

**CITY OF VALLEY CENTER, KANSAS**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

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CITY OF VALLEY CENTER, KANSAS

FINANCIAL STATEMENTS  
Year Ended December 31, 2016

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## 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, 2016 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, 2016, 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, 2016, 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.

*Prior Period Restatement*

As discussed in Note 11 to the financial statements, the financial statements for the year ended December 31, 2016, have been restated to correct a misstatement for the Related Municipal Entity - Valley Center Public Library. Our opinion is not modified with respect to this matter.

*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, and schedule of regulatory basis receipts and expenditures-related municipal entity (Schedules 1, 2, and 3 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 2015 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 2016 basic financial statement upon which we rendered an unmodified opinion dated May 18, 2016. The 2015 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 2015 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 2015 basic financial statement. The 2015 comparative information was subjected to auditing procedures applied in the audit of the 2015 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 2015 basic financial statement or to the 2015 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 2015 comparative information is fairly stated in all material respects in relation to the 2015 basic financial statement as a whole, on the basis of accounting described in Note 1.

*Mize Houser & Company PA*

Certified Public Accountants

Lawrence, Kansas  
June 28, 2017

CITY OF VALLEY CENTER, KANSAS  
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
REGULATORY BASIS  
For the Year Ended December 31, 2016

<u>Funds</u>	Beginning Unencumbered <u>Cash Balance</u>	Prior Period <u>Adjustment</u>	<u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered <u>Cash Balance</u>	Add: Encumbrances and Accounts <u>Payable</u>	Ending Cash <u>Balance</u>
General Fund:							
General	\$ 738,879	\$ -	\$ 3,374,582	\$ 3,203,493	\$ 909,968	\$ 67,192	\$ 977,160
Special Purpose Funds:							
Library	14,940	-	236,826	250,495	1,271	-	1,271
Employee Benefits	567,295	-	516,938	527,133	557,100	-	557,100
Emergency Equipment	139,364	-	55,015	39,182	155,197	5,546	160,743
Special Highway	473,507	-	1,013,615	1,075,808	411,314	138,141	549,455
Equipment Reserve	83,574	-	299,935	185,214	198,295	-	198,295
Alcohol and Drug Safety Action Program	3,160	-	-	-	3,160	-	3,160
Active Aging	877	-	5,000	5,903	[26]	26	-
Special Alcohol & Drug	28,622	-	4,130	1,190	31,562	58	31,620
Special Parks and Recreation	16,025	-	4,130	15,000	5,155	-	5,155
Drug Tax	5,347	-	-	-	5,347	-	5,347
Public Works Building	-	-	-	-	-	-	-
Fire Vehicle Reserve	-	-	-	-	-	-	-
Building Equipment Reserve	119,805	-	-	-	119,805	-	119,805
Park Beautification	3,186	-	-	986	2,200	-	2,200
Business Improvement	-	-	-	-	-	-	-
D.A.R.E.	3,336	-	647	4,080	[97]	155	58
Law Enforcement	2,500	-	-	-	2,500	-	2,500
Bond and Interest Fund:							
Bond and Interest	1,218,943	-	1,811,715	1,991,657	1,039,001	-	1,039,001
Capital Projects Funds:							
Capital Improvement	-	-	-	-	-	-	-
Capital Projects	359,027	-	5,840,131	3,993,959	2,205,199	271,879	2,477,078
Business Funds:							
Water	1,418,242	-	2,222,465	2,096,482	1,544,225	15,515	1,559,740
Sewer	829,466	-	1,128,573	1,134,014	824,025	18,221	842,246
Stormwater	275,720	-	222,480	142,102	356,098	119	356,217
Solid Waste	168,511	-	423,521	437,462	154,570	-	154,570
<b>Total Primary Government</b>	<b>6,470,326</b>	<b>-</b>	<b>17,159,703</b>	<b>15,104,160</b>	<b>8,525,869</b>	<b>516,852</b>	<b>9,042,721</b>
Related Municipal Entities:							
Valley Center Public Library	656,663	[94,161]	289,140	373,257	478,385	1,453	479,838
<b>Total Reporting Entity</b>	<b>\$ 7,126,989</b>	<b>\$ [94,161]</b>	<b>\$ 17,448,843</b>	<b>\$ 15,477,417</b>	<b>\$ 9,004,254</b>	<b>\$ 518,305</b>	<b>\$ 9,522,559</b>

