

**CITY OF KECHI, KANSAS**

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**FINANCIAL STATEMENT**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED DECEMBER 31, 2014**

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**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, 2014 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, 2014, 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, 2014, 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 2013 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 2013 basic financial statement upon which we rendered an unqualified opinion dated April 11, 2014. The 2013 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 2013 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 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 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 2013 basic financial statement or to the 2013 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 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

*George Bowerman & Noel, P.A.*

Wichita, Kansas  
June 9, 2015

CITY OF KECHLI, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
REGULATORY BASIS

For the year ended December 31, 2014

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 233,791	\$ 933,791	\$ 978,607	\$ 188,975	\$ 44,604	\$ 233,579
Special Purpose Funds:						
Special Street and Highway	126,559	72,792	27,500	171,851	278	172,129
Capital Improvement	109,929	23,000	-	132,929	-	132,929
Equipment Reserve	95,200	28,000	43,181	80,019	-	80,019
Bond and Interest Fund:						
Bond and Interest	67,724	671,028	732,097	6,655	-	6,655
Business Funds:						
Waterworks Utility	218,855	402,242	394,665	226,432	12,830	239,262
Sewer Utility	143,063	262,889	260,402	145,550	3,298	148,848
Gas Utility	28,787	517,202	477,378	68,611	1,270	69,881
Recycling / Solid Waste	5,113	128,382	116,274	17,221	-	17,221
Waterworks Reserve	169,087	75,000	48,331	195,756	-	195,756
Sewer Reserve	82,603	45,000	10,000	117,603	-	117,603
Gas Reserve	74,156	20,000	-	94,156	-	94,156
Total Primary Government (excluding agency funds)	1,354,867	3,179,326	3,088,435	1,445,758	62,280	1,508,038
Related Municipal Entity: Kechi Public Building Commission	879	95,700	95,700	879	-	879
Total Reporting Entity (excluding agency funds)	\$ 1,355,746	\$ 3,275,026	\$ 3,184,135	\$ 1,446,637	\$ 62,280	\$ 1,508,917

CITY OF KECHI, KANSAS

SUMMARY OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
REGULATORY BASIS (continued)

For the year ended December 31, 2014

<b>Composition of Cash:</b>	
Primary Government:	
Emprise Bank, Wichita, Kansas:	
General checking now account	\$ 175,678
Municipal Investment Pool	1,368,268
Cash on hand	200
Less Agency Funds	<u>(36,108)</u>
Total Primary Government (excluding agency funds)	1,508,038
Related Municipal Entity:	
Kechi Public Building Commission:	
Municipal Investment Pool	<u>879</u>
Total Reporting Entity (excluding agency funds)	<u>\$ 1,508,917</u>

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

**CITY OF KECHI, KANSAS**

**NOTES TO FINANCIAL STATEMENT**

**December 31, 2014**

**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 2014.

## 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 9, 2015, which is the date the financial statement was available to be issued.

2. **DEPOSITS AND INVESTMENTS**

At December 31, 2014 the City had the following investments:

<u>Investment Type</u>	<u>Fair Value/ Carrying Amount</u>	<u>Investment Maturity (Years)</u>		<u>Standard &amp; Poor's Rating</u>
		<u>Less than 1</u>	<u>1-2 Years</u>	
Kansas Municipal Investment Pool	\$1,368,268	\$1,368,268	\$ -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, 2014.

At December 31, 2014, the carrying amount of the City's deposits was \$175,678, with the bank balance of such account being \$182,214. 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 \$65,170 at December 31, 2014.

### **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, 2014, the City had invested \$1,368,268 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. That report may be obtained 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. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. The City collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. Kansas law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The employer rate established by statute for the period from January 1, 2014 to December 31, 2014 was 9.69%. Included in this rate is the contribution for the Group Death and Disability Insurance of 0.85%. The City's contributions to KPERS for the years ending December 31, 2014, 2013 and 2012 were \$47,250, \$39,950 and \$32,697, respectively, equal to the statutory required contributions for each year.

### **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 2013 in the accompanying financial statement are included, where practicable, only to provide a basis for comparison with 2014 and are not intended to present all information necessary for a fair presentation in accordance with the statutory basis of presentation. Certain amounts for 2013 have been reclassified to conform to the presentation of similar amounts for 2014.

