG MCDANEL, CITY ADMINISTRATOR
REBECCA SWAIN, ASSISTANT CITY ADMINISTRATOR

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READER'S GUIDE

The 2012 Annual Budget Document is prepared in a format that strives to reduce the level of difficulty for readers not familiar with municipal budgeting systems, yet still provide comprehensive information useful in communicating the overall financial direction and policies of the City of Cherryvale. Often citizens have difficulty understanding the Kansas State budget forms and the information they present. The budget document provides additional narratives, graphics, and financial data at summary and detailed levels in an attempt to assist the average reader. In addition to the document, the state budget forms can be found in the appendix for reference. Each section of the budget document and its contents are described below:

Introduction – Provides a profile and brief history of the City including information regarding the local population, climate, and economy. In addition, this section describes the operating structure of the local government, identifies key municipal facilities, and provides a list of current city officials, as well as an organizational chart.

Budget Summary – Describes the budget process, fund structure, local taxes, and basis of accounting used in the budget document. It also provides a budget message regarding the goals and challenges facing the organization, an assessment of the major revenues and expenditures, and various city-wide budgetary statements.

Fund Summaries – The City operates several funds, each with its own appropriated budget. This section provides a statement of purpose and budget summary for each of the City's funds.

Department Summaries – The City is organized by department, and as such each department has an authorized expenditure budget, which it must follow. Information for each department including goal statements, descriptive narratives, and Full Time Equivalency (FTE) levels are presented in this section.

5-Year Capital Improvement & Equipment Reserve Plans – This section provides a detailed account of each capital improvement and equipment reserve project proposal including descriptions and estimated costs.

Appendix – This section contains the annual state budget forms and miscellaneous information that may be of interest to readers and includes financial policies, a personnel summary, and a glossary of terms. The ordinance certifying the mill levy is also included at the end of this section.

CITY OVERVIEW

Introduction

The City of Cherryvale is located approximately two and one-half hours south of Kansas City and two hours east of Wichita, in the relaxing atmosphere of Southeast Kansas. Cherryvale occupies approximately 2.02 square miles and is home to 2,374 full-time residents. Rail lines run through the city in every direction and it is also adjoined by U.S. Highway 169, the area's primary connection to U.S. Highway 400 and interstate access. The community is self-described as the "Gateway to Big Hill Lake" due to its convenient location 5 miles west of the lake amenities.

History

First known as a land inhabited by the Osage Indians, Cherryvale was eventually settled by veterans of the American Civil War looking for land. Eventually the land was sold to the Kansas City, Lawrence & Southern Railroad which eventually became the Leavenworth, Lawrence, & Galveston Railway. The town site was plotted by the railroad in May of 1871 in which the 1870 U.S. Census already reported 435 citizens residing on the location named for its beautiful spring cherry blossoms. By 1880, the U.S. Census counted 620 Cherryvale residents, and that number swelled to 3,472 by 1900.



The town continued to grow exponentially becoming a railroad hub and a leader in zinc mining, glass and brick production. By 1920, nearly 4,700 people called Cherryvale home, and in 1925 the community featured 20 grocery stores, 10 restaurants, 2 theaters, 11 churches and a business college. Cherryvale also lay on the 90-mile route of the electric Interurbans run by the Union Traction Company, with trolley tracks occupying the center of Main Street until 1947. By 1940, the local brickyards had ceased production, and the population declined to 3,185 inhabitants. Since the 1970's, with the loss of light manufacturing, the number of the town's residents have dwindled even further to 2,374. Although growth has been steadily declining, efforts to revive Cherryvale's local economy and improve the quality of life show positive signs for Cherryvale's future.

Climate

The City's climate varies throughout the four seasons. Cherryvale sits at an elevation of approximately 850 and is accustomed to experiencing hot summers, cold winters, and active spring severe weather.

Average High/Low Temperature in July:	91.5°/68.1°
Average High/Low Temperature in January:	41.8°/ 19.3°
Average Annual Rainfall:	45.44"
Average Annual Snowfall:	11"
Average Annual Sunny Days:	227

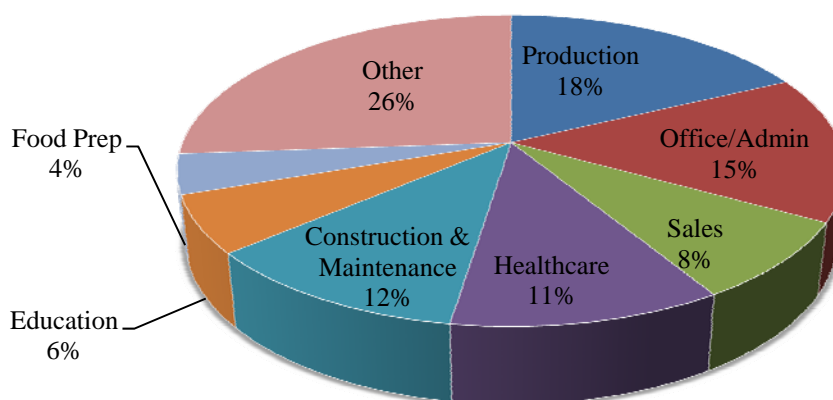
Population & Demographics

According to the 2010 U.S. Census data, Cherryvale has a population of 2,374. Of that population approximately 52% are female and 48% are male. The racial makeup of the population is 92.86% Caucasian, .04% African American, and 1.88% American Indian. The remainder of the population of Cherryvale is made up of another race or a combination of two or more races.

Cherryvale has 916 households, of which 33.74% have children under the age of 18, 53.51% are married couples living together, 7.09% have a female householder with no husband present, and 21.31% are single and never married. The average household size is 2.40 and the average age of the population is 39 years old.

The median income for a household in the city is \$33,636, yet Cherryvale exhibits significant issues regarding employment. Of the total population age 16 and over, 8.57% are unemployed, and a staggering 34.09% are classified as not in the labor force. Of those that are employed 45.64% are considered White Collar jobs, 34.47% Blue Collar jobs, and 19.89% are categorized as Service and Farm Worker jobs.

Employment by Occupation



Of Cherryvale's 916 households, 75.98% are owner-occupied, reflecting that most residents have the ability to own a home. The median value of all owner-occupied homes is \$43,067, and only 2.31% of all homes in the area are less than ten years old.

Local Economy

Cherryvale has a city limit population of 2,374, but enjoys a primary trade area population of over 8,500 people. The community's local economy benefits from traffic counts of over 5,000 vehicles per day on U.S. Highway 169. Cherryvale is also headquarters to the South Kansas & Oklahoma Railroad Company, and the combination of highway and railway infrastructures provide excellent transportation access for local and prospective businesses. Located within 90 miles of Joplin, Missouri and Tulsa, Oklahoma and within 150 miles of Wichita and Kansas City area, Cherryvale provides small town living with city amenities in reach.



Like many rural communities, the success of Cherryvale's economy fluctuates with the national economy and the decisions of local shoppers. Cherryvale is bordered by three communities larger in population and retail base, which leads to tremendous leakage of local retail dollars annually. The City of Cherryvale and Cherryvale Chamber of Commerce are seeking ways to partner and attract new retail development projects to fill defined product and service gaps for businesses and residents. Even through turbulent economic times, the local economy still supports its own grocery store, an 85 plus year old hardware store, four gas stations, various food establishments, and successful businesses in the plastics and cabinetry industries.

Government

The City of Cherryvale is a Kansas home rule community consisting of a council-manager form of government with power vested in an elected, 5-member City Council. Elected at large on a non-partisan basis, Council Members serve four-year staggered terms. The Mayor is elected at large and the Council selects a Council President. Policy-making and legislative authority remain the responsibility of the Governing Body through various actions on ordinances, resolutions, and motions. The Governing Body adopts the budget, appoints the boards and commissions, and hires the City Administrator, City Attorney, and Municipal Judge. The City Administrator is responsible for carrying out the policies and ordinances approved by Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments.

City Facilities

City Hall
123 W. Main
Cherryvale, KS 67335
(620) 336-2776

Fire-EMS Department
116 S. Neosho
Cherryvale, KS 67335
(620) 336-2121

Public Works
204 W. 3rd
Cherryvale, KS 67335
(620) 336-3007

Cherryvale Community Center
712 S. Liberty
Cherryvale, KS 67335
(Opening January 2013)

Location Map



City Map



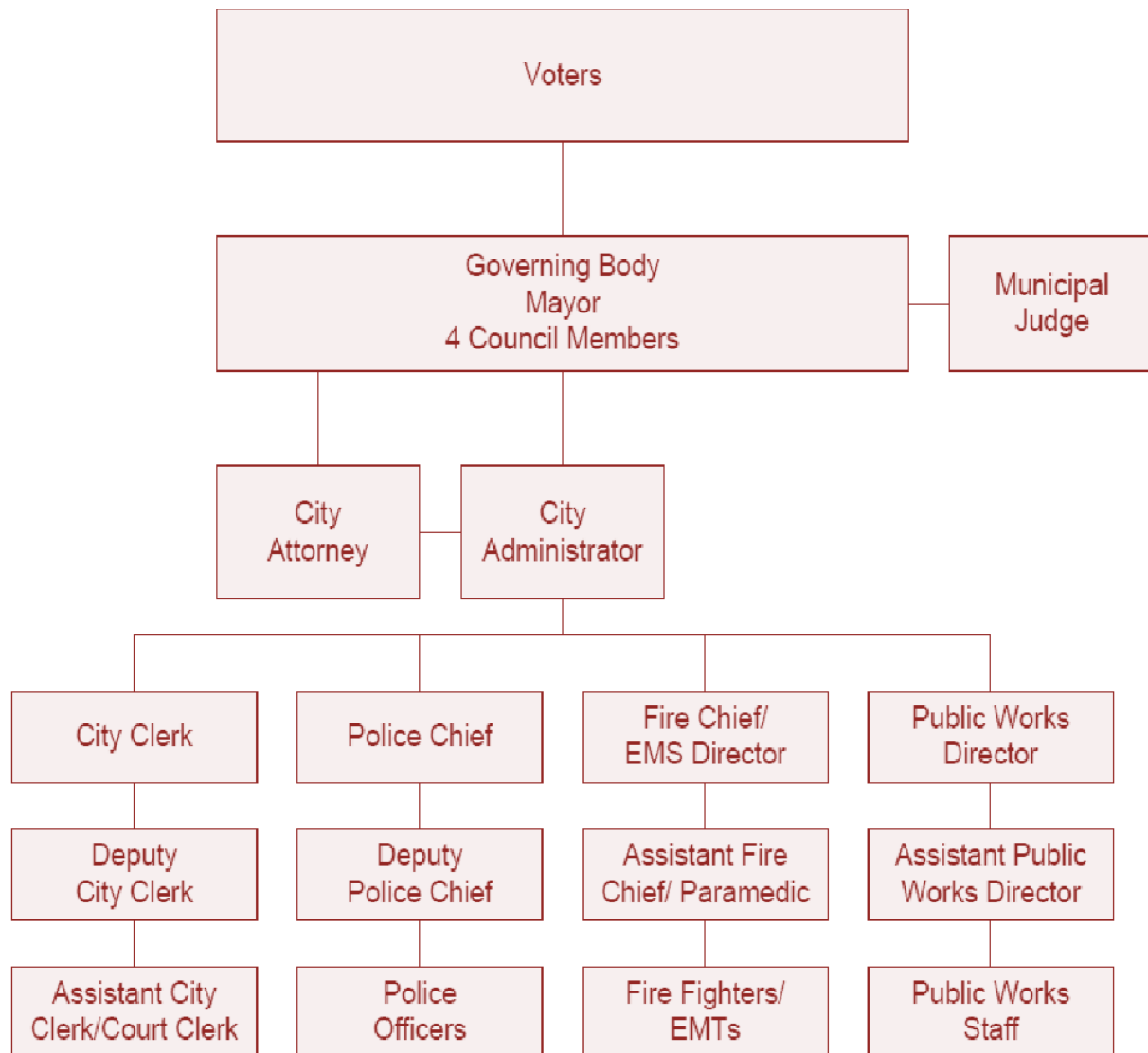
LIST OF OFFICIALS

CITY COUNCIL

John M. WrightMayor
Chad Wickham.....Council President
Randy Wagoner.....Councilmember
Lew Forman, Jr.....Councilmember
Kevin Crain.....Councilmember

ADMINISTRATION

Greg McDanel.....City Administrator
Rebecca Swain.....Assistant City Administrator/City Clerk
John Bullard.....City Attorney
Tiana McElroy.....Municipal Court Judge
Ron Davis.....Fire Chief/EMS Director
Matt Dennis.....Police Chief
Wade WebberPublic Works Director

ORGANIZATIONAL CHART

BUDGET OVERVIEW

Budget Importance

Adoption of the annual budget is the single most important process of a City's Governing Body and Administration. The budget is the principal policy management tool of the Governing Body and an operations plan for administration. It represents the culmination of projecting available resources for the upcoming year to create the financial plan for spending those resources. The budget often presents actual figures for prior years, projected figures for the current year, and budgeted figures for the upcoming fiscal year. The budget also has an important role as a device for communicating to residents planned activities. It describes to the residents of Cherryvale how public funds will be spent to achieve the objectives and reach the goals of the Governing Body.

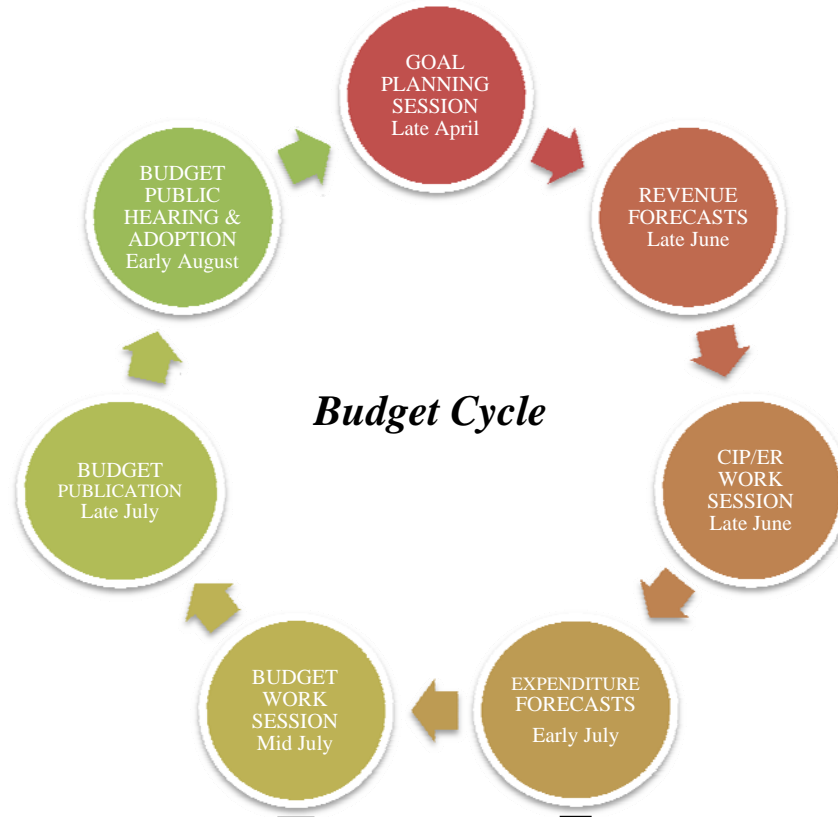
Budget Process

The organization annually budgets on a calendar fiscal year, beginning on January 1st and ending on December 31st. Although the City legally appropriates its budget on an annual basis, the budgeting process includes discussions regarding long-range financial planning. Therefore, future carryover projections and past actual balances for all funds are included in this document. Kansas State Statute (K.S.A.) 79-2934 provides that "the budget as approved and filed with the county clerk for each year shall constitute and shall hereafter be declared to be an appropriation for each fund..." The budget provides a complete financial plan of all City funds and activities for the ensuing fiscal year in accordance with the statute.

The individual departments prepare budgets using a line-item method, providing detailed documentation for revenues and expenditures. City Council goals and service levels, as approved by the Governing Body during the annual goal planning session, assist departments in determining projected expenditures. In order to present a balanced budget, the City Administrator works closely with departments to coordinate funding levels. Cherryvale defines a balanced budget as, "the total anticipated revenues plus the portion of anticipated reserves in excess of the established fund balance target (or in accordance with a fund balance target plan), must equal or exceed total estimated expenditures." Once compiled, the budget is presented to the City Council at a work session in early July. Per K.S.A. 79-2929, a public hearing on the proposed budget must be held on or before August 5th. During the public hearing, the Governing Body may adopt the proposed budget with or without amendment. Adoption of the budget by City Council shall constitute appropriations of the amounts specified at the fund-level. Cherryvale encourages citizen participation in the budget process by publishing notices of the hearing in the local newspaper and doing multiple presentations on the proposed budget. Copies of the state budget forms and the annual budget document are also available for citizen review and comment.

If additional expenditures are required in excess of the expenditures approved in the City's annual budget, the City must follow the process detailed in K.S.A. 79-2929a. The Governing Body must publish a revised notice of budget hearing, hold a public hearing on the amended budget, approve and certify the amendment by ordinance. Budget amendments to the current budget year must be approved by December 31st.

Budget Flowchart



Budget Calendar

Date	Activity
April 28 th	Council Goal Planning Session
June 1 st – June 15 th	Initial budget discussion with Department Heads
June 15 th -July 5 th	Develop Revenue Projections
July 1 st	Receive Assessed Valuation from County Clerk
July 12 th -13 th	Department Budget Reviews with Department Heads
July 14 th	Operating Budget Council Workshop
July 18 th	Budget Presentation and authorize publication of budget
July 21 st	Publication of Notice of Hearing
August 1 st	Public hearing and possible budget adoption
August 5 th	Last day for publishing budget and hearing notice: K.S.A. 79-2929
August 15 th	Last day for public hearing: K.S.A. 79-2933
August 25 th	Last day for filing levies and budget with county clerk: K.S.A. 79-1801

Budgetary Control

Once the annual budget is approved, it becomes the responsibility of the City Administrator and Assistant City Administrator/City Clerk to monitor and report on the financial activity of the organization and condition of the annual budget. The City incorporates the use of financial software, policies, and procedures to provide an adequate level of control over expenditures. Ultimate budgetary responsibility is maintained at the department level. As allowed by the City Administrator, requests for supplemental appropriations to the budget will be issued in a public notice and are subject to the approval of City Council by the budget amendment process.

Budgetary Basis of Accounting

Basis of Accounting refers to the specific time at which revenues and expenditures are recognized in the accounts and reported in the financial statements. The Cash Basis Law used in the State of Kansas prohibits cities from creating a financial obligation unless there is money on hand in the proper fund with which to pay that obligation. The City adheres to the Cash Basis Law and other accounting requirements of the State of Kansas. The City's audited financial statements are also performed on the cash basis of accounting.

K.S.A. 75-1120a (a) requires municipalities in Kansas to use generally accepted accounting principles (GAAP) in the preparation of their financial statements and reports. The governing body of any municipality may waive this statutory GAAP requirement, and instead prepare its financial statements and reports based on the cash basis law and other budget laws of Kansas.

To waive the GAAP requirement, the governing body must pass a resolution and said resolution must be adopted each year. The City of Cherryvale has determined that the requirements of K.S.A. 75-1120a (a) are not relevant to the cash basis budgeting system used. There are no revenue bond ordinances, resolutions, or other ordinances of the municipality which require financial statements and financial reports to be prepared in conformity with K.S.A. 75-1120a (a). The City of Cherryvale adopts a resolution annually to waive GAAP reporting.

Fund Structure

Cherryvale, like other local governments, utilizes funds to account for the activity of specific operations, programs, and functions. The use of fund accounting is one of the major differences between commercial and governmental accounting. This form of accounting requires separate record keeping for each individual fund. Each fund operates as a self-contained entity with its own revenue sources, expenses, assets, liabilities, and fund balance. Even though the actual cash is kept in one operating bank account, a separate accounting record is kept of all funds by the use of a computerized accounting system. Expenditures and revenues by fund are shown in the budget document, according to this method. The City has established the minimum number of funds necessary to ensure that all receipts are expended for authorized budget purposes only.

The funds established by City Council for this budget are as follows:

General Fund – This fund is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund. The functions accounted for in this fund include general administration, public safety, emergency medical services, parks and building maintenance.

Special Revenue Funds – These include the Special Highway Fund, Special Parks and Recreation Fund, and the Refuse Fund. Such funds are used to account for the proceeds of specific revenue sources that are legally or otherwise restricted to expenditures for specified purposes.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

Library Fund – This fund is to cover payments to the Library Treasurer for expenses incurred by the Cherryvale Public Library. The City of Cherryvale taxes its jurisdiction on behalf of the Cherryvale Public Library.

Capital Improvements Fund – This is a non-appropriated fund used to account for the construction of major capital projects according to the adopted five year Capital Improvement Plan.

Equipment Reserve Fund – This is a non-appropriated fund used to account for the purchase of major equipment replacements of \$5,000 or more according to the adopted five year Equipment Reserve Plan. Equipment purchases under this threshold are made from department operating budgets.

Enterprise Funds – This category includes the Water Operations & Maintenance and Sewer Operations & Maintenance Funds. The funds are used to account for operations that are financed and operated in a manner similar to private enterprise. Services provided by these funds are predominately self-supporting through user fees and charges. The majority of all activities necessary to provide such services are accounted for in these funds, including administration, operations, maintenance, finance, and related debt service.

Grant & Close Out Funds – The City's audited financial statements include funds used to account for grant related revenues and expenditures and/or funds that are obsolete due to the balance being transferred to another fund in the audited budget year. These funds are considered non-budgeted funds and as a result, are not addressed in the annual budget document.

Legal Restrictions of Budgeting

The City is subject to a number of requirements imposed by Kansas State Law and by local policy that restrict the activities of the City and provide the public with certain rights. Some of these extend beyond the budget process but are particularly important with regard to budgeting.

Budget law - Per State Law, the City must establish a budget of planned expenditures for every fund, with the exception of the Capital Improvement and Equipment Reserve funds. The budget law also prohibits the City from expending funds that exceed the amounts budgeted for those funds. The City may, without violation of the budget law, transfer budget authority within the General Fund from department to department or between line items of expenditure. As previously mentioned, the fund budgets may be amended through the procedure prescribed for original adoption of the budget, although no additional taxes may be levied through such an amendment.

The budget law also prescribes the procedure the City must follow in order to adopt the annual budget. The law requires that the City hold a public hearing prior to adopting the budget. This hearing must be publicized by public notice in the official city newspaper at least ten days prior to the date set for the hearing.

Cash Basis Law - The Cash Basis Law used in Kansas prohibits cities from creating a financial obligation unless there is money on hand in the proper fund with which to pay that obligation.

Limit on Indebtedness - Kansas law limits cities' long-term debt (Bonds and Temporary Notes) outstanding to a maximum of 30% of assessed valuation. Assessed value for the purposes of establishing the debt limit includes the value assigned to motor vehicles. Motor vehicles are not included in the assessed value for the purposes of establishing the mill levy. Debt issued for the purposes of storm or sanitary sewers for City utilities are not subject to the limit. In addition, debt issued under some statutes may be specifically exempt by the authorizing legislation.

Open Meetings - Generally, any time a quorum of the City Council meets for the purpose of conducting or discussing City business, the meeting must be open to the public. Kansas State Law provides for specific instances in which the Governing Body may go into executive session (non-public meeting), but no binding decisions may be made in such closed sessions. The City of Cherryvale prepares an agenda for all meetings and tries to provide at least twenty-four hours notice of any meeting to all news media. The public is encouraged to attend and participate in all City Council meetings pursuant to the rules of order. Special meetings, work sessions, or changes in the place or time of regular meetings will be announced in advance through regular news media channels.

Kansas Open Records Act - The Kansas Open Records Act provides that, unless specifically exempt by law or court ruling, all public records are open to public inspection. The basic policy is that the public has a right to public records unless that right has been limited by state or federal law. Access may be charged if substantial amounts of staff time are required to provide access.

Copies of records can be provided for a nominal fee. If a record is requested and access is denied, a specific reason for denial must be given.

Budget Document Changes

The preparation and development of the 2012 Annual Budget Document was substantially different than the process for the previous year's document. In early 2011, the City of Cherryvale adopted financial policies and city council goals, which became the guiding principles behind the 2012 budget. The goals and priorities set forth by the Governing Body were discussed at length during the budget adoption process and have been incorporated into this document in an effort to improve communication and understanding with Cherryvale's citizens.

The Government Finance Officers Association's (GFOA's) Distinguished Budget Presentation Award is offered to organizations that publish budgets meeting certain program criteria. Cherryvale made it a priority to focus on meeting the requirements of the GFOA program while developing the budget document. The criteria included utilization of the budget as a policy document, as an operations guide, as a financial plan, and as a communications device. The City has never produced a document that meets the requirements of the program, but believes the 2012 Annual Budget Document meets all requirements and should be submitted for award determination.

UNDERSTANDING LOCAL TAXES

Mill Levy Tax

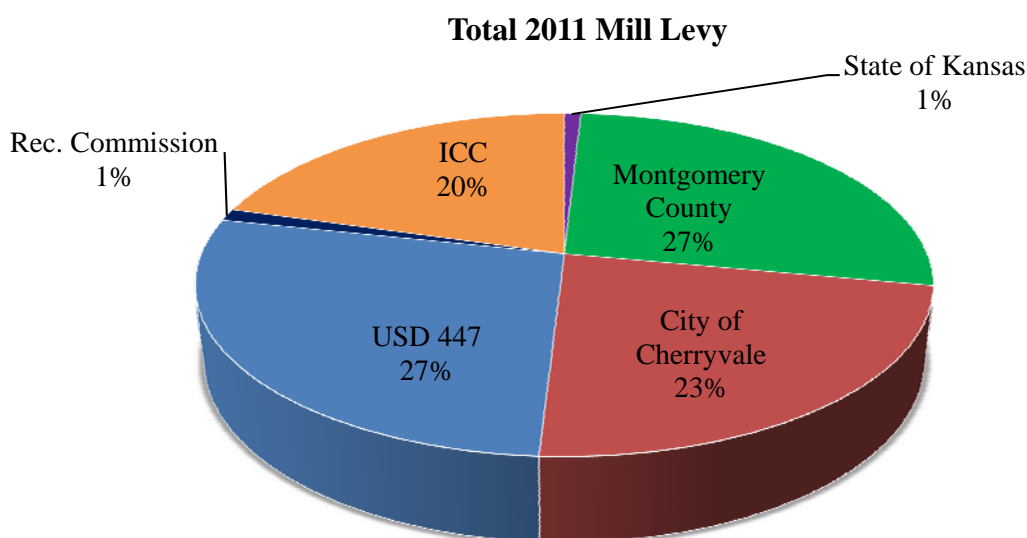
A mill levy is a tax rate, commonly referred to as property tax, millage tax, or ad valorem tax, that an owner is required to pay on the value of the property being taxed. Property tax can be defined as "generally a tax imposed by municipalities or taxing entities upon owners of property within their jurisdiction based on the value of such property."

What property is taxed? - There are three types of property: Land, Improvements to Land (immovable manmade objects; i.e., buildings), and Personal (movable manmade objects).

Calculation of a Mill - A mill is expressed in tenths of a cent. For example, a tax rate of one mill per thousand means \$1 of taxes per \$1000 of assessed value.

2011 Mill Levy by Taxing Unit

Unit	Mill Levy
State of Kansas	1.500
Montgomery County	46.715
City of Cherryvale	39.544
USD 447	47.340
Recreation Commission	1.973
Independence Community College (ICC)	35.314
Total	172.386



**The 2011 Mill Levy for the City of Cherryvale included 33.861 mills to the General Fund, 1.811 mills for the Debt Service Fund, and 3.872 mills to support the Cherryvale Public Library.*

Value of your 2011 Cherryvale Mill Levy Dollar

Market Value of Home	\$60,000
Assessed Valuation	\$6,900
<i>To determine assessed valuation, multiply by 11.5% (residential)</i>	$\$60,000 \times 11.5\% = \$6,900$
City Tax Liability	\$272.85
<i>To determine city tax liability, divide assessed valuation by 1,000, then multiply by published mill levy</i>	$(\$6,900/1,000) \times 39.544 = \272.85
Monthly Service Expense	\$22.74
<i>To determine monthly expense for city services, divide tax liability by 12 months.</i>	$\$272.85 / 12 = \22.74



The following list represents a sampling of the City's 2011 services provided for the above \$22.74 per month:

Police & Public Safety
Fire Protection
Code Enforcement
Cemetery Maintenance
Snow Removal
Brush Dump

Street Lighting
Emergency Medical Services
City Administration
Public Library
Animal Control
Storm Water Drainage

Municipal Improvements
Building Inspection
Park Maintenance
Street Maintenance/Repair
Swimming Pool Operation
Economic Development

Sales Tax

Sales tax is a consumption based tax, which is levied on a broad range of goods and services not subject to resale. Next to the mill levy, the local sales tax has become the most important source of revenue for local governments. Sales tax is collected in small increments over a large number of transactions as a percentage of the total sale during a local purchase. Sales tax reduces the burden on local households that pay property taxes because the tax liability is shared with non-resident consumers, renters, commuters, and tourists.

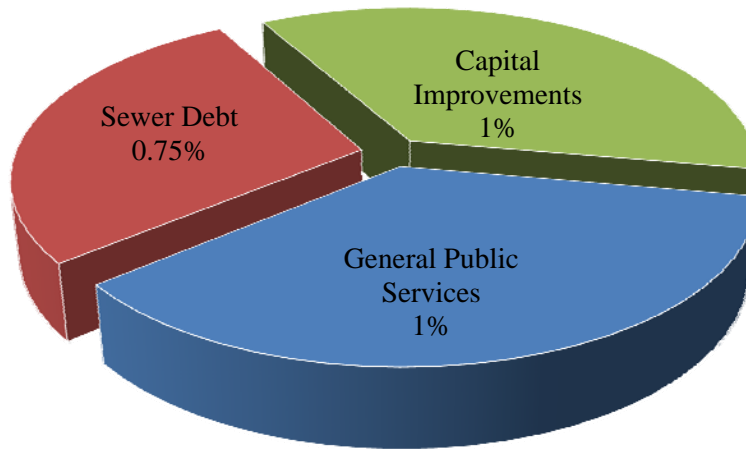
On Tuesday, April 5th, 2011, Cherryvale voters approved continuing the local sales tax rate of 9.05% with slight modifications in the use of the revenue. On July 1st, 2010, Cherryvale's sales tax rate increased from 8.05% to 9.05%, as a result of a 1% increase in the State of Kansas portion of the sales tax levy.

