

CITY OF VALLEY CENTER, KANSAS
FINANCIAL STATEMENTS
Year Ended December 31, 2018

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CITY OF VALLEY CENTER, KANSAS

FINANCIAL STATEMENTS
Year Ended December 31, 2018

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MIZE HOUSER
COMPANY P.A.

INDEPENDENT AUDITOR'S 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, 2018 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.

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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, 2018, 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, 2018, 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, 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 2017 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 2017 basic financial statement upon which we rendered an unmodified opinion dated June 11, 2018. The 2017 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 2017 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 2017 basic financial statement. The 2017 comparative information was subjected to auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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 2017 comparative information is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole, on the basis of accounting described in Note 1.

Handwritten signature of Mike Houser in black ink, reading "Mike Houser: Company PA".

Certified Public Accountants
Lawrence, Kansas

July 16, 2019

CITY OF VALLEY CENTER, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
For the Year Ended December 31, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance
General Fund:							
General	\$ 1,033,521	\$ -	\$ 3,379,123	\$ 3,572,082	\$ 840,562	\$ 36,166	\$ 876,728
Special Purpose Funds:							
Library	1,271	-	242,352	242,621	1,002	-	1,002
Employee Benefits	470,906	-	541,469	699,843	312,532	225	312,757
Emergency Equipment	146,737	-	76,454	110,486	112,705	-	112,705
Special Highway	398,194	-	985,427	978,406	405,215	2,565	407,780
Equipment Reserve	237,609	-	180,134	49,434	368,309	-	368,309
Alcohol and Drug Safety Action Program	1,465	-	-	416	1,049	-	1,049
Active Aging	[26]	-	-	-	[26]	26	-
Special Alcohol & Drug	31,347	-	5,670	234	36,783	-	36,783
Special Parks and Recreation	9,940	-	5,670	-	15,610	-	15,610
Drug Tax	5,347	-	-	-	5,347	-	5,347
Building Equipment Reserve	119,805	-	-	-	119,805	-	119,805
Park Beautification	2,202	-	-	-	2,202	-	2,202
D.A.R.E.	154	-	1,489	89	1,554	-	1,554
Law Enforcement	2,500	-	-	-	2,500	-	2,500
Land Bank Reserve	15,400	-	14,000	23,458	5,942	-	5,942
Bond and Interest Fund:							
Bond and Interest	474,273	-	3,060,652	3,194,025	340,900	-	340,900
Capital Projects Funds:							
Capital Projects	2,009,979	-	3,526,002	4,369,644	1,166,337	210,792	1,377,129
Business Funds:							
Water	2,509,450	-	2,348,667	1,655,262	3,202,855	38,301	3,241,156
Sewer	1,095,667	-	1,232,169	1,180,885	1,146,951	1,277	1,148,228
Stormwater	369,650	-	304,090	447,959	225,781	119	225,900
Solid Waste	131,198	-	458,110	430,925	158,383	-	158,383
Total Primary Government	9,066,589	-	16,361,478	16,955,769	8,472,298	289,471	8,761,769
Related Municipal Entities:							
Valley Center Public Library	497,840	-	329,078	796,873	30,045	3,739	33,784
Total Reporting Entity	\$ 9,564,429	\$ -	\$ 16,690,556	\$ 17,752,642	\$ 8,502,343	\$ 293,210	\$ 8,795,553

Composition of Cash:

Intrust Bank	
Operating	\$ 1,611,392
Money Market	6,358,121
Halstead Bank	
Checking	687,783
Emprise Bank	
Certificate of Deposit	104,473
Chisolm Trail State Bank	
Library Checking	4,129
Library Money Market	29,555
Library Petty Cash	100
Total Reporting Entity	\$ 8,795,553

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

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, 2018:

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, 2018

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 during the year ended December 31, 2018 for the Emergency Equipment and Stormwater funds.

