

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**OF**  
**CITY OF SALINA, KANSAS**

**300 West Ash Street  
P.O. Box 736  
Salina, Kansas 67402-0736**

**For the Fiscal Year Ended  
December 31, 2018**

**Prepared by Department of Finance and Administration  
of City of Salina, Kansas**

CITY OF SALINA, KANSAS

Comprehensive Annual Financial Report  
For the year ended December 31, 2018

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## INTRODUCTORY SECTION

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September 25, 2019

To the Citizens of the City of Salina, Kansas:

The Comprehensive Annual Financial Report of the City of Salina, Kansas (the "City") for the year ended December 31, 2018, is hereby submitted. The City's Finance Department prepared the report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of all various funds and account groups of the City. We believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

#### *Report Format*

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The introductory section includes a description of the City, including services provided, and explanation of the City's accounting system and budgetary controls, and a brief discussion of the City's economic condition and outlook. The City's organizational chart is also included to assist the reader in understanding the structure of the City. The financial section includes the Independent auditor's report, Management's discussion & analysis, Government wide financial statements, Fund financial statements, Notes to the financial statements, and Individual and combining statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The reader is specifically directed to Management's Discussion and Analysis (MD&A) which immediately follows the independent auditor's report. MD&A provides a narrative explanation and overview of significant features and trends reflected by data in the financial statements.

#### *Accounting Systems and Internal Controls*

A critical part of the control system is the City's comprehensive Budgetary and Financial Policies, which establish guidelines for budgetary and financial practices. The Budgetary and Financial Policies are reviewed by the City Commission and updated each year as a part of the budget process.

City staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgment by management.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. The legal level of budgetary control is maintained at the Fund level, in accordance with State Statutes. However, management control is maintained at the department level. The City uses an encumbrance accounting system, in which estimated purchase amounts are recorded prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance at December 31, 2018 in the general fund and the special revenue funds. Various internal compliance procedures are implemented to ensure proper implementation of the budget as well as to maintain a degree of accountability for both revenues and expenditures.

### *Independent Audit*

Kansas Statutes Annotated 75-1122 requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Commission. This requirement has been complied with and the auditor's opinion has been included in this report.

### *Profile of the Community*

The Town of Salina was organized in 1858 under the Town and Village Act in the State of Kansas, and became a City of the First Class on July 9, 1920. The City has had a Commission-City Manager form of government since 1921. The Commission is comprised of five members elected at large. Each year the commission chooses one member to act as Mayor. The City Manager is appointed by the Commission, and acts as its primary agent in accordance with state statute. Other city officers and employees are appointed by the City Manager. The current population of the City is 46,994.

The reporting entity includes the City of Salina as well as two discretely presented component units, both proprietary fund types. The Salina Airport Authority operates the Salina Municipal Airport and Airport Industrial Center, and the Salina Housing Authority administers public housing programs within the City of Salina. The entity also includes one blended component unit. Salina Field House Qualified Active Low-Income Community Business, Inc. (SFH QalibB). SFH QalibB was created for the purpose of providing an indoor sports facility in the downtown core of the city of Salina. In addition, the City of Salina participates in a joint venture with Saline County, the City-County Building Authority. This report includes all funds and account groups of the City.

The City provides a full range of services including police and fire protection, development services, construction and maintenance of streets, drainage facilities and other infrastructure; recreational activities and cultural events; emergency medical services and convention facilities. In addition to general government activities, the City also provides water, wastewater, sanitation, and solid waste services; therefore, these activities are included in the reporting entity.

### *Economic Outlook and Strength*

The City benefits from its location at the junction of Interstate Highways 70 and 135. This convenient location has drawn numerous national and regional companies to open manufacturing or distribution centers in or adjacent to the community. Such companies include Pepsi-Cola, Exide Technologies, Blue Philips Lighting Company, Eldorado National, and Schwan's Global Supply Chain. Manufacturing, retail trade, and service industries rank as the three primary employers in the City. No single industry is dominant.

The City of Salina retains its position near the top of a list of first class cities with respect to "trade pull factor." According to the Kansas Department of Revenue's Annual City Trade Pull Factor report, Salina had a pull of factor of 1.48 in 2017. The pull factor measures the degree to which a city or county area captures retail trade from outside the jurisdiction. A pull factor of greater than 1 indicates that a city is attracting more retail trade from outside the city/county than it is losing to other counties. It is apparent from this that Salina continues to serve as a regional economic hub in 2018.

### *Major Initiatives*

In April, 2016, voters elected to replace the .40 cent capital improvement sales tax with a .75 cent capital improvement sales tax for a term of 20 years. Priorities for the sales tax are improving neighborhood streets and drainage, preserving stable property tax rates, ensuring a quality park system, constructing and maintaining community improvements, funding equipment for maintenance, repayment of future bonds for large projects and attracting quality jobs. As a result of this initiative, the City has seen a 38% increase in sales tax collections in 2018 as compared to 2016.

In 2018, the Salina Field House completed its first year in business. It hosted 16 tournaments and over 91,000 attendees and continues to grow in the number of events that it is drawing to the City.

Old Chicago Pizza opened for business in the City's downtown corridor in late 2018. STAR Bonds were issued in December, 2018, for the Downtown Revitalization Project. As a result of this funding, several projects are now moving forward including the City's Downtown Streetscape project, the Alley Entertainment Center, a car museum and the new downtown hotel. Other major projects that were on going included gutter and paving on North 9<sup>th</sup> Street, South Well Field improvements, continued improvements to the water distribution system and preliminary design on the Smoky Hill River Renewal and Police Training Center projects.

The City continues to address fiduciary pressures generated by a recessionary economy. General adjustments to the pay plan for cost of living changes at a rate of 2.5% were implemented in 2018. The City also allowed for merit review increases up to 3%.

### *Capital Improvement Planning*

The City's Capital Improvement Plan (CIP) consists of two components. One component consists of "routine" capital—including vehicle and equipment replacement, technology replacement, building repair and improvement, routine pavement maintenance activity, utility system enhancements and similar items. The amount of funding for these projects may fluctuate based on needs and funding availability, however, planned amounts are allocated over a multi-year period. Source of funding for routine capital is current cash resources from the fund appropriate to the nature of the purchase.

The second component of the CIP includes major projects that typically require issuance of bonds or notes, although these projects may also be supplemented with available cash and grant financing. The plan is updated each year after an extensive evaluation of the demands on future financial resources. The Capital Improvement program is scheduled for a major revision as the result of the sales tax to be used for that purpose.

Construction initiated: *	2019	2020	2021	2022	2023
Sales tax	\$ 4,380,000	\$ 4,385,000	\$ 4,390,000	\$ 4,395,000	\$ 4,250,000
Water & wastewater fund	--	--	2,000,000	2,000,000	2,000,000
General obligation bonds	5,225,000	19,700,000		--	--
Revenue Bonds/Loans	11,255,000	6,000,000	28,000,000	--	
Other sources	785,800	--	--	--	--
	<u>\$ 21,645,800</u>	<u>\$ 30,085,000</u>	<u>\$34,390,000</u>	<u>\$6,395,000</u>	<u>\$ 6,250,000</u>

\*The year a project is scheduled reflects the year that construction is initiated. Preliminary work (design, acquisition) may precede this date by one or more years, and permanent financing may not occur until one (or more years depending on project magnitude) subsequent to this date.

### *Financial Policies*

The City has adopted a formal set of Budgetary and Financial Policies, addressing such items as fund balances, capital improvements, operating budgets, long term debt management, accounting, auditing and financial reporting, revenues, cash management and investments. Financial policies contribute to financial stability by:

1. Providing consistent guidance in decision making
2. Establishing appropriate levels of fund balances
3. Governing the use of one time or unanticipated resources
4. Providing a multi-year capital improvements process
5. Establishing responsibilities and deadlines for budget preparation
6. Providing for a balanced annual operating budget
7. Providing guidelines on the use of debt, including appropriate purposes and terms
8. Provide a linkage between capital improvement scheduling and long term debt management planning



9. Require annual audits and financial reporting in conformance with Generally Accepted Accounting Procedures
10. Require timely and regular interim financial reporting to the Governing body
11. Ensure the safety of cash and near cash resources (timely collection of Accounts Receivable, etc.).

#### *Acknowledgments*

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated Finance staff of the City of Salina and the professional advice and efforts of the Mize Houser auditing team. Finally, preparation of this report would not have been possible without the support of the City Commission.

Sincerely,

A handwritten signature in blue ink, appearing to read 'MDS', followed by a long horizontal line extending to the right.

Michael D. Schrage  
City Manager

# Organizational Chart

CITIZENS

**CITY COMMISSION**

*Karl Ryan, Mayor  
Trent Davis  
Melissa Rose Hodges  
Mike Hoppock  
Joe Hay*

City Manager  
*Michael Schrage*

Municipal Court

Risk Management

Legal Services

*Clark Mize & Linville Chartered\*  
Greg Bengston*

Development Services  
*Lauren Driscoll*

Deputy City Manager  
*Vacant*

Continuous Process Improvement  
*Scott Gardner*

Building Services  
Neighborhood Services  
Planning & Zoning  
Community Relations

Parks & Recreation  
*Chris Cotton*

Public Works  
*Jim Kowach*

Utilities  
*Martha Tasker*

Finance/Administration  
*Debbie Pack*

Fire  
*Kevin Royse*

Police  
*Brad Nelson*

Parks Division  
Recreation Division  
Golf Course  
Facility Maintenance  
Animal Services  
\*Tony's Pizza Event Center

Engineering  
Public Services  
Streets  
Traffic Control  
Flood Control  
Sanitation  
Solid Waste  
Central Garage

Water Plant Division  
Wastewater Plant Division  
Utility Division  
Water Distribution  
Wastewater Collection

City Clerk  
Water Customer  
Accounting  
Finance

Fire Administration  
Fire Suppression  
Fire Prevention  
EMS

Administration  
Patrol Division  
Support Division  
Investigative Division

Computer Technology  
*Jack Rolfs*

Arts & Humanities  
*Brad Nelson*

Human Resources  
*Natalie Fischer*

# City of Salina, Kansas

## List of Principal Officials

### City Commission

Karl Ryan, Mayor

Trent Davis, Vice Mayor

Mike Hoppock, Commissioner

Melissa Rose Hodges, Commissioner

Joe Hay, Commissioner

### City Executive Staff

Michael Schrage, City Manager

Lauren Driscoll, Director of Development Services

Debbie Pack, Director of Finance and Administration

Jack Rolfs, Director of Computer Technology

Natalie Fischer, Director of Human Resources

Greg Bengston, City Attorney

Brad Nelson, Chief of Police

Kevin Royse, Fire Chief

Daniel Stack, City Engineer

Jim Kowach, Director of Public Works

Martha Tasker, Director of Utilities

Chris Cotton, Director of Parks and Recreation

Brad Anderson, Director of Arts and Humanities

Scott Gardner, Continuous Process Improvement

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## FINANCIAL SECTION

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## **INDEPENDENT AUDITOR'S REPORT**

Mayor and City Commissioners  
City of Salina, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salina, Kansas, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. We did not audit the financial statements of the Salina Field House Qualified Active Low-Income Community Business, Inc. (SFH QalicB), which is included within the financial statements as a major governmental fund. This activity represents 4% and 1%, respectively, of the total assets and total revenues of the governmental funds. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for SFH QalicB, is based solely on the report of the other auditors. We also did not audit the financial statements of the Housing Authority of the City of Salina, which is a discretely presented component unit in the accompanying financial statements and which statements reflect total assets and deferred outflows of resources of \$7,486,949 as of June 30, 2018 and total revenues of \$2,507,375 for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Salina, is based solely on the reports of the other auditors.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salina, Kansas, as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General, Tourism and Convention, Special Gas and Sales Tax Capital Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note 3 to the financial statements, the City implemented GASB 75 for other postemployment benefits during the current year. As a result of the implementation, a restatement was made to the net position at December 31, 2017. Our opinion is not modified with respect to this matter.

### *Prior Period Restatement*

As discussed in Note 3 to the financial statements, certain errors in amounts previously reported as of December 31, 2017, were discovered by management of the City during the current year. Accordingly, these amounts have been restated in the December 31, 2018, financial statements now presented, and adjustments have been made to net position to correct the error. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, the other postemployment benefit schedules on page 70 and 71, the schedule of the City's proportionate share of the net pension liability on page 72, and the schedule of City contributions on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the basic financial statements or to the financial statements themselves, 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 financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Mike Houser: Company PA*

Certified Public Accountants  
Lawrence, Kansas

September 25, 2019

# CITY OF SALINA, KANSAS

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## Management Discussion and Analysis Year Ended December 31, 2018 (Unaudited)

This section of the report contains an overview and analysis of the City of Salina's financial statements for the fiscal year ended December 31, 2018. The information contained here, as well as the information contained in the letter of transmittal, are intended to provide the reader of the financial statements with a well-rounded picture of the City's financial condition.

### Financial Highlights

- ◆ On an accrual basis, the City's government-wide net position increased \$11.1 million from current operations with net position increases of \$9.8 million and \$1.3 million in governmental activities and business-type activities, respectively.
- ◆ At the close of 2018, the City's governmental funds reported combined ending fund balances of \$19.1 million, a decrease of \$2.7 million from the prior year. This primarily resulted from issuance of temporary notes in the Capital Projects Fund and the capital project expenditures in the SFH QalicB Fund. The General Fund balance decreased \$140 thousand over the prior year.
- ◆ At the close of 2018, the City's enterprise funds reported a combined ending Net Position of \$90.4 million, an increase of \$1.3 million over prior year. Positive performance was shared by the Water and Sewer Fund and the Sanitation Fund, with the Water and Sewer Fund providing the bulk of the change (\$1.8 million). The Solid Waste Disposal Fund saw a negative performance as a result of additional costs related to the opening of the Drive Thru Recycling Center.
- ◆ Revenues from governmental activities increased by \$4.2 million from the prior year and revenues from business type activities increased \$.5 million from the prior year.
- ◆ Revenues from investments continue to be minimal.

### The Basic Financial Statements

The basic financial statements of the City include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements and are essential for the reader's understanding of the financial statements. Other supplementary information, including the combining schedules for non-major funds and the budgetary comparison reports, are at the end of this report to provide additional information for the reader.

#### *Government-wide Financial Statements*

The government-wide financial statements present the results of the City's operations using the accrual basis of accounting, the same basis as is used by private sector businesses. These statements focus on the long-term financial picture of the City as a whole.

The Statement of Net Position reports all of the City's assets and liabilities. Net position, the difference between assets and deferred outflows of resources and liabilities, are an important measure of the City's overall financial health. Net position represents the total accumulated and unused resources available to the City for the purpose of providing services. Over time, the increases and decreases in net position can be monitored to determine if the City's financial position is improving or deteriorating.

The Statement of Activities shows how net position has changed during the fiscal year. One unique feature of this statement is how it shows the revenues and expenses related to specific programs and how much of those programs were supported by the general taxes of the City. Since this statement is prepared on the accrual basis of accounting, all revenues and expenses are included, regardless of when cash is actually received. Both statements show the operations of the City broken down between governmental and business-type activities. Governmental activities are the operations of the City generally supported by taxes, such as public safety (police, fire, and EMS), public works,



CITY OF SALINA, KANSAS  
Management Discussion and Analysis  
Year Ended December 31, 2018  
(Unaudited)

public health, and culture & recreation. Business-type activities are operations of the City that are intended to recover a significant portion of their costs through user fees and charges. These include water and sewer, refuse collection, the golf course, and operation of the City solid waste facility.

The government-wide financial statements include the Salina Airport Authority and Salina Housing Authority as discretely presented component units of the City and the Salina Field House Qualified Active Low-Income Community Business, Inc. (SFH QalicB) as a blended component unit. Note 1, item A in the Notes to the Financial Statements provides a more complete explanation of the relationship between these entities and the City of Salina.

#### *Fund Financial Statements*

The City uses three types of funds to manage its resources: governmental funds, proprietary funds, and fiduciary funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources together with all related liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

Governmental fund financial statements are prepared on a modified accrual basis. Under this basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred with the exception of long term debt and similar items which are recorded when due. The focus is on the short-term financial picture of the operations of the individual fund, rather than long-term citywide view provided by the government-wide statements. Major governmental funds are presented in individual columns, while non-major governmental funds are aggregated into an "Other Governmental Funds" column. A combining statement for the non-major funds is presented as supplementary information in the back of the report. The information presented in these statements can be compared to the governmental activities information in the government-wide statements. The reconciliation at the end of the fund financial statements details the relationship between the two types of financial statements.

Proprietary funds fall into two categories: enterprise funds and internal service funds. All proprietary funds are prepared on the accrual basis of accounting and are used to account for business-type activities. Enterprise fund statements present the same information that is in the government-wide statements for business-type activities, but in greater detail. The City of Salina currently operates four enterprise funds: Sanitation, Solid Waste Disposal, Golf Course, and Water and Sewer. Internal service funds are used to account for the cost of operations shared by various departments of the City. The city operates three internal service funds. Two of these are for self-insurance activity: Workers Compensation Reserve, and Health Insurance. The remaining accounts for the Central Garage operation. A combining statement for these internal service funds can be found in the supplementary information following the notes to the financial statements.

Fiduciary funds are used by the City to account for resources held by the City for a third party. Agency funds are a special class of fiduciary fund in which liabilities always equal assets, and thus there is no net position. The City of Salina operates twelve agency funds. Schedules for these funds may be viewed in the supplementary section of this report.

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used. Permanent funds operated by the City include the Citizenship Trust, Cemetery and Mausoleum Endowments, and the Tri-centennial Commission fund.

#### *Notes to the Financial Statements*

The notes to the financial statements are an integral part of the basic financial statements since they contain valuable additional information necessary for gaining a complete understanding of the City's financial statements.

CITY OF SALINA, KANSAS  
Management Discussion and Analysis  
Year Ended December 31, 2018  
(Unaudited)

*Other Information*

In addition to the basic financial statements and the notes described above, this report also presents the general fund and major special revenue fund's budgetary statements as required supplementary information directly following the notes to the basic financial statements. The combining statements for the non-major funds are shown after the required supplementary information. Finally, the statistical section includes selected statistical data about the City's operations and economy.

**The City as a Whole**

This section will identify, discuss, and analyze significant differences and trends that will enhance the reader's understanding of the City's financial position.

*Tax Base and Economy*

The City of Salina relies on three major groups of revenues to support its operations. Each of these revenue streams has a different revenue base. In declining order of magnitude, they are charges for services, sales taxes, and property taxes. Sales taxes and property taxes apply primarily to governmental activities, while charges for services apply to both governmental (20%) and business-type (80%) activities.

**Charges for services** account for about 41% (\$37.5 million) of the City's revenue stream. Charges for service depend on both the rate that is set for the activity, as well as the volume of services provided. Significant services include water and wastewater fees, sanitation and landfill fees, licenses and permits, inspection fees and golf course fees. Charges for services increased \$.7 million (2%) from the prior year with the sanitation fund increasing \$121K (4.2%) and water and sewer fund increasing \$347K (2%). The increase in charges for services in the sanitation fund and the increase in the water and sewer fund are a result of an increase in user fees.

**Sales taxes** are the next largest component of the revenue mix, providing 24.7% (\$22.2 million) of the total revenues. The City receives a 1.25% City-wide sales tax, and also a portion of the County-wide 1% sales tax. Forty-four percent, (a rate of .75%) of the City-wide sales tax is required to be used for special purposes. The remaining .5%, along with the City portion of the County-wide tax is available for general purposes.

The City is affected by the formula used to distribute the County-wide sales tax among participating jurisdictions (only Cities and the County participate, School and other special districts do not). The formula is based, in part, on the property tax efforts of each jurisdiction. As the portion of the overlapping levy attributable to the City of Salina changes so does the City's allocated portion of the County-wide sales tax. This change is recognized bi-annually and can affect the overall allocation of the City's portion of the County-wide sales tax. In 2018, this allocation increased slightly which did not have a significant impact on the tax revenues.

In 2008, Salina voters approved an increase of the special purpose .25% tax to a .40% tax. The extended tax is to sunset March 31, 2019. The tax was also modestly re-purposed, for Capital and Economic Development purposes only, as well as retaining a property tax stabilization component. In May 2017, Salina voters approved an increase in the special purpose .40% tax to a .75% tax (thus repealing the 2008 increase). This change became effective October 1, 2017 for twenty years.

**Property taxes** are the third major component of the revenue mix, accounting for 13.9% (\$12.5 million) of total revenues. Property taxes consist of two components: Real estate and personal property taxes which are determined by the mill levy set by the city and the assessed value of the property; and motor vehicle taxes which are established by a countywide average tax rate and the assessed value of the vehicle.

Real estate assessed value increased by 3.0%. The total City mill levy decreased 5.3%. The overlapping levy decreased in 2018 by .75%.

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Personal property value continued to slide, presumably as a result of removing business equipment from the tax base. Personal property value has now dropped to \$10.1 million from its peak of \$39.7 million in 2007. At the 2018 tax rate, this exemption is equivalent to over \$775K in annual lost revenue.

Motor vehicle value increased 4.6%. Motor vehicle taxes are distributed based on a formula using prior year's tax effort (similar to the Countywide Sales Tax Distribution).

The following table summarizes the comparative property assessed values and tax levy rates:

Comparative Property Values and Tax Levy Rates			
Fiscal (Budget) Year	2018	2017	Change
Real Estate and Personal Property Assessed Valuation	\$ 434,451,245	\$ 422,364,328	\$ 12,086,917
City Mill Levy (\$ per \$1,000)			
Operating (General Fund)	20.339	21.694	(1.355)
Debt Service	5.79	5.909	(0.119)
Total City Rate	26.129	27.603	(1.474)
Total Overlapping Levy	133.14	134.153	(1.013)
Percent of Total Taxes Collected	95.9%	99.9%	-4.0%
Ratio of Total Taxes (including delinquent collections) to taxes levied	98.4%	101.7%	-3.3%
Motor Vehicle Valuation	\$ 53,336,677	\$ 50,970,796	\$ 2,365,881

The unemployment rate in Salina increased slightly from 2.7% at the end of 2017 to 3.3% at the end of 2018, reflecting general economic conditions. This is still slightly below the statewide and significantly below the national unemployment rate. The total labor force increased to 30,174 from 27,684 in 2017.

In 2018, the top ten property taxpayers accounted for 10.26% of total assessed value. This is less concentrated than ten years ago (at 15.48%).

#### *Statement of Net Position*

Net position may, over time, provide an indicator of a government's financial position. In the case of the City of Salina, assets and deferred outflows of resources exceeded liabilities by \$223.8 million at December 31, 2018. This represents an increase in net assets of \$11.1 million over 2017. A comparative Condensed Statement of Net Position at December 31, 2018 and 2017:

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Condensed Statement of Net Position  
As of December 31  
(In \$000)

	Governmental Activities		Business-Type Activities		Total Primary Government				
	2018	2017	2018	2017	2018	% of Total	2017	% of Total	2018-2017 change
Cash and investments	\$ 34,302	\$ 24,491	\$ 32,140	\$ 30,336	\$ 66,442	17%	\$ 54,827	15%	\$ 11,615
Other current assets	16,774	13,836	2,630	2,338	19,404	5%	16,174	4%	3,230
Noncurrent (capital) assets	210,515	206,600	90,181	91,306	300,696	78%	297,906	81%	2,790
Total assets	261,591	244,927	124,951	123,980	386,542	100%	368,907	100%	17,635
Total deferred outflow s of resources	5,527	5,968	802	887	6,329	100%	6,855	100%	(526)
Total assets and deferred outflow s of resources	267,118	250,895	125,753	124,867	392,871		375,762		17,109
Current liabilities	28,623	12,540	3,814	3,879	32,437	21%	16,419	11%	16,018
Noncurrent liabilities	90,931	102,076	31,332	31,685	122,263	79%	133,761	89%	(11,498)
Total liabilities	119,554	114,616	35,146	35,564	154,700	100%	150,180	100%	4,520
Total deferred inflow s of resources	14,113	12,578	224	220	14,337		12,798		1,539
Net position:									
Net investment in capital assets	144,845	129,921	62,368	63,316	207,213	92%	193,237	91%	13,976
Restricted for permanent funds	514	502	-	-	514	0%	502	0%	12
Restricted for debt service	1,851	1,510	1,512	1,512	3,363	2%	3,022	1%	341
Unrestricted	(13,759)	(8,232)	26,503	24,255	12,744	6%	16,023	8%	(3,279)
Total net position	133,451	123,701	90,383	89,083	223,834	100%	212,784	100%	11,050
Percent of total net position	60%	58%	40%	42%	100%		100%		
Cash and investments as a percentage of current liabilities	120%	195%	843%	782%	205%		334%		

The largest segment of the City's net position reflects its investment in capital assets (land, buildings, streets and drainage facilities, utility plant, vehicles, equipment, etc.), less any debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens. As a result, resources required to retire related debt cannot come from liquidation of the asset. Such resources generally must be provided from other sources, such as future taxes or user charges.

A small portion of net position is restricted for debt service and permanent funds. The remainder (unrestricted) of net position may be used to meet the City's obligations to citizens and creditors.

In 2018, the amount of net investment in capital assets increased by \$14.0 million. Amount restricted for debt service increased by \$341 thousand. Unrestricted decreased by \$3.3 million. Outside of these changes, 2018 resulted in a \$11.1 million increase to the net position.

Total liabilities increased in governmental activities and slightly decreased in business-type activities. In governmental activities, current liabilities increased and non-current liabilities decreased primarily due to an increase in temporary notes and a decrease in general obligation bonds.

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*Statement of Activities*

A Condensed Statement of Activities is shown below.

Condensed Statement of Activities For the Year Ended December 31 (In \$000)									
	Governmental Activities		Business-Type Activities		Total Primary Government				2018-2017
	2018	2017	2018	2017	2018	%	2017	%	Change
Program Revenues:									
Charges for Services	\$ 10,411	\$ 10,100	\$ 27,061	\$ 26,703	\$ 37,472	42%	\$ 36,803	43%	\$ 669
Operating Grants and Contributions	4,300	4,541	-	-	4,300	5%	4,541	5%	(241)
Capital Grants and Contributions	4,635	-	-	-	4,635	5%	-	0%	4,635
General Revenues:									
Property Taxes	12,508	12,960	-	-	12,508	14%	12,960	15%	(452)
Sales Taxes	22,209	21,738	-	-	22,209	25%	21,738	25%	471
Other Taxes	7,240	6,899	-	-	7,240	8%	6,899	8%	341
Investment Revenue	183	93	233	129	416	0%	222	0%	194
Other Miscellaneous	1,062	2,003	153	103	1,215	1%	2,106	2%	(891)
Total Revenues:	62,548	58,334	27,447	26,935	89,995	100%	85,269	100%	4,726
Expenses:									
General Government	12,013	9,781	-	-	12,013	15%	9,781	13%	2,232
Public Safety	23,892	23,120	-	-	23,892	30%	23,120	30%	772
Public Works	10,458	10,345	-	-	10,458	13%	10,345	14%	113
Public Health and Sanitation	1,256	1,126	-	-	1,256	2%	1,126	1%	130
Culture and Recreation	7,040	6,880	-	-	7,040	9%	6,880	9%	160
Planning and Development	2,369	1,835	-	-	2,369	3%	1,835	2%	534
Solid Waste Disposal	-	-	2,382	2,364	2,382	3%	2,364	3%	18
Water and Sewer	-	-	15,190	15,650	15,190	19%	15,650	21%	(460)
Sanitation	-	-	2,419	2,178	2,419	3%	2,178	3%	241
Golf Course	-	-	926	852	926	1%	852	1%	74
Interest on Long Term Debt	2,117	1,724	-	-	2,117	3%	1,724	2%	393
Total Expenses	59,145	54,811	20,917	21,044	80,062	100%	75,855	100%	4,207
Increase in net assets before transfers	3,403	3,523	6,530	5,891	9,933		9,414		519
Transfers and other extraordinary items	4,831	4,309	(4,832)	(4,367)	(1)		(58)		57
Change in Net Position	8,234	7,832	1,698	1,524	9,932		9,356		576
Net Position January 1	123,701	115,869	89,083	87,559	212,784		203,428		9,356
Prior Period Adjustment	1,518	-	(398)	-	1,120		-		1,120
Net Position January 1, restated	125,219	115,869	88,685	87,559	213,904		203,428		10,476
Net Position December 31	\$ 133,453	\$ 123,701	\$ 90,383	\$ 89,083	\$ 223,836		\$ 212,784		\$ 11,052

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Governmental Activities. Charges for services attributable to governmental activities totaled \$10.4 million, operating grants for those purposes were \$4.3 million and capital grants for those purposes were \$4.6 million. Charges for services and capital grants increased from the prior year, while operating grants decreased slightly. The balance was funded by general revenues. Sales taxes accounted for \$22.2 million of general revenues, with property taxes providing \$12.5 million. The net position increased by \$8.2 million as a result of governmental activities. This increase was primarily related to the increase in sales and other taxes.

Total expenses for governmental activities for the year ending December 31, 2018 were \$59.1 million compared to \$54.8 million in 2017. Governmental activities represent 74% of the City's total expenses. The largest element of governmental activity expense was public safety, accounting for 30% of the total.

