

**CITY OF VALLEY CENTER, KANSAS**

**FINANCIAL STATEMENT**

**Year Ended December 31, 2015**

This page intentionally left blank

CITY OF VALLEY CENTER, KANSAS

Financial Statement  
Year Ended December 31, 2015

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Table of Contents	i - ii
FINANCIAL STATEMENT SECTION	
Independent Auditors' Report	1 - 2
Summary Statement of Receipts, Expenditures and Unencumbered Cash	3
Notes to the Financial Statement	4 - 11
REGULATORY REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE 1	
Summary of Expenditures - Actual and Budget	12
SCHEDULE 2	
Schedule of Receipts and Expenditures - Actual and Budget or Actual Only	
General Fund	13
Library Fund	14
Employee Benefits Fund	15
Emergency Equipment Fund	16
Special Highway Fund	17
Equipment Reserve Fund	18
Alcohol and Drug Safety Action Program Fund	19
Active Aging Fund	20
Special Alcohol & Drug Fund	21
Special Parks and Recreation Fund	22
Drug Tax Fund	23
Public Works Building Fund	24
Fire Vehicle Reserve Fund	25
Building Equipment Reserve Fund	26
Park Beautification Fund	27
Business Improvement Fund	28
D.A.R.E. Fund	29
Law Enforcement Fund	30
Bond and Interest Fund	31
Capital Improvement Fund	32
Capital Projects Fund	33
Water Fund	34
Sewer Fund	35
Stormwater Fund	36
Solid Waste Fund	37
SCHEDULE 3	
Schedule of Receipts and Expenditures - Actual	
Valley Center Public Library – Related Municipal Entity	38

CITY OF VALLEY CENTER, KANSAS

Financial Statement  
Year Ended December 31, 2015

TABLE OF CONTENTS

	<u>Page Number</u>
SCHEDULE 4 Summary of Receipts and Disbursements	
Agency Funds	39



## INDEPENDENT AUDITORS' REPORT

Mayor and City Council  
City of Valley Center, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the municipal financial reporting entity of the City of Valley Center, Kansas (the City), 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 this 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.

### *Auditors' 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 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 auditors' 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 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 as of December 31, 2015, or changes in financial position and cash flows thereof for the year then ended.

*Unmodified 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 balance of the City 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, schedule of regulatory basis receipts and expenditures-related municipal entity, and the summary 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 column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2015 basic financial statement upon which we rendered an unmodified opinion dated June 24, 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 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.

*Mize Houser & Company PA*

Certified Public Accountants

Lawrence, Kansas  
May 18, 2016

City of Valley Center, Kansas  
 Summary Statement of Receipts, Expenditures and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended December 31, 2015

Funds	Beginning	Prior Year	Receipts	Expenditures	Ending	Add:	Ending
	Unencumbered	Cancelled			Unencumbered	Encumbrances	Cash
	<u>Cash Balance</u>	<u>Encumbrances</u>			<u>Cash Balance</u>	<u>Payable</u>	<u>Balance</u>
General Fund:							
General	\$ 561,310	\$ -	\$ 2,553,925	\$ 2,376,356	\$ 738,879	\$ 27,782	\$ 766,661
Special Purpose Funds:							
Library	16,458	-	230,482	232,000	14,940	-	14,940
Employee Benefits	354,621	-	726,739	514,065	567,295	-	567,295
Emergency Equipment	141,865	-	48,431	50,932	139,364	-	139,364
Special Highway	540,126	-	941,346	1,007,965	473,507	10,478	483,985
Equipment Reserve	218,532	-	14,072	149,030	83,574	-	83,574
Alcohol and Drug Safety Action Program	3,160	-	-	-	3,160	-	3,160
Active Aging	877	-	5,000	5,000	877	27	904
Special Alcohol & Drug	30,253	-	5,209	6,840	28,622	107	28,729
Special Parks and Recreation	27,815	-	5,210	17,000	16,025	-	16,025
Drug Tax	5,347	-	-	-	5,347	-	5,347
Public Works Building	8,627	-	-	8,627	-	-	-
Fire Vehicle Reserve	640	-	-	640	-	-	-
Building Equipment Reserve	111,178	-	8,627	-	119,805	-	119,805
Park Beautification	3,186	-	-	-	3,186	-	3,186
Business Improvement	1,144	-	-	1,144	-	-	-
D.A.R.E.	3,871	-	21	556	3,336	-	3,336
Law Enforcement	2,500	-	-	-	2,500	-	2,500
Bond and Interest Fund:							
Bond and Interest	1,036,813	-	2,201,579	2,019,449	1,218,943	-	1,218,943
Capital Projects Funds:							
Capital Improvement	3,354	-	-	3,354	-	-	-
Capital Projects	5,341,672	-	1,676,670	6,659,315	359,027	27,223	386,250
Business Funds:							
Water	1,563,190	-	1,656,048	1,800,996	1,418,242	53,438	1,471,680
Sewer	619,957	-	1,093,190	883,681	829,466	34,762	864,228
Stormwater	209,088	-	204,629	137,997	275,720	119	275,839
Solid Waste	156,348	-	406,647	394,484	168,511	-	168,511
<b>Total Primary Government</b>	<b>10,961,932</b>	<b>-</b>	<b>11,777,825</b>	<b>16,269,431</b>	<b>6,470,326</b>	<b>153,936</b>	<b>6,624,262</b>
Related Municipal Entities:							
Valley Center Public Library	622,990	-	273,209	239,536	656,663	364	657,027
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 11,584,922</b>	<b>\$ -</b>	<b>\$ 12,051,034</b>	<b>\$ 16,508,967</b>	<b>\$ 7,126,989</b>	<b>\$ 154,300</b>	<b>\$ 7,281,289</b>