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, Building Equipment Reserve, Park Beautification, D.A.R.E., Law Enforcement, and Land Bank Reserve funds.

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, 2018

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, 2018, 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, 2018.

At December 31, 2018, the City's and Library's carrying amounts of deposits were \$8,761,769 and \$33,784, respectively, and the bank balances were \$8,597,282 and \$29,137, 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, \$604,473 was covered by federal depository insurance and the remaining balance of \$7,992,809 was collateralized with securities held by the pledging financial institutions' agents in the City's name. Of the Library's bank balance, \$29,137 was covered by federal depository insurance.

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 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, 2018

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 for the Death and Disability Program) and the statutory contribution rate 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from the City were \$194,877 for the year ended December 31, 2018.

Net Pension Liability. At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was \$1,697,344. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. 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 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, 2018:

	Balance		Balance		Interest
	<u>January 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2018</u>	<u>Paid</u>
Paid by Taxes:					
General Obligation Bonds	\$ 16,780,000	\$ 1,470,000	\$ 1,315,000	\$ 16,935,000	\$ 464,406
Temporary Notes	2,500,000	1,495,000	2,500,000	1,495,000	21,292
Capital Lease	48,567	-	48,567	-	1,174
	<u>\$ 19,328,567</u>	<u>\$ 2,965,000</u>	<u>\$ 3,863,567</u>	<u>\$ 18,430,000</u>	<u>\$ 486,872</u>
Paid by Utility Revenues:					
KDHE Revolving Loan	\$ 1,994,685	-	\$ 159,576	\$ 1,835,109	\$ 49,072
Total	<u>\$ 21,323,252</u>	<u>\$ 2,965,000</u>	<u>\$ 4,023,143</u>	<u>\$ 20,265,109</u>	<u>\$ 535,944</u>

CITY OF VALLEY CENTER, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2018

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 2010-1	2.25% - 3.875%	6/15/2010	12/1/2025	\$ 2,005,000	\$ 260,000
Series 2012-1	2.00% - 3.00%	4/11/2012	12/1/2027	4,665,000	2,410,000
Series 2012-2	2.00% - 3.375%	4/11/2012	12/1/2032	2,065,000	1,385,000
Series 2013	2.00% - 4.00%	2/12/2013	12/1/2033	6,635,000	4,285,000
Series 2016-1	2.00% - 3.00%	6/1/2016	12/1/2036	4,490,000	4,230,000
Series 2017-1	2.00% - 3.35%	11/1/2017	12/1/2032	3,030,000	2,895,000
Series 2018-1	2.65% - 3.65%	8/23/2018	12/1/2038	<u>1,470,000</u>	<u>1,470,000</u>
				<u>\$ 24,360,000</u>	<u>\$ 16,935,000</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>
2019	\$ 1,360,000	\$ 486,122	\$ 1,846,122
2020	3,075,000	439,316	3,514,316
2021	1,220,000	334,316	1,554,316
2022	1,260,000	305,048	1,565,048
2023	1,220,000	274,181	1,494,181
2024-2028	5,130,000	908,089	6,038,089
2029-2033	2,310,000	416,593	2,726,593
2034-2038	<u>1,360,000</u>	<u>107,765</u>	<u>1,467,765</u>
Total	<u>\$ 16,935,000</u>	<u>\$ 3,271,430</u>	<u>\$ 20,206,430</u>

The City issued Series 2018-1 General Obligation Bonds in the amount of \$1,470,000 on August 23, 2018. The bonds carry an interest rate of 2.65% to 3.65% and fully mature on December 1, 2038. The proceeds of the bonds will be used to permanently finance projects originally financed with the General Obligation Temporary Notes, Series 2017-1.

