

City of Burlingame, Kansas

Financial Statement

For the Year Ended December 31, 2019

City of Burlingame, Kansas
Financial Statement
Regulatory Basis
For the Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

February 3, 2020

To the City Council

City of Burlingame, Kansas

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances, of the City of Burlingame, Kansas, (City) as of and for the year ended December 31, 2019 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 C; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statement based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

As described in Note C of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a regulatory 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 C 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 my 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, 2019, or changes in financial position and cash flows thereof for the year then ended.

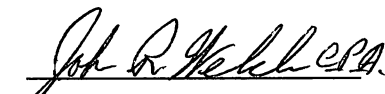
Unmodified Opinion on Regulatory Basis of Accounting

In my 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, 2019, 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 C.

Other Matter

Supplementary Information

My 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 (Schedules 1, and 2 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 my 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 C.


John R. Welch C.P.A.
Topeka, Kansas

City of Burlingame, Kansas

Statement 1

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2019

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General	\$ 120,725.12	\$ -	\$ 604,602.39	\$ 569,922.86	\$ 155,404.65	\$ 5,790.03	\$ 161,194.68
Special Purpose Funds:							
Special Highway	11,148.42	-	64,389.98	33,858.67	41,679.73	178.95	41,858.68
New Pool Reserve	2,514.79	-	2,424.81	1,370.00	3,569.60	-	3,569.60
Equipment Reserve	15,000.00	-	780.55	-	15,780.55	-	15,780.55
Utility Deposit Fund	35,193.18	-	6,750.00	10,275.00	31,668.18	-	31,668.18
Bond and Interest	-	-	-	-	-	-	-
Business Funds							
Electric Utility	185,577.32	-	1,012,781.62	1,041,878.31	156,480.63	30,597.55	187,078.18
Electric Maintenance	100,470.69	-	30,000.00	-	130,470.69	-	130,470.69
Electric Principal & Interest Reserve	75,124.64	-	-	-	75,124.64	-	75,124.64
Water Utility	8,212.03	-	316,678.51	324,695.15	195.39	23,961.48	24,156.87
Gas Utility	95,926.38	-	426,293.39	325,442.85	196,776.92	1,463.47	198,240.39
Sewer Utility	2,098.60	-	164,733.34	141,485.86	25,346.08	-	25,346.08
Sewer Reserve	50,400.00	-	-	-	50,400.00	-	50,400.00
Solid Waste Utility	52,032.54	-	137,172.63	99,553.10	89,652.07	-	89,652.07
Total City	<u>\$ 754,423.71</u>	<u>\$ -</u>	<u>\$ 2,766,607.22</u>	<u>\$ 2,548,481.80</u>	<u>\$ 972,549.13</u>	<u>\$ 61,991.48</u>	<u>\$ 1,034,540.61</u>

Composition of Cash

Checking Accounts	\$ 800,470.81
Certificates of Deposit:	202,781.54
Kansas Municipal Pool	31,038.26
Petty Cash and Change Funds	<u>250.00</u>

Total Cash 1,034,540.61

Less agency funds -

Total City \$ 1,034,540.61

City of Burlingame, Kansas
Notes to Financial Statement
December 31, 2019

NOTE A. MUNICIPAL REPORTING ENTITY

The City of Burlingame is a municipal corporation governed by a mayor-council form of government with a five member council. The Mayor presides at all meetings of the City Council and recommends measures she deems advisable. The Mayor has the power to appoint all members to City Boards with the consent of the majority of the Council members. The Mayor votes on Council business only in case of a tie vote and has the power to sign or veto any ordinance passed by the Council.

In March of 2016, the city adopted an ordinance to establish a related municipal entity to operate the community library. All funds received from the library's tax levy and are payable to the library and managed by its independent board. This financial statement does not include financial activities of the library.

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the City are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The City potentially could have the following types of funds.

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 revenues sources (other than Capital Project and tax levies for long-term debt) that are intended for specific purposes.

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

Capital Project 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 part by fees charged to users of goods or services (i.e. enterprise and internal service funds etc.).

NOTE C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America - The 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.

City of Burlingame, Kansas
Notes to Financial Statement
December 31, 2019

NOTE C. BASIS OF ACCOUNTING (Continued)

The City of Burlingame has approved a resolution that it 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.