Business Type Activities. Business-type activities are primarily supported by user charges, with a very small amount coming from investment and miscellaneous revenues. Total expenses for business-type activities for the year were \$21 million, or 26% of the City's total expenses. The majority of this expense (\$15.2 million) is attributable to water and sewer operations, with the other activities costing a combined total of \$5.7 million. Net position increased by \$1.7 million. This increase was primarily related to the increase in water and sewer fund revenues and a decrease in water and sewer fund expenses.

## **Fund Financial Analysis**

### *Governmental Funds*

#### Fund Balances:

The table below shows the Governmental Fund balances for major funds as of December 31, 2018 and December 31, 2017.

Governmental Fund Balances  
as of December 31,  
(in 000's)

<u>Fund</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
General	\$ 6,743	\$ 6,883	\$ (140)
Tourism and Convention	458	213	245
Special Gas	1,532	1,082	450
Sales Tax Capital	1,984	2,084	(100)
Schilling Capital Improvement	2,136	3,024	(888)
Debt Service	1,851	1,510	341
Capital Projects	(694)	895	(1,589)
SFH QalicB	1,218	1,715	(497)
Other Governmental Funds	3,861	4,353	(492)
	<u>\$ 19,089</u>	<u>\$ 21,759</u>	<u>\$ (2,670)</u>

Total governmental fund balances decreased by \$2.7 million. The reasons for these changes are varied. The Schilling Capital Improvement Fund, which was created to account for U.S. Government and other funds received for the abatement of groundwater contamination, continues to decrease as the City uses funds previously distributed. The Capital Projects Fund decrease was largely the result of the use of funds to fund capital outlays on projects. The SFH QalicB fund was created to account for funds for the Salina Field House.

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Revenues and Expenditures:

The following table shows a comparison of revenues and expenditures (including other sources and uses) for major funds for the years ending December 31, 2018 and 2017.

Consolidated Statement of Revenues and Expenditures for Major Governmental Funds  
For the years ended December 31  
Modified Accrual Basis  
(in \$000's)

<u>Fund</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Revenues (Including Other Financing Sources)			
General	\$ 41,532	\$ 41,864	\$ (332)
Tourism and Convention	1,795	1,685	110
Special Gas	1,653	1,598	55
Sales Tax Capital	8,225	8,265	(40)
Schilling Capital Improvement	15	12	3
Debt Service	6,602	6,659	(57)
Capital Projects	13,555	12,125	1,430
SFH QalicB	504	248	256
Other Governmental Funds	4,161	4,067	94
Total Revenues	78,042	76,523	1,519
Less Other Sources	(21,622)	(19,924)	(1,698)
Revenues, net of other sources	<u>\$ 56,420</u>	<u>\$ 56,599</u>	<u>\$ (179)</u>
Expenditures (Including Other Financing Uses)			
General	\$ 41,672	\$ 40,013	\$ 1,659
Tourism and Convention	1,550	1,655	(105)
Special Gas	1,203	1,328	(125)
Sales Tax Capital	8,324	7,848	476
Schilling Capital Improvement	904	1,049	(145)
Debt Service	6,955	6,398	557
Capital Projects	15,144	4,407	10,737
SFH QalicB	1,001	5,344	(4,343)
Other Governmental Funds	4,653	3,399	1,254
Total Expenditures	81,406	71,441	9,965
Less Other Uses	(4,186)	(4,160)	(26)
Expenditures, net of other uses	<u>\$ 77,220</u>	<u>\$ 67,281</u>	<u>\$ 9,939</u>

Total revenues, including other sources, were down \$179 thousand compared to 2017, with no funds showing substantial changes between the two years.

Total expenditures increased \$9.9 million over 2017. The majority of that increase was in the Capital Projects Fund as a result of increased spending on projects, specifically the Downtown Streetscape project.

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*Proprietary Funds*

The City of Salina operates four enterprise funds as well as five internal service funds. A summarized comparative Statement of Net Position follows for each enterprise fund:

Comparative Summary Statement of Net Position  
as of December 31  
(in \$000's)

	Solid Waste Disposal			Water and Sewer		
	2018	2017	Change	2018	2017	Change
Current Assets	\$ 6,569	\$ 6,709	\$ (140)	\$ 26,338	\$ 24,014	\$ 2,324
Capital Assets	2,350	3,196	(846)	86,535	86,888	(353)
Deferred Outflow s	72	79	(7)	610	676	(66)
Total Assets and deferred outflow s	<u>\$ 8,991</u>	<u>\$ 9,984</u>	<u>\$ (993)</u>	<u>\$ 113,483</u>	<u>\$ 111,578</u>	<u>\$ 1,905</u>
Current Liabilities	\$ 461	\$ 445	\$ 16	\$ 3,183	\$ 3,299	\$ (116)
Noncurrent Liabilities	2,847	3,272	(425)	27,576	27,440	136
Deferred Inflow s	30	30	-	144	143	1
Total Liabilities	<u>\$ 3,338</u>	<u>\$ 3,747</u>	<u>\$ (409)</u>	<u>\$ 30,903</u>	<u>\$ 30,882</u>	<u>\$ 21</u>
Net investment in capital assets	\$ 1,570	\$ 2,041	\$ (471)	\$ 59,502	\$ 60,053	\$ (551)
Restricted	-	-	-	1,512	1,512	-
Unrestricted	4,083	4,196	(113)	21,566	19,131	2,435
Total Net Position	<u>\$ 5,653</u>	<u>\$ 6,237</u>	<u>\$ (584)</u>	<u>\$ 82,580</u>	<u>\$ 80,696</u>	<u>\$ 1,884</u>
Current Assets as a percentage of current liabilities	1425%	1508%		827%	728%	

  

	Sanitation			Golf Course		
	2018	2017	Change	2018	2017	Change
Current Assets	\$ 1,747	\$ 1,787	\$ (40)	\$ 116	\$ 164	\$ (48)
Capital Assets	886	826	60	410	395	15
Deferred Outflow s	92	102	(10)	27	32	(5)
Total Assets	<u>\$ 2,725</u>	<u>\$ 2,715</u>	<u>\$ 10</u>	<u>\$ 553</u>	<u>\$ 591</u>	<u>\$ (38)</u>
Current Liabilities	\$ 106	\$ 87	\$ 19	\$ 64	\$ 48	\$ 16
Noncurrent Liabilities	684	733	(49)	225	240	(15)
Deferred Inflow s	38	38	-	11	11	-
Total Liabilities	<u>\$ 828</u>	<u>\$ 858</u>	<u>\$ (30)</u>	<u>\$ 300</u>	<u>\$ 299</u>	<u>\$ 1</u>
Net investment in capital assets	\$ 886	\$ 826	\$ 60	\$ 410	\$ 395	\$ 15
Restricted	-	-	-	-	-	-
Unrestricted	1,011	1,031	(20)	(157)	(103)	(54)
Total Net Position	<u>\$ 1,897</u>	<u>\$ 1,857</u>	<u>\$ 40</u>	<u>\$ 253</u>	<u>\$ 292</u>	<u>\$ (39)</u>
Current Assets as a percentage of current liabilities	1648%	2054%		181%	342%	



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*Revenues, Expenses, and Changes in Net Position*

All enterprise funds show healthy results, with all funds reflecting increases in net position.

Comparative Summary of Revenues, Expenses and Changes in Net Position  
for the Year Ended December 31  
(In \$000's)

	Solid Waste Disposal			Water and Sewer		
	2018	2017	Change	2018	2017	Change
Operating Revenues	\$ 3,116	\$ 3,185	\$ (69)	\$ 20,207	\$ 19,861	\$ 346
Operating Expenses	2,353	2,320	33	14,348	14,721	(373)
Operating Income	763	865	(102)	5,859	5,140	719
Non-operating revenues (expenses)	17	(20)	37	(667)	(832)	165
Income (Loss) before Transfers	780	845	(65)	5,192	4,308	884
Transfers in (out)	(690)	(540)	(150)	(3,650)	(3,450)	(200)
Change in Net Position	90	305	(215)	1,542	858	684
Net Position January 1	6,237	5,932	305	80,697	79,838	859
Restatement	(674)	-	(674)	341	-	341
Net Position January 1, restated	5,563	5,932	(369)	81,038	79,838	1,200
Net Position December 31	<u>\$ 5,653</u>	<u>\$ 6,237</u>	<u>\$ (584)</u>	<u>\$ 82,580</u>	<u>\$ 80,696</u>	<u>\$ 1,884</u>

  

	Sanitation			Golf Course		
	2018	2017	Change	2018	2017	Change
Operating Revenues	\$ 3,006	\$ 2,886	\$ 120	\$ 884	\$ 876	\$ 8
Operating Expenses	2,419	2,178	241	926	852	74
Operating Income	587	708	(121)	(42)	24	(66)
Non-operating revenues (expenses)	11	6	5	661	-	661
Income (Loss) before Transfers	598	714	(116)	(41)	24	(65)
Transfers in (out)	(492)	(377)	(115)	-	-	-
Change in Net Position	106	337	(231)	(41)	24	(65)
Net Position January 1	1,856	1,520	336	292	268	24
Restatement	(66)	-	(66)	2	-	2
Net Position January 1, restated	1,790	1,520	270	294	268	26
Net Position December 31	<u>\$ 1,896</u>	<u>\$ 1,857</u>	<u>\$ 39</u>	<u>\$ 253</u>	<u>\$ 292</u>	<u>\$ (39)</u>

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### Budgetary Highlights

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. The legal level of budgetary control is maintained at the fund level, in accordance with State Statutes. Management control is maintained at the departmental level. Within the departments, considerable discretion is permitted. The City uses an encumbrance accounting system, in which estimated purchase orders are recorded prior to the release of purchase orders to vendors. Open purchase orders are reported as reservations of budgetary basis fund balances at December 31, 2018. Formal budgetary amendments are limited to those circumstances in which the need is perceived to alter the total fund budget. Re-allocation among departments or line items are not typically recorded as budgetary amendments.

However, in addition to formal amendments, departments within the City are allowed to transfer budget between line items within a department. Budgets may also be transferred from department to department within each fund. As a result of these transfers, the original budget and the final budgets may not be the same for departments within a fund.

### Capital Assets and Debt Administration

#### Capital Assets

The total amount invested in Capital Assets for the City at December 31, 2018 was \$300,696,162 net of accumulated depreciation.

The following table illustrates the Capital Asset balance by various classes of assets at December 31, 2018 and 2017:

Capital Asset Balances Net of Depreciation  
as of December 31  
(In 000's)

	Governmental Activity		Business-type Activity		Total	
	2018	2017	2018	2017	2018	2017
Equipment, Furniture and Fixtures	\$ 2,374	\$ 2,040	\$ 1,489	\$ 1,484	\$ 3,863	\$ 3,524
Vehicles	2,957	3,521	1,208	1,041	4,165	4,562
Buildings and Improvements	31,759	33,079	8,941	9,362	40,700	42,441
Land	24,094	24,093	2,060	1,542	26,154	25,635
Land Leased Under Capital Assets	423	-	-	-	423	-
Infrastructure	116,365	114,958	72,312	75,727	188,677	190,685
Leasehold Improvements	326	-	-	-	326	-
Construction in Progress	32,217	28,909	4,171	2,150	36,388	31,059
Total	<u>\$ 210,515</u>	<u>\$ 206,600</u>	<u>\$ 90,181</u>	<u>\$ 91,306</u>	<u>\$ 300,696</u>	<u>\$ 297,906</u>

Changes to capital assets may be summarized as follows:

Changes to Capital Assets, 2018  
(in 000's)

	Governmental Activity	Business-Type Activity	Total
Additions	\$ 15,859	\$ 3,221	\$ 19,080
Retirements	(5,898)	(327)	(6,225)
Depreciation	(5,663)	(4,113)	(9,776)
Net Additions	<u>\$ 4,298</u>	<u>\$ (1,219)</u>	<u>\$ 3,079</u>

Additional information on the City's capital assets can be found in Note 4.D. of the notes to the basic financial statements.

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*Debt Management*

The City's general policy for general obligation bonds is to issue them for no more than 10 years for the City at Large portion, with some exceptions permitted for extraordinary projects. On special assessment bonds, the maturity may extend to 15 years.

The outstanding general obligation bonds for governmental activities at December 31, 2018 totaled \$57,250,888. In addition, there were temporary notes outstanding in the amount of \$18,123,505, as well as a financing operating lease in the amount of \$845,338.

Business-type activities had \$11,898,051 in revenue bonds outstanding, as well as \$5,557,686 in general obligation bonds. Revenues generated by user fees are pledged to retire all of the bonds issued by business-type activities. In addition, a loan payable is outstanding in the amount of \$10,632,351.

The City engaged in the following debt transactions during 2018:

- On July 30th, the City issued 2018-1, \$6,000,000 of temporary notes. The proceeds were used to finance construction to Downtown Streetscape, Police Training Facility Design and 2 special assessment projects.
- On November 27th, the City issued 2018-2, \$13,500,000 in temporary notes to pay off the 2018-1 notes as well as finance construction of the Downtown Streetscape and Police Training Facility. This note will be partially refinanced into a long term bond issue in 2019 and partially in 2020.
- On November 27<sup>th</sup>, the City issued 2018A, \$2,090,000 in General Obligation Bonds to finance construction costs for the Grand Prairie II and River Trail Second Addition special assessment projects, as well as to finance the Beechcraft Road project.
- On December 1, 2018, the City issued \$18,520,000 in Senior Special Obligation Revenue Bonds and \$4,320,000 in Subordinate Special Obligation Revenue Bonds to fund STAR Bond district projects.

Additional information on the City's debt can be found in Note 4, E. of the notes to the basic financial statements.

**Requests for Information**

This financial report is intended to give the reader a general overview of the City's finances. Questions about information in this report or requests for additional information should be directed to the Director of Finance, Room 206, 300 West Ash Street, Salina, Kansas, 67401.

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## **BASIC FINANCIAL STATEMENTS**

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## CITY OF SALINA, KANSAS

STATEMENT OF NET POSITION  
December 31, 2018

	Primary Government			Component Units	
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Salina Housing Authority	Salina Airport Authority
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
Current assets:					
Cash and investments	\$ 34,302,149	\$ 32,140,053	\$ 66,442,202	\$ 2,004,471	\$ 255,390
Receivables (net of allowance for uncollectibles)					
Accounts	1,951,605	2,148,480	4,100,085	12,548	145,403
Taxes	12,744,529	-	12,744,529	-	-
Interest	298,248	16	298,264	-	-
Inventory	263,000	481,548	744,548	36,351	-
Restricted cash and investments	1,516,561	-	1,516,561	136,383	-
Prepaid expenses	-	-	-	42,457	7,098
Total current assets	<u>51,076,092</u>	<u>34,770,097</u>	<u>85,846,189</u>	<u>2,232,210</u>	<u>407,891</u>
Noncurrent assets:					
Capital assets, nondepreciable					
Construction in progress	32,217,207	4,171,178	36,388,385	161,977	8,921
Land	24,516,334	2,059,834	26,576,168	1,454,559	9,965,118
Capital assets, depreciable	275,280,664	151,140,172	426,420,836	8,403,404	78,425,642
Less: Accumulated depreciation	<u>121,498,751</u>	<u>67,190,476</u>	<u>188,689,227</u>	<u>4,834,319</u>	<u>44,538,812</u>
Total noncurrent assets	<u>210,515,454</u>	<u>90,180,708</u>	<u>300,696,162</u>	<u>5,185,621</u>	<u>43,860,869</u>
Total assets	<u>261,591,546</u>	<u>124,950,805</u>	<u>386,542,351</u>	<u>7,417,831</u>	<u>44,268,760</u>
Deferred outflows of resources:					
KPERS OPEB deferred outflows of resources	98,101	42,043	140,144	-	4,294
OPEB deferred outflows of resources	71,407	9,096	80,503	-	-
Pension deferred outflows of resources	5,260,473	533,024	5,793,497	69,118	111,199
Deferred charge on bond issuance	<u>96,738</u>	<u>217,652</u>	<u>314,390</u>	-	<u>1,266,357</u>
Total deferred outflows of resources	<u>5,526,719</u>	<u>801,815</u>	<u>6,328,534</u>	<u>69,118</u>	<u>1,381,850</u>
Total assets and deferred outflows of resources	<u>\$ 267,118,265</u>	<u>\$ 125,752,620</u>	<u>\$ 392,870,885</u>	<u>\$ 7,486,949</u>	<u>\$ 45,650,610</u>
Liabilities:					
Current liabilities:					
Accounts payable	\$ 1,491,889	\$ 348,222	\$ 1,840,111	\$ 48,850	\$ 1,086,778
Retainage payable	846,849	226,977	1,073,826	-	-
Accrued liabilities	564,494	-	564,494	35,803	73,104
Accrued interest payable	107,944	249,347	357,291	-	218,063
Deposits payable	-	183,858	183,858	96,092	-
Current portion of compensated absences	1,611,375	383,182	1,994,557	2,759	-
Current portion of temporary notes payable	18,123,505	-	18,123,505	-	-
Current portion of loans payable	-	527,499	527,499	-	-
Current portion of revenue bonds payable	-	728,696	728,696	-	-
Current portion of special assessment debt payable	-	-	-	-	2,153
Current portion of general obligation bonds payable	<u>5,877,280</u>	<u>1,166,063</u>	<u>7,043,343</u>	<u>-</u>	<u>1,967,000</u>
Total current liabilities	<u>28,623,336</u>	<u>3,813,844</u>	<u>32,437,180</u>	<u>183,504</u>	<u>3,347,098</u>
Noncurrent liabilities:					
Accrued liabilities	55,264	-	55,264	23,020	-
Compensated absences	1,204,110	286,335	1,490,445	24,833	-
Security deposits returnable	-	-	-	-	48,680
Net OPEB obligation	3,093,240	394,062	3,487,302	-	-
Net KPERS OPEB obligation	382,848	164,078	546,926	8,886	11,126
Net pension liability	27,918,983	3,114,818	31,033,801	345,226	605,630
Loans payable	12,185,053	10,104,852	22,289,905	-	-
Revenue bonds payable	-	11,169,355	11,169,355	-	-
Special assessment debt payable	-	-	-	-	4,901
General obligation bonds payable	46,091,030	4,116,515	50,207,545	-	19,395,792
Landfill post-closure care liabilities	-	<u>1,981,498</u>	<u>1,981,498</u>	-	-
Total noncurrent liabilities	<u>90,930,528</u>	<u>31,331,513</u>	<u>122,262,041</u>	<u>401,965</u>	<u>20,066,129</u>
Total liabilities	<u>119,553,864</u>	<u>35,145,357</u>	<u>154,699,221</u>	<u>585,469</u>	<u>23,413,227</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	12,267,726	-	12,267,726	7,277	69,884
KPERS OPEB deferred inflows of resources	9,290	3,981	13,271	184	3,964
Pension deferred inflows of resources	<u>1,835,545</u>	<u>220,027</u>	<u>2,055,572</u>	<u>21,346</u>	<u>64,402</u>
Total deferred inflows of resources	<u>14,112,561</u>	<u>224,008</u>	<u>14,336,569</u>	<u>28,807</u>	<u>138,250</u>
Total liabilities and deferred inflows of resources	<u>\$ 133,666,425</u>	<u>\$ 35,369,365</u>	<u>\$ 169,035,790</u>	<u>\$ 614,276</u>	<u>\$ 23,551,477</u>
Net Position					
Net investment in capital assets	\$ 144,845,530	\$ 62,367,728	\$ 207,213,258	\$ 5,330,745	\$ 22,491,023
Restricted for:					
Permanent funds:					
Expendable	514,201	-	514,201	14,718	-
Debt service	1,851,358	1,512,125	3,363,483	-	-
Unrestricted	<u>[13,759,249]</u>	<u>26,503,402</u>	<u>12,744,153</u>	<u>1,527,210</u>	<u>[391,890]</u>
Total net position	<u>\$ 133,451,840</u>	<u>\$ 90,383,255</u>	<u>\$ 223,835,095</u>	<u>\$ 6,872,673</u>	<u>\$ 22,099,133</u>

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

## CITY OF SALINA, KANSAS

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

	Net [Expenses] Revenue and Changes in Net Position								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Salina Housing Authority	Salina Airport Authority
<b>Governmental activities:</b>									
General government	\$ 12,012,840	\$ 3,569,264	\$ 667,179	\$ 4,634,742	\$ [3,141,655]	\$ -	\$ [3,141,655]	\$ -	\$ -
Public safety	23,891,543	4,815,110	1,134,717	-	[17,941,716]	-	[17,941,716]	-	-
Public works	10,458,094	284,724	1,872,213	-	[8,301,157]	-	[8,301,157]	-	-
Public health and sanitation	1,256,142	46,990	266,676	-	[942,476]	-	[942,476]	-	-
Culture and recreation	7,039,683	1,544,676	200,676	-	[5,294,331]	-	[5,294,331]	-	-
Planning and development	2,369,562	149,864	158,041	-	[2,061,657]	-	[2,061,657]	-	-
Interest on long-term debt	2,117,439	-	-	-	[2,117,439]	-	[2,117,439]	-	-
Total governmental activities	<u>59,145,303</u>	<u>10,410,628</u>	<u>4,299,502</u>	<u>4,634,742</u>	<u>[39,800,431]</u>	<u>-</u>	<u>[39,800,431]</u>	<u>-</u>	<u>-</u>
<b>Business-type activities:</b>									
Solid Waste Disposal	2,382,082	3,097,271	-	-	-	715,189	715,189	-	-
Water and Sewer	15,190,160	20,202,022	-	-	-	5,011,862	5,011,862	-	-
Sanitation	2,418,930	3,005,740	-	-	-	586,810	586,810	-	-
Golf Course	926,287	755,655	-	-	-	[170,632]	[170,632]	-	-
Total business-type activities	<u>20,917,459</u>	<u>27,060,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,143,229</u>	<u>6,143,229</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 80,062,762</u>	<u>\$ 37,471,316</u>	<u>\$ 4,299,502</u>	<u>\$ 4,634,742</u>	<u>[39,800,431]</u>	<u>6,143,229</u>	<u>[33,657,202]</u>	<u>-</u>	<u>-</u>
<b>Component units:</b>									
Salina Housing Authority	\$ 2,604,085	\$ 335,160	\$ 2,027,232	\$ 117,316	-	-	-	[124,377]	-
Salina Airport Authority	<u>6,019,332</u>	<u>2,499,892</u>	<u>-</u>	<u>1,474,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[2,045,084]</u>
Total component units	<u>\$ 8,623,417</u>	<u>\$ 2,835,052</u>	<u>\$ 2,027,232</u>	<u>\$ 1,591,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[124,377]</u>	<u>[2,045,084]</u>
<b>General Revenues:</b>									
Property taxes levied for									
General purposes					8,623,057	-	8,623,057	-	2,338,967
Debt service					2,456,875	-	2,456,875	-	-
Motor vehicle tax									
General purposes					1,428,001	-	1,428,001	-	-
Sales tax									
General purposes					13,292,626	-	13,292,626	-	-
Selective purposes					8,916,814	-	8,916,814	-	-
Other taxes									
General purposes					7,240,099	-	7,240,099	-	-
Investment revenues					182,895	233,355	416,250	15,124	3,745
Miscellaneous					1,061,810	152,814	1,214,624	12,543	5,375
Transfers, net					<u>4,831,500</u>	<u>[4,831,500]</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal general revenues					<u>48,033,677</u>	<u>[4,445,331]</u>	<u>43,588,346</u>	<u>27,667</u>	<u>2,348,087</u>
Change in net position					<u>8,233,246</u>	<u>1,697,898</u>	<u>9,931,144</u>	<u>[96,710]</u>	<u>303,003</u>
Net position - beginning					123,700,850	89,082,816	212,783,666	6,976,479	21,808,184
Prior period adjustment					<u>1,517,744</u>	<u>[397,459]</u>	<u>1,120,285</u>	<u>[7,096]</u>	<u>[12,054]</u>
Net position - beginning, restated					<u>125,218,594</u>	<u>88,685,357</u>	<u>213,903,951</u>	<u>6,969,383</u>	<u>21,796,130</u>
Net position - ending					<u>\$ 133,451,840</u>	<u>\$ 90,383,255</u>	<u>\$ 223,835,095</u>	<u>\$ 6,872,673</u>	<u>\$ 22,099,133</u>

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

## CITY OF SALINA, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2018

	<u>General</u>	<u>Tourism and Convention</u>	<u>Special Gas</u>	<u>Sales Tax Capital</u>
<b>ASSETS</b>				
Cash and investments	\$ 5,210,942	\$ 853	\$ 1,266,574	\$ 2,263,217
Restricted cash	-	-	-	-
Receivables (net)				
Accounts	1,492,279	457,529	-	-
Taxes	9,749,815	-	320,324	-
Interest	298,248	-	-	-
Inventory	151,514	-	-	-
Due from other funds	<u>24,544</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 16,927,342</u>	<u>\$ 458,382</u>	<u>\$ 1,586,898</u>	<u>\$ 2,263,217</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 542,039	\$ -	\$ 26,383	\$ 121,237
Retainage payable	-	-	28,056	157,656
Temporary notes payable	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>542,039</u>	<u>-</u>	<u>54,439</u>	<u>278,893</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	9,576,319	-	-	-
Unavailable revenue - other	<u>66,407</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>9,642,726</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Nonspendable	151,514	-	-	-
Restricted	-	458,382	1,359,237	-
Committed	-	-	-	1,436,972
Assigned	340,106	-	173,222	547,352
Unassigned	<u>6,250,957</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>6,742,577</u>	<u>458,382</u>	<u>1,532,459</u>	<u>1,984,324</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,927,342</u>	<u>\$ 458,382</u>	<u>\$ 1,586,898</u>	<u>\$ 2,263,217</u>

<u>Schilling Capital Improvement</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>SFH QalicB</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,151,875	\$ 1,801,968	\$ 13,270,861	\$ 7,663	\$ 4,033,111	\$ 30,007,064
-	-	-	1,516,561	-	1,516,561
-	-	-	494,287	1,797	2,445,892
-	2,674,390	-	-	-	12,744,529
-	-	-	-	-	298,248
-	-	-	-	-	151,514
-	-	196,939	-	-	221,483
<u>\$ 2,151,875</u>	<u>\$ 4,476,358</u>	<u>\$ 13,467,800</u>	<u>\$ 2,018,511</u>	<u>\$ 4,034,908</u>	<u>\$ 47,385,291</u>
\$ 15,749	\$ -	\$ 352,630	\$ 243,131	\$ 149,019	\$ 1,450,188
-	-	300,662	360,475	-	846,849
-	-	13,508,505	-	-	13,508,505
-	-	-	196,939	24,544	221,483
<u>15,749</u>	<u>-</u>	<u>14,161,797</u>	<u>800,545</u>	<u>173,563</u>	<u>16,027,025</u>
-	2,625,000	-	-	-	12,201,319
-	-	-	-	-	66,407
-	<u>2,625,000</u>	-	-	-	<u>12,267,726</u>
-	-	-	-	-	151,514
-	1,851,358	-	-	978,694	4,647,671
1,955,918	-	133,122	1,217,966	2,581,440	7,325,418
180,208	-	-	-	325,755	1,566,643
-	-	[827,119]	-	[24,544]	5,399,294
<u>2,136,126</u>	<u>1,851,358</u>	<u>[693,997]</u>	<u>1,217,966</u>	<u>3,861,345</u>	<u>19,090,540</u>
<u>\$ 2,151,875</u>	<u>\$ 4,476,358</u>	<u>\$ 13,467,800</u>	<u>\$ 2,018,511</u>	<u>\$ 4,034,908</u>	<u>\$ 47,385,291</u>

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



CITY OF SALINA, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
December 31, 2018

Total Governmental Fund Balances	\$ 19,090,540
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Amounts reported for governmental activities in the statement of net position are different because

Bond issuance costs are shown as current year expenditures in the funds.

Bond issuance costs	96,738
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds

The cost of capital assets is	331,845,971	
Accumulated depreciation is	<u>121,346,178</u>	210,499,793

Pension contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position.	5,403,295
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Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position.	[1,833,402]
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Certain intrafund transactions have been eliminated between the City's primary funds and the QALICB blended component unit.	[494,287]
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An internal service fund is used by the City's management to charge the costs of the worker's compensation program. The assets and liabilities of the internal service fund are included with governmental activities.	3,556,620
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The following liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:

Compensated absences	2,756,097	
Net OPEB obligation	3,470,619	
Net pension liability	27,764,434	
Temporary notes payable	4,615,000	
Bonds payable	51,968,310	
Loans payable	12,185,053	
Accrued interest on the bonds	<u>107,944</u>	<u>[102,867,457]</u>

Net Position of Governmental Activities	<u>\$ 133,451,840</u>
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The notes to the basic financial statements are an integral part of this statement.