CITY OF VALLEY CENTER, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2018

NOTE 4 - Long-Term Debt (Continued)

KDHE Loans Payable. The City is currently indebted to the KDHE revolving loans program for the following loan outstanding as of December 31, 2018:

Fund	Description	Outstanding Balance
Wastewater Fund	KDHE Project No. C20 1740 01 WWTP	\$ 1,835,109

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

Year Ending December 31,	KDHE Loan
2019	\$ 204,161
2020	204,573
2021	204,995
2022	205,427
2023	205,871
2024-2028	1,036,409
Total Principal and Interest	2,061,436
Total Interest	226,327
Total Principal	\$ 1,835,109

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. The street sweeper was paid off in full during the year ended December 31, 2018.

Temporary Notes. The City issued Series 2017-1 Temporary Notes in the amount of \$2,500,000 on November 1, 2017. The Series 2017-1 Temporary Notes were paid off in full during the year ended December 31, 2018.

On August 23, 2018, the City issued \$1,495,000 in General Obligation Temporary Notes, Series 2018-1. The temporary notes carry an interest rate of 2.125% and fully mature on December 1, 2021. The proceeds of the notes will be used to pay for the construction of certain street improvements within the City.

Annual payments to maturity for the temporary notes are as follows:

Year Ending December 31,	Principal	Interest	Totals
2019	\$ -	\$ 31,769	\$ 31,769
2020	-	31,769	31,769
2021	1,495,000	31,769	1,526,769
Total	\$ 1,495,000	\$ 95,307	\$ 1,590,307

CITY OF VALLEY CENTER, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2018

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.

Subsequent Event. On May 23, 2019, the City issued General Obligation Bonds, Series 2019-1 in the amount of \$3,980,000. The bonds carry an interest rate of 3.00% to 3.55% with a maturity date of December 1, 2039. The proceeds of the bonds will be used to permanently finance wastewater improvements with the City.

Also on May 23, 2019, the City issued General Obligation Temporary Notes, Series 2019-1 in the amount of \$3,400,000. The notes carry an interest rate of 3.25% with a maturity date of December 1, 2020. The proceeds of the notes will be used to pay for the construction of certain water improvements within the City.

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, 2018, the liability for earned vacation pay was \$87,369.

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, 2018.

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, 2018

NOTE 8 - Interfund Transfers

A reconciliation of transfers by fund type for 2018 follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
General	Equipment Reserve	\$ 84,800	K.S.A. 12-1,117
General	Capital Projects	500,000	K.S.A. 12-1,117
General	Special Highway	80,000	K.S.A. 68-590
Capital Projects	Water	300,000	K.S.A. 12-1,117
Water	Bond and Interest	274,500	K.S.A. 12-825d
Sewer	Bond and Interest	205,000	K.S.A. 12-825d
Stormwater	Bond and Interest	220,000	K.S.A. 12-825d
Water	Capital Projects	87,624	K.S.A. 12-825d
Stormwater	Capital Projects	211,230	K.S.A. 12-825d
		<u>\$ 1,963,154</u>	

NOTE 9 – Other Long-Term Obligations from Operations

Other Post-Employment Benefits. As provided by K.S.A. 12-5040, the City 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 City 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 City under this program.

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2018.

NOTE 10 – Employee Health Care

The City has established a program to pay medical claims of covered employees through a stop-loss, self-funded healthcare insurance plan. Health insurance claims are paid monthly to the insurance provider up to a maximum accumulated attachment point. The attachment point is based on the number of employees enrolled and the type of plan each employee is enrolled in each month. The attachment point resets each January 1st. As of December 31, 2018, all claims have been paid and the annual attachment point limit for the year has been met. Therefore, no liability exists as of December 31, 2018.

NOTE 11 – Statutory Violation

The Active Aging Fund had negative ending unencumbered cash as of December 31, 2018, which is a violation of K.S.A. 10-1113.

Actual exceeded budgeted expenditures in the Stormwater fund, which is a violation of K.S.A. 79-2935.