Composition of Cash:

Intrust Bank	
Operating	\$ 5,210,915
Money Market	2,843,184
Certificate of Deposit	200,000
Halstead Bank	
Certificates of Deposit	684,522
Emprise Bank	
Certificate of Deposit	104,100
Chisolm Trail State Bank	
Library Checking	2,704
Library Saving	123,847
Library Certificate of Deposit	353,131
Library Petty Cash	156
<b>Total Reporting Entity</b>	<b>\$ 9,522,559</b>

The notes to the financial statement are an integral part of this statement.

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

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. The related municipal entity is included in the city's reporting entity because it was established to benefit the City and/or its constituents.

Library Board – The City of Valley Center Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City.

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, 2016:

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).

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

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 Library and Water Funds during 2016.

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, Alcohol and Drug Safety Action Program, Active Aging, Drug Tax, Public Works Building, Fire Vehicle Reserve, Building Equipment Reserve, Park Beautification, Business Improvement, D.A.R.E., 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 STATEMENTS  
Year Ended December 31, 2016

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, 2016.

At December 31, 2016, the City's and Library's carrying amounts of deposits were \$9,042,721 and \$479,838, respectively, and the bank balances were \$9,120,206 and \$474,019, respectively. The City's bank balances were held by three banks and the Library's bank balances was held by one bank, resulting in a concentration of credit risk. Of the City's bank balance, \$604,100 was covered by federal depository insurance and the remaining balance of \$8,516,106 was collateralized with securities held by the pledging financial institutions' agents in the City's name. Of the Library's bank balance, \$250,000 was covered by federal depository insurance and the remaining balance of \$224,019 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 STATEMENTS  
Year Ended December 31, 2016

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 1.00% contribution rate through March 31, 2016, with a 0% moratorium until June 30, 2017, for Death and Disability Program) and the statutory contribution rate 9.18% for the fiscal year ended December 31, 2016. Contributions to the pension plan from the City were \$185,962 for the year ended December 31, 2016.

*Net Pension Liability.* At December 31, 2016, the City's proportionate share of the collective net pension liability reported by KPERS was \$1,663,676. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. 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, 2016:

	Balance <u>January 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>December 31, 2016</u>	Interest <u>Paid</u>
Paid by Taxes:					
General Obligation Bonds	\$ 15,430,000	\$ 4,490,000	\$ 1,525,000	\$ 18,395,000	\$ 457,085
Temporary Notes	2,655,000	-	2,655,000	-	9,573
Capital Lease	142,290	-	46,302	95,988	3,438
Paid by Fees:					
KDHE Loan	2,302,139	-	151,810	2,150,329	56,837
	<u>\$ 20,529,429</u>	<u>\$ 4,490,000</u>	<u>\$ 4,378,112</u>	<u>\$ 20,641,317</u>	<u>\$ 526,933</u>