Composition of Cash:

Intrust Bank	
Operating	\$ 2,794,122
Money Market	2,841,901
Certificate of Deposit	200,000
Halstead Bank	
Certificate of Deposit	342,168
Certificate of Deposit	342,013
Library - Checking	93,576
Library - Certificate of Deposit	143,129
Emprise Bank	
Certificate of Deposit	104,058
Chisolm Trail State Bank	
Library Checking	17,246
Library Saving	76,886
Library Certificate of Deposit	326,190
<b>Total Cash</b>	<b>7,281,289</b>
Less: Agency Funds Schedule 4	-
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 7,281,289</b>

City of Valley Center, Kansas

Notes to the Financial Statement  
December 31, 2015

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Valley Center (the City) is a municipal corporation governed by a mayor and eight member council. This financial statement presents the City (the primary government) and the Valley Center Public Library (related municipal entity) for which the City is considered to be financially accountable.

Basis of Accounting

*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 receipts 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.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2015:

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

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified 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 Projects Fund – 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 Fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc).

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

City of Valley Center, Kansas

Notes to the Financial Statement  
December 31, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

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 on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least 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 regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget was amended for the Special Highway Fund during 2015.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts 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 and certain special purpose funds including: Equipment Reserve, Active Aging, Public Works Building Fund, Fire Vehicle Reserve Fund, Building Equipment Reserve Fund, Park Beautification Fund, Business Improvement Fund, D.A.R.E. Fund, and the Law Enforcement Fund.

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

City of Valley Center, Kansas

Notes to the Financial Statement  
December 31, 2015

NOTE 2 - Deposits and Investments

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

*Investments.* 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. As of December 31, 2015, the City held no such investments.

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

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods". All deposits were legally secured at December 31, 2015.

At December 31, 2015, the City's and Library's carrying amounts of deposits were \$6,624,261 and \$657,027, respectively, and the bank balances were \$6,714,900 and \$651,738, respectively. The City's bank balances were held by three banks and the Library's bank balances were held by two banks, resulting in a concentration of credit risk. Of the City's bank balance, \$604,058 was covered by federal depository insurance and the remaining balance of \$6,110,842 was collateralized with securities held by the pledging financial institutions' agents in the City's name. Of the Library's bank balance, \$486,705 was covered by federal depository insurance and the remaining balance of \$165,033 was collateralized with securities held by the pledging financial institutions' agents in the Library's name.

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

NOTE 3 – Defined Benefit Pension

*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. 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 its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy -* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. 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.

City of Valley Center, Kansas

Notes to the Financial Statement  
December 31, 2015

NOTE 3 – Defined Benefit Pension (Continued)

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 .85% contribution rate for Death and Disability Program) and the statutory contribution rate 9.48% for the fiscal year ended December 31, 2015. Contributions to the pension plan from the City were \$170,314 for the year ended December 31, 2015.

*Net Pension Liability.* At December 31, 2015, the City's proportionate share of the collective net pension liability reported by KPERS was \$1,446,791. 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 of KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report, including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the KPERS website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

NOTE 4 - Long-Term Debt

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

	Balance <u>January 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>December 31, 2015</u>	Interest <u>Paid</u>
Paid by Taxes:					
General Obligation Bonds	\$ 16,945,000	\$ -	\$ 1,515,000	\$ 15,430,000	\$ 494,876
Temporary Notes	1,535,000	1,120,000	-	2,655,000	17,348
Capital Lease	187,500	-	45,210	142,290	49,740
Paid by Fees:					
KDHE Loan	<u>2,450,210</u>	-	<u>148,070</u>	<u>2,302,139</u>	<u>60,577</u>
	<u>\$ 21,117,710</u>	<u>\$ 1,120,000</u>	<u>\$ 1,708,280</u>	<u>\$ 20,529,429</u>	<u>\$ 622,542</u>

City of Valley Center, Kansas

Notes to the Financial Statement  
December 31, 2015

NOTE 4 - Long-Term Debt (Continued)

*General Obligation Bonds.* Following is a detailed listing of the City's outstanding general obligation debt:

<u>Description</u>	<u>Interest Rates</u>	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
Paid by taxes					
G.O. Bonds issued:					
Series 2007-1	3.75% - 4.75%	11/15/2007	12/1/2028	\$ 710,000	\$ 545,000
Series 2009-1	3.00% - 4.375%	9/10/2009	12/1/2024	1,395,000	1,095,000
Series 2010-1	2.25% - 3.875%	6/15/2010	12/1/2025	2,005,000	680,000
Series 2012-1	2.00% - 3.00%	4/11/2012	12/1/2027	4,665,000	3,725,000
Series 2012-2	2.00% - 3.375%	4/11/2012	12/1/2032	2,065,000	1,750,000
Series 2012-3	2.00% - 3.00%	4/11/2012	12/1/2027	2,560,000	2,145,000
Series 2013	2.00% - 4.00%	2/12/2013	12/1/2033	<u>6,635,000</u>	<u>5,490,000</u>
				<u>\$ 20,035,000</u>	<u>\$ 15,430,000</u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 1,525,000	\$ 457,086	\$ 1,982,086
2017	1,480,000	418,467	1,898,467
2018	1,190,000	380,279	1,570,279
2019	1,220,000	348,624	1,568,624
2020	2,945,000	314,436	3,259,436
2021-2025	5,150,000	729,221	5,879,221
2026-2030	1,880,000	96,251	1,976,251
2031-2032	40,000	2,025	42,025
Total	<u>\$ 15,430,000</u>	<u>\$ 2,746,388</u>	<u>\$ 18,176,388</u>

City of Valley Center, Kansas

Notes to the Financial Statement  
December 31, 2015

NOTE 4 - Long-Term Debt (Continued)

*Temporary Notes:*

The City enters into temporary financing in anticipation of general obligation debt issuances to finance certain capital improvements. During 2014, the City issued temporary notes in the amount of \$1,535,000 with an interest rate of .7% and with a final maturity of December 1, 2016.

The City issued additional temporary notes on February 18, 2015 for a total of \$1,120,000 and carries an interest rate of .75% with a final maturity of December 1, 2017.

Annual debt service requirements to maturity for the general obligation temporary notes are as follows:

Temp notes Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 1,535,000	\$ 19,145	\$ 1,554,145
2017	1,120,000	8,400	1,128,400
Total	<u>\$ 2,655,000</u>	<u>\$ 27,545</u>	<u>\$ 2,682,545</u>

*KDHE Loans Payable:*

The City is currently indebted to the KDHE revolving loans program for the following loans outstanding as of December 31, 2015:

<u>Fund</u>	<u>Description</u>	<u>Outstanding Balance</u>
Wastewater Fund	KDHE Project No. C20 1740 01 WWTP	<u>\$ 2,302,139</u>

Annual debt service requirements to maturity for the KDHE loans payable are as follows:

<u>Year Ending December 31,</u>	<u>KDHE Loan</u>
2016	\$ 202,986
2017	203,368
2018	203,760
2019	204,161
2020	204,573
2021-2025	1,029,410
2026-2028	<u>623,292</u>
Total Principal and Interest	2,671,549
Total Interest	<u>369,409</u>
Total Principal	<u>\$ 2,302,139</u>

City of Valley Center, Kansas

Notes to the Financial Statement  
December 31, 2015

NOTE 4 - Long-Term Debt (Continued)

*Capital Lease:*

During 2014, the City entered into a capital lease to acquire a street sweeper for a purchase price of \$187,500 with annual payments of \$49,740 for four years beginning August 2, 2015.

Annual payments to maturity for this capital lease are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 46,302	\$ 3,438	\$ 49,740
2017	47,421	2,319	49,740
2018	48,567	1,174	49,741
Total	<u>\$ 142,290</u>	<u>\$ 6,931</u>	<u>\$ 149,221</u>

*Special Assessments.* As provided by Kansas statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as regulatory receipts in the appropriate project. Special assessments received after the issuance of bonds are recorded as regulatory receipts in the Bond and Interest Fund. The special assessments receivable are not recorded as regulatory receipts when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults which have historically been immaterial.

NOTE 5 – Compensated Absences

It is the City's policy to pay employees' accrued vacation pay upon termination of employment, subject to the maximum hours of accumulation authorized in the following schedule:

<u>Work Years</u>	Days	
	<u>Earned</u>	<u>Available To Use</u>
Initial employment through first anniversary	10	0
2nd through 5th anniversary	10	10
6th through 8th anniversary	12	12
9th through 14th anniversary	14	14
15th through 20th anniversary	18	18
21st anniversary and thereafter	20	20

As of December 31, 2015, the liability for earned vacation pay was \$59,774.