When regulatory basis financial statements are released for general use, generally accepted auditing standard AU-C-800.21, requires the auditor to express an opinion about whether the financial statement has been prepared in accordance with the special purpose framework. The auditor is also required in a separate paragraph to express an opinion about whether the regulatory, special purpose financial statement is presented fairly, in all material respects, in accordance with GAAP.

NOTE D. BUDGETARY INFORMATION

Kansas statutes require than an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by stature), bond and interest funds, and business funds. Although directory rather than mandatory, the statues 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 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. 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. There were no such budget amendments for this year.

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 schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment for Qualifying Budget Credits - Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses. In the current year the city received insurance settlement for weather related damages in the amount of \$31,489.66, which partially covered restoration cost shown as expenditures in the general fund.

City of Burlingame, Kansas
Notes to Financial Statement
December 31, 2019

NOTE D. BUDGETARY INFORMATION (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City 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 the following funds:

New Pool Reserve
Equipment Reserve (established but unfunded)
Capital Improvement (established but unfunded)
Electric Maintenance Reserve
Electric P & I Reserve
Sewer Reserve
Utility Deposit

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

NOTE E. CASH AND INVESTMENTS

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 bank to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

Concentration of Credit Risk - State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City has no investments other than certificates of deposit.

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% . There were no designated "peak periods" during the year.

City of Burlingame, Kansas

Notes to Financial Statement

December 31, 2019

NOTE E. CASH AND INVESTMENTS (Continued)

At December 31, 2019, the City's carrying amount of deposits was \$1,003,252.35 and the bank balance was \$1,098,865.34. The difference between the carrying amount and the bank balance is outstanding checks and deposits. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000.00 was covered by federal depository insurance and \$848,865.34 was collateralized with securities held by the pledging financial institution's agents in the City's name.

At December 31, 2019, the Municipality had invested \$31,038.26 in the State's municipal investment pool. The municipal Investment pool is under the oversight of the Pooled Money investment Board. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary M1 government securities dealers.

Custodial Credit Risk - investments: For an investment, this is the risk that, in the event of 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 be adequately secured. The City had no such investments at year end.

NOTE F. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
Electric Utility	General	K.S.A. 12-825d(a)	\$115,000.00
Electric Utility	Electric Maintenance	K.S.A. 12-825d(c)	30,000.00
Gas Utility	General	K.S.A. 12-825d(a)	40,000.00

NOTE G. 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; and natural disasters for which the City carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE H. CITY PURCHASE CONTRACTS

In 1992, the City entered Into a 40 year agreement with the City of Osage City, Kansas to purchase up to 250,000 gallons of water per day.

On May 21, 2018, the City entered into a contract with Waste Management to provide for the collection and disposal of solid waste generated in the City.

On November 1, 2012, the City contracted with Kansas Municipal Energy Agency for its electricity purchases.

On November 1, 2012, the City contracted with KMGA for its gas purchases.

City of Burlingame, Kansas
Notes to Financial Statement
December 31, 2019

NOTE I. LONG-TERM DEBT

General Obligation Bonds

On July 26, 2006, the city issued Series 2006A and 2006B bonds in the amounts of \$543,350 and \$377,600, respectively for water improvements. The bonds carry an interest rate of 4.5%. Annual payments began on July 26, 2007. The final payment is scheduled in July 2046.

On November 19, 2009, the city issued Series 2009A bonds in the amount of \$400,000 for water Improvements. The bonds carry an interest rate of 4.125%. Annual payments began on November 19, 2010. The final payment is scheduled In November 2049.

On November 15, 2011, the city issued Series 2011A bonds in the amount of \$890,000 for sewer improvements. The bonds carry an interest rate of 3%. Annual payments began on November 15, 2012. The final payment is scheduled in November 2051.

On June 26, 2012, the city issued Series 2012B bonds in the amount of \$1,650,000 for sewer improvements. The bonds carry an interest rate of 2.75%. Annual payments began on June 26, 2013. The final payment is scheduled in June 2052.

On February 12, 2014, the city issued Series 2014 bonds in the amount of \$865,000 for electric system improvements. The bonds carry a varying interest rate of 2% to 5.5% depending on maturity date. Semi-annual interest payments began on March 1, 2015. Annual principal payments are scheduled to begin on September 1, 2015. The final payment is scheduled in September 2034.

