

CITY OF KECHI, KANSAS

FINANCIAL STATEMENT

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2015

George, Bowerman & Noel, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Kechi, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of the City of Kechi, Kansas, a Municipal Financial Reporting Entity, as of and for the year ended December 31, 2015 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Kechi, Kansas as of December 31, 2015, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Kechi, Kansas as of December 31, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures—actual and budget, individual fund schedules of regulatory basis receipts and expenditures—actual and budget, summary schedule of regulatory basis receipts and disbursements—agency funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2014 actual columns presented in the individual fund schedules of receipts and expenditures-actual and budget, (Schedules 2 and 3 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2014 basic financial statement upon which we rendered an unqualified opinion dated June 9, 2015. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2014 comparative information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note 1.

George, Bowman & Noel, P.A.

Wichita, Kansas
July 15, 2016

CITY OF KECHI, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS

For the year ended December 31, 2015

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 188,975	\$ 1,074,862	\$ 971,001	\$ 292,836	\$ 79,480	\$ 372,316
Special Purpose Funds:						
Special Street and Highway	171,851	73,892	19,279	226,464	-	226,464
Capital Improvement	132,929	25,000	45,397	112,532	-	112,532
Equipment Reserve	80,019	30,000	45,219	64,800	-	64,800
Bond and Interest Fund:						
Bond and Interest	6,655	2,417,630	2,389,105	35,180	-	35,180
Business Funds:						
Waterworks Utility	226,432	396,585	456,977	166,040	13,396	179,436
Sewer Utility	145,550	265,403	263,446	147,507	4,446	151,953
Gas Utility	68,611	371,503	368,970	71,144	1,170	72,314
Recycling / Solid Waste	17,221	128,611	127,511	18,321	10,002	28,323
Waterworks Reserve	195,756	75,000	51,931	218,825	-	218,825
Sewer Reserve	117,603	60,000	13,832	163,771	-	163,771
Gas Reserve	94,156	20,000	-	114,156	-	114,156
Total Primary Government (excluding agency funds)	1,445,758	4,938,486	4,752,668	1,631,576	108,494	1,740,070
Related Municipal Entity: Kechi Public Building Commission	879	98,630	98,630	879	-	879
Total Reporting Entity (excluding agency funds)	<u>\$ 1,446,637</u>	<u>\$ 5,037,116</u>	<u>\$ 4,851,298</u>	<u>\$ 1,632,455</u>	<u>\$ 108,494</u>	<u>\$ 1,740,949</u>

CITY OF KECHI, KANSAS

SUMMARY OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS (continued)
For the year ended December 31, 2015

Composition of Cash:	
Primary Government:	
Emprise Bank, Wichita, Kansas:	
General checking now account	\$ 104,808
Municipal Investment Pool	1,679,369
Cash on hand	200
Less Agency Funds	<u>(44,307)</u>
Total Primary Government (excluding agency funds)	1,740,070
Related Municipal Entity:	
Kechi Public Building Commission:	
Municipal Investment Pool	<u>879</u>
Total Reporting Entity (excluding agency funds)	<u>\$ 1,740,949</u>

The accompanying notes are an integral part of the financial statement.

CITY OF KECHI, KANSAS

NOTES TO FINANCIAL STATEMENT

December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Reporting entity

The City of Kechi is a municipal corporation governed by an elected mayor and an elected five-member council. The financial statement presents the City of Kechi and the Kechi Public Building Commission. The Kechi Public Building Commission is included in the City's reporting entity because it was established to benefit the city and/or its constituents.

A five-member board appointed by the City Council governs the Kechi Public Building Commission. Although it is legally separate from the City, the Kechi Public Building Commission is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The financial activities of the Kechi Public Building Commission are reflected in the Kechi Public Building Commission fund.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In accordance with state statutes, several different types of funds are used to record the City's financial transactions. For financial reporting, they have been grouped and are presented in this report as follows:

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

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

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

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

Business funds – funds financed in whole or in part by fees charged to users of the goods or services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Agency funds – funds used to report assets held by the City in a purely custodial capacity.

Regulatory basis of accounting and departure from accounting principles generally accepted in the United States of America

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

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

Budgetary principles

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for 2015.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

A legal operating budget is not required for capital project funds, utility reserve funds and the following special purpose funds:

Capital Improvement Fund
Equipment Reserve Fund

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

Compensated absences

Full-time employees accrue vacation and sick leave benefits based on years of service to the City. Upon termination, unused vacation is paid to employees while accrued sick leave is not. The City records vacation and sick leave benefits as expenditures when paid.