CITY OF VALLEY CENTER, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
For the Year Ended December 31, 2018

<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	\$ 3,686,775	\$ -	\$ 3,686,775	\$ 3,572,082	\$ 114,693
Special Purpose Funds:					
Library	245,000	-	245,000	242,621	2,379
Employee Benefits	817,000	-	817,000	699,843	117,157
Emergency Equipment	140,485	-	140,485	110,486	29,999
Special Highway	1,008,526	-	1,008,526	978,406	30,120
Special Alcohol & Drug	5,000	-	5,000	234	4,766
Special Parks and Recreation	4,000	-	4,000	-	4,000
Bond and Interest Funds:					
Bond and Interest	2,068,000	1,486,446	3,554,446	3,194,025	360,421
Business Funds:					
Water	1,833,780	-	1,833,780	1,655,262	178,518
Sewer	1,200,612	56,916	1,257,528	1,180,885	76,643
Stormwater	367,251	-	367,251	447,959	[80,708]
Solid Waste	479,000	-	479,000	430,925	48,075

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, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes	\$ 2,325,972	\$ 2,394,552	\$ 1,902,976	\$ 491,576
Intergovernmental	596,835	619,477	579,000	40,477
Licenses and permits	148,997	98,436	621,850	[523,414]
Fines and fees	131,838	138,412	142,100	[3,688]
Use of money and property	6,860	11,816	1,000	10,816
Charges for services	2,000	2,000	16,100	[14,100]
Reimbursement	81,817	105,187	-	105,187
Miscellaneous	54,755	9,243	250,155	[240,912]
Total Receipts	<u>3,349,074</u>	<u>3,379,123</u>	<u>\$ 3,513,181</u>	<u>\$ [134,058]</u>
Expenditures				
General Government				
Administration	627,345	678,406	\$ 598,596	\$ [79,810]
Public Works				
Community development	194,336	202,507	256,250	53,743
Environmental services	18,199	20,042	31,680	11,638
Public Safety				
Police department	871,716	1,028,490	1,085,950	57,460
Fire department	231,543	318,650	328,700	10,050
Legal and municipal court	131,683	143,538	142,599	[939]
Culture and Recreation				
Parks	446,361	515,649	578,200	62,551
Transfers out	704,338	664,800	664,800	-
Total Expenditures	<u>3,225,521</u>	<u>3,572,082</u>	<u>\$ 3,686,775</u>	<u>\$ 114,693</u>
Receipts Over [Under] Expenditures	123,553	[192,959]		
Unencumbered Cash, Beginning	<u>909,968</u>	<u>1,033,521</u>		
Unencumbered Cash, Ending	<u>\$ 1,033,521</u>	<u>\$ 840,562</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, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes	\$ 238,715	\$ 242,352	\$ 241,454	\$ 898
Total Receipts	<u>238,715</u>	<u>242,352</u>	<u>\$ 241,454</u>	<u>\$ 898</u>
Expenditures				
Culture and recreation appropriation	<u>238,715</u>	<u>242,621</u>	<u>\$ 245,000</u>	<u>\$ 2,379</u>
Total Expenditures	<u>238,715</u>	<u>242,621</u>	<u>\$ 245,000</u>	<u>\$ 2,379</u>