Equipment leases

In October 2005, the City entered into a lease with Koch Financial for the purchase of meter reading equipment. The amount financed was \$553,506. The lease carries an annual interest rate of 4.89%. Fifteen annual payments of \$52,930 are scheduled with the first payment made in October 2006. Payments are made from the electric, water, gas and sewer funds.

On July 24, 2017, the City entered into a lease with Landmark National Bank for the purchase of a Ford F550 boom truck. The amount financed was \$108,915. The scheduled lease payments required \$15,000.00 at signing and five annual payments of \$20,275.71 commencing December 15, 2017. The imputed annual interest rate is 3.25%. Payments are made from the electric utility fund.

City of Burlingame, Kansas

Notes to Financial Statement December 31, 2019

Note I Long-term Debt (Continued)

Changes in long-term liabilities for the City for the year ended December 31, 2019, were as follows:

<u>Issue</u>	<u>Balance Beginning of Year</u>	<u>2019 Additions</u>	<u>2019 Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General obligation bonds:					
Series 2006A G.O. Water	\$ 463,000.00	\$ -	\$ 9,000.00	\$ 454,000.00	\$ 20,835.00
Series 2006B G.O. Water	320,000.00	-	6,000.00	314,000.00	14,400.00
Series 2009A G.O. Water	358,000.00	-	6,000.00	352,000.00	14,767.50
Series 2011A G.O. Sewer	806,000.00	-	14,000.00	792,000.00	24,180.00
Series 2012B G.O. Sewer	1,509,000.00	-	27,000.00	1,482,000.00	41,497.50
Series 2014 Revenue Electric	<u>760,000.00</u>	<u>-</u>	<u>35,000.00</u>	<u>725,000.00</u>	<u>37,900.00</u>
Total General obligation bond	4,216,000.00	-	97,000.00	4,119,000.00	153,580.00
Leases:					
Ford F550 Boom Truck	57,024.95	-	18,396.66	38,628.29	1,879.05
Automated Meter Read System	<u>98,573.00</u>	<u>-</u>	<u>48,110.00</u>	<u>50,463.00</u>	<u>4,820.28</u>
Total Leases	155,597.95	-	66,506.66	89,091.29	6,699.33
Total contractual Indebtedness	<u>\$ 4,371,597.95</u>	<u>\$ -</u>	<u>\$ 163,506.66</u>	<u>\$ 4,208,091.29</u>	<u>\$ 160,279.33</u>

City of Burlingame, Kansas

Notes to Financial Statement December 31, 2019

Note I Long-term Debt (Continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