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

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	\$ 515,000
Series 2009-1	3.00% - 4.375%	9/10/2009	12/1/2024	1,395,000	995,000
Series 2010-1	2.25% - 3.875%	6/15/2010	12/1/2025	2,005,000	445,000
Series 2012-1	2.00% - 3.00%	4/11/2012	12/1/2027	4,665,000	3,300,000
Series 2012-2	2.00% - 3.375%	4/11/2012	12/1/2032	2,065,000	1,630,000
Series 2012-3	2.00% - 3.00%	4/11/2012	12/1/2027	2,560,000	1,990,000
Series 2013	2.00% - 4.00%	2/12/2013	12/1/2033	6,635,000	5,030,000
Series 2016-1	2.00% - 3.00%	6/1/2016	12/1/2036	4,490,000	4,490,000
				<u>\$ 24,525,000</u>	<u>\$ 18,395,000</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>
2017	\$ 1,555,000	\$ 575,292	\$ 2,130,292
2018	1,375,000	483,329	1,858,329
2019	1,415,000	447,974	1,862,974
2020	3,140,000	409,886	3,549,886
2021	1,285,000	299,311	1,584,311
2022-2026	6,080,000	971,863	7,051,863
2027-2031	2,170,000	322,285	2,492,285
2032-2036	1,375,000	124,388	1,499,388
Total	<u>\$ 18,395,000</u>	<u>\$ 3,634,328</u>	<u>\$ 22,029,328</u>

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2016

NOTE 4 - Long-Term Debt (Continued)

The City issued Series 2016-1 General Obligation Bonds in the amount of \$4,490,000 on June 1, 2016 to retire \$1,535,000 of Series 2014-1 Temporary Notes, \$1,120,000 of Series 2015-1 Temporary Notes, and finance the construction of certain internal improvements within the City including public building improvements, park improvements, street improvements, and sewer rehabilitation. The bonds have an interest rate of 2.00% to 3.00% and a final maturity of December 1, 2036.

*KDHE Loans Payable:*

The City is currently indebted to the KDHE revolving loans program for the following loans outstanding as of December 31, 2016:

<u>Fund</u>	<u>Description</u>	<u>Outstanding Balance</u>
Wastewater Fund	KDHE Project No. C20 1740 01 WWTP	<u>\$ 2,150,329</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>
2017	\$ 203,368
2018	203,760
2019	204,161
2020	204,573
2021	204,995
2022-2026	1,031,685
2027-2028	<u>416,021</u>
Total Principal and Interest	2,468,563
Total Interest	<u>318,234</u>
Total Principal	<u>\$ 2,150,329</u>

*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:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 47,421	\$ 2,319	\$ 49,740
2018	<u>48,567</u>	<u>1,174</u>	<u>49,741</u>
Total	<u>\$ 95,988</u>	<u>\$ 3,493</u>	<u>\$ 99,481</u>

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2016

NOTE 4 - Long-Term Debt (Continued)

*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>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, 2016, the liability for earned vacation pay was \$52,434.

NOTE 6 - 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, 2016.

NOTE 7 - 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.

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
Year Ended December 31, 2016

NOTE 8 - Interfund Transfers

A reconciliation of transfers by fund type for 2016 follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
General	Equipment Reserve	\$ 217,406	K.S.A. 68-141g
General	Special Highway	130,000	K.S.A. 68-590
General	Water	400,000	Internal loan
Sewer	Bond and Interest	146,400	K.S.A. 12-1,118
Sewer	Equipment Reserve	500	K.S.A. 68-141g
Solid Waste Utility	Equipment Reserve	25,000	K.S.A. 68-141g
Special Highway	Bond and Interest	20,000	K.S.A. 12-1,118
Special Highway	Capital Projects	408,177	K.S.A. 12-825d
Special Highway	Equipment Reserve	19,000	K.S.A. 68-141g
Stormwater	Bond and Interest	100,000	K.S.A. 12-1,118
Water	Bond and Interest	284,500	K.S.A. 12-1,118
Water	Capital Projects	<u>700,000</u>	K.S.A. 12-825d
		<u>\$ 2,450,983</u>	

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.

NOTE 10 – Statutory Violation

The Active Aging and D.A.R.E. Funds had negative ending unencumbered cash as of December 31, 2016, which is a violation of K.S.A. 10-1113.