Pension plan

All full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs), which is a cost sharing multi-employer statewide pension plan. The City's policy is to fund all pension costs as accrued; such costs to be funded are determined annually by the system's actuary.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City. The City does not require security deposits for the credit granted to certain utility customers, however, tap fees or hook-up charges are assessed by the City when the utility service is provided.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Subsequent Events

Subsequent events have been evaluated through June 15, 2016, which is the date the financial statement was available to be issued.

2. DEPOSITS AND INVESTMENTS

At December 31, 2015 the City had the following investments:

<u>Investment Type</u>	<u>Fair Value/ Carrying Amount</u>	<u>Investment Maturity (Years)</u>		<u>Standard & Poor's Rating</u>
		<u>Less than 1</u>	<u>1-2 Years</u>	
Kansas Municipal Investment Pool	\$1,679,369	\$1,679,369	\$-0-	AAAf/S1+

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

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

Concentration of credit risk

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

2. DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the state of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2015.

At December 31, 2015, the carrying amount of the City's deposits was \$104,808, with the bank balance of such account being \$118,280. The entire bank balance was covered by federal depository insurance. The fair value of pledged securities held by the City's custodial investment agencies was \$47,161 at December 31, 2015.

Custodial credit risk – investments

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

At December 31, 2015, the City had invested \$1,679,369 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to the principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreement with Kansas banks or with primary government securities dealers.

3. PENSION PLAN

Plan description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in the Comprehensive Annual Financial Report that can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

3. PENSION PLAN (continued)

Funding policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.48% for the fiscal year ended December 31, 2015. The City's contributions to KPERS for the years ending December 31, 2015 and 2014 were \$57,228 and \$47,250, respectively.

At December 31, 2015, the City's proportionate share of the collective net pension liability reported by KPERS was \$416,773. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in the financial statement.

4. OTHER POST EMPLOYMENT BENEFITS

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

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

5. RECLASSIFICATIONS AND COMPARATIVE DATA

The amounts shown for 2014 in the accompanying financial statement are included, where practicable, only to provide a basis for comparison with 2015 and are not intended to present all information necessary for a fair presentation in accordance with the statutory basis of presentation. Certain amounts for 2014 have been reclassified to conform to the presentation of similar amounts for 2015.

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2015:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Balance End of Year	Interest Paid
Primary Government:									
General Obligation Bonds, Series A 2006	3.80-5.75	11-01-06	1,011,800	11-01-22	\$ 640,000	\$ -	\$ 640,000	\$ -	\$ 26,245
General Obligation Bonds, Series A 2007	3.75-5.90	05-15-07	1,496,077	11-01-27	1,090,000	-	70,000	1,020,000	46,490
General Obligation Bonds, Series A 2008	3.40-6.00	02-28-08	1,405,000	09-01-28	1,120,000	-	1,120,000	-	47,029
General Obligation Bonds, Series B 2008	3.00-4.65	09-15-08	575,000	09-15-28	485,000	-	25,000	460,000	21,080
General Obligation Refunding Bonds, Series A 2010	1.25-3.50	08-18-10	1,540,000	09-01-18	545,000	-	180,000	365,000	16,825
General Obligation Refunding and Improvement Bonds, Series A 2011	2.00-4.50	11-22-11	2,040,000	09-01-32	1,965,000	-	75,000	1,890,000	66,920
General Obligation Refunding Bonds, Series A 2015	2.00-3.00	09-15-15	1,675,000	09-01-28	-	<u>1,675,000</u>	-	<u>1,675,000</u>	-
Total City of Kechi					<u>5,845,000</u>	<u>1,675,000</u>	<u>2,110,000</u>	<u>5,410,000</u>	<u>224,589</u>
Kechi Public Building Commission:									
Public Building Commission Revenue Bonds Series 2005	3.50-5.00	11-01-05	300,000	11-01-26	215,000	-	15,000	200,000	10,338
Public Building Commission Refunding Revenue Bonds Series 2010	2.00-4.75	01-13-10	745,000	08-01-24	<u>555,000</u>	-	<u>50,000</u>	<u>505,000</u>	<u>23,292</u>
Total Kechi Public Building Commission					<u>770,000</u>	-	<u>65,000</u>	<u>705,000</u>	<u>33,630</u>
Total Long-Term Debt					<u>\$6,615,000</u>	<u>\$1,675,000</u>	<u>\$2,175,000</u>	<u>\$ 6,115,000</u>	<u>\$ 258,219</u>