## 6. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2014:

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
<u>Primary Government:</u>									
General Obligation Bonds, Series A 2006	3.80-5.75	11-01-06	1,011,800	11-01-22	\$ 705,000	\$ -	\$ 65,000	\$ 640,000	\$ 28,715
General Obligation Bonds, Series A 2007	3.75-5.90	05-15-07	1,496,077	11-01-27	1,160,000	-	70,000	1,090,000	49,115
General Obligation Bonds, Series A 2008	3.40-6.00	02-28-08	1,405,000	09-01-28	1,180,000	-	60,000	1,120,000	47,790
General Obligation Bonds, Series B 2008	3.00-4.65	09-15-08	575,000	09-15-28	510,000	-	25,000	485,000	21,942
General Obligation Refunding Bonds, Series A 2010	1.25-3.50	08-18-10	1,540,000	09-01-18	765,000	-	220,000	545,000	22,325
General Obligation Refunding and Improvement Bonds, Series A 2011	2.00-4.50	11-22-11	2,040,000	09-01-32	<u>2,035,000</u>	<u>-</u>	<u>70,000</u>	<u>1,965,000</u>	<u>68,320</u>
Total City of Kechi					<u>6,355,000</u>	<u>-</u>	<u>510,000</u>	<u>5,845,000</u>	<u>238,207</u>
<u>Kechi Public Building Commission:</u>									
Public Building Commission Revenue Bonds Series 2005	3.50-5.00	11-01-05	300,000	11-01-26	230,000	-	15,000	215,000	10,968
Public Building Commission Refunding Revenue Bonds Series 2010	2.00-4.75	01-13-10	745,000	08-01-24	<u>600,000</u>	<u>-</u>	<u>45,000</u>	<u>555,000</u>	<u>24,732</u>
Total Kechi Public Building Commission					<u>830,000</u>	<u>-</u>	<u>60,000</u>	<u>770,000</u>	<u>35,700</u>
Total Long-Term Debt					<u>\$7,185,000</u>	<u>\$ -</u>	<u>\$ 570,000</u>	<u>\$ 6,615,000</u>	<u>\$ 273,907</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>
2015	\$ 480,000	\$ 222,920	\$ 702,920
2016	430,000	207,785	637,785
2017	445,000	193,545	638,545
2018	470,000	178,145	648,145
2019	355,000	161,360	516,360
2020	370,000	148,343	518,343
2021	385,000	134,422	519,422
2022	405,000	119,733	524,733
2023	300,000	104,100	404,100
2024	315,000	92,477	407,477
2025	330,000	79,948	409,948
2026	350,000	66,545	416,545
2027	360,000	51,953	411,953
2028	280,000	36,665	316,665
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>\$ 5,845,000</u>	<u>\$ 1,861,723</u>	<u>\$ 7,706,723</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>
2015	\$ 65,000	\$ 33,630	\$ 98,630
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>\$ 770,000</u>	<u>\$ 217,705</u>	<u>\$ 987,705</u>

**7. INTERFUND TRANSFERS**

A summary of interfund transfers by individual fund for 2014 is as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 95,700
Bond and Interest	118,331	-
Capital Improvement	23,000	-
Equipment Reserve	28,000	-
Waterworks Utility	-	100,000
Sewer Utility	-	111,000
Gas Utility	-	40,000
Waterworks Reserve	75,000	48,331
Sewer Reserve	45,000	10,000
Gas Reserve	20,000	-
Kechi Public Building Commission	<u>95,700</u>	<u>-</u>
	<u>\$405,031</u>	<u>\$405,031</u>

**REGULATORY – REQUIRED  
SUPPLEMENTARY INFORMATION**

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CITY OF KECHL, KANSAS

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

For the year ended December 31, 2014

	<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	\$ 1,036,921	\$ -	\$ 1,036,921	\$ 978,607	\$ 58,314
Special Revenue Funds:					
Special Street and Highway	110,000	-	110,000	27,500	82,500
Debt Service Fund:					
Bond and Interest	748,233	-	748,233	732,097	16,136
Business Funds:					
Waterworks Utility	537,700	-	537,700	394,665	143,035
Sewer Utility	265,900	-	265,900	260,402	5,498
Gas Utility	482,600	-	482,600	477,378	5,222
Recycling / Solid Waste	135,000	-	135,000	116,274	18,726