Local sales tax percentage

The City receives 2.75% of the sales tax collected within the city. The State of Kansas collects the sales tax from Cherryvale's businesses and remits back the City's portion of the collections.

Use of sales tax revenue

City sales tax levies are authorized by election and revenues can only be used for the purpose put forth on the sales tax question. Cherryvale's current sales tax rate is used to fund general operations, pay sewer debt, and perform capital improvement projects, such as repairing storm sewers or resurfacing streets.

Local Sales Tax Revenue

GOALS AND PRIORITIES

City of Cherryvale Mission Statement

The mission of the City of Cherryvale is to provide exceptional public services in a fiscally responsible manner to meet and exceed the needs of our residents, visitors, and business community, while maintaining the unique quality and character that is Cherryvale.

Strategic Goals (2011-2012)

The City Council serves as the legislative body of the City of Cherryvale and is responsible for establishing the goals and priorities of the organization. The goals provide direction to staff while planning future services and projects, budgeting for expenditures, and conducting the day-to-day operations of the City. The City must continue to redefine its goals and set objectives to achieve them in both the short and long term. The strategic goals which have been set forth by City Council include:

Goal #1 – Facilitate a High Quality of Life

Priorities:

- ✓ Enhance recreational opportunities
 - ❖ Complete the Cherryvale Community Center remodel
 - ❖ Create a Cherryvale Community Center Plan of programs and operations
 - ❖ Identify funding opportunities or alternatives for a new municipal swimming pool
 - ❖ Maintain Capital Improvement Plan funding for park improvements
 - ❖ Promote Big Hill Lake amenities
- ✓ Enhance community safety
 - ❖ Implement police K-9 unit
 - ❖ Increase focus on drug enforcement actions
 - ❖ Implement Police Explorers program
 - ❖ Review and plan critical Fire-EMS equipment replacements
 - ❖ Replace fire hydrants identified as “black” on the City’s annual hydrant testing list
 - ❖ Obtain a Phase I Safe Routes to Schools Grant (SRTS) and complete SRTS Plan

Goal #2 – Ensure Good Stewardship of the Municipal Infrastructure

Priorities:

- ✓ Annually review the water and sewer utility rates based on a 10-year financial forecast model
- ✓ Complete Street Condition Index
- ✓ Complete maintenance projects on recently overlaid streets
- ✓ Complete critical street improvements
 - ❖ Wilson, from Main to 4th Street
 - ❖ Montgomery, from 1st to 2nd Street
 - ❖ 3rd Street from Galveston to Carson
- ✓ Complete a Water Line Condition Index

- ✓ Complete a Sewer Line Condition Index
- ✓ Continue to improve waterways and ditches for storm drainage
- ✓ Enhance pedestrian safety and travel ability on sidewalk system
- ✓ Install and replace appropriate street signage

Goal #3 – Maintain or Enhance Current Levels of City Services

Priorities:

- ✓ Improve customer service through staff attendance at customer service trainings
- ✓ Emphasize customer impact when evaluating and changing organizational policies and procedures
- ✓ Increase customer communication efforts through enhancements to the City's website and Facebook page
- ✓ Continue analyzing user fees for city services
- ✓ Evaluate current procedures and implement new protocols to improve efficiency
- ✓ Revise and update the Municipal Code

Goal #4 – Actively Pursue Growth of the Local Tax Base

Priorities:

- ✓ Pursue industrial and manufacturing business opportunities through the Kansas Department of Commerce
- ✓ Analyze retail market study, distribute information to local businesses, and pursue gaps in local retail offerings
- ✓ Create an official annexation plan and identify priority areas for annexation
- ✓ Continue to fund economic development endeavors in the City's annual budget
- ✓ Actively pursue funding for revisions needed to the City's Comprehensive Plan
- ✓ Continue working with the Cherryvale Chamber of Commerce and the Montgomery County Action Council to improve the local business economy
- ✓ Obtain additional funding for local small business loans and or grants

Goal #5 – Improve Housing Stock

Priorities:

- ✓ Complete KHRC HOME Rehab grant
- ✓ Pursue additional funding and programs to improve housing conditions
- ✓ Develop incentive program to encourage stick built homes within the community
- ✓ Continue condemnation use
- ✓ Increase code enforcement efforts
- ✓ Partner with Cherryvale Housing Authority to assess housing needs and pursue additional funding opportunities
- ✓ Develop a residential home improvement program

The 2012 budget includes funding appropriations (where applicable) to accomplish the goals listed above. Each department within the City is responsible for establishing specific objectives which support the strategic goals set forth by City Council after the annual retreat. The objectives must be specific, measurable, attainable, relevant, and timely. Each department's objectives are listed in the Department Summaries section of this document.

In addition to the annual formulation of City Council Goals, Cherryvale is actively seeking funding to assist with other long-term planning processes. The Cherryvale Comprehensive Community Development Plan was last updated in March 1979. The Planning & Zoning Commission has been revising the existing plan, but funding will be required to hire outside consultants including engineers, planners, and architects to officially complete the plan. The comprehensive plan will include the long-term goals of the City Council and citizen input regarding Cherryvale's future.

City of Cherryvale

123 W. Main Street, Cherryvale, Kansas 67335



Honorable Mayor and
Members of the City Council
Citizens of Cherryvale

BUDGET MESSAGE

The creation of the 2012 Budget has been a challenging process requiring careful analysis and difficult decisions regarding both current and future issues facing the community. Since 2008, the City has experienced steady increases in fixed expenditures, accompanied by sharp decreases in revenue. Major revenue sources such as sales tax and property tax have declined during this period, while the city mill levy and assessed valuation have remained flat. The 2011 budget marked the fourth consecutive year the local property tax levy was held constant, while fixed costs continued to increase. The City's electricity expenses, for example, have increased 32% over the past four years.

During the budget preparation process, the City carefully examined how to accomplish Governing Body goals while adhering to newly adopted citywide financial policies. In preparing the previous year's budget, formal financial policies and city council goals did not exist to guide those budget decisions. Budget preparation in 2011 relied heavily on using actual prior year expenditures to guide estimates rather than analyzing those expenses against goals, priorities, and policies. The 2012 budget includes decisions to support short-term goals such as the continuance of all services provided in the prior year, improving the attractiveness of the city, and limiting property tax increases. With those goals in mind, the City adopted a budget that maintains the quality of city services and programs with a minimal increase in the mill levy of 4.414 mills. In order to accomplish this, the organization decreased expenditures in several programs and increased transfers from utility funds to draw down excess revenues and fund balances. Cherryvale utility funds historically exhibit high fund balances due to the revenue source being less elastic and affected by the national economy.

Department heads and other city staff also evaluated areas where savings could be achieved in staffing levels and personnel services. One staffing change included in the 2012 budget largely comes as a result of the 2009 Waterline Project. The project, completed in late 2010, repaired several critical waterlines and replaced all customer water meters with electronic reading meters. The efficiency of the new water meters has eliminated the need for the Meter Reader position in the Public Works Department. When a member of the department resigned from employment in April 2011, the City chose to place a hiring freeze on the position and eliminate it from the 2012 budget. The decision to reduce department staff from six full-time positions to five will result in savings from several funds that support the Public Works Department.

Staff also examined an additional Police Officer position included in the 2011 budget. Due to the downturn in the economy and an unsuccessful COPS (Community Oriented Policing Services) grant application to help fund the position, the City decided not to fill the position. As a result, year-end personnel expenditures in the Police Department are projected at \$62,772 below the

2011 budgeted amounts. City administration continues to evaluate opportunities for future personnel cost savings such as further staffing changes, process changes to reduce overtime, and analyzing employee benefits.

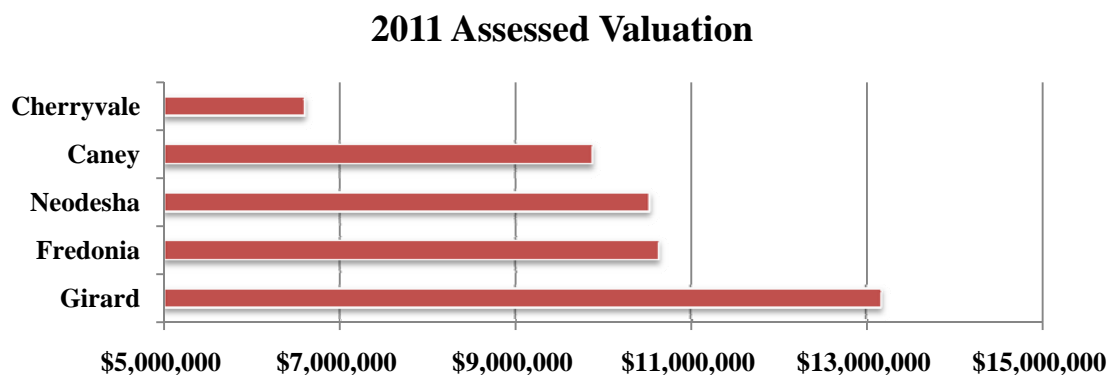
The principal financial issue facing the 2012 budget and future budgets is Cherryvale's low assessed valuation. A community with a low assessed valuation receives less property tax dollars per mill levied within its limits. In fact, Cherryvale has the lowest assessed valuation in the State of Kansas for a community between 2,000 and 3,000 in population. Several factors, such as deteriorating housing stock, stagnant business and population growth, and the overall attractiveness of neighborhoods, can affect property appraisals and assessed property valuations. While property tax remains one of the most consistent revenue streams for the City, tax receipts are becoming increasingly delinquent due to current economic times and property owners having difficulty paying taxes in a timely manner.

On average a community of Cherryvale's size maintains a tangible assessed valuation of over \$13.5 million. The 2011 assessed valuation for Cherryvale was approximately \$6.6 million. As a result, property taxes in Cherryvale generate nearly \$7,000 less in revenue per mill levied than similar Kansas counterparts. To complicate the tax revenue issue further, in 2011 Cherryvale's mill levy was approximately 10 mills lower than the average comparable city. Cherryvale's mill levy, due to the assessed valuation, generated nearly \$448,000 less in property tax revenue than the average city in Kansas with a comparable population. The 2011 budgeted property tax revenue for Cherryvale was \$260,772.

The chart below provides a 2011 assessed valuation comparison for communities comparable to the size of Cherryvale:

City	Population	Assessed Tangible Valuation	Sales Tax Rate	Total City Levy
Anthony	2,147	\$ 8,830,157.00	7.80%	66.269
Burlington	2,676	\$ 15,311,525.00	8.30%	37.74
Caney	1,966	\$ 9,880,575.00	9.05%	36.487
Council Grove	2,265	\$ 13,171,077.00	8.30%	53.523
Eureka	2,483	\$ 40,191,641.00	8.30%	29.288
Fredonia	2,331	\$ 10,637,201.00	8.30%	53.636
Girard	2,710	\$ 13,736,737.00	8.30%	48.945
Herington	2,395	\$ 10,462,578.00	8.80%	70.146
Hillsboro	2,613	\$ 15,847,979.00	8.30%	40.785
Hoisington	2,797	\$ 8,970,656.00	7.80%	61.533
Kingman	2,931	\$ 18,176,524.00	7.30%	52.922
Neodesha	2,567	\$ 10,523,087.00	9.30%	38.919
Norton	2,657	\$ 11,314,593.00	7.55%	54.998
Osage City	2,770	\$ 17,140,292.00	8.30%	44.113
Phillipsburg	2,349	\$ 9,929,583.00	7.80%	49.857
Sabetha	2,450	\$ 16,004,222.00	8.80%	42.167
Sterling	2,536	\$ 7,898,219.00	8.30%	49.073
Cimarron	2,102	\$ 10,967,973.00	7.45%	57.051
Clearwater	2,437	\$ 13,819,610.00	7.30%	46
Ellsworth	2,817	\$ 11,544,964.00	8.55%	74.866
Holcomb	2,144	\$ 8,956,721.00	7.95%	53.004
Lakin	2,126	\$ 8,656,807.00	7.30%	38.687
South Hutchinson	2,540	\$ 20,957,567.00	8.05%	42.002
St. Marys	2,294	\$ 14,459,030.00	8.80%	34.104
Cherryvale	2,374	\$ 6,594,500.00	9.05%	39.544
AVERAGE	2,463	\$ 13,641,221.58	8.17%	49.004

The following chart depicts assessed valuation discrepancies between similar sized cities in Southeast Kansas:



Cherryvale's assessed valuation of approximately \$6.6 million is comparable to a city of less than half its size, yet the City provides services to a much larger population. The chart below provides a 2011 comparison to cities in Kansas with an assessed valuation similar to Cherryvale. Cherryvale's 2011 mill levy is approximately 17 less than the average city on the list below equating to approximately \$112,000 in lost revenue through property taxes.

City	City Class	Population	Assessed Tangible Valuation	Sales Tax
Harper	2nd	1,370	\$ 6,672,454.00	7.30%
Horton	2nd	1,782	\$ 6,229,946.00	8.80%
Humboldt	2nd	1,816	\$ 6,382,239.00	8.55%
Oswego	2nd	1,746	\$ 6,011,127.00	8.55%
Andale	3rd	907	\$ 6,144,502.00	7.30%
Belle Plaine	3rd	1,519	\$ 6,768,021.00	8.30%
Benton	3rd	808	\$ 6,595,305.00	7.55%
Chapman	3rd	1,360	\$ 6,980,934.00	7.30%
Conway Springs	3rd	1,186	\$ 6,425,466.00	8.30%
Grandview Plaza	3rd	1,384	\$ 6,212,626.00	8.55%
Greensburg	3rd	1,200	\$ 6,629,952.00	8.30%
Hill City	3rd	1,308	\$ 6,209,195.00	8.55%
Inman	3rd	1,180	\$ 6,384,634.00	7.30%
La Cygne	3rd	1,075	\$ 6,043,097.00	8.30%
Linn Valley	3rd	568	\$ 7,058,253.00	6.30%
Meade	3rd	1,569	\$ 6,069,039.00	8.30%
Mission Woods	3rd	162	\$ 6,897,698.00	7.53%
Oberlin	3rd	1,621	\$ 6,708,204.00	7.30%
Oskaloosa	3rd	1,136	\$ 6,964,869.00	8.30%
Rossville	3rd	1,123	\$ 6,450,009.00	8.45%
Stocken	3rd	1,361	\$ 6,026,731.00	7.80%
Cherryvale	2nd	2,374	\$ 6,594,500.00	9.05%
AVERAGE	3rd	1,247	\$ 6,469,728.62	7.95%

Although low property values continue to affect property tax revenue, Cherryvale's assessed valuation has been steadily rising over the past few years. The City is confident that this trend can continue, but understands it will require funding of ongoing projects and programs in the annual budget. Capital improvement projects such as streets, sidewalks, community centers and other quality of life improvements, coupled with programs for economic development, code enforcement, housing, and annexation will likely continue to increase property values and the assessed valuation. These programs have contributed to increases in property values of approximately 10.92% since 2010. The assessed valuation for Cherryvale in 2012 is \$6,753,186 and is expected to increase even further in 2013.

The chart below shows a recent history of Cherryvale's assessed valuation:

Year	Assessed Valuation
2005	\$5,879,046
2006	\$6,080,699
2007	\$5,733,122
2008	\$5,800,815
2009	\$5,955,202
2010	\$6,017,414
2011	\$6,594,500
2012	\$6,753,186

Cherryvale continues its commitment to providing residents and visitors with dependable municipal services through efforts to stabilize the City's General Fund. Funding for many crucial municipal services such as administration, fire and police protection, and emergency medical services are provided for through the General Fund. During the budgeting process, the City identified several funds with high balances and excess reserves available to help minimize the impact of economy's affect on these services. By transferring excess balances that are above financial policy reserve requirements from enterprise funds to the General Fund, the City is able to absorb increased fixed costs with a minor 4.14 mill increase for fiscal year 2012.

To prepare the General Fund for continued fiscal challenges, the City has begun examining ways to grow the tax revenue base. Economic development efforts play a large role in growing the tax base through business development and retention. The City has continued economic development funding in the 2012 budget to assist these efforts. In 2011, economic development funds were used to perform Cherryvale's first Retail Market Analysis, to advertise the community in several economic publications, and to incentivize development on several large projects. Economic development funding was also used to assist the Shop Local Campaign, a joint City and Chamber of Commerce venture, aimed at increasing awareness of the impact shopping local and supporting our local businesses has on our local economy.

Another method identified for growing the tax base is expanding the physical city limits through annexation. Since late 2009, the City of Cherryvale has annexed approximately 204 acres of property into the city limits increasing the physical size of city by 18.75%. While some of these properties are undeveloped, acquiring the properties into Cherryvale's taxing jurisdiction ensures that any future development will provide additional revenue to assist with city services. Although many annexations in Kansas are controversial, Cherryvale has negotiated with all property

owners for consent annexations. Consent annexation property owners have experienced the benefits of acquiring additional city services while spreading the cost of those services throughout a larger portion of taxpayers. Annexation not only increases tax revenue opportunities for the General Fund, but slowly increases the City's assessed valuation.

The City of Cherryvale staff has worked hard to prepare the 2012 budget and annual budget document. The budget is a culmination of efforts to reduce expenditures and prepare our city for future financial needs during uncertain times. Expenditures throughout this document are shown as the City's budget authority for 2012. Actual expenditures will be minimized on numerous levels to ensure fund stability and financial responsibility.

We hope that the information in this budget document has helped to increase transparency and expand your knowledge and understanding of the 2012 Cherryvale City Budget.

Sincerely,

A handwritten signature in dark ink, appearing to read "G. McDanel", is positioned above the printed name.

Greg McDanel
City Administrator

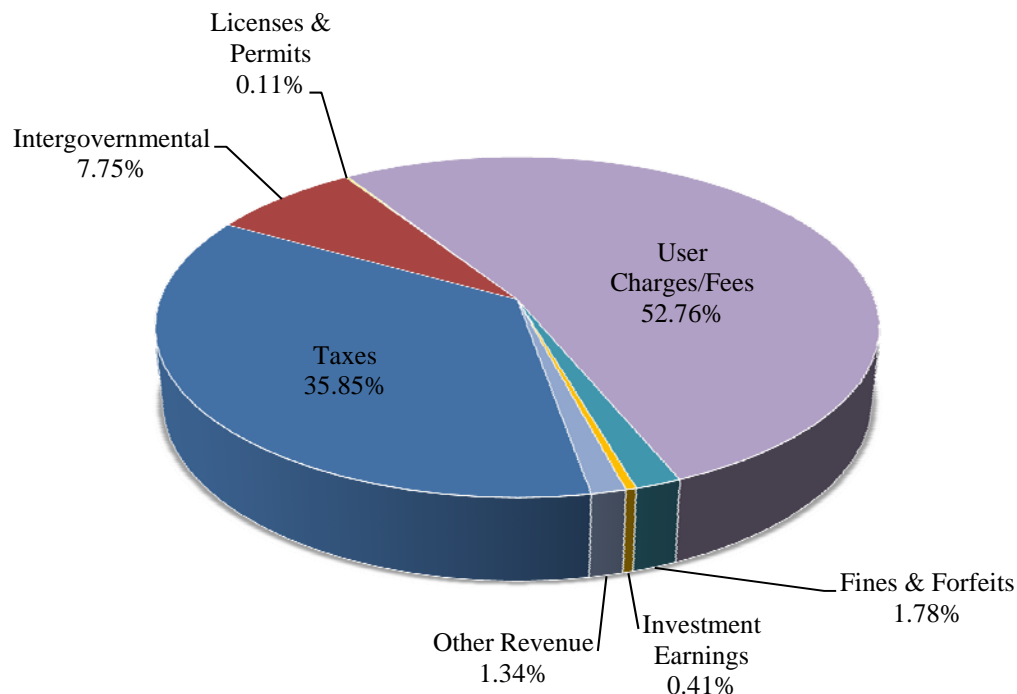
REVENUE ASSESSMENT

Citywide Revenues

In an effort to simplify the explanation of revenues, the City of Cherryvale has organized its revenues into seven categories: Taxes, Intergovernmental, Licenses & Permits, User Charges/Fees, Fines & Forfeits, Investment Earnings, and Other. The following table and chart illustrate the City's total revenue (all funds, not including internal fund transfers or use of fund balances).

Revenue Category	2010 Actual	2011 Estimates	2012 Budget
Taxes	\$ 792,659.27	\$ 819,659.10	\$ 882,423.00
Intergovernmental	\$ 211,728.27	\$ 192,797.99	\$ 190,764.65
Licenses & Permits	\$ 3,625.40	\$ 2,835.00	\$ 2,760.00
User Charges/Fees	\$ 1,323,802.34	\$ 1,301,442.73	\$ 1,298,815.00
Fines & Forfeits	\$ 43,613.09	\$ 42,378.00	\$ 43,800.00
Investment Earnings	\$ 10,879.42	\$ 11,747.58	\$ 10,000.00
Other Revenue	\$ 81,143.07	\$ 44,773.94	\$ 32,947.50
Total Revenue	\$ 2,467,450.86	\$ 2,415,634.34	\$ 2,461,510.15

2012 Total Revenue by Category



As shown in the above table, 2012 budgeted revenue is estimated at \$2,461,510.15 compared to actual collections of \$2,467,450.86 in 2010. This comparison indicates that although a

conservative approach is used in revenue forecasting, the City anticipates similar revenue collections as experienced in 2010. The City budgets revenue conservatively due to the uncertainty and fluctuation of variables which may impact collection rates (i.e. economy, weather, and external competition). As noted in the chart above, tax revenue increases have been necessary as other forms of revenue have declined since 2010 and for several years prior.

Tax Revenue Category

Taxes represent the second to largest revenue category of the 2012 budgeted revenues, accounting for approximately 35.85% (\$882,423.00). Property taxes, sales taxes, and compensating use taxes are the major revenue sources for this category. Due to the material nature of this revenue category, the revenue sources are discussed in more detail below.

Property Tax

Property taxes are generated through a 43.958 mill levy on the assessed real and personal property valuation of \$6,753,186. In 2012, the City property tax levy is \$296,856, which makes up 12.06% of the total revenue. Property taxes are levied based on City need, but collections are always lower than the levied amount due to delinquent tax payments. For the 2012 budget, the city estimated property tax revenue required based on the assessed valuation provided by the County. The levy consists of 37.801 mills used to support general operating activities, and an additional 6.157 mills, which fund Cherryvale Public Library expenditures.

As discussed previously, Cherryvale's struggles with property tax revenues are a result of the community's low assessed valuation. In addition to the assessed valuation, the need to budget for recent increases in delinquency rates adds to Cherryvale's property tax woes. Unemployment in Montgomery County is currently 10.6% and many citizens are out of work or underemployed. The citizens that are immediately affected by the unemployment rate are often not able to pay their taxes in a timely manner. The 2012 budget includes a delinquency rate that has been set comparable to the unemployment rate and conservatively at 11%.

Sales Tax

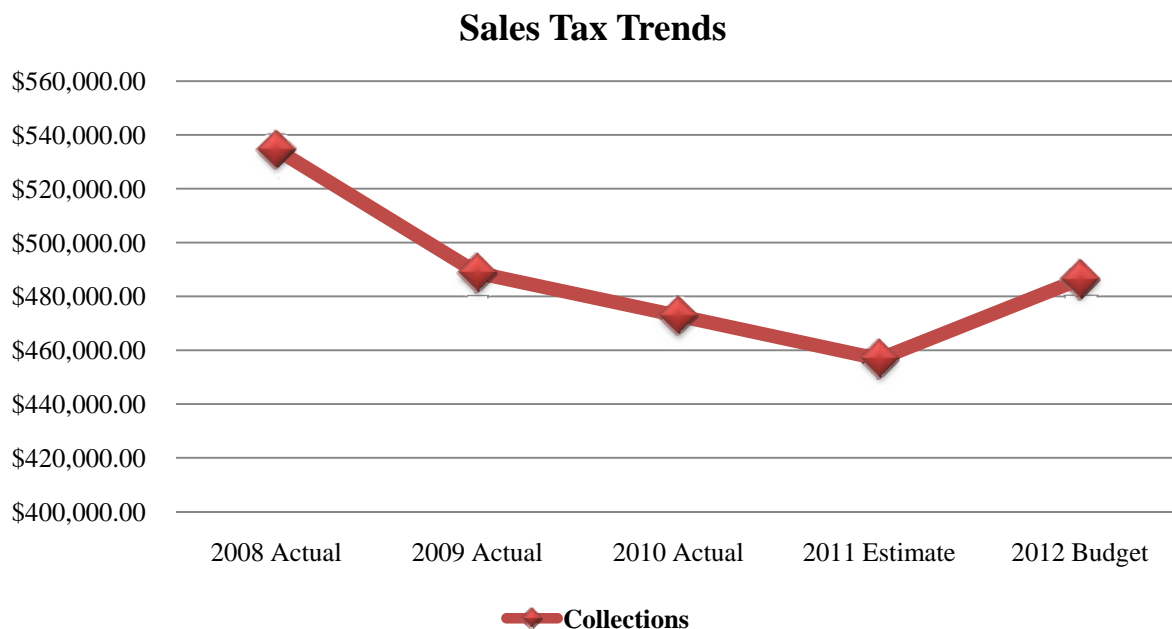
The City of Cherryvale currently levies a 2.75% sales tax on the retail price of goods and materials. Sales tax revenues are used to support the general operations of the City, fund community capital improvement projects, and pay for sanitary sewer debt. Specific portions of the City's sales tax collections are designated and/or restricted as discussed below:

- 1% - Voter approved for permanent General Fund support.
- 1% - Voter approved through 2021, restricted for sanitary sewer debt and operations and maintenance.
- 0.75% - Voter approved through 2015, restricted for capital improvement projects (CIP).

For 2012, projected sales tax collections comprise almost 19.76% (\$486,422) of the City's annual revenue, making it the largest single source of income for the City. Projections of sales tax are based on a detailed time-series analysis, economic forecasts, and anticipated changes in

the local business climate. Local sales tax collections are conservatively projected to remain fairly flat, but economic development efforts could increase collections by the onset of 2012.

Due to the slowdown in the national economy, local sales tax collections have been on a steep decline since 2007 and appear to have bottomed out in 2010-2011. The 2011 estimated sales tax collections appear low due to the timing of the April 2011 sales tax election which caused a 0.75% drop in the rate from July 1, 2011 to October 1, 2011. Without this three-month decrease in the local sales tax rate, projections for 2011 would be comparable to 2010 revenue totals. The following chart illustrates the historical sales tax revenue trend and forecast for the City of Cherryvale.

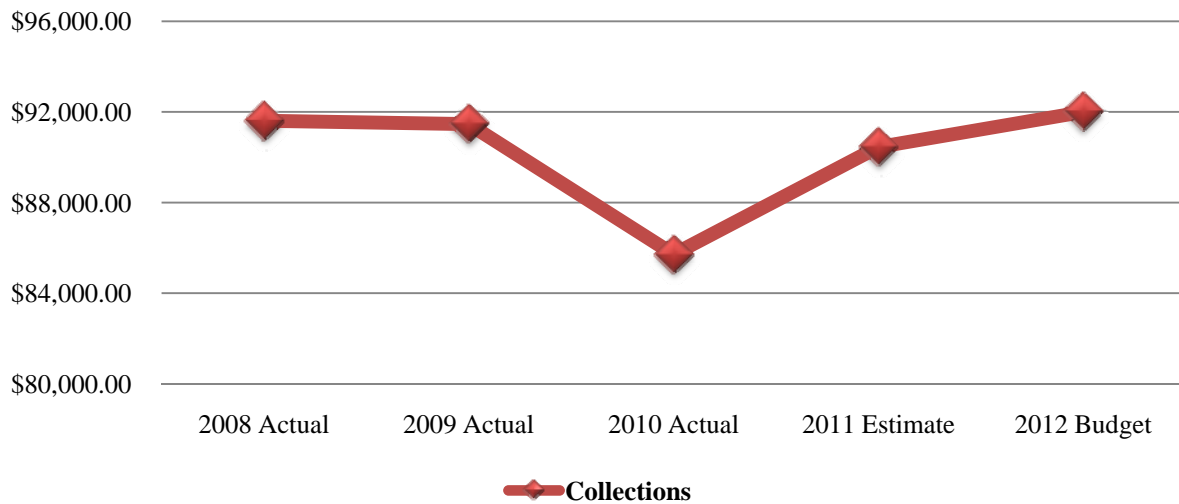


Compensating Use Tax

Compensating use tax is a tax paid on merchandise purchased from other states and used, stored, or consumed in Cherryvale on which no sales tax was paid. If the state's rate in which it was purchased is less than the Kansas rate of 6.3%, the difference in the rate paid is also due. The tax protects Kansas businesses from unfair competition from out-of-state retailers who sell goods either tax-free or at a lower rate. Like sales tax, compensating use tax is based on the total cost of the goods purchased, including postage, shipping, handling, or transportation charges.

For 2012, projected compensating use tax collections are 3.74% (\$92,000) of the City's annual revenue, and 10.43% of this revenue category. The City of Cherryvale uses a three-year time series analysis for projecting compensating use tax collections to assist in looking for trends in prior year's data. The City estimates a slight increase in compensating use tax collections for 2012 based on that analysis and a result of more vendors charging use tax on purchases.

Compensating Use Tax Trends



Intergovernmental Revenue Category

The intergovernmental revenue category represents almost 7.75% (\$190,764.65) of the 2012 budget revenues. The category is made up of revenues which are collected on behalf of the City by other governments. Revenues that fall under this category typically represent share backs or grants from the Federal, State, or County governments, and include specific ownership taxes, special motor vehicle registration taxes, highway user taxes, and road and bridge taxes. Due to the material nature of this revenue category several large sources are discussed in more detail below.