Principal:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024-27</u>	<u>Thereafter</u>	<u>Total</u>
General obligation bonds:								
Series 2006A G.O. Water	\$ 9,000.00	\$ 9,000.00	\$ 10,000.00	\$ 11,000.00	\$ 11,000.00	\$ 63,000.00	\$ 341,000.00	\$ 454,000.00
Series 2006B G.O. Water	7,000.00	7,000.00	7,000.00	7,000.00	8,000.00	43,000.00	235,000.00	314,000.00
Series 2009A G.O. Water	6,000.00	7,000.00	7,000.00	7,000.00	7,000.00	40,000.00	278,000.00	352,000.00
Series 2011A G.O. Sewer	14,000.00	15,000.00	15,000.00	16,000.00	16,000.00	89,000.00	627,000.00	792,000.00
Series 2012B G.O. Sewer	28,000.00	29,000.00	30,000.00	30,000.00	32,000.00	170,000.00	1,163,000.00	1,482,000.00
Series 2014 Revenue Electric	<u>35,000.00</u>	<u>35,000.00</u>	<u>40,000.00</u>	<u>40,000.00</u>	<u>40,000.00</u>	<u>235,000.00</u>	<u>300,000.00</u>	<u>725,000.00</u>
Total General obligation bonds:	99,000.00	102,000.00	109,000.00	111,000.00	114,000.00	640,000.00	2,944,000.00	4,119,000.00
Leases:								
Ford F550 Boom Truck	18,999.37	19,628.92	-	-	-	-	-	38,628.29
Ford F550 Boom Truck	<u>50,463.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,463.00</u>
Total Principal	<u>168,462.37</u>	<u>121,628.92</u>	<u>109,000.00</u>	<u>111,000.00</u>	<u>114,000.00</u>	<u>640,000.00</u>	<u>2,944,000.00</u>	<u>4,208,091.29</u>
Interest:								
General obligation bonds:								
Series 2006A G.O. Water	20,430.00	20,025.00	19,620.00	19,170.00	18,675.00	\$ 85,545.00	154,035.00	337,500.00
Series 2006B G.O. Water	14,130.00	13,815.00	13,500.00	13,185.00	12,870.00	58,815.00	106,650.00	232,965.00
Series 2009A G.O. Water	14,520.00	14,272.50	13,983.75	13,695.00	13,406.25	62,452.50	136,620.00	268,950.00
Series 2011A G.O. Sewer	23,760.00	23,340.00	22,890.00	22,440.00	21,960.00	102,210.00	241,380.00	457,980.00
Series 2012B G.O. Sewer	40,755.00	39,985.00	39,187.50	38,362.50	37,537.50	174,212.50	417,037.50	787,077.50
Series 2014 Revenue Electric	<u>36,500.00</u>	<u>35,100.00</u>	<u>33,700.00</u>	<u>32,100.00</u>	<u>30,500.00</u>	<u>119,750.00</u>	<u>51,150.10</u>	<u>338,800.10</u>
Total General obligation bonds:	150,095.00	146,537.50	142,881.25	138,952.50	134,948.75	602,985.00	1,106,872.60	2,423,272.60
Leases:								
Ford F550 Boom Truck	1,276.34	646.79	-	-	-	-	-	1,923.13
Utility meter lease	<u>2,467.28</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,467.28</u>
Total Interest	<u>153,838.62</u>	<u>147,184.29</u>	<u>142,881.25</u>	<u>138,952.50</u>	<u>134,948.75</u>	<u>602,985.00</u>	<u>1,106,872.60</u>	<u>2,427,663.01</u>
Total principal and interest	<u>\$ 322,300.99</u>	<u>\$ 268,813.21</u>	<u>\$ 251,881.25</u>	<u>\$ 249,952.50</u>	<u>\$ 248,948.75</u>	<u>\$ 1,242,985.00</u>	<u>\$ 4,050,872.60</u>	<u>\$ 6,635,754.30</u>

City of Burlingame, Kansas
Notes to Financial Statement
December 31, 2019

NOTE J. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits:

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.

Compensated Absences:

The City of Burlingame provides sick, vacation, and personal leave to its employees. Each full time employee is entitled to 3.69 hours of sick leave every two weeks. Maximum sick leave accumulation is 60 days. Upon separation of service, employees with at least one year of service receive 50% of their unused sick leave at their regular rate of pay. Full time employees earn one week of vacation after one year of service. Employees with 2-14 years of service earn two weeks and with 15 years of service and over, employees earn three weeks of vacation time. Employees may carry forward up to 240 hours of vacation each year. Upon separation of service, employees with at least one year of service are paid for unused vacation leave at their regular rate of pay. Full-time employees receive three days of personal leave each year. Personal leave can be used at the discretion of the employee but no carryover is allowed. Upon separation of service, employees with at least one year of service receive the unused personal leave at their regular rate of pay. Payments are made from the fund that corresponds to the employee's assignment.

NOTE K. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description - The City of Burlingame 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 requires 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 S Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Contributions - 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 Burlingame, Kansas
Notes to Financial Statement
December 31, 2019

NOTE K. DEFINED BENEFIT PENSION PLAN (Continued)

State law provides that the employer contribution rates for KPERS 1 and 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 (excluding the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for the fiscal year ended December 31, 2019. Contributions to the pension plan from the city were \$38,764.68 for the year ended December 31, 2019.

Net Pension Liability

At December 31, 2018, the City's proportionate share of the collective net pension liability reported to KPERS was \$316,042.00. 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 the KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis accounting does not recognize long-term debt, this liability is not reported in this financial statement. As of the issuance of this statement, the December 31, 2019 net pension liability was not yet available from KPERS.

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

NOTE L. COMPLIANCE, STEWARDSHIP AND ACCOUNTABILITY

Management is not aware of any other Items of noncompliance with Kansas statutes.

NOTE M. SUBSEQUENT EVENTS

In preparing this financial statement, the City has evaluated events and transactions for potential recognition or disclosure through February 3, 2020, the date the financial statement was available for issue.