NOTE 11 – Restatement

The beginning unencumbered cash balance for the Related Municipal Entity – Valley Center Public Library has been restated for items classified as assets in the prior year. The effects of which are as follows:

Unencumbered Cash, Beginning	\$ 656,663
Prior Period Adjustment	<u>[94,161]</u>
Unencumbered Cash, Beginning, Restated	<u>\$ 562,502</u>

CITY OF VALLEY CENTER, KANSAS  
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
For the Year Ended December 31, 2016

<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	\$ 3,308,233	\$ -	\$ 3,308,233	\$ 3,203,493	\$ 104,740
Special Purpose Funds:					
Library	250,495	-	250,495	250,495	-
Employee Benefits	741,000	-	741,000	527,133	213,867
Emergency Equipment	75,267	-	75,267	39,182	36,085
Special Highway	1,097,503	-	1,097,503	1,075,808	21,695
Special Alcohol & Drug	10,000	-	10,000	1,190	8,810
Special Parks and Recreation	15,000	-	15,000	15,000	-
Bond and Interest Funds:					
Bond and Interest	2,260,992	-	2,260,992	1,991,657	269,335
Business Funds:					
Water	2,175,085	-	2,175,085	2,096,482	78,603
Sewer	1,254,903	42,000	1,296,903	1,134,014	162,889
Stormwater	186,600	-	186,600	142,102	44,498
Solid Waste	478,000	-	478,000	437,462	40,538