## CITY OF SALINA, KANSAS

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2018

	<u>General</u>	<u>Tourism and Convention</u>	<u>Special Gas</u>	<u>Sales Tax Capital</u>
REVENUES:				
Taxes				
Real estate taxes	\$ 8,409,449	\$ -	\$ -	\$ -
Delinquent taxes	213,608	-	-	-
Motor vehicle taxes	1,120,440	-	-	-
General sales taxes	13,292,626	-	-	-
Selective sales taxes	-	-	-	8,203,532
Other taxes	5,444,880	1,795,219	-	-
Intergovernmental	1,144,717	-	1,446,395	-
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	6,366,094	-	-	-
Investment revenue	45,477	5	7,234	21,363
Donations	-	-	-	-
Miscellaneous	452,916	-	39,146	-
Total revenues	<u>36,490,207</u>	<u>1,795,224</u>	<u>1,492,775</u>	<u>8,224,895</u>
EXPENDITURES:				
Current				
General government	5,648,579	-	-	-
Public safety	22,952,925	-	-	-
Public works	5,350,056	-	468,535	-
Public health and sanitation	793,780	-	-	-
Culture and recreation	4,494,713	-	-	-
Planning and development	766,471	737,957	-	-
Miscellaneous	-	-	-	-
Capital outlay	860,115	-	734,079	5,755,835
Debt service				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>40,866,639</u>	<u>737,957</u>	<u>1,202,614</u>	<u>5,755,835</u>
Excess [deficiency] of revenue and other sources over [under] expenditures and other [uses]	<u>[4,376,432]</u>	<u>1,057,267</u>	<u>290,161</u>	<u>2,469,060</u>
OTHER FINANCING SOURCES [USES]				
Issuance of bonds	-	-	-	-
Issuance of temporary notes	-	-	-	-
Bond premium	-	-	-	-
Capital contribution	-	-	-	-
Transfers in	5,041,500	-	160,000	-
Transfers [out]	<u>[805,000]</u>	<u>[812,346]</u>	<u>-</u>	<u>[2,568,350]</u>
Total other financing sources [uses]	<u>4,236,500</u>	<u>[812,346]</u>	<u>160,000</u>	<u>[2,568,350]</u>
Net change in fund balance	<u>[139,932]</u>	<u>244,921</u>	<u>450,161</u>	<u>[99,290]</u>
Fund balance - Beginning of year	6,882,509	213,461	1,082,298	2,083,614
Prior period adjustment	-	-	-	-
Fund balance - Beginning of year, restated	<u>6,882,509</u>	<u>213,461</u>	<u>1,082,298</u>	<u>2,083,614</u>
Fund balance - End of year	<u>\$ 6,742,577</u>	<u>\$ 458,382</u>	<u>\$ 1,532,459</u>	<u>\$ 1,984,324</u>

<u>Schilling Capital Improvement</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>SFH QalicB</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 2,394,143	\$ -	\$ -	\$ -	\$ 10,803,592
-	62,732	-	-	-	276,340
-	307,561	-	-	-	1,428,001
-	-	-	-	-	13,292,626
-	-	-	-	713,282	8,916,814
-	-	-	-	-	7,240,099
-	-	423,318	-	1,282,570	4,297,000
-	1,545,758	-	-	-	1,545,758
-	-	-	-	2,500	2,500
-	-	-	492,917	479,229	7,338,240
15,186	21,230	-	10,707	36,190	157,392
-	-	-	-	237,660	237,660
-	-	336,904	-	55,048	884,014
<u>15,186</u>	<u>4,331,424</u>	<u>760,222</u>	<u>503,624</u>	<u>2,806,479</u>	<u>56,420,036</u>
-	-	-	-	-	5,648,579
-	-	-	-	-	22,952,925
-	-	-	-	343,811	6,162,402
-	-	-	-	442,359	1,236,139
-	-	-	-	1,760,504	6,255,217
-	-	-	38,678	641,823	2,184,929
-	-	-	-	35	35
903,638	-	6,759,029	761,892	569,901	16,344,489
-	5,252,865	8,180,000	-	810,000	14,242,865
-	1,702,255	204,886	200,044	84,535	2,191,720
<u>903,638</u>	<u>6,955,120</u>	<u>15,143,915</u>	<u>1,000,614</u>	<u>4,652,968</u>	<u>77,219,300</u>
<u>[888,452]</u>	<u>[2,623,696]</u>	<u>[14,383,693]</u>	<u>[496,990]</u>	<u>[1,846,489]</u>	<u>[20,799,264]</u>
-	-	2,090,000	-	-	2,090,000
-	-	6,000,000	-	-	6,000,000
-	-	69,837	-	-	69,837
-	-	4,634,742	-	-	4,634,742
-	2,270,782	-	-	1,354,914	8,827,196
-	-	-	-	-	[4,185,696]
<u>-</u>	<u>2,270,782</u>	<u>12,794,579</u>	<u>-</u>	<u>1,354,914</u>	<u>17,436,079</u>
<u>[888,452]</u>	<u>[352,914]</u>	<u>[1,589,114]</u>	<u>[496,990]</u>	<u>[491,575]</u>	<u>[3,363,185]</u>
3,024,578	1,509,863	895,117	1,714,956	4,352,920	21,759,316
-	694,409	-	-	-	694,409
<u>3,024,578</u>	<u>2,204,272</u>	<u>895,117</u>	<u>1,714,956</u>	<u>4,352,920</u>	<u>22,453,725</u>
<u>\$ 2,136,126</u>	<u>\$ 1,851,358</u>	<u>\$ [693,997]</u>	<u>\$ 1,217,966</u>	<u>\$ 3,861,345</u>	<u>\$ 19,090,540</u>

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

CITY OF SALINA, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

Total Net Change In Fund Balances - Governmental Funds \$ [3,363,185]

Amounts reported for governmental activities in the statement of activities are different because

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Gain/[Loss] on sale of assets	[4,493]	
Capital outlays	10,493,901	
Depreciation expense	<u>[6,183,227]</u>	4,306,181

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased.

74,281

An internal service fund is used by the city's management to charge the costs of certain activities to the individual funds. The revenues and expenses of certain internal service fund is reported with governmental activities.

1,197,416

Certain intrafund transactions have been eliminated between the City's primary funds and the QALICB blended component unit.

[370,373]

Some expenses reported in the statement of activities, such as compensated absences and other post employment benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

[87,828]

Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities.

38,061

Bond, temporary note, loan and lease proceeds are other financing sources in the governmental funds, but they increase long-term liabilities in the statement of net position and do not affect the statement of activities. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

[7,978,572]

Repayment of bond principal and bond issuance costs is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

14,417,265

Changes In Net Position of Governmental Activities

\$ 8,233,246

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

## CITY OF SALINA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
GENERAL FUND  
For the Year Ended December 31, 2018

		Budgeted Amounts		Variance with
	Actual	Original	Final	Final Budget Positive [Negative]
Revenues				
Taxes				
Real estate taxes	\$ 8,409,449	\$ 8,625,000	\$ 8,625,000	\$ [215,551]
Delinquent taxes	213,608	180,000	180,000	33,608
Motor vehicle taxes	1,120,631	1,090,219	1,090,219	30,412
General sales tax	13,292,626	13,427,924	13,427,924	[135,298]
Other taxes	5,444,880	6,980,396	6,980,396	[1,535,516]
Intergovernmental	1,144,717	1,202,000	1,202,000	[57,283]
Charges for services	5,585,009	5,302,753	5,302,753	282,256
Investment revenue	52,956	-	-	52,956
Miscellaneous	452,920	450,175	450,175	2,745
Total revenues	35,716,796	37,258,467	37,258,467	[1,541,671]
Expenditures				
General government	5,270,589	3,566,591	3,566,591	[1,703,998]
Public safety	22,864,626	21,199,918	21,199,918	[1,664,708]
Public works	5,350,076	5,656,606	5,656,606	306,530
Public health and sanitation	793,780	-	-	[793,780]
Culture and recreation	4,612,107	5,207,030	5,207,030	594,923
Planning and development	766,471	1,960,187	1,960,187	1,193,716
Capital outlay	1,076,672	1,750,000	1,750,000	673,328
Total expenditures	40,734,321	39,340,332	39,340,332	[1,393,989]
Excess [deficiency] of revenues over [under] expenditures	[5,017,525]	[2,081,865]	[2,081,865]	[2,935,660]
Other financing sources [uses]				
Transfers in	5,041,500	3,390,000	3,390,000	1,651,500
Transfers [out]	[805,000]	[2,892,809]	[2,892,809]	2,087,809
Total other financing sources [uses]	4,236,500	497,191	497,191	3,739,309
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[781,025]	[1,584,674]	[1,584,674]	803,649
Unreserved fund balance, January 1	5,067,124	1,584,674	1,584,674	3,482,450
Prior year cancelled encumbrances	835	-	-	835
Unreserved fund balance, December 31	4,286,934	\$ -	\$ -	\$ 4,286,934
Reconciliation to GAAP				
Interest receivable	298,248			
Accounts receivable	1,492,279			
Taxes receivable	9,749,815			
Inventory	151,514			
Deferred revenue	[9,576,319]			
Current year encumbrances	340,106			
GAAP Fund Balance, December 31	\$ 6,742,577			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
TOURISM AND CONVENTION FUND  
For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
Revenues				
Other taxes	\$ 1,814,240	\$ 1,639,980	\$ 1,814,240	\$ -
Investment revenue	<u>5</u>	<u>180</u>	<u>-</u>	<u>5</u>
Total revenues	<u>1,814,245</u>	<u>1,640,160</u>	<u>1,814,240</u>	<u>5</u>
Expenditures				
Planning and development	<u>737,956</u>	<u>893,000</u>	<u>1,001,894</u>	<u>263,938</u>
Total expenditures	<u>737,956</u>	<u>893,000</u>	<u>1,001,894</u>	<u>263,938</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,076,289</u>	<u>747,160</u>	<u>812,346</u>	<u>263,943</u>
Other financing sources [uses]				
Transfers [out]	<u>[812,346]</u>	<u>[685,000]</u>	<u>[812,346]</u>	<u>-</u>
Total other financing sources [uses]	<u>[812,346]</u>	<u>[685,000]</u>	<u>[812,346]</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>263,943</u>	<u>62,160</u>	<u>-</u>	<u>263,943</u>
Unreserved fund balance, January 1	<u>[263,090]</u>	<u>113,974</u>	<u>847</u>	<u>[263,937]</u>
Unreserved fund balance, December 31	<u>853</u>	<u>\$ 176,134</u>	<u>\$ 847</u>	<u>\$ 6</u>
Reconciliation to GAAP				
Accounts receivable	<u>457,529</u>			
GAAP Fund Balance, December 31	<u>\$ 458,382</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
SPECIAL GAS FUND

For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Intergovernmental	\$ 1,448,959	\$ 1,406,420	\$ 1,406,420	\$ 42,539
Miscellaneous	39,146	-	-	39,146
Investment revenue	<u>7,234</u>	<u>6,000</u>	<u>6,000</u>	<u>1,234</u>
Total revenues	<u>1,495,339</u>	<u>1,412,420</u>	<u>1,412,420</u>	<u>82,919</u>
Expenditures				
Public works	468,535	486,959	486,959	18,424
Capital outlay	<u>897,350</u>	<u>946,243</u>	<u>946,243</u>	<u>48,893</u>
Total expenditures	<u>1,365,885</u>	<u>1,433,202</u>	<u>1,433,202</u>	<u>67,317</u>
Excess [deficiency] of revenues over [under] expenditures	<u>129,454</u>	<u>[20,782]</u>	<u>[20,782]</u>	<u>150,236</u>
Other financing sources [uses]				
Transfers in	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Total other financing sources [uses]	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	289,454	139,218	139,218	150,236
Unreserved fund balance, January 1	<u>749,459</u>	<u>512,412</u>	<u>512,412</u>	<u>237,047</u>
Unreserved fund balance, December 31	1,038,913	<u>\$ 651,630</u>	<u>\$ 651,630</u>	<u>\$ 387,283</u>
Reconciliation to GAAP				
Taxes receivable	320,324			
Current year encumbrances	<u>173,222</u>			
GAAP Fund Balance, December 31	<u>\$ 1,532,459</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
SALES TAX CAPITAL FUND  
For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	<u>[Negative]</u>
Revenues				
Taxes				
Selective sales taxes	\$ 8,203,531	\$ 8,043,656	\$ 8,269,993	\$ [66,462]
Investment revenue	<u>21,363</u>	<u>5,000</u>	<u>5,000</u>	<u>16,363</u>
Total revenues	<u>8,224,894</u>	<u>8,048,656</u>	<u>8,274,993</u>	<u>[50,099]</u>
Expenditures				
Capital outlay	<u>5,934,357</u>	<u>4,620,500</u>	<u>6,470,500</u>	<u>536,143</u>
Total expenditures	<u>5,934,357</u>	<u>4,620,500</u>	<u>6,470,500</u>	<u>536,143</u>
Excess [deficiency] of revenues over [under] expenditures	<u>2,290,537</u>	<u>3,428,156</u>	<u>1,804,493</u>	<u>486,044</u>
Other financing sources [uses]				
Transfers [out]	<u>[2,568,350]</u>	<u>[3,750,000]</u>	<u>[2,500,000]</u>	<u>[68,350]</u>
Total other financing sources [uses]	<u>[2,568,350]</u>	<u>[3,750,000]</u>	<u>[2,500,000]</u>	<u>[68,350]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[277,813]</u>	<u>[321,844]</u>	<u>[695,507]</u>	<u>417,694</u>
Unreserved fund balance, January 1	1,658,876	785,304	1,797,359	[138,483]
Prior year cancelled encumbrances	<u>55,909</u>	<u>-</u>	<u>-</u>	<u>55,909</u>
Unreserved fund balance, December 31	1,436,972	<u>\$ 463,460</u>	<u>\$ 1,101,852</u>	<u>\$ 335,120</u>
Reconciliation to GAAP				
Current year encumbrances	<u>547,352</u>			
GAAP Fund Balance, December 31	<u>\$ 1,984,324</u>			

See independent auditor's report on the financial statements.



## CITY OF SALINA, KANSAS

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2018

	Business-Type Activities: Enterprise Funds					Internal Service Funds
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course	Total Enterprise Funds	
Assets and deferred outflows of resources:						
Current assets:						
Cash and investments	\$ 6,379,586	\$ 24,185,482	\$ 1,493,590	\$ 81,395	\$ 32,140,053	\$ 4,295,085
Receivables (net of allowance for uncollectibles)						
Accounts	189,486	1,705,202	253,792	-	2,148,480	-
Interest	16	-	-	-	16	-
Inventory and prepaid supplies	-	447,071	-	34,477	481,548	111,486
Total current assets	<u>6,569,088</u>	<u>26,337,755</u>	<u>1,747,382</u>	<u>115,872</u>	<u>34,770,097</u>	<u>4,406,571</u>
Capital assets:						
Nondepreciable capital assets:						
Construction in progress	-	4,171,178	-	-	4,171,178	-
Land	682,000	1,362,834	-	15,000	2,059,834	-
Depreciable capital assets:						
Capital assets	11,313,026	136,225,697	2,388,377	1,213,072	151,140,172	168,234
Less: accumulated depreciation	9,644,947	55,224,969	1,502,563	817,997	67,190,476	152,573
Total capital assets	<u>2,350,079</u>	<u>86,534,740</u>	<u>885,814</u>	<u>410,075</u>	<u>90,180,708</u>	<u>15,661</u>
Total assets	<u>8,919,167</u>	<u>112,872,495</u>	<u>2,633,196</u>	<u>525,947</u>	<u>124,950,805</u>	<u>4,422,232</u>
Deferred outflows of resources:						
KPERS OPEB deferred outflows of resources	4,204	28,029	7,007	2,803	42,043	1,401
OPEB deferred outflows of resources	1,113	5,744	1,723	516	9,096	-
Pension deferred outflows of resources	66,559	359,237	83,106	24,122	533,024	25,285
Deferred charge on bond issuance	-	217,652	-	-	217,652	-
Total deferred outflows of resources	<u>71,876</u>	<u>610,662</u>	<u>91,836</u>	<u>27,441</u>	<u>801,815</u>	<u>26,686</u>
Total assets and deferred outflows of resources	<u>\$ 8,991,043</u>	<u>\$ 113,483,157</u>	<u>\$ 2,725,032</u>	<u>\$ 553,388</u>	<u>\$ 125,752,620</u>	<u>\$ 4,448,918</u>
Liabilities and deferred inflows of resources:						
Current liabilities						
Accounts payable	\$ 24,243	\$ 279,295	\$ 25,454	\$ 19,230	\$ 348,222	\$ 41,701
Retainage payable	-	226,977	-	-	226,977	-
Interest payable	5,975	243,372	-	-	249,347	-
Meter deposits payable	-	183,858	-	-	183,858	-
Current portion of compensated absences payable	40,428	217,595	80,342	44,817	383,182	33,989
Current portion of accrued claims payable	-	-	-	-	-	564,494
Current portion of loans payable	-	527,499	-	-	527,499	-
Current portion of general obligation bonds payable	390,000	776,063	-	-	1,166,063	-
Current portion of revenue bonds payable	-	728,696	-	-	728,696	-
Total current liabilities	<u>460,646</u>	<u>3,183,355</u>	<u>105,796</u>	<u>64,047</u>	<u>3,813,844</u>	<u>640,184</u>
Noncurrent liabilities:						
Compensated absences payable	30,210	162,598	60,037	33,490	286,335	25,399
Accrued claims payable	-	-	-	-	-	55,264
Net OPEB obligation	48,232	248,841	74,624	22,365	394,062	-
Net KPERS OPEB obligation	16,408	109,385	27,346	10,939	164,078	5,469
Net pension liability	380,308	2,054,012	522,400	158,098	3,114,818	154,549
Payable from restricted assets						
Loans payable	-	10,104,852	-	-	10,104,852	-
General obligation bonds payable	390,000	3,726,515	-	-	4,116,515	-
Revenue bonds payable	-	11,169,355	-	-	11,169,355	-
Landfill post-closure care liabilities	1,981,498	-	-	-	1,981,498	-
Total noncurrent liabilities	<u>2,846,656</u>	<u>27,575,558</u>	<u>684,407</u>	<u>224,892</u>	<u>31,331,513</u>	<u>240,681</u>
Total liabilities	<u>3,307,302</u>	<u>30,758,913</u>	<u>790,203</u>	<u>288,939</u>	<u>35,145,357</u>	<u>880,865</u>
Deferred inflows of resources						
KPERS OPEB deferred inflows of resources	398	2,654	664	265	3,981	133
Pension deferred inflows of resources	29,965	141,462	37,524	11,076	220,027	11,300
Total deferred inflows of resources	<u>30,363</u>	<u>144,116</u>	<u>38,188</u>	<u>11,341</u>	<u>224,008</u>	<u>11,433</u>
Total liabilities and deferred inflows of resources	<u>\$ 3,337,665</u>	<u>\$ 30,903,029</u>	<u>\$ 828,391</u>	<u>\$ 300,280</u>	<u>\$ 35,369,365</u>	<u>\$ 892,298</u>
Net position						
Net investment in capital assets	\$ 1,570,079	\$ 59,501,760	\$ 885,814	\$ 410,075	\$ 62,367,728	\$ 15,661
Restricted						
Restricted for bond retirement	-	1,512,125	-	-	1,512,125	-
Unrestricted	4,083,299	21,566,243	1,010,827	[156,967]	26,503,402	3,540,959
Total net position	<u>\$ 5,653,378</u>	<u>\$ 82,580,128</u>	<u>\$ 1,896,641</u>	<u>\$ 253,108</u>	<u>\$ 90,383,255</u>	<u>\$ 3,556,620</u>

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

CITY OF SALINA, KANSAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2018

	Business-Type Activities: Enterprise Funds					
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course	Total Enterprise Funds	Internal Service Funds
Operating revenues						
Charges for services	\$ 3,097,271	\$ 20,202,022	\$ 3,005,740	\$ 755,655	\$ 27,060,688	\$ 8,747,300
Miscellaneous	18,894	5,101	-	128,819	152,814	73,258
Total operating revenues	<u>3,116,165</u>	<u>20,207,123</u>	<u>3,005,740</u>	<u>884,474</u>	<u>27,213,502</u>	<u>8,820,558</u>
Operating expenses						
General government	-	-	-	-	-	7,830,946
Public works	1,506,857	11,023,621	2,256,647	-	14,787,125	-
Recreation	-	-	-	890,552	890,552	-
Depreciation	846,019	3,324,365	162,283	35,735	4,368,402	7,699
Total operating expenses	<u>2,352,876</u>	<u>14,347,986</u>	<u>2,418,930</u>	<u>926,287</u>	<u>20,046,079</u>	<u>7,838,645</u>
Operating income [loss]	<u>763,289</u>	<u>5,859,137</u>	<u>586,810</u>	<u>[41,813]</u>	<u>7,167,423</u>	<u>981,913</u>
Nonoperating revenues [expenses]						
Investment revenue	46,505	175,346	10,882	622	233,355	25,503
Interest expense	[29,206]	[835,262]	-	-	[864,468]	-
Accretion of bond premium	-	11,560	-	-	11,560	-
Amortization of bond issuance costs	-	[18,472]	-	-	[18,472]	-
Total nonoperating revenues [expenses]	<u>17,299</u>	<u>[666,828]</u>	<u>10,882</u>	<u>622</u>	<u>[638,025]</u>	<u>25,503</u>
Income [loss] before transfers	<u>780,588</u>	<u>5,192,309</u>	<u>597,692</u>	<u>[41,191]</u>	<u>6,529,398</u>	<u>1,007,416</u>
Transfers from [to] other funds						
Transfers in	-	-	-	-	-	190,000
Transfers [out]	<u>[690,000]</u>	<u>[3,650,000]</u>	<u>[491,500]</u>	<u>-</u>	<u>[4,831,500]</u>	<u>-</u>
Total transfers	<u>[690,000]</u>	<u>[3,650,000]</u>	<u>[491,500]</u>	<u>-</u>	<u>[4,831,500]</u>	<u>190,000</u>
Change in net position	90,588	1,542,309	106,192	[41,191]	1,697,898	1,197,416
Net position, January 1	6,237,212	80,696,866	1,856,553	292,185	89,082,816	2,363,597
Prior period adjustment	<u>[674,422]</u>	<u>340,953</u>	<u>[66,104]</u>	<u>2,114</u>	<u>[397,459]</u>	<u>[4,393]</u>
Net position, January 1, restated	<u>5,562,790</u>	<u>81,037,819</u>	<u>1,790,449</u>	<u>294,299</u>	<u>88,685,357</u>	<u>2,359,204</u>
Net position, December 31	<u>\$ 5,653,378</u>	<u>\$ 82,580,128</u>	<u>\$ 1,896,641</u>	<u>\$ 253,108</u>	<u>\$ 90,383,255</u>	<u>\$ 3,556,620</u>

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

## CITY OF SALINA, KANSAS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2018

	Business-Type Activities: Enterprise Funds				Total Enterprise Funds	Internal Service Funds
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course		
Cash flows from operating activities						
Cash received from customers and users	\$ 3,101,871	\$ 19,995,276	\$ 2,970,093	\$ 755,655	\$ 26,822,895	\$ 8,749,455
Cash paid to suppliers of goods or services	[902,799]	[7,214,728]	[1,313,103]	[386,081]	[9,816,711]	[7,495,431]
Cash paid to employees	[606,310]	[3,951,533]	[939,329]	[502,013]	[5,999,185]	[297,532]
Other operating receipts	18,894	5,101	-	128,819	152,814	73,257
Net cash provided by [used in] operating activities	<u>1,611,656</u>	<u>8,834,116</u>	<u>717,661</u>	<u>[3,620]</u>	<u>11,159,813</u>	<u>1,029,749</u>
Cash flows from capital and related financing activities						
Purchase and construction of capital assets	-	[2,783,648]	[312,009]	[52,880]	[3,148,537]	-
Proceeds from loans	-	2,354,809	-	-	2,354,809	-
Principal payments - loans	-	[585,268]	-	-	[585,268]	-
Principal payments - general obligation bonds	[375,000]	[752,342]	-	-	[1,127,342]	-
Principal payments - revenue bonds	-	[705,000]	-	-	[705,000]	-
Interest paid	[34,168]	[817,579]	-	-	[851,747]	-
Net cash provided by [used in] capital and related financing activities	<u>[409,168]</u>	<u>[3,289,028]</u>	<u>[312,009]</u>	<u>[52,880]</u>	<u>[4,063,085]</u>	<u>-</u>
Cash flows from investing activities						
Interest received	<u>46,505</u>	<u>175,346</u>	<u>10,882</u>	<u>622</u>	<u>233,355</u>	<u>25,503</u>
Cash flows from noncapital financing activities						
Transfers in	-	-	-	-	-	190,000
Transfers [out]	[690,000]	[3,650,000]	[491,500]	-	[4,831,500]	-
Net cash provided by [used in] noncapital financing activities	<u>[690,000]</u>	<u>[3,650,000]</u>	<u>[491,500]</u>	<u>-</u>	<u>[4,831,500]</u>	<u>190,000</u>
Net increase [decrease] in cash and cash equivalents	<u>558,993</u>	<u>2,070,434</u>	<u>[74,966]</u>	<u>[55,878]</u>	<u>2,498,583</u>	<u>1,245,252</u>
Cash and cash equivalents, January 1	6,515,002	22,115,048	1,568,556	137,273	30,335,879	3,049,833
Prior period adjustment	<u>[694,409]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[694,409]</u>	<u>-</u>
Cash and cash equivalents, January 1, restated	<u>5,820,593</u>	<u>22,115,048</u>	<u>1,568,556</u>	<u>137,273</u>	<u>29,641,470</u>	<u>3,049,833</u>
Cash and cash equivalents, December 31	<u>\$ 6,379,586</u>	<u>\$ 24,185,482</u>	<u>\$ 1,493,590</u>	<u>\$ 81,395</u>	<u>\$ 32,140,053</u>	<u>\$ 4,295,085</u>

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

## CITY OF SALINA, KANSAS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (Continued)  
 For the Year Ended December 31, 2018

	Business-Type Activities: Enterprise Funds				Total Enterprise Funds	Internal Service Funds
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course		
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities						
Operating income [loss]	\$ 763,289	\$ 5,859,137	\$ 586,810	\$ [41,813]	\$ 7,167,423	\$ 981,913
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities						
Depreciation expense	846,019	3,324,365	162,283	35,735	4,368,402	7,699
[Increase] decrease in accounts receivable	4,600	[214,490]	[35,647]	-	[245,537]	-
[Increase] decrease in inventory	-	[38,509]	-	[7,787]	[46,296]	53,639
[Increase] decrease in deferred outflows	6,593	46,400	10,214	3,995	67,202	4,554
Increase [decrease] in accounts payable	[642]	[255,816]	6,779	9,866	[239,813]	[16,189]
Increase [decrease] in retainage payable	-	216,296	-	-	216,296	-
Increase [decrease] in accrued compensated absences	7,756	602	12,440	6,372	27,170	5,818
Increase [decrease] in claims payable	-	-	-	-	-	2,154
Increase [decrease] in net pension liability	[22,019]	[148,227]	[35,024]	[13,522]	[218,792]	[11,010]
Increase [decrease] in net KPERS OPEB obligation	3,230	21,534	5,383	2,154	32,301	1,076
Increase [decrease] in net OPEB obligation	2,507	12,934	3,879	1,162	20,482	-
Increase [decrease] in meter deposits payable	-	7,744	-	-	7,744	-
Increase [decrease] in deferred inflows	323	2,146	544	218	3,231	95
Net cash provided by [used in] operating activities	<u>\$ 1,611,656</u>	<u>\$ 8,834,116</u>	<u>\$ 717,661</u>	<u>\$ [3,620]</u>	<u>\$ 11,159,813</u>	<u>\$ 1,029,749</u>

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

CITY OF SALINA, KANSAS  
STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUNDS  
December 31, 2018

ASSETS

Cash and investments	<u>\$ 312,065</u>
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Total assets	<u>\$ 312,065</u>
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LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable	<u>\$ 312,065</u>
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Total liabilities	<u>\$ 312,065</u>
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The notes to the basic financial statements are an integral part of this statement.

## CITY OF SALINA, KANSAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

The City of Salina, Kansas (the City) is a municipal corporation governed by a mayor as part of a five-member commission. These financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government wide statements (see note below for descriptions) to emphasize that it is legally separated from the government. The blended component unit is reported as a governmental fund of the City (see note below for description) to emphasize that it is a part of the city.

##### Discretely Presented Component Units

City of Salina Airport Authority - The Salina Airport Authority was created for the purpose of accepting as surplus property portions of the former Schilling A.F.B that was closed by the United States Department of Defense in June 1965. One of the primary functions of the Airport Authority is to facilitate the continued growth of jobs and payroll at the Airport Industrial Center. The Airport Authority is managed and controlled by a five-member Board of Directors appointed by the Salina City Commission. Any director may be removed by a majority vote of the Salina City Commission. The Airport Authority's basic mill levy (up to 3 mills) requires the approval of the City Commission. The Commission must also approve the issuance of general obligation debt by the Airport Authority. The Airport Authority has a December 31 fiscal year end.

Housing Authority of the City of Salina - The purpose of the Housing Authority of the City of Salina (Housing Authority) is to administer Public Housing Programs authorized by the United States Housing Act of 1937. The Mayor of the City of Salina appoints the governing board. The City Commission may remove commissioners of the Housing Authority. The City must issue revenue bonds for the Housing Authority. The financial liability of the Housing Authority is essentially supported by the operating and debt service subsidies received under contract from the Federal government. The Housing Authority has a June 30 fiscal year end. Information in the accompanying financial statements covers the fiscal year ended June 30, 2018.