Special Motor Vehicle Taxes

Since 1981, most motor vehicles are subject to a special tax paid at the time of registration instead of traditional property tax. K.S.A. 79-5109 provides for the distribution of revenue from the special vehicle tax among all taxing subdivisions. The distribution is made in proportion to their respective share of the prior year's total levy rate within the "tax levy unit" in which the vehicle has its tax origin. The county treasurer is required to notify the City by May 10th of the estimated amount that it is to receive the following year from the special tax. The City was notified it would receive approximately \$54,677 in revenue for 2012, which represents 28.66% of the 2012 budgeted revenues for this category.

State Highway Aid Payments

All cities in Kansas receive directly from the state treasurer certain highway aid payments distributed on a per capita basis. Cities must credit their payments to a separate fund to be used for construction, reconstruction, alteration, repair, and maintenance of streets within their community. The State of Kansas notified the City that the estimated revenue from this source for 2012 is \$70,750, which is approximately 37.09% of the 2012 budgeted revenues from this category. All revenue collected from this source will be deposited in the Special Highway Fund.

County Ambulance Distribution

Each year the four entities that provide emergency medical and ambulance service within Montgomery County receive a payment from the County to assist with costs of providing the service. Unlike many Kansas counties, Montgomery County does not provide or contract out this service thereby placing the responsibility on the individual communities. The County Ambulance Distribution is paid to the entities based on population of those served. The County estimated that the City of Cherryvale will receive \$66,118.65 for 2012, which represents 34.66% of 2012 budgeted revenues for this category.

The amount of revenue provided by the County Ambulance Distribution has decreased for 2011 and 2012 by 10% and 2.95% respectively. In an effort to reduce taxes, the County has performed across the board cuts to expenditures, including payments to emergency medical services. Reduced financial assistance from the County makes it increasingly difficult to provide this service, particularly when the city faces rising fixed costs.

Licenses & Permits Revenue Category

The City issues several forms of licenses and permits which grant the holder specific use privileges (i.e. the ability to sell liquor within the City). The fees, which account for only 0.11% (\$2,760) of the 2012 budgeted revenues, are intended to offset some of the administration, recording, and regulation costs associated with those activities. Currently the City issues and collects fees for animal licenses, liquor licenses, as well as building permits. The City does not issue business licenses and therefore receives little revenue in this category. Because no fee rate changes are anticipated for the upcoming year, City staff estimated little change in this revenue category for the 2012 budget.

User Charges/Fees Revenue Category

User charges and fees are generally intended to offset some or all of the costs associated with specific services provided to identifiable recipients. This revenue category represents by far the single largest revenue stream at approximately 52.76%, (\$1,298,815) of the 2012 organization-wide revenue. Several of the more common revenues include franchise fees, ambulance service fees, and various other fees. User charges include charges incurred for water and sanitary sewer use. Each significant revenue source within this category is discussed in more detail below.

Franchise Fees

Franchise fees are added to franchised utility bills within the city limits and sent directly back to the City by the utility provider. The “standard” or normal rate of franchise fee assessment is 5% of gross receipts. The City has franchise agreements for electric (Westar Energy), gas (Kansas Gas Service), cable (Cox Communications), and telephone utilities (AT&T). Franchise fees for the 2012 budget are projected through individual time-series analysis. Representing 13.47% of this revenue category, franchise fees for 2012 are projected to generate \$175,000. This projection was based on a three-year time series analysis which was used due to the relative stability of this revenue source.

Ambulance Service Fees

Ambulance Service Fees are revenue derived from the direct billing of the users of the ambulance service. Ambulance service fees generated \$126,401 in revenue in 2010 due to a record number of emergency responses. Revenues for 2012 are budgeted conservatively at \$105,000, representing 8.08% of revenue for this category. Ambulance service fee revenue estimates are based on trends in annual call volume and billing delinquency rates. For 2012, the City does not anticipate another record year in call volume as was experienced in 2010, but the trend of an increase in this revenue will likely continue to increase.

Water Sales

Water sales account for the largest sole source of user fees with \$603,015 budgeted for 2012. This category contains the actual sale of water, base water service fees, penalties, and reconnection charges. Revenue generated by water sales supports the purchase of water from Public Wholesale Water Supply District #4, staff and supply costs, and infrastructure maintenance on Cherryvale's water distribution system. Water sales represent 46.43% of the User Charges/Fees category and 24.50% of total 2012 budgeted revenues. Water rates are analyzed annually through a 10-year financial forecast model and are set each year by ordinance. The underlying assumptions of the model are a 3% annual increase in rates and no significant change in customer base or usage.

Sewer Collections

Sewer collections account for \$256,200 or 19.73% of the 2012 budgeted revenues for this category. This revenue consists of the charges for use of the City's sanitary sewer system as well as penalty fees and sewer tap fees. Revenue generated by sewer collections cover the cost of infrastructure and maintenance of the sanitary sewer system. Sewer rates are analyzed annually through a 10-year financial forecasting model and are set each year by ordinance. This model also assumes a 3% annual increase in rates in order to finance system operations, maintenance, and improvements.

Fines & Forfeits Revenue Category

Fines and forfeits comprise less than 1.78% (\$43,800) of the City's total 2012 anticipated revenue, and include municipal court costs, violations, fines, and police surcharges. The funds received are intended as a financial punishment for the commission of minor crimes or the settlement of a claim. Monies are used to help offset the day-to-day operations of the Police Department, provide training to police personnel, and support municipal court activities. This revenue estimate is based on a flat trend of collections over previous years.

Investment Earnings Category

In an attempt to protect and maximize the return received on public funds, the City takes careful consideration when investing government funds according to State and Federal laws. Investment revenues account for 0.41% (\$10,000) of the 2012 revenue budget. Investment earnings have been historically low as of late due to low interest rates and the economy.

Other Revenue Category

Revenue sources listed in this category include the sale of equipment, insurance claims, and other miscellaneous receipts, which account for approximately 1.34% (\$32,947.50) of the total 2012 anticipated revenue. This category consists of revenues from miscellaneous sources and is historically difficult to estimate. As a result, the previous year's actual collections are used as the basis for estimating revenue for the upcoming budget year.

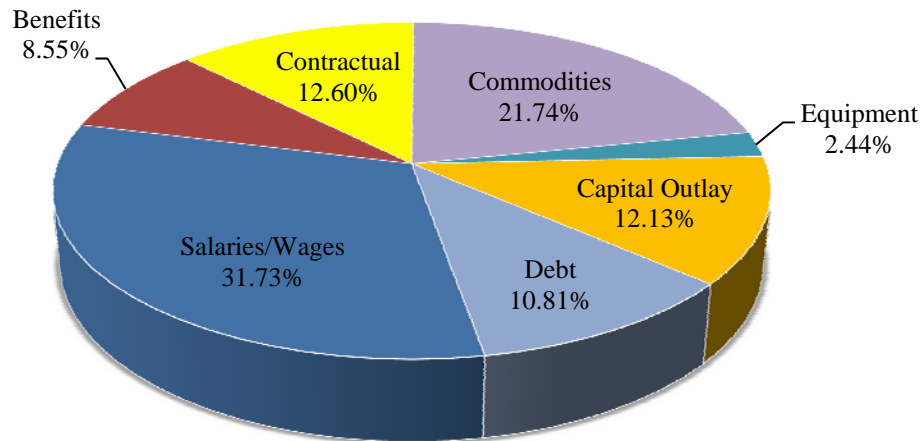
EXPENDITURE ASSESSMENT

Citywide Expenditures

In an effort to simplify the explanation of expenditures, the budget document organizes expenditures into seven categories: Salaries, Benefits, Contractual Services, Commodities, Equipment, Capital Outlay, and Debt. The following table and chart illustrate the City's total expenditures (all funds, excluding internal fund transfers).

Expenditure Category	2010 Actual	2011 Estimate	2012 Budget
Salaries/Wages	\$ 1,007,912.54	\$ 928,577.56	\$ 973,917.85
Benefits	\$ 225,971.72	\$ 248,515.80	\$ 262,484.12
Contractual Services	\$ 327,527.60	\$ 368,780.66	\$ 386,835.93
Commodities	\$ 597,996.91	\$ 636,382.66	\$ 667,180.00
Equipment	\$ 30,694.00	\$ 56,966.00	\$ 75,000.00
Capital Outlay	\$ 281,677.53	\$ 279,693.00	\$ 372,500.00
Debt	\$ 280,279.96	\$ 330,378.45	\$ 331,738.65
Total	\$ 2,752,060.26	\$ 2,849,294.13	\$ 3,069,656.55

2012 Expenditures by Category



In each category, when appropriate, provisions have been added to account for inflation, per information obtained via the Consumer Price Index (CPI), industry trends, and/or other

government advisory sources. As was noted in the budget message, the 2012 expenditures represent the City's total budget authority, which is greater than projected expenditures for the year for all categories. The expenditure categories, as well as some of the more significant changes in spending, are discussed in more detail below.

Salaries/Wages Category

Salaries and wages represent 31.73% (\$973,917.85) of the 2012 citywide budgeted expenditures. This category includes all costs associated with personnel including regular and seasonal staff, and associated payroll taxes.

Significant changes for 2012:

- Staffing levels have been reduced by one full-time position for the 2012 budget. The City has been able to eliminate the Water Meter Reader position in the Public Works Department due to the installation of electronic water meters and the reduced effort needed for proper reading. The change will provide for a more streamlined workflow within the Public Works Department while providing a savings to the organization.
- The 2012 budget includes a 3% allotment per department for increased employee pay and/or benefits. The budgeted percentage allows for possible cost-of-living adjustments, merit raises, or additional city contribution toward employee health benefits plan. The Governing Body will determine the feasibility of the use of those funds in early 2012 based on current economic factors. The total impact of the 3% is \$29,655 above the 2011 budget.

Benefits Category

Employee benefits represent 8.55% (\$262,484.12) of the 2012 citywide budgeted expenditures. The category includes all city costs associated with employee benefits including Health and Dental Insurance, Life Insurance, Short Term Disability and KPERS (Kansas Public Employee Retirement System).

Providing affordable health insurance for municipal employees will remain a challenge in 2012. The City of Cherryvale received a 17% premium increase in 2010 and was scheduled for an 18.7% increase in 2011. The Employee Benefits Committee agreed to adjust plan benefits dropping the increase to 15.4%. The League of Kansas Municipalities advised cities to continue to build in a 10-15% margin in their annual budgets for unexpected/unknown health insurance premium increases in 2012 and beyond.

Contractual Services Category

The contractual services category represents approximately 12.60% (\$386,835.93) of the 2012 budgeted expenditures. This category is made up of expenditures which by their nature are performed by persons or firms external to the organization. While a product may or may not result from the transaction, the primary reason for the purchase is the service provided.

Expenditures which fall under this category include administrative services, technical services, travel, training, repairs/maintenance, rentals/leases, and non-personnel related insurance premiums.

Significant changes for 2012:

- The City has allocated a total of \$12,000 to support community economic development efforts. The intent of the City is to provide additional marketing and local effort toward generating business and improving our economy and tax base.

Commodities Category

The commodities category accounts for about 21.73% (\$667,180.00) of the 2012 budgeted expenditures. Expenditures in this category are for items that are purchased and consumed, worn out, or deteriorated through use, and do not meet the requirements of the City's definition of equipment. Water purchased from Public Wholesale Supply District #4, supplies, natural gas, electricity, and fuel are included in this category.

Equipment Category

The equipment category makes up only 2.44% (\$75,000) of the 2012 budgeted expenditures. These expenditures include purchasing new or replacement equipment through the Equipment Reserve Plan. The City maintains a five year plan and adopted the 2012-2016 Equipment Reserve Plan following the annual budget presentation on August 1, 2011.

Equipment in this category may or may not be purchased during the year based on a variety of factors including; cash flow, availability, affordability, and emergency needs. A listing of the equipment purchases scheduled for 2012 is included below:

<i>Equipment Reserve</i>	<i>2012 Budgeted Amount</i>
Computers for City Hall Office Staff	\$5,000
Communications Equipment (Fire-Rescue)	\$5,000
Patrol Vehicles & Equipment	\$20,000
¾ Ton Dump Truck	\$20,000
Mower Replacements	\$5,000
VAC Trailer	\$20,000
<i>Total</i>	<i>\$75,000</i>

Capital Outlay Category

The capital outlay category contains 12.13% (\$372,500) of the 2012 budgeted expenditures. Expenditures for capital outlay include constructing or financing capital assets including infrastructure improvement projects or facility enhancements. These projects tend to vary substantially from year to year based on the needs of the community and the goals of the Governing Body. Projects planned for 2012 are included in the city's five year Capital Improvement Plan. The 2012-2016 Capital Improvement Plan was adopted following the annual budget presentation on August 1, 2011.

Projects listed in the current Capital Improvement Plan can be amended throughout the year due to the following reasons; cash flow, emergency repairs, savings opportunities, shifting priorities. A listing of the capital improvement projects scheduled for 2012 is included below:

<i>Capital Improvement Projects</i>	<i>2012 Budgeted Amount</i>
Fire-Rescue Department Garage Addition	\$15,000
Waterline Repairs	\$5,000
Sanitary Sewer Improvements	\$20,000
Street Overlay Project	\$100,000
Storm Drainage Project	\$20,000
Community Center Remodel	\$20,000
Spray Park	\$41,000
Downtown Alley Project	\$10,000
Total	\$236,000

The capital outlay category also includes capital outlay/contingency line items in the General, Water, Sewer, and Special Highway Funds, totaling \$136,500, to assist with unforeseen expenditures. The majority of this portion is considered reserved and is retained for future budgets if deemed unnecessary.

Debt Category

This category is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. Kansas State Statute (K.S.A.) 10-308 limits the total bonded indebtedness to 30% of the city's assessed valuation, thus the legal debt limit for the City of Cherryvale is \$2,025,955.80. The City currently has a bonded indebtedness of \$3,759,539, however, K.S.A. 10-309 exempts debt related to infrastructure improvements from this limitation. The City of Cherryvale's outstanding bonds are for water and sewer system improvements and the City currently has no bonded indebtedness subject to the K.S.A. 10-308 debt limit.

Debt expenditures in this category account for approximately 10.81% (\$331,738.65) of the 2012 budgeted expenditures. Expenditures include annual bond principal, bond interest, and lease purchase payments for various projects and equipment. Budgeted expenditures are slightly

higher than the annual payments listed below because the City may incur commission fees associated with the bonds. Significant expenditures in this category for 2012 are included in the chart below.

<i>Type of Debt</i>	<i>Amount</i>	<i>Issue Date</i>	<i>Retire Date</i>	<i>Interest Rate</i>	<i>2012 Principal Payment</i>	<i>2012 Interest Payment</i>	<i>Fund</i>
Water G.O. Bond	\$615,000	11/1/2001	8/1/2016	Varied	\$45,000	\$13,410	<i>Debt Service</i>
Sewer G.O. Bond	\$1,504,900	9/1/2003	9/23/2043	4.25%	\$20,824	\$58,061	<i>Debt Service</i>
Sewer G.O. Bond	\$1,480,000	5/7/2007	5/7/2043	4.13%	\$17,648	\$58,398	<i>Debt Service</i>
Library Lift L/P	\$91,900	10/16/2009	6/11/2018	4.74%	\$9,292	\$3,201	<i>Library</i>
Fire Truck L/P	\$249,890	1/16/2007	1/11/2012	4.80%	\$52,277	\$5,198	<i>Equip. Reserve</i>
Water Loan	\$765,794	6/22/2009	8/1/2030	3.47%	\$22,520	\$23,410	<i>Debt Service</i>
<i>Total</i>	<i>\$4,707,484</i>				<i>\$167,561</i>	<i>\$161,978</i>	

OTHER SOURCES/USES

Interfund Transfers

In order to accommodate financial fluctuations and changing needs of the community, the City is often required to transfer non-restricted revenues from one fund to another. Transfers are simply considered expenses in one fund and receipts in another fund. The following transfers are scheduled for 2012:

	Transfer Out	Transfer In	2012 Budget
1.	General Fund	Special Highway	\$25,000
2.	General Fund	Capital Improvement	\$132,174
3.	General Fund	Sewer O&M	\$175,272
4.	Water O&M	Debt Service	\$106,840
5.	Water O&M	General Fund	\$120,000
6.	Water O&M	Equipment Reserve	\$10,000
7.	Water O&M	Capital Improvement	\$10,000
8.	Sewer O&M	Capital Improvement	\$25,000
9.	Sewer O&M	Equipment Reserve	\$20,000
10.	Sewer O&M	General Fund	\$165,000
11.	Sewer O&M	Debt Service	\$154,931

1. *Transfer to fund road-related expenses to offset decreasing distributions from the State and County.*
2. *0.75% voter approved sales tax for capital improvements.*
3. *1% voter approved sales tax for sewer debt and system operations.*
4. *Transfer to cover water bond and water loan payments.*
5. *Water Fund transfer to support administration costs related to providing water service.*
6. *Water Fund subsidy for the Equipment Reserve Plan.*
7. *Water Fund subsidy for the Capital Improvement Plan.*
8. *Sewer Fund subsidy for the Capital Improvement Plan.*
9. *Sewer Fund subsidy for the Equipment Reserve Plan.*
10. *Sewer Fund to support general government operations and administration of the system.*
11. *Transfer to cover sewer bond payments.*

Fund Balance

The City of Cherryvale defines a fund balance as the accumulation of the difference between the fund's revenues and expenditures each year. A fund balance exists when the fund's projected revenues for the year exceed budgeted expenditures. Although the State of Kansas requires that the fund balances of tax-supported funds be used as available resources for the upcoming budget year, fund balances will still occur when revenue projections are met or exceeded, and/or the full budget authority is not spent. In an effort to maintain fund balances and increase available resources for future budgets, the City of Cherryvale does not spend its annual budget authority in most funds.

In 2012, the City will spend down fund balances in the Capital Improvement, Equipment Reserve, Special Highway, and Special Parks and Recreation funds. These are funds that should not retain large fund balances but have slowly accumulated over the years. As a result, the

citywide fund balance is anticipated to decrease approximately 24% or \$320,236. A listing of changes in fund balances for fiscal year 2012 per fund is presented in the chart below.

Fund Balances after Anticipated Expenditures

Fund	Beginning Balance	2012 Revenues	2012 Expenditures	2012 Surplus/(Deficit)	Ending Balance
General Operating	\$195,049	\$1,633,771	\$1,621,820	\$11,951	\$207,000
Library	\$2,478	\$48,380	\$46,739	\$1,641	\$4,119
Debt Service	\$1	\$264,252	\$261,771	\$2,481	\$2,482
Special Highway	\$36,040	\$96,080	\$113,657	\$(17,577)	\$18,463
Special Parks & Rec.	\$17,973	\$850	\$14,500	\$(13,650)	\$4,323
Refuse	\$6,388	\$133,500	\$139,500	\$(6,000)	\$388
Water O & M	\$430,266	\$610,640	\$722,208	\$(111,568)	\$318,698
Sewer O & M	\$409,521	\$431,972	\$493,106	\$(61,134)	\$348,387
Capital Improvement	\$71,522	\$166,997	\$236,000	\$(69,003)	\$2,519
Equipment Reserve	\$142,420	\$30,000	\$132,475	\$(102,475)	\$39,945
Total	\$1,311,659	\$3,412,322	\$3,781,776	\$(320,236)	\$942,205

** 2012 revenues & expenditures do not match the revenue and expenditure assessment charts because this chart includes transfers in and transfers out of funds.*

Following sound financial management, the City Administrator identifies target fund balances for each budgeted fund which is approved annually by the Governing Body. By maintaining appropriate fund balances in each of its funds, the City is able to adapt to changing market conditions, take advantage of unforeseen opportunities, and maintain adequate cash balances given the uncertain nature of the economy.

In 2012, the General Fund balance is anticipated to increase by 6% (\$11,951). If the full budget authority for this fund was spent and actual revenues meet projections, it would result in a decrease of \$122,750 (63%) in the fund balance. The anticipated 6% increase in fund balance is based on 2012 anticipated expenditures and not budget authority amounts.

The Library Fund is projecting an increase in fund balance of 66% from \$2,478 to \$4,119. The projected fund balance increase is the result of the 11% delinquency rate built into the property taxes levied, so the City does not actually anticipate an increase in the fund balance. By design, the fund is intended to maintain a low fund balance, as it is a pass-through account. The City of Cherryvale collects property taxes on behalf of the Cherryvale Public Library and remits the funds to the library treasurer, so it is unnecessary to maintain reserves in this fund.

The Debt Service Fund is also utilized as a pass-through account for payment of the City's debts. The fund balance is projected to increase from \$1 to \$2,481, however, the City must budget for additional fees and commission expenses associated with the City's bonds that may or may not be incurred. The City does not intentionally maintain a balance in this fund as it is unnecessary.

The Special Highway Fund's balance is expected to decrease by 49% (\$17,577). This fund has a designated annual revenue source and a restricted set of expenditures. The City of Cherryvale

has been spending down the fund balance as it is higher than is necessary for the efficient utilization of the City fund.

The balance of the Special Parks & Recreation Fund is anticipated to decrease by 76% (\$13,650). The fund collects restricted revenues which may only be used for recreation and park related expenses, such as swimming pool expenses and playground improvements. Historically this fund has been utilized to save for major park projects, however due to the economic climate the City cannot afford to undertake major park and recreation projects at this time. As a result, the City is using the existing fund balance to assist with smaller improvements and annual park expenditures.

The Refuse Fund is also considered a pass-through fund. The City's refuse is collected by a contracted firm and the City bills customers for the service on their City utility bills. The collections are remitted monthly to the refuse collection provider. The City generally maintains a zero balance in this fund, however due to the timing of contractor payments and Kansas budget laws, the City of Cherryvale must overestimate expenditures so a fund balance is projected each budget year.

The Water Operations & Maintenance and the Sewer Operation & Maintenance funds are projecting decreases in fund balance of \$111,568 (26%) and \$61,134 (15%) respectively. Traditionally these funds have maintained high fund balances in excess of reserves needed for fund stability. In recent years, the City of Cherryvale adopted financial policies and a 10-year financial forecast model that encourages spending down these balances. For these funds, the target fund balance is 10% of annual operating budget plus an amount equivalent to the annual debt payment associated with the fund. For 2012, the minimum targeted balance for the Water Operations & Maintenance Fund is \$183,853.12. The minimum fund balance for the Sewer Operations & Maintenance Fund is \$208,458.39. Thus, both funds are projected to end next year well above their targeted balances.

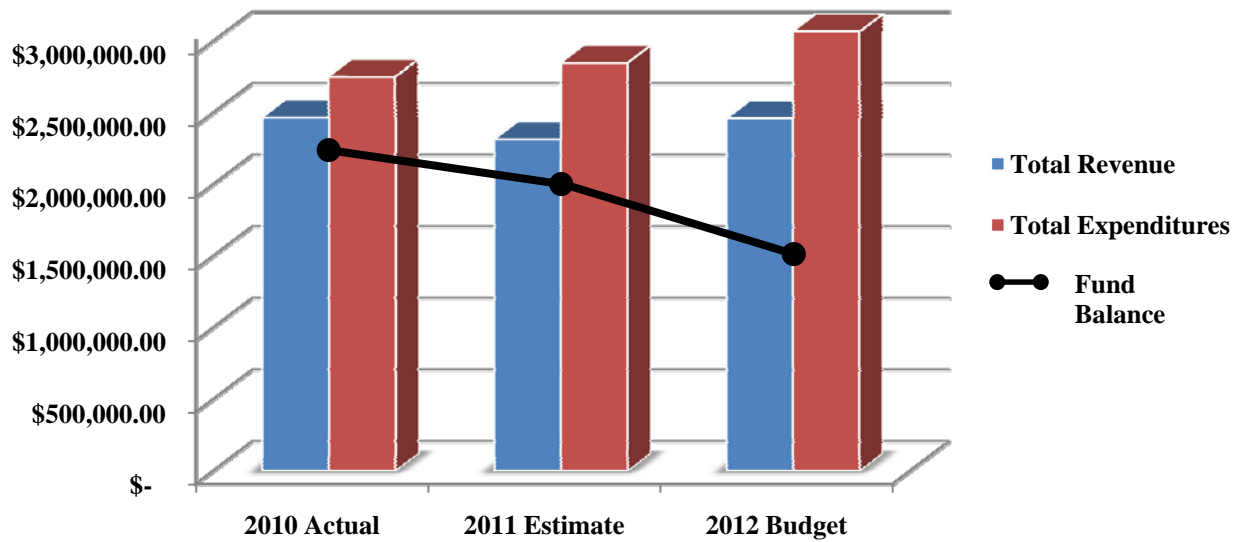
Both the Capital Improvement Fund balance and the Equipment Reserve Fund balance are projected to decrease in 2012. The decrease is due to the nature of these funds, which are intended to build up reserves for purposes of financing large capital projects and replacing vehicles and equipment. These funds currently have substantial balances that will be spent down on major projects and purchases in 2012. The Capital Improvement Fund balance is projected to decrease by \$69,003 and the Equipment Reserve Fund is anticipating a decrease in fund balance of \$102,475.

CITYWIDE SUMMARY

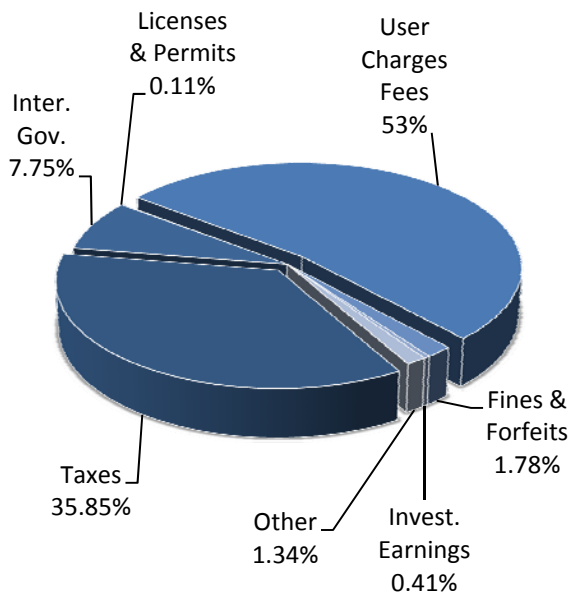
	2010 Actual	2011 Estimate	2012 Budget
Revenues			
Taxes	\$792,659	\$819,659	\$882,423
Intergovernmental	\$211,728	\$192,798	\$190,765
Licenses & Permits	\$3,625	\$2,835	\$2,760
User Charges/Fees	\$1,323,802	\$1,301,442	\$1,298,815
Fines & Forfeits	\$43,613	\$42,378	\$43,800
Investment Earnings	\$10,879	\$11,748	\$10,000
Other Revenues	\$81,143	\$44,774	\$32,948
Total Revenue	\$2,467,450	\$2,415,634	\$2,461,510
Expenditures			
Salaries/Wages	\$1,007,913	\$928,578	\$973,918
Benefits	\$225,972	\$248,516	\$262,484
Contractual Services	\$327,528	\$368,781	\$386,836
Commodities	\$597,997	\$636,383	\$667,180
Equipment	\$30,694	\$56,966	\$75,000
Capital Outlay	\$281,678	\$279,693	\$372,500
Debt	\$280,280	\$330,378	\$331,739
Total Expenditures	\$2,752,060	\$2,849,294	\$3,069,657
Annual Gain/(Loss)	\$(284,610)	\$(433,660)	\$(608,147)
Cumulative Balance			
Beginning Balance	\$2,049,929	\$1,765,319	\$1,331,659
Change in Balance	\$(284,610)	\$(433,660)	*\$(608,147)

**full budget authority will not be spent*

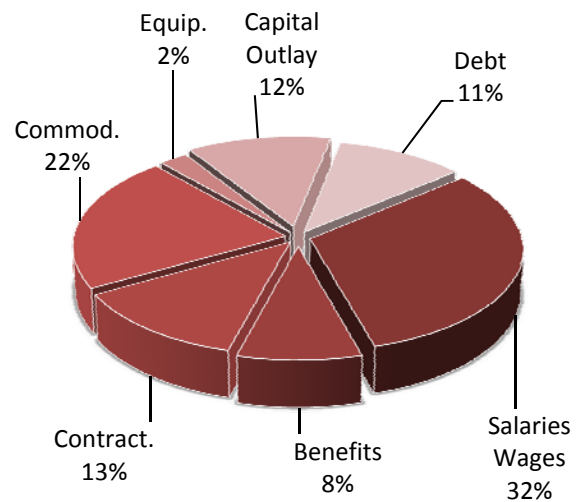
Revenue, Expenditures & Fund Balance



2012 Revenue Budget by Category



2012 Expenditure Budget by Category



CITYWIDE REVENUE DETAIL

	2010 Actual	2011 Estimate	2012 Budget
Taxes			
Property Tax	\$216,632	\$260,770	\$296,856
Sales Tax	\$472,755	\$456,728	\$486,422
Compensating Use Tax	\$85,713	\$90,450	\$92,000
Delinquent Taxes	\$21,541	\$18,705	\$14,500
Neighborhood Revit. Rebates	\$(8,133)	\$(8,000)	\$(7,355)
Other	\$4,151	\$1,006	\$0
Total Taxes	\$792,659	\$819,659	\$882,423
Intergovernmental			
Special Motor Vehicle Taxes	\$62,913	\$53,588	\$52,196
State Highway Payments	\$60,387	\$60,110	\$61,300
County Highway Distribution	\$10,073	\$9,540	\$9,450
County Ambulance Distribution	\$75,854	\$67,814	\$66,119
Liquor Taxes	\$1,970	\$1,700	\$1,700
Other	\$532	\$46	\$0
Total Intergovernmental	\$211,728	\$192,798	\$190,765
Licenses & Permits			
Building Permits	\$929	\$300	\$300
City Licenses	\$1,921	\$1,910	\$1,810
Other	\$775	\$625	\$650
Total Licenses & Permits	\$3,625	\$2,835	\$2,760
User Charges/Fees			
Franchise Fees	\$176,932	\$179,607	\$175,000
Ambulance Service Fees	\$126,401	\$101,051	\$105,000
Water Collections	\$606,616	\$601,373	\$601,015
Sewer Collections	\$246,384	\$255,156	\$256,100
Refuse Collections	\$144,026	\$143,905	\$145,000
Rental Fees	\$3,885	\$3,510	\$2,400
Other	\$19,559	\$16,840	\$14,300
Total User Charges/Fees	\$1,323,802	\$1,301,443	\$1,298,815
Fines & Forfeits			
Fines/Court Costs	\$38,614	\$38,250	\$40,000
Other	\$4,999	\$4,128	\$3,800
Total Fines & Forfeits	\$43,613	\$42,378	\$43,800
Investment Earnings			
Investment Earnings	\$10,879	\$11,748	\$10,000
Total Investment Earnings	\$10,879	\$11,748	\$10,000
Other Revenue			
Sale of City Property	\$4,613	\$9,000	\$3,500
Reimbursements	\$64,728	\$26,275	\$23,600
Other	\$11,802	\$9,499	\$5,848
Total Other Revenue	\$81,143	\$44,774	\$32,948