City of Burlingame, Kansas

Regulatory - Required

Supplementary Information

Summary of Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

Fund	Beginning Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year	Over (Under) Budget
General	\$ 538,451.00	\$ 31,489.66	\$ 569,940.66	\$ 569,922.86	\$ (17.80)
Special Purpose Funds:					
Special Highway	35,000.00	-	35,000.00	33,858.67	(1,141.33)
Bond and Interest					
Bond and Interest	250,581.00	-	250,581.00	-	(250,581.00)
Business Funds					
Electric Utility	1,093,322.00	-	1,093,322.00	1,041,878.31	(51,443.69)
Water Utility	334,105.00	-	334,105.00	324,695.15	(9,409.85)
Gas Utility	489,431.00	-	489,431.00	325,442.85	(163,988.15)
Sewer Utility	196,660.00	-	196,660.00	141,485.86	(55,174.14)
Solid Waste Utility	<u>111,000.00</u>	<u>-</u>	<u>111,000.00</u>	<u>99,553.10</u>	<u>(11,446.90)</u>
Total City Budgeted	<u>\$ 3,048,550.00</u>	<u>\$ 31,489.66</u>	<u>\$ 3,080,039.66</u>	<u>\$ 2,536,836.80</u>	

General
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

	Actual	Budget	Variance Over (Under)
Receipts			
Ad Valorem Tax	\$ 141,063.95	\$ 152,680.00	\$ (11,616.05)
Delinquent Tax	9,577.31	-	9,577.31
Motor Vehicle Tax	44,174.21	38,390.00	5,784.21
Recreational Vehicle Tax	1,053.56	938.00	115.56
16/20M Vehicle Tax	-	527.00	(527.00)
Commercial Vehicle Tax	751.59	1,129.00	(377.41)
Sales and Use Tax	84,536.08	105,000.00	(20,463.92)
Franchise Tax	13,532.40	14,000.00	(467.60)
Licenses, Permits and Fees	3,202.00	2,000.00	1,202.00
Pool Receipts	13,275.39	15,000.00	(1,724.61)
Fines and Fees	18,844.40	25,400.00	(6,555.60)
Reimbursed Expenses	47,240.21	2,000.00	45,240.21
Donations	10,538.55	4,000.00	6,538.55
City Utility Franchise Tax	54,376.79	52,000.00	2,376.79
Interest	7,435.95	1,500.00	5,935.95
Transfer In	155,000.00	55,000.00	100,000.00
Receipts Total	<u>604,602.39</u>	<u>469,564.00</u>	<u>135,038.39</u>
Expenditures			
Administrative			
Salaries & Wages	76,604.13	82,000.00	(5,395.87)
Contractual	29,294.86	30,900.00	(1,605.14)
Commodities	35,577.97	11,500.00	24,077.97
Capital Outlay	44,829.11	10,000.00	34,829.11
Total Administrative	<u>186,306.07</u>	<u>134,400.00</u>	<u>51,906.07</u>

See the independent auditor's report on required supplementary information

General
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Police			
Salaries & Wages	85,570.86	100,500.00	(14,929.14)
Contractual	9,676.99	17,900.00	(8,223.01)
Commodities	<u>16,292.50</u>	<u>10,700.00</u>	<u>5,592.50</u>
Total Police	111,540.35	129,100.00	(17,559.65)
Street			
Salaries & Wages	2,813.05	10,000.00	(7,186.95)
Contractual	6,269.29	4,100.00	2,169.29
Commodities	<u>15,499.79</u>	<u>13,500.00</u>	<u>1,999.79</u>
Total Street	24,582.13	27,600.00	(3,017.87)
Parks			
Salaries & Wages	7,159.84	8,000.00	(840.16)
Contractual	1,818.31	12,700.00	(10,881.69)
Commodities	<u>15,220.49</u>	<u>7,100.00</u>	<u>8,120.49</u>
Total Parks	24,198.64	27,800.00	(3,601.36)
Swimming Pool			
Salaries & Wages	25,314.31	16,000.00	9,314.31
Contractual	3,267.51	7,000.00	(3,732.49)
Commodities	<u>9,487.41</u>	<u>7,150.00</u>	<u>2,337.41</u>
Total Swimming Pool	38,069.23	30,150.00	7,919.23
Employee Benefits			
941 Taxes	14,258.43	14,200.00	58.43
Health Insurance	70,375.72	57,000.00	13,375.72
KPERS	13,798.08	15,300.00	(1,501.92)
SUTA	<u>150.91</u>	<u>940.00</u>	<u>(789.09)</u>
Total Employee Benefits	<u>98,583.14</u>	<u>87,440.00</u>	<u>11,143.14</u>