##### Blended Component Unit

Salina Field House Qualified Active Low-Income Community Business, Inc. (SFH QalibB) - SFH QalibB was created to function as a qualified low-income community business, as defined in Section 45D(d)(2) of the Internal Revenue Code of 1986 for the purpose of providing an indoor sports facility in the downtown corridor of the city of Salina. The purpose of the facility is to cater to local residents as well as host regional sports tournaments with the anticipation of becoming a regional destination for youth athletics. This mix of participation is expected to provide the most consistent visitation and tourism for the downtown district. The SFH QalibB is managed and controlled by a five-member Board of Directors appointed by the Salina City Commission. The field house is staffed by City of Salina employees. SFH QalibB has a December 31 fiscal year end. SFH QalibB is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Salina Airport Authority  
3237 Arnold Ave.  
Salina, KS

Housing Authority of  
the City of Salina  
469 S. 5th  
Salina, KS

Salina Field House  
QALIB, Inc.  
300 W. Ast St.  
Salina, KS

##### Joint Ventures

The City of Salina also participates with Saline County in one joint venture. The City and County organized the Salina County-City Building Authority to acquire, operate and maintain facilities for the administrative offices of both governments. The primary governments each have an ongoing financial responsibility for the joint venture. Separate financial statements are available from the governing board of the joint venture.

# CITY OF SALINA, KANSAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### A. Reporting Entity (Continued)

##### Joint Ventures (Continued)

	(Kansas Regulatory Basis) Building Authority (Audited)
Total unencumbered cash, December 31, 2018	\$ 1,294,585
Total change in unencumbered cash, year ended December 31, 2018	121,544
Total cash receipts, year ended December 31, 2018	2,417,371
Total cash receipts from City of Salina	478,114

Complete financial statements for the joint venture may be obtained at the entity's administrative office.

Salina County-City  
Building Authority  
300 West Ash Street  
Salina, KS

#### B. Government-wide and fund financial statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items, which are not classified as program revenues, are presented as general revenues of the city.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The internal service funds account for risk management, worker's compensation, health insurance, central garage and information services that are provided to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do however use the accrual basis of accounting. Agency funds are used to account for assets held as an agent for individuals, other governmental units, private organizations and/or other funds.

The City reports the following major governmental funds:

General fund - To account for resources traditionally associated with government, which are not required legally, or by sound financial management to be accounted for in another fund.

Tourism and convention fund - To account for transient guest tax revenues, which are specifically restricted to promotion and tourism activities.

Special gas fund - To account for the City's share of motor fuel tax revenues, which are legally restricted to the maintenance, or improvement of streets within the City.

Sales tax capital fund - To account for 58% of the .75 cent sales tax designated for capital, debt, and human services purposes.

Schilling capital improvement fund - To account for the funding provided by U.S. Government and Public Entities and the remedial investigation, feasibility study and expenditures necessary to abate groundwater contamination beneath the property formerly identified as Schilling Air Force Base.



CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Debt service fund - To account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

Capital projects fund - To account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

SFH QalicB fund - To account for the activities of Salina Field House Qualified Active Low-Income Community Business, Inc. as a component unit blended into the financial statements.

The City reports the following major proprietary funds:

Sanitation fund - To account for the operations of the City's refuse collection service.

Solid waste disposal fund - To account for the activities of the City's landfill.

Golf course fund - To account for the operations of the municipal golf course.

Water and sewer fund - To account for the activities of the City's water and sewer operations.

D. Assets, Liabilities, Fund Balance, and Net Position

1. Pooled cash and investments

The City maintains a cash and investment pool that is available for use by all funds managed by the city. Each fund type's portion of this pool is displayed in the financial statements as "Cash and Investments." The city's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments in the Kansas Municipal Pool are carried at fair value.

Cash balances from all funds are invested to the extent available in certificates of deposit and other authorized investments. Investments with maturity dates greater than three months are stated separately. Earnings from these investments, unless specifically designated, are allocated monthly to the investing fund based on the percentage of funds invested to total investments. All investments are carried at fair value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

*Accounts Receivable.* The City records revenues when services are provided. All receivables are shown net of an allowance for doubtful accounts.

*Property taxes receivable.* Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and, therefore, are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2019. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the accounting period, and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

2. Receivables and Payables (Continued)

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the County. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Other equipment	5 -15
Vehicles	6 -10
Infrastructure	30 -50

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

5. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All employees of the City, except temporary and part time employees, may accumulate sick leave at a rate of 8 or 11 hours per month depending on their work duty schedule. There is no limit on the amount of sick leave that can be accumulated. Employees with more than five years of service with the City are paid for one-third of their accumulated sick leave at their current wage scale upon termination of employment in good standing. In 2001, a limited buy back policy was instituted.

All regular employees are entitled to paid vacation time. Such leave is granted each year of employment. Employees must use 50% of leave accrued each calendar year and an employee's maximum accrued vacation leave balance cannot exceed 250 hours (or 350 hours for employees working 24 hour shifts). Employees are paid for all accumulated vacation leave at their current wage scale upon termination of employment.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government fund financial statements that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees. A liability is recorded for accumulated rights to receive sick pay benefits that are payable upon termination of employment.

The General Fund, Bicentennial Center Fund, Central Garage Fund, Sanitation Fund, Solid Waste Fund, Golf Course Fund, and Water and Sewer Fund have been used in prior years to liquidate the liability for compensated absences.

6. Temporary Notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

## 8. Fund Balances

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city commission. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts are considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds								Other Governmental Funds	Total Governmental Funds
	General	Tourism and Convention	Special Gas	Sales Tax Capital	Schilling Capital Improvement	Debt Service	Capital Projects	SFH QalicB		
Fund Balances:										
Nonspendable for:										
Inventory	\$ 151,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,514
Restricted for:										
Public works	-	-	1,359,237	-	-	-	-	-	-	1,359,237
Public health and sanitation	-	-	-	-	-	-	-	-	234	234
Culture and recreation	-	-	-	-	-	-	-	-	122,447	122,447
Planning and development	-	458,382	-	-	-	-	-	-	222,360	680,742
Debt payments	-	-	-	-	-	1,851,358	-	-	633,653	2,485,011
Committed for:										
Public safety	-	-	-	-	-	-	-	-	192,399	192,399
Culture and recreation	-	-	-	-	-	-	-	-	475,773	475,773
Planning and development	-	-	-	-	-	-	-	1,217,966	147,250	1,365,216
Cemetery	-	-	-	-	-	-	-	-	508,366	508,366
Capital improvements	-	-	-	1,436,972	1,955,918	-	133,122	-	1,257,652	4,783,664
Assigned for:										
General government	20,250	-	-	-	-	-	-	-	-	20,250
Public safety	33,216	-	-	-	-	-	-	-	175,681	208,897
Public works	9,000	-	-	-	-	-	-	-	-	9,000
Culture and recreation	5,404	-	-	-	-	-	-	-	150,074	155,478
Capital improvements	272,236	-	173,222	547,352	180,208	-	-	-	-	1,173,018
Unassigned:	6,250,957	-	-	-	-	-	[827,119]	-	[24,544]	5,399,294
Total Fund Balances	\$6,742,577	\$458,382	\$1,532,459	\$1,984,324	\$2,136,126	\$1,851,358	\$[693,997]	\$1,217,966	\$3,861,345	\$19,090,540

## CITY OF SALINA, KANSAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

#### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### D. Assets, Liabilities, Fund Balance, and Net Position (Continued)

###### 9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on bond issuance reported in the government-wide statement of net position. A deferred charge on bond issuance results from the difference in the carrying value of the debt and its reacquisition price. This amount is deferred and amortized over the life of the debt. Additionally, changes in the pension and OPEB plan liability proportion and assumptions, net difference between projected and actual earnings on pension plan and OPEB plan investments and differences between pension and OPEB plan liability expected and actual experience are reported as deferred outflows of resources in the government activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. *Unavailable revenue – property taxes*, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. Additionally, differences between expected and actual experience, changes in assumptions, and changes in the pension liability and OPEB plan proportion are reported as deferred inflows. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

###### 10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

###### 11. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

#### Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### A. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service fund, and enterprise funds.

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 year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The statutes allow 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. The 2018 budget was amended for the Tourism and Convention Fund, Debt Service Fund and Golf Course Fund.

The statutes permit management to transfer 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 statutory basis of accounting, in which, revenues are recognized when cash is received, and expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year end.

A legal operating budget is not required for capital projects funds, the SFH QalicB fund, non-major debt service funds, trust funds, and the following special revenue funds: Community Development Revolving, Downtown TIF District #1, South 9<sup>th</sup> CID, State Grants, 911 Communications, Kenwood Cove Capital, Special Law Enforcement, Police Grants, Federal Grants, DARE Donations, War Memorial Maintenance, Federal CARE Grant, Police Department Federal Forfeiture, Homeowners' Assistance, Private Grants and Animal Shelter Donations Funds. A legal operating budget is not required for the following Enterprise funds: Solid Waste Disposal, Water and Sewer, Sanitation and Golf Course Funds. A legal operating budget is also not required for the Internal Service funds. Actual to budget comparisons for these funds that present budgets to the Commissioners are shown strictly for informational purposes.

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

B. Statutory Violations

Actual exceeded budgeted expenditures at December 31, 2018 in the Bicentennial Fund, Business Improvement District Fund and Special Parks and Recreation Fund, which violates KSA 79-2935.

C. Legal Debt Margin

The City is subject to the municipal finance law of the state of Kansas which limits the bonded debt (exclusive of revenue bonds and special assessment bonds) the city may have outstanding to 30 percent of the assessed value of all tangible taxable property within the city, as certified to the county clerk on the proceeding August 25. At December 31, 2018, the statutory limit for the City was \$146,336,377, providing a debt margin of \$78,095,920.

# CITY OF SALINA, KANSAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

### Note 3. RESTATEMENT OF EQUITY

The City implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the KPERS and health insurance postemployment benefits for the year ended December 31, 2018. Additionally, following the close of the previous fiscal year, it was discovered that several capital assets were misclassified or incorrectly recorded and that a portion of the City's long-term liabilities had been misclassified between funds. According, the beginning net position/fund balances were restated, the effects of which are as follows:

	Governmental Activities	Debt Service Fund	Solid Waste Disposal Fund	Water and Sewer Fund	Sanitation Fund	Golf Course Fund	Central Garage Fund
Net Position/Fund Balance, December 31, 2017	\$ 123,700,850	\$ 1,509,863	\$ 6,237,212	\$ 80,696,866	\$ 1,856,553	\$ 292,185	\$ 10,853
Capital Asset Adjustment	[382,983]	-	-	187,181	[89,654]	[2,514]	-
Adoption of GASB 75	1,308,967	-	19,987	51,123	23,550	4,628	[4,393]
Long-term Liabilities Adjustment	<u>591,760</u>	<u>694,409</u>	<u>[694,409]</u>	<u>102,649</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position/Fund Balance, December 31, 2017, Restated	<u>\$ 125,218,594</u>	<u>\$ 2,204,272</u>	<u>\$ 5,562,790</u>	<u>\$ 81,037,819</u>	<u>\$ 1,790,449</u>	<u>\$ 294,299</u>	<u>\$ 6,460</u>

### Note 4. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

The City's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the City is located or in a county adjacent to the City and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to KSA 12-1675. The statute requires that the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes or the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to KSA 10-131. This statute allows additional investment authority beyond that of KSA 12-1675. Investments of bond proceeds may follow KSA 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in KSA 10-131.

At December 31, 2018, the City has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	<u>\$ 311,705</u>	S&P AAA/S1+
Total fair value	<u>\$ 311,705</u>	

The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The City's investment policy provides direction on concentration risk. The City policy states that funds shall be diversified to reduce the extent of losses due to having an unbalanced portfolio in terms of maturities, instrument type, and issuers. Therefore, portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Liquidity, free of market risk, shall be assured through practices insuring that the next disbursement date and payroll date are covered through maturing investments, marketable U.S. Treasury Bills, the Municipal Investment Pool, or money market accounts.

Default risk shall be minimized by requiring that all security purchases occur on a delivery vs. payment basis, and that all securities are adequately collateralized.

Risk of market price volatility shall be controlled through the adoption of a "buy and hold" strategy whereby the City holds each investment to maturity, coupled with maintenance of an adequate liquidity position to insure the ability to meet normal anticipated cash flow needs.

When advantageous, it is allowable to sell investments to realize a gain due to price fluctuations; however, such transactions shall not be a part of the normal course of business.

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk due to issuer default. In the event of a default by a specific issuer, the Director of Finance and Administration shall review, and, if appropriate, proceed to liquidate securities having comparable credit risks.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. As of December 31, 2018 the City's deposits were considered fully secured.

Restricted cash is comprised of a construction account, an interest reserve account (the "Interest Reserve"), and an expense reserve account (the "Operating Reserve") related to the SFH QalicB blended component unit. The Interest Reserve and the Operating Reserve accounts are available as part of the loans payable financing (see Note 4E). As of December 31, 2018, the balance of the construction account, Interest Reserve, and Operating Reserve was \$1,029,223, \$361,543, and \$125,795, respectively.



CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of year-end, including the applicable allowances for doubtful accounts, are as follows:

	Tourism and General		Special Gas	Debt Service	SFH QalicB	Other Governmental	Subtotal
Primary Government							
Receivables:							
Accounts	\$ 6,847,561	\$ 457,529	\$ -	\$ -	\$ 494,287	\$ 2,428	\$ 7,801,805
Taxes	9,749,815	-	320,324	2,674,390	-	-	12,744,529
Interest	298,248	-	-	-	-	-	298,248
Gross receivables	16,895,624	457,529	320,324	2,674,390	494,287	2,428	20,844,582
Less: allowance for uncollectibles	[5,355,282]	-	-	-	-	[631]	[5,355,913]
Total	\$ 11,540,342	\$ 457,529	\$ 320,324	\$ 2,674,390	\$ 494,287	\$ 1,797	\$ 15,488,669
				Solid Waste Disposal	Water and Sewer	Sanitation	Total
Primary Government							
Receivables:							
Accounts				\$ 189,486	\$ 3,176,509	\$ 472,773	\$ 11,640,573
Taxes				-	-	-	12,744,529
Interest				16	-	-	298,264
Gross receivables				189,502	3,176,509	472,773	24,683,366
Less: allowance for uncollectibles				-	[1,471,307]	[218,981]	[7,046,201]
Total				\$ 189,502	\$ 1,705,202	\$ 253,792	\$ 17,637,165
Component Units							
Salina Airport Authority							
Accounts							\$ 145,403
Less: allowance for uncollectibles							-
Total Salina Airport Authority							145,403
Salina Housing Authority							
Accounts							12,901
Less: allowance for uncollectibles							[790]
Interest							437
Total Salina Housing Authority							12,548
Total							\$ 157,951

C. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2018, is as follows:

Fund Types	Due From	Due To
General Fund	\$ 24,544	\$ -
Capital Project Fund	196,939	-
SFH QalicB Fund	-	196,939
Police Grants Fund	-	24,544
	<u>\$ 221,483</u>	<u>\$ 221,483</u>

The City uses interfund receivables and payables between the General Fund and Other Governmental Funds as needed when pooled cash is negative within a fund until investments mature or grant proceeds are received. All payables are cleared in less than one year.

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

## D. Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Adjustments	Adj. Bal. 12/31/2017	Additions	Retirements	Balance 12/31/2018
City governmental activities:						
Governmental activities:						
Capital assets, not being depreciated						
Construction in progress	\$ 28,909,568	\$ [203,661]	\$ 28,705,907	\$ 8,876,538	\$ 5,365,238	\$ 32,217,207
Land	24,092,859	676	24,093,535	-	-	24,093,535
Leased land under capital lease	-	-	-	422,799	-	422,799
Capital assets, being depreciated						
Infrastructure	199,315,338	[50,398]	199,264,940	5,365,238	-	204,630,178
Buildings and improvements	53,009,679	5,179	53,014,858	-	-	53,014,858
Vehicles	10,386,499	[105,845]	10,280,654	352,834	442,158	10,191,330
Equipment, furniture and fixtures	6,614,011	79,349	6,693,360	515,538	90,793	7,118,105
Leasehold improvements	-	-	-	326,193	-	326,193
Total capital assets	<u>322,327,954</u>	<u>[274,700]</u>	<u>322,053,254</u>	<u>15,859,140</u>	<u>5,898,189</u>	<u>332,014,205</u>
Less accumulated depreciation for:						
Infrastructure	84,357,444	10,031	84,367,475	3,897,782	-	88,265,257
Buildings and improvements	19,930,451	3,588	19,934,039	1,321,956	-	21,255,995
Vehicles	6,866,276	58,203	6,924,479	746,753	437,665	7,233,567
Equipment, furniture and fixtures	4,573,829	36,461	4,610,290	224,435	90,793	4,743,932
Total accumulated depreciation	<u>115,728,000</u>	<u>108,283</u>	<u>115,836,283</u>	<u>6,190,926</u>	<u>528,458</u>	<u>121,498,751</u>
Governmental activities capital assets, net	<u>\$ 206,599,954</u>	<u>\$ [382,983]</u>	<u>\$ 206,216,971</u>	<u>\$ 9,668,214</u>	<u>\$ 5,369,731</u>	<u>\$ 210,515,454</u>
Business-type activities:						
Capital assets, not being depreciated						
Construction in progress	\$ 2,149,789	\$ -	\$ 2,149,789	\$ 2,093,612	\$ 72,223	\$ 4,171,178
Land	1,541,806	8,858	1,550,664	509,170	-	2,059,834
Capital assets, being depreciated						
Infrastructure	119,457,650	[359,560]	119,098,090	72,223	-	119,170,313
Buildings and improvements	22,579,933	3	22,579,936	-	-	22,579,936
Vehicles	3,690,852	[11,130]	3,679,722	394,676	254,752	3,819,646
Equipment, furniture and fixtures	5,337,060	82,139	5,419,199	151,078	-	5,570,277
Total capital assets	<u>154,757,090</u>	<u>[279,690]</u>	<u>154,477,400</u>	<u>3,220,759</u>	<u>326,975</u>	<u>157,371,184</u>
Less accumulated depreciation for:						
Infrastructure	43,729,964	[358,386]	43,371,578	3,486,539	-	46,858,117
Buildings and improvements	13,217,925	294	13,218,219	421,287	-	13,639,506
Vehicles	2,650,242	1,140	2,651,382	215,184	254,752	2,611,814
Equipment, furniture and fixtures	3,853,399	[17,755]	3,835,644	245,395	-	4,081,039
Total accumulated depreciation	<u>63,451,530</u>	<u>[374,707]</u>	<u>63,076,823</u>	<u>4,368,405</u>	<u>254,752</u>	<u>67,190,476</u>
Business-type activities capital assets, net	<u>\$ 91,305,560</u>	<u>\$ 95,017</u>	<u>\$ 91,400,577</u>	<u>\$ [1,147,646]</u>	<u>\$ 72,223</u>	<u>\$ 90,180,708</u>

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

## D. Capital Assets (Continued)

The City's depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	\$ 74,669
Public safety	728,118
Public works	4,240,242
Public health	26,959
Culture and recreation	813,760
Planning and development	307,178
Total depreciation	<u>\$ 6,190,926</u>

Business-type Activities:	
Solid Waste Disposal	\$ 846,019
Water and Sewer	3,324,368
Sanitation	162,283
Golf Course Division	35,735
Total depreciation	<u>\$ 4,368,405</u>

## E. Long-Term Debt

Following is a summary of changes in long-term debt for fiscal year 2018:

	Restated Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 56,096,954	\$ 2,159,836	\$ 6,288,480	\$ 51,968,310	\$ 5,877,280
Financing lease	157,868	-	157,868	-	-
Loans payable	12,171,090	13,963	-	12,185,053	-
Net OPEB liability	2,932,464	395,831	235,055	3,093,240	-
Net KPERS OPEB liability	307,478	101,230	25,860	382,848	-
Net pension liability	28,966,518	-	1,047,535	27,918,983	-
Accrued compensation	2,797,958	1,628,901	1,611,374	2,815,485	1,611,375
Temporary notes	6,811,742	19,508,505	8,196,742	18,123,505	18,123,505
Total	<u>\$ 110,242,072</u>	<u>\$ 23,808,266</u>	<u>\$ 17,562,914</u>	<u>\$ 116,487,424</u>	<u>\$ 25,612,160</u>
Business-type activities:					
General obligation bonds	\$ 6,417,784	\$ -	\$ 1,135,206	\$ 5,282,578	\$ 1,166,063
Revenue bonds	12,606,747	-	708,696	11,898,051	728,696
Loans payable	8,862,810	2,354,809	585,268	10,632,351	527,499
Net OPEB liability	373,580	50,427	29,945	394,062	-
Net KPERS OPEB liability	131,776	43,384	11,082	164,078	-
Net pension liability	3,333,610	-	218,792	3,114,818	-
Accrued compensation	642,347	410,353	383,183	669,517	383,182
Total	<u>\$ 32,368,654</u>	<u>\$ 2,858,973</u>	<u>\$ 3,072,172</u>	<u>\$ 32,155,455</u>	<u>\$ 2,805,440</u>
Component Units:					
General obligation bonds	\$ 24,087,000	\$ -	\$ 2,660,000	\$ 21,427,000	\$ 1,967,000
Less unamortized discount	[79,485]	-	[15,277]	[64,208]	-
Special assessment debt	9,207	-	2,153	7,054	2,153
Net KPERS OPEB obligation	12,054	-	928	11,126	-
Net pension liability	603,456	2,174	-	605,630	-
Total component units	<u>\$ 24,632,232</u>	<u>\$ 2,174</u>	<u>\$ 2,647,804</u>	<u>\$ 21,986,602</u>	<u>\$ 1,969,153</u>

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

## E. Long-Term Debt (Continued)

The following is a detailed listing of the city's long-term debt including general obligation bonds, revenue bonds, temporary notes and loans payable:

<i>Primary Government</i> General Obligation Bonds	Original Issue	Interest Rates	Bonds Outstanding
Internal Improvements 2008B, due 7/1/2028	\$ 3,525,000	3.65% to 5.00%	\$ 1,035,000
Internal Improvements 2009A, due 10/1/2029	23,695,000	2.00% to 5.00%	2,981,936
Internal Improvements 2010A, due 10/1/2025	6,916,592	2.00% to 3.875%	655,545
Internal Improvements 2010B, due 10/1/2023	7,973,044	0.50% to 3.00%	1,763,477
Internal Improvements 2011A, due 10/1/2031	6,587,985	2.00% to 5.00%	1,098,449
Internal Improvements 2012A, due 10/1/2027	2,383,903	1.00% to 2.45%	1,506,342
Refunding 2012B, due 10/1/2020	3,817,108	1.00% to 1.40%	423,027
Internal Improvements 2013A, due 10/1/28	1,369,380	3.00% to 4.00%	1,001,255
Internal Improvements 2013B, due 10/1/33	4,485,073	0.60% to 3.65%	3,286,304
Internal Improvements 2014A, due 10/1/34	7,839,050	2.50% to 3.75%	5,455,241
Improvement and Refunding 2015A, due 10/1/35	7,157,688	2.00% to 4.00%	6,142,786
Internal Improvements 2016A, due 10/1/36	6,681,766	2.00% to 3.00%	6,160,590
Refunding 2016B, due 10/1/2031	15,141,004	2.00% to 5.00%	14,371,647
Internal Improvements 2017A, due 10/1/37	9,388,370	3.00% to 3.375%	9,209,452
Internal Improvements 2018A, due 10/1/33	2,090,000	3.15% to 4.00%	2,159,837
Total general obligation bonds			<u>\$ 57,250,888</u>
Revenue Bonds			
Revenue 2011, due 10/1/31	\$ 16,193,925	2.00% to 4.60%	<u>\$ 11,898,051</u>
Total revenue bonds			<u>\$ 11,898,051</u>
Temporary Notes			
Series 2016-2, due 9/1/2019	\$ 4,615,000	1.00%	\$ 4,615,000
Series 2018-2, due 11/15/2019	13,500,000	2.50%	13,508,505
Total temporary notes			<u>\$ 18,123,505</u>
Loans Payable			
Kansas Public Water Supply, due 8/1/2034	\$ 9,330,000	2.12%	\$ 6,771,038
Kansas Public Water Supply, due 8/1/2035	4,250,000	2.78%	3,861,313
Dakotas & CNMC Notes, due 12/10/2050	12,640,000	1.58%	12,185,053
Total loans payable			<u>\$ 22,817,404</u>

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

## E. Long-Term Debt (Continued)

<i>Component Unit</i>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Bonds Outstanding</u>
<i>Salina Airport Authority</i>			
General Obligation Bonds			
General Obligation 2009B, due 2021	\$ 6,080,000	4.78	\$ 1,185,000
General Obligation 2011A, due 2023	11,820,000	3.89%	2,885,000
General Obligation 2015A, due 2025	3,075,000	2.67%	1,740,000
Temporary Note 2016-1, due 2019	657,000	0.90%	657,000
General Obligation 2017A, due 2030	10,255,000	3.04%	10,150,000
General Obligation 2017B, due 2025	4,835,000	3.02%	4,810,000
Less unamortized bond premium			33,023
Less unamortized bond discount			<u>[97,231]</u>
Total general obligation bonds			<u>21,362,792</u>
Special Assessment Debt			
Hangar 600 Sanitary Sewer, due 2021	27,599	4.47%	<u>7,054</u>
Total special assessment debt			<u>7,054</u>
Total			<u>\$ 21,369,846</u>

Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies:

General Obligation - Primary Government			
<u>Year</u>	<u>Bonds Outstanding</u>	<u>Interest Due</u>	<u>Total</u>
2019	\$ 7,043,343	\$ 1,665,570	\$ 8,708,913
2020	4,893,342	1,476,903	6,370,245
2021	4,618,090	1,339,636	5,957,726
2022	4,701,939	1,186,542	5,888,481
2023	4,541,940	1,011,191	5,553,131
2024-2028	17,204,968	3,276,338	20,481,306
2029-2033	9,998,082	1,462,000	11,460,082
2034-2037	4,249,184	276,500	4,525,684
Total	<u>\$ 57,250,888</u>	<u>\$ 11,694,680</u>	<u>\$ 68,945,568</u>

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

## E. Long-Term Debt (Continued)

General Obligation - Component Units			
Year	Bonds	Interest	Total
	Outstanding	Due	
2019	\$ 1,310,000	\$ 648,278	\$ 1,958,278
2020	1,350,000	612,110	1,962,110
2021	1,400,000	565,880	1,965,880
2022	1,455,000	511,135	1,966,135
2023	1,500,000	464,310	1,964,310
2024 - 2028	8,205,000	1,616,160	9,821,160
2029 - 2031	5,550,000	348,263	5,898,263
Total	<u>\$ 20,770,000</u>	<u>\$ 4,766,136</u>	<u>\$ 25,536,136</u>

Annual debt service requirements to maturity for revenue bonds to be paid with utility revenues:

Revenue Bonds - Primary Government			
Year	Bonds	Interest	Total
	Outstanding	Due	
2019	\$ 728,696	\$ 487,991	\$ 1,216,687
2020	748,696	466,242	1,214,938
2021	773,696	798,696	1,572,392
2022	798,696	414,148	1,212,844
2023	828,696	382,348	1,211,044
2024-2028	4,688,480	1,376,895	6,065,375
2029-2031	3,331,091	308,750	3,639,841
Total	<u>\$ 11,898,051</u>	<u>\$ 4,235,070</u>	<u>\$ 16,133,121</u>

Annual debt service requirements to maturity for temporary notes - to be paid through the issuance of general obligation bonds:

Temporary Notes - Primary Government			
Year	Notes	Interest	Total
	Outstanding	Due	
2019	\$ 18,123,505	\$ 372,400	\$ 18,495,905
Total	<u>\$ 18,123,505</u>	<u>\$ 372,400</u>	<u>\$ 18,495,905</u>

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

## E. Long-Term Debt (Continued)

*Kansas Public Water Supply Loans.* The City has engaged in a loan with the Kansas Public Water Supply Fund. The following displays annual debt service requirements to maturity for the loan payable to be paid from service revenues, for the full proceeds amount:

Year	Kansas Water Supply Loans - Primary Government		
	Loans Outstanding	Interest Due	Total
2019	\$ 527,499	\$ 247,835	\$ 775,334
2020	539,863	235,471	775,334
2021	552,523	222,811	775,334
2022	565,483	209,851	775,334
2023	578,754	196,580	775,334
2024-2028	3,104,194	772,476	3,876,670
2029-2033	3,486,921	389,749	3,876,670
2034-2035	1,277,114	46,434	1,323,548
Total	<u>\$ 10,632,351</u>	<u>\$ 2,321,207</u>	<u>\$ 12,953,558</u>

*Dakotas and CNMC Notes.* Dakotas Note A – On July 27, 2016, a \$6,016,500 promissory note with a maturity date of December 10, 2050 was provided to SFH QalicB by Dakotas XXII, LLC. Interest accrues on the unpaid principal balance at an interest rate of 1.582625% with annual interest only payments, partially in arrears and partially in advance, commencing on December 10, 2016 and continuing on the tenth day of each December thereafter through December 10, 2025. On July 27, 2023, payment of all accrued and unpaid interest through July 27, 2023 is due. Commencing on December 10, 2023 and continuing on the tenth day of each December thereafter through December 10, 2026, accrued and unpaid interest shall be due and payable annually, partially in arrears and partially in advance for interest accruing through the end of each calendar year. Commencing on December 10, 2026 and continuing through the maturity date, annual payments of principal and interest in an amount equal to \$293,276 are due. At maturity, the entire outstanding principal balance plus all accrued and unpaid interest thereon is due and payable in full. The loan may not be prepaid prior to July 27, 2023 and is secured by the Loan and Security Agreement. As of December 31, 2018, the note balance was \$6,016,500.