CITYWIDE EXPENDITURE DETAIL

	2010 Actual	2011 Estimate	2012 Budget
Salaries/Wages			
Regular Employee Salaries	\$863,553	\$793,470	\$830,993
Seasonal Employee Salaries	\$49,028	\$42,712	\$43,776
Volunteer Salaries	\$19,169	\$21,000	\$21,000
FICA	\$69,763	\$64,496	\$67,719
Longevity Pay	\$6,400	\$6,900	\$10,430
Total Salaries/Wages	\$1,007,913	\$928,578	\$973,918
Benefits			
Health & Dental Insurance	\$115,783	\$138,327	\$140,529
KPERS Contribution	\$56,695	\$59,883	\$65,547
Worker's Compensation Insurance	\$27,878	\$27,669	\$29,092
Unemployment Insurance	\$17,867	\$10,791	\$14,871
Other	\$7,749	\$11,846	\$12,445
Total Benefits	\$225,972	\$248,516	\$262,484
Contractual Services			
Electricity & Gas	\$55,696	\$79,046	\$84,719
Insurance Premiums/Deductibles	\$35,833	\$34,686	\$37,620
Communication Services	\$9,815	\$12,501	\$12,131
Legal Fees & Publications	\$21,670	\$24,167	\$23,300
Library Treasurer Payments	\$32,654	\$32,235	\$33,035
Refuse Services	\$131,910	\$130,574	\$139,500
Economic Development	\$1,661	\$17,172	\$18,500
Other	\$38,289	\$38,400	\$38,031
Total Contractual Services	\$327,528	\$368,781	\$386,836
Commodities			
Treated Water	\$326,137	\$330,750	\$330,750
EMS Supplies & Expenses	\$24,814	\$23,680	\$25,000
Building & Grounds	\$15,672	\$16,231	\$17,150
Code Enforcement Expenses	\$7,349	\$13,000	\$15,000
Gasoline & Oil	\$44,214	\$56,547	\$60,000
Professional Development	\$21,211	\$20,837	\$20,425
Water & Sewer Supplies	\$30,547	\$26,021	\$26,400
Vehicle/Equipment Maintenance	\$60,772	\$52,082	\$53,000
Associated Road Materials	\$19,492	\$18,000	\$16,500
Park & Recreation Expenses	\$5,959	\$29,217	\$22,200
Office Supplies & Postage	\$14,159	\$19,229	\$18,725
Other	\$27,671	\$30,789	\$62,030
Total Commodities	\$597,997	\$636,383	\$667,180
Equipment			
Reserve Plan	\$30,694	\$56,966	\$75,000
Total Equipment	\$30,694	\$56,966	\$75,000

	2010 Actual	2011 Estimate	2012 Budget
Capital Outlay			
Improvement Plan	\$260,821	\$223,382	\$236,000
Utility Outlay	\$397	\$13,000	\$41,000
General Fund Reserve	\$20,459	\$43,311	\$95,500
Capital Outlay Total	\$281,678	\$279,693	\$372,500
Debt			
Sewer Bonds	\$155,106	\$155,090	\$154,931
Water Bonds & Loans	\$55,206	\$105,320	\$106,840
Equipment Lease Purchase	\$69,968	\$69,968	\$69,968
Total Debt	\$280,280	\$330,378	\$331,739

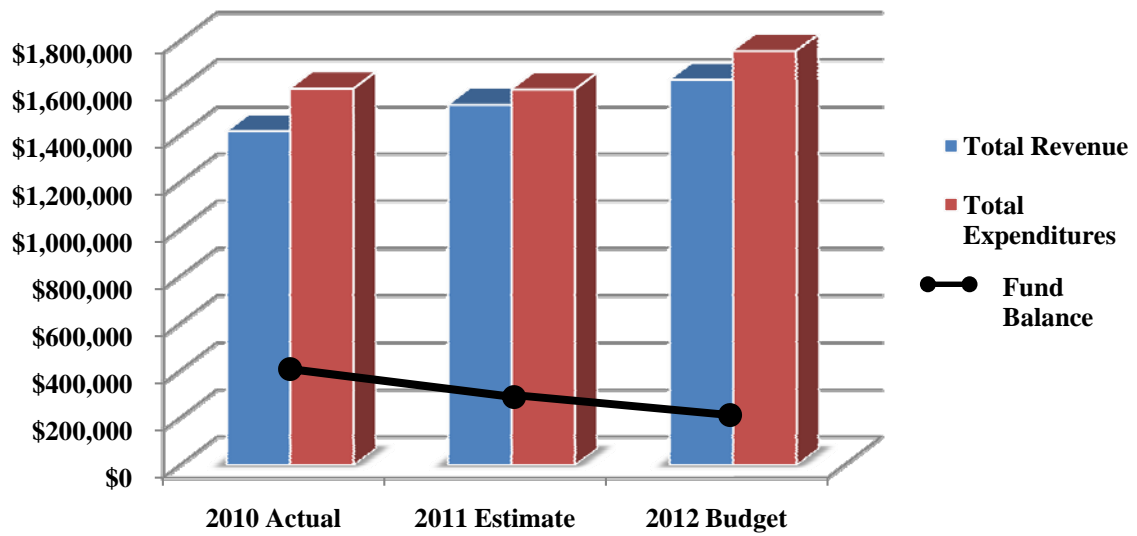
GENERAL FUND

The General Fund is the primary operating fund of the City and is utilized to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund. The functions accounted for in the General Fund include general administration, records and financial management, public safety, emergency medical services, parks, and facility operations and maintenance.

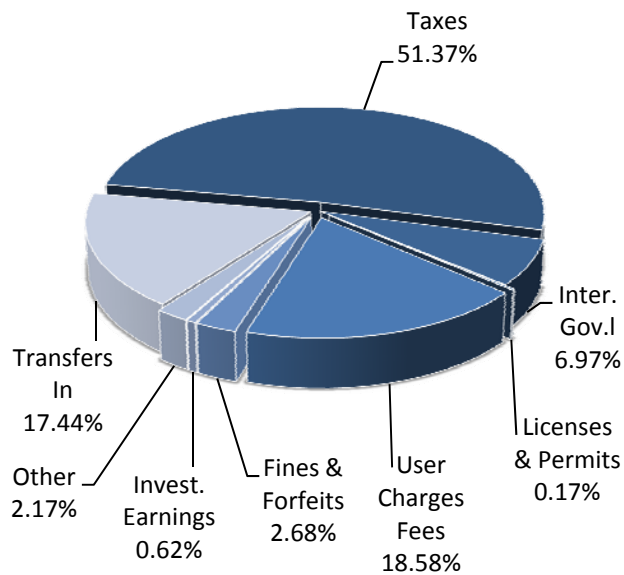
GENERAL FUND SUMMARY

	2010 Actual	2011 Estimate	2012 Budget
Revenues			
Taxes	\$707,532	\$777,823	\$839,347
Intergovernmental	\$130,683	\$106,147	\$113,861
Licenses & Permits	\$3,625	\$2,835	\$2,760
User Charges/Fees	\$332,897	\$309,337	\$303,500
Fines & Forfeits	\$43,613	\$42,378	\$43,800
Investment Earnings	\$10,879	\$11,748	\$10,000
Other Revenues	\$47,145	\$47,994	\$35,503
Transfers In	\$139,421	\$230,000	\$285,000
Total Revenue	\$1,415,795	\$1,528,262	\$1,633,771
Expenditures			
Salaries/Wages	\$803,026	\$733,682	\$764,870
Benefits	\$176,025	\$198,170	\$211,182
Contractual Services	\$123,337	\$157,993	\$165,613
Commodities	\$168,813	\$176,188	\$179,555
Equipment	-	-	-
Capital Outlay	\$20,459	\$43,311	\$95,500
Debt	-	-	-
Transfers Out	\$297,326	\$275,943	\$332,446
Neighborhood Revit.	\$8,133	\$8,000	\$7,355
Total Expenditures	\$1,597,119	\$1,593,287	\$1,756,521
Annual Gain/(Loss)	(\$181,324)	(\$65,025)	(\$122,750)
Cumulative Balance			
Beginning Balance	\$441,398	\$260,074	\$195,049
Change in Balance	(\$181,324)	(\$65,025)	(\$122,750)
Ending Balance	\$260,074	\$195,049	\$72,299

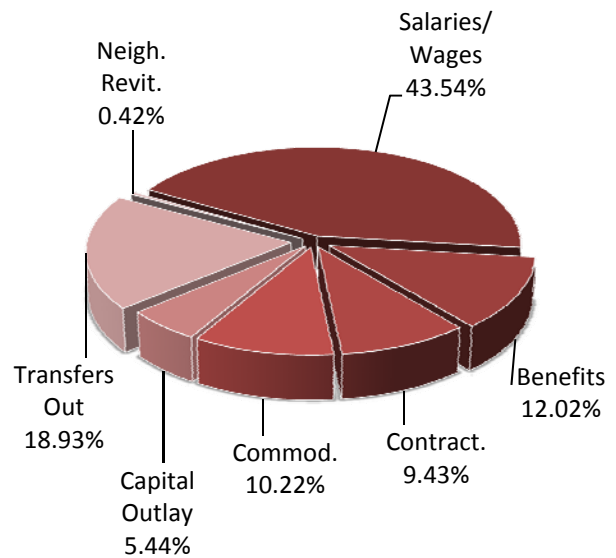
Revenue, Expenditures & Fund Balance



2012 Revenue Budget by Category



2012 Expenditure Budget by Category

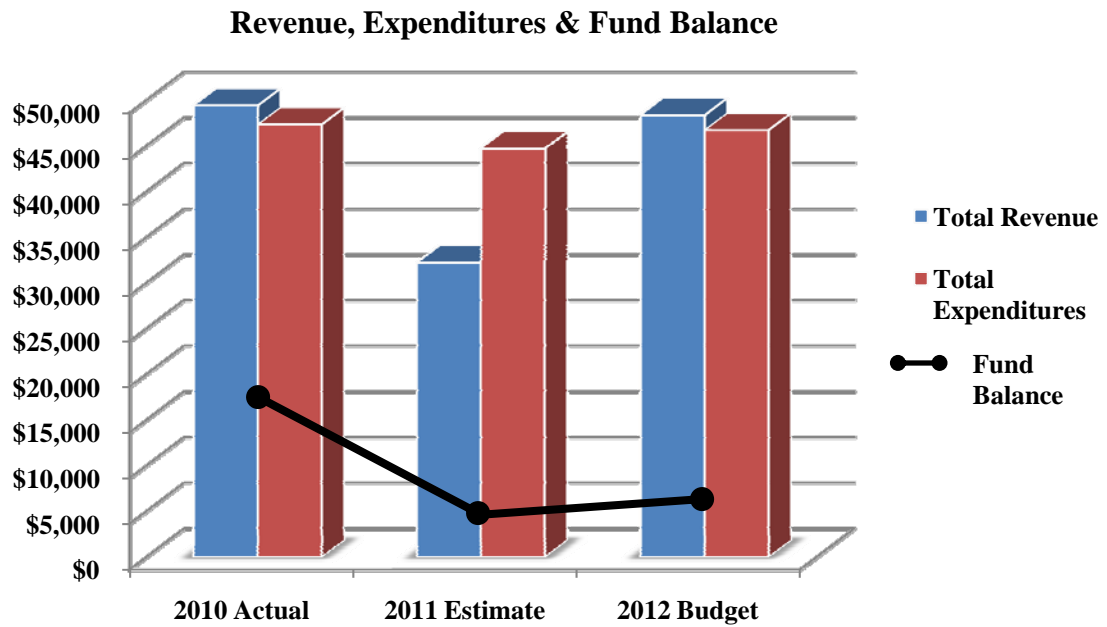


LIBRARY FUND

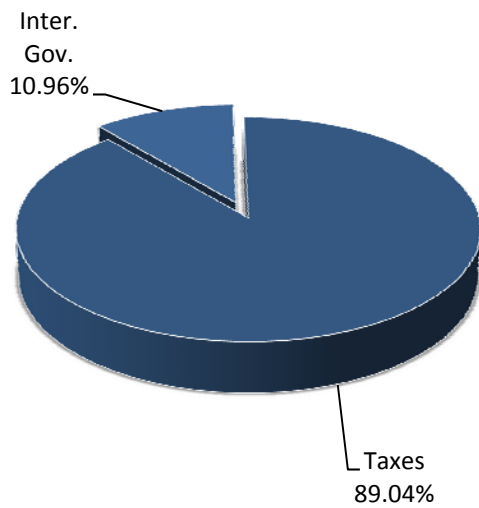
The Library Fund is a pass-through fund for tax revenues collected by the City of Cherryvale on behalf of the Cherryvale Library. Although the Cherryvale Library's mill levy is part of the City's mill levy, the library operates as a separate entity from the City. Based on the annual financial needs of the library, the City of Cherryvale levies property taxes to assist with the library's annual operations. In addition to the tax revenues received from the City, the library receives funding from the Southeast Kansas Library System, user fees, and donations.

LIBRARY FUND SUMMARY

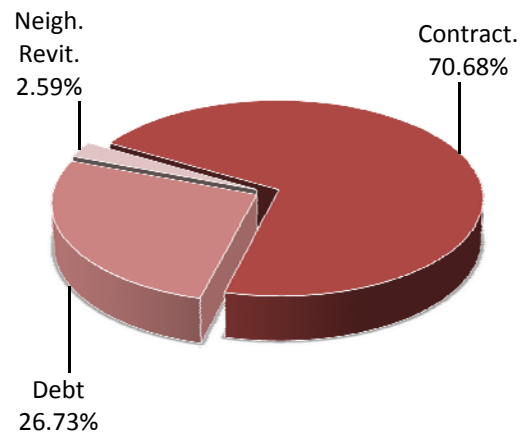
	2010 Actual	2011 Estimate	2012 Budget
Revenues			
Taxes	\$39,949	\$26,011	\$43,076
Intergovernmental	\$9,479	\$6,224	\$5,304
Other Revenues	-	-	-
Total Revenue	\$49,428	\$32,235	\$48,380
Expenditures			
Contractual Services	\$34,105	\$32,235	\$33,035
Commodities	\$748	-	-
Debt	\$12,493	\$12,493	\$12,493
Neighborhood Revit.	-	-	\$1,211
Total Expenditures	\$47,346	\$44,728	\$46,739
Annual Gain/(Loss)	\$2,082	(\$12,493)	\$1,641
Cumulative Balance			
Beginning Balance	\$12,889	\$14,971	\$2,478
Change in Balance	\$2,082	(\$12,493)	\$1,641
Ending Balance	\$14,971	\$2,478	\$4,119



2012 Revenue Budget by Category



2012 Expenditure Budget by Category

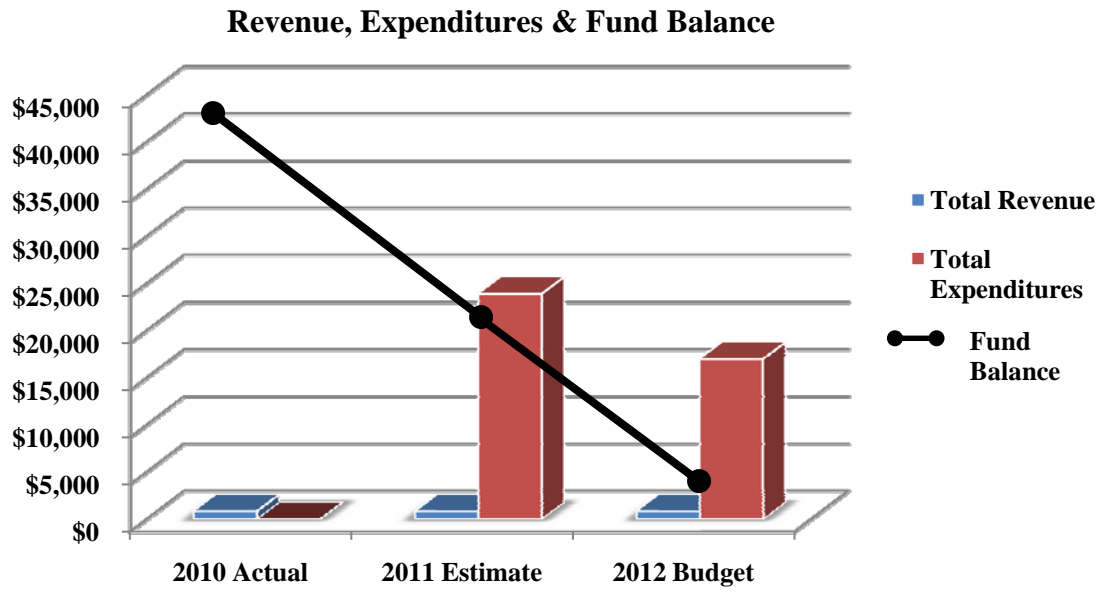


SPECIAL PARKS AND RECREATION FUND

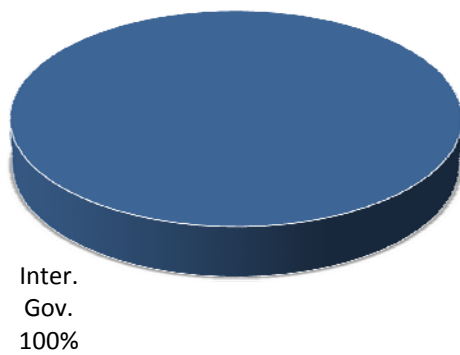
The Special Parks & Recreation Fund is a special revenue fund which collects and accounts for park related resources and expenditures. This fund's sole source of revenue is liquor drink tax, which the State of Kansas mandates must be accounted for in a separate fund and expenditures are restricted to parks and recreation activities. Expenses from this fund include items such as playground equipment, pool repairs, and annual park operations.

SPECIAL PARK AND RECREATION SUMMARY

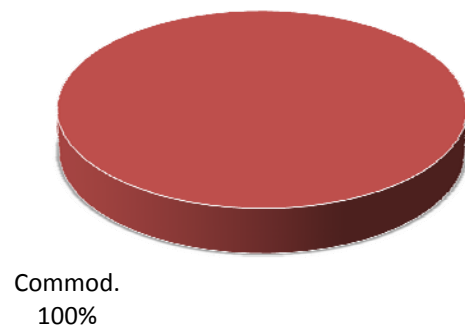
	2010 Actual	2011 Estimate	2012 Budget
Revenues			
Intergovernmental	\$860	\$850	\$850
Other Revenues	-	-	-
Total Revenue	\$860	\$850	\$850
Expenditures			
Commodities	\$0	\$23,907	\$17,000
Total Expenditures	\$0	\$23,907	\$17,000
Annual Gain/(Loss)	\$860	(\$23,057)	(\$16,150)
Cumulative Balance			
Beginning Balance	\$40,160	\$41,020	\$17,973
Change in Balance	\$860	(\$23,057)	(\$16,150)
Ending Balance	\$41,020	\$17,973	\$1,823



2012 Revenue Budget by Category



2012 Expenditure Budget by Category



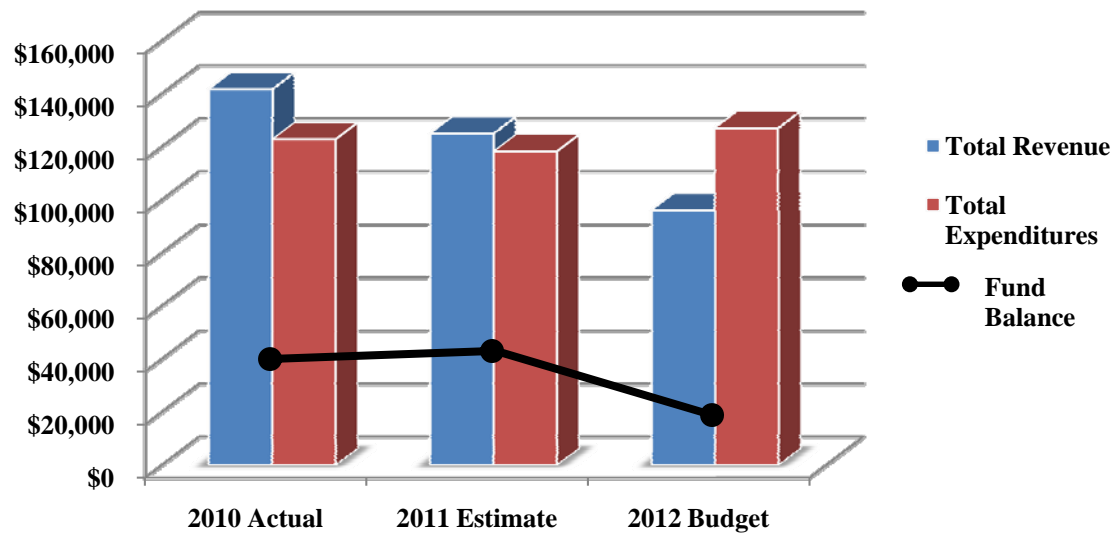
SPECIAL HIGHWAY FUND

The Special Highway Fund collects and accounts for activities related to street maintenance and repair. This fund also receives special, use-restricted revenues. The City of Cherryvale receives a quarterly distribution from the State of Kansas and from Montgomery County to be used for street-related expenses.

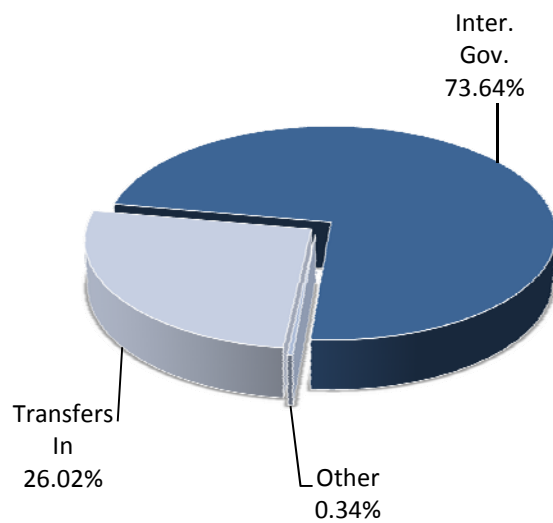
SPECIAL HIGHWAY FUND SUMMARY

	2010 Actual	2011 Estimate	2012 Budget
Revenues			
Intergovernmental	\$70,459	\$69,650	\$70,750
Transfer In	\$70,000	\$55,000	\$25,000
Other	\$1,245	\$330	\$330
Total Revenue	\$141,704	\$124,980	\$96,080
Expenditures			
Salaries/Wages	\$72,693	\$66,463	\$73,180
Benefits	\$11,705	\$11,431	\$12,565
Contractual Services	\$6,081	\$6,472	\$6,475
Commodities	\$32,376	\$33,958	\$33,800
Capital Outlay	-	-	\$1,000
Total Expenditures	\$122,855	\$118,324	\$127,020
Annual Gain/(Loss)	\$18,849	\$6,656	(\$30,940)
Cumulative Balance			
Beginning Balance	\$10,535	\$29,384	\$36,040
Change in Balance	\$18,849	\$6,656	(\$30,940)
Ending Balance	\$29,384	\$36,040	\$5,100

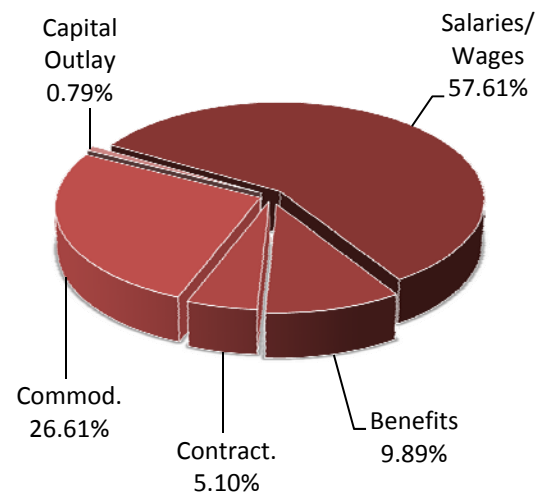
Revenue, Expenditures & Fund Balance



2012 Revenue Budget by Category



2012 Expenditure Budget by Category

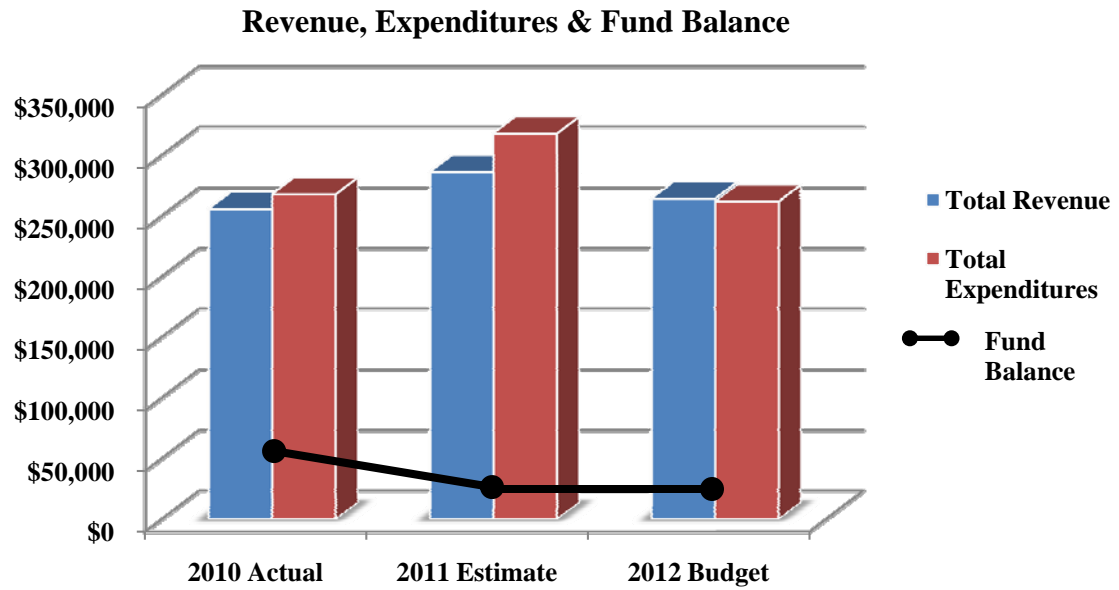


DEBT SERVICE FUND

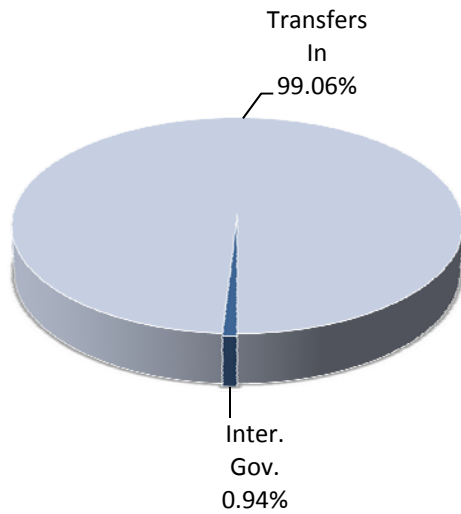
The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The City's current expenditures out of this fund include two sewer system bond payments, a water system bond payment, and a water loan payment. This fund is currently supported by taxes; however resources for this fund in 2012 will consist solely of transfers from the water and sewer operations and maintenance funds.