Receipts Over [Under] Expenditures	-	[269]		
Unencumbered Cash, Beginning	<u>1,271</u>	<u>1,271</u>		
Unencumbered Cash, Ending	<u>\$ 1,271</u>	<u>\$ 1,002</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, 2018
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year	Current Year		Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Over [Under]
Receipts				
Taxes	\$ 514,649	\$ 531,246	\$ 528,913	\$ 2,333
Reimbursement	<u>20,508</u>	<u>10,223</u>	<u>3,500</u>	<u>6,723</u>
Total Receipts	<u>535,157</u>	<u>541,469</u>	<u>\$ 532,413</u>	<u>\$ 9,056</u>
Expenditures				
Personal services	427,857	557,867	\$ 373,000	\$ [184,867]
Insurance claims	<u>193,495</u>	<u>141,976</u>	<u>444,000</u>	<u>302,024</u>
Total Expenditures	<u>621,352</u>	<u>699,843</u>	<u>\$ 817,000</u>	<u>\$ 117,157</u>
Receipts Over [Under] Expenditures	[86,195]	[158,374]		
Unencumbered Cash, Beginning	<u>557,101</u>	<u>470,906</u>		
Unencumbered Cash, Ending	<u>\$ 470,906</u>	<u>\$ 312,532</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, 2018
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 58,822	\$ 54,925	\$ 54,232	\$ 693
Reimbursements	1,000	21,529	-	21,529
Grants	1,395	-	-	-
Total Receipts	<u>61,217</u>	<u>76,454</u>	<u>\$ 54,232</u>	<u>\$ 22,222</u>
Expenditures				
Capital outlay	<u>69,677</u>	<u>110,486</u>	<u>\$ 140,485</u>	<u>\$ 29,999</u>
Total Expenditures	<u>69,677</u>	<u>110,486</u>	<u>\$ 140,485</u>	<u>\$ 29,999</u>
Receipts Over [Under] Expenditures	[8,460]	[34,032]		
Unencumbered Cash, Beginning	<u>155,197</u>	<u>146,737</u>		
Unencumbered Cash, Ending	<u>\$ 146,737</u>	<u>\$ 112,705</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, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes	\$ 86,817	\$ 88,979	\$ 82,980	\$ 5,999
Intergovernmental	786,254	812,999	762,970	50,029
Transfer in	80,000	80,000	80,000	-
Licenses and permits	400	925	-	925
Miscellaneous	<u>24,513</u>	<u>2,524</u>	<u>10,000</u>	<u>[7,476]</u>
Total Receipts	<u>977,984</u>	<u>985,427</u>	<u>\$ 935,950</u>	<u>\$ 49,477</u>
Expenditures				
Personal services	271,250	297,305	\$ 326,926	\$ 29,621
Contractual services	50,364	60,523	62,800	2,277
Commodities	73,991	81,575	78,800	[2,775]
Capital outlay	591,503	539,003	531,000	[8,003]
Miscellaneous	-	-	5,000	5,000
Transfers out	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Total Expenditures	<u>991,108</u>	<u>978,406</u>	<u>\$ 1,008,526</u>	<u>\$ 30,120</u>
Receipts Over [Under] Expenditures	[13,124]	7,021		
Unencumbered Cash, Beginning	<u>411,318</u>	<u>398,194</u>		
Unencumbered Cash, Ending	<u>\$ 398,194</u>	<u>\$ 405,215</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, 2018 and 2017