Dakotas Note B - On July 27, 2016, a \$2,623,500 promissory note with a maturity date of December 10, 2050 was provided to the SFH QalicB by Dakotas XXII, LLC. Interest accrues on the unpaid principal balance at an interest rate of 1.582625% with annual interest only payments, partially in arrears and partially in advance, commencing on December 10, 2016 and continuing on the tenth day of each December thereafter through December 10, 2025. On July 27, 2023, payment of all accrued and unpaid interest through July 27, 2023 is due. Commencing on December 10, 2023 and continuing on the tenth day of each December thereafter through December 10, 2025, accrued and unpaid interest shall be due and payable annually, partially in arrears and partially in advance for interest accruing through the end of each calendar year. Commencing on December 10, 2026 and continuing through the maturity date, annual payments of principal and interest in an amount equal to \$127,883 are due. At maturity, the entire outstanding principal balance plus all accrued and unpaid interest thereon is due and payable in full. The loan may not be prepaid prior to July 27, 2023 and is secured by the Loan and Security Agreement. As of December 31, 2018, the note balance was \$2,623,500.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

CNMC Note A - On July 27, 2016, a \$2,674,000 promissory note with a maturity date of December 10, 2050 was provided to the SFH QalicB by CNMC Sub-COE 114, LLC. Interest accrues on the unpaid principal balance at an interest rate of 1.582625% with annual interest only payments, partially in arrears and partially in advance, commencing on December 10, 2016 and continuing on the tenth day of each December thereafter through December 10, 2025. On July 27, 2023, payment of all accrued and unpaid interest through July 27, 2023 is due. Commencing on December 10, 2023 and continuing on the tenth day of each December thereafter through December 10, 2025, accrued and unpaid interest shall be due and payable annually, partially in arrears and partially in advance for interest accruing through the end of each calendar year. Commencing on December 10, 2026 and continuing through the maturity date, annual payments of principal and interest in an amount equal to \$130,345 are due. At maturity, the entire outstanding principal balance plus all accrued and unpaid interest thereon is due and payable in full. The loan may not be prepaid prior to July 27, 2023 and is secured by the Loan and Security Agreement. As of December 31, 2018, the note balance was \$2,674,000.

CNMC Note B - On July 27, 2016, a \$1,326,000 promissory note with a maturity date of December 10, 2050 was provided to the SFH QalicB by CNMC Sub-COE 114, LLC. Interest accrues on the unpaid principal balance at an interest rate of 1.582625% with annual interest only payments, partially in arrears and partially in advance, commencing on December 10, 2016 and continuing on the tenth day of each December thereafter through December 10, 2025. On July 27, 2023, payment of all accrued and unpaid interest through July 27, 2023 is due. Commencing on December 10, 2023 and continuing on the tenth day of each December thereafter through December 10, 2025, accrued and unpaid interest shall be due and payable annually, partially in arrears and partially in advance for interest accruing through the end of each calendar year. Commencing on December 10, 2026 and continuing through the maturity date, annual payments of principal and interest in an amount equal to \$64,636 are due. At maturity, the entire outstanding principal balance plus all accrued and unpaid interest thereon is due and payable in full. The loan may not be prepaid prior to July 27, 2023 and is secured by the Loan and Security Agreement. As of December 31, 2018, the note balance was \$1,326,000.

As of December 31, 2018, the principal balance of these four loans net of \$454,947 of unamortized debt issuance costs was \$12,185,053.

Annual debt service requirement to maturity for Special Assessment Debt to be paid from rental revenue:

<u>Year</u>	<u>Special Assessment Debt - Component Units</u>		
	<u>Assessment</u> <u>Outstanding</u>	<u>Interest</u> <u>Due</u>	<u>Total</u>
2019	\$ 2,249	\$ 315	\$ 2,564
2020	2,350	215	2,565
2021	2,455	110	2,565
Total	<u>\$ 7,054</u>	<u>\$ 640</u>	<u>\$ 7,694</u>



# CITY OF SALINA, KANSAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

### Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

#### E. 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 debt service fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the debt service fund. The special assessments are not recorded as revenue 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 obligation of the City to the extent of property owner defaults, which have historically been immaterial.

*Premises lease.* On July 27, 2016, SFH QalicB entered into a lease agreement with the City for the use of the Salina Field House, as defined in the Net Lease agreement (the "Property"), under a direct financing lease. The lease term is 30 years, as defined in the Net Lease agreement. Beginning on July 1, 2017 and on the first day of each December thereafter through December 1, 2046, annual payments are due, in advance, as specified in the Net Lease agreement.

For the year ended December 31, 2018, SFH QalicB earned \$492,917 of rental income under the terms of the Net Lease. As of December 31, 2018, rental income of \$79,912 remained receivable from the City.

The following is a schedule, by year, of total minimum lease payments by the City to SFH QalicB under the direct financing lease as of December 31, 2018:

2019	\$	130,000
2020		130,000
2021		130,000
2022		130,000
2023		162,500
2024-2028		2,405,000
2029-2033		3,250,000
2034-2038		3,250,000
2039-2043		3,250,000
2044-2046		1,625,000
	\$	<u>14,462,500</u>

*Ground Lease.* On October 24, 2018, SFH QalicB entered into a lease agreement with Salina Regional Medical Education, LLC for the use of property for parking of passenger vehicles and non-commercial trucks (the Parking Lot) by the public. SFH QalicB will have the option to acquire the Parking Lot for \$1 upon the end of the lease term, which is 100 years, as defined in the Ground Lease. A one-time basic rent payment of \$250,000 was due on the commencement date. There are no additional minimum lease payments due.

*Sales tax and Revenue (STAR) Bonds.* STAR Bonds are authorized to be issued pursuant to K.S.A. 12-17, 160, et seq., as amended (the STAR Bond Act). The STAR Bond Act provides a form of tax increment financing that enables the issuance of bonds payable from certain State and local sales and compensating use tax revenues and transient guest tax revenues generated from STAR bond projects constructed within a STAR bond project district. To implement STAR bond financing, a local government must adopt a resolution that specifies a proposed STAR bond project district's boundary and describes the overall district plan, hold a public hearing on the district and plan, and pass a resolution that establishes the STAR bond project district. Additionally, there may be one or more projects within a STAR bond district.

In accordance with the STAR Bond Act, the City has no liability for payment of bonds in the event that revenues received from sources noted above are inadequate to pay the debt incurred with the issuance of the STAR bonds.

# CITY OF SALINA, KANSAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

### Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

#### E. Long-Term Debt (Continued)

In connection with the issuance of STAR bonds, the City of Salina and the State of Kansas enter into a Tax Distribution Agreement. The agreement provides that the principal of, accreted value, and interest on the STAR bonds will be paid proportionally by the City of Salina and the State of Kansas, based on each entity's respective share of sales taxes generated within the district. These proportional shares may change in the future if the sales taxes assessed by the local or state governments are modified.

On June 1, 2015, the City of Salina Commission adopted Ordinance 15-10776 establishing the district known as the Salina STAR Bond Project District. On August 22, 2016, the City held a public hearing and approved Ordinance 16-10856 adopting the STAR Bond Project Plan.

On December 1, 2018, the City of Salina issued \$18,250,000 in Senior Special Obligation Revenue Bonds (Series 2018-A) and \$4,320,000 in Subordinate Special Obligation Revenue Bonds (Series 2018-B). The City's portion of the proceeds from these bond issuances is recorded as a capital contribution in the financial statements.

#### F. Operating Leases

On December 20, 2012, the City and Saline County jointly entered into a non-cancelable lease to finance a \$2,750,000 heating, ventilation and air conditioning (HVAC) upgrade at the Saline County-City Building Authority. The City's share of the lease agreement is 40% and will pay the lessor \$1,100,000, plus interest, through monthly payments of \$7,827 over a term of 180 months. The total cost for this lease was \$93,926 for the year ended December 31, 2018. The future minimum lease payments for the lease are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 93,926
2020	93,926
2021	93,926
2022	93,926
2023	93,926
2024-2027	<u>375,708</u>
Total	<u>\$ 845,338</u>

#### G. Reconciliation of Transfers

A reconciliation of interfund transfers follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General fund	\$5,041,500	\$ 805,000
Tourism and convention fund	-	812,346
Special gas fund	160,000	-
Sales tax capital fund	-	2,568,350
Debt service	2,270,782	-
Other governmental funds	1,354,914	-
Solid waste disposal fund	-	690,000
Water and sewer fund	-	3,650,000
Sanitation fund	-	491,500
Central garage fund	<u>190,000</u>	<u>-</u>
Total Transfers	<u>\$9,017,196</u>	<u>\$ 9,017,196</u>

The City uses interfund transfers to share administrative costs between funds.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 5. OTHER INFORMATION

A. Defined Benefit Pension Plan

*Description of Pension Plan.* The City participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

Public employees, which includes:

- State/School employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Local employees group and the Kansas Police and Firemen group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

*Benefits.* Benefits are established by statute and may only be changed by the State Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

# CITY OF SALINA, KANSAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

### Note 5. OTHER INFORMATION (Continued)

#### A. Defined Benefit Pension Plan (Continued)

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

*Contributions.* Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2018.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	Actuarial Employer Rate	Statutory Employer Capped Rate
Local employees	8.39%	8.39%
Police and Firemen	20.09%	20.09%

Member contribution rates as a percentage of eligible compensation for the fiscal year 2018 are 6.00% for Local employees and 7.15% for Police and Firemen.

*Employer Allocations.* Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2018, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended December 31, 2018.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2018, the City's proportion for the Local employees group was 0.790%, which was a decrease of .021% from its proportion measured at June 30, 2017. At June 30, 2018, the City's proportion for the Police and Firemen group was 2.081%, which was a decrease of .110% from its proportion measured at June 30, 2017.

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 5. OTHER INFORMATION (Continued)

## A. Defined Benefit Pension Plan (Continued)

*Net Pension Liability.* At December 31, 2018 and 2017, the City and its component units reported a liability of \$31,984,657 and \$33,276,991, respectively, for its total proportionate share of the net pension liability for the Local and Police and Firemen groups.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions:

<u>Assumptions</u>	<u>Rate</u>
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.5% to 12.0% including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.75%

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the period of January 1, 2013, through December 31, 2015. The experience study is dated November 18, 2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset</u>	<u>Long-Term Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.85%
Fixed Income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real Return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	<u>2.00%</u>	-0.25%
	<u>100.00%</u>	

*Discount Rate.* The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 5. OTHER INFORMATION (Continued)

## A. Defined Benefit Pension Plan (Continued)

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Local	\$ 16,154,118	\$ 11,014,328	\$ 6,670,741
Police & Firemen	28,531,728	20,019,473	12,892,837
Total	<u>\$ 44,685,846</u>	<u>\$ 31,033,801</u>	<u>\$ 19,563,578</u>

*Pension Expense.* For the year ended December 31, 2018, the City recognized Local pension expense of \$870,226 and Police and Firemen pension expense of \$2,385,738, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The Salina Housing Authority's and Salina Airport Authority's portion of the Local pension expense were \$31,100 and \$39,859, respectively

*Deferred Outflows of Resources and Deferred Inflows of Resources.* At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Local and Police and Firemen groups from the following sources:

<u>Local</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ 39,766	\$ 312,097
Net differences between projected and actual earnings on investments	257,660	-
Changes in assumptions	476,967	53,041
Changes in proportion	446,147	435,326
Total	<u>\$ 1,220,540</u>	<u>\$ 800,464</u>

  

<u>Police &amp; Firemen</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ 1,223,246	\$ 92,492
Net differences between projected and actual earnings on investments	521,008	-
Changes in assumptions	1,054,212	55,255
Changes in proportion	51,284	1,107,361
Total	<u>\$ 2,849,750</u>	<u>\$ 1,255,108</u>

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 5. OTHER INFORMATION (Continued)

## A. Defined Benefit Pension Plan (Continued)

At December 31, 2018, the Salina Housing Authority and Salina Airport Authority reported deferred outflows of resources and deferred inflows of resources related to pensions for Local and Police and Firemen groups from the following sources:

	Housing Authority		Airport Authority	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
<u>Local</u>				
Differences between actual and expected experience	\$ 1,670	\$ 11,937	\$ 2,187	\$ 17,161
Net differences between projected and actual earnings on investments	10,829	-	14,168	-
Changes in assumptions	18,592	2,525	26,226	2,916
Changes in proportion	1,806	6,884	55,201	44,325
Total	<u>\$ 32,897</u>	<u>\$ 21,346</u>	<u>\$ 97,782</u>	<u>\$ 64,402</u>

\$1,723,207 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Local		Police & Firemen		
	Deferred		Deferred		
Year ended	[Inflows]	Outflows	[Inflows]	Outflows	
<u>December 31,</u>	<u>Amount</u>		<u>Amount</u>		<u>Total</u>
2019	\$	341,010	\$	985,459	\$ 1,326,469
2020		202,538		586,107	788,645
2021		[100,494]		[33,058]	[133,552]
2022		[7,653]		64,997	57,344
2023		[15,325]		[8,863]	[24,188]
Total	\$	<u>420,076</u>	\$	<u>1,594,642</u>	<u>\$ 2,014,718</u>

\$36,221 and \$13,417 reported as deferred outflows of resources related to pensions resulting from Salina Housing Authority and Salina Airport Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Housing Authority		Airport Authority		
	Deferred		Deferred		
Year ended	[Inflows]	Outflows	[Inflows]	Outflows	
<u>December 31,</u>	<u>Amount</u>		<u>Amount</u>		<u>Total</u>
2019	\$	[2,591]	\$	10,978	\$ 8,387
2020		11,125		12,657	23,782
2021		7,101		112	7,213
2022		[4,816]		8,685	3,869
2023		732		948	1,680
Total	\$	<u>11,551</u>	\$	<u>33,380</u>	<u>\$ 44,931</u>

# CITY OF SALINA, KANSAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

### Note 5. OTHER INFORMATION (Continued)

#### B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust and are not available to the claims of the City's general creditors.

#### C. Flexible Benefit Plan (I.R.C. Section 125)

The City Commission has adopted by resolution a salary reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All City employees working more than 20 hours per week are eligible to participate in the Plan beginning after two full months of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include various insurance and disability benefits.

#### D. 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. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the past three years.

The City has established a limited risk management program for workers' compensation. The program covers all City employees. Premiums are paid into the Workers' Compensation Reserve Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$250,000 (\$350,000 for claims involving employees classified as policemen or firemen). Incurred claims, including incurred but not reported claims, have been accrued based primarily upon subsequent payments. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors. The liability for claims and judgments is reported in the Workers' Compensation Reserve Fund because it is expected to be liquidated with expendable available financial resources. Of the liability, \$183,514 is considered to be due within one year.

Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2018</u>	<u>2017</u>
Unpaid claims, January 1	\$ 221,913	\$ 255,154
Incurred claims (including		
IBNRs)	886,086	622,556
Claim payments	<u>[869,221]</u>	<u>[655,797]</u>
Unpaid claims, December 31	<u>\$ 238,778</u>	<u>\$ 221,913</u>

The City established a limited risk management program for employee health and dental insurance in 1997. The program covers eligible City employees. Premiums are paid into the health insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$50,000. Incurred claims, including incurred but not reported claims, have been accrued based primarily upon subsequent payments. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors. The liability for claims and judgments is reported in the Health Insurance Fund because it is expected to be liquidated with expendable available financial resources. Therefore, all of the liability is considered to be due within one year. Changes in the balances of claims liabilities during the past two years are as follows:



# CITY OF SALINA, KANSAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

### Note 5. OTHER INFORMATION (Continued)

#### D. Risk Management (Continued)

	<u>2018</u>	<u>2017</u>
Unpaid claims, January 1	\$ 395,691	\$ 294,333
Incurring claims (including IBNRs)	3,670,930	4,244,648
Claim payments	<u>[3,685,641]</u>	<u>[4,143,290]</u>
Unpaid claims, December 31	<u>\$ 380,980</u>	<u>\$ 395,691</u>

#### E. Contingent Liabilities

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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 would not have a material effect on any of the financial statements of the City at December 31, 2018.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

#### F. Municipal Solid Waste Landfill

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense of the solid waste fund in each period based on landfill capacity used as of each balance sheet date. The \$1,981,498 reported as landfill closure and postclosure care liability at December 31 represents the cumulative amount reported to date based on the use of 28.8% of the estimated capacity of the landfill.

The City's solid waste fund will recognize the remaining estimate cost of closure and postclosure care of \$4,892,995 as the remaining estimated capacity is filled over the remaining life expectancy of 147 years.

These amounts are based on what it would cost to perform all closure and postclosure care in 2018. Actual cost may be higher due to inflation, changes, in technology or changes in regulations. The City is required by State and Federal laws and regulations to provide assurances of financial responsibility for closure and post-closure care. The City has elected to utilize the Local Government Financial test promulgated by the U.S. Environmental Protection Agency (at 40 CFR 258.74(f)) and the Kansas Department of Health and Environment to provide these assurances. Any future closure or post-closure care costs will be provided through the normal budgeting and rate setting process, including the issuance of general obligation bonds, if necessary.

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 5. OTHER INFORMATION (Continued)

## G. Capital Projects

Capital projects often extend over two or more fiscal years. The following is a schedule, which compares the project authorization including allowable interest revenue to total project expenditures from project inception to December 31, 2018.

Markley-Magnolia VV Sewer	\$ 5,150,000	\$ 200,790
Cloud from Ohio to Levee	155,014	69,242
Ninth and Cloud Intersection Realignment	1,100,000	1,048,542
Bicentennial Center Improvements	10,200,000	12,344,709
Lakewood Middle School Safe Route	81,375	47,509
Bicentennial Center Owners Rep	96,000	84,000
Water Well 13 & 14 Maintenance	52,184	50,830
Pavement Condition Survey	36,222	33,909
Community Fieldhouse	6,937,827	8,727,749
Community Fieldhouse	713,858	733,992
WasteWater Treatment Plant Feasibil	154,395	154,395
Channel Road Erosion Repairs	-	58,858
Rebuild High Service Pump P-203	24,187	13,688
Pump Stations and Force Mains	1,483,000	1,280,581
2016 Water Meters	30,000	18,128
2017 Country Club Road Improvements	1,200,000	1,088,188
Downtown STAR District	58,000	136,120
Downtown CID - Alley	-	2,317
Downtown TIF	-	2,009
2017 Mill & Inlay	1,577,502	1,574,583
2017 Major Concrete Rehab	469,472	465,748
Downtown Streetscape	12,165,000	3,514,351
Smoky Hill River Renewal	3,200,000	2,632,848
Downtown Santa Fe Water Main Replacement	1,351,100	762,367
S Well Field & WTP Phase 1	1,964,525	1,583,269
2017 Sidewalks	69,092	73,665
Police Training Facility	4,900,000	297,358
Beechcraft Road Improvements-Airport Authority	1,500,000	12,884
2017 Sanitary Sewer Line Cleaning	519,358	297
Indiana Ave Trail	79,262	74,992
Preliminary Design Broadway Impr	50,000	50,248
2018 Pavement Sealing	325,000	252,778
Northbound 9th Street Bridge	103,768	92,060
2018 Microsurfacing	750,000	731,987
2018 UBAS	800,000	673,029
2018 Brick Streets	99,243	99,486
2018 Bridge Maintenance	86,520	82,684
2018 Chip Seal/Bituminous	175,000	169,866
2018 Mastic Surface Treatment	30,000	30,305
2018 Mill & Inlay	1,550,000	1,353,589
2018 Minor Concrete Rehab	40,510	40,773
2018 Sidewalks	80,493	83,114
2018 Traffic Control Main/Street Markings	75,000	56,371
9th Street Kirwin to Crawford	665,752	630,458
2018 Sanitary Sewer Point Repair	50,000	18,859
Landfill Cell #20 Design	60,000	50,714
2018 Park Improvements	194,000	198
Manhole & Value Adj	10,000	306
Community Theater HVAC Replacement	46,000	207
North Lime Drying Lagoon Yearly Maintenance	120,000	37,260

## CITY OF SALINA, KANSAS

### NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

#### Note 5. OTHER INFORMATION (Continued)

##### H. Environmental Matters

The Kansas Department of Health and Environment (KDHE) issued a report in 1994 indicating the presence of volatile organic compounds at levels requiring remediation at the Salina Public Water Supply Wells Site. The City adopted a proactive Policy and Action Plan to remediate the groundwater contamination, and on December 7, 1994, the City and KDHE entered into a Consent Order and Settlement Agreement under which the City assumed primary responsibility for the further investigation and remediation of the groundwater contamination. Field testing work has been completed. The necessary remediation work will be conducted over the next several years at a yet undetermined cost to the City's Water and Sewer Fund.

The U.S. Department of Defense transferred property located at the former Schilling Air Force Base (the Base or Site) to the Authority on or about September 9, 1966. The property is now known to contain areas of extensive soil and groundwater contamination, which is a result of the use and disposal of chlorinated solvents during military operations at the Base from 1942 until Base closure in 1965. The U.S. Department of Defense is responsible for the investigation and remediation of contamination caused by military activities at current and former military bases. The U.S. Army Corps of Engineers (Corps) is the lead agency for the Department at formerly used defense sites. The Corps has investigated the soil and groundwater contamination at the Site under the regulatory oversight of the U.S. Environmental Protection Agency (EPA) and the Kansas Department of Health and Environment (KDHE). The Site is not designated as a National Priority List Superfund site, but investigation and remediation are required to be in compliance with the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).

Potential liability for contamination under CERCLA extends broadly to parties associated with the release or presence of hazardous substances, including not only those entities involved with contaminant use and disposal, but in some cases other current and former owners and operators of contaminated sites. As a current owner of extensive amounts of property at the Site, the Authority is potentially liable under CERCLA, although the Authority believes that it has meritorious defenses to such liability.

The Authority is considered to be a Potentially Responsible Party (PRP) for the Site, primarily due to its status as a property owner. The Authority, City of Salina, Unified School District No. 305 and the Kansas Board of Regents (Kansas State University Polytechnic Campus), (collectively Salina Public Entities) currently own over 90% of the nearly 4,000 acres of the Base property. No third party has asserted any claim for bodily injury or property damage.

Beginning in August 2007, the Salina Public Entities initiated settlement negotiations with the U.S. Federal Government. The negotiation objectives at that time included transferring the responsibility for completing the cleanup from the U.S. to the Salina Public Entities. The local objective was to reach a settlement agreement with the U.S. that provides the Salina Public Entities sufficient funds to complete cleanup operations over a 30-year period.

During calendar year 2008, the Salina Public Entities, by and through its environmental consultant, prepared a detailed Cost to Complete Estimate (CTC). The CTC preparation included consultation with the EPA and KDHE. The Salina Public Entities' CTC was completed in June of 2008 and submitted to the Corps.

Subsequently, on January 23, 2009, the Salina Public Entities delivered a demand letter to the Corps. The letter demanded that settlement negotiations begin immediately with the U.S. Department of Justice. On May 14, 2009 the Authority was notified that the Corps referred the Base demand letter to the U.S. Department of Justice on May 12, 2009.

The Salina Public Entities delivered on or about May 10, 2010, a settlement offer and a draft of a lawsuit complaint to the attorney for the U.S. Department of Justice. The Salina Public Entities planned to file suit against the U.S. if the matter was not settled by the end of May, 2010. The Salina Public Entities did not intend to cut off settlement negotiations by the filing of suit, and this has been communicated to the U.S. No remedial action plan or record of decision has been adopted by the EPA or KDHE.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 5. OTHER INFORMATION (Continued)

H. Environmental Matters (Continued)

On or about May 27, 2010, the Salina Public Entities filed their Complaint against the United States of America, the United States Department of Defense and Secretary of Defense, Robert M. Gates, in his official capacity (collectively, "Defendants"). On or about September 22, 2010, the Salina Public Entities filed their First Amended Complaint in four counts: Count I Citizen Suit Claim Pursuant to 42 U.S.C. § 9659(a)(2), Count II Citizen Suit Claim Pursuant to 42 U.S.C. § 9659(a)(1), Count III Claim for Recovery of Response Costs Pursuant to 42 U.S.C. § 9607(a) and Count IV Claim for Declaratory Judgment Pursuant to 42 U.S.C. § 9613(g)(2).

On or about October 6, 2010, Defendants filed their motion to dismiss and to strike, primarily with respect to the citizen suit claims. On or about March 25, 2011, Judge Murguia entered his Memorandum and Order. The Judge granted the Defendants' motion to dismiss Counts I and II (citizen suit claims) for lack of subject matter jurisdiction. He also granted the Defendants' motion to dismiss the Salina Public Entities' requests for attorney fees, with the exception of non-litigation attorney fees. He denied the Defendants' motion to strike the Salina Public Entities' allegations of a conflict of interest. The Salina Public Entities' claims under Counts III and IV for response costs under CERCLA 9607(a) are not affected by the Judge's rulings. The Salina Public Entities disagree with most of the Judge's filings and, if necessary, plan to take an interlocutory appeal to the Tenth Circuit to contest the rulings.

On or about April 22, 2011, Defendants filed their Answer to First Amended Complaint and Counterclaim against the Salina Public Entities. Count I of the Counterclaim alleges a claim for contribution under CERCLA, 42 U.S.C. § 9613(f)(1). Count II of the Counterclaim alleges a claim for cost recovery under CERCLA, 42 U.S.C. § 9607(a)(1). Count II alleges costs incurred by the U.S. Environmental Protection Agency of approximately \$1,838,241 as of September 30, 2007, and alleges costs incurred by the Corps of approximately \$14,915,228 as of April 17, 2009. The Salina Public Entities intend to vigorously contest the claims brought against them and will assert, among other defenses, the third party defense under 42 U.S.C. § 9607(b)(3).

The parties agreed on a mediation to discuss settlement. The mediation sessions occurred in October 2011, and the mediation discussions continued for over a year. The parties have now agreed upon a partial settlement. The partial settlement includes payment by the U.S. in exchange for performance by the Salina Public Entities of a remedial investigation/feasibility study through entry of a Corrective Action Decision by KDHE (the "Work"). The present cost estimate of the Work is less than \$10,000,000. The agreement is that the U.S. will pay 90% of the cost of the Work with the Salina Public Entities responsible for payment of the remaining 10%. It is anticipated that the agreed share of the Salina Public Entities will be paid by the City of Salina. Also, the claims and counterclaims in the lawsuit have been dismissed without prejudice with provisions tolling any and all statutes of limitation. No party is obligated under the settlement agreement to implement the Corrective Action Decision upon its entry by KDHE, and the parties will either negotiate an agreement to implement such Corrective Action Decision or refile their claims in court. The Salina Public Entities have entered into a Consent Agreement and Final Order ("CAFO") with KDHE, which is conditioned upon the U.S.'s payment to the City. On May 2, 2013, the U.S. District Court for the District of Kansas entered its Consent Decree. City of Salina, Kansas, et al. v. United States of America, et al., Case No. 10-CV-2298 CM/DJW. The Court's Consent Decree approved the settlement among the parties. The current status is that the U.S. wire transferred \$8,426,700 to the account of the City, and the City added the share of the Salina Public Entities in the amount of \$936,300 to the account.

The Remedial Investigation (RI) portion of the CAFO scope of work was completed during Q1 2018. The Feasibility Study portion of the CAFO scope of work was also completed during Q1 2018. The Feasibility Study (FS) and Proposed Plan (PP) portions of the CAFO scope of work were completed during 2018 and submitted to KDHE. The Corrective Action Decision (CAD) document is scheduled to be issued by KDHE during 2019.

# CITY OF SALINA, KANSAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

### Note 5. OTHER INFORMATION (Continued)

#### H. Environmental Matters (Continued)

Although the claims and counterclaims in the lawsuit have been dismissed without prejudice, the Authority intends to vigorously pursue its claims that the U.S. should implement the Corrective Action Decision upon its entry by KDHE and its defenses against any claims brought against it. Based on presently known information, the Authority has determined that while a possible liability exists, at this time, no reasonable estimate of the possible liability can be made. Therefore, no liability related to that matter has been recorded.

#### I. Other Postemployment Healthcare Benefits

*Plan Description.* The City offers postemployment health insurance to retirement employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. The Employee Benefit Plan (the Plan) provides medical and dental benefits to eligible early retirees and their spouses. KSA 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

*Funding Policy.* The contribution requirements of plan participants and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. In 2018, the City did not contribute to the plan.