DEBT SERVICE SUMMARY

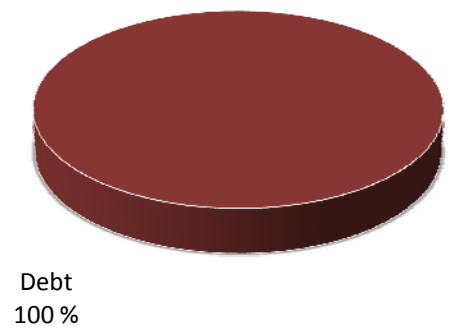
	2010 Actual	2011 Estimate	2012 Budget
Revenues			
Taxes	\$45,151	\$15,819	-
Intergovernmental	\$191	\$9,913	\$2,481
Transfers In	\$210,371	\$264,011	\$261,771
Total Revenue	\$255,713	\$286,143	\$264,252
Expenditures			
Debt	\$267,771	\$317,886	\$261,771
Total Expenditures	\$267,771	\$317,886	\$261,771
Annual Gain/(Loss)	(\$12,058)	(\$31,742)	\$2,481
Cumulative Balance			
Beginning Balance	\$43,802	\$31,743	\$1
Change in Balance	(\$12,058)	(\$31,742)	\$2,481
Ending Balance	\$31,743	\$1	\$2,482



2012 Revenue Budget by Category



2012 Expenditure Budget by Category

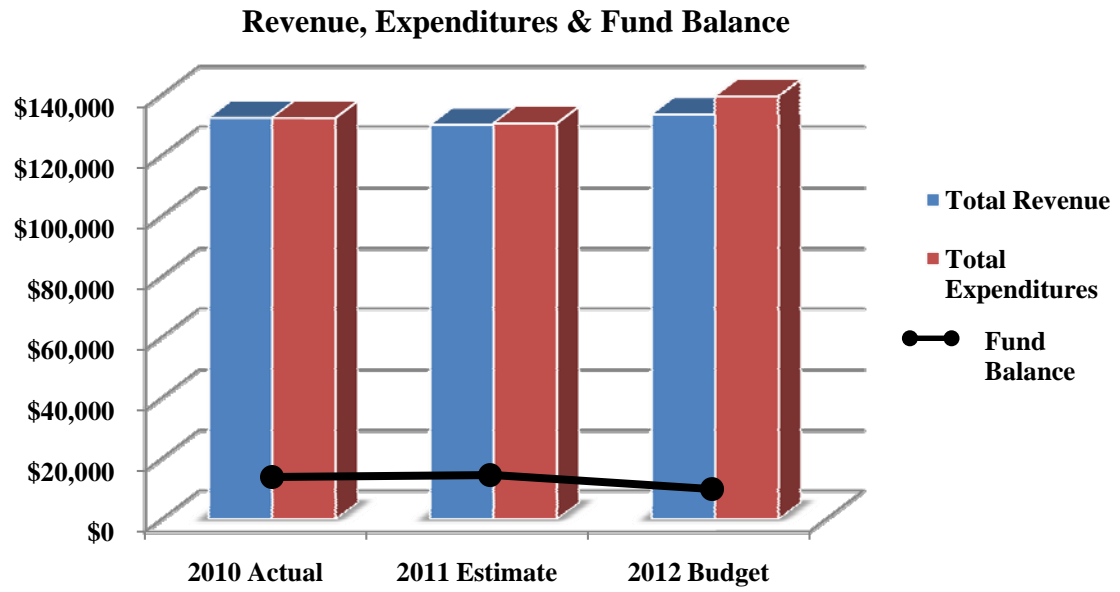


REFUSE FUND

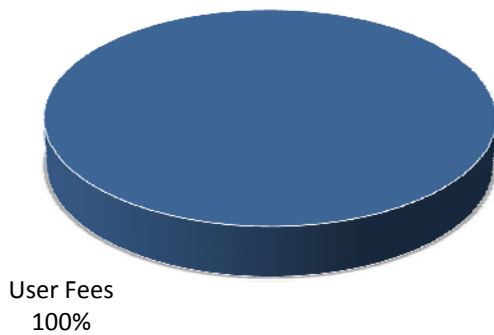
This fund accounts for expenses and revenues related to providing refuse collection services to Cherryvale customers. The City of Cherryvale contracts with Allied Waste Services to provide trash services while the City provides billing and collection for the service. Revenues are receipted into this fund and remitted to the trash provider, less a \$1.00 per customer billing fee which is receipted into the General Fund to assist with administration costs.

REFUSE FUND SUMMARY

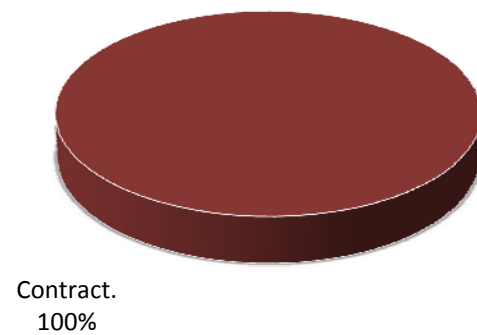
	2010 Actual	2011 Estimate	2012 Budget
Revenues			
User Fees	\$132,371	\$130,077	\$133,500
Total Revenue	\$132,371	\$130,077	\$133,500
Expenditures			
Contractual	\$132,351	\$130,574	\$139,500
Total Expenditures	\$132,351	\$130,574	\$139,500
Annual Gain/(Loss)	\$20	(\$497)	(\$6,000)
Cumulative Balance			
Beginning Balance	\$6,865	\$6,885	\$6,388
Change in Balance	\$20	(\$497)	(\$6,000)
Ending Balance	\$6,885	\$6,388	\$388



2012 Revenue Budget by Category



2012 Expenditure Budget by Category



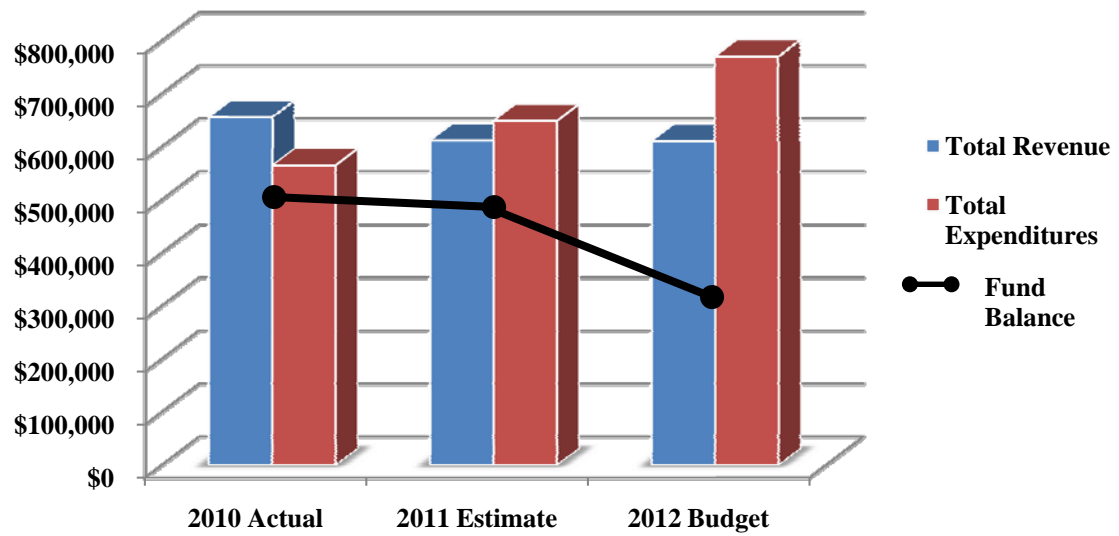
WATER OPERATIONS & MAINTENANCE FUND

This fund is used to account for revenues and expenses related to the water system provided by the City of Cherryvale. This is an enterprise fund that is intended to be self-supporting through user charges and fees. The majority of all activities necessary to provide water service to customers are accounted for in this fund, including administration, operations, maintenance, finance, and related debt service.

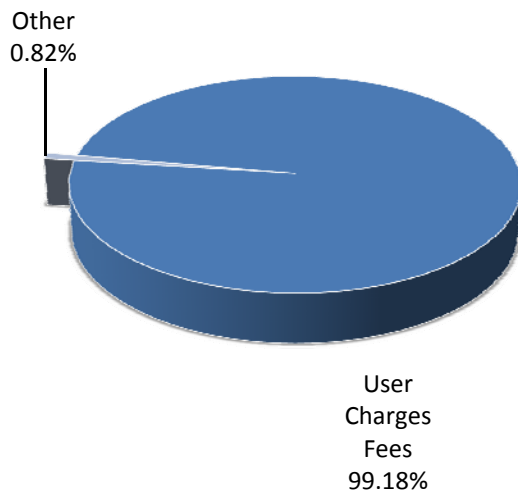
WATER OPERATIONS & MAINTENANCE SUMMARY

	2010 Actual	2011 Estimate	2012 Budget
Revenues			
Taxes	\$27	\$6	\$0
Intergovernmental	\$63	\$14	\$0
User Charges/Fees	\$612,051	\$606,773	\$605,615
Other Revenues	\$43,719	\$5,050	\$5,025
Total Revenue	\$655,859	\$611,843	\$610,640
Expenditures			
Salaries/Wages	\$65,766	\$65,976	\$69,340
Benefits	\$14,706	\$17,738	\$18,688
Contractual Services	\$21,539	\$25,075	\$24,644
Commodities	\$366,508	\$372,721	\$390,625
Capital Outlay	\$397	\$7,000	\$20,000
Transfers Out	\$96,280	\$160,320	\$246,840
Total Expenditures	\$565,196	\$648,830	\$770,137
Annual Gain/(Loss)	\$90,663	(\$36,987)	(\$159,497)
Cumulative Balance			
Beginning Balance	\$376,591	\$467,254	\$430,266
Change in Balance	\$90,663	(\$36,987)	(\$159,497)
Ending Balance	\$467,254	\$430,266	\$270,769

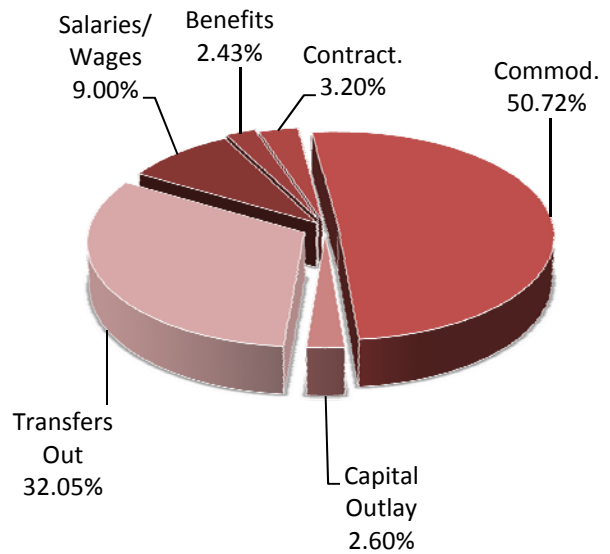
Revenue, Expenditures & Fund Balance



2012 Revenue Budget by Category



2012 Expenditure Budget by Category



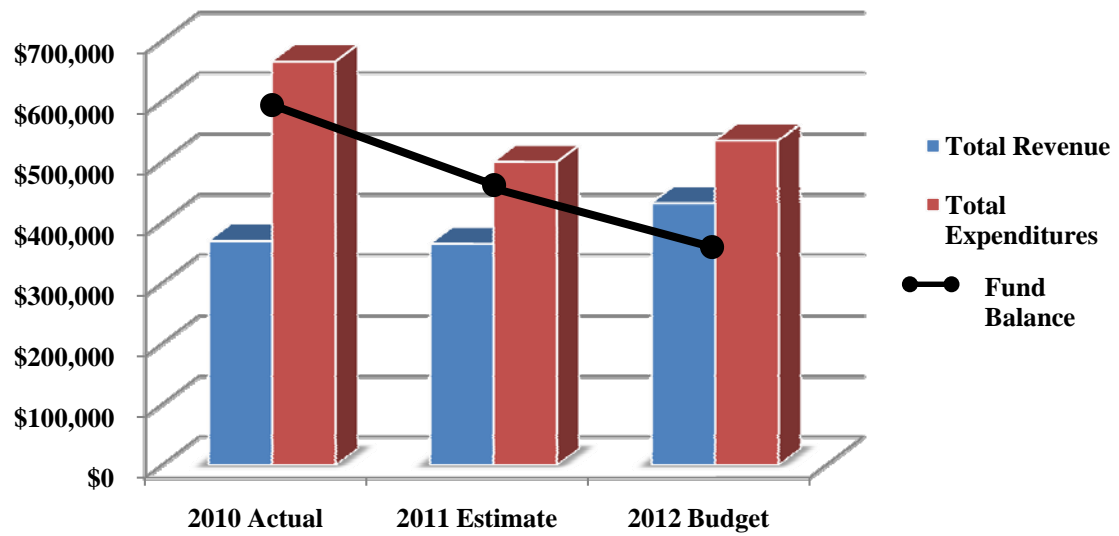
SEWER OPERATIONS & MAINTENANCE FUND

This fund is used to account for revenues and expenses related to providing sanitary sewer services to citizens of Cherryvale. The Sewer Operations and Maintenance Fund is also an enterprise fund, supported through user fees and a voter approved sales tax. Administration, operations, maintenance, and related debt service to provide sewer service are accounted for by this fund.

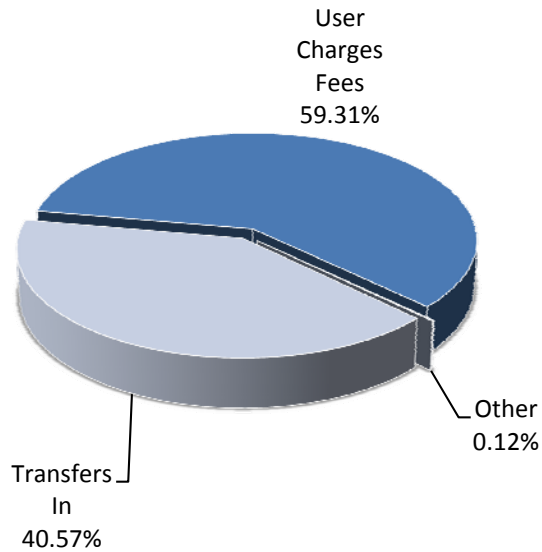
SEWER OPERATIONS AND MAINTENANCE FUND SUMMARY

	2010 Actual	2011 Estimate	2012 Budget
Revenues			
User Charges/Fees	\$246,484	\$255,256	\$256,200
Transfers In	\$118,396	\$109,423	\$175,272
Other	\$4,953	\$56	\$500
Total Revenue	\$369,833	\$364,735	\$431,972
Expenditures			
Salaries/Wages	\$63,173	\$62,457	\$66,528
Benefits	\$21,083	\$21,177	\$20,048
Contractual Services	\$12,867	\$16,432	\$17,569
Commodities	\$18,627	\$29,611	\$46,200
Capital Outlay	-	\$3,000	\$20,000
Debt	\$16	-	-
Transfers Out	\$550,091	\$367,262	\$364,931
Total Expenditures	\$665,857	\$499,939	\$535,276
Annual Gain/(Loss)	(\$296,024)	(\$135,204)	(\$103,304)
Cumulative Balance			
Beginning Balance	\$840,749	\$544,725	\$409,521
Change in Balance	(\$296,024)	(\$135,204)	(\$103,304)
Ending Balance	\$544,725	\$409,521	\$306,217

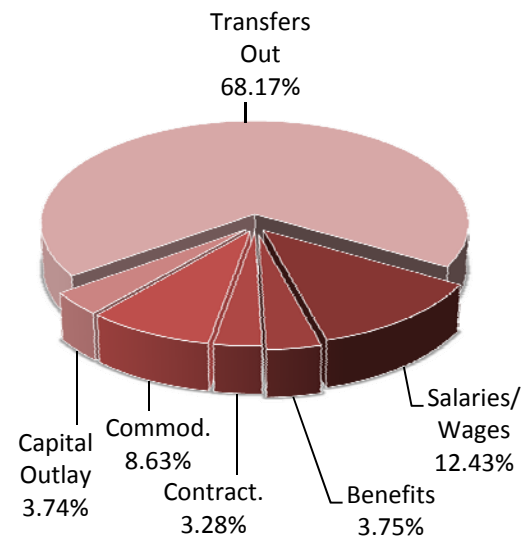
Revenue, Expenditures & Fund Balance



2012 Revenue Budget by Category



2012 Expenditure Budget by Category



GOVERNING BODY

The City Council serves as the legislative body of the City of Cherryvale and is responsible for establishing the goals, policy, and direction of the organization via long-term planning, ordinances, resolutions, and motions. The Council is responsible for hiring the City Administrator and appointing the Municipal Judge and various members to boards and commissions. Based on the recommendation of the City Administrator, the Governing Body also appoints the City Attorney, City Clerk, Police Chief, Fire Chief/EMS Director, and the Director of Public Works.

The City Council consists of four members and a mayor. Two council members are residents of the First Ward and two are residents of the Second Ward. The Mayor may be from either ward. All council members and the mayor are elected at-large on a nonpartisan basis. Council members and the Mayor serve staggered four year terms.

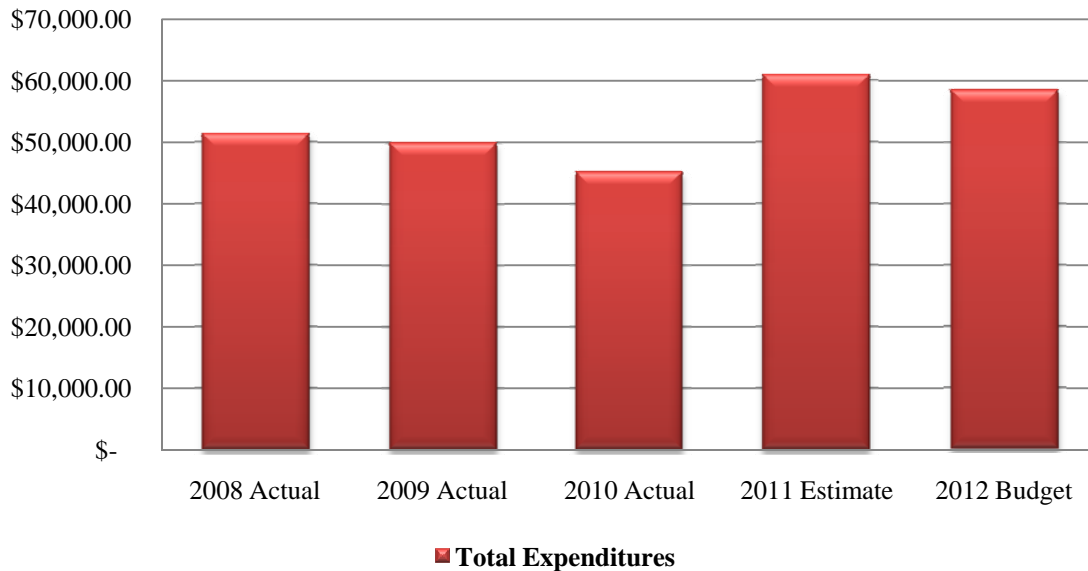
The Governing Body line-item budget includes council salaries, as well as, contributions for community programs, legal fees, and required legal publications.

Goals & Priorities

- Facilitate a High Quality of Life (*Goal #1*)
- Ensure Good Stewardship of Municipal Infrastructure (*Goal #2*)
- Maintain or Enhance Current Levels of City Services (*Goal #3*)
- Actively Pursue Growth of Local Tax Base (*Goal #4*)
- Improve Housing Stock (*Goal #5*)



Governing Body Expenditures



2012 DEPARTMENT SUMMARY BY FUND

Fund(s)	Budget	FTE
General Fund	\$ 58,481.11	N/A*
Total	\$ 58,481.11	-

* Elected positions are not included in FTE

Expenditure Summary			
	2010 Actual	2011 Estimate	2012 Budget
Staff- Full Time Equivalency (FTE)	N/A	N/A	N/A
Expenditures:			
Salaries/Wages	\$ 13,908	\$ 14,183	\$ 14,281
Benefits	-	-	-
Contractual Services	\$ 23,753	\$ 33,082	\$ 34,725
Commodities	\$ 9,667	\$ 13,616	\$ 9,475
Equipment	-	-	-
Capital Outlay	-	-	-
Total	\$ 46,675	\$ 60,881	\$ 58,481

Several expenditures were added to this department in the 2011 budget during line item restructuring within city funds. A sales tax sharing agreement for Dollar General, which was used as an economic development incentive, and expenses for legal publications and ads were moved to the Governing Body increasing their annual budgeted expenditures.

CITY ADMINISTRATOR'S OFFICE

The City Administrator is responsible for the overall management and administrative coordination of activities of the City of Cherryvale. All departments within the organization report to the City Administrator. It is the responsibility of this position to implement the goals, priorities, programs, and policies as directed by the Governing Body.

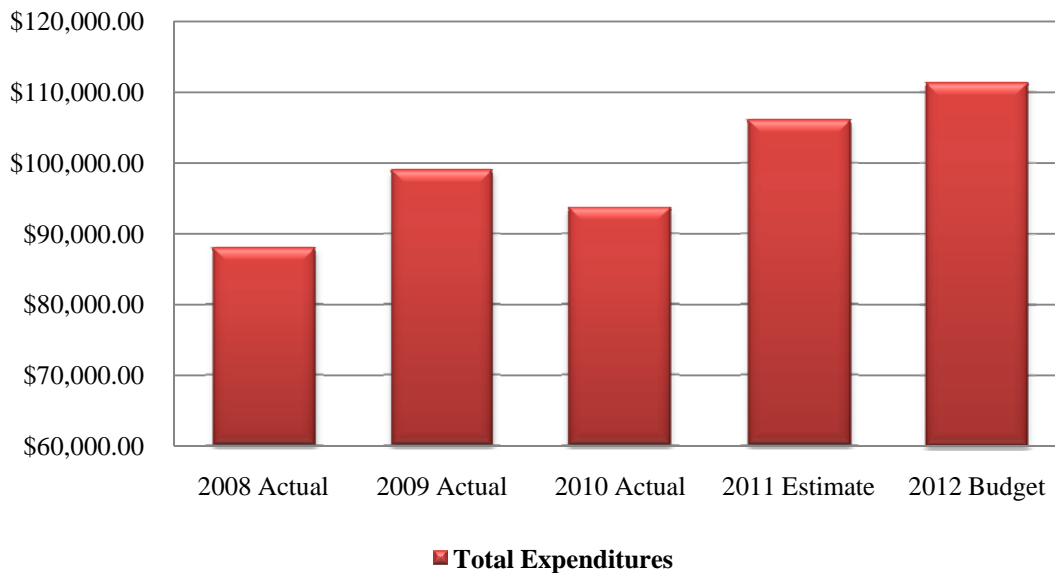
The City Administrator's Office budget includes salary, as well as, contributions for employee health programs, economic development, and training/conferences.

Goals & Priorities

- Facilitate inter-departmental cooperation to effectively and efficiently attain the goals set forth by the City Council (*Goal # 3*).
- Work with department heads to increase levels of customer service and control costs to taxpayers (*Goal #3*).
- Develop relationships with external organizations to evolve services and institute mutual cost effective agreements (*Goal #3*).
- Facilitate discussion with the Governing Body on long-term city planning and projects (*Goal #2*).
- Ensure the pursuit of economic development through actions, programs, and growth of the tax base (*Goal #4*).



City Administrator's Office Expenditures



2012 DEPARTMENT SUMMARY BY FUND

Fund(s)	Budget	FTE
General Fund	\$ 111,321.42	1.00
Total	\$ 111,321.42	1.00

Expenditure Summary			
	2010 Actual	2011 Estimate	2012 Budget
Staff- Full Time Equivalency (FTE)	1.00	1.00	1.00
Expenditures:			
Salaries/Wages*	\$ 56,296	\$ 58,468	\$ 60,334
Benefits	\$ 21,647	\$ 22,048	\$ 24,578
Contractual Services	\$ 4,520	\$ 16,467	\$ 17,459
Commodities	\$ 9,863	\$ 9,117	\$ 8,950
Equipment	-	-	-
Capital Outlay	-	-	-
Total	\$ 92,326	\$ 106,100	\$ 111,321

*Contains base salary and FICA contribution

Expenditures for the City Administrator's Office increased in the 2011 budget due to the addition of \$12,000 to further local economic development efforts. The Governing Body identified growth of the local tax base as a council goal for 2011-2012.

CITY CLERK'S OFFICE

The City Clerk's Office is responsible for the custody and access of public records, issuing licenses and permits, preparation of agenda materials, recording of official minutes, maintenance and upkeep of the Municipal Code, and customer utility billing. The office is also responsible for providing administrative and human resources support.

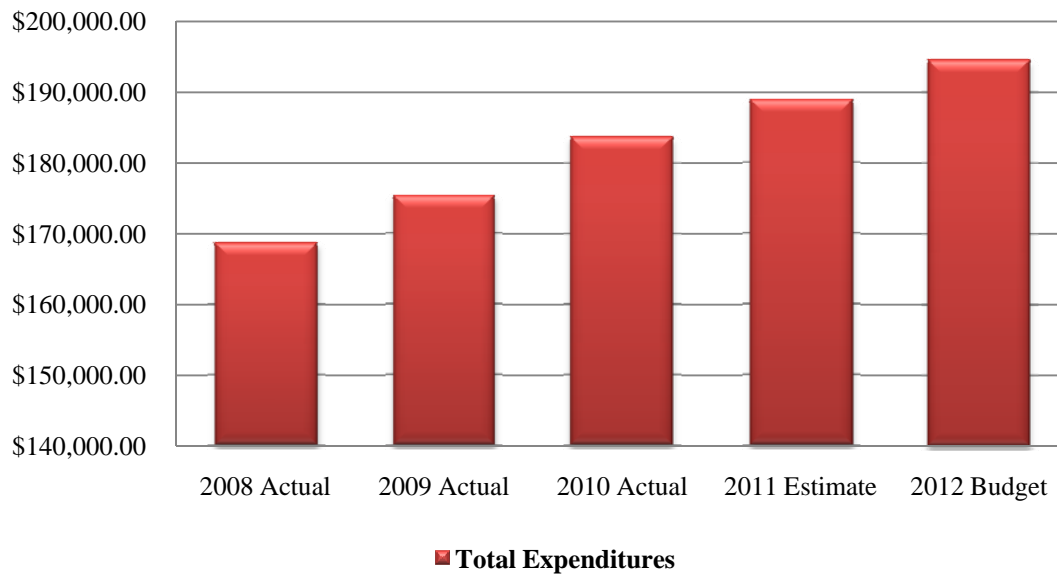
The City Clerk's Office budget includes salary and benefits, as well as, city audit expenses, office supplies, billing software, and annual postage for various mailings.

Goals & Priorities

- Enhance the accessibility and accuracy of official city records (*Goal #3*).
- Improve customer service throughout the department's various functions (*Goal #3*).
- Continue administrative grant support and effort to obtain additional funding (*Goal #1 & Goal #5*).
- Revise and update various sections of the Municipal Code (*Goal #3*).
- Provide administrative support to the other departments of the City (*Goal #3*).



City Clerk's Office Expenditures



2012 DEPARTMENT SUMMARY BY FUND

Fund(s)	Budget	FTE
General Fund	\$ 194,585.71	3.50
Total	\$ 194,585.71	3.50

Expenditure Summary			
	2010 Actual	2011 Estimate	2012 Budget
Staff- Full Time Equivalency (FTE)*	3.50	3.50	3.00
Expenditures:			
Salaries/Wages**	\$ 125,864	\$ 123,798	\$ 127,511
Benefits	\$ 20,518	\$ 25,818	\$ 27,214
Contractual Services	\$ 11,683	\$ 13,262	\$ 13,161
Commodities	\$ 22,583	\$ 25,992	\$ 26,700
Equipment	-	-	-
Capital Outlay	-	-	-
Total	\$ 180,648	\$ 188,870	\$ 194,586

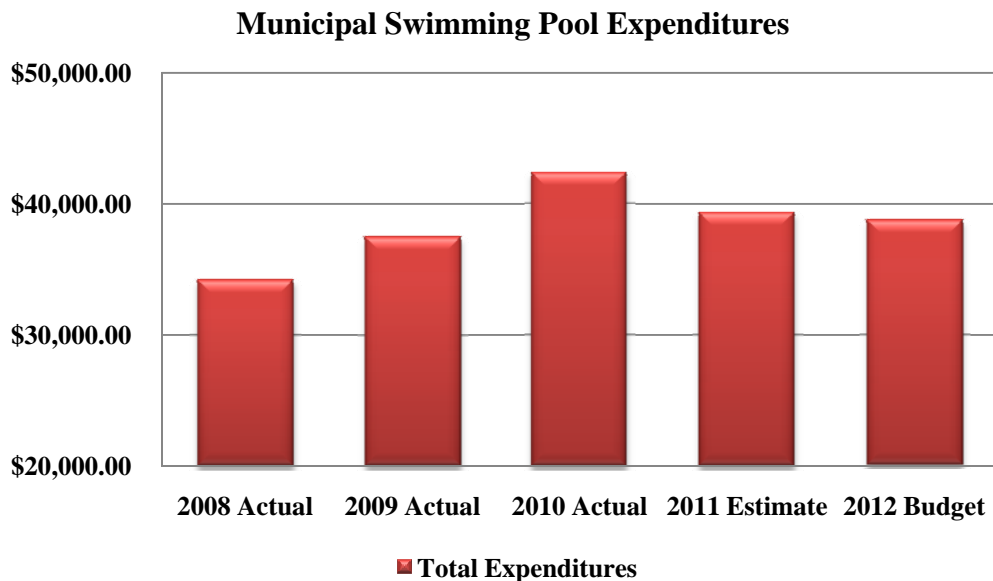
*Does not include seasonal labor

**Contains base salary and FICA contribution

Municipal Swimming Pool

The City Clerk's Office is also responsible for the administration and supervision of the Cherryvale municipal swimming pool. Located at Logan Park, the municipal pool is open from Memorial Day to Labor Day, seven days a week, approximately six hours a day. A part-time pool manager and ten lifeguards are employed during this time and report to the City Clerk's Office.

The Municipal Swimming Pool budget includes salaries for part-time pool employees, as well as, associated utility costs, chemicals, and pool maintenance costs.

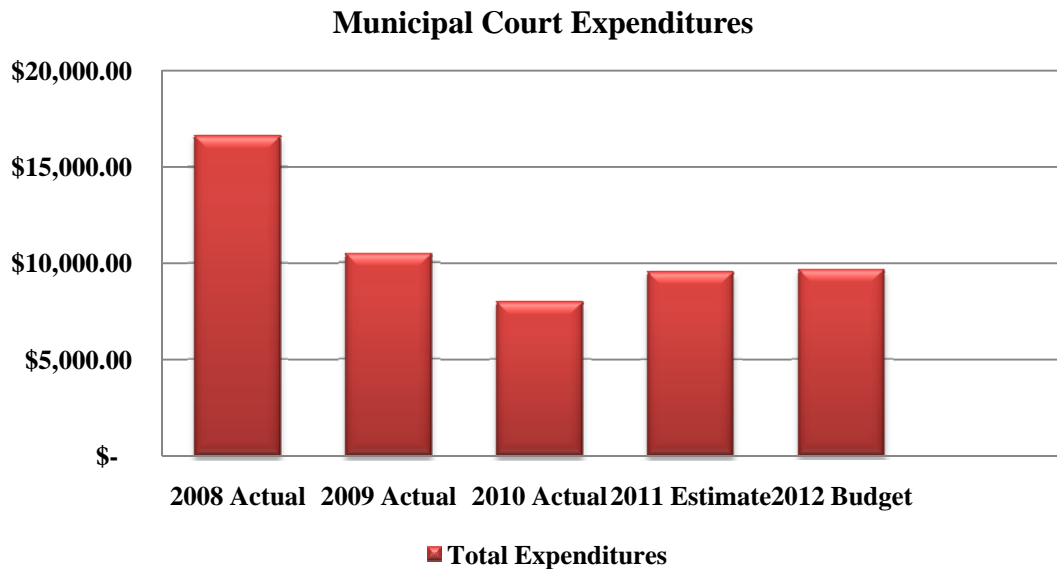


Expenditures for the Municipal Swimming Pool have historically averaged around \$40,000 per year. Although pool hours and lifeguard needs may fluctuate with attendance, the cost of equipment repairs and chemicals continue to increase. It is anticipated that the condition of the municipal swimming pool and possible replacement will remain a topic of conversation and City focus for years to come.