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ 147,338	\$ 84,800
Reimbursements	27,147	29,954
Miscellaneous	<u>-</u>	<u>65,380</u>
Total Receipts	<u>174,485</u>	<u>180,134</u>
Expenditures		
Capital outlay	<u>135,171</u>	<u>49,434</u>
Total Expenditures	<u>135,171</u>	<u>49,434</u>
Receipts Over [Under] Expenditures	39,314	130,700
Unencumbered Cash, Beginning	<u>198,295</u>	<u>237,609</u>
Unencumbered Cash, Ending	<u>\$ 237,609</u>	<u>\$ 368,309</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, 2018 and 2017

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Fines and fees	\$ -	\$ -
 Total Receipts	 -	 -
 Expenditures		
Capital outlay	1,695	416
 Total Expenditures	 1,695	 416
 Receipts Over [Under] Expenditures	 [1,695]	 [416]
 Unencumbered Cash, Beginning	 3,160	 1,465
 Unencumbered Cash, Ending	 <u>\$ 1,465</u>	 <u>\$ 1,049</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, 2018 and 2017

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Intergovernmental	\$ _____ -	\$ _____ -
 Total Receipts	 _____ -	 _____ -
Expenditures		
Personal services	_____ -	_____ -
 Total Expenditures	 _____ -	 _____ -
 Receipts Over [Under] Expenditures	 - -	 - -
 Unencumbered Cash, Beginning	 _____ [26]	 _____ [26]
 Unencumbered Cash, Ending	 <u>\$ _____ [26]</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, 2018
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Intergovernmental	\$ 4,785	\$ 5,670	\$ 4,000	\$ 1,670
Total Receipts	<u>4,785</u>	<u>5,670</u>	<u>\$ 4,000</u>	<u>\$ 1,670</u>
Expenditures				
Contractual services	249	234	\$ 5,000	\$ 4,766
Capital outlay	<u>4,751</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>5,000</u>	<u>234</u>	<u>\$ 5,000</u>	<u>\$ 4,766</u>
Receipts Over [Under] Expenditures	[215]	5,436		
Unencumbered Cash, Beginning	<u>31,562</u>	<u>31,347</u>		
Unencumbered Cash, Ending	<u>\$ 31,347</u>	<u>\$ 36,783</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, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Intergovernmental	\$ 4,785	\$ 5,670	\$ 4,000	\$ 1,670
Total Receipts	<u>4,785</u>	<u>5,670</u>	<u>\$ 4,000</u>	<u>\$ 1,670</u>
Expenditures				
Contractual services	-	-	\$ 4,000	\$ 4,000
Total Expenditures	<u>-</u>	<u>-</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>
Receipts Over [Under] Expenditures	4,785	5,670		
Unencumbered Cash, Beginning	<u>5,155</u>	<u>9,940</u>		
Unencumbered Cash, Ending	<u>\$ 9,940</u>	<u>\$ 15,610</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, 2018 and 2017

	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
 BUILDING EQUIPMENT RESERVE FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Years Ended December 31, 2018 and 2017

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Capital outlay	-	-
Total Expenditures	-	-
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	<u>119,805</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, 2018 and 2017

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Transfer in	\$ -	\$ -
 Total Receipts	-	-
Expenditures		
Capital outlay	-	-
 Total Expenditures	-	-
 Receipts Over [Under] Expenditures	-	-
 Unencumbered Cash, Beginning	2,202	2,202
 Unencumbered Cash, Ending	\$ 2,202	\$ 2,202

* - 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, 2018 and 2017

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Reimbursements	\$ 251	\$ 1,489
Total Receipts	<u>251</u>	<u>1,489</u>
Expenditures		
Miscellaneous commodities	<u>-</u>	<u>89</u>
Total Expenditures	<u>-</u>	<u>89</u>
Receipts Over [Under] Expenditures	251	1,400
Unencumbered Cash, Beginning	<u>[97]</u>	<u>154</u>
Unencumbered Cash, Ending	<u>\$ 154</u>	<u>\$ 1,554</u>

* - 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, 2018 and 2017

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Reimbursements	\$ -	\$ -
	<u> -</u>	<u> -</u>
Total Receipts	-	-
Expenditures		
Capital outlay	-	-
	<u> -</u>	<u> -</u>
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
 LAND BANK RESERVE FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Years Ended December 31, 2018 and 2017