City of Valley Center, Kansas

Notes to the Financial Statement  
December 31, 2015

NOTE 6 - Interfund Transfers

A reconciliation of transfers by fund type for 2015 follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
Business Improvement	General	\$ 1,144	To close fund
Capital Improvement	Capital Projects	3,354	K.S.A. 12-1,118
Equipment Reserve	Capital Projects	100,000	K.S.A. 12-1,117
Fire Vehicle Reserve	Emergency Equipment	640	K.S.A. 12-1,117
General	Capital Projects	18,589	K.S.A. 12-1,118
General	Special Highway	75,000	K.S.A. 68-590
Public Works Building	Building Equipment Reserve	8,627	K.S.A. 12-1,117
Sewer	Bond and Interest	20,600	K.S.A. 12-ga16
Sewer	Equipment Reserve	1,000	K.S.A. 68-141g
Solid Waste	Equipment Reserve	2,500	K.S.A. 68-141g
Special Highway	Bond and Interest	20,000	K.S.A. 12-ga16
Special Highway	Equipment Reserve	1,000	K.S.A. 68-141g
Stormwater	Bond and Interest	100,000	K.S.A. 12-ga16
Water	Bond and Interest	274,500	K.S.A. 12-ga16
Water	Equipment Reserve	4,000	K.S.A. 68-141g
Water	Capital Projects	400,000	K.S.A. 12-825d
		<u>\$ 1,030,954</u>	

NOTE 7 - Commitments and Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial Statement of the City as of December 31, 2015.

NOTE 8 - 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; natural disasters and other events for which the City carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 – Other Post Employment Benefits

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

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

This page intentionally left blank.

City of Valley Center, Kansas  
 Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015

<u>Funds</u>	<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 Funds:					
General	\$ 2,391,730	\$ -	\$ 2,391,730	\$ 2,376,356	\$ [15,374]
Special Purpose Funds:					
Library	232,000	-	232,000	232,000	-
Employee Benefits	741,000	-	741,000	514,065	[226,935]
Emergency Equipment	61,000	-	61,000	50,932	[10,068]
Special Highway	1,020,000	-	1,020,000	1,007,965	[12,035]
Alcohol and Drug Safety Action Program	1,000	-	1,000	-	[1,000]
Special Alcohol & Drug	10,000	-	10,000	6,840	[3,160]
Special Parks and Recreation	22,000	-	22,000	17,000	[5,000]
Drug Tax	1,000	-	1,000	-	[1,000]
Bond and Interest Funds:					
Bond and Interest	2,360,000	-	2,360,000	2,019,449	[340,551]
Business Funds:					
Water	1,461,200	418,954	1,880,154	1,800,996	[79,158]
Sewer	1,042,840	27,131	1,069,971	883,681	[186,290]
Stormwater	138,450	-	138,450	137,997	[453]
Solid Waste	442,500	-	442,500	394,484	[48,016]