General
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Court Attorney Fees	6,667.50	12,000.00	(5,332.50)
Council Attorney Fees	12,034.55	6,000.00	6,034.55
Audit	5,175.00	6,000.00	(825.00)
General Insurance	15,916.25	13,550.00	2,366.25
General Obligation Bond Payments	30,400.00	-	30,400.00
Library Appropriation	16,450.00	16,450.00	-
Transfer to Other Funds	-	21,079.00	(21,079.00)
Cash Forward Contingency	-	26,882.00	(26,882.00)
Budget Before Credits		538,451.00	
Adjustment for Qualifying Budget Credits		31,489.66	(31,489.66)
Expenditures Total	<u>569,922.86</u>	<u>569,940.66</u>	<u>(17.80)</u>
 Receipts Over (Under) Expenditures	 34,679.53	 <u>\$ (100,376.66)</u>	 <u>\$ 135,056.19</u>
 Unencumbered Cash, Beginning	 <u>120,725.12</u>		
 Unencumbered Cash, Ending	 <u>\$ 155,404.65</u>		

Special Highway
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

	Actual	Budget	Variance Over (Under)
Receipts			
State of Kansas Gas Tax	\$ 24,284.06	\$ 23,970.00	\$ 314.06
1% Local Sales Tax	37,696.27	-	37,696.27
Reimbursements	2,409.65	-	2,409.65
Transfer In	<u>-</u>	<u>11,079.00</u>	<u>(11,079.00)</u>
Receipts Total	<u>64,389.98</u>	<u>35,049.00</u>	<u>29,340.98</u>
Expenditures			
Street Maintenance and Repair	<u>33,858.67</u>	<u>35,000.00</u>	<u>(1,141.33)</u>
Expenditures Total	<u>33,858.67</u>	<u>35,000.00</u>	<u>(1,141.33)</u>
Receipts Over (Under) Expenditures	30,531.31	<u>\$ 49.00</u>	<u>\$ 30,482.31</u>
Unencumbered Cash, Beginning	<u>11,148.42</u>		
Unencumbered Cash, Ending	<u>\$ 41,679.73</u>		

**New Pool Reserve
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2019**

	<u>Actual</u>
Receipts	
Donations	\$ 2,416.13
Interest	<u>8.68</u>
Receipts Total	<u>2,424.81</u>
Expenditures	
Fund Raiser Expense	1,370.00
Expenditures Total	<u>1,370.00</u>
Receipts Over (Under) Expenditures	1,054.81
Unencumbered Cash, Beginning	<u>2,514.79</u>
Unencumbered Cash, Ending	<u>\$ 3,569.60</u>

Equipment Reserve
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2019

	<u>Actual</u>
Receipts	
Equipment Sold	\$ 780.55
Transfer In	<u>-</u>
Receipts Total	<u>780.55</u>
Expenditures	
Capital Outlay	<u>-</u>
Expenditures Total	<u>-</u>
Receipts Over (Under) Expenditures	780.55
Unencumbered Cash, Beginning	<u>15,000.00</u>
Unencumbered Cash, Ending	<u><u>\$ 15,780.55</u></u>

Utility Deposit Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2019

	<u>Actual</u>
Receipts	
Utility Deposits	<u>\$ 6,750.00</u>
Receipts Total	<u>6,750.00</u>
Expenditures	
Refunds To Customers	<u>10,275.00</u>
Expenditures Total	<u>10,275.00</u>
Receipts Over (Under) Expenditures	(3,525.00)
Unencumbered Cash, Beginning	<u>35,193.18</u>
Unencumbered Cash, Ending	<u><u>\$ 31,668.18</u></u>