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, 2016  
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	1,457,042	\$ 2,209,195	\$ 2,237,183	\$ [27,988]
Intergovernmental	589,394	600,509	581,500	19,009
Licenses and permits	151,625	184,688	129,650	55,038
Fines and fees	147,775	131,794	127,100	4,694
Use of money and property	9,295	10,305	2,000	8,305
Charges for services	1,000	5,000	16,600	[11,600]
Reimbursement	29,715	42,102	-	42,102
Miscellaneous	129,457	159,318	214,200	[54,882]
Grants	37,478	31,671	-	31,671
Transfers in	1,144	-	-	-
Total Receipts	<u>2,553,925</u>	<u>3,374,582</u>	<u>\$ 3,308,233</u>	<u>\$ 66,349</u>
Expenditures				
General Government				
Administration	532,650	613,392	\$ 564,174	\$ [49,218]
Public Works				
Community development	121,132	157,039	203,000	45,961
Environmental services	65,676	18,505	31,330	12,825
Public Safety				
Police department	821,478	901,613	909,250	7,637
Fire department	217,653	218,761	227,450	8,689
Legal and municipal court	127,967	129,862	131,430	1,568
Culture and Recreation				
Parks	396,211	416,915	418,058	1,143
Transfers out	93,589	747,406	823,541	76,135
Total Expenditures	<u>2,376,356</u>	<u>3,203,493</u>	<u>\$ 3,308,233</u>	<u>\$ 104,740</u>
Receipts Over [Under] Expenditures	177,569	171,089		
Unencumbered Cash, Beginning	<u>561,310</u>	<u>738,879</u>		
Unencumbered Cash, Ending	<u>\$ 738,879</u>	<u>\$ 909,968</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, 2016  
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 230,482	\$ 236,826	\$ 235,998	\$ 828
Total Receipts	<u>230,482</u>	<u>236,826</u>	<u>\$ 235,998</u>	<u>\$ 828</u>
Expenditures				
Culture and recreation appropriation	<u>232,000</u>	<u>250,495</u>	<u>\$ 250,495</u>	<u>\$ -</u>
Total Expenditures	<u>232,000</u>	<u>250,495</u>	<u>\$ 250,495</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[1,518]	[13,669]		
Unencumbered Cash, Beginning	<u>16,458</u>	<u>14,940</u>		
Unencumbered Cash, Ending	<u>\$ 14,940</u>	<u>\$ 1,271</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, 2016  
 (With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 726,233	\$ 516,908	\$ 511,598	\$ 5,310
Reimbursement	468	30	3,500	[3,470]
Miscellaneous	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>726,739</u>	<u>516,938</u>	<u>\$ 515,098</u>	<u>\$ 1,840</u>
Expenditures				
Personal services	<u>514,065</u>	<u>527,133</u>	<u>\$ 741,000</u>	<u>\$ 213,867</u>
Total Expenditures	<u>514,065</u>	<u>527,133</u>	<u>\$ 741,000</u>	<u>\$ 213,867</u>
Receipts Over [Under] Expenditures	212,674	[10,195]		
Unencumbered Cash, Beginning	<u>354,621</u>	<u>567,295</u>		
Unencumbered Cash, Ending	<u>\$ 567,295</u>	<u>\$ 557,100</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, 2016  
 (With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes	\$ 47,791	\$ 55,015	\$ 51,945	\$ 3,070
Transfer in	640	-	-	-
Total Receipts	<u>48,431</u>	<u>55,015</u>	<u>\$ 51,945</u>	<u>\$ 3,070</u>
Expenditures				
Capital outlay	<u>50,932</u>	<u>39,182</u>	<u>\$ 75,267</u>	<u>\$ 36,085</u>
Total Expenditures	<u>50,932</u>	<u>39,182</u>	<u>\$ 75,267</u>	<u>\$ 36,085</u>
Receipts Over [Under] Expenditures	[2,501]	15,833		
Unencumbered Cash, Beginning	<u>141,865</u>	<u>139,364</u>		
Unencumbered Cash, Ending	<u>\$ 139,364</u>	<u>\$ 155,197</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, 2016  
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes	\$ 78,830	\$ 82,454	\$ 77,250	\$ 5,204
Intergovernmental	768,979	785,887	755,870	30,017
Transfer in	75,000	130,000	130,000	-
Licenses and permits	1,100	650	-	650
Miscellaneous	17,437	14,624	10,000	4,624
Total Receipts	<u>941,346</u>	<u>1,013,615</u>	<u>\$ 973,120</u>	<u>\$ 40,495</u>
Expenditures				
Personal services	246,848	282,067	\$ 306,203	\$ 24,136
Contractual services	53,024	66,080	63,500	[2,580]
Commodities	95,284	75,082	82,800	7,718
Capital outlay	591,809	205,402	601,000	395,598
Miscellaneous	-	-	5,000	5,000
Transfers out	21,000	447,177	39,000	[408,177]
Total Expenditures	<u>1,007,965</u>	<u>1,075,808</u>	<u>\$ 1,097,503</u>	<u>\$ 21,695</u>
Receipts Over [Under] Expenditures	[66,619]	[62,193]		
Unencumbered Cash, Beginning	<u>540,126</u>	<u>473,507</u>		
Unencumbered Cash, Ending	<u>\$ 473,507</u>	<u>\$ 411,314</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, 2016 and 2015

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ 8,500	\$ 261,906
Reimbursements	4,494	38,029
Miscellaneous	<u>1,078</u>	<u>-</u>
Total Receipts	<u>14,072</u>	<u>299,935</u>
Expenditures		
Capital outlay	49,030	185,214
Transfer out	<u>100,000</u>	<u>-</u>
Total Expenditures	<u>149,030</u>	<u>185,214</u>
Receipts Over [Under] Expenditures	[134,958]	114,721
Unencumbered Cash, Beginning	<u>218,532</u>	<u>83,574</u>
Unencumbered Cash, Ending	<u>\$ 83,574</u>	<u>\$ 198,295</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  
 REGULATORY BASIS  
 For the Years Ended December 31, 2016 and 2015

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

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

CITY OF VALLEY CENTER, KANSAS  
ACTIVE AGING FUND\*  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
For the Years Ended December 31, 2016 and 2015