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Transfer in	\$ 20,000	\$ -
Miscellaneous	<u>-</u>	<u>14,000</u>
Total Receipts	<u>20,000</u>	<u>14,000</u>
Expenditures		
Contractual	<u>4,600</u>	<u>23,458</u>
Total Expenditures	<u>4,600</u>	<u>23,458</u>
Receipts Over [Under] Expenditures	15,400	[9,458]
Unencumbered Cash, Beginning	<u>-</u>	<u>15,400</u>
Unencumbered Cash, Ending	<u>\$ 15,400</u>	<u>\$ 5,942</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, 2018
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Taxes	\$ 297,210	\$ 300,480	\$ 350,555	\$ [50,075]
Special assessment	758,761	574,226	732,000	[157,774]
Use of money and property	20	-	-	-
Bond proceeds	3,030,000	1,470,000	-	1,470,000
Bond premium	149,657	16,446	-	16,446
Transfer in	474,500	699,500	539,500	160,000
Total Receipts	<u>4,710,148</u>	<u>3,060,652</u>	<u>\$ 1,622,055</u>	<u>\$ 1,438,597</u>
Expenditures				
Principal	4,645,000	2,710,000	\$ 1,536,000	\$ [1,174,000]
Interest	629,876	483,666	528,000	44,334
Miscellaneous	-	359	4,000	3,641
Adjustment for qualifying budget credits	-	-	1,486,446	1,486,446
Total Expenditures	<u>5,274,876</u>	<u>3,194,025</u>	<u>\$ 3,554,446</u>	<u>\$ 360,421</u>
Receipts Over [Under] Expenditures	[564,728]	[133,373]		
Unencumbered Cash, Beginning	<u>1,039,001</u>	<u>474,273</u>		
Unencumbered Cash, Ending	<u>\$ 474,273</u>	<u>\$ 340,900</u>		

See independent auditor's report on the financial statements.

CITY OF VALLEY CENTER, KANSAS
 CAPITAL PROJECTS FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 REGULATORY BASIS
 For the Years Ended December 31, 2018 and 2017