Bond and Interest
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

	Actual	Budget	Variance Over (Under)
Receipts			
Transfer In From Electric	\$ -	\$ 72,900.00	\$ (72,900.00)
Transfer In From Water	-	106,678.00	(106,678.00)
Transfer In From General	-	-	-
Transfer In From Sewer	-	71,003.00	(71,003.00)
Receipts Total	-	250,581.00	(250,581.00)
Expenditures			
Principal and Interest	-	250,581.00	(250,581.00)
Interest	-	-	-
Expenditures Total	-	250,581.00	(250,581.00)
Receipts Over (Under) Expenditures	-	\$ -	\$ -
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	\$ -		

Electric Utility
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

	Actual	Budget	Variance Over (Under)
Receipts			
Customer Receipts	\$ 974,538.74	\$ 1,035,500.00	\$ (60,961.26)
Penalties	31,037.63	30,000.00	1,037.63
Reimbursements	7,205.25	-	7,205.25
Receipts Total	<u>1,012,781.62</u>	<u>1,065,500.00</u>	<u>(52,718.38)</u>
Expenditures			
Electric Power Purchase	381,218.10	425,000.00	(43,781.90)
Salaries and Wages	195,448.61	196,620.00	(1,171.39)
Health Insurance	48,825.98	48,000.00	825.98
Other Contractual	55,517.84	119,520.00	(64,002.16)
Commodities/Operating	81,246.28	32,400.00	48,846.28
Franchise Tax Collected	-	37,000.00	(37,000.00)
Capital Outlay	61,721.50	80,000.00	(18,278.50)
Debt Service	72,900.00	72,900.00	-
Transfer to Other Funds	145,000.00	45,000.00	100,000.00
Cash Forward Contingency	-	36,882.00	(36,882.00)
Expenditures Total	<u>1,041,878.31</u>	<u>1,093,322.00</u>	<u>(51,443.69)</u>
Receipts Over (Under) Expenditures	(29,096.69)	<u>\$ (27,822.00)</u>	<u>\$ (1,274.69)</u>
Unencumbered Cash, Beginning	<u>185,577.32</u>		
Unencumbered Cash, Ending	<u>\$ 156,480.63</u>		

Electric Maintenance
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2019

	<u>Actual</u>
Receipts	
Transfer from Electric Utility	<u>\$ 30,000.00</u>
Receipts Total	<u>30,000.00</u>
Expenditures	
Equipment	<u>-</u>
Expenditures Total	<u>-</u>
Receipts Over (Under) Expenditures	30,000.00
Unencumbered Cash, Beginning	<u>100,470.69</u>
Unencumbered Cash, Ending	<u>\$ 130,470.69</u>

**Electric Principal & Interest Reserve
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2019**

	<u>Actual</u>
Receipts	
Interest Income	\$ -
	<u>-</u>
Receipts Total	<u>-</u>
Expenditures	
Transfer Out	<u>-</u>
	<u>-</u>
Expenditures Total	<u>-</u>
Receipts Over (Under) Expenditures	<u>-</u>
Unencumbered Cash, Beginning	<u>75,124.64</u>
Unencumbered Cash, Ending	<u>\$ 75,124.64</u>

Water Utility
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

	Actual	Budget	Variance Over (Under)
Receipts			
Customer Receipts	\$ 311,431.97	\$ 298,000.00	\$ 13,431.97
Other Receipts	<u>5,246.54</u>	<u>7,000.00</u>	<u>(1,753.46)</u>
Receipts Total	<u>316,678.51</u>	<u>305,000.00</u>	<u>11,678.51</u>
Expenditures			
Water Purchase	159,297.13	155,000.00	4,297.13
Salaries and Wages	33,154.48	33,250.00	(95.52)
941 Taxes	2,354.35	9,500.00	(7,145.65)
Health Insurance	12,049.21	-	12,049.21
KPERS	3,744.88	-	3,744.88
SUTA	28.80	-	28.80
Commodities/Operating	32,449.70	4,300.00	28,149.70
Contractual	19,338.07	55,052.00	(35,713.93)
Meter Lease	21,676.03	-	21,676.03
Radio Equipment	-	-	-
Administrative	-	-	-
Debt Service	40,602.50	71,003.00	(30,400.50)
Cash Forward Contingency	<u>-</u>	<u>6,000.00</u>	<u>(6,000.00)</u>
Expenditures Total	<u>324,695.15</u>	<u>334,105.00</u>	<u>(9,409.85)</u>
Receipts Over (Under) Expenditures	(8,016.64)	<u>\$ (29,105.00)</u>	<u>\$ 37,559.55</u>
Unencumbered Cash, Beginning	<u>8,212.03</u>		
Unencumbered Cash, Ending	<u>\$ 195.39</u>		