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015  
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes	\$ 1,403,816	\$ 1,457,042	\$ 992,920	\$ 464,122
Intergovernmental	563,405	589,394	520,000	69,394
Licenses and permits	126,525	151,625	562,050	[410,425]
Fines and fees	156,116	147,775	97,600	50,175
Use of money and property	14,816	9,295	1,000	8,295
Charges for services	4,000	1,000	15,600	[14,600]
Reimbursement	80,359	29,715	-	29,715
Miscellaneous	134,597	129,457	204,200	[74,743]
Grants	-	37,478	-	37,478
Transfers in	-	1,144	-	1,144
Total Receipts	<u>2,483,634</u>	<u>2,553,925</u>	<u>\$ 2,393,370</u>	<u>\$ 160,555</u>
Expenditures				
General Government				
Administration	460,851	532,650	\$ 570,900	\$ [38,250]
Public Works				
Community development	130,777	121,132	161,750	[40,618]
Environmental services	61,769	65,676	64,600	1,076
Public Safety				
Police department	789,003	821,478	830,250	[8,772]
Fire department	221,693	217,653	238,750	[21,097]
Legal and municipal court	122,494	127,967	126,430	1,537
Emergency communications	928	-	-	-
Culture and Recreation				
Parks	381,422	396,211	399,050	[2,839]
Transfers out	<u>105,000</u>	<u>93,589</u>	<u>-</u>	<u>93,589</u>
Total Expenditures	<u>2,273,937</u>	<u>2,376,356</u>	<u>\$ 2,391,730</u>	<u>\$ [15,374]</u>
Receipts Over [Under] Expenditures	209,697	177,569		
Unencumbered Cash, Beginning	<u>351,613</u>	<u>561,310</u>		
Unencumbered Cash, Ending	<u>\$ 561,310</u>	<u>\$ 738,879</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
 Library Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015  
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes	\$ 227,118	\$ 230,482	\$ 232,000	\$ [1,518]
Total Receipts	<u>227,118</u>	<u>230,482</u>	<u>\$ 232,000</u>	<u>\$ [1,518]</u>
Expenditures				
Culture and recreation appropriation	<u>227,117</u>	<u>232,000</u>	\$ 232,000	\$ -
Total Expenditures	<u>227,117</u>	<u>232,000</u>	<u>\$ 232,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	1	[1,518]		
Unencumbered Cash, Beginning	<u>16,457</u>	<u>16,458</u>		
Unencumbered Cash, Ending	<u>\$ 16,458</u>	<u>\$ 14,940</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
 Employee Benefits Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015  
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 693,500	\$ 726,233	\$ 733,040	\$ [6,807]
Reimbursement	6,912	468	3,500	[3,032]
Miscellaneous	-	38	-	38
Total Receipts	<u>700,412</u>	<u>726,739</u>	<u>\$ 736,540</u>	<u>\$ [9,801]</u>
Expenditures				
Personal services	<u>598,190</u>	<u>514,065</u>	<u>\$ 741,000</u>	<u>\$ [226,935]</u>
Total Expenditures	<u>598,190</u>	<u>514,065</u>	<u>\$ 741,000</u>	<u>\$ [226,935]</u>
Receipts Over [Under] Expenditures	102,222	212,674		
Unencumbered Cash, Beginning	<u>252,399</u>	<u>354,621</u>		
Unencumbered Cash, Ending	<u>\$ 354,621</u>	<u>\$ 567,295</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
 Emergency Equipment Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015  
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 50,472	\$ 47,791	\$ 47,610	\$ 181
Transfer in	-	640	-	640
Total Receipts	<u>50,472</u>	<u>48,431</u>	<u>\$ 47,610</u>	<u>\$ 821</u>
Expenditures				
Capital outlay	<u>34,626</u>	<u>50,932</u>	<u>\$ 61,000</u>	<u>\$ [10,068]</u>
Total Expenditures	<u>34,626</u>	<u>50,932</u>	<u>\$ 61,000</u>	<u>\$ [10,068]</u>
Receipts Over [Under] Expenditures	15,846	[2,501]		
Unencumbered Cash, Beginning	<u>126,019</u>	<u>141,865</u>		
Unencumbered Cash, Ending	<u>\$ 141,865</u>	<u>\$ 139,364</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
Special Highway Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2015  
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 78,674	\$ 78,830	\$ 83,000	\$ [4,170]
Intergovernmental	738,113	768,979	707,120	61,859
Transfer in	100,000	75,000	100,000	[25,000]
Licenses and permits	-	1,100	-	1,100
Miscellaneous	4,251	17,437	10,000	7,437
Total Receipts	<u>921,038</u>	<u>941,346</u>	<u>\$ 900,120</u>	<u>\$ 41,226</u>
Expenditures				
Personal services	241,079	246,848	\$ 241,800	\$ 5,048
Contractual services	55,352	53,024	60,550	[7,526]
Commodities	75,166	95,284	74,300	20,984
Capital outlay	487,431	591,809	617,350	[25,541]
Miscellaneous	-	-	5,000	[5,000]
Transfers out	21,000	21,000	21,000	-
Total Expenditures	<u>880,028</u>	<u>1,007,965</u>	<u>\$ 1,020,000</u>	<u>\$ [12,035]</u>
Receipts Over [Under] Expenditures	41,010	[66,619]		
Unencumbered Cash, Beginning	<u>499,116</u>	<u>540,126</u>		
Unencumbered Cash, Ending	<u>\$ 540,126</u>	<u>\$ 473,507</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
 Equipment Reserve Fund\*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Years Ended December 31, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ 10,500	\$ 8,500
Reimbursements	5,259	4,494
Interest income	1	-
Miscellaneous	-	1,078
	<u>15,760</u>	<u>14,072</u>
Total Receipts		
Expenditures		
Capital outlay	29,478	49,030
Transfer out	-	100,000
	<u>29,478</u>	<u>149,030</u>
Total Expenditures		
Receipts Over [Under] Expenditures	[13,718]	[134,958]
Unencumbered Cash, Beginning	<u>232,250</u>	<u>218,532</u>
Unencumbered Cash, Ending	<u>\$ 218,532</u>	<u>\$ 83,574</u>

\* - This fund is not required to be budgeted.

City of Valley Center, Kansas  
 Alcohol and Drug Safety Action Program Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015  
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

		Current Year		
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Over <u>[Under]</u>
Receipts				
Fines and fees	\$ 219	\$ -	\$ 1,000	\$ [1,000]
Total Receipts	<u>219</u>	<u>-</u>	<u>\$ 1,000</u>	<u>\$ [1,000]</u>
Expenditures				
Commodities	<u>-</u>	<u>-</u>	<u>\$ 1,000</u>	<u>\$ [1,000]</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>\$ 1,000</u>	<u>\$ [1,000]</u>
Receipts Over [Under] Expenditures	219	-		
Unencumbered Cash, Beginning	<u>2,941</u>	<u>3,160</u>		
Unencumbered Cash, Ending	<u>\$ 3,160</u>	<u>\$ 3,160</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
Active Aging Fund\*  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Years Ended December 31, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Intergovernmental	\$ <u>5,000</u>	\$ <u>5,000</u>
Total Receipts	<u>5,000</u>	<u>5,000</u>
Expenditures		
Personal services	<u>9,000</u>	<u>5,000</u>
Total Expenditures	<u>9,000</u>	<u>5,000</u>
Receipts Over [Under] Expenditures	[4,000]	-
Unencumbered Cash, Beginning	<u>4,877</u>	<u>877</u>
Unencumbered Cash, Ending	<u>\$ 877</u>	<u>\$ 877</u>

\* - This fund is not required to be budgeted.