Municipal Court

The City Clerk's Office is also responsible for the administration and supervision of the Cherryvale municipal court system. The municipal court of Cherryvale has jurisdiction to hear and determine cases involving violations of all city ordinances.

The municipal court is presided over by a municipal judge who is appointed by and with the consent of the City Council in May of each year. The municipal judge must be a citizen of the United States, at least twenty-one (21) years of age, and an attorney admitted to practice law in the State of Kansas or certified by the Supreme Court as qualified to serve as a municipal judge. The municipal judge receives a monthly salary as contract labor, established by the Governing Body.



Municipal Court expenditures decreased by approximately \$6,000 in 2009 because City Attorney wages were moved to the Governing Body. Although the City Attorney spends a considerable amount of time on municipal court issues, the position entails performing services in all areas of the City.

POLICE DEPARTMENT

The Cherryvale Police Department is responsible for enforcing the laws of the State of Kansas and local city ordinances. The department patrols an area covering 48.6 lane miles of paved roads and containing nearly 1,000 homes. The Cherryvale Police Department is committed to providing quality police service to the community with the highest level of professionalism and integrity. The department dedicates themselves to proactively solving problems, preventing crime, and promoting a higher quality of life by working in partnership with the community.

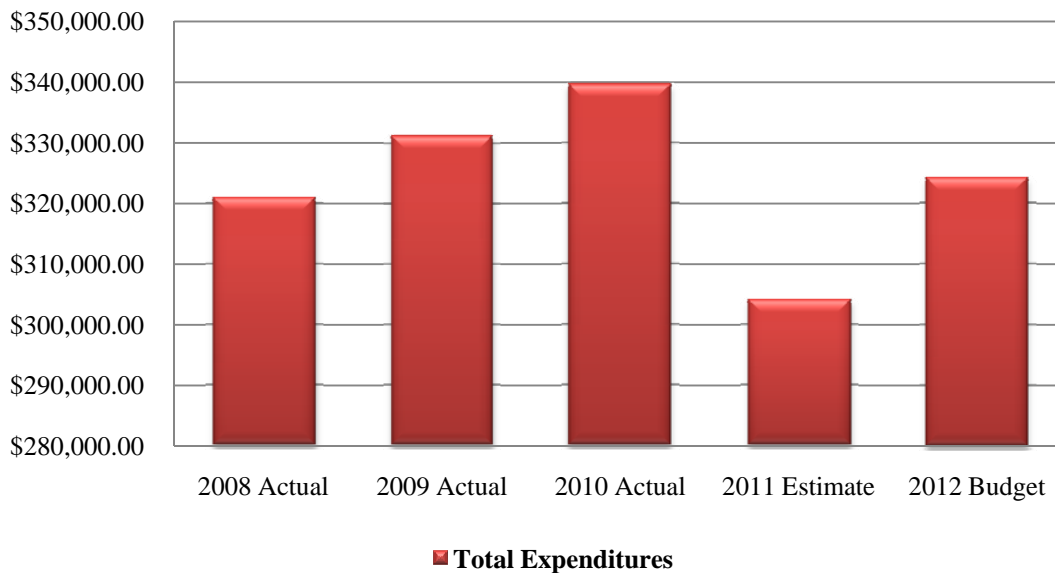
The Police Department budget includes salary and benefits, as well as, investigation expenses, police related supplies and equipment, fuel expenses and patrol vehicle maintenance.

Goals & Priorities

- Enhance community-wide policing efforts (*Goal #1*).
- Maximize community participation in public safety involving youth (*Goal #1*).
- Continue to expand drug enforcement efforts throughout the community (*Goal #1*).
- Maximize animal and traffic enforcement with new strategies and programs (*Goal #3*).
- Improve internal department operations by aligning resources and workload (*Goal #3*).



Police Department Expenditures



2012 PROGRAM SUMMARY BY FUND

Fund(s)	Budget	FTE
General Fund	\$ 324,099	5.00
Total	\$ 324,099	5.00

Expenditure Summary			
	2010 Actual	2011 Estimate	2012 Budget
Staff- Full Time Equivalency (FTE)	5.00	5.00	5.00
Expenditures:			
Salaries/Wages*	\$ 233,321	\$ 197,007	\$ 210,671
Benefits	\$ 45,022	\$ 60,743	\$ 64,643
Contractual Services	\$ 13,330	\$ 11,557	\$ 13,135
Commodities	\$ 40,126	\$ 34,764	\$ 35,650
Equipment	-	-	-
Capital Outlay	\$ 1,084	-	-
Total	\$ 332,884	\$ 304,071	\$ 324,099

Expenditures for the Police Department increased dramatically in 2010 due to the associated costs of officer turnover. In 2010, the department struggled with employee change over and had to fill two officer positions. The vacant positions created additional overtime hours created by officers covering open shifts. By the end of the fiscal year, the department was fully staffed at 5.00 FTE and overtime costs have been reduced accordingly. The 2012 budget includes a 3% cost of living adjustment that may or may not be given.

FIRE-RESCUE DEPARTMENT

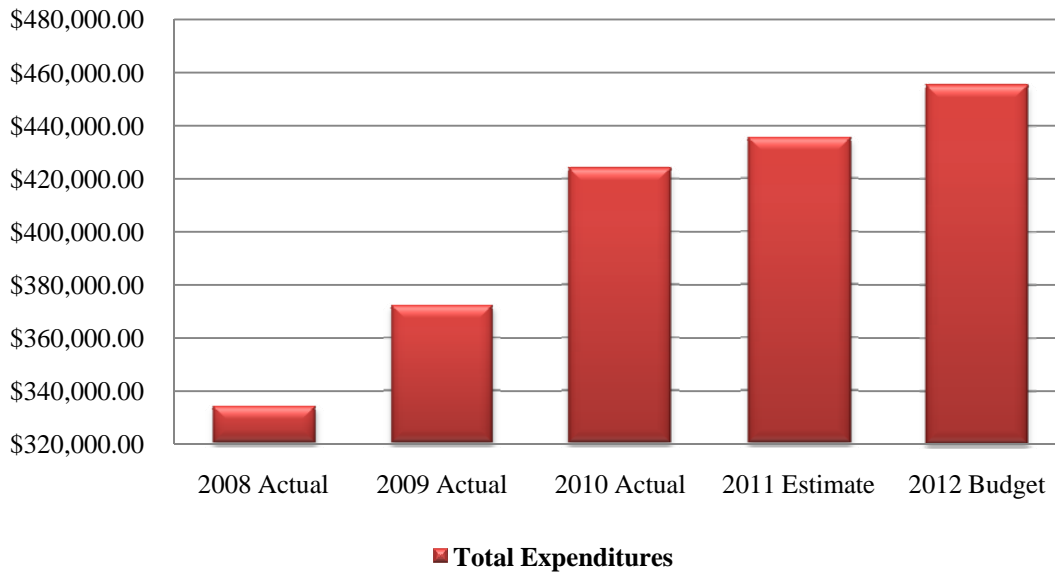
The Cherryvale Fire-Rescue Department is responsible for preventing, controlling, and extinguishing fires in the City of Cherryvale, as well as providing all emergency medical services for an area approximately 94 square miles in size. Cherryvale is one of the smallest cities in Kansas to provide full-time fire and emergency medical services. The department also plays a critical role in code enforcement throughout the community.

The Cherryvale Fire-Rescue Department budget includes salaries and benefits, as well as, volunteer salaries, medical supplies and equipment, fuel expenses, billing services, and vehicle repair and maintenance expenses.

Goals & Priorities

- Provide cost effective fire protection and emergency services (*Goal #1 & Goal #3*).
- Actively recruit new devoted volunteers (*Goal #3*).
- Complete research and purchasing process for ambulance replacement (*Goal #3*).
- Complete required emergency medical personnel transition training (*Goal #3*).
- Study community needs for all department operations and identify efficiency improvement areas (*Goal #3*).



Fire-Rescue Department Expenditures

Expenditures for the Fire-Rescue Department increased dramatically in 2010 due to the addition of a 6th career department member. The additional member was hired to offset overtime costs and cover associated shifts. Unfortunately, the department experienced a record year for fire and emergency medical responses in 2010, thereby offsetting the savings expected in overtime costs. The call volumes for 2011 and 2012 are expected to remain at or near 2010 levels.

2012 PROGRAM SUMMARY BY FUND

Fund(s)	Budget	FTE
General Fund	\$ 455,373	5.00
Total	\$ 455,373	5.00

Expenditure Summary			
	2010 Actual	2011 Estimate	2012 Budget
Staff- Full Time Equivalency (FTE)	6.00	6.00	6.00
Expenditures:			
Salaries/Wages*	\$ 272,651	\$ 273,978	\$ 286,121
Benefits	\$ 60,756	\$ 75,699	\$ 81,494
Contractual Services	\$ 22,535	\$ 23,384	\$ 24,928
Commodities	\$ 64,575	\$ 62,248	\$ 62,830
Equipment	-	-	-
Capital Outlay	\$ 26	-	-
Total	\$ 420,543	\$ 435,309	\$ 455,373

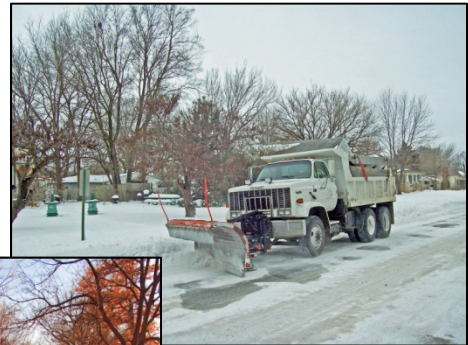
PUBLIC WORKS DEPARTMENT

The Cherryvale Public Works Department provides essential infrastructure maintenance and services throughout the community. The department is responsible for maintenance of public streets, the water distribution system, sanitary sewer and storm drainage systems, animal control, brush cleanup, and snow removal. In 2011, the department received an award for the “Most Improved Public Works” department in the state from Kansas Rural Water Association for its extraordinary improvements in providing quality utility and other community services.

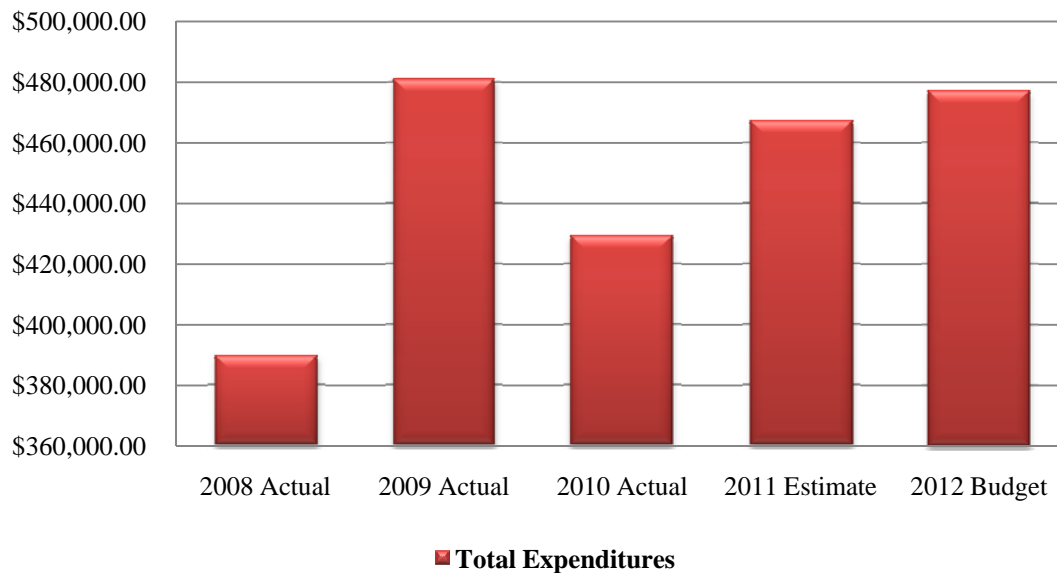
The Cherryvale Public Works Department budget includes salary and benefits, as well as, associated road, water, and sewer supplies, park and cemetery expenses, city-owned property maintenance, fuel expenses, and fleet maintenance costs.

Goals & Priorities

- Protect the health of citizens through the proper operation and maintenance of the city’s water and sanitary sewer systems (*Goal #1 & Goal #2*).
- Improve collaboration with other departments to increase efficiency (*Goal #3*).
- Complete street condition index all city maintained roadways (*Goal #2*).
- Design and plan infrastructure improvements to encourage residential development (*Goal #5*).
- Ensure proper maintenance of city-owned parks & public spaces (*Goal #1*).



Public Works Department Expenditures



2012 PROGRAM SUMMARY BY FUND

Fund(s)	Budget	FTE
General Fund	\$ 51,984	0.50
Special Parks & Recreation	\$ 14,000	0.00
Special Highway	\$ 126,021	1.00
Water O&M	\$ 152,547	1.75
Sewer O&M	\$ 130,345	1.75
Total	\$ 474,897	5.00

Expenditure Summary			
	2010 Actual	2011 Estimate	2012 Budget
Staff- Full Time Equivalency (FTE)*	6.00	5.25	5.00
Expenditures:			
Salaries/Wages**	\$ 241,373	\$ 225,038	\$ 238,426
Benefits	\$ 56,822	\$ 58,443	\$ 59,833
Contractual Services	\$ 44,195	\$ 53,807	\$ 54,738
Commodities****	\$ 86,863	\$ 129,932	***\$ 121,900
Equipment	-	-	-
Capital Outlay	-	-	-
Total	\$ 429,253	\$ 467,220	\$ 474,897

* Does not include seasonal labor

** Includes base salary and FICA contribution

***\$40,000 in water/sewer contingency is not shown as expense

****Does not include purchase of water

5-YEAR CAPITAL IMPROVEMENT PLAN SUMMARY

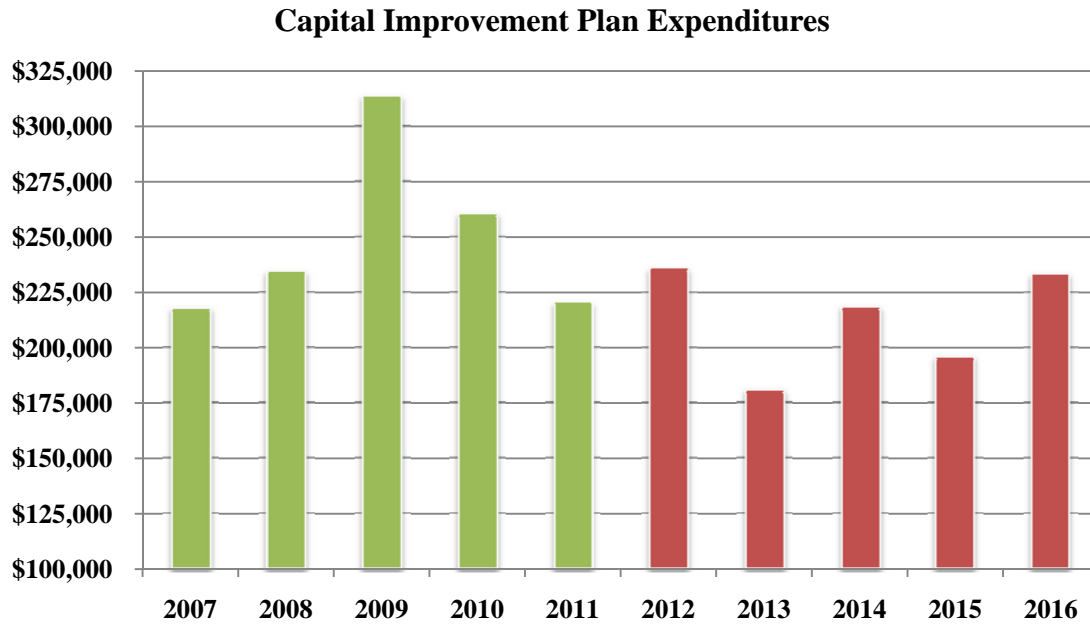
The Capital Improvement Plan (CIP) summarizes all major capital project expenditures planned over the next five years. In order to be included in the CIP, the projects must meet the following guidelines:

- The results of the project must have a useful life exceeding one year
- The project results in the addition of a fixed asset, or extends the life of an existing asset



During the CIP preparation process, staff focused on setting priorities and identifying which projects could reasonably be accomplished within each year, given the financial limitations of the City. Capital improvements are funded through a variety of sources including grants, fund transfers, use of fund balances, and a designated sales tax. All available current and future resources were considered when identifying funding sources for the proposed capital improvement projects. The projected costs associated with the capital improvements meet, but do not exceed, the limitations of those funding sources. The CIP is updated during the annual budget process and may be amended throughout the course of the year based on changing needs and priorities.

<i>2012-2016 Capital Improvement Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
City Hall – Police Department Window	\$5,000	-	-	-	-
Fire-Rescue Training Tower (Water)	-	-	-	\$5,000	-
Fire-Rescue Auxiliary Power Connection	-	-	\$5,000	-	-
Fire-Rescue Garage Addition	\$15,000	-	-	-	-
City Water Tower Repairs	-	\$75,000	-	-	-
Waterline Upgrades	\$5,000	-	\$25,000	-	\$20,000
Fire Hydrant Upgrades and Repair	-	-	\$7,500	-	\$7,500
Sanitary Sewer Improvement Projects	\$20,000	\$10,000	\$30,000	\$10,000	\$40,000
Sanitary Sewer Emergency Back Up	-	-	\$5,000	-	-
Street Repair & Overlay Projects	\$100,000	\$50,000	\$75,000	\$100,000	\$100,000
Storm Drainage Improvement Projects	\$20,000	-	\$10,000	\$10,000	\$10,000
Cemetery Improvements	-	\$5,000	-	-	-
Community Center Remodel	\$20,000	-	\$10,000	-	-
Spray Park	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000
Streetscaping Improvements	-	-	-	\$30,000	-
Downtown Alley Repair Project	\$10,000	-	\$10,000	-	\$15,000
<i>Total Capital Improvements</i>	\$236,000	\$181,000	\$218,500	\$196,000	\$233,500



The chart above depicts the City's capital improvement expenditures since the creation of the plan in 2007. The 2012-2016 Capital Improvement Plan, shown in red, continues the program with a modest level of planned expenditures throughout the community. Although the fund now benefits from 1% in sales tax revenue, the City is attempting to reduce the need for additional transfers to support the program, thereby increasing the fund's stability.

5-YEAR CAPITAL IMPROVEMENT PLAN DETAIL**Project Name: City Hall – Police Department Window**

Requested by: Greg McDanel, City Administrator

Total Estimated Cost: \$5,000

CIP Budget Year: 2012

Description/Justification:

The City Hall Police Department was remodeled in 2008, significantly upgrading the functionality and workspace of the department. The entryway provides an area for citizens to engage with officers through the window for assistance and provides seating if needed. Also in the entryway is a direct line phone to the Fire-Rescue Department if an officer is not present upon arrival. The window is not currently considered secure and officers must lock the area if leaving for a significant period of time, thereby decreasing the functionality of the space. This project will install a new security window with proper locking mechanisms so the entryway will be accessible to the public at all times. The project will not require any additional operating costs, but provides risk management benefits and reduces opportunities for theft.

Project Name: Fire-Rescue Training Tower (Water Building)

Requested by: Ron Davis, Fire-EMS Chief

Total Estimated Cost: \$5,000

CIP Budget Year: 2015

Description/Justification:

This project establishes an emergency services training facility at the former water treatment plant. The project includes clean-up and minor renovations to the building. Planned renovations include a concrete pad for vehicle extraction and the construction of a training tower capable of performing high angle rescue and firefighting training exercises. Developing a use for the facility will also prevent further deterioration of the building while providing needed training space. The project is anticipated to require less than \$100.00 in additional annual maintenance and utility costs. Benefits of the project include additional training for personnel without requiring travel expenses and site acquisition costs for a standalone facility.

Project Name: Fire-Rescue Auxiliary Power Connection

Requested by: Ron Davis, Fire-Chief

Total Estimated Cost: \$5,000

CIP Budget Year: 2014

Description/Justification:

This project will make necessary electrical modifications to the Fire-Rescue Station to accept auxiliary generator power in the event of long-term power outages. The likelihood for extended periods of power outages is very common in our region as a result of snow, ice, winds, tornadoes, or floods. Installing the necessary outlets and switches to accept generator electricity will ensure that emergency services will not be interrupted in the event of a power outage, and the building can be used as a command center if needed. Additional operating costs associated with this project are not anticipated. The project will provide savings by avoiding the purchase of a standalone generator and the annual maintenance required.

Project Name: Fire-Rescue Garage Addition

Requested by: Ron Davis, Fire Chief

Total Estimated Cost: \$15,000

CIP Budget Year: 2012

Description/Justification:

The Fire-Rescue Garage Addition project will add an approximately 700 square foot garage to the west side of the fire station. Currently, the department staff truck does not have an enclosed bay for storage. As the use of this vehicle increases, more equipment is being placed into service and is subject to the elements, theft, and vandalism. If the vehicle can be stored securely, certain medications may be placed in the vehicle, allowing it to become the second-out medical truck for the department. The City anticipates an additional \$600.00 in annual utility and maintenance costs, but the increase will be offset by the maintenance savings for the equipment and vehicle the garage will enclose.

Project Name: City Water Tower Repairs

Requested by: Wade Webber, Public Works Director

Total Estimated Cost: \$75,000

CIP Budget Year: 2013

Description/Justification:

One of the City's most valuable assets is its 500,000 gallon elevated water tank. Proper maintenance of the tank is necessary to ensure and extend the life of asset. The project involves hiring a contractor to perform interior renovation of the tank including sandblasting all interior surfaces, applying a two coat interior epoxy, coating all welds, rivets, and edges, applying polyurethane caulking to open roof seems, and performing the proper disinfectant. A quote has been provided at \$71,000 for the project based on 2011 prices. The project will be a one-time capital expenditure and will lead to reduced maintenance costs in the future.

Project Name: Waterline Upgrades

Requested by: Wade Webber, Public Works Director

Total Estimated Cost: \$50,000

CIP Budget Year: 2012, 2014, 2016

Description/Justification:

The City of Cherryvale continues to repair and replace old cast iron waterlines and faulty valves throughout the City's water system. The 2009 Waterline Project repaired several critical lines and placed new meters throughout the city, but each year several small sections of line are identified as requiring immediate repair. Continually injecting capital improvement funds into replacements along the system will reduce our need for a significant large-scale project and associated debt in the future. The project is not anticipated to increase operating costs for the system, but rather produce savings in maintenance time and water loss.

The project funding is requested as follows:

2012-2016 Capital Improvement Plan	2012	2013	2014	2015	2016
Waterline Upgrades	\$5,000	-	\$25,000	-	\$20,000

Project Name: Fire Hydrant Upgrades and Repair

Requested by: Wade Webber, Public Works Director, Ron Davis, Fire Chief/EMS Director

Total Estimated Cost: \$15,000

CIP Budget Year: 2014, 2016

Description/Justification:

Each year the Fire-Rescue Department in conjunction with the Public Works Department perform hydrant testing to ensure the proper flow and efficiency of fire hydrants. Each year

several hydrants suffer from low pressure or need repaired or replaced. This project identifies and replaces the hydrants labeled as “black”, or inoperable, on the City’s master list. Fire hydrants are crucial for the city’s public safety and for proper flushing of the water system. Timely replacement of hydrants leads to future savings by reducing overall maintenance costs and the need for emergency replacements.

<i>2012-2016 Capital Improvement Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Fire Hydrant Upgrades and Repair	-	-	\$7,500	-	\$7,500

Project Name: Sanitary Sewer Improvements

Requested by: Wade Webber, Public Works Director

Total Estimated Cost: \$110,000

CIP Budget Year: 2012, 2013, 2014, 2015, 2016

Description/Justification:

These projects consist of rehabilitation and updates to the City’s sanitary sewer infrastructure. Many sanitary sewer lines within the city were constructed with clay tile and are in need of repair. Continual improvements in the sanitary sewer system will reduce the need for future large-scale replacement projects and the associated resulting debt.

<i>2012-2016 Capital Improvement Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Sanitary Sewer Improvement Projects	\$20,000	\$10,000	\$30,000	\$10,000	\$40,000

Project Name: Sanitary Sewer Emergency Back Up

Requested by: Wade Webber, Public Works Director

Total Estimated Cost: \$5,000

CIP Budget Year: 2014

Description/Justification:

This project rewires the City’s sanitary sewer lagoon system to be compatible with most emergency generators in an emergency situation. While backup power is available, problems could present themselves if long-term outages are experienced. This project will be done in conjunction with the Fire-Rescue Auxiliary Power Connection Project in an effort to attain financial savings on both projects. Rewiring the system will eliminate the need to purchase a standalone generator and the resulting increased maintenance costs of the equipment.

Project Name: Street Repair & Overlay Projects

Requested by: Wade Webber, Public Works Director

Total Estimated Cost: \$425,000

CIP Budget Year: 2012, 2013, 2014, 2015, 2016

Description/Justification:

The City of Cherryvale has identified the continual improvement of road infrastructure as a priority in the adoption of the 5-year CIP. Projects in this category can include, but are not limited to, street repair and overlay, street rebuilds, curb and gutter, road project design, and crack seal maintenance. For 2012, the City of Cherryvale has submitted a \$100,000 Community Development Block Grant (CDBG) application to match the \$100,000 budgeted in the CIP. If awarded, this grant will provide funding to repair and overlay 4th Street from Galveston to Olive, and Montgomery Street from Main to the north road end.

Street Overlay projects will generate an additional \$2,500 to \$5,000 in increased annual maintenance costs to crack seal and repair the overlay. Maintenance of these projects is crucial to extend the life of the streets and reduce significant material expenditures for large-scale road repairs.

<i>2012-2016 Capital Improvement Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Street Repair & Overlay Projects	\$100,000	\$50,000	\$75,000	\$100,000	\$100,000

Project Name: Storm Drainage Improvement Projects

Requested by: Wade Webber, Public Works Director

Total Estimated Cost: \$50,000

CIP Budget Year: 2012, 2014, 2015, 2016

Description/Justification:

Funds in this capital improvement line item will focus on projects to improve storm drainage throughout the city. Projects performed will replace culverts, curb and gutter, and enhance storm drainage ditches in various areas to ensure proper water flow. In 2012, \$20,000 will be used to hire contract labor and equipment to re-grade open ditches throughout the city, beginning in the southwest quadrant and working west. The project will reduce street maintenance costs by minimizing standing water and flooding in low lying areas.

<i>2012-2016 Capital Improvement Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Storm Drainage Improvement Projects	\$20,000	-	\$10,000	\$10,000	\$10,000

Project Name: Cemetery Improvements

Requested by: Wade Webber, Public Works Director

Total Estimated Cost: \$5,000

CIP Budget Year: 2014

Description/Justification:

This project improves the roads, ditches and culverts at Fairview Cemetery. The Public Works Department intends to improve one east-west road at the cemetery to increase its functionality and enhance its appearance. If funds permit, improvements will also be made to the Sexton building and the East Gazebo. The project will not have an impact on the City's annual operating budget.

Project Name: Community Center Remodel

Requested by: Greg McDanel, City Administrator

Total Estimated Cost: \$30,000

CIP Budget Year: 2012, 2014

Description/Justification:

The City of Cherryvale is currently remodeling the former National Guard Armory building into the Cherryvale Community Center. The project is funded by a CDBG KANSTEP grant that purchases materials and is constructed by volunteers. In 2012, the remodel of the facility will be underway and there will likely be additional costs associated with the remodel. Funds in the CIP will be used for additional equipment, fire alarm systems, or other final items that need to be addressed at the project close out. Funds planned in 2014 will likely address the equipment and facility needs of programs operating in the facility at that time. Projects in this category will likely increase annual maintenance costs of the facility and will be discussed with the Governing Body during the course of the remodel.

<i>2012-2016 Capital Improvement Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Community Center Remodel	\$20,000	-	\$10,000	-	-

Project Name: Cherryvale Spray Park

Requested by: Greg McDanel, City Administrator

Total Estimated Cost: \$250,000

CIP Budget Year: 2012, 2013, 2014, 2015, 2016

Description/Justification:

The Cherryvale Spray Park is an addition to the pool area and aquatic facilities at Logan Park. Spray parks are playground like settings with water sprays above and below ground, with zero depth entry and no standing water. Spray parks are free to use for all citizens and this project would provide children and families in the area with additional summer recreation. Construction of the project would be funded by a lease/purchase agreement with an annual payment of \$41,000. This project will increase annual utility and maintenance costs to the operating budget by approximately \$5,000. Increases in operating costs for the project will likely be offset by savings generated with reduced attendance and maintenance at the aging municipal swimming pool.

<i>2012-2016 Capital Improvement Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Spray Park	\$41,000	\$41,000	\$41,000	\$41,000	\$41,000

Project Name: Streetscaping Improvements

Requested by: Rebecca Swain, Assistant City Administrator/City Clerk

Total Estimated Cost: \$30,000

CIP Budget Year: 2015

Description/Justification:

This project will continue to repair and improve sidewalks throughout the downtown area. The City invested significant funds in 2010 and 2011 in sidewalk repairs and this is a continuation of those efforts. Improving sidewalk conditions enhances the appearance of downtown and improves safety along the Main Street corridor. This project will have no impact on annual operating costs, as sidewalks will be maintained by the property owners.