CITY OF KECHI, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

	Year ended December 31,			
	2013	2014		Variance
	Actual	Actual	Budget	Over (Under)
<b>Receipts:</b>				
Ad valorem property tax	\$ 442,320	\$ 390,172	\$ 391,025	\$ (853)
Vehicle tax	58,060	61,737	60,388	1,349
Local sales tax	277,061	285,845	275,000	10,845
Franchise tax	58,620	63,591	55,000	8,591
Fines, fees and permits	85,442	59,706	76,600	(16,894)
Rents and other	33,994	35,184	31,000	4,184
Interest	1,443	535	1,000	(465)
Reimbursed expenditures	<u>24,658</u>	<u>37,021</u>	<u>4,000</u>	<u>33,021</u>
Total receipts	<u>981,598</u>	<u>933,791</u>	<u>\$ 894,013</u>	<u>\$ 39,778</u>
<b>Expenditures:</b>				
<b>Administration:</b>				
Personal services	188,114	210,944	\$ 221,200	\$ 10,256
Contractual services	108,315	159,447	135,000	(24,447)
Commodities	49,741	39,548	45,000	5,452
Capital outlay	9,676	22,518	39,500	16,982
Debt service	7,881	16,110	15,021	(1,089)
Transfer to public building commission	70,970	69,732	69,732	-
<b>Police and court:</b>				
Personal services	271,209	276,311	294,000	17,689
Contractual services	27,779	29,212	40,000	10,788
Commodities	28,058	25,532	18,000	(7,532)
Capital outlay	9,516	21,865	31,000	9,135
Transfer to public building commission	26,583	25,968	25,968	-
<b>Street lighting:</b>				
Contractual services	11,157	10,316	12,000	1,684
<b>Economic development:</b>				
Contractual services	33,725	71,104	90,500	19,396
Transfers to other funds	<u>85,379</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>928,103</u>	<u>978,607</u>	<u>\$ 1,036,921</u>	<u>\$ 58,314</u>
Receipts over (under) expenditures	53,495	(44,816)		
Unencumbered cash balance, beginning of year	<u>180,296</u>	<u>233,791</u>	<u>\$ 142,908</u>	<u>\$ 90,883</u>
Unencumbered cash balance, end of year	<u>\$ 233,791</u>	<u>\$ 188,975</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)
	2013 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
State payments-gasoline tax	\$ 48,865	\$ 50,722	\$ 49,990	\$ 732
County treasurer-highway fund	<u>21,473</u>	<u>22,070</u>	<u>22,610</u>	<u>(540)</u>
Total cash receipts	<u>70,338</u>	<u>72,792</u>	<u>\$ 72,600</u>	<u>\$ 192</u>
Expenditures:				
Personal services	–	–	\$ 5,000	\$ 5,000
Contractual services	–	5,016	10,000	4,984
Commodities	40,790	22,484	65,000	42,516
Capital outlay	<u>–</u>	<u>–</u>	<u>30,000</u>	<u>30,000</u>
Total expenditures	<u>40,790</u>	<u>27,500</u>	<u>\$ 110,000</u>	<u>\$ 82,500</u>
Cash receipts over expenditures	29,548	45,292		
Unencumbered cash balance, beginning of year	<u>97,011</u>	<u>126,559</u>	<u>\$ 56,121</u>	<u>\$ 70,438</u>
Unencumbered cash balance, end of year	<u>\$ 126,559</u>	<u>\$ 171,851</u>	<u>\$ 18,721</u>	<u>\$ 153,130</u>

CITY OF KECHI, KANSAS

CAPITAL IMPROVEMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers in	\$ 23,000	\$ 30,000
Expenditures:		
Capital outlay	<u>—</u>	<u>—</u>
Cash receipts over expenditures	23,000	30,000
Unencumbered cash balance, beginning of year	<u>109,929</u>	<u>79,929</u>
Unencumbered cash balance, end of year	<u>\$ 132,929</u>	<u>\$ 109,929</u>