City of Valley Center, Kansas  
 Special Alcohol & Drug Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015  
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Intergovernmental	\$ 7,185	\$ 5,209	\$ 5,000	\$ 209
Total Receipts	<u>7,185</u>	<u>5,209</u>	<u>\$ 5,000</u>	<u>\$ 209</u>
Expenditures				
Contractual services	-	1,263	\$ 5,000	\$ [3,737]
Commodities	-	<u>5,577</u>	<u>5,000</u>	<u>577</u>
Total Expenditures	<u>-</u>	<u>6,840</u>	<u>\$ 10,000</u>	<u>\$ [3,160]</u>
Receipts Over [Under] Expenditures	7,185	[1,631]		
Unencumbered Cash, Beginning	<u>23,068</u>	<u>30,253</u>		
Unencumbered Cash, Ending	<u>\$ 30,253</u>	<u>\$ 28,622</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
Special Parks and Recreation Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2015  
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Intergovernmental	\$ 6,185	\$ 5,210	\$ 4,000	\$ 1,210
Total Receipts	<u>6,185</u>	<u>5,210</u>	<u>\$ 4,000</u>	<u>\$ 1,210</u>
Expenditures				
Contractual services	-	17,000	\$ 17,000	\$ -
Commodities	<u>500</u>	<u>-</u>	<u>5,000</u>	<u>[5,000]</u>
Total Expenditures	<u>500</u>	<u>17,000</u>	<u>\$ 22,000</u>	<u>\$ [5,000]</u>
Receipts Over [Under] Expenditures	5,685	[11,790]		
Unencumbered Cash, Beginning	<u>22,130</u>	<u>27,815</u>		
Unencumbered Cash, Ending	<u>\$ 27,815</u>	<u>\$ 16,025</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
 Drug Tax Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015  
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Reimbursements	\$ -	\$ -	\$ 3,000	\$ [3,000]
Total Receipts	-	-	<u>\$ 3,000</u>	<u>\$ [3,000]</u>
Expenditures				
Capital outlay	-	-	\$ 1,000	\$ [1,000]
Total Expenditures	-	-	<u>\$ 1,000</u>	<u>\$ [1,000]</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>5,347</u>	<u>5,347</u>		
Unencumbered Cash, Ending	<u>\$ 5,347</u>	<u>\$ 5,347</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
 Public Works Building Fund\*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Years Ended December 31, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Intergovernmental	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Transfer out	-	8,627
Total Expenditures	-	8,627
Receipts Over [Under] Expenditures		[8,627]
Unencumbered Cash, Beginning	8,627	8,627
Unencumbered Cash, Ending	<u>\$ 8,627</u>	<u>\$ -</u>

\* - This fund is not required to be budgeted.

City of Valley Center, Kansas  
 Fire Vehicle Reserve Fund\*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Years Ended December 31, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Transfers out	<u>-</u>	<u>640</u>
Total Expenditures	<u>-</u>	<u>640</u>
Receipts Over [Under] Expenditures	-	[640]
Unencumbered Cash, Beginning	<u>640</u>	<u>640</u>
Unencumbered Cash, Ending	<u>\$ 640</u>	<u>\$ -</u>

\* - This fund is not required to be budgeted.

City of Valley Center, Kansas  
 Building Equipment Reserve Fund\*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Years Ended December 31, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ -	\$ 8,627
Total Receipts	<u>-</u>	<u>8,627</u>
Expenditures		
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	8,627
Unencumbered Cash, Beginning	<u>111,178</u>	<u>111,178</u>
Unencumbered Cash, Ending	<u>\$ 111,178</u>	<u>\$ 119,805</u>

\* - This is not required to be budgeted.

City of Valley Center, Kansas  
 Park Beautification Fund\*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Years Ended December 31, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	<u>3,186</u>	<u>3,186</u>
Unencumbered Cash, Ending	<u><u>\$ 3,186</u></u>	<u><u>\$ 3,186</u></u>

\* - This fund is not required to be budgeted.

City of Valley Center, Kansas  
 Business Improvement Fund\*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Years Ended December 31, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Transfer out	<u>-</u>	<u>1,144</u>
Total Expenditures	<u>-</u>	<u>1,144</u>
Receipts Over [Under] Expenditures		[1,144]
Unencumbered Cash, Beginning	<u>1,144</u>	<u>1,144</u>
Unencumbered Cash, Ending	<u>\$ 1,144</u>	<u>\$ -</u>

\* - This fund is not required to be budgeted.