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Bond proceeds	\$ 2,500,000	\$ 1,501,055
Reimbursements	40,408	1,220,278
Interest income	738	5,815
Transfers in	<u>500,000</u>	<u>798,854</u>
 Total Receipts	 <u>3,041,146</u>	 <u>3,526,002</u>
 Expenditures		
Debt service	8,000	106,516
Transfer out	500,000	300,000
Contractual services	166,704	1,167,324
Capital outlay	2,561,662	1,690,804
Principal	<u>-</u>	<u>1,105,000</u>
 Total Expenditures	 <u>3,236,366</u>	 <u>4,369,644</u>
 Receipts Over [Under] Expenditures	 [195,220]	 [843,642]
 Unencumbered Cash, Beginning	 <u>2,205,199</u>	 <u>2,009,979</u>
 Unencumbered Cash, Ending	 <u>\$ 2,009,979</u>	 <u>\$ 1,166,337</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, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Charges to customers	\$ 1,983,455	\$ 2,047,287	\$ 1,826,500	\$ 220,787
Use of money and property	385	178	-	178
Transfer in	496,000	300,000	-	300,000
Miscellaneous	<u>1,766</u>	<u>1,202</u>	<u>2,100</u>	<u>[898]</u>
Total Receipts	<u>2,481,606</u>	<u>2,348,667</u>	<u>\$ 1,828,600</u>	<u>\$ 520,067</u>
Expenditures				
Personnel services	277,292	344,068	\$ 364,180	\$ 20,112
Contractual	735,931	828,745	738,100	[90,645]
Commodities	27,301	33,195	39,500	6,305
Capital outlay	191,357	87,130	118,500	31,370
Transfer out	284,500	362,124	553,500	191,376
Miscellaneous	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
Total Expenditures	<u>1,516,381</u>	<u>1,655,262</u>	<u>\$ 1,833,780</u>	<u>\$ 178,518</u>
Receipts Over [Under] Expenditures	965,225	693,405		
Unencumbered Cash, Beginning	<u>1,544,225</u>	<u>2,509,450</u>		
Unencumbered Cash, Ending	<u>\$ 2,509,450</u>	<u>\$ 3,202,855</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, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Receipts				
Charges to customers	\$ 1,180,893	\$ 1,227,638	\$ 1,137,000	\$ 90,638
Miscellaneous	<u>3,921</u>	<u>4,531</u>	<u>6,000</u>	<u>[1,469]</u>
Total Receipts	<u>1,184,814</u>	<u>1,232,169</u>	<u>\$ 1,143,000</u>	<u>\$ 89,169</u>
Expenditures				
Personnel services	184,783	272,494	\$ 297,062	\$ 24,568
Contractual	351,399	322,145	401,050	78,905
Commodities	13,328	24,193	30,000	5,807
Capital outlay	145,064	148,532	167,500	18,968
Debt service	203,368	203,760	-	[203,760]
Miscellaneous	5,230	4,761	25,000	20,239
Transfer out	10,000	205,000	280,000	75,000
Adjustment for qualifying budget credit:				
Reserve funds not subject to budget	<u>-</u>	<u>-</u>	<u>56,916</u>	<u>56,916</u>
Total Expenditures	<u>913,172</u>	<u>1,180,885</u>	<u>\$ 1,257,528</u>	<u>\$ 76,643</u>
Receipts Over [Under] Expenditures	271,642	51,284		
Unencumbered Cash, Beginning	<u>824,025</u>	<u>1,095,667</u>		
Unencumbered Cash, Ending	<u>\$ 1,095,667</u>	<u>\$ 1,146,951</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, 2018
 (With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges to customers	\$ 270,024	\$ 303,266	\$ 250,000	\$ 53,266
Reimbursements	-	824	-	824
Total Receipts	<u>270,024</u>	<u>304,090</u>	<u>\$ 250,000</u>	<u>\$ 54,090</u>
Expenditures				
Contractual	47,372	13,396	\$ 21,400	\$ 8,004
Commodities	6,910	3,333	5,875	2,542
Capital outlay	2,190	-	119,976	119,976
Transfer out	<u>200,000</u>	<u>431,230</u>	<u>220,000</u>	<u>[211,230]</u>
Total Expenditures	<u>256,472</u>	<u>447,959</u>	<u>\$ 367,251</u>	<u>\$ [80,708]</u>
Receipts Over [Under] Expenditures	13,552	[143,869]		
Unencumbered Cash, Beginning	<u>356,098</u>	<u>369,650</u>		
Unencumbered Cash, Ending	<u>\$ 369,650</u>	<u>\$ 225,781</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, 2018
(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges to customers	\$ 442,833	\$ 458,110	\$ 421,400	\$ 36,710
Penalties	-	-	6,800	[6,800]
Miscellaneous	-	-	1,500	[1,500]
Total Receipts	<u>442,833</u>	<u>458,110</u>	<u>\$ 429,700</u>	<u>\$ 28,410</u>
Expenditures				
Contractual	451,205	430,925	\$ 438,000	\$ 7,075
Capital outlay	-	-	26,000	26,000
Transfer out	15,000	-	15,000	15,000
Total Expenditures	<u>466,205</u>	<u>430,925</u>	<u>\$ 479,000</u>	<u>\$ 48,075</u>
Receipts Over [Under] Expenditures	[23,372]	27,185		
Unencumbered Cash, Beginning	<u>154,570</u>	<u>131,198</u>		
Unencumbered Cash, Ending	<u>\$ 131,198</u>	<u>\$ 158,383</u>		

See independent auditor's report on the financial statements.

Schedule 3

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, 2018

Receipts	
State of Kansas	\$ 2,107
NEKL Association	23,704
City appropriation	242,352
Interest	67
Donations and sales	50,858
Grants	7,641
Miscellaneous	<u>2,349</u>
Total Receipts	<u>329,078</u>
Expenditures	
Salary and payroll taxes	174,998
Books, periodicals and film	27,240
Supplies	22,652
Utilities	11,172
Contractual	543,608
Maintenance	10,087
Miscellaneous	<u>7,116</u>
Total Expenditures	<u>796,873</u>
Receipts Over [Under] Expenditures	[467,795]
Unencumbered Cash, Beginning	<u>497,840</u>
Unencumbered Cash, Ending	<u>\$ 30,045</u>

See independent auditor's report on the financial statements.