At December 31, 2018, the following employees were covered by the benefit terms:

Active employees	441
Retirees and covered spouses	<u>32</u>
Total	<u>473</u>

The total OPEB liability of \$3,487,302 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Valuation date	December 31, 2017
Actuarial cost method	Entry age normal as a level percentage of payroll
Inflation	2.75%
Salary increases	3.50%
Discount rate	3.44%
Healthcare cost trend rates	Medical & Pharmacy: 6.8% for 2017, decreasing 0.60% per year to an ultimate rate of 5.1% for 2020 and through 2030 Dental: 5.00% to 2020
Retiree's share of benefit related costs	100% of the premium

The discount rate was based on an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2017.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

Note 5. OTHER INFORMATION (Continued)

I. Other Postemployment Healthcare Benefits (Continued)

Changes in the total OPEB liability are as follows:

Balance 1/1/2018	\$ 3,306,044
Service cost	226,762
Interest	128,578
Benefit paid	[265,000]
Changes in assumptions	90,918
Balance 12/31/2018	<u>\$ 3,487,302</u>

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.44%) or one percentage point higher (4.44%) than the current discount rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% increase (4.44%)
Total OPEB Liability \$	3,767,121	\$ 3,487,302	\$ 3,226,016

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.8% decreasing to 3.1%) or one percentage point higher (7.8% decreasing to 5.1%) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% increase
Total OPEB Liability \$	3,084,533	\$ 3,487,302	\$ 3,966,000

For the year ended December 31, 2018, the City recognized OPEB expense of \$446,258.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* At December 31, 2018, the City reported deferred outflows related to other postemployment benefits from the following sources:

	Deferred outflows of resources
Changes of assumptions	\$ 80,503
Total	<u>\$ 80,503</u>

Amounts reported as deferred outflows of resources will be recognized in OPEB expense as follows:

	Deferred [Inflows] Outflows
Year ended	Amount
June 30,	
2019	\$ 10,414
2020	10,414
2021	10,414
2022	10,414
2023	10,414
2024+	28,433
Total	<u>\$ 80,503</u>

# CITY OF SALINA, KANSAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

### Note 5. OTHER INFORMATION (Continued)

#### J. Other Postemployment Benefits (KPERs)

**Plan Description.** The City participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERs). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERs members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

**Benefits.** Benefits are established by statute and may be amended by the KPERs Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERs retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65<sup>th</sup> birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

**Employees covered by benefit terms.** At June 30, 2018, the valuation date, the following employees were covered by the benefit terms:

Active employees	282
Disabled members	<u>4</u>
Total	<u><u>286</u></u>

**Total OPEB Liability.** The City and its component units reported a total KPERs OPEB liability of \$566,938 reported as of December 31, 2018, was measured as of June 30, 2018, and was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions:

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 5. OTHER INFORMATION (Continued)

## J. Other Postemployment Benefits (KPERs) (Continued)

Valuation date	December 31, 2017
Actuarial cost method	Entry age normal
Inflation	2.75%
Salary increases	3.00%
Discount rate (based on 20 year municipal bond rate with an average rating of AA/Aa or better, obtained through the Bond Buyer General Obligation 20-Bond Municipal Index)	3.87%

The discount rate was based on the bond buyer general obligation 20-bond municipal index.

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2017 KPERs pension valuation.

The changes in the total OPEB liability are as follows:

	Total KPERs OPEB Liability			
	City	Housing Authority	Airport Authority	Total
Balance 1/1/2018	\$ 439,254	\$ 7,096	\$ 12,054	\$ 458,404
Service cost	52,380	1,743	2,825	56,948
Interest	17,061	252	533	17,846
Effect of economic/demographic gains or losses	75,173	-	[4,199]	70,974
Changes in assumptions	[6,574]	[205]	[87]	[6,866]
Benefit payments	[30,368]	-	-	[30,368]
Balance 12/31/2018	<u>\$ 546,926</u>	<u>\$ 8,886</u>	<u>\$ 11,126</u>	<u>\$ 566,938</u>

*Sensitivity of the total KPERs OPEB liability to changes in the discount rate.* The following presented the total KPERs OPEB liability of the City, as well as what the City's total KPERs OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% increase (4.87%)
Total OPEB Liability - City	\$ 569,284	\$ 546,926	\$ 524,594
Total OPEB Liability - Housing Authority	\$ 9,144	\$ 8,886	\$ 8,588
Total OPEB Liability - Airport Authority	\$ 11,395	\$ 11,126	\$ 10,800



## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 5. OTHER INFORMATION (Continued)

## J. Other Postemployment Benefits (KPERs) (Continued)

*Sensitivity of the total KPERs OPEB liability to changes in the healthcare cost trend rates.* The following presented the total KPERs OPEB liability of the City calculated using the current healthcare cost trend rates as well as what the City's total KPERs OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERs, but this exhibit is provided as it is a required disclosure under GASB 75.

	Healthcare Cost		
	1% Decrease	Trend Rates	1% increase
Total OPEB Liability - City	\$ 546,926	\$ 546,926	\$ 546,926
Total OPEB Liability - Housing Authority	\$ 8,886	\$ 8,886	\$ 8,886
Total OPEB Liability - Airport Authority	\$ 11,126	\$ 11,126	\$ 11,126

For the year ended June 30, 2018, the City recognized OPEB expense of \$75,561.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* At December 31, 2018, the City reported deferred outflows and inflows related to other postemployment benefits from the following sources:

	City		Housing Authority	Airport Authority
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Inflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 67,415	\$ -	\$ -	\$ 3,766
Changes of assumptions	-	13,271	184	198
Total	\$ 67,415	\$ 13,271	\$ 184	\$ 3,964

\$72,729 and \$4,294 reported as deferred outflows of resources related to OPEB resulting from City and Airport Authority contributions subsequent to the measurement date, respectively, will be recognized as a reduction of the OPEB liability in the year ended December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ended		Housing	Airport
June 30,	City	Authority	Authority
2019	\$ [6,120]	\$ [21]	\$ [458]
2020	[6,120]	[21]	[458]
2021	[6,120]	[21]	[458]
2022	[6,120]	[21]	[458]
2023	[6,120]	[21]	[458]
Thereafter	[23,544]	[79]	[1,674]
Total	\$[54,144]	\$ [184]	\$ [3,964]

## K. Deficit Fund Balance

The Police Grants Fund maintained a deficit fund balance of \$[24,544] at December 31, 2018.

# CITY OF SALINA, KANSAS

## NOTES TO THE BASIC FINANCIAL STATEMENTS December 31, 2018

### Note 5. OTHER INFORMATION (Continued)

#### L. Tax Abatements

In 2018, the City of Salina participated in real property tax abatements for five local companies. Property tax abatements are authorized under Kansas state statutes K.S.A. 12-1740 et seq. and K.S.A. 79-201a and subject to City policy.

The City provides property tax abatements to encourage existing industry to expand, assist new business start-ups, recruit new companies from out-of-state or internationally, encourage high technology and research based businesses, encourage training and development of Salina area employees, and encourage location and retention of businesses which are good "corporate citizens" that will add to the quality of life in the community through leadership and support of civic and philanthropic organizations. Property tax abatements reduce ad valorem property taxes. The percentage of reduction ranges from 40.5% to 100%, but in all cases, the maximum duration is for ten years as per state statute. To receive an abatement, applicants must submit an application, which undergoes due diligence and analysis before being considered by the City Commission. If the abatement is authorized, the applicant must sign a performance agreement that specifies annual compliance measures. Each year, the applicant submits a renewal application, along with compliance information, which is reviewed by City staff for conformance with agreement provisions. If compliance is not met, appeals can be made to the City Commission to determine the amount of incentives, if any, to be received by the property owner. The City of Salina negotiates property tax abatements on an individual basis.

#### Ad Valorem Property Tax Abatements Abatement

<u>Company</u>	<u>Start</u>	<u>End</u>	<u>%</u>	<u>2018 Tax Abated</u>
Salina Vortex Corp (facility improvements)	2015	2024	75%	\$ 15,432
Great Plains Mfg (facility improvements)	2014	2023	100%	4,808
Veris Technologies (facility addition/improvements)	2015	2024	40.5%	1,525
Twin Oaks (facility addition/improvements)	2015	2024	55%	1,838
Salina Field House (facility)	2017	2026	100%	58,518
<b>Total</b>				<u>\$ 82,120</u>

*Tax Increment Financing (TIF).* TIFs are an economic development tool established by the Kansas TIF Act (K.S.A. 12-1770 et seq.) and subject to City policy to aid in financing projects for substantial public benefit. Public benefits can include creating jobs or retaining existing employment, eliminating blight, strengthening the employment and economic base of the City, increasing property values and tax revenues, reducing poverty, creating economic stability, upgrading older neighborhoods, facilitating economic self-sufficiency, promoting projects that are of community wide importance, or implementing the economic development goals of the City. The program works by reimbursing a portion of the incremental increase in property taxes resulting from improvements and a portion of local sales tax generated within the district to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate.

To receive a TIF, applicants must submit a detailed, written proposal to the City, which will undergo due diligence and analysis before being considered by the City Commission. The City Commission then determines if it will commence the statutory process to create a redevelopment district.

If the TIF district is authorized, the City and applicant will enter into an agreement that specifies performance, certification, and reimbursement requirements. City Staff will work with the property owner to certify eligible expenses and compliance with agreement provisions. Once the project begins to generate TIF revenues (sales tax and/or property tax), City staff works with the distributing agency and property owner to generate and track reimbursements. Because reimbursements are not paid until after improvements are put in place, agreement compliance is met, eligible expenses are certified, and sales and/or property tax distributions are made to the City, there are no provisions for recapturing taxes. The City of Salina negotiates TIFs on an individual basis.

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 5. OTHER INFORMATION (Continued)

## L. Tax Abatements (Continued)

TIF Project Plans				2018 Reimbursements	
District	Purpose	Base Year	Expires	Sales Tax	Property Tax
Lambertz	Construction of 10.79 acres of shopping center, including single and multi-tenant retail space, and related public and private infrastructure	2007	2027	\$ 212,624	\$ 217,595
<b>Total</b>				<b>\$ 212,624</b>	<b>\$ 217,595</b>

*Community Improvement Districts (CID).* CIDs are an economic development tool established by the Kansas CID Act (K.S.A. 12-6a26 et seq.) and subject to City policy to assist with the development of community improvements which can benefit a development and the public. In all CIDs, public improvements were financed initially by the developer and are reimbursed annually via a two percent (2%) transportation district sales tax on retail or taxable services occurring within the district.

To establish a CID, the applicant first submits a CID petition which is signed by the owners of all of the land within the proposed district. The City Commission then considers the request to establish a CID.

If the CID is authorized, the City and applicant will enter into an agreement that specifies performance, certification, and reimbursement requirements. City Staff will work with the property owner to certify eligible expenses and compliance with agreement provisions. Once the project begins to generate CID revenues, City Staff works with the distributing agency and property owner to make and track reimbursements. Because reimbursements are not paid until after improvements are put in place, agreement compliance is met, eligible expenses are certified, and CID sales tax distributions are made to the City, there are no provisions for recapturing taxes. The City of Salina negotiates CIDs on an individual basis.

**Community Improvement District (CID)**

Name	Rate	Start	Expires	Purpose	2018 Eligible Reimbursement Amount*
South 9th Street	2.00%	3/1/2016	12/31/2037	Assist with improvements to hotel and conference center	\$ 260,274
<b>Total</b>					<b>\$ 260,274</b>

*Neighborhood Revitalization Areas (NRA).* NRAs are authorized under Kansas state statutes K.S.A. 12-117 and subject to City policy to spur investment and revitalization of properties which can benefit a neighborhood and the public. The program works by rebating a portion of the incremental increase in property taxes resulting from improvements back to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate. Participation in the program and percentage of rebate and duration are determined separately by the City, County, and School District. The current City of Salina adopted plan is a 4 year plan running from 2014 – 2018. It allows for a 10 year rebate and provides rebates from 25% to 100% depending on year in plan and type of improvement. To receive an NRA, taxpayers must submit an application, which undergoes due diligence and analysis before being approved by the City. If the NRA is approved, each year, the applicant must submit proof that property taxes have been paid in full. Because the rebate is not given until after improvements are put in place and property taxes paid, there are no provisions for recapturing taxes. The City of Salina approves NRAs on an individual basis.

## CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2018

## Note 5. OTHER INFORMATION (Continued)

## L. Tax Abatements (Continued)

Neighborhood Revitalization Act (NRA)			2018
<u>Property/Business Name</u>	<u>Address</u>	<u>Type</u>	<u>Rebate Paid</u>
Serio Guzman	241 N. Front Street	Res	\$ 257
James M. Monroe	620 W. Hamilton Street	Res	571
Christina Litwiller	148 N. 12th Street	Res	348
Jeremy Cessna	219 N. Front Street	Res	323
William & Mary Warhurst	714 Park Street	Res	258
Holly Fain	204 Forest Avenue	Res	474
Arlene Cox	200 Forest Avenue	Res	476
Gloria Williams	903 N. 10th Street	Res	358
Michelle Rogan	240 S. Clark Street	Res	478
Samuel A. Rock	1329 N. 4th Street	Res	92
Jessica A. Ziegler	221 N. 2nd Street	Res	478
Devin or Jessica Know	207 N. Penn	Res	658
Ravey Investments LLC	157 N. Seventh, 203 W. Ash, 205 W. Ash, 207 W. Ash & 209 W. Ash	Com	2,492
Lamont Outland	1206 N. 7th Street	Res	408
Michelle Bunch	634 N. 8th Street	Res	419
Jermaine and Tykea Polk	226 N. 2nd Street	Res	518
Mary Marshall	937 N. 3rd Street	Res	399
Angela Fishburn	1219 N. 8th Street	Res	384
Kress Building LLC	134 S. Santa Fe Ave	Com	2,592
Heritage at Hawthorne Partners, LLC	715 N. 9th Street	Com	4,605
Will & Mary Warhurst	809 W. Ash	Res	822
Donnie & Ramona Marrs	2035 E. Iron #300R	Res	992
	2035 E. Iron #213C/105R/302R/202R/205R/006R/301RA/301		
TJTM, Inc.	RB/001R/002R/003R/004R/005R	Res	18,739
Troy Valcil	853 Navaho	Res	259
Michelle Malone	815 N. 2nd Street	Res	46
Timothy & Linda Rickman	719 E. Ash	Res	642
Yvette Gelinas	1115 N. 8th Street	Res	621
Charles H Carroll Jr Trust	156-158 S. Santa Fe	Com	12,456
Latisha Pierce	705 N. 2nd Street	Res	1,158
Tanya Shiehazadeh	703 N. 2nd Street	Res	924
Robert & Brenda Burns	1205 N. 4th Street	Res	807
Property Partners LLC	116 & 118 N. Santa Fe (2nd Floor Loft Apartments)	Com	6,055
Phill Hemmer	2035 E. Iron Avenue, Unit #203R	Res	15,392
AP Property Holdings, LLC	201 E. Iron Avenue	Com	46,159
Gregory Davis	156-158 N. 11th Street	Res	2,455
Micheal Money	2035 E. Iron Avenue, Unit #206R	Res	4,217
Traniesh Byrd	701 N. 2nd Street	Res	791
Mark Martin Living Trust	2035 E. Iron #104R	Com	1,730
Philip C Krug Living Trust	2035 E Iron #304R	Res	3,777
Jana Endsley	1321 N. 3rd Street	Res	815
Kanesha Samilton	214 W. Grand Avenue	Res	978
Maria E Padilla	810 N. 5th Street	Res	1,332
Kansas Property Investors, LLC,	230 S. Broadway Blvd	Com	13,061
JK Webb Properties LLC	120 S. Santa Fe Avenue	Com	6,074
Alan and Nancy Franzen	1413 Arapahoe	Res	865
Brandon Sears	900 N. 12th Street	Res	182
Santa Fe Properties, LLC	131 N. Santa Fe Avenue/128 S. Santa Fe Avenue	Com	15,462
Rusty A Leister Living Trust	600 N. Santa Fe Avenue	Com	11,334
Heritage at Hawthorne Partners II, LLC.	715 N. 9th Street, Phase II	Com	8,116
Greg Huston & Terry A Swearingen	1025 W Crawford Street	Res	3,867
<b>Total</b>			<b>\$ 196,714</b>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

Note 5. OTHER INFORMATION (Continued)

M. Subsequent Events

On April 16, 2019, the City was issued two Kansas Public Water Supply Loans in the amounts of \$4,250,000 and \$32,000,000, respectively. For both loans, the City will make the first payment on August 1, 2020 and the last payment on February 1, 2040. Both loans have interest rates of 2.33%.

On April 24, 2019, the City issued Series 2019-A general obligation internal improvement bonds in the amounts of \$11,090,000. The bonds will be used to partially retire Temporary Note 2018-2 that matures November 1, 2019 and to finance various capital projects. The City will make the first payment on the bonds on April 1, 2020 and the last payment on October 1, 2039. The interest rate on the bonds ranges from 3.00% to 4.00%.

On April 24, 2019, the City issued Series 2019-1 temporary notes in the amounts of \$6,085,000. The temporary notes will be used to finance various capital projects. The maturity date of the temporary notes is May 1, 2020 and the interest rate on the notes is 1.58%.

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## REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SALINA, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS

Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

Total OPEB liability	<u>2018</u>
Service cost	\$ 226,762
Interest	128,578
Benefit paid	[265,000]
Changes in assumptions	90,918
Net change in total OPEB liability	181,258
Total OPEB liability - beginning	3,306,044
Total OPEB liability - ending	<u>\$ 3,487,302</u>
Covered payroll	<u>\$ 24,740,225</u>
Total OPEB liability as a percentage of covered-employee payroll	14.10%
Actuarially determined contribution	<u>\$ 265,000</u>
Actual contribution	<u>\$ 265,000</u>
Contributions as a percentage of covered payroll	1.07%

\* - Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is unavailable.

CITY OF SALINA, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

OTHER POSTEMPLOYMENT BENEFITS - KPERS

Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years\*

Total OPEB liability	<u>2018</u>
Service cost	\$ 52,380
Interest	17,061
Effect of economic/demographic gains or losses	75,173
Effect of assumptions changes or inputs	[6,574]
Benefit payments	<u>[30,368]</u>
Net change in total OPEB liability	107,672
Total OPEB liability - beginning	<u>439,254</u>
Total OPEB liability - ending	<u>\$ 546,926</u>
Covered payroll	<u>\$ 13,652,194</u>
Total OPEB liability as a percentage of covered-employee payroll	4.01%
Actuarially determined contribution	<u>\$ 109,466</u>
Actual contribution	<u>\$ 109,466</u>
Contributions as a percentage of covered payroll	0.80%

\* - Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is unavailable.



## CITY OF SALINA, KANSAS

## REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

## KPERS PENSION PLAN

Schedule of the City's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years\*

	Local <u>12/31/15</u>	Police and Firemen <u>12/31/15</u>	Local <u>12/31/16</u>	Police and Firemen <u>12/31/16</u>	Local <u>12/31/17</u>	Police and Firemen <u>12/31/17</u>	Local <u>12/31/18</u>	Police and Firemen <u>12/31/18</u>
City's proportion of the net pension liability	0.764%	2.258%	0.761%	2.180%	0.811%	2.191%	0.790%	2.081%
City's proportionate share of the net pension liability	\$ 10,027,679	\$ 16,395,794	\$ 11,770,699	\$ 20,251,512	\$ 11,753,246	\$ 20,546,882	\$ 11,014,328	\$ 20,019,473
City's covered-employee payroll	\$ 12,931,197	\$ 10,161,866	\$ 13,251,236	\$ 10,730,033	\$ 13,548,056	\$ 10,593,419	\$ 13,944,989	\$ 10,441,055
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	77.55%	161.35%	88.83%	188.74%	86.75%	193.96%	78.98%	191.74%
Plan fiduciary net position as a percentage of the total pension liability	71.98%	74.60%	68.55%	69.30%	72.15%	70.99%	74.22%	71.53%

\* - The amounts presented for each fiscal year were determined as of 12/31. Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

Schedule of the City's Contributions  
Last Ten Fiscal Years\*

	Local <u>12/31/15</u>	Police and Firemen <u>12/31/15</u>	Local <u>12/31/16</u>	Police and Firemen <u>12/31/16</u>	Local <u>12/31/17</u>	Police and Firemen <u>12/31/17</u>	Local <u>12/31/18</u>	Police and Firemen <u>12/31/18</u>
Contractually required contribution	\$ 1,256,217	\$ 2,527,995	\$ 1,243,711	\$ 2,361,273	\$ 1,179,745	\$ 1,986,933	\$ 1,205,334	\$ 2,181,617
Contributions in relation to the contractually required contribution	<u>1,256,217</u>	<u>2,527,995</u>	<u>1,243,711</u>	<u>2,361,273</u>	<u>1,179,745</u>	<u>1,986,933</u>	<u>1,205,334</u>	<u>2,181,617</u>
Contribution deficiency [excess]	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 13,251,236	\$ 10,730,033	\$ 13,548,056	\$ 10,593,419	\$ 13,944,989	\$ 10,441,055	\$ 14,366,294	\$ 10,859,219
Contributions as a percentage of covered employee payroll	9.48%	23.56%	9.18%	22.29%	8.46%	19.03%	8.39%	20.09%

\* - Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## CITY OF SALINA, KANSAS

### COMBINING STATEMENTS - NONMAJOR FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Bicentennial center fund - To account for the activities of the City's convention center.

Business improvement district fund - State law allows businesses within an area to voluntarily establish an improvement City. This fund is used to account for the assessments made on the District. All revenues are to be used within the Business Improvement District.

Neighborhood park fund - To account for fees collected from new residential building projects in Salina. Expenditures are for acquisition or development of neighborhood parks in the growing areas of the community.

Special parks and recreation fund - To account for liquor tax revenues, which must be used for park maintenance and improvements.

Special alcohol fund - To account for liquor tax revenues, which must be used for programs, which address prevention, education or intervention for drug and alcohol abuse.

Community development revolving fund - To account for funds, which may be loaned for housing and economic development, purposes, to later be repaid and reused on a revolving basis.

Sales tax economic development fund - To account for 2.34% of the .75 cent sales tax designated for economic Development purposes.

Downtown TIF District #1 fund – To account for revenues and expenditures related to the Tax Increment Financing District that was formed as part of the Downtown Revitalization Project.

South 9<sup>th</sup> CID fund -To account for incremental sales tax revenues received and disbursed back to the developer as part of the Community Improvement District formed in 2015.

State Grants fund – To account for grant revenue and expenditures received from the State of Kansas.

911 communications fund - To account for transitioning the receipt and administration of 911 fees to the City from the Kansas Department of Revenue and Saline County, as the City is now the public answering point. Monies will be used to pay for 911 related services.

Kenwood cove capital fund - To account for the Special Sales Tax proceeds to be used to provide for long-term capital maintenance activity at the facility.

Special law enforcement fund - To account for revenues received from the sale of forfeited assets acquired during drug enforcement activities. Expenses are limited to capital items to be used for further drug enforcement activities.

Police grants fund - To account for revenues from grants, which are to be used for special police activities, including the D.A.R.E. program

Federal grants fund - To account for grants received from the federal government to be used to monitor and mediate fair housing complaints.

D.A.R.E. donations fund - To account for donations to the D.A.R.E. program.

War memorial maintenance fund - To account for monies to be used for maintenance of the local war memorial.

Arts & humanities fund - To account for revenues and expenses associated with arts and humanities activities.

Federal CARE grant fund - To account for revenue and expenses associated with the CARE Grant.

Police Department federal forfeiture funds - To account for revenue and expenses associated with federal Equitable Sharing Program funds.

CITY OF SALINA, KANSAS  
COMBINING STATEMENTS - NONMAJOR FUNDS

NONMAJOR SPECIAL REVENUE FUNDS - CONTINUED

Homeowners' assistance fund - To receive donations and/or other funds to assist low and moderate income persons in improving their homes.

Private grants fund – To account for revenues and expenditures related to grants received from private entities with specific purposes.

Animal shelter donations fund – To accumulate donations and account for expenses to benefit the animal shelter.

NONMAJOR PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery endowment fund - To account for amounts expended for perpetual care of the City cemetery. Interest earnings are used for cemetery maintenance.

Mausoleum endowment fund - To account for amounts charged for perpetual care of the City mausoleum. Interest earnings are used for mausoleum maintenance.

Tricentennial commission fund - To account for donations to be used to celebrate the nation's tricentennial in the year 2076.

CITY OF SALINA, KANSAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2018

	Total Nonmajor Special Revenue <u>Funds</u>	Total Nonmajor Permanent <u>Funds</u>	Nonmajor Debt Service <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS				
Cash and investments	\$ 2,885,257	\$ 514,201	\$ 633,653	\$ 4,033,111
Receivables				
Accounts	<u>1,797</u>	<u>-</u>	<u>-</u>	<u>1,797</u>
Total assets	<u>\$ 2,887,054</u>	<u>\$ 514,201</u>	<u>\$ 633,653</u>	<u>\$ 4,034,908</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 149,019	\$ -	\$ -	\$ 149,019
Due to other funds	<u>24,544</u>	<u>-</u>	<u>-</u>	<u>24,544</u>
Total liabilities	<u>173,563</u>	<u>-</u>	<u>-</u>	<u>173,563</u>
Fund balances:				
Restricted	345,041	-	633,653	978,694
Committed	2,067,239	514,201	-	2,581,440
Assigned	325,755	-	-	325,755
Unassigned	<u>[24,544]</u>	<u>-</u>	<u>-</u>	<u>[24,544]</u>
Total fund balances	<u>2,713,491</u>	<u>514,201</u>	<u>633,653</u>	<u>3,861,345</u>
Total liabilities and fund balances	<u>\$ 2,887,054</u>	<u>\$ 514,201</u>	<u>\$ 633,653</u>	<u>\$ 4,034,908</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2018

	Total Nonmajor Special Revenue <u>Funds</u>	Total Nonmajor Permanent <u>Funds</u>	Nonmajor Debt Service <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES				
Taxes	\$ 713,282	\$ -	\$ -	\$ 713,282
Intergovernmental	807,067	-	475,503	1,282,570
Charges for services	469,969	9,260	-	479,229
Licenses and permits	2,500	-	-	2,500
Investment revenue	18,110	3,283	14,797	36,190
Donations	237,660	-	-	237,660
Miscellaneous	55,048	-	-	55,048
Total revenues	<u>2,303,636</u>	<u>12,543</u>	<u>490,300</u>	<u>2,806,479</u>
EXPENDITURES				
Current				
Culture and recreation	1,760,504	-	-	1,760,504
Public safety	343,811	-	-	343,811
Public health and sanitation	442,359	-	-	442,359
Planning and development	641,823	-	-	641,823
Miscellaneous	-	35	-	35
Debt service				
Principal retirement	-	-	810,000	810,000
Interest and other charges	-	-	84,535	84,535
Capital outlay	569,901	-	-	569,901
Total expenditures	<u>3,758,398</u>	<u>35</u>	<u>894,535</u>	<u>4,652,968</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,454,762]</u>	<u>12,508</u>	<u>[404,235]</u>	<u>[1,846,489]</u>
Other financing sources [uses]				
Transfers in	1,354,914	-	-	1,354,914
Total other financing sources [uses]	<u>1,354,914</u>	<u>-</u>	<u>-</u>	<u>1,354,914</u>
Net change in fund balance	[99,848]	12,508	[404,235]	[491,575]
Fund balance - Beginning of year	<u>2,813,339</u>	<u>501,693</u>	<u>1,037,888</u>	<u>4,352,920</u>
Fund balance - End of year	<u>\$ 2,713,491</u>	<u>\$ 514,201</u>	<u>\$ 633,653</u>	<u>\$ 3,861,345</u>

See independent auditor's report on the financial statements.

## CITY OF SALINA, KANSAS

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended December 31, 2018

	Bicentennial Center	Business Improvement District	Neighborhood Park	Special Parks & Recreation	Special Alcohol
ASSETS					
Cash and investments	\$ 154,748	\$ 24,964	\$ 24,251	\$ 272,521	\$ 234
Receivables					
Accounts	-	1,797	-	-	-
Total assets	<u>\$ 154,748</u>	<u>\$ 26,761</u>	<u>\$ 24,251</u>	<u>\$ 272,521</u>	<u>\$ 234</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 57,067	\$ 18,803	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>57,067</u>	<u>18,803</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Restricted	-	7,958	-	122,447	234
Committed	97,681	-	24,251	-	-
Assigned	-	-	-	150,074	-
Unassigned	-	-	-	-	-
Total fund balance [deficit]	<u>97,681</u>	<u>7,958</u>	<u>24,251</u>	<u>272,521</u>	<u>234</u>
Total liabilities and fund balances	<u>\$ 154,748</u>	<u>\$ 26,761</u>	<u>\$ 24,251</u>	<u>\$ 272,521</u>	<u>\$ 234</u>

<u>Community Development Revolving</u>	<u>Sales Tax Economic Development</u>	<u>Downtown TIF District #1</u>	<u>South 9th CID</u>	<u>State Grants</u>	<u>911 Communications</u>
\$ 186,307	\$ 902,997	\$ 237,956	\$ 46,548	\$ 8,013	\$ 372,254
-	-	-	-	-	-
<u>\$ 186,307</u>	<u>\$ 902,997</u>	<u>\$ 237,956</u>	<u>\$ 46,548</u>	<u>\$ 8,013</u>	<u>\$ 372,254</u>
\$ -	\$ 5,512	\$ -	\$ 45,301	\$ -	\$ 15,693
-	-	-	-	-	-
-	<u>5,512</u>	-	<u>45,301</u>	-	<u>15,693</u>
186,307	-	-	-	-	-
-	897,485	237,956	1,247	8,013	180,880
-	-	-	-	-	175,681
-	-	-	-	-	-
<u>186,307</u>	<u>897,485</u>	<u>237,956</u>	<u>1,247</u>	<u>8,013</u>	<u>356,561</u>
<u>\$ 186,307</u>	<u>\$ 902,997</u>	<u>\$ 237,956</u>	<u>\$ 46,548</u>	<u>\$ 8,013</u>	<u>\$ 372,254</u>

See independent auditor's report on the financial statements.