	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>5,000</u>	<u>5,903</u>
Total Expenditures	<u>5,000</u>	<u>5,903</u>
Receipts Over [Under] Expenditures	-	[903]
Unencumbered Cash, Beginning	<u>877</u>	<u>877</u>
Unencumbered Cash, Ending	<u>\$ 877</u>	<u>\$ [26]</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, 2016  
 (With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Intergovernmental	\$ 5,209	\$ 4,130	\$ 6,000	\$ [1,870]
Total Receipts	<u>5,209</u>	<u>4,130</u>	<u>\$ 6,000</u>	<u>\$ [1,870]</u>
Expenditures				
Contractual services	1,263	1,190	\$ 5,000	\$ 3,810
Commodities	<u>5,577</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total Expenditures	<u>6,840</u>	<u>1,190</u>	<u>\$ 10,000</u>	<u>\$ 8,810</u>
Receipts Over [Under] Expenditures	[1,631]	2,940		
Unencumbered Cash, Beginning	<u>30,253</u>	<u>28,622</u>		
Unencumbered Cash, Ending	<u>\$ 28,622</u>	<u>\$ 31,562</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, 2016  
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Intergovernmental	\$ 5,210	\$ 4,130	\$ 6,000	\$ [1,870]
Total Receipts	<u>5,210</u>	<u>4,130</u>	<u>\$ 6,000</u>	<u>\$ [1,870]</u>
Expenditures				
Contractual services	<u>17,000</u>	<u>15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
Total Expenditures	<u>17,000</u>	<u>15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[11,790]	[10,870]		
Unencumbered Cash, Beginning	<u>27,815</u>	<u>16,025</u>		
Unencumbered Cash, Ending	<u>\$ 16,025</u>	<u>\$ 5,155</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 Years Ended December 31, 2016 and 2015

	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	 <u>5,347</u>	 <u>5,347</u>
 Unencumbered Cash, Ending	 <u>\$ 5,347</u>	 <u>\$ 5,347</u>

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

CITY OF VALLEY CENTER, KANSAS  
PUBLIC WORKS BUILDING FUND\*  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL  
REGULATORY BASIS  
For the Years Ended December 31, 2016 and 2015

	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	_____ -
Unencumbered Cash, Ending	<u>\$ _____ -</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, 2016 and 2015

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Transfer in	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Transfers out	640	-
Total Expenditures	640	-
Receipts Over [Under] Expenditures	[640]	-
Unencumbered Cash, Beginning	640	-
Unencumbered Cash, Ending	<u>\$ -</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, 2016 and 2015

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ 8,627	\$ -
Total Receipts	<u>8,627</u>	<u>-</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>119,805</u>
Unencumbered Cash, Ending	<u>\$ 119,805</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, 2016 and 2015

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ -	\$ -
 Total Receipts	 -	 -
Expenditures		
Capital outlay	-	986
 Total Expenditures	 -	 986
 Receipts Over [Under] Expenditures	 -	 [986]
 Unencumbered Cash, Beginning	 <u>3,186</u>	 <u>3,186</u>
 Unencumbered Cash, Ending	 <u>\$ 3,186</u>	 <u>\$ 2,200</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, 2016 and 2015

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Transfer out	<u>1,144</u>	<u>-</u>
Total Expenditures	<u>1,144</u>	<u>-</u>
Receipts Over [Under] Expenditures	[1,144]	-
Unencumbered Cash, Beginning	<u>1,144</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</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, 2016 and 2015

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Reimbursements	\$ 21	\$ 647
 Total Receipts	21	647
 Expenditures		
Miscellaneous commodities	432	4,080
Capital outlay	124	-
 Total Expenditures	556	4,080
 Receipts Over [Under] Expenditures	[535]	[3,433]
 Unencumbered Cash, Beginning	3,871	3,336
 Unencumbered Cash, Ending	\$ 3,336	\$ [97]

\* - 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, 2016 and 2015

	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	<u>2,500</u>	<u>2,500</u>
Unencumbered Cash, Ending	<u>\$ 2,500</u>	<u>\$ 2,500</u>