6. LONG-TERM DEBT (continued)

General obligation bonds

General obligation bonds payable consist of serial and term bonds to be retired through calendar year 2032. Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 445,000	\$ 179,125	\$ 624,125
2017	460,000	166,855	626,855
2018	480,000	152,210	632,210
2019	365,000	138,095	503,095
2020	375,000	127,788	502,788
2021	390,000	117,137	507,137
2022	405,000	105,873	510,873
2023	300,000	93,865	393,865
2024	315,000	84,027	399,027
2025	325,000	72,943	397,943
2026	345,000	61,240	406,240
2027	360,000	48,482	408,482
2028	275,000	39,415	314,415
2029	135,000	24,752	159,752
2030	140,000	19,150	159,150
2031	145,000	13,130	158,130
2032	<u>150,000</u>	<u>6,750</u>	<u>156,750</u>
	<u>\$ 5,410,000</u>	<u>\$ 1,450,837</u>	<u>\$ 6,860,837</u>

Public Building Commission revenue bonds

During 2004 and 2005, the Kechi Public Building Commission (Commission) issued Improvement Revenue Bonds, the proceeds of which were used to construct new City administration, police and maintenance facilities. The agreement requires the Commission to lease these facilities back to the City of Kechi for an amount necessary to meet the debt service requirement on the outstanding revenue bonds.

During 2010, the Commission issued Series 2010 Refunding Bonds in the principal amount of \$745,000. Proceeds from the 2010 issue were used to retire the outstanding bonds remaining from the 2004 Commission bond issue at the optional call date in 2010.

6. LONG-TERM DEBT (continued)

Debt service requirements to maturity for all outstanding Commission bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 65,000	\$ 31,360	\$ 96,360
2017	65,000	28,950	93,950
2018	65,000	26,400	91,400
2019	65,000	23,710	88,710
2020	70,000	20,880	90,880
2021	75,000	17,775	92,775
2022	80,000	14,328	94,328
2023	85,000	10,597	95,597
2024	90,000	6,575	96,575
2025	20,000	2,250	22,250
2026	<u>25,000</u>	<u>1,250</u>	<u>26,250</u>
	<u>\$ 705,000</u>	<u>\$ 184,075</u>	<u>\$ 889,075</u>

7. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund for 2015 is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 98,630
Bond and Interest	125,763	-
Capital Improvement	25,000	-
Equipment Reserve	30,000	-
Waterworks Utility	-	100,000
Sewer Utility	-	130,000
Gas Utility	-	40,000
Waterworks Reserve	75,000	51,931
Sewer Reserve	60,000	13,832
Gas Reserve	20,000	-
Kechi Public Building Commission	<u>98,630</u>	<u>-</u>
	<u>\$434,393</u>	<u>\$434,393</u>

**REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF KECHI, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
(BUDGETED FUNDS ONLY)

For the year ended December 31, 2015

	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
General Fund	\$ 1,045,251	\$ -	\$ 1,045,251	\$ 971,001	\$ 74,250
Special Revenue Funds:					
Special Street and Highway	145,000	-	145,000	19,279	125,721
Debt Service Fund:					
Bond and Interest	702,945	1,692,316	2,395,261	2,389,105	6,156
Business Funds:					
Waterworks Utility	565,000	-	565,000	456,977	108,023
Sewer Utility	286,000	-	286,000	263,446	22,554
Gas Utility	532,000	-	532,000	368,970	163,030
Recycling / Solid Waste	135,000	-	135,000	127,511	7,489