CITY OF SALINA, KANSAS

COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
For the Year Ended December 31, 2018

	Kenwood Cove <u>Capital</u>	Special Law <u>Enforcement</u>	Police <u>Grants</u>	Federal <u>Grants</u>	DARE <u>Donations</u>
ASSETS					
Cash and investments	\$ 108,313	\$ 82	\$ -	\$ 3,325	\$ 26,616
Receivables					
Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 108,313</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 3,325</u>	<u>\$ 26,616</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,564	\$ -	\$ -	\$ -	\$ 1,298
Due to other funds	<u>-</u>	<u>-</u>	<u>24,544</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,564</u>	<u>-</u>	<u>24,544</u>	<u>-</u>	<u>1,298</u>
Fund balance:					
Restricted	-	-	-	-	-
Committed	106,749	82	-	3,325	25,318
Assigned	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>[24,544]</u>	<u>-</u>	<u>-</u>
Total fund balance [deficit]	<u>106,749</u>	<u>82</u>	<u>[24,544]</u>	<u>3,325</u>	<u>25,318</u>
Total liabilities and fund balances	<u>\$ 108,313</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 3,325</u>	<u>\$ 26,616</u>

<u>War Memorial Maintenance</u>	<u>Arts &amp; Humanities</u>	<u>Federal CARE Grant</u>	<u>Police Department Federal Forfeiture Funds</u>	<u>Homeowners' Assistance</u>	<u>Private Grants</u>	<u>Animal Shelter Donations</u>	<u>Totals</u>
\$ 31,959	\$ 3,108	\$ 26,141	\$ 99	\$ 14,215	\$ 1,954	\$ 438,652	\$ 2,885,257
-	-	-	-	-	-	-	1,797
<u>\$ 31,959</u>	<u>\$ 3,108</u>	<u>\$ 26,141</u>	<u>\$ 99</u>	<u>\$ 14,215</u>	<u>\$ 1,954</u>	<u>\$ 438,652</u>	<u>\$ 2,887,054</u>
\$ 1,542	\$ 1,402	\$ -	\$ -	\$ -	\$ -	\$ 837	\$ 149,019
-	-	-	-	-	-	-	24,544
<u>1,542</u>	<u>1,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>837</u>	<u>173,563</u>
-	-	26,141	-	-	1,954	-	345,041
30,417	1,706	-	99	14,215	-	437,815	2,067,239
-	-	-	-	-	-	-	325,755
-	-	-	-	-	-	-	[24,544]
<u>30,417</u>	<u>1,706</u>	<u>26,141</u>	<u>99</u>	<u>14,215</u>	<u>1,954</u>	<u>437,815</u>	<u>2,713,491</u>
<u>\$ 31,959</u>	<u>\$ 3,108</u>	<u>\$ 26,141</u>	<u>\$ 99</u>	<u>\$ 14,215</u>	<u>\$ 1,954</u>	<u>\$ 438,652</u>	<u>\$ 2,887,054</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended December 31, 2018

	Bicentennial <u>Center</u>	Business Improvement <u>District</u>	Neighborhood <u>Park</u>	Special Parks & <u>Recreation</u>	Special <u>Alcohol</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	191,676	191,676
Charges for services	-	84,870	-	-	-
Licenses and permits	-	-	2,500	-	-
Investment revenue	1,105	145	152	1,533	70
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>1,105</u>	<u>85,015</u>	<u>2,652</u>	<u>193,209</u>	<u>191,746</u>
Expenditures					
Current					
Culture and recreation	762,968	-	-	-	-
Public safety	-	-	-	-	-
Public health and sanitation	-	-	-	-	191,676
Planning and development	-	93,225	-	-	-
Capital outlay	-	-	-	44,909	-
Total Expenditures	<u>762,968</u>	<u>93,225</u>	<u>-</u>	<u>44,909</u>	<u>191,676</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[761,863]</u>	<u>[8,210]</u>	<u>2,652</u>	<u>148,300</u>	<u>70</u>
Other financing sources [uses]					
Transfers in	<u>801,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources [uses]	<u>801,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	39,701	[8,210]	2,652	148,300	70
Fund balance, beginning of year	<u>57,980</u>	<u>16,168</u>	<u>21,599</u>	<u>124,221</u>	<u>164</u>
Fund balance, end of year	<u>\$ 97,681</u>	<u>\$ 7,958</u>	<u>\$ 24,251</u>	<u>\$ 272,521</u>	<u>\$ 234</u>

<u>Community Development Revolving</u>	<u>Sales Tax Economic Development</u>	<u>Downtown TIF District #1</u>	<u>South 9th CID</u>	<u>State Grants</u>	<u>911 Communications</u>
\$ -	\$ 347,167	\$ 134,867	\$ 231,248	\$ -	\$ -
-	-	-	-	9,000	332,898
-	-	-	-	-	-
-	-	-	-	-	-
1,195	5,800	1,458	248	57	2,246
-	-	-	-	-	-
-	-	-	14,953	-	-
<u>1,195</u>	<u>352,967</u>	<u>136,325</u>	<u>246,449</u>	<u>9,057</u>	<u>335,144</u>
-	-	-	-	-	-
-	-	-	-	-	343,811
-	-	-	-	-	-
-	-	-	536,053	-	-
-	457,585	-	-	7,480	-
<u>-</u>	<u>457,585</u>	<u>-</u>	<u>536,053</u>	<u>7,480</u>	<u>343,811</u>
<u>1,195</u>	<u>[104,618]</u>	<u>136,325</u>	<u>[289,604]</u>	<u>1,577</u>	<u>[8,667]</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,195	[104,618]	136,325	[289,604]	1,577	[8,667]
<u>185,112</u>	<u>1,002,103</u>	<u>101,631</u>	<u>290,851</u>	<u>6,436</u>	<u>365,228</u>
<u>\$ 186,307</u>	<u>\$ 897,485</u>	<u>\$ 237,956</u>	<u>\$ 1,247</u>	<u>\$ 8,013</u>	<u>\$ 356,561</u>

See independent auditor's report on the financial statements.

## CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
For the Year Ended December 31, 2018

	Kenwood Cove <u>Capital</u>	Special Law <u>Enforcement</u>	Police <u>Grants</u>	Federal <u>Grants</u>	DARE <u>Donations</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	6,817	-	-
Charges for services	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Investment revenue	656	1	-	21	132
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	19,142
Total Revenues	<u>656</u>	<u>1</u>	<u>6,817</u>	<u>21</u>	<u>19,274</u>
Expenditures					
Current					
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Public health and sanitation	-	-	-	-	-
Planning and development	-	-	-	-	12,545
Capital outlay	<u>56,420</u>	<u>-</u>	<u>3,507</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>56,420</u>	<u>-</u>	<u>3,507</u>	<u>-</u>	<u>12,545</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[55,764]</u>	<u>1</u>	<u>3,310</u>	<u>21</u>	<u>6,729</u>
Other financing sources [uses]					
Transfers in	<u>68,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources [uses]	<u>68,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	12,586	1	3,310	21	6,729
Fund balance, beginning of year	<u>94,163</u>	<u>81</u>	<u>[27,854]</u>	<u>3,304</u>	<u>18,589</u>
Fund balance, end of year	<u>\$ 106,749</u>	<u>\$ 82</u>	<u>\$ [24,544]</u>	<u>\$ 3,325</u>	<u>\$ 25,318</u>

<u>War Memorial Maintenance</u>	<u>Arts &amp; Humanities</u>	<u>Federal CARE Grant</u>	<u>Police Department Federal Forfeiture Funds</u>	<u>Homeowners' Assistance</u>	<u>Private Grants</u>	<u>Animal Shelter Donations</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 713,282
-	-	-	-	-	-	75,000	807,067
-	385,099	-	-	-	-	-	469,969
-	-	-	-	-	-	-	2,500
206	127	168	1	86	13	2,690	18,110
-	-	-	-	-	-	237,660	237,660
-	21,848	-	-	2,689	[3,584]	-	55,048
<u>206</u>	<u>407,074</u>	<u>168</u>	<u>1</u>	<u>2,775</u>	<u>[3,571]</u>	<u>315,350</u>	<u>2,303,636</u>
1,855	995,681	-	-	-	-	-	1,760,504
-	-	-	-	-	-	-	343,811
-	-	-	-	-	-	250,683	442,359
-	-	-	-	-	-	-	641,823
-	-	-	-	-	-	-	569,901
<u>1,855</u>	<u>995,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,683</u>	<u>3,758,398</u>
<u>[1,649]</u>	<u>[588,607]</u>	<u>168</u>	<u>1</u>	<u>2,775</u>	<u>[3,571]</u>	<u>64,667</u>	<u>[1,454,762]</u>
-	485,000	-	-	-	-	-	1,354,914
-	485,000	-	-	-	-	-	1,354,914
[1,649]	[103,607]	168	1	2,775	[3,571]	64,667	[99,848]
<u>32,066</u>	<u>105,313</u>	<u>25,973</u>	<u>98</u>	<u>11,440</u>	<u>5,525</u>	<u>373,148</u>	<u>2,813,339</u>
<u>\$ 30,417</u>	<u>\$ 1,706</u>	<u>\$ 26,141</u>	<u>\$ 99</u>	<u>\$ 14,215</u>	<u>\$ 1,954</u>	<u>\$ 437,815</u>	<u>\$ 2,713,491</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS  
 COMBINING BALANCE SHEET  
 NONMAJOR PERMANENT FUNDS  
 December 31, 2018

ASSETS	Cemetery Endowment	Mausoleum Endowment	Tricentennial Commission	Total
Cash and investments	\$ 506,324	\$ 2,042	\$ 5,835	\$ 514,201
Total assets	<u>\$ 506,324</u>	<u>\$ 2,042</u>	<u>\$ 5,835</u>	<u>\$ 514,201</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Fund balances				
Committed	<u>506,324</u>	<u>2,042</u>	<u>5,835</u>	<u>514,201</u>
Total liabilities and fund balances	<u>\$ 506,324</u>	<u>\$ 2,042</u>	<u>\$ 5,835</u>	<u>\$ 514,201</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
For the Year Ended December 31, 2018

	Cemetery Endowment	Mausoleum Endowment	Tricentennial Commission	Total
Revenues				
Charges for services	\$ 9,260	\$ -	\$ -	\$ 9,260
Investment revenue	<u>3,233</u>	<u>13</u>	<u>37</u>	<u>3,283</u>
Total revenues	<u>12,493</u>	<u>13</u>	<u>37</u>	<u>12,543</u>
Expenditures				
Miscellaneous	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>
Total expenditures	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>
Net change in fund balance	12,458	13	37	12,508
Fund balances - beginning of year	<u>493,866</u>	<u>2,029</u>	<u>5,798</u>	<u>501,693</u>
Fund balances - end of year	<u>\$ 506,324</u>	<u>\$ 2,042</u>	<u>\$ 5,835</u>	<u>\$ 514,201</u>

See independent auditor's report on the financial statements.



CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
BICENTENNIAL CENTER FUND  
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Investment revenue	\$ 1,105	\$ -	\$ -	\$ 1,105
Total revenues	<u>1,105</u>	<u>-</u>	<u>-</u>	<u>1,105</u>
Expenditures				
Culture and recreation	<u>762,968</u>	<u>762,332</u>	<u>762,332</u>	<u>[636]</u>
Total expenditures	<u>762,968</u>	<u>762,332</u>	<u>762,332</u>	<u>[636]</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[761,863]</u>	<u>[762,332]</u>	<u>[762,332]</u>	<u>469</u>
Other financing sources [uses]				
Transfers in	<u>801,564</u>	<u>700,000</u>	<u>700,000</u>	<u>101,564</u>
Total other financing sources [uses]	<u>801,564</u>	<u>700,000</u>	<u>700,000</u>	<u>101,564</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>39,701</u>	<u>[62,332]</u>	<u>[62,332]</u>	<u>102,033</u>
Unreserved fund balance, January 1	<u>57,980</u>	<u>74,481</u>	<u>74,481</u>	<u>[16,501]</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 97,681</u>	<u>\$ 12,149</u>	<u>\$ 12,149</u>	<u>\$ 85,532</u>

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CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
BUSINESS IMPROVEMENT DISTRICT FUND  
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services	\$ 85,937	\$ 89,175	\$ 89,175	\$ [3,238]
Investment revenue	<u>145</u>	<u>15</u>	<u>15</u>	<u>130</u>
Total revenues	<u>86,082</u>	<u>89,190</u>	<u>89,190</u>	<u>[3,108]</u>
Expenditures				
Planning and development	<u>93,225</u>	<u>89,190</u>	<u>89,190</u>	<u>[4,035]</u>
Total expenditures	<u>93,225</u>	<u>89,190</u>	<u>89,190</u>	<u>[4,035]</u>
Excess [deficiency] of revenues over [under] expenditures	[7,143]	-	-	[7,143]
Unreserved fund balance, January 1	<u>13,304</u>	<u>18,182</u>	<u>18,182</u>	<u>[4,878]</u>
Unreserved fund balance, December 31	6,161	<u>\$ 18,182</u>	<u>\$ 18,182</u>	<u>\$ [12,021]</u>
Reconciliation to GAAP				
Accounts receivable	<u>1,797</u>			
GAAP Fund Balance, December 31	<u>\$ 7,958</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
NEIGHBORHOOD PARK FUND  
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Licenses and permits	\$ 2,500	\$ 10,000	\$ 10,000	\$ [7,500]
Investment revenue	<u>152</u>	<u>500</u>	<u>500</u>	<u>[348]</u>
Total revenues	<u>2,652</u>	<u>10,500</u>	<u>10,500</u>	<u>[7,848]</u>
Expenditures				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	2,652	10,500	10,500	[7,848]
Unreserved fund balance, January 1	<u>21,599</u>	<u>4,873</u>	<u>4,873</u>	<u>16,726</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 24,251</u>	<u>\$ 15,373</u>	<u>\$ 15,373</u>	<u>\$ 8,878</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
SPECIAL PARKS AND RECREATION FUND  
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	<u>[Negative]</u>
Revenues				
Intergovernmental	\$ 191,676	\$ 189,192	\$ 189,192	\$ 2,484
Investment revenue	<u>1,533</u>	<u>1,000</u>	<u>1,000</u>	<u>533</u>
Total revenues	<u>193,209</u>	<u>190,192</u>	<u>190,192</u>	<u>3,017</u>
Expenditures				
Capital outlay	<u>194,983</u>	<u>194,000</u>	<u>194,000</u>	<u>[983]</u>
Total expenditures	<u>194,983</u>	<u>194,000</u>	<u>194,000</u>	<u>[983]</u>
Excess [deficiency] of revenues over [under] expenditures	[1,774]	[3,808]	[3,808]	2,034
Unreserved fund balance, January 1	<u>124,221</u>	<u>115,137</u>	<u>115,137</u>	<u>9,084</u>
Unreserved fund balance, December 31	122,447	<u>\$ 111,329</u>	<u>\$ 111,329</u>	<u>\$ 11,118</u>
Reconciliation to GAAP				
Current year encumbrances	<u>150,074</u>			
GAAP Fund Balance, December 31	<u>\$ 272,521</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
SPECIAL ALCOHOL FUND  
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Intergovernmental	\$ 191,676	\$ 216,086	\$ 216,086	\$ [24,410]
Investment revenue	<u>70</u>	<u>-</u>	<u>-</u>	<u>70</u>
Total revenues	<u>191,746</u>	<u>216,086</u>	<u>216,086</u>	<u>[24,340]</u>
Expenditures				
Public health and sanitation	<u>191,676</u>	<u>216,086</u>	<u>216,086</u>	<u>24,410</u>
Total expenditures	<u>191,676</u>	<u>216,086</u>	<u>216,086</u>	<u>24,410</u>
Excess [deficiency] of revenues over [under] expenditures	70	-	-	70
Unreserved fund balance, January 1	<u>164</u>	<u>34,899</u>	<u>34,899</u>	<u>[34,735]</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 234</u>	<u>\$ 34,899</u>	<u>\$ 34,899</u>	<u>\$ [34,665]</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
SALES TAX ECONOMIC DEVELOPMENT FUND  
For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
Revenues				
Taxes	\$ 347,167	\$ 332,818	\$ 332,818	\$ 14,349
Investment revenue	<u>5,800</u>	<u>2,000</u>	<u>2,000</u>	<u>3,800</u>
Total revenues	<u>352,967</u>	<u>334,818</u>	<u>334,818</u>	<u>18,149</u>
Expenditures				
Capital outlay	<u>457,585</u>	<u>458,840</u>	<u>458,840</u>	<u>1,255</u>
Total expenditures	<u>457,585</u>	<u>458,840</u>	<u>458,840</u>	<u>1,255</u>
Excess [deficiency] of revenues over [under] expenditures	[104,618]	[124,022]	[124,022]	19,404
Unreserved fund balance, January 1	<u>1,002,103</u>	<u>667,262</u>	<u>667,262</u>	<u>334,841</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 897,485</u>	<u>\$ 543,240</u>	<u>\$ 543,240</u>	<u>\$ 354,245</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
ARTS & HUMANITIES FUND  
For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Charges for services	\$ 385,099	\$ 347,200	\$ 347,200	\$ 37,899
Investment revenue	127	2,000	2,000	[1,873]
Miscellaneous	<u>21,848</u>	<u>133,650</u>	<u>133,650</u>	<u>[111,802]</u>
Total revenues	<u>407,074</u>	<u>482,850</u>	<u>482,850</u>	<u>[75,776]</u>
Expenditures				
Culture and recreation	<u>995,681</u>	<u>1,048,635</u>	<u>1,048,635</u>	<u>52,954</u>
Total expenditures	<u>995,681</u>	<u>1,048,635</u>	<u>1,048,635</u>	<u>52,954</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[588,607]</u>	<u>[565,785]</u>	<u>[565,785]</u>	<u>[22,822]</u>
Other financing sources [uses]				
Transfers in	<u>485,000</u>	<u>525,000</u>	<u>525,000</u>	<u>[40,000]</u>
Total other financing sources [uses]	<u>485,000</u>	<u>525,000</u>	<u>525,000</u>	<u>[40,000]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[103,607]</u>	<u>[40,785]</u>	<u>[40,785]</u>	<u>[62,822]</u>
Unreserved fund balance, January 1	<u>105,313</u>	<u>190,338</u>	<u>190,338</u>	<u>[85,025]</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 1,706</u>	<u>\$ 149,553</u>	<u>\$ 149,553</u>	<u>\$ [147,847]</u>

See independent auditor's report on the financial statements.

## CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
DEBT SERVICE FUND

For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes				
Real estate taxes	\$ 2,394,142	\$ 2,674,498	\$ 2,744,775	\$ [350,633]
Delinquent taxes	62,732	55,000	62,732	-
Motor vehicle taxes	305,481	296,922	305,480	1
Special assessments	1,545,758	1,620,000	1,546,859	[1,101]
Investment revenue	21,230	-	-	21,230
Miscellaneous	-	58,932	-	-
Total revenues	<u>4,329,343</u>	<u>4,705,352</u>	<u>4,659,846</u>	<u>[330,503]</u>
Expenditures				
Debt Service				
Principal retirement	5,252,865	5,057,920	5,494,365	241,500
Interest and other charges	<u>1,702,255</u>	<u>2,086,687</u>	<u>1,688,616</u>	<u>[13,639]</u>
Total expenditures	<u>6,955,120</u>	<u>7,144,607</u>	<u>7,182,981</u>	<u>227,861</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[2,625,777]</u>	<u>[2,439,255]</u>	<u>[2,523,135]</u>	<u>[102,642]</u>
Other financing sources [uses]				
Transfers in	<u>2,270,782</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>270,782</u>
Total other financing sources [uses]	<u>2,270,782</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>270,782</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[354,995]</u>	<u>[439,255]</u>	<u>[523,135]</u>	<u>168,140</u>
Unreserved fund balance, January 1	1,462,554	814,255	1,195,141	267,413
Prior period adjustment	<u>694,409</u>	-	-	<u>694,409</u>
Unreserved fund balance, January 1, restated	<u>2,156,963</u>	<u>814,255</u>	<u>1,195,141</u>	<u>961,822</u>
Unreserved fund balance, December 31	1,801,968	<u>\$ 375,000</u>	<u>\$ 672,006</u>	<u>\$ 1,129,962</u>
Reconciliation to GAAP				
Taxes receivable	2,674,390			
Deferred revenue	<u>[2,625,000]</u>			
GAAP Fund Balance, December 31	<u>\$ 1,851,358</u>			

See independent auditor's report on the financial statements.



## CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
SOLID WASTE DISPOSAL FUND  
For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services	\$ 3,101,872	\$ 2,844,000	\$ 2,844,000	\$ 257,872
Investment revenue	31,711	4,000	4,000	27,711
Miscellaneous	<u>18,894</u>	<u>49,310</u>	<u>49,310</u>	<u>[30,416]</u>
Total revenues	<u>3,152,477</u>	<u>2,897,310</u>	<u>2,897,310</u>	<u>255,167</u>
Expenditures				
Public works	<u>1,893,824</u>	<u>1,698,164</u>	<u>1,698,164</u>	<u>[195,660]</u>
Total expenditures	<u>1,893,824</u>	<u>1,698,164</u>	<u>1,698,164</u>	<u>[195,660]</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,258,653</u>	<u>1,199,146</u>	<u>1,199,146</u>	<u>59,507</u>
Other financing sources [uses]				
Transfers [out]	<u>[690,000]</u>	<u>[1,175,000]</u>	<u>[1,175,000]</u>	<u>485,000</u>
Total other financing sources [uses]	<u>[690,000]</u>	<u>[1,175,000]</u>	<u>[1,175,000]</u>	<u>485,000</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	568,653	24,146	24,146	544,507
Unreserved fund balances, January 1	3,880,930	3,107,520	3,107,520	773,410
Prior period adjustment	[694,409]	-	-	[694,409]
Prior year cancelled encumbrances	<u>249,242</u>	<u>-</u>	<u>-</u>	<u>249,242</u>
Unreserved fund balances, December 31	<u>\$ 4,004,416</u>	<u>\$ 3,131,666</u>	<u>\$ 3,131,666</u>	<u>\$ 872,750</u>

See independent auditor's report on the financial statements.

## CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
WATER AND SEWER FUND

For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Charges for services	\$ 20,205,846	\$ 20,469,600	\$ 20,469,600	\$ [263,754]
Investment revenue	97,347	25,000	25,000	72,347
Miscellaneous	<u>5,101</u>	<u>10,000</u>	<u>10,000</u>	<u>[4,899]</u>
Total revenues	<u>20,308,294</u>	<u>20,504,600</u>	<u>20,504,600</u>	<u>[196,306]</u>
Expenditures				
Public works	<u>10,965,681</u>	<u>14,491,199</u>	<u>14,491,199</u>	<u>3,525,518</u>
Total expenditures	<u>10,965,681</u>	<u>14,491,199</u>	<u>14,491,199</u>	<u>3,525,518</u>
Excess [deficiency] of revenues over [under] expenditures	<u>9,342,613</u>	<u>6,013,401</u>	<u>6,013,401</u>	<u>3,329,212</u>
Other financing sources [uses]				
Transfers in	-	122,200	122,200	[122,200]
Transfers [out]	<u>[6,266,000]</u>	<u>[6,850,000]</u>	<u>[6,850,000]</u>	<u>584,000</u>
Total other financing sources [uses]	<u>[6,266,000]</u>	<u>[6,727,800]</u>	<u>[6,727,800]</u>	<u>461,800</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	3,076,613	[714,399]	[714,399]	3,791,012
Unreserved fund balances, January 1	11,301,601	12,691,809	12,691,809	[1,390,208]
Prior period adjustment	[2,116,375]	-	-	[2,116,375]
Prior year cancelled encumbrances	<u>21,352</u>	<u>-</u>	<u>-</u>	<u>21,352</u>
Unreserved fund balances, December 31	<u>\$ 12,283,191</u>	<u>\$ 11,977,410</u>	<u>\$ 11,977,410</u>	<u>\$ 305,781</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
SANITATION FUND

For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services	\$ 2,941,279	\$ 3,048,426	\$ 3,048,426	\$ [107,147]
Investment revenue	<u>10,882</u>	<u>2,500</u>	<u>2,500</u>	<u>8,382</u>
Total revenues	<u>2,952,161</u>	<u>3,050,926</u>	<u>3,050,926</u>	<u>[98,765]</u>
Expenditures				
Public works	<u>2,542,409</u>	<u>2,472,097</u>	<u>2,472,097</u>	<u>[70,312]</u>
Total expenditures	<u>2,542,409</u>	<u>2,472,097</u>	<u>2,472,097</u>	<u>[70,312]</u>
Excess [deficiency] of revenues over [under] expenditures	<u>409,752</u>	<u>578,829</u>	<u>578,829</u>	<u>[169,077]</u>
Other financing sources [uses]				
Transfers [out]	<u>[491,500]</u>	<u>[411,500]</u>	<u>[411,500]</u>	<u>[80,000]</u>
Total other financing sources [uses]	<u>[491,500]</u>	<u>[411,500]</u>	<u>[411,500]</u>	<u>[80,000]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[81,748]</u>	<u>167,329</u>	<u>167,329</u>	<u>[249,077]</u>
Unreserved fund balance, January 1	1,544,357	1,191,230	1,191,230	353,127
Prior year cancelled encumbrances	<u>5,525</u>	<u>-</u>	<u>-</u>	<u>5,525</u>
Unreserved fund balances, December 31	<u>\$ 1,468,134</u>	<u>\$ 1,358,559</u>	<u>\$ 1,358,559</u>	<u>\$ 109,575</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)  
GOLF COURSE FUND

For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services	\$ 755,270	\$ 825,900	\$ 761,000	\$ [5,730]
Investment revenue	545	-	-	545
Miscellaneous	<u>129,204</u>	<u>50,000</u>	<u>79,840</u>	<u>49,364</u>
Total revenues	<u>885,019</u>	<u>875,900</u>	<u>840,840</u>	<u>44,179</u>
Expenditures				
Recreation	<u>950,840</u>	<u>838,456</u>	<u>954,700</u>	<u>3,860</u>
Total expenditures	<u>950,840</u>	<u>838,456</u>	<u>954,700</u>	<u>3,860</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[65,821]</u>	<u>37,444</u>	<u>[113,860]</u>	<u>48,039</u>
Other financing sources [uses]				
Transfers [out]	<u>-</u>	<u>[25,000]</u>	<u>-</u>	<u>-</u>
Total other financing sources [uses]	<u>-</u>	<u>[25,000]</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[65,821]</u>	<u>12,444</u>	<u>[113,860]</u>	<u>48,039</u>
Unreserved fund balance, January 1	<u>116,032</u>	<u>133,136</u>	<u>116,032</u>	<u>-</u>
Unreserved fund balances, December 31	<u>\$ 50,211</u>	<u>\$ 145,580</u>	<u>\$ 2,172</u>	<u>\$ 48,039</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
WORKERS' COMPENSATION RESERVE FUND  
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services	\$ 408,974	\$ 250,000	\$ 250,000	\$ 158,974
Investment revenue	6,315	2,500	2,500	3,815
Miscellaneous	<u>6,854</u>	<u>-</u>	<u>-</u>	<u>6,854</u>
Total revenues	<u>422,143</u>	<u>252,500</u>	<u>252,500</u>	<u>169,643</u>
Expenditures				
General government	<u>254,669</u>	<u>281,306</u>	<u>281,306</u>	<u>26,637</u>
Total expenditures	<u>254,669</u>	<u>281,306</u>	<u>281,306</u>	<u>26,637</u>
Excess [deficiency] of revenues over [under] expenditures	167,474	[28,806]	[28,806]	196,280
Unreserved fund balance, January 1	<u>919,375</u>	<u>862,316</u>	<u>862,316</u>	<u>57,059</u>
Unreserved fund balances, December 31	<u>\$ 1,086,849</u>	<u>\$ 833,510</u>	<u>\$ 833,510</u>	<u>\$ 253,339</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)  
HEALTH INSURANCE FUND  
For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services	\$ 7,010,936	\$ 7,044,200	\$ 7,044,200	\$ [33,264]
Investment revenue	18,520	5,000	5,000	13,520
Miscellaneous	<u>60,258</u>	<u>5,000</u>	<u>5,000</u>	<u>55,258</u>
Total revenues	<u>7,089,714</u>	<u>7,054,200</u>	<u>7,054,200</u>	<u>35,514</u>
Expenditures				
General government	<u>6,028,279</u>	<u>6,402,432</u>	<u>6,402,432</u>	<u>374,153</u>
Total expenditures	<u>6,028,279</u>	<u>6,402,432</u>	<u>6,402,432</u>	<u>374,153</u>
Excess [deficiency] of revenues over [under] expenditures	1,061,435	651,768	651,768	409,667
Unreserved fund balance, January 1	<u>2,050,972</u>	<u>3,086,108</u>	<u>3,086,108</u>	<u>[1,035,136]</u>
Unreserved fund balances, December 31	<u>\$ 3,112,407</u>	<u>\$ 3,737,876</u>	<u>\$ 3,737,876</u>	<u>\$ [625,469]</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)

CENTRAL GARAGE FUND

For the Year Ended December 31, 2018

		<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
	<u>Actual</u>	<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services	\$ 1,327,390	\$ -	\$ -	\$ 1,327,390
Investment revenue	668	40	40	628
Miscellaneous	<u>6,146</u>	<u>17,500</u>	<u>17,500</u>	<u>[11,354]</u>
Total revenues	<u>1,334,204</u>	<u>17,540</u>	<u>17,540</u>	<u>1,316,664</u>
Expenditures				
General government	<u>1,491,671</u>	<u>1,435,015</u>	<u>1,435,015</u>	<u>[56,656]</u>
Total expenditures	<u>1,491,671</u>	<u>1,435,015</u>	<u>1,435,015</u>	<u>[56,656]</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[157,467]</u>	<u>[1,417,475]</u>	<u>[1,417,475]</u>	<u>1,260,008</u>
Other financing sources [uses]				
Transfers in	<u>190,000</u>	<u>1,416,850</u>	<u>1,416,850</u>	<u>[1,226,850]</u>
Total other financing sources [uses]	<u>190,000</u>	<u>1,416,850</u>	<u>1,416,850</u>	<u>[1,226,850]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	32,533	[625]	[625]	33,158
Unreserved fund balance, January 1	<u>21,595</u>	<u>734</u>	<u>734</u>	<u>20,861</u>
Unreserved fund balance, December 31	<u>\$ 54,128</u>	<u>\$ 109</u>	<u>\$ 109</u>	<u>\$ 54,019</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one agency to other departments or agencies of the government and to other governmental units on a cost reimbursement basis.