City of Valley Center, Kansas  
D.A.R.E. Fund\*  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Years Ended December 31, 2015 and 2014

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Reimbursements	\$ -	\$ 21
Total Receipts	-	21
Expenditures		
Miscellaneous commodities	-	432
Capital outlay	1,047	124
Total Expenditures	1,047	556
Receipts Over [Under] Expenditures	[1,047]	[535]
Unencumbered Cash, Beginning	4,918	3,871
Unencumbered Cash, Ending	\$ 3,871	\$ 3,336

\* - This fund is not required to be budgeted.

City of Valley Center, Kansas  
 Law Enforcement Fund\*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Years Ended December 31, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Reimbursements	\$ -	\$ -
 Total Receipts	-	-
Expenditures		
Capital outlay	-	-
 Total Expenditures	-	-
 Receipts Over [Under] Expenditures	-	-
 Unencumbered Cash, Beginning	2,500	2,500
 Unencumbered Cash, Ending	\$ 2,500	\$ 2,500

\* - This fund is not required to be budgeted.

City of Valley Center, Kansas  
 Bond and Interest Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015  
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes	\$ 819,797	\$ 834,100	\$ 840,350	\$ [6,250]
Special assessment	933,124	890,389	859,770	30,619
Use of money and property	2,466	175	-	175
Miscellaneous	-	-	500	[500]
Reimbursements	-	61,815	-	61,815
Transfer in	540,900	415,100	580,900	[165,800]
<b>Total Receipts</b>	<u>2,296,287</u>	<u>2,201,579</u>	<u>\$ 2,281,520</u>	<u>\$ [79,941]</u>
Expenditures				
Principal	1,687,514	1,515,000	\$ 1,570,000	\$ [55,000]
Interest	538,466	504,449	580,000	[75,551]
Capital outlay	-	-	195,000	[195,000]
Miscellaneous	-	-	15,000	[15,000]
<b>Total Expenditures</b>	<u>2,225,980</u>	<u>2,019,449</u>	<u>\$ 2,360,000</u>	<u>\$ [340,551]</u>
Receipts Over [Under] Expenditures	70,307	182,130		
Unencumbered Cash, Beginning	<u>966,506</u>	<u>1,036,813</u>		
Unencumbered Cash, Ending	<u>\$ 1,036,813</u>	<u>\$ 1,218,943</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
 Capital Improvement Fund\*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Years Ended December 31, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Interest income	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Transfer out	<u>-</u>	<u>3,354</u>
Total Expenditures	<u>-</u>	<u>3,354</u>
Receipts Over [Under] Expenditures	-	[3,354]
Unencumbered Cash, Beginning	<u>3,354</u>	<u>3,354</u>
Unencumbered Cash, Ending	<u>\$ 3,354</u>	<u>\$ -</u>

\* - This fund is not required to be budgeted.

City of Valley Center, Kansas  
 Capital Projects Fund\*  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Years Ended December 31, 2015 and 2014

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Bond proceeds	\$ 1,535,000	\$ 1,120,000
Reimbursements	27,564	20,120
Interest income	18,682	14,607
Transfers in	<u>-</u>	<u>521,943</u>
 Total Receipts	 <u>1,581,246</u>	 <u>1,676,670</u>
 Expenditures		
Debt service	34,651	33,707
Contractual services	229,380	6,063,309
Capital outlay	<u>1,540,447</u>	<u>562,299</u>
 Total Expenditures	 <u>1,804,478</u>	 <u>6,659,315</u>
 Receipts Over [Under] Expenditures	 [223,232]	 [4,982,645]
 Unencumbered Cash, Beginning	 <u>5,564,904</u>	 <u>5,341,672</u>
 Unencumbered Cash, Ending	 <u>\$ 5,341,672</u>	 <u>\$ 359,027</u>

\* - This fund is not required to be budgeted.