Project Name: Downtown Alley Repair Project

Requested by: Wade Webber, Public Works Director

Total Estimated Cost: \$25,000

CIP Budget Year: 2012, 2014, 2016

Description/Justification:

The Downtown Alley Repair Project will rebuild or repair alleys identified to be in poor condition throughout the downtown area. Many alleys are well traveled and most cannot be maintained by local businesses and the City without significant improvements. The project will

enhance the appearance of downtown and provide better access to area businesses. The project will not affect the City's annual operating budget.

<i>2012-2016 Capital Improvement Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Downtown Alley Repair Project	\$10,000	-	\$10,000	-	\$15,000

5-YEAR EQUIPMENT RESERVE PLAN SUMMARY

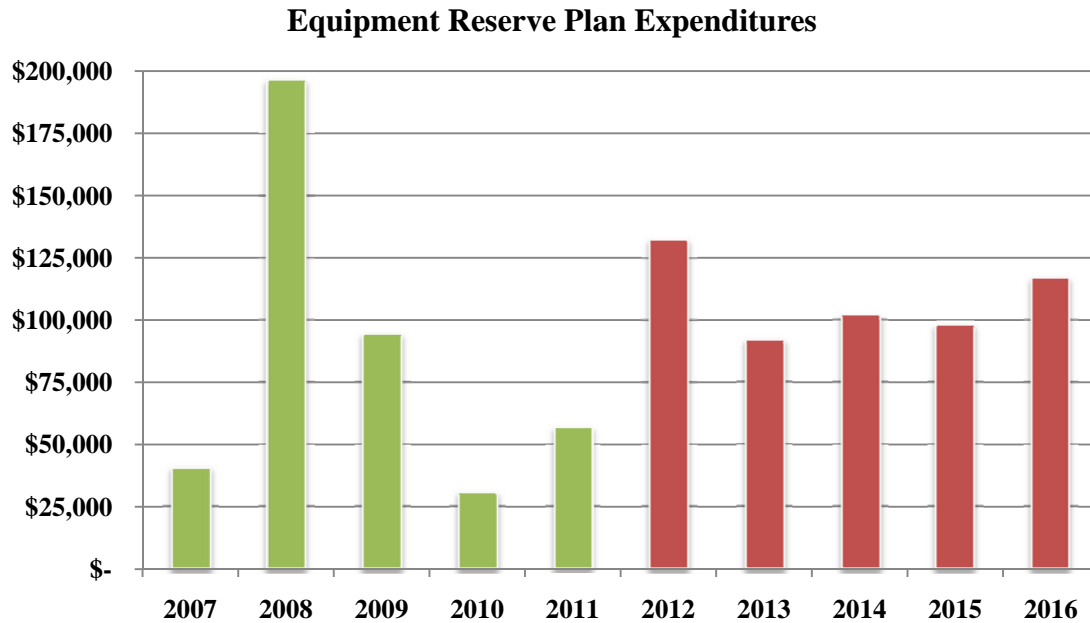
The Equipment Reserve Plan (ERP) summarizes all major equipment purchases planned over the next five years. In order to be included in the ERP, the projects must meet the following guidelines:

- Equipment purchases must meet or exceed \$5,000
- The equipment must have a useful life exceeding five years



During the ERP preparation process, staff focused on setting priorities and identifying which equipment replacements are critical based on realistic asset life expectancies and fund balances. Departments are required to use the least expensive financing method for all equipment purchases including obtaining multiple cost estimates and bids in conjunction with the City's purchasing policy. The ERP is updated during the annual budget process and may be amended throughout the course of the year based on changing priorities and emergency equipment needs.

<i>2012-2016 Equipment Reserve Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
City Hall – Staff Computers	\$5,000				
Fire Truck Lease Purchase Payment	\$57,475				
Fire-Rescue Turnout Gear		\$5,000		\$5,000	
Fire-Rescue Communications Equip.	\$5,000		\$5,000		
Fire-Rescue Zoll Cardiac Monitor			\$30,000		
Ambulance Replacement		\$37,000	\$37,000	\$37,000	\$37,000
Fire-Rescue Rad 57 CO Detector				\$6,000	
Police Tasers & Entry Equipment			\$5,000		
Police Patrol Vehicles & Equipment	\$20,000				
Police Department Computers		\$5,000			
Street Sweeper					\$50,000
¾ Ton Dump Truck	\$20,000				
Public Works Pickup Trucks			\$10,000		\$15,000
Public Works Mowers	\$5,000	\$15,000		\$10,000	
Small Dump Truck		\$30,000			
Public Works Boom Mower				\$40,000	
VAC Trailer	\$20,000				
35 HP Tractor			\$15,000		
Public Works F-250 Truck					\$15,000
Total Equipment Purchases	\$132,475	\$92,000	\$102,000	\$98,000	\$117,000



The chart above shows Equipment Reserve Plan purchases since its creation in 2007. The 2012-2016 Equipment Reserve Plan is shown in red. The City maintains a high level of planned equipment replacement expenditures, but often waits for used equipment to become available, thereby reducing the actual annual expenditures.

5-YEAR EQUIPMENT RESERVE PLAN DETAIL**Equipment Item: City Hall – Staff Computers**

Requested by: Rebecca Swain, Assistant City Administrator/City Clerk

Total Estimated Cost: \$5,000

CIP Budget Year: 2012

Description/Justification:

Several front office and administrative computers are approaching the end of their useful life. The above purchase will replace three to four computers with new models and software.

Equipment Item: Fire Truck Lease Purchase Payment

Requested by: Ron Davis, Fire Chief/EMS Director

Total Estimated Cost: \$57,475

CIP Budget Year: 2012

Description/Justification:

The Fire-Rescue Department purchased a new fire truck (502) in 2007 through a lease/purchase agreement with Community National Bank. The total cost of the truck was \$250,000 and the City has been making annual payments of \$57,475 for the last four years. The truck will be paid in full with this final payment in 2012.

Equipment Item: Fire-Rescue Turnout Gear

Requested by: Ron Davis, Fire Chief/EMS Director

Total Estimated Cost: \$10,000

CIP Budget Year: 2013, 2015

Description/Justification:

The Fire-Rescue Department annually assesses the condition and quality of its staff's turnout gear. The department aims to replace a few sets every other year to cover costs that may arise from damage to gear during emergency responses.

<i>2012-2016 Equipment Reserve Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Fire-Rescue Turnout Gear		\$5,000		\$5,000	

Equipment Item: Fire-Rescue Communications Equipment

Requested by: Ron Davis, Fire Chief/EMS Director

Total Estimated Cost: \$10,000

CIP Budget Year: 2012, 2014

Description/Justification:

The Fire-Rescue Department annually assesses the condition and quality of its handheld radios and communication equipment. Although units are designed to withstand harsh environments, some units require replacement when damaged in the rain, snow, or extreme heat.

<i>2012-2016 Equipment Reserve Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Fire-Rescue Communications Equip.	\$5,000		\$5,000		

Equipment Item: Fire-Rescue Zoll Cardiac Monitor

Requested by: Ron Davis, Fire Chief/EMS Director

Total Estimated Cost: \$30,000

CIP Budget Year: 2014

Description/Justification:

The Zoll Cardiac Monitor is used to monitor and treat patients with the signs and symptoms of cardiac related illnesses. In 2010, the Kansas Board of EMS awarded the City of Cherryvale full funding for one cardiac monitor. The City still has one monitor that is scheduled for replacement due to age and general wear. In addition, the software in the current machine no longer meets the current standards for cardiac care. There are no further updates available for the monitor and it will soon become obsolete.

Equipment Item: Ambulance Replacement

Requested by: Ron Davis, Fire Chief/EMS Director

Total Estimated Cost: \$175,000

CIP Budget Year: 2013, 2014, 2015, 2016

Description/Justification:

The City's ambulance is nearing the end of its reliable service life and beginning to experience mechanical issues resulting in major repair costs and lost revenue. The ambulance was obtained in 2004, and the City can expect operating costs to increase substantially as more mileage is

placed on the chassis. The new ambulance will likely be purchased through a lease/purchase agreement ensuring the annual payment will remain under \$40,000.

<i>2012-2016 Equipment Reserve Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Ambulance Replacement		\$37,000	\$37,000	\$37,000	\$37,000

Equipment Item: Fire-Rescue Rad 57 CO Detector

Requested by: Ron Davis, Fire Chief/EMS Director

Total Estimated Cost: \$6,000

CIP Budget Year: 2015

Description/Justification:

This device allows emergency personnel to detect carbon monoxide (CO) poisoning in affected patients. If CO poisoning testing is required, our department contacts a neighboring entity for mutual aid and must await their arrival. Purchase of this unit will allow the department's first-out medical unit the ability to provide a CO assessment immediately.

Equipment Item: Police Tasers & Entry Equipment

Requested by: Matt Dennis, Police Chief

Total Estimated Cost: \$5,000

CIP Budget Year: 2014

Description/Justification:

This item covers the cost of replacing/updating the department's X26 Taser units and purchasing extra coverage bulletproof vests to be used during high risk calls.

Equipment Item: Police Patrol Vehicles & Equipment

Requested by: Perry Lambert, Assistant Police Chief

Total Estimated Cost: \$20,000

CIP Budget Year: 2012

Description/Justification:

This item establishes funding for an additional patrol vehicle with 4x4 capability. Often during harsh weather, officers resort to using personal vehicles to navigate emergency calls. The department is actively searching the used vehicle market and will only recommend the purchase

if the right vehicle can be obtained. Currently, the department has five patrol vehicles with one vehicle nearing the end of its useful life for day-to-day operations.

Equipment Item: Police Department Computers

Requested by: Matt Dennis, Police Chief

Total Estimated Cost: \$5,000

CIP Budget Year: 2013

Description/Justification:

Several computers in the Police Department are becoming outdated and approaching the need to be replaced. The purchase of these computers will ensure proper documentation of cases and the ability to run all software and video equipment necessary in today's policing operations.

Equipment Item: Street Sweeper

Requested by: Wade Webber, Public Works Director

Total Estimated Cost: \$50,000

CIP Budget Year: 2016

Description/Justification:

The condition of the City's street sweeper is deteriorating and maintenance costs are increasing. The Public Works Department forecasts that by 2016, the City may need to discuss replacement of the current model. If the equipment holds up and can be repaired internally, this item may be moved to future equipment reserve plans.

Equipment Item: ¾ Ton Dump Truck

Requested by: Wade Webber, Public Works Director

Total Estimated Cost: \$20,000

CIP Budget Year: 2012

Description/Justification:

This item is for the purchase of a used truck with a dump bed capable of handling small loads of dirt, grass, leaves, or tree removals. The Public Works Department's current small dump truck is almost 20 years old and in need of replacement. The purchase would enhance the department's

load capabilities and increase production.

Equipment Item: Public Works Pickup Trucks

Requested by: Wade Webber, Public Works Department

Total Estimated Cost: \$25,000

CIP Budget Year: 2014, 2016

Description/Justification:

The Public Works Department pickups are showing signs of an aging fleet. Small pickup replacements are essential for providing and hauling tools required for water and sewer repairs, mowing, and animal control.

<i>2012-2016 Equipment Reserve Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Public Works Pickup Trucks			\$10,000		\$15,000

Equipment Item: Public Works Mowers

Requested by: Wade Webber, Public Works Department

Total Estimated Cost: \$30,000

CIP Budget Year: 2012, 2013, 2015

Description/Justification:

Mowers are used daily during the Spring and Summer months throughout the City by Public Works personnel and seasonal employees. These mowers are commercial grade and often have a limited life expectancy with their frequent use. This item will replace the necessary commercial push mowers and 42" lawn mowers capable of mowing City property, Logan Park, and Fairview Cemetery.

<i>2012-2016 Equipment Reserve Plan</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Public Works Mowers	\$5,000	\$15,000		\$10,000	

Equipment Item: Small Dump Truck

Requested by: Wade Webber, Public Works Department

Total Estimated Cost: \$30,000

CIP Budget Year: 2013

Description/Justification:

This item will purchase a small dump truck with spreader and snow blade attachment capabilities. The existing equipment is often too large for residential side streets and presents issues during snow removal.

Equipment Item: Public Works Boom Mower

Requested by: Wade Webber, Public Works Department

Total Estimated Cost: \$40,000

CIP Budget Year: 2015

Description/Justification:

This item is for the purchase of replacement boom mower for the Public Works Department. The existing boom mower is beyond its useful life and does not have air conditioning, making it difficult to operate during the extreme summer months. A boom mower is essential for mowing areas with steep grades, slopes, and ditches.

Equipment Item: VAC Trailer

Requested by: Wade Webber, Public Works Department

Total Estimated Cost: \$20,000

CIP Budget Year: 2012

Description/Justification:

The City's Sanitary Sewer Operations & Maintenance Plan requires the use of this equipment for proper care and maintenance of the system. The VAC trailer provides vacuum capabilities for cleaning manholes in preparation of service and the City currently rents this equipment from a vendor when a sanitary sewer backup occurs.

Equipment Item: 35 HP Tractor

Requested by: Wade Webber, Public Works Department

Total Estimated Cost: \$15,000

CIP Budget Year: 2014

Description/Justification:

The 35 HP Tractor will assist with many functions in the Public Works Department, including maintenance of the former smelter site.

Equipment Item: Public Works F-250 Truck

Requested by: Wade Webber, Public Works Department

Total Estimated Cost: \$15,000

CIP Budget Year: 2016

Description/Justification:

This purchase replaces a vehicle currently in service within the department's fleet. The heavy duty F-250 pickup truck will be capable of pulling trailers, fulfilling a variety of the Public Works Department's needs.

FINANCIAL POLICIES

The following policies were developed to provide guidance to the City regarding financial matters. The 2012 budget for the City of Cherryvale was prepared based on these policies where applicable. The City's intent is to support a sound and efficient financial management system which best utilizes available resources and provides an acceptable level of service to the citizens of Cherryvale. The following statements are not intended to restrict the City Council's authority when determining service requirements or the activities of the City. The following Cherryvale Financial Policy Manual was approved by the Governing Body in January of 2011.

I. GENERAL INFORMATION

Purpose

The City of Cherryvale Financial Policy Manual is hereby created to:

1. Set forth the basic framework for the overall financial management of the City.
2. Provide guidelines for evaluating current activities and proposals for future programs.
3. Create long-standing principles, traditions, and practices to guide the City toward maintaining financial stability.

II. OPERATING BUDGET POLICY

Purpose

The operating budget policies ensure that the City's annual operating expenditures are consistent with past expenditures and respond to long-term objectives rather than short-term benefits. The policies allow the City to maintain stable levels of service, expenditures, and tax levies over time.

Policy

- 1.) The City of Cherryvale's operating budget will be developed on an annual basis in accordance with Kansas State Law. To the extent possible, the City's budget will be segregated into the major programs/departments being funded. These programs/departments will include direct costs, indirect costs, and revenues, where appropriate.
- 2.) The budget must be balanced for all budgeted funds. Total anticipated revenues plus the portion of anticipated reserves in excess of the established fund balance target (or in accordance with a fund balance target plan), must equal or exceed total estimated expenditures.
- 3.) All budgets will be adopted on a cash basis and modified to include as expenditures for the fiscal year purchases commitments and expenses that have been incurred but not paid. Revenues will be recognized at the time payment is received, whether or not it was billed or due in another period.
- 4.) The City Administrator shall be responsible for the preparation of the annual City budget. A calendar for timely consideration and approval of the budget by August 15th shall be

submitted to the City Council on or before the last Council meeting in June each year. The City Administrator's proposed budget shall be submitted for the City Council review and discussion on or before the last Council meeting in July each year.

- 5.) The budget shall be adopted at the fund level. Expenditures may not exceed the fund's budget without approval from the City Council. When appropriate, the budget for a fund may be republished to reflect changes deemed necessary and appropriate by the City Council in accordance with Kansas State Law.
- 6.) Budget appropriations are by department total within each fund rather than by line item (i.e., account.) Budget changes that involve transfer of appropriations among accounts only require the approval of the City Administrator.
- 7.) The City Administrator and department heads will monitor revenues and departmental expenditures to ensure adherence to budgeted amounts. The City Administrator will prepare and present to City Council quarterly reports comparing actual revenues and expenditures with budgeted amounts.

III. FUND BALANCE / RESERVE POLICY

Purpose

The purpose of the City's reserve funds are to provide a stable source of funding for expenditures that fluctuate significantly each year, to provide working capital to maintain a sufficient cash flow, and to reduce susceptibility to negative impacts from emergency or unanticipated revenue shortfalls.

Policy

- 1.) The City will maintain a reserve (fund balance) in the General Fund of an amount that represents 10 to 15 percent of the anticipated current year revenues for the fund.
- 2.) Balances of the enterprise funds will be maintained at a minimum of 10 percent of the current year operating expenses, plus one full annual payment on principle and interest from any debt associated with the fund.
- 3.) The enterprise funds will also contain a contingency line item to fund expenditures that result from unforeseen circumstances.
- 4.) Other budgeted funds will establish reserve levels as needed, based on the volatility and reliability of the revenue mix for the fund, as well as the predictability and degree to which expenditures in the fund are controllable.
- 5.) Fund balances in the Capital Improvement and Equipment Reserve Funds will vary annually, depending on the timing of related assets/projects. Generally, the City will not plan for an unreserved, undesignated fund balance in these funds. In most cases, available funds will be designated for a specific project. However, due to the various phases involved in establishing a project, funds that are not yet designated for projects

may exist as unreserved and undesignated.

- 6.) In July of each year, prior to the presentation of the proposed budget, the City Administrator shall recommend to the City Council specific fund balance targets for each budgeted fund, based on guidelines established above. Upon acceptance by the City Council, those targets shall be used in the upcoming budget planning.
- 7.) To protect against unforeseen events, the City Council may budget for and maintain a contingency reserve or capital outlay after unreserved fund balance obligations have been met.

IV. REVENUE / EXPENDITURE POLICY

Purpose

The revenue policies are designed to ensure diversified and stable revenue sources, adequate long-term funding by using specific revenue sources to fund related programs and services, and funding levels to accommodate all City services and programs equitably.

Policy

- 1.) When possible, the City will maintain a diversified and stable revenue system in order to avoid short-term fluctuations in a single revenue source.
- 2.) The City will conservatively estimate its annual revenues utilizing an objective, analytical process. All existing and potential revenue sources will be re-examined annually.
- 3.) The City will use one-time or special purpose revenue for capital expenditures or for expenditures required by the revenue, and not to subsidize recurring personnel or operational costs.
- 4.) Where possible, the City will establish all fees and charges at a level related to the cost of providing the services. The City Administrator will annually review the full cost of activities supported by fees and charges to identify the impact of inflation and other cost increases, and recommend a fee schedule accordingly.
- 5.) On a continual basis, the City will actively seek out additional funding sources consistent with the goals and objectives of the City Council so as to maximize the benefit to the community.
- 6.) The City will collect as efficiently as possible the resources to which it is entitled, minimize receivables, and deposit the funds in an expeditious manner.
- 7.) The City will take steps to reduce expenditures whenever possible, by consistently monitoring operating expenditures and researching lower cost alternatives whenever possible.

V. DEBT MANAGEMENT POLICY

Purpose

The debt management policies ensure that the City's debt does not weaken the City's financial structure and provides limits on debt to avoid problems in servicing debt. This policy is critical for maintaining the best credit rating possible.

Policy

- 1.) The City will confine its long-term borrowing for capital improvement assets/projects which have an extended service life to the community. As such, the City will avoid using long-term borrowing to fund operating expenditures.
- 2.) When a capital improvement asset/project is funded by debt, the City shall repay the debt within a period not to exceed the expected useful life of the asset/project.
- 3.) General Obligation debt may be used for enterprise activities, providing the specific fund makes the debt service payments on the bond.
- 4.) The City will avoid the issuance of short-term debt, such as budget, tax, and revenue anticipation notes.
- 5.) The City will use special assessments, revenue bonds, and/or any other available self liquidating debt measures instead of general obligation bonds where and when possible, applicable and practical.
- 6.) The City will not exceed the general bonded debt limits of 30% of the city's assessed valuation (adjusted) per Kansas State Statutes. These debt limitations do not apply to revenue bonds, lease-purchase, or installment purchase debt.
- 7.) The City will refinance or call any debt issue when beneficial for future savings.
- 8.) The City will maintain a sound relationship with all bond-rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus.

VI. EQUIPMENT RESERVE POLICY

Purpose

The purpose of the City's equipment reserve program is to plan for the replacement of obsolete equipment and the purchase of new items without implementing significant changes in the tax levy. The City will inventory and assess the condition of all major equipment assets on an annual basis in planning its equipment reserve program.

Policy

- 1.) The City will develop and maintain an equipment reserve program for a five-year period and update it annually during the budget process.

- 2.) The City will plan for the purchase of any equipment costing over \$5,000 and a life of 5 years or more as a part of the City's 5-year equipment reserve program.
- 3.) The City will anticipate equipment replacements and additions based on realistic asset life expectancies and fund balances.
- 4.) The City will project any future operating costs of purchases into the upcoming operating budgets. For example, the addition of a new patrol vehicle might require more or less maintenance expenditures for the department's budget in future years.
- 5.) The City will maintain its assets to protect its investment and to minimize future equipment expenditures.
- 6.) The City will use the least expensive financing method for all equipment purchases including multiple cost estimates and bids when appropriate and required by law of the City of Cherryvale Purchasing Policy.

VII. CAPITAL IMPROVEMENT POLICY

Purpose

The purpose of the capital improvement policy is to plan for the construction, replacement, and maintenance of the City's infrastructure with as little impact to the City's funds as possible. The City will inventory and assess the condition of all major capital assets on an annual basis in planning its capital improvement program.

Policy

- 1.) The City will develop and maintain capital improvement plan for a five-year period and update it annually during the budget process.
- 2.) The City will identify the estimated cost and potential funding source for each capital improvement project.
- 3.) The City will coordinate the development of the capital improvement plan with the development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in the operating budget.
- 4.) The City will work to maintain all its assets at a level adequate to protect the City's and its citizens' capital investment and to minimize future maintenance and replacement costs.
- 5.) Federal, State and other intergovernmental or private funding sources of a special revenue nature shall be sought out and used when available to assist in financing capital improvements.

VIII. CASH MANAGEMENT / INVESTMENT POLICY

Purpose

The cash management and investment policies are designed to legally maximize the return on the City's idle funds while ensuring adequate cash is available to meet the City's operating needs.

Policy

- 1.) The City will regularly analyze its cash flow needs for all funds.
- 2.) The City will collect, disburse, and deposit funds on an expedited and regular basis.
- 3.) The City will pool cash from its different funds and invest the idle funds with compliance to State and federal laws at the highest rate of return possible.
- 4.) The investment objectives of the City are, in order, safety, liquidity, and then yield.
- 5.) The investment policy should be viewed in conjunction with the City's Depository Banking and Services Agreement and should play a large role in determining an institution when these services are bid.
- 6.) Per K.S.A. 12-1675, the City will use banking and financial institutions located within the City of Cherryvale, to the extent that it does not jeopardize the security of the City's funds. Banking institutions holding City funds must provide the City of Cherryvale with monthly reports showing that all deposits are adequately secured in accordance with K.S.A. 9-1405.

IX. PURCHASING POLICY

Purpose

The purchasing policies are created to simplify, clarify, and show accountability for purchases made by the City. The policies also install safeguards and maximize the purchasing value for public funds.

Policy

- 1.) Purchases will be made in accordance with applicable federal and state laws.
- 2.) Purchases will comply with the specific requirements of the Cherryvale Purchasing Manual, which is maintained by the City Administrator.

X. GRANT MANAGEMENT POLICY

Purpose

The grant management policies provide guidance when the City intends to use Federal, State, and other governmental or private funding sources of a special revenue nature.

Policy

- 1.) The City Administrator shall review all grant applications to ensure that any matching fund requirements can be met within the current budget.
- 2.) Grants needing additional appropriations of matching funds over and above what is included in the budget must receive Council approval before matching funds can be expended.
- 3.) The City Administrator or designee will keep an accurate accounting report of the use of grant funds and all matching funds in accordance with Federal laws, State laws, and specific grant requirements.

PERSONNEL SUMMARY

Full-Time Equivalency (FTE)

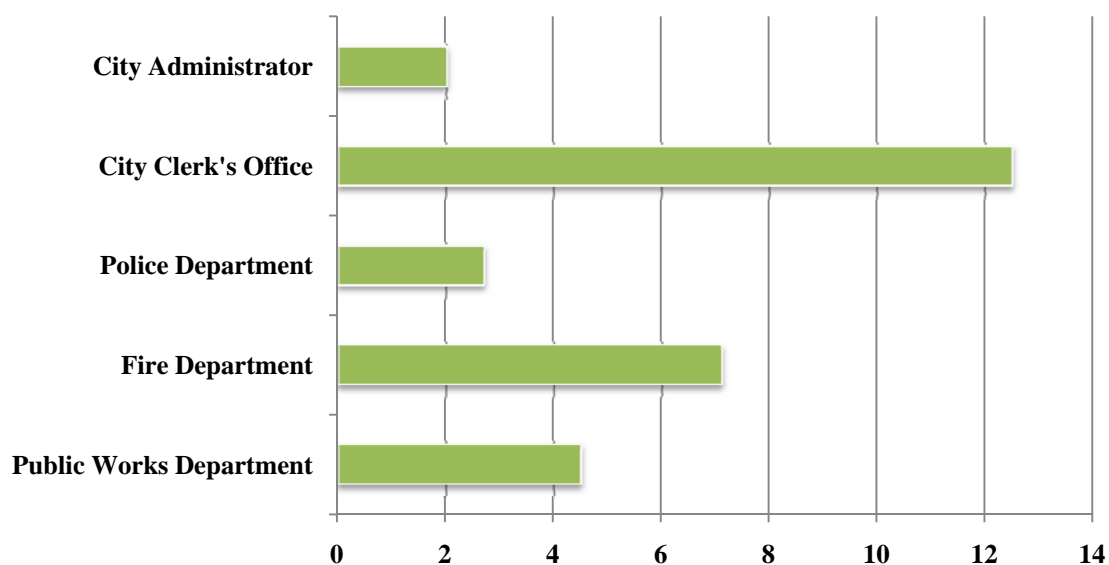
The following table provides a history of FTE's for each regular position within the City. Elected officials and appointed commissions are not included.

Department/Position	<u>Full-Time Equivalent</u>		
	2010 Actual	2011 Projected	2012 Budgeted
City Administrator's Office			
City Administrator	1.00	1.00	1.00
City Clerk's Office			
Asst. City Administrator/City Clerk	1.00	1.00	1.00
Deputy City Clerk/HR Coordinator	1.00	1.00	1.00
Asst. City Clerk/Court Clerk	1.00	1.00	1.00
Municipal Pool Manager	0.25	0.25	0.25
Lifeguards (10)	1.75	1.25	1.25
Police Department			
Police Chief	1.00	1.00	1.00
Deputy Police Chief	1.00	1.00	1.00
Sergeant/Detective	0.00	1.00	1.00
Police Officer	3.00	2.00	2.00
Fire-Rescue Department			
Fire Chief/EMS Director	1.00	1.00	1.00
Asst. Fire Chief/Paramedic	1.00	1.00	1.00
Firefighter/Paramedic	2.00	2.00	2.00
Firefighter/EMT	2.00	2.00	2.00
Public Works Department			
Public Works Director	1.00	1.00	1.00
Asst. Public Works Director	1.00	1.00	1.00
Equipment Operator	2.00	2.00	2.00
Public Service Worker	2.00	*1.25	**1.00
Seasonal Parks/Cemetery Worker	2.00	1.50	1.50
Total	25.00	23.25	23.00

The 2011 projected FTE is 1.75 positions lower than the 2010 Actual FTE because the City has worked to reduce seasonal labor hours in the Parks/Cemetery Worker position and reduced the number of Lifeguard hours. In addition, a member of the Public Works Department terminated employment in early April 2011, reducing the Public Service Worker position from 2.00 to 1.25. The City has eliminated the position for 2012, reducing the department's staff from six to five FTE's.

Department/Position	Monthly Top of Range		
	2010 Actual	2011 Projected	2012 Budgeted
City Administrator's Office			
City Administrator	\$4,166.67	\$4,500.00	\$4,635.00
City Clerk's Office			
Asst. City Administrator/City Clerk	\$3,367.30	\$3,468.32	\$3,572.37
Deputy City Clerk/HR Coordinator	\$2,678.00	\$2,757.73	\$2,840.46
Asst. City Clerk/Court Clerk	\$2,230.80	\$2,298.40	\$2,367.52
Municipal Pool Manager	\$1,634.13	\$1,507.69	\$1,600.00
Lifeguards (10)	\$824.87	\$626.94	\$700.00
Police Department			
Police Chief	\$3,755.20	\$3,867.87	\$3,983.91
Deputy Police Chief	\$2,857.40	\$2,942.94	\$3,031.23
Sergeant/Detective	\$2,371.46	\$2,442.44	\$2,515.71
Police Officer	\$2,249.52	\$2,316.86	\$2,386.37
Fire-Rescue Department			
Fire Chief/EMS Director	\$4,162.50	\$4,278.37	\$4,406.72
Asst. Fire Chief/Paramedic	\$3,094.00	\$3,186.82	\$3,282.42
Firefighter/Paramedic	\$2,624.44	\$2,702.70	\$2,783.78
Firefighter/EMT	\$2,275.00	\$2,344.16	\$2,414.48
Public Works Department			
Public Works Director	\$3,367.30	\$3,468.32	\$3,572.37
Asst. Public Works Director	\$2,678.00	\$2,757.73	\$2,840.46
Equipment Operator	\$1,873.73	\$1,929.20	\$1,987.08
Public Service Worker	\$1,820.00	\$1,875.47	\$1,931.73
Seasonal Parks/Cemetery Worker	\$666.67	\$666.67	\$666.67

Average Years of Service by Department



GLOSSARY OF BUDGET TERMS

Ad Valorem Tax: Tax levied on the assessed value of real and personal property.