CITY OF KECHI, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			Variance Over (Under)
	2014 Actual	2015 Actual Budget		
Receipts:				
Ad valorem property tax	\$ 390,172	\$ 408,391	\$ 402,829	\$ 5,562
Vehicle tax	61,737	69,774	58,342	11,432
Local sales tax	285,845	296,667	280,000	16,667
Franchise tax	63,591	62,304	60,000	2,304
Fines, fees and permits	59,706	93,110	84,000	9,110
Rents and other	35,184	114,265	33,000	81,265
Interest	535	1,098	1,000	98
Reimbursed expenditures	<u>37,021</u>	<u>29,253</u>	<u>19,592</u>	<u>9,661</u>
Total receipts	<u>933,791</u>	<u>1,074,862</u>	<u>\$ 938,763</u>	<u>\$ 136,099</u>
Expenditures:				
Administration:				
Personal services	210,944	217,395	\$ 227,750	\$ 10,355
Contractual services	159,447	176,620	165,592	(11,028)
Commodities	39,548	33,670	25,000	(8,670)
Capital outlay	22,518	17,659	14,700	(2,959)
Debt service	16,110	-	-	-
Transfer to public building commission	69,732	78,461	68,293	(10,168)
Police and court:				
Personal services	276,311	310,740	346,000	35,260
Contractual services	29,212	20,850	44,500	23,650
Commodities	25,532	17,305	17,000	(305)
Capital outlay	21,865	6,040	7,162	1,122
Transfer to public building commission	25,968	20,169	25,338	5,169
Street lighting:				
Contractual services	10,316	13,406	13,000	(406)
Economic development:				
Contractual services	71,104	58,686	75,000	16,314
Transfers to other funds	<u>-</u>	<u>-</u>	<u>15,916</u>	<u>15,916</u>
Total expenditures	<u>978,607</u>	<u>971,001</u>	<u>\$ 1,045,251</u>	<u>\$ 74,250</u>
Receipts over (under) expenditures	(44,816)	103,861		
Unencumbered cash balance, beginning of year	<u>233,791</u>	<u>188,975</u>	<u>\$ 106,488</u>	<u>\$ 82,487</u>
Unencumbered cash balance, end of year	<u>\$ 188,975</u>	<u>\$ 292,836</u>		

CITY OF KECHI, KANSAS

SPECIAL STREET AND HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			Variance Over (Under)
	2014 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
State payments-gasoline tax	\$ 50,722	\$ 51,797	\$ 50,350	\$ 1,447
County treasurer-highway fund	<u>22,070</u>	<u>22,095</u>	<u>23,330</u>	<u>(1,235)</u>
Total cash receipts	<u>72,792</u>	<u>73,892</u>	<u>\$ 73,680</u>	<u>\$ 212</u>
Expenditures:				
Personal services	–	695	\$ 5,000	\$ 4,305
Contractual services	5,016	3,575	10,000	6,425
Commodities	22,484	15,009	65,000	49,991
Capital outlay	<u>–</u>	<u>–</u>	<u>65,000</u>	<u>65,000</u>
Total expenditures	<u>27,500</u>	<u>19,279</u>	<u>\$ 145,000</u>	<u>\$ 125,721</u>
Cash receipts over expenditures	45,292	54,613		
Unencumbered cash balance, beginning of year	<u>126,559</u>	<u>171,851</u>	<u>\$ 88,999</u>	<u>\$ 82,852</u>
Unencumbered cash balance, end of year	<u>\$ 171,851</u>	<u>\$ 226,464</u>	<u>\$ 17,679</u>	<u>\$ 208,785</u>

CITY OF KECHI, KANSAS

CAPITAL IMPROVEMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Cash receipts:		
Transfers in	\$ 25,000	\$ 23,000
Expenditures:		
Capital outlay	<u>45,397</u>	<u>—</u>
Cash receipts over (under) expenditures	(20,397)	23,000
Unencumbered cash balance, beginning of year	<u>132,929</u>	<u>109,929</u>
Unencumbered cash balance, end of year	<u>\$ 112,532</u>	<u>\$ 132,929</u>

CITY OF KECHI, KANSAS

EQUIPMENT RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Cash receipts:		
Transfers in	\$ 30,000	\$ 28,000
Expenditures:		
Capital outlay	<u>45,219</u>	<u>43,181</u>
Expenditures over cash receipts	(15,219)	(15,181)
Unencumbered cash balance, beginning of year	<u>80,019</u>	<u>95,200</u>
Unencumbered cash balance, end of year	<u>\$ 64,800</u>	<u>\$ 80,019</u>