Gas Utility
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

	Actual	Budget	Variance Over (Under)
Receipts			
Customer Receipts	422,917.36	\$ 468,500.00	\$ (45,582.64)
Other Receipts	<u>3,376.03</u>	<u>16,500.00</u>	<u>(13,123.97)</u>
Receipts Total	<u>426,293.39</u>	<u>485,000.00</u>	<u>(58,706.61)</u>
Expenditures			
Gas Purchases	178,967.99	275,000.00	(96,032.01)
Salaries & Wages	38,608.32	41,855.00	(3,246.68)
Employee Benefits	21,059.93	12,000.00	9,059.93
Contract Services	17,123.33	36,300.00	(19,176.67)
Commodities	29,683.28	8,500.00	21,183.28
Transfer to Other Funds	40,000.00	55,000.00	(15,000.00)
Cash Forward Contingency	<u>-</u>	<u>60,776.00</u>	<u>(60,776.00)</u>
Expenditures Total	<u>325,442.85</u>	<u>489,431.00</u>	<u>(163,988.15)</u>
Receipts Over (Under) Expenditures	100,850.54	<u>\$ (4,431.00)</u>	<u>\$ 105,281.54</u>
Unencumbered Cash, Beginning	<u>95,926.38</u>		
Unencumbered Cash, Ending	<u>\$ 196,776.92</u>		

Sewer Utility
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

	Actual	Budget	Variance Over (Under)
Receipts			
Customer Receipts	\$ 162,287.81	\$ 164,000.00	\$ (1,712.19)
Reimbursements	<u>2,445.53</u>	<u>-</u>	<u>2,445.53</u>
Receipts Total	<u>164,733.34</u>	<u>164,000.00</u>	<u>733.34</u>
Expenditures			
Salaries & Wages	16,433.99	35,950.00	(19,516.01)
Employee Benefits	8,263.83	9,000.00	(736.17)
Contractual	5,474.32	7,350.00	(1,875.68)
Commodities	4,636.22	800.00	3,836.22
Bond Interest and Principle Payments	106,677.50	106,678.00	(0.50)
Cash Forward Contingency	<u>-</u>	<u>36,882.00</u>	<u>(36,882.00)</u>
Expenditures Total	<u>141,485.86</u>	<u>196,660.00</u>	<u>(55,174.14)</u>
Receipts Over (Under) Expenditures	23,247.48	<u>\$ (32,660.00)</u>	<u>\$ 55,907.48</u>
Unencumbered Cash, Beginning	<u>2,098.60</u>		
Unencumbered Cash, Ending	<u>\$ 25,346.08</u>		

Sewer Reserve
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2019

	<u>Actual</u>
Receipts	
Transfer from Sewer	\$ -
Receipts Total	<u>-</u>
Expenditures	
Capital Improvements	<u>-</u>
Expenditures Total	<u>-</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>50,400.00</u>
Unencumbered Cash, Ending	<u><u>\$ 50,400.00</u></u>

Solid Waste Utility
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

	Actual	Budget	Variance Over (Under)
Receipts			
Customer Collections	\$ 137,172.63	\$ 132,035.00	\$ 5,137.63
Receipts Total	<u>137,172.63</u>	<u>132,035.00</u>	<u>5,137.63</u>
Expenditures			
Contract Services	<u>99,553.10</u>	<u>111,000.00</u>	<u>(11,446.90)</u>
Expenditures Total	<u>99,553.10</u>	<u>111,000.00</u>	<u>(11,446.90)</u>
Receipts Over (Under) Expenditures	37,619.53	<u>\$ 21,035.00</u>	<u>\$ 16,584.53</u>
Unencumbered Cash, Beginning	<u>52,032.54</u>		
Unencumbered Cash, Ending	<u>\$ 89,652.07</u>		

Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2019

	Burlingame Public Library
Beginning Cash Balance	\$ 997.44
Receipts	36,140.54
Disbursements	<u>37,137.98</u>
Unencumbered Cash, Ending	<u>\$ -</u>