CITY OF KECHI, KANSAS

EQUIPMENT RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers in	\$ <u>28,000</u>	\$ <u>37,564</u>
Expenditures:		
Capital outlay	<u>43,181</u>	<u>9,015</u>
Cash receipts over (under) expenditures	(15,181)	28,549
Unencumbered cash balance, beginning of year	<u>95,200</u>	<u>66,651</u>
Unencumbered cash balance, end of year	<u>\$ 80,019</u>	<u>\$ 95,200</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 (Under)
	2013 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Revenues:				
Ad valorem and vehicle tax	\$ 149,475	\$ 149,908	\$ 149,748	\$ 160
Special assessments	520,140	402,789	410,000	(7,211)
Transfers from other funds	<u>179,272</u>	<u>118,331</u>	<u>118,331</u>	<u>—</u>
Total cash receipts	<u>848,887</u>	<u>671,028</u>	<u>\$ 678,079</u>	<u>\$ (7,051)</u>
Expenditures:				
Principal	475,000	508,147	\$ 510,000	\$ 1,853
Interest	306,346	223,950	238,208	14,258
Commission and postage	<u>—</u>	<u>—</u>	<u>25</u>	<u>25</u>
Total expenditures	<u>781,346</u>	<u>732,097</u>	<u>\$ 748,233</u>	<u>\$ 16,136</u>
Cash receipts over (under) expenditures	67,541	(61,069)		
Unencumbered cash balance, beginning of year	<u>183</u>	<u>67,724</u>	<u>\$ 70,154</u>	<u>\$ (2,430)</u>
Unencumbered cash balance, end of year	<u>\$ 67,724</u>	<u>\$ 6,655</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)
	2013 Actual	Actual	Budget	
Cash receipts:				
Sales of services	\$ 338,135	\$ 375,550	\$ 500,000	\$(124,450)
Connection fees	8,548	20,707	7,500	13,207
Other	<u>4,020</u>	<u>5,985</u>	<u>5,000</u>	<u>985</u>
Total cash receipts	<u>350,703</u>	<u>402,242</u>	<u>\$ 512,500</u>	<u>\$(110,258)</u>
Expenditures:				
Personal services	81,084	89,274	\$ 112,700	\$ 23,426
Water purchases	119,633	139,847	250,000	110,153
Contractual services	18,650	17,558	25,000	7,442
Commodities	15,049	17,559	20,000	2,441
Capital outlay	–	1,831	–	(1,831)
Employee benefits	26,297	28,596	30,000	1,404
Transfers to other funds	<u>123,750</u>	<u>100,000</u>	<u>100,000</u>	<u>–</u>
Total expenditures	<u>384,463</u>	<u>394,665</u>	<u>\$ 537,700</u>	<u>\$ 143,035</u>
Cash receipts over (under) expenditures	(33,760)	7,577		
Unencumbered cash balance, beginning of year	<u>252,615</u>	<u>218,855</u>	<u>\$ 179,414</u>	<u>\$ 39,441</u>
Unencumbered cash balance, end of year	<u>\$ 218,855</u>	<u>\$ 226,432</u>	<u>\$ 154,214</u>	<u>\$ 72,218</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)
	2013 Actual	Actual	Budget	
Cash receipts:				
Sales of services	\$ 240,293	\$ 237,838	\$ 230,000	\$ 7,838
Connection fees	16,500	24,500	9,000	15,500
Other	<u>1,338</u>	<u>551</u>	<u>—</u>	<u>551</u>
Total cash receipts	<u>258,131</u>	<u>262,889</u>	<u>\$ 239,000</u>	<u>\$ 23,889</u>
Expenditures:				
Personal services	29,288	32,026	\$ 44,400	\$ 12,374
Contracted waste water treatment	38,800	47,237	60,000	12,763
Contractual services	21,591	46,770	20,000	(26,770)
Commodities	4,777	10,772	15,000	4,228
Capital outlay	—	395	2,500	2,105
Employee benefits	11,430	12,202	13,000	798
Transfers to other funds	<u>148,500</u>	<u>111,000</u>	<u>111,000</u>	<u>—</u>
Total expenditures	<u>254,386</u>	<u>260,402</u>	<u>\$ 265,900</u>	<u>\$ 5,498</u>
Cash receipts over expenditures	3,745	2,487		
Unencumbered cash balance, beginning of year	<u>139,318</u>	<u>143,063</u>	<u>\$ 76,818</u>	<u>\$ 66,245</u>
Unencumbered cash balance, end of year	<u>\$ 143,063</u>	<u>\$ 145,550</u>	<u>\$ 49,918</u>	<u>\$ 95,632</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)
	2013 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
Sales of services	\$ 390,394	\$ 489,128	\$ 475,000	\$ 14,128
Connection fees	5,415	19,504	3,000	16,504
Other	<u>5,273</u>	<u>8,570</u>	<u>5,000</u>	<u>3,570</u>
Total cash receipts	<u>401,082</u>	<u>517,202</u>	<u>\$ 483,000</u>	<u>\$ 34,202</u>
Expenditures:				
Personal services	71,524	76,734	\$ 105,600	\$ 28,866
Gas purchased	198,146	281,845	250,000	(31,845)
Contractual services	21,969	16,567	25,000	8,433
Commodities	23,980	33,057	30,000	(3,057)
Capital outlay	2,009	1,831	2,000	169
Employee benefits	25,405	27,344	30,000	2,656
Transfers to other funds	<u>58,900</u>	<u>40,000</u>	<u>40,000</u>	<u>—</u>
Total expenditures	<u>401,933</u>	<u>477,378</u>	<u>\$ 482,600</u>	<u>\$ 5,222</u>
Cash receipts over (under) expenditures	(851)	39,824		
Unencumbered cash balance, beginning of year	<u>29,638</u>	<u>28,787</u>	<u>\$ 4,638</u>	<u>\$ 24,149</u>
Unencumbered cash balance, end of year	<u>\$ 28,787</u>	<u>\$ 68,611</u>	<u>\$ 5,038</u>	<u>\$ 63,573</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)
	2013 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash receipts:				
Sales of services	\$ <u>114,884</u>	\$ <u>128,382</u>	\$ <u>135,000</u>	\$ <u>(6,618)</u>
Expenditures:				
Contractual services	<u>122,021</u>	<u>116,274</u>	\$ <u>135,000</u>	\$ <u>18,726</u>
Cash receipts over (under) expenditures	(7,137)	12,108		
Unencumbered cash balance, beginning of year	<u>12,250</u>	<u>5,113</u>	\$ <u>9,750</u>	\$ <u>(4,637)</u>
Unencumbered cash balance, end of year	\$ <u>5,113</u>	\$ <u>17,221</u>	\$ <u>9,750</u>	\$ <u>7,471</u>