CITY OF KECHI, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			Variance Over Over (Under)
	2014 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Revenues:				
Ad valorem and vehicle tax	\$ 149,908	\$ 158,616	\$ 158,678	\$ (62)
Special assessments	402,789	440,935	399,695	41,240
Debt issue proceeds	–	1,692,316	–	1,692,316
Transfers from other funds	<u>118,331</u>	<u>125,763</u>	<u>141,679</u>	<u>(15,916)</u>
Total cash receipts	<u>671,028</u>	<u>2,417,630</u>	<u>\$ 700,052</u>	<u>\$ 1,717,578</u>
Expenditures:				
Principal	508,147	2,110,000	\$ 480,000	\$(1,630,000)
Interest	223,950	224,589	222,920	(1,669)
Bond issue costs	–	54,516	–	(54,516)
Commission and postage	<u>–</u>	<u>–</u>	<u>25</u>	<u>25</u>
	732,097	2,389,105	702,945	(1,686,160)
Adjustment for qualifying budget credits	<u>–</u>	<u>–</u>	<u>1,692,316</u>	<u>1,692,316</u>
Total expenditures	<u>732,097</u>	<u>2,389,105</u>	<u>\$2,395,261</u>	<u>\$ 6,156</u>
Cash receipts over (under) expenditures	(61,069)	28,525		
Unencumbered cash balance, beginning of year	<u>67,724</u>	<u>6,655</u>	<u>\$ 2,893</u>	<u>\$ 3,762</u>
Unencumbered cash balance, end of year	<u>\$ 6,655</u>	<u>\$ 35,180</u>		

CITY OF KECHI, KANSAS

WATERWORKS UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			Variance Over (Under)
	2014 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
Sales of services	\$ 375,550	\$ 369,122	\$ 500,000	\$(130,878)
Connection fees	20,707	19,435	5,000	14,435
Other	<u>5,985</u>	<u>8,028</u>	<u>5,000</u>	<u>3,028</u>
Total cash receipts	<u>402,242</u>	<u>396,585</u>	<u>\$ 510,000</u>	<u>\$(113,415)</u>
Expenditures:				
Personal services	89,274	106,041	\$ 110,000	\$ 3,959
Water purchases	139,847	150,329	275,000	124,671
Contractual services	17,558	11,579	25,000	13,421
Commodities	17,559	37,454	20,000	(17,454)
Capital outlay	1,831	14,208	–	(14,208)
Employee benefits	28,596	37,366	35,000	(2,366)
Transfers to other funds	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>–</u>
Total expenditures	<u>394,665</u>	<u>456,977</u>	<u>\$ 565,000</u>	<u>\$ 108,023</u>
Cash receipts over (under) expenditures	7,577	(60,392)		
Unencumbered cash balance, beginning of year	<u>218,855</u>	<u>226,432</u>	<u>\$ 193,655</u>	<u>\$ 32,777</u>
Unencumbered cash balance, end of year	<u>\$ 226,432</u>	<u>\$ 166,040</u>	<u>\$ 138,655</u>	<u>\$ 27,385</u>

CITY OF KECHI, KANSAS

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			Variance Over (Under)
	2014 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
Sales of services	\$ 237,838	\$ 239,690	\$ 240,000	\$ (310)
Connection fees	24,500	22,750	6,000	16,750
Other	<u>551</u>	<u>2,963</u>	<u>–</u>	<u>2,963</u>
Total cash receipts	<u>262,889</u>	<u>265,403</u>	<u>\$ 246,000</u>	<u>\$ 19,403</u>
Expenditures:				
Personal services	32,026	34,042	\$ 44,500	\$ 10,458
Contracted waste water treatment	47,237	55,975	60,000	4,025
Contractual services	46,770	23,429	20,000	(3,429)
Commodities	10,772	4,491	15,000	10,509
Capital outlay	395	–	1,500	1,500
Employee benefits	12,202	15,509	15,000	(509)
Transfers to other funds	<u>111,000</u>	<u>130,000</u>	<u>130,000</u>	<u>–</u>
Total expenditures	<u>260,402</u>	<u>263,446</u>	<u>\$ 286,000</u>	<u>\$ 22,554</u>
Cash receipts over expenditures	2,487	1,957		
Unencumbered cash balance, beginning of year	<u>143,063</u>	<u>145,550</u>	<u>\$ 116,162</u>	<u>\$ 29,388</u>
Unencumbered cash balance, end of year	<u>\$ 145,550</u>	<u>\$ 147,507</u>	<u>\$ 76,162</u>	<u>\$ 71,345</u>