City of Valley Center, Kansas  
Water Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2015  
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Charges to customers	\$ 1,616,464	\$ 1,655,395	\$ 1,453,500	\$ 201,895
Reimbursed expense	-	-	5,000	[5,000]
Miscellaneous	-	653	2,000	[1,347]
Use of money and property	3	-	1,000	[1,000]
Total Receipts	<u>1,616,467</u>	<u>1,656,048</u>	<u>\$ 1,461,500</u>	<u>\$ 194,548</u>
Expenditures				
Personnel services	378,359	394,597	\$ 335,900	\$ 58,697
Contractual	683,621	558,834	678,800	[119,966]
Commodities	38,457	31,277	39,000	[7,723]
Capital outlay	34,982	137,788	124,000	13,788
Miscellaneous	3,271	-	5,000	[5,000]
Transfer out	278,500	678,500	278,500	400,000
Adjustment for qualifying budget credit: Reserve funds not subject to budget	-	-	418,954	[418,954]
Total Expenditures	<u>1,417,190</u>	<u>1,800,996</u>	<u>\$ 1,880,154</u>	<u>\$ [79,158]</u>
Receipts Over [Under] Expenditures	199,277	[144,948]		
Unencumbered Cash, Beginning	<u>1,363,913</u>	<u>1,563,190</u>		
Unencumbered Cash, Ending	<u>\$ 1,563,190</u>	<u>\$ 1,418,242</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
Sewer Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2015  
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges to customers	\$ 1,052,327	\$ 1,085,639	\$ 1,034,000	\$ 51,639
Miscellaneous	2,689	7,551	9,000	[1,449]
Interest income	<u>1</u>	<u>-</u>	<u>200</u>	<u>[200]</u>
Total Receipts	<u>1,055,017</u>	<u>1,093,190</u>	<u>\$ 1,043,200</u>	<u>\$ 49,990</u>
Expenditures				
Personnel services	188,436	179,020	\$ 215,540	\$ [36,520]
Contractual	315,200	364,590	326,900	37,690
Commodities	17,987	33,354	29,000	4,354
Capital outlay	63,687	76,575	59,000	17,575
Debt service	208,647	205,676	-	205,676
Miscellaneous	-	2,866	15,000	[12,134]
Transfer out	186,900	21,600	397,400	[375,800]
Adjustment for qualifying budget credit: Reserve funds not subject to budget	<u>-</u>	<u>-</u>	<u>27,131</u>	<u>[27,131]</u>
Total Expenditures	<u>980,857</u>	<u>883,681</u>	<u>\$ 1,069,971</u>	<u>\$ [186,290]</u>
Receipts Over [Under] Expenditures	74,160	209,509		
Unencumbered Cash, Beginning	<u>545,797</u>	<u>619,957</u>		
Unencumbered Cash, Ending	<u>\$ 619,957</u>	<u>\$ 829,466</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
Stormwater Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2015  
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Charges to customers	\$ 184,233	\$ 204,629	\$ 140,000	\$ 64,629
Total Receipts	<u>184,233</u>	<u>204,629</u>	<u>\$ 140,000</u>	<u>\$ 64,629</u>
Expenditures				
Contractual	16,510	25,470	\$ 23,450	\$ 2,020
Commodities	2,000	2,030	4,000	[1,970]
Capital outlay	-	10,497	9,000	1,497
Miscellaneous	-	-	2,000	[2,000]
Transfer out	<u>60,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Expenditures	<u>78,510</u>	<u>137,997</u>	<u>\$ 138,450</u>	<u>\$ [453]</u>
Receipts Over [Under] Expenditures	105,723	66,632		
Unencumbered Cash, Beginning	<u>103,365</u>	<u>209,088</u>		
Unencumbered Cash, Ending	<u>\$ 209,088</u>	<u>\$ 275,720</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
 Solid Waste Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015  
 (With Comparative Actual Amounts for the Year Ended December 31, 2014)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges to customers	\$ 395,461	\$ 406,647	\$ 435,500	\$ [28,853]
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>[1,500]</u>
Total Receipts	<u>395,461</u>	<u>406,647</u>	<u>\$ 437,000</u>	<u>\$ [30,353]</u>
Expenditures				
Personnel services	-	20,000	\$ -	\$ 20,000
Contractual	374,949	371,984	435,000	[63,016]
Capital outlay	-	-	5,000	[5,000]
Transfer out	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total Expenditures	<u>374,949</u>	<u>394,484</u>	<u>\$ 442,500</u>	<u>\$ [48,016]</u>
Receipts Over [Under] Expenditures	20,512	12,163		
Unencumbered Cash, Beginning	<u>135,836</u>	<u>156,348</u>		
Unencumbered Cash, Ending	<u>\$ 156,348</u>	<u>\$ 168,511</u>		

See independent auditor's report on the financial statements.

City of Valley Center, Kansas  
Valley Center Public Library - Related Municipal Entity  
General Fund  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis  
For the Year Ended December 31, 2015

Receipts	
State of Kansas	\$ 2,337
NEKL Association	20,578
City appropriation	232,000
Interest	774
Donations and sales	5,211
Grants	7,169
Miscellaneous	<u>5,140</u>
Total Receipts	<u>273,209</u>
Expenditures	
Salary and payroll taxes	144,566
Books, periodicals and film	35,036
Supplies	19,489
Utilities	6,752
Contractual	25,927
Maintenance	6,682
Miscellaneous	<u>1,084</u>
Total Expenditures	<u>239,536</u>
Receipts Over [Under] Expenditures	33,673
Unencumbered Cash, Beginning	<u>622,990</u>
Unencumbered Cash, Ending	<u>\$ 656,663</u>

See independent auditor's report on the financial statements.

Schedule 4

City of Valley Center, Kansas  
 Agency Fund  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended December 31, 2015

<u>FUND</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Payroll Clearing Fund	\$ <u>38</u>	\$ -	\$ <u>38</u>	\$ -
Total Agency Funds	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ -</u>

See independent auditor's report on the financial statements.