CITY OF KECHI, KANSAS

WATERWORKS RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers from other funds	\$ 75,000	\$ 98,750
Expenditures:		
Transfer to other funds	<u>48,331</u>	<u>36,457</u>
Cash receipts over expenditures	26,669	62,293
Unencumbered cash balance, beginning of year	<u>169,087</u>	<u>106,794</u>
Unencumbered cash balance, end of year	<u>\$195,756</u>	<u>\$169,087</u>

CITY OF KECHI, KANSAS

SEWER RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers from other funds	\$ 45,000	\$ 78,500
Special assessments	<u>        -</u>	<u>    5,000</u>
Total cash receipts	45,000	83,500
Expenditures:		
Transfers to other funds	<u>  10,000</u>	<u>  10,000</u>
Cash receipts over expenditures	35,000	73,500
Unencumbered cash balance, beginning of year	<u>  82,603</u>	<u>    9,103</u>
Unencumbered cash balance, end of year	<u>\$117,603</u>	<u>\$  82,603</u>

CITY OF KECHI, KANSAS

GAS RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

	<u>Year ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers from other funds	\$ 20,000	\$ 38,900
Expenditures:		
Capital outlays	<u>          —</u>	<u>      9,394</u>
Cash receipts over expenditures	20,000	29,506
Unencumbered cash balance, beginning of year	<u>74,156</u>	<u>44,650</u>
Unencumbered cash balance, end of year	<u>\$ 94,156</u>	<u>\$ 74,156</u>

## CITY OF KECHI, KANSAS

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

	Year ended December 31,	
	<u>2014</u>	<u>2013</u>
Cash receipts:		
Transfers from the City of Kechi	\$ <u>95,700</u>	\$ <u>97,553</u>
Expenditures:		
Principal	60,000	60,000
Interest	<u>35,700</u>	<u>37,553</u>
Total expenditures	<u>95,700</u>	<u>97,553</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, 2014

	Beginning Cash Balance January 1, <u>2014</u>	Cash Receipts	Cash Disbursements	Ending Cash Balance December 31, <u>2014</u>
Meter Deposit Fund	<u>\$38,438</u>	<u>\$ 9,880</u>	<u>\$ 12,210</u>	<u>\$ 36,108</u>