CITY OF KECHI, KANSAS

GAS UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			Variance Over (Under)
	2014 <u>Actual</u>	2015 <u>Actual</u> <u>Budget</u>		
Cash receipts:				
Sales of services	\$ 489,128	\$ 357,313	\$ 500,000	\$(142,687)
Connection fees	19,504	9,900	3,000	6,900
Other	<u>8,570</u>	<u>4,290</u>	<u>5,000</u>	<u>(710)</u>
Total cash receipts	<u>517,202</u>	<u>371,503</u>	<u>\$ 508,000</u>	<u>\$(136,497)</u>
Expenditures:				
Personal services	76,734	86,036	\$ 105,000	\$ 18,964
Gas purchased	281,845	156,372	300,000	143,628
Contractual services	16,567	16,283	25,000	8,717
Commodities	33,057	33,038	30,000	(3,038)
Capital outlay	1,831	1,401	2,000	599
Employee benefits	27,344	35,840	30,000	(5,840)
Transfers to other funds	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>—</u>
Total expenditures	<u>477,378</u>	<u>368,970</u>	<u>\$ 532,000</u>	<u>\$ 163,030</u>
Cash receipts over expenditures	39,824	2,533		
Unencumbered cash balance, beginning of year	<u>28,787</u>	<u>68,611</u>	<u>\$ 29,187</u>	<u>\$ 39,424</u>
Unencumbered cash balance, end of year	<u>\$ 68,611</u>	<u>\$ 71,144</u>	<u>\$ 5,187</u>	<u>\$ 65,957</u>

CITY OF KECHI, KANSAS

RECYCLING / SOLID WASTE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS

	Year ended December 31,			Variance Over (Under)
	2014 Actual	Actual	Budget	
Cash receipts:				
Sales of services	\$ 128,382	\$ 128,611	<u>\$ 135,000</u>	<u>\$ (6,389)</u>
Expenditures:				
Contractual services	<u>116,274</u>	<u>127,511</u>	<u>\$ 135,000</u>	<u>\$ 7,489</u>
Cash receipts over expenditures	12,108	1,100		
Unencumbered cash balance, beginning of year	<u>5,113</u>	<u>17,221</u>	<u>\$ 5,113</u>	<u>\$ 12,108</u>
Unencumbered cash balance, end of year	<u>\$ 17,221</u>	<u>\$ 18,321</u>	<u>\$ 5,113</u>	<u>\$ 13,208</u>

CITY OF KECHI, KANSAS

WATERWORKS RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Cash receipts:		
Transfers from other funds	\$ 75,000	\$ 75,000
Expenditures:		
Transfer to other funds	<u>51,931</u>	<u>48,331</u>
Cash receipts over expenditures	23,069	26,669
Unencumbered cash balance, beginning of year	<u>195,756</u>	<u>169,087</u>
Unencumbered cash balance, end of year	<u>\$218,825</u>	<u>\$195,756</u>

CITY OF KECHI, KANSAS

SEWER RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Cash receipts:		
Transfers from other funds	\$ 60,000	\$ 45,000
Expenditures:		
Transfers to other funds	<u>13,832</u>	<u>10,000</u>
Cash receipts over expenditures	46,168	35,000
Unencumbered cash balance, beginning of year	<u>117,603</u>	<u>82,603</u>
Unencumbered cash balance, end of year	<u>\$163,771</u>	<u>\$117,603</u>

CITY OF KECHI, KANSAS

GAS RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Cash receipts:		
Transfers from other funds	\$ 20,000	\$ 20,000
Expenditures:		
Capital outlays	<u> —</u>	<u> —</u>
Cash receipts over expenditures	20,000	20,000
Unencumbered cash balance, beginning of year	<u>94,156</u>	<u>74,156</u>
Unencumbered cash balance, end of year	<u>\$114,156</u>	<u>\$ 94,156</u>

CITY OF KECHI, KANSAS

KECHI PUBLIC BUILDING COMMISSION
RELATED MUNICIPAL ENTITYSCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2015</u>	<u>2014</u>
Cash receipts:		
Transfers from the City of Kechi	\$ 98,630	\$ 95,700
Expenditures:		
Principal	65,000	60,000
Interest	<u>33,630</u>	<u>35,700</u>
Total expenditures	<u>98,630</u>	<u>95,700</u>
Cash receipts over expenditures	-	-
Unencumbered cash balance, beginning of year	<u>879</u>	<u>879</u>
Unencumbered cash balance, end of year	<u>\$ 879</u>	<u>\$ 879</u>

CITY OF KECHI, KANSAS

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS – ALL AGENCY FUNDS
REGULATORY BASIS

Year ended December 31, 2015

	Beginning Cash Balance January 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash Balance December 31, <u>2015</u>
Meter Deposit Fund	<u>\$36,108</u>	<u>\$ 17,800</u>	<u>\$ 9,601</u>	<u>\$ 44,307</u>