\* - 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, 2016  
 (With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes	\$ 834,100	\$ 370,649	\$ 359,801	\$ 10,848
Special assessment	890,389	886,694	900,000	[13,306]
Use of money and property	175	3,472	500	2,972
Reimbursements	61,815	-	-	-
Transfer in	<u>415,100</u>	<u>550,900</u>	<u>580,900</u>	<u>[30,000]</u>
Total Receipts	<u>2,201,579</u>	<u>1,811,715</u>	<u>\$ 1,841,201</u>	<u>\$ [29,486]</u>
Expenditures				
Principal	1,515,000	1,525,000	\$ 1,681,810	\$ 156,810
Interest	504,449	466,657	561,182	94,525
Miscellaneous	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>18,000</u>
Total Expenditures	<u>2,019,449</u>	<u>1,991,657</u>	<u>\$ 2,260,992</u>	<u>\$ 269,335</u>
Receipts Over [Under] Expenditures	182,130	[179,942]		
Unencumbered Cash, Beginning	<u>1,036,813</u>	<u>1,218,943</u>		
Unencumbered Cash, Ending	<u>\$ 1,218,943</u>	<u>\$ 1,039,001</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, 2016 and 2015

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Interest income	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Transfer out	<u>3,354</u>	<u>-</u>
Total Expenditures	<u>3,354</u>	<u>-</u>
Receipts Over [Under] Expenditures	[3,354]	-
Unencumbered Cash, Beginning	<u>3,354</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</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, 2016 and 2015