Allocation: A sum of money set aside for a specific purpose.

Appropriation: An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the Appropriation Ordinance.

Appraised Value: An amount determined by the County Appraiser's Office as to what a property is worth. In Kansas, property is appraised at 100% of market value.

Assessed Valuation: A valuation set upon real estate or other property by the County Assessor and the State as a basis for levying ad valorem property taxes. In Kansas, the percentages are: Residential (11.5%); Commercial (30%); and Personal (20%).

Balanced Budget: The total anticipated revenues plus the portion of anticipated reserves in excess of the established fund balance target (or in accordance with a fund balance target plan), must equal or exceed total estimated expenditures

Beginning Balance: The beginning balance is the residual funds brought forward from the previous fiscal year (unencumbered cash balance).

Bonds: Bonds are debt instruments that require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate, or according to a formula for determining the interest rate.

Budget: A budget is a plan of financial operation embodying an estimate of proposed expenditures and the means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. In practice, the term "budget" is used in two ways. Sometimes it designates the financial plan presented for adoption and sometimes it designates the plan finally approved. It is usually necessary to specify whether the budget under consideration is preliminary and tentative or whether the Governing Body has approved it.

Budget Amendment: A legal procedure utilized by the City staff and City Council to revise a budget appropriation during the fiscal year.

Capital Expenditure: An expenditure on the acquisition of or improvement to a fixed asset with a useful life of more than one year.

Capital Improvement Plan (CIP): The Capital Improvement Plan is a plan for capital expenditures needed to maintain and expand the public infrastructure. It projects the infrastructure needs for a set number of years (usually five) and is updated annually to reflect the latest priorities, cost estimates, or changing financial strategies. The first year of the adopted Capital Improvement Plan becomes the Annual Capital Budget.

Commodity Items: Consumable goods such as office supplies, small tools, fuel, etc. Commodities also include repair and replacement parts and non-capital materials.

Contractual Services: Services provided by firms, individuals, or other city departments.

Debt Service: Payment of interest and principal on an obligation resulting from the issuance of bonds or other such financing methods.

Enterprise Funds: Funds which are accounted for in a manner similar to a private business enterprise. Usually the governmental entity intends for enterprise funds to fully recover their costs (including depreciation and maintenance projects) through user fees. The City of Cherryvale has two Enterprise Funds: Water Operations & Maintenance and Sewer Operations & Maintenance.

Equipment Reserve Plan (ERP): The Equipment Reserve Plan (ERP) summarizes all major equipment purchases planned over the next five years.

Expenditures: Refers to current cash operating expenses.

Fiscal Year: A 12-month period to which the operating budget applies. In the City of Cherryvale, this period is from January 1st to December 31st.

FTE: Full Time Equivalent

Fund: An independent governmental accounting entity with a self-balancing group of accounts, including assets, liabilities and fund balance.

Fund Balance: The accumulation of the difference between the fund's revenues and expenditures each year.

GFOA: Government Finance Officers Association

General Operating Fund: Often referred to as the General Fund, this Fund accounts for the revenues and expenditures associated with all services traditionally required to be accounted for in some other fund.

General Obligation Bond (GO Bond): Long-term debt payable from full faith and credit of the City.

Grant: A contribution usually from one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function, i.e., infrastructure, drug enforcement, but it is sometimes for general purposes.

Infrastructure: The physical assets of the City (e.g., streets, water/sewer lines, public buildings & parks).

In-Lieu of Property Taxes: An amount which may be charged to enterprise operations equal to the real and personal property taxes that would be due to the city on plant and equipment if the enterprise operation was a for-profit private company.

Intergovernmental Revenue: Distributions received from other governments.

Line Item: An individual category listing in the budget (e.g., personnel services, commodities, contractual services).

Mill Levy: The tax rate to apply when calculating the property taxes.

Operating Funds: Resources derived from reoccurring revenue sources used to finance ongoing operating expenditures and pay-as-you-go capital projects.

Resources: Total funds available for appropriation including estimated revenues, fund transfers, beginning balances.

Salary Savings: Savings realized while a position is vacant until a new employee is hired.

State-Shared Revenues: Money collected by the State but shared on a predetermined basis with local governments.

Tax Levy: The total amount to be raised by general property taxes for purposes specified in the Tax Levy Ordinance.

Tax Rate: The amount of tax levied for each \$1,000 of assessed valuation.

Time-Series Analysis: Often referred to as trend analysis, involves looking at trends from prior year's data. Cherryvale has used a variation of which uses monthly data to estimate future annual revenue collections.

Transfers: Transfers are the authorized exchanges of cash or other resources between funds.

Zero Base Budgeting: A process for allocating financial resources that provides for the comparison and prioritization of existing programs and services relative to the need for new programs and services. The process includes organizing expenditures in discrete decision packages and absolute priority ranking of the decision packages.

CERTIFICATE

We, the undersigned, officers of

City of Cherryvale

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 expenditures for the various funds for the year 2012; and (3) the Amount(s) of 2011 Ad Valorem Tax are within statutory limitations.

Assisted by: Greg
Greg McDanel, City Administrator
 Address: _____

Attest: _____, 2011

County Clerk

Governing Body

City of Cherryvale

2012

Computation to Determine Limit for 2012

		Amount of Levy
1. Total Tax Levy Amount in 2011 Budget	+ \$	<u>260,770</u>
2. Debt Service Levy in 2011 Budget	- \$	<u>11,829</u>
3. Tax Levy Excluding Debt Service	\$	<u>248,941</u>
2011 Valuation Information for Valuation Adjustments:		
4. New Improvements for 2011:	+ <u>133,718</u>	
5. Increase in Personal Property for 2011:		
5a. Personal Property 2011	+ <u>387,995</u>	
5b. Personal Property 2010	- <u>472,906</u>	
5c. Increase in Personal Property (5a minus 5b)	+ <u>0</u>	
	(Use Only if > 0)	
6. Valuation of annexed territory for 2011:		
6a. Real Estate	+ <u>0</u>	
6b. State Assessed	+ <u>0</u>	
6c. New Improvements	- <u>0</u>	
6d. Total Adjustment (Sum of 6a, 6b, and 6c)	+ <u>0</u>	
7. Valuation of Property that has Changed in Use during 2011:	<u>0</u>	
8. Total Valuation Adjustment (Sum of 4, 5c, 6d & 7)	<u>133,718</u>	
9. Total Estimated Valuation July 1, 2011	<u>6,753,186</u>	
10. Total Valuation less Valuation Adjustment (9 minus 8)	<u>6,619,468</u>	
11. Factor for Increase (8 divided by 10)	<u>0.02020</u>	
12. Amount of Increase (11 times 3)	+ \$ <u>5,029</u>	
13. Maximum Tax Levy, excluding debt service, without an Ordinance (3 plus 12)	\$ <u>253,970</u>	
14. Debt Service Levy in this 2012 Budget	<u>0</u>	
15. Maximum levy, including debt service, without an Ordinance (13 plus 14)	<u>253,970</u>	

If the 2012 budget includes tax levies exceeding the total on line 15, you must
adopt an ordinance to exceed this limit, publish the ordinance, and
attach a copy of the published ordinance to this budget.

City of Cherryvale

Allocation of Motor, Recreational, 16/20M Vehicle Tax & Slider

Budgeted Funds for 2011	Budget Tax Levy Amt for 2010	Allocation for Year 2012			
		MVT	RVT	16/20M Veh	Slider
General	223,645	46,297	312	283	0
Debt Service	11,829	2,449	17	15	0
Library	25,296	5,237	35	32	0
TOTAL	260,770	53,983	364	330	0

County Treas Motor Vehicle Estimate	53,983				
County Treasurers Recreational Vehicle Estimate		364			
County Treasurers 16/20M Vehicle Estimate			330		
County Treasurers Slider Estimate				0	
Motor Vehicle Factor	0.20701				
Recreational Vehicle Factor		0.00140			
16/20M Vehicle Factor			0.00127		
Slider Factor				0.00000	

City of Cherryvale

2012

Schedule of Transfers

Expenditure Fund Transferred From:	Receipt Fund Transferred To:	Actual Amount for 2010	Current Amount for 2011	Proposed Amount for 2012	Transfers Authorized by Statute
General Fund	Special Highway	70,000	55,000	25,000	12-1,119
General Fund	Capital Improvement	78,930	111,520	132,174	12-1,118
General Fund	Sewer O&M	118,396	109,423	175,272	12-197
General Fund	Equipment Reserve	30,000	0	0	12-1,117
Industrial Fund	General Fund	256	0	0	79-2958
Water O&M	Debt Service	55,280	105,320	106,840	12-825d
Water O&M	General Fund	41,000	55,000	120,000	12-825d
Water O&M	Equipment Reserve	0	0	10,000	12-1,117
Water O&M	Capital Improvement	0	0	10,000	12-1,118
Sewer O&M	Capital Improvement	200,000	100,000	25,000	12-1,118
Sewer O&M	Equipment Reserve	100,000	50,000	20,000	12-1,117
Sewer O&M	General Fund	95,000	62,171	165,000	12-825d
Sewer O&M	Debt Service	155,091	155,091	154,931	12-825d
Sewer Rehab & Renov	General Fund	0	2,897	0	12-825d
Sewer Replacement	General Fund	0	39,569	0	12-825d
Sewer B&I Retainage	General Fund	0	70,363	0	12-825d
Special Law Enforcement	General Fund	0	80	0	79-2958
Ambulance Fund	General Fund	0	3,029	0	12-825d
Totals		943,954	919,463	944,217	
Adjustments*			112,829	0	
Adjusted Totals		943,954	806,634	944,217	

*Note: Adjustments are required only if the transfer is being made in 2011 and/or 2012 from a non-budgeted fund.

City of Cherryvale

2012

STATEMENT OF INDEBTEDNESS

Type of Debt	Date of Issue	Date of Retirement	Interest Rate %	Amount Issued	Beginning Amount Outstanding Jan 1, 2011	Date Due		Amount Due 2011		Amount Due 2012	
						Interest	Principal	Interest	Principal	Interest	Principal
General Obligation:											
Sewer 2007	5/7/2007	5/7/2047	4.13	1,480,000	1,432,812	5/7	5/7	59,104	17,103	58,398	17,648
Sewer 2003	9/16/2003	9/23/2003	4.25	1,504,900	1,386,111	9/23	9/23	58,910	19,975	58,061	20,824
Water 2001	11/1/2001	8/1/2016	varies	615,000	290,000	2/1 & 8/1	8/1	13,500	45,000	13,410	45,000
Total G.O. Bonds					3,108,923			131,514	82,078	129,869	83,472
Revenue Bonds:											
Total Revenue Bonds					0			0	0	0	0
Other:											
Water Supply Loan Fund 2009	6/22/2009	8/1/2030	3.47	650,616	650,616	8/1	8/1	22,386	22,176	23,410	22,520
Total Other					650,616			22,386	22,176	23,410	22,520
Total Indebtedness					3,759,539			153,900	104,254	153,279	105,992

City of Cherryvale

STATEMENT OF CONDITIONAL LEASE-PURCHASE AND CERTIFICATE OF PARTICIPATION*

Item Purchased	Contract Date	Term of Contract (Months)	Interest Rate %	Total Amount Financed (Beginning Principal)	Principal Balance On Jan 1 2011	Payments Due 2011	Payments Due 2012
2007 Pierce Pumper	1/11/2007	60	4.80	249,890	107,072	57,475	57,475
Library Lift 2009	10/16/2009	108	4.74	91,900	60,286	12,493	12,493
Totals					167,358	69,968	69,968

***If you are merely leasing/renting with no intent to purchase, do not list--such transactions are not lease-purchases.

City of Cherryvale

2012

FUND PAGE FOR FUNDS WITH A TAX LEVY

Adopted Budget General	Prior Year Actual 2010	Current Year Estimate 2011	Proposed Budget Year 2012
Unencumbered Cash Balance Jan 1	441,398	260,074	195,049
Receipts:			
Ad Valorem Tax	135,055	223,645	xxxxxxxxxxxxxxxxxxxx
Delinquent Tax	18,018	14,000	13,000
Motor Vehicle Tax	53,001	37,000	46,297
Recreational Vehicle Tax	342	258	312
16/20M Vehicle Tax	235	225	283
Gross Earning (Intangible) Tax			0
LAVTR			0
City and County Revenue Sharing			0
Slider			0
Local Alcoholic Liquor	1,110	850	850
In Lieu of Taxes (IRB)	581	0	0
Nuisance Tax (Other)	3,543	1,000	0
Electric Franchise	95,845	105,260	100,000
Gas Franchise	48,722	42,737	45,000
Cable Franchise	22,701	22,899	22,000
Telephone Franchise	9,664	8,711	8,000
Refuse Retainage	11,655	13,829	11,500
Sales Tax	472,775	456,728	486,422
Licenses, Permits, & Fees	8,856	3,446	3,285
Insurance Dividend	0	1,176	0
Rental Income	3,815	3,510	2,400
Grave Openings/Closings	7,940	6,500	6,000
Sale of Cemetery Lots	2,515	4,000	2,500
VIN Inspections	780	500	500
Fines, Court Costs, & Bond Forfeitures	40,583	38,250	40,000
States Assessments & Reinstatement Fees	0	3,558	3,200
Diversions	0	370	400
Ambulance County Distribution	75,854	67,814	66,119
Ambulance Service Fees	126,401	101,051	105,000
Swimming Pool Receipts	4,764	4,200	3,000
Sale of City Property	2,098	5,000	1,000
Compensating Use Tax	85,713	90,450	92,000
Transfer from Sewer	95,000	62,172	165,000
Transfer from Water	41,000	55,000	120,000
Transfer from Ambulance Fund	3,029	0	0
Transfer from Obsolete Fund-Sewer Rehab	0	2,896	0
Transfer from Obsolete Fund-Sewer Replace	0	39,569	0
Transfer from Obsolete Fund-Sewer B&I	0	70,363	0
Transfer from Industrial Fund	392	0	0
Donations	800	2,500	0
Grant Proceeds	15,383	16,373	16,373
Reimbursed Expenses	15,923	10,675	8,000
Interest on Idle Funds	10,879	11,748	10,000
Drug Tax	119		
Miscellaneous	706		50
Does miscellaneous exceed 10% Total Rec			
Total Receipts	1,415,795	1,528,262	1,378,491
Resources Available:	1,857,193	1,788,336	1,573,539

FUND PAGE - GENERAL

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City of Cheneyvale

2012

Adopted Budget General Fund - Detail Expenditures	Prior Year Actual 2010	Current Year Estimate 2011	Proposed Budget Year 2012
Expenditures:			
Governing Body			
Personnel Services	13,908	14,183	14,281
Contractual	23,753	33,082	34,725
Commodities	9,014	13,616	9,475
Total	46,675	60,880	58,481
City Administrator's Office			
Personnel Services	77,942	80,516	84,912
Contractual	4,520	16,467	17,459
Commodities	9,863	9,117	8,950
Total	92,326	106,100	111,321
City Clerk's Office			
Personnel Services	146,382	149,615	154,724
Contractual	11,683	13,262	13,161
Commodities	22,583	25,992	26,700
Total	180,648	188,870	194,586
Police Department			
Personnel Services	278,343	257,750	275,314
Contractual	13,330	11,557	13,135
Commodities	40,126	34,764	35,650
Capital Outlay	1,084		
Total	332,884	304,071	324,099
Fire-Rescue Department			
Personnel Services	333,407	349,677	367,615
Contractual	22,535	23,384	24,928
Commodities	64,575	62,248	62,830
Capital Outlay	26		
Total	420,543	435,309	455,373
Parks & Cemetery			
Personnel Services	43,103	38,239	37,909
Contractual	4,822	5,828	6,050
Commodities	14,140	4,485	8,025
Total	62,065	48,551	51,984
Swimming Pool			
Salaries	33,447	27,979	28,083
Contractual	3,534	1,991	2,155
Commodities	5,394	5,350	5,550
Total	42,376	35,320	35,788
Street & Street Lighting			
Contractual	28,229	38,656	40,000
Total	28,229	38,656	40,000
Page Total	1,205,746	1,217,758	1,271,632

(Note: Should agree with general sub-totals.)

City of Cherryvale

2012

FUND PAGE FOR FUNDS WITH A TAX LEVY

Adopted Budget	Prior Year Actual	Current Year Estimate	Proposed Budget Year
Debt Service	2010	2011	2012
Unencumbered Cash Balance Jan 1	43,802	31,743	1
Receipts:			
Ad Valorem Tax	44,347	11,829	XXXXXXXXXXXXXXXXXXXX
Delinquent Tax	804	3,990	0
Motor Vehicle Tax		9,017	2,449
Recreational Vehicle Tax		601	17
16/20M Vehicle Tax		295	15
Slider			0
Transfer from Sewer Utility Fund	155,091	155,091	154,931
Transfer from Water Utility Fund	55,280	105,320	106,840
In Lieu of Tax	191	0	0
Interest on Idle Funds	0		
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	255,713	286,143	264,252
Resources Available:	299,515	317,886	264,253
Expenditures:			
Water System Debt - Principal	40,000	67,176	68,410
Sewer System Debt - Principal	35,585	37,078	38,472
Water System Debt - Interest, Other Fees	15,206	38,144	38,430
Sewer System Debt - Interest, Other Fees	119,505	118,013	116,459
2007 Pierce Pumper Principal & Interest	57,475	57,475	0
Neighborhood Revitalization Rebate			
Miscellaneous			
Does miscellaneous exceed 10% of Total Exp			
Total Expenditures	267,771	317,886	261,771
Unencumbered Cash Balance Dec 31	31,743	1	XXXXXXXXXXXXXXXXXXXX
2010/2011 Budget Authority Amount:	269,419	318,243	XXXXXXXXXXXXXXXXXXXX
Non-Appropriated Balance			0
Total Expenditure/Non-Appr Balance			261,771
Tax Required			0
Delinquent Comp Rate: 0.110			0
Amount of 2011 Ad Valorem Tax			0

Adopted Budget	Prior Year Actual	Current Year Estimate	Proposed Budget Year
Library	2010	2011	2012
Unencumbered Cash Balance Jan 1	12,889	14,972	2,479
Receipts:			
Ad Valorem Tax	37,237	25,296	XXXXXXXXXXXXXXXXXXXX
Delinquent Tax	2,719	715	1,500
Motor Vehicle Tax	9,224	6,095	5,237
Recreational Vehicle Tax	60	47	35
16/20M Vehicle Tax	29	50	32
Slider			
In Lieu of Taxes	160	32	
Interest on Idle Funds			
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	49,428	32,235	6,804
Resources Available:	62,318	47,206	9,283
Expenditures:			
Library Treasurer	34,106	32,235	33,035
Building & Grounds Expenses	748		
Library Lift Payment	12,493	12,493	12,493
Neighborhood Revitalization Rebate			1,211
Miscellaneous			
Does miscellaneous exceed 10% of Total Exp			
Total Expenditures	47,346	44,728	46,739
Unencumbered Cash Balance Dec 31	14,972	2,479	XXXXXXXXXXXXXXXXXXXX
2010/2011 Budget Authority Amount:	50,234	49,008	XXXXXXXXXXXXXXXXXXXX
Non-Appropriated Balance			
Total Expenditure/Non-Appr Balance			46,739
Tax Required			37,456
Delinquent Comp Rate: 0.110			4,120
Amount of 2011 Ad Valorem Tax			41,576

City of Cherryvale

2012

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget Special Highway	Prior Year Actual 2010	Current Year Estimate 2011	Proposed Budget Year 2012
Unencumbered Cash Balance Jan 1	10,535	29,384	36,040
Receipts:			
State of Kansas Gas Tax	60,387	60,110	61,300
County Transfers Gas	10,073	9,540	9,450
Reimbursements	1,245	330	330
Transfer from General Operating Fund	70,000	55,000	25,000
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	141,704	124,980	96,080
Resources Available:	152,239	154,365	132,120
Expenditures:			
Personnel Services	84,397	77,894	85,746
Contractual Services	6,081	6,472	6,475
Commodities	32,376	33,958	33,800
Capital Outlay	0	0	1,000
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	122,855	118,324	127,020
Unencumbered Cash Balance Dec 31	29,384	36,040	5,100
2010/2011 Budget Authority Amount:	145,609	139,716	

Adopted Budget

Water O&M	Prior Year Actual 2010	Current Year Estimate 2011	Proposed Budget Year 2012
Unencumbered Cash Balance Jan 1	376,591	467,254	430,266
Receipts:			
Water Sales	593,319	584,921	584,100
Penalties	13,931	13,866	14,500
Connection/Reconnection Fees	10,195	10,590	9,700
Other Fees	2,218	1,885	1,815
Reimbursements	35,986	500	500
Miscellaneous	209	80	25
Does miscellaneous exceed 10% Total Rec			
Total Receipts	655,859	611,843	610,640
Resources Available:	1,032,450	1,079,096	1,040,906
Expenditures:			
Personnel Services	81,289	83,714	88,028
Contractual Services	23,105	25,075	24,644
Commodities	364,126	372,721	390,625
Capital Outlay	397	7,000	20,000
Transfer to Bond & Interest	55,280	105,320	106,840
Transfer to General Fund	41,000	55,000	120,000
Transfer to Capital Improvement Fund			10,000
Transfer to Equipment Reserve Fund			10,000
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	565,196	648,830	770,137
Unencumbered Cash Balance Dec 31	467,254	430,266	270,769
2010/2011 Budget Authority Amount:	645,124	686,181	

City of Cherryvale

2012

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget	Prior Year Actual	Current Year Estimate	Proposed Budget Year
Sewer O&M	2010	2011	2012
Unencumbered Cash Balance Jan 1	840,749	544,725	409,521
Receipts:			
Sewer Collections	240,441	249,079	250,000
Penalties	5,817	6,077	6,000
Rental Income	100	100	100
Transfer from General Fund - Per Election	118,396	109,423	175,272
Reimbursed Expenses	5,078	56	500
Miscellaneous			100
Does miscellaneous exceed 10% Total Rec			
Total Receipts	369,833	364,735	431,972
Resources Available:	1,210,582	909,460	841,493
Expenditures:			
Personnel Services	82,441	83,634	86,576
Contractual Services	13,128	16,432	17,569
Commodities	20,197	29,611	46,200
Capital Outlay		3,000	20,000
Transfer to Bond and Interest Fund	155,091	155,091	154,931
Transfer to General Fund	95,000	62,171	165,000
Transfer to Capital Improvement Fund	200,000	100,000	25,000
Transfer to Equipment Reserve Fund	100,000	50,000	20,000
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	665,857	499,939	535,276
Unencumbered Cash Balance Dec 31	544,725	409,521	306,217
2010/2011 Budget Authority Amount:	716,145	554,533	

Adopted Budget

Refuse	Prior Year Actual	Current Year Estimate	Proposed Budget Year
	2010	2011	2012
Unencumbered Cash Balance Jan 1	6,865	6,885	6,388
Receipts:			
Collection Fees	129,405	128,097	130,000
Polycart Rentals	2,966	1,980	3,500
Interest on Idle Funds			
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	132,371	130,077	133,500
Resources Available:	139,236	136,962	139,888
Expenditures:			
Contractual Services	132,351	130,574	139,500
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	132,351	130,574	139,500
Unencumbered Cash Balance Dec 31	6,885	6,388	388
2010/2011 Budget Authority Amount:	135,000	139,500	

City of Cherryvale

2012

FUND PAGE FOR FUNDS WITH NO TAX LEVY

Adopted Budget	Prior Year Actual	Current Year Estimate	Proposed Budget Year
Special Parks & Recreation	2010	2011	2012
Unencumbered Cash Balance Jan 1	40,160	41,020	17,973
Receipts:			
Liquor Taxes	860	860	850
Interest on Idle Funds			
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	860	860	850
Resources Available:	41,020	41,880	18,823
Expenditures:			
Commodities	0	23,907	17,000
Capital Outlay	0	0	0
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	0	23,907	17,000
Unencumbered Cash Balance Dec 31	41,020	17,973	1,823
2010/2011 Budget Authority Amount:	22,953	30,300	

Adopted Budget

Adopted Budget	Prior Year Actual	Current Year Estimate	Proposed Budget Year
Ambulance Fund	2010	2011	2012
Unencumbered Cash Balance Jan 1	3,028	3,028	0
Receipts:			
Interest on Idle Funds			
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	0	0	0
Resources Available:	3,028	3,028	0
Expenditures:			
Transfer to General Fund		3,028	
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	0	3,028	0
Unencumbered Cash Balance Dec 31	3,028	0	0
2010/2011 Budget Authority Amount:	3,028	3,029	

0

NON-BUDGETED FUNDS (A)

2012

*(Only the actual budget year for 2010 is to be shown)***Non-Budgeted Funds-A**

(1) Fund Name:		(2) Fund Name:		(3) Fund Name:		(4) Fund Name:		(5) Fund Name:		
Capital Improvement Fund		Equipment Reserve Fund		2009 Water Proj. (KPWSLF)		Brownfields Grant - Haz Sub		Brownfields Grant - Petroleum		
Unencumbered		Unencumbered		Unencumbered		Unencumbered		Unencumbered		Total
Cash Balance Jan 1	84,998	Cash Balance Jan 1	50,080	Cash Balance Jan 1	-196,329	Cash Balance Jan 1	-943	Cash Balance Jan 1	-943	-63,136
Receipts:		Receipts:		Receipts:		Receipts:		Receipts:		
General Fund Trsfr	78,930	General Fund Trsfr	30,000	Loan Proceeds	560,067	Fed Grant Proceeds	48,072	Fed Grant Proceeds	28,516	
Sewer Fund Trsfr	200,000	Sewer Fund Trsfr	100,000							
Total Receipts	278,930	Total Receipts	130,000	Total Receipts	560,067	Total Receipts	48,072	Total Receipts	28,516	1,045,585
Resources Available:	363,928	Resources Available:	180,080	Resources Available:	363,738	Resources Available:	47,129	Resources Available:	27,573	982,449
Expenditures:		Expenditures:		Expenditures:		Expenditures:		Expenditures:		
Capital Outlay	260,821	Capital Outlay	32,102	Contractual	71,740	Contractual	62,750	Contractual	37,394	
				Capital Outlay	396,939					
Total Expenditures	260,821	Total Expenditures	32,102	Total Expenditures	468,679	Total Expenditures	62,750	Total Expenditures	37,394	861,746
Cash Balance Dec 31	103,108	Cash Balance Dec 31	147,978	Cash Balance Dec 31	-104,941	Cash Balance Dec 31	-15,621	Cash Balance Dec 31	-9,821	120,703
				<u>See Tab B</u>		<u>See Tab B</u>		<u>See Tab B</u>		120,703

**Note: These two block figures should agree.

0

NON-BUDGETED FUNDS (B)

2012

(Only the actual budget year for 2010 is to be shown)

Non-Budgeted Funds-B

(1) Fund Name:		(2) Fund Name:		(3) Fund Name:		(4) Fund Name:		(5) Fund Name:	
KHRC Infrastructure Grant		KHRC HOME Grant		CDBG Paving Project		Small Grants		0	
Unencumbered		Unencumbered		Unencumbered		Unencumbered		Unencumbered	Total
Cash Balance Dec 31	0	Cash Balance Dec 31	0	Cash Balance Dec 31	0	Cash Balance Dec 31	392	Cash Balance Dec 31	392
Receipts:		Receipts:		Receipts:		Receipts:		Receipts:	
State Grant Proceeds	296,662	Fed Grant Proceeds	122,865	Fed Grant Proceeds	106,030	BPV Fed Grant	438		
Total Receipts	296,662	Total Receipts	122,865	Total Receipts	106,030	Total Receipts	438	Total Receipts	0
Resources Available:	296,662	Resources Available:	122,865	Resources Available:	106,030	Resources Available:	830	Resources Available:	0
Expenditures:		Expenditures:		Expenditures:		Expenditures:		Expenditures:	
Contractual	67,937	Personnel Services	6,177	Personnel Services	13,000				
Commodities	228,725	Contractual	116,688	Contractual	97,705				
Total Expenditures	296,662	Total Expenditures	122,865	Total Expenditures	110,705	Total Expenditures	0	Total Expenditures	0
Cash Balance Dec 31	0	Cash Balance Dec 31	0	Cash Balance Dec 31	-4,675	Cash Balance Dec 31	830	Cash Balance Dec 31	0
									525,994
									526,386
									530,232
									-3,845
									-3,845

See Tab B

**Note: These two block figures should agree.

The governing body of
City of Cherryvale
will meet on August 1, 2011 at 7:00 PM at City Hall 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 City Clerk's Office and will be available at this hearing.

Proposed Budget 2012 Expenditures and Amount of 2011 Ad Valorem Tax establish the maximum limits of the 2012 budget. Estimated Tax Rate is subject to change depending on the final assessed valuation.

*Tax rates are expressed in mills

City Official Title: City Administrator

ORDINANCE NUMBER 11-4612

AN ORDINANCE ATTESTING TO AN INCREASE IN TAX REVENUES FOR
BUDGET YEAR 2012 FOR THE City of Cherryvale.

WHEREAS City of Cherryvale must continue to provide services to protect the health,
safety, and welfare of the citizens of this community; and

WHEREAS, the cost of providing essential services to the citizens of this city continues to
increase.

NOW THEREFORE, be it ordained by the Governing Body of the City of Cherryvale:

Section One. In accordance with state law, the City of Cherryvale has scheduled a public
hearing and has prepared the proposed budget necessary to fund city services from January
1, 2012 until December 31, 2012.

Section Two. After careful public deliberations, the governing body has determined that in
order to maintain the public services that are essential for the citizens of this city, it will be
necessary to budget property tax revenues in an amount exceeding the levy in the 2011
budget.

Section Three. This ordinance shall take effect after publication once in the official city
newspaper.

Passed and approved by the Governing Body on this 1st day of August, 2011.

/s/ John M. Wright
Mayor

ATTEST: /s/ Rebecca Swan
City Clerk

(SEAL)