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Bond proceeds	\$ 1,120,000	\$ 4,731,934
Reimbursements	20,120	-
Interest income	14,607	20
Transfers in	<u>521,943</u>	<u>1,108,177</u>
 Total Receipts	 <u>1,676,670</u>	 <u>5,840,131</u>
 Expenditures		
Debt service	33,707	2,701,764
Contractual services	6,063,309	366,760
Capital outlay	<u>562,299</u>	<u>925,435</u>
 Total Expenditures	 <u>6,659,315</u>	 <u>3,993,959</u>
 Receipts Over [Under] Expenditures	 [4,982,645]	 1,846,172
 Unencumbered Cash, Beginning	 <u>5,341,672</u>	 <u>359,027</u>
 Unencumbered Cash, Ending	 <u>\$ 359,027</u>	 <u>\$ 2,205,199</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, 2016  
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Charges to customers	\$ 1,655,395	\$ 1,820,765	\$ 1,696,000	\$ 124,765
Transfer in	-	400,000	-	400,000
Miscellaneous	653	1,700	3,231	[1,531]
Total Receipts	<u>1,656,048</u>	<u>2,222,465</u>	<u>\$ 1,699,231</u>	<u>\$ 523,234</u>
Expenditures				
Personnel services	394,597	291,930	\$ 391,698	\$ 99,768
Contractual	558,834	632,801	507,300	[125,501]
Commodities	31,277	30,903	28,017	[2,886]
Capital outlay	137,788	156,348	93,570	[62,778]
Transfer out	<u>678,500</u>	<u>984,500</u>	<u>1,154,500</u>	<u>170,000</u>
Total Expenditures	<u>1,800,996</u>	<u>2,096,482</u>	<u>\$ 2,175,085</u>	<u>\$ 78,603</u>
Receipts Over [Under] Expenditures	[144,948]	125,983		
Unencumbered Cash, Beginning	<u>1,563,190</u>	<u>1,418,242</u>		
Unencumbered Cash, Ending	<u>\$ 1,418,242</u>	<u>\$ 1,544,225</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, 2016  
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Charges to customers	\$ 1,085,639	\$ 1,122,465	\$ 1,112,000	\$ 10,465
Miscellaneous	<u>7,551</u>	<u>6,108</u>	<u>144,753</u>	<u>[138,645]</u>
Total Receipts	<u>1,093,190</u>	<u>1,128,573</u>	<u>\$ 1,256,753</u>	<u>\$ [128,180]</u>
Expenditures				
Personnel services	179,020	250,614	\$ 236,700	\$ [13,914]
Contractual	364,590	429,813	380,550	[49,263]
Commodities	33,354	12,478	28,500	16,022
Capital outlay	76,575	85,607	58,500	[27,107]
Debt service	205,676	202,986	-	[202,986]
Miscellaneous	2,866	5,616	15,000	9,384
Transfer out	21,600	146,900	535,653	388,753
Adjustment for qualifying budget credit:				-
Reserve funds not subject to budget	<u>-</u>	<u>-</u>	<u>42,000</u>	<u>42,000</u>
Total Expenditures	<u>883,681</u>	<u>1,134,014</u>	<u>\$ 1,296,903</u>	<u>\$ 162,889</u>
Receipts Over [Under] Expenditures	209,509	[5,441]		
Unencumbered Cash, Beginning	<u>619,957</u>	<u>829,466</u>		
Unencumbered Cash, Ending	<u>\$ 829,466</u>	<u>\$ 824,025</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, 2016  
 (With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges to customers	\$ 204,629	\$ 222,480	\$ 205,000	\$ 17,480
Total Receipts	<u>204,629</u>	<u>222,480</u>	<u>\$ 205,000</u>	<u>\$ 17,480</u>
Expenditures				
Contractual	25,470	29,097	\$ 26,400	\$ [2,697]
Commodities	2,030	3,005	50,200	47,195
Capital outlay	10,497	10,000	10,000	-
Transfer out	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Expenditures	<u>137,997</u>	<u>142,102</u>	<u>\$ 186,600</u>	<u>\$ 44,498</u>
Receipts Over [Under] Expenditures	66,632	80,378		
Unencumbered Cash, Beginning	<u>209,088</u>	<u>275,720</u>		
Unencumbered Cash, Ending	<u>\$ 275,720</u>	<u>\$ 356,098</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, 2016  
 (With Comparative Actual Amounts for the Year Ended December 31, 2015)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges to customers	\$ 406,647	\$ 423,521	\$ 456,800	\$ [33,279]
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>[1,500]</u>
Total Receipts	<u>406,647</u>	<u>423,521</u>	<u>\$ 458,300</u>	<u>\$ [34,779]</u>
Expenditures				
Personnel services	20,000	-	\$ -	\$ -
Contractual	371,984	412,462	448,000	35,538
Capital outlay	-	-	5,000	5,000
Transfer out	<u>2,500</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Expenditures	<u>394,484</u>	<u>437,462</u>	<u>\$ 478,000</u>	<u>\$ 40,538</u>
Receipts Over [Under] Expenditures	12,163	[13,941]		
Unencumbered Cash, Beginning	<u>156,348</u>	<u>168,511</u>		
Unencumbered Cash, Ending	<u>\$ 168,511</u>	<u>\$ 154,570</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, 2016

Receipts	
State of Kansas	\$ 2,215
NEKL Association	22,103
City appropriation	251,766
Interest	417
Donations and sales	1,057
Grants	8,492
Miscellaneous	<u>3,090</u>
Total Receipts	<u>289,140</u>
Expenditures	
Salary and payroll taxes	152,275
Books, periodicals and film	23,270
Supplies	17,107
Utilities	6,793
Contractual	23,454
Maintenance	6,129
Donation to friends of the library	143,152
Miscellaneous	<u>1,077</u>
Total Expenditures	<u>373,257</u>
Receipts Over [Under] Expenditures	<u>[84,117]</u>
Unencumbered Cash, Beginning	656,663
Prior Period Adjustment	<u>[94,161]</u>
Unencumbered Cash, Beginning, Restated	<u>562,502</u>
Unencumbered Cash, Ending	<u>\$ 478,385</u>

See independent auditor's report on the financial statements.