Workers' compensation reserve fund - To account for the costs of providing a partially self-insured workers' compensation plan and for accumulating the necessary reserve amounts.

Health insurance fund - To account for the costs of providing a partially self-insured health insurance and for accumulating the necessary reserve amounts.

Central garage fund - To account for the accumulation and allocation for costs associated with the City's centralized vehicle repair shop.



CITY OF SALINA, KANSAS  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
December 31, 2018

	Workers' Compensation Reserve	Health Insurance	Central Garage	Total Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 1,087,616	\$ 3,112,407	\$ 95,062	\$ 4,295,085
Inventory and prepaid supplies	-	-	111,486	111,486
Total current assets	<u>1,087,616</u>	<u>3,112,407</u>	<u>206,548</u>	<u>4,406,571</u>
Capital assets:				
Capital assets	-	-	168,234	168,234
Less: accumulated depreciation	-	-	152,573	152,573
Total capital assets	<u>-</u>	<u>-</u>	<u>15,661</u>	<u>15,661</u>
Total assets	<u>1,087,616</u>	<u>3,112,407</u>	<u>222,209</u>	<u>4,422,232</u>
Deferred outflows of resources:				
KPERS OPEB deferred outflows of resources	-	-	1,401	1,401
Pension deferred outflows of resources	-	-	25,285	25,285
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>26,686</u>	<u>26,686</u>
Total assets and deferred outflows of resources	<u>\$ 1,087,616</u>	<u>\$ 3,112,407</u>	<u>\$ 248,895</u>	<u>\$ 4,448,918</u>
Liabilities:				
Current liabilities (payable from current assets):				
Accounts payable	\$ 767	\$ -	\$ 40,934	\$ 41,701
Current portion of compensated absences payable	-	-	33,989	33,989
Current portion of accrued claims payable	183,514	380,980	-	564,494
Total current liabilities (payable from current assets)	<u>184,281</u>	<u>380,980</u>	<u>74,923</u>	<u>640,184</u>
Noncurrent liabilities:				
Compensated absences payable	-	-	25,399	25,399
Accrued claims payable	55,264	-	-	55,264
Net KPERS OPEB obligation	-	-	5,469	5,469
Net pension liability	-	-	154,549	154,549
Total noncurrent liabilities	<u>55,264</u>	<u>-</u>	<u>185,417</u>	<u>240,681</u>
Total liabilities	<u>239,545</u>	<u>380,980</u>	<u>260,340</u>	<u>880,865</u>
Deferred inflows of resources				
KPERS OPEB deferred inflows of resources	-	-	133	133
Pension deferred inflows of resources	-	-	11,300	11,300
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>11,433</u>	<u>11,433</u>
Total liabilities and deferred inflows of resources	<u>\$ 239,545</u>	<u>\$ 380,980</u>	<u>\$ 271,773</u>	<u>\$ 892,298</u>
Net Position				
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 15,661	\$ 15,661
Unrestricted	<u>848,071</u>	<u>2,731,427</u>	<u>[38,539]</u>	<u>3,540,959</u>
Total net position	<u>\$ 848,071</u>	<u>\$ 2,731,427</u>	<u>\$ [22,878]</u>	<u>\$ 3,556,620</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUND  
For the Year Ended December 31, 2018

	Workers' Compensation Reserve	Health Insurance	Central Garage	Total Internal Service Funds
Operating revenues				
Charges for services	\$ 408,974	\$ 7,010,936	\$ 1,327,390	\$ 8,747,300
Miscellaneous	6,855	60,258	6,145	73,258
Total operating revenues	<u>415,829</u>	<u>7,071,194</u>	<u>1,333,535</u>	<u>8,820,558</u>
Operating expenses				
General government	271,535	6,013,569	1,545,842	7,830,946
Depreciation	-	-	7,699	7,699
Total operating expenses	<u>271,535</u>	<u>6,013,569</u>	<u>1,553,541</u>	<u>7,838,645</u>
Operating income [loss]	<u>144,294</u>	<u>1,057,625</u>	<u>[220,006]</u>	<u>981,913</u>
Nonoperating revenues [expenses]				
Investment revenue	6,315	18,520	668	25,503
Total other operating revenues [expenses]	<u>6,315</u>	<u>18,520</u>	<u>668</u>	<u>25,503</u>
Income [loss] before transfers	<u>150,609</u>	<u>1,076,145</u>	<u>[219,338]</u>	<u>1,007,416</u>
Transfers from [to] other funds				
Transfers in	-	-	190,000	190,000
Total transfers	<u>-</u>	<u>-</u>	<u>190,000</u>	<u>190,000</u>
Change in net position	<u>150,609</u>	<u>1,076,145</u>	<u>[29,338]</u>	<u>1,197,416</u>
Net position, January 1	697,462	1,655,282	10,853	2,363,597
Prior period adjustment	-	-	[4,393]	[4,393]
Net position, January 1, restated	<u>697,462</u>	<u>1,655,282</u>	<u>6,460</u>	<u>2,359,204</u>
Net position, December 31	<u>\$ 848,071</u>	<u>\$ 2,731,427</u>	<u>\$ [22,878]</u>	<u>\$ 3,556,620</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2018

	Workers' Compensation Reserve	Health Insurance	Central Garage	Total Internal Service Funds
Cash flows from operating activities				
Cash received from customers and users	\$ 425,839	\$ 6,996,225	\$ 1,327,391	\$ 8,749,455
Cash paid to suppliers of goods or services	[270,848]	[6,047,211]	[1,177,372]	[7,495,431]
Cash paid to employees	-	-	[297,532]	[297,532]
Other operating receipts	6,855	60,258	6,144	73,257
Net cash provided by [used in] operating activities	<u>161,846</u>	<u>1,009,272</u>	<u>[141,369]</u>	<u>1,029,749</u>
Cash flows from investing activities				
Interest received	<u>6,315</u>	<u>18,520</u>	<u>668</u>	<u>25,503</u>
Cash flows from noncapital financing activities				
Transfers in	<u>-</u>	<u>-</u>	<u>190,000</u>	<u>190,000</u>
Net cash provided by [used in] noncapital financing activities	<u>-</u>	<u>-</u>	<u>190,000</u>	<u>190,000</u>
Net increase [decrease] in cash and cash equivalents	168,161	1,027,792	49,299	1,245,252
Cash and cash equivalents, January 1	<u>919,455</u>	<u>2,084,615</u>	<u>45,763</u>	<u>3,049,833</u>
Cash and cash equivalents, December 31	<u>\$ 1,087,616</u>	<u>\$ 3,112,407</u>	<u>\$ 95,062</u>	<u>\$ 4,295,085</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS (Continued)  
For the Year Ended December 31, 2018

	Workers' Compensation Reserve	Health Insurance	Central Garage	Total Internal Service Funds
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities				
Operating income [loss]	\$ 144,294	\$ 1,057,625	\$ [220,006]	\$ 981,913
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities				
Depreciation expense	-	-	7,699	7,699
[Increase] decrease in inventory	-	-	53,639	53,639
[Increase] decrease in deferred outflows	-	-	4,554	4,554
Increase [decrease] in accounts payable	687	[33,642]	16,766	[16,189]
Increase [decrease] in accrued compensated absences	-	-	5,818	5,818
Increase [decrease] in net pension liability	-	-	[11,010]	[11,010]
Increase [decrease] in KPERS OPEB liability	-	-	1,076	1,076
Increase [decrease] in claims payable	16,865	[14,711]	-	2,154
Increase [decrease] in deferred inflows	-	-	95	95
Net cash provided by [used in] operating activities	<u>\$ 161,846</u>	<u>\$ 1,009,272</u>	<u>\$ [141,369]</u>	<u>\$ 1,029,749</u>

See independent auditor's report on the financial statements.

## CITY OF SALINA, KANSAS

### AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Special assessment escrow agency fund - To account for property owners' prepayment on outstanding special assessments.

Fire insurance proceeds agency fund - To account for insurance proceeds received for severely damaged buildings the insurance proceeds, plus interest, are returned to the property owners when the buildings are repaired or demolished.

Payroll clearing agency fund - To account for interfund payroll receivables and payables for all City funds.

Court bond and restitution agency fund - To account for bonds and restitution remitted to the court and awaiting court orders for distribution.

Police investigation account agency fund - To account for monies held by the police department for use in investigations.

Citizenship agency fund - To account for donations received and used for the citizenship fund.

Section 125 plan agency fund - To account for monies held for the Section 125 plan.

DTF federal forfeiture fund – To account for revenues and expenditures related to the sale of assets acquired during drug enforcement activities as they related to federal cases. Expenses are limited to equipment and training for the Drug Task Force.

DTF local fund – To account for revenues and expenditures related to the sale of assets acquired during drug enforcement activities as they relate to local cases. Expenses are limited to equipment and training for the Drug Task Force.

DTF reserve fund – To account for revenues and expenditures related to State of Kansas Drug Tax Distributions. Expenses are limited to equipment and training for the Drug Task Force.

Beechcraft remediation settlement fund -To account for revenues and expenditures related to the bankruptcy of Beechcraft and the former Schilling Airforce Base remediation case.

Bail bond escrow fund – To account for funds being held in escrow for bonds issued by Municipal Court.

CITY OF SALINA, KANSAS  
COMBINING BALANCE SHEET  
AGENCY FUNDS  
December 31, 2018

	Special Assessment <u>Escrow</u>	Fire Insurance <u>Proceeds</u>	Payroll <u>Clearing</u>	Court Bond and <u>Restitution</u>	Police Investigation <u>Account</u>	<u>Citizenship</u>	Section 125 <u>Plan</u>	DTF Federal <u>Forfeiture</u>	DTF <u>Local</u>	DTF <u>Reserve</u>	Beechcraft Remediation <u>Settlement</u>	Bail Bond <u>Escrow</u>	<u>Totals</u>
ASSETS:													
Cash and investments	\$ 108,806	\$ 18,967	\$ [339,790]	\$ 18,811	\$ 3,381	\$ 30,797	\$ 215,856	\$ -	\$ 41,241	\$ 33,475	\$ 179,386	\$ 1,135	\$ 312,065
Total assets	\$ 108,806	\$ 18,967	\$ [339,790]	\$ 18,811	\$ 3,381	\$ 30,797	\$ 215,856	\$ -	\$ 41,241	\$ 33,475	\$ 179,386	\$ 1,135	\$ 312,065
LIABILITIES:													
Accounts payable	\$ 108,806	\$ 18,967	\$ [339,790]	\$ 18,811	\$ 3,381	\$ 30,797	\$ 215,856	\$ -	\$ 41,241	\$ 33,475	\$ 179,386	\$ 1,135	\$ 312,065
Total liabilities	\$ 108,806	\$ 18,967	\$ [339,790]	\$ 18,811	\$ 3,381	\$ 30,797	\$ 215,856	\$ -	\$ 41,241	\$ 33,475	\$ 179,386	\$ 1,135	\$ 312,065

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended December 31, 2018

	Balance December 31, <u>2017</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2018</u>
Cash and investments				
Special Assessment Escrow	\$ 90,849	\$ 17,957	\$ -	\$ 108,806
Fire Insurance Proceeds	18,869	47,855	47,757	18,967
Payroll Clearing	[365,473]	25,683	-	[339,790]
Court Bond and Restitution	23,818	-	5,007	18,811
Police Investigation Account	3,379	2	-	3,381
Citizenship Trust	94,580	41,498	105,281	30,797
Section 125 Plan Fund	291,014	353,619	428,777	215,856
DTF Federal Forfeiture	3,696	-	3,696	-
DTF Local	47,216	23,527	29,502	41,241
DTF Reserve	26,299	13,102	5,926	33,475
Beechcraft Remediation Settlement	154,181	25,205	-	179,386
Bail Bond Escrow	<u>1,127</u>	<u>8</u>	<u>-</u>	<u>1,135</u>
Total Assets	<u>\$ 389,555</u>	<u>\$ 548,456</u>	<u>\$ 625,946</u>	<u>\$ 312,065</u>
Accounts Payable				
Special Assessment Escrow	\$ 90,849	\$ 17,957	\$ -	\$ 108,806
Fire Insurance Proceeds	18,869	47,855	47,757	18,967
Payroll Clearing	[365,473]	25,683	-	[339,790]
Court Bond and Restitution	23,818	-	5,007	18,811
Police Investigation Account	3,379	2	-	3,381
Citizenship Trust	94,580	41,498	105,281	30,797
Section 125 Plan Fund	291,014	353,619	428,777	215,856
DTF Federal Forfeiture	3,696	-	3,696	-
DTF Local	47,216	23,527	29,502	41,241
DTF Reserve	26,299	13,102	5,926	33,475
Beechcraft Remediation Settlement	154,181	25,205	-	179,386
Bail Bond Escrow	<u>1,127</u>	<u>8</u>	<u>-</u>	<u>1,135</u>
Total liabilities	<u>\$ 389,555</u>	<u>\$ 548,456</u>	<u>\$ 625,946</u>	<u>\$ 312,065</u>

See independent auditor's report on the financial statements.

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## STATISTICAL SECTION

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Schedule 1  
City of Salina, Kansas  
Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(in 000's)

	Fiscal Year																			
	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Governmental activities																				
Net investment in capital assets	\$ 101,974	85%	\$ 113,001	96%	\$ 109,289	93%	\$ 112,929	94%	\$ 116,585	90%	\$ 115,589	90%	\$ 130,401	122%	\$ 124,635	108%	\$ 129,921	105%	\$ 144,846	109%
Restricted	1,174	1%	988	1%	1,712	1%	1,082	1%	1,210	1%	876	1%	1,224	1%	1,738	1%	2,012	2%	2,366	2%
Unrestricted	<u>16,706</u>	14%	<u>3,808</u>	3%	<u>6,333</u>	5%	<u>5,511</u>	5%	<u>11,628</u>	9%	<u>11,413</u>	9%	<u>(24,922)</u>	-23%	<u>(10,505)</u>	-9%	<u>(8,232)</u>	-7%	<u>(13,759)</u>	-10%
Total governmental activities net position	<u>\$ 119,854</u>	100%	<u>\$ 117,797</u>	100%	<u>\$ 117,334</u>	100%	<u>\$ 119,522</u>	100%	<u>\$ 129,423</u>	100%	<u>\$ 127,878</u>	100%	<u>\$ 106,703</u>	100%	<u>\$ 115,868</u>	100%	<u>\$ 123,701</u>	100%	<u>\$ 133,453</u>	100%
Business-type activities																				
Net investment in capital assets	\$ 48,234	79%	\$ 48,078	75%	\$ 44,227	63%	\$ 50,857	69%	\$ 57,103	75%	\$ 61,721	75%	\$ 68,107	80%	\$ 62,427	71%	\$ 63,316	71%	\$ 62,368	69%
Restricted	1,553	3%	1,553	2%	1,553	2%	1,553	2%	1,553	2%	1,512	2%	1,512	2%	1,512	2%	1,512	2%	1,512	2%
Unrestricted	<u>11,482</u>	19%	<u>14,306</u>	22%	<u>24,528</u>	35%	<u>21,450</u>	29%	<u>17,794</u>	23%	<u>19,545</u>	24%	<u>15,610</u>	18%	<u>23,621</u>	27%	<u>24,255</u>	27%	<u>26,503</u>	29%
Total business-type activities net position	<u>\$ 61,269</u>	100%	<u>\$ 63,937</u>	100%	<u>\$ 70,308</u>	100%	<u>\$ 73,860</u>	100%	<u>\$ 76,450</u>	100%	<u>\$ 82,778</u>	100%	<u>\$ 85,229</u>	100%	<u>\$ 87,560</u>	100%	<u>\$ 89,083</u>	100%	<u>\$ 90,383</u>	100%
Primary government																				
Net investment in capital assets	\$ 150,208	83%	\$ 161,080	89%	\$ 153,516	82%	\$ 163,786	85%	\$ 173,688	84%	\$ 177,311	84%	\$ 198,508	103%	\$ 187,062	92%	\$ 193,237	91%	\$ 207,213	93%
Restricted	2,727	2%	2,541	1%	3,216	2%	2,635	1%	2,763	1%	2,388	1%	2,736	1%	3,250	2%	3,524	2%	3,878	2%
Unrestricted	<u>28,188</u>	16%	<u>18,115</u>	10%	<u>30,867</u>	16%	<u>26,961</u>	14%	<u>29,422</u>	14%	<u>30,959</u>	15%	<u>(9,312)</u>	-5%	<u>13,116</u>	6%	<u>16,023</u>	8%	<u>12,744</u>	6%
Total primary government net position	<u>\$ 181,123</u>	100%	<u>\$ 181,736</u>	100%	<u>\$ 187,599</u>	100%	<u>\$ 193,382</u>	100%	<u>\$ 205,873</u>	100%	<u>\$ 210,658</u>	100%	<u>\$ 191,932</u>	100%	<u>\$ 203,428</u>	100%	<u>\$ 212,784</u>	100%	<u>\$ 223,835</u>	100%

Source: City of Salina Comprehensive Annual Financial Reports, 2009 - 2018

Schedule 2  
City of Salina, Kansas  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
(in 000's)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 14,664	\$ 10,845	\$ 13,614	\$ 11,278	\$ 10,978	\$ 12,175	\$ 10,743	\$ 9,188	\$ 9,780	\$ 12,013
Public safety	16,539	18,592	18,579	19,066	19,649	20,208	21,084	22,232	23,120	23,892
Public works	9,781	9,782	9,858	10,957	11,064	11,401	9,049	9,773	10,345	10,458
Public health and sanitation	1,390	1,365	1,368	1,383	1,369	347	995	1,095	1,126	1,256
Culture and recreation	5,397	8,572	6,693	5,338	4,809	5,156	6,517	6,612	6,880	7,040
Planning and development	3,375	3,716	3,450	3,362	3,399	3,236	1,915	2,047	1,835	2,369
Interest on long term debt	-	2,256	1,650	1,914	1,953	1,817	1,774	2,971	1,725	2,117
Total governmental activities expenses	<u>51,146</u>	<u>55,128</u>	<u>55,212</u>	<u>53,298</u>	<u>53,221</u>	<u>54,340</u>	<u>52,077</u>	<u>53,918</u>	<u>54,811</u>	<u>59,145</u>
Business-type activities:										
Solid waste disposal	2,287	3,010	2,945	2,067	3,532	1,867	1,766	2,335	2,365	2,382
Water and sewer	12,995	14,050	13,597	14,897	15,418	14,938	11,712	14,807	15,650	15,190
Sanitation	2,224	2,261	2,261	2,441	2,237	2,399	1,909	2,043	2,178	2,419
Golf course	897	817	825	723	768	837	821	792	852	926
Total business-type activities expenses	<u>18,403</u>	<u>20,138</u>	<u>19,628</u>	<u>20,128</u>	<u>21,955</u>	<u>20,041</u>	<u>16,208</u>	<u>19,977</u>	<u>21,045</u>	<u>20,917</u>
Total primary government expenses	<u>\$ 69,549</u>	<u>\$ 75,266</u>	<u>\$ 74,840</u>	<u>\$ 73,426</u>	<u>\$ 75,176</u>	<u>\$ 74,381</u>	<u>\$ 68,285</u>	<u>\$ 73,895</u>	<u>\$ 75,856</u>	<u>\$ 80,062</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 4,599	\$ 5,143	\$ 6,106	\$ 6,328	\$ 5,548	\$ 5,662	\$ 3,151	\$ 3,134	\$ 3,470	\$ 3,569
Public safety	2,913	3,969	3,766	4,290	4,656	4,222	4,600	4,891	4,601	4,815
Public works	164	198	262	306	277	255	193	238	348	285
Public health and sanitation	42	37	43	46	34	46	46	44	50	47
Culture and recreation	1,936	2,817	3,140	1,728	1,466	1,533	1,501	1,638	1,541	1,545
Planning and development	267	144	153	158	161	167	73	140	91	150
Operating grants and contributions	3,163	3,415	2,907	4,495	4,200	4,015	3,394	4,332	4,541	4,299
Capital grants and contributions	-	-	-	-	-	-	-	733	-	4,635
Total governmental activities program revenues	<u>13,084</u>	<u>15,723</u>	<u>16,377</u>	<u>17,351</u>	<u>16,342</u>	<u>15,900</u>	<u>12,958</u>	<u>15,150</u>	<u>14,642</u>	<u>19,345</u>
Business-type activities:										
Charges for services										
Solid waste disposal	2,903	2,853	2,904	3,137	3,138	3,024	2,519	2,795	3,165	3,097
Water and sewer	14,980	16,520	17,904	19,099	17,938	18,742	19,059	19,322	19,855	20,202
Sanitation	2,292	2,310	2,334	2,462	2,514	2,553	2,529	2,751	2,885	3,006
Golf course	757	736	636	783	719	811	820	789	798	756
Operating grants and contributions	-	-	202	-	-	-	-	-	-	-
Capital grants and contributions	-	-	3,804	274	-	115	-	-	-	-
Total business-type activities program revenues	<u>20,932</u>	<u>22,419</u>	<u>27,784</u>	<u>25,755</u>	<u>24,309</u>	<u>25,245</u>	<u>24,927</u>	<u>25,657</u>	<u>26,703</u>	<u>27,061</u>
Total primary government program revenues	<u>\$ 34,016</u>	<u>\$ 38,142</u>	<u>\$ 44,161</u>	<u>\$ 43,106</u>	<u>\$ 40,651</u>	<u>\$ 41,145</u>	<u>\$ 37,885</u>	<u>\$ 40,807</u>	<u>\$ 41,345</u>	<u>\$ 46,406</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (38,062)	\$ (39,405)	\$ (38,835)	\$ (35,947)	\$ (36,879)	\$ (38,440)	\$ (39,119)	\$ (38,768)	\$ (40,169)	\$ (39,800)
Business-type activities	2,529	2,281	8,156	5,627	2,354	5,204	8,719	5,680	5,658	6,143
Total primary government net expense	<u>\$ (35,533)</u>	<u>\$ (37,124)</u>	<u>\$ (30,679)</u>	<u>\$ (30,320)</u>	<u>\$ (34,525)</u>	<u>\$ (33,236)</u>	<u>\$ (30,400)</u>	<u>\$ (33,088)</u>	<u>\$ (34,511)</u>	<u>\$ (33,657)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes, general purpose	\$ 9,019	\$ 7,803	\$ 7,783	\$ 8,272	\$ 8,031	\$ 8,315	\$ 8,242	\$ 8,196	\$ 9,101	\$ 8,623
Property taxes, debt service	1,711	2,230	2,779	2,439	2,362	2,578	2,766	3,022	2,487	2,457
Motor vehicle taxes	1,135	1,145	1,150	1,153	1,200	1,250	1,312	1,370	1,372	1,428
Sales tax, general purpose	11,669	11,118	11,767	12,165	12,260	12,689	12,931	12,781	12,906	13,292
Selective sales tax	3,380	4,108	4,080	4,210	4,281	4,461	4,558	4,901	8,832	8,917
Other taxes	5,791	6,298	6,390	6,486	6,630	7,231	7,363	7,991	6,900	7,241
Investment revenues	277	81	77	66	67	98	86	148	92	183
Miscellaneous	505	565	872	660	9,918	1,160	2,371	5,842	2,003	1,062
Transfers, net	255	92	199	30	999	787	3,819	3,600	4,309	4,831
Total governmental activities	<u>33,742</u>	<u>33,440</u>	<u>35,097</u>	<u>35,481</u>	<u>45,748</u>	<u>38,569</u>	<u>43,448</u>	<u>47,851</u>	<u>48,002</u>	<u>48,034</u>
Business-type activities:										
Investment revenues	242	67	84	79	49	51	56	78	129	233
Miscellaneous	352	341	330	434	279	97	-	-	103	153
Reimbursements	-	-	-	-	-	180	132	79	-	-
Transfers, net	(255)	(92)	(199)	(30)	(950)	-	(3,781)	(3,581)	(4,367)	(4,831)
Total business-type activities	<u>339</u>	<u>316</u>	<u>215</u>	<u>483</u>	<u>(622)</u>	<u>328</u>	<u>(3,593)</u>	<u>(3,424)</u>	<u>(4,135)</u>	<u>(4,445)</u>
Total primary government	<u>\$ 34,081</u>	<u>\$ 33,756</u>	<u>\$ 35,312</u>	<u>\$ 35,964</u>	<u>\$ 45,126</u>	<u>\$ 38,897</u>	<u>\$ 39,855</u>	<u>\$ 44,427</u>	<u>\$ 43,867</u>	<u>\$ 43,589</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (4,320)	\$ (5,965)	\$ (3,738)	\$ (466)	\$ 8,869	\$ 129	\$ 4,329	\$ 9,083	\$ 7,833	\$ 8,233
Business-type activities	2,868	2,597	8,371	6,110	1,732	5,532	5,126	2,256	1,523	1,698
Total primary government	<u>\$ (1,452)</u>	<u>\$ (3,368)</u>	<u>\$ 4,633</u>	<u>\$ 5,644</u>	<u>\$ 10,601</u>	<u>\$ 5,661</u>	<u>\$ 9,455</u>	<u>\$ 11,339</u>	<u>\$ 9,356</u>	<u>\$ 9,931</u>

Source: City of Salina Comprehensive Annual Financial Reports, 2009 - 2018

Schedule 3  
City of Salina, Kansas  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in 000's)

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u> <u>(Note 1)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Reserved	\$ 508	\$ 99	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	90	116	81	107	111	131	153	152
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	293	540	331	239	199	136	214	340
Unreserved/unassigned	<u>4,580</u>	<u>3,518</u>	<u>3,454</u>	<u>3,172</u>	<u>3,138</u>	<u>3,908</u>	<u>4,530</u>	<u>4,765</u>	<u>6,516</u>	<u>6,251</u>
Total general fund	<u>\$ 5,088</u>	<u>3,617</u>	<u>\$ 3,837</u>	<u>\$ 3,828</u>	<u>\$ 3,550</u>	<u>\$ 4,254</u>	<u>\$ 4,840</u>	<u>\$ 5,032</u>	<u>\$ 6,883</u>	<u>\$ 6,743</u>
Restatement		<u>156</u>								
Restated fund balance		<u>\$ 3,773</u>								
All other governmental funds										
Reserved	\$ 11,092	\$ 6,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	3,611	3,319	3,446	2,910	2,793	3,142	4,191	4,648
Committed	-	-	127	(516)	7,486	9,886	8,695	14,284	10,072	7,325
Assigned	-	-	4,323	4,087	3,146	1,280	619	1,043	641	1,227
Unreserved/unassigned	<u>4,024</u>	<u>(1,130)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,537)</u>	<u>(6,823)</u>	<u>(28)</u>	<u>(852)</u>
Total all other governmental funds	<u>\$ 15,116</u>	<u>\$ 5,283</u>	<u>\$ 8,061</u>	<u>\$ 6,890</u>	<u>\$ 14,078</u>	<u>\$ 14,076</u>	<u>\$ 1,570</u>	<u>\$ 11,646</u>	<u>\$ 14,876</u>	<u>\$ 12,348</u>

Note 1: Prior year amounts have not been restated for the implementation of GASB Statement 54 in fiscal year 2011.

Source: City of Salina Comprehensive Annual Financial Reports, 2009 - 2018

Schedule 4  
City of Salina, Kansas  
Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in 000's)

	2009	2010	2011	2012	2013	Fiscal Year 2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes (see Schedule 5)	\$ 32,706	\$ 32,702	\$ 33,949	\$ 34,724	\$ 34,764	\$ 36,523	\$ 37,171	\$ 38,261	\$ 41,597	\$ 41,958
Intergovernmental	3,153	3,404	2,901	4,487	4,192	4,008	3,385	4,325	4,536	4,297
Special assessments	1,269	1,385	1,535	2,315	1,706	1,810	1,679	1,669	1,539	1,546
Licenses and permits	10	11	6	8	9	7	10	7	6	3
Charges for services	6,767	8,934	9,730	8,484	8,536	8,276	6,416	6,953	6,880	7,338
Investment revenue	210	64	69	47	40	59	47	142	79	157
Reimbursements	140	70	32	36	9,015	123	491	1,406	-	-
Donations	-	-	-	-	-	241	83	141	111	238
Miscellaneous	438	448	599	537	810	799	1,853	4,315	1,851	884
Total revenues	<u>44,693</u>	<u>47,018</u>	<u>48,821</u>	<u>50,638</u>	<u>59,072</u>	<u>51,846</u>	<u>51,135</u>	<u>57,219</u>	<u>56,599</u>	<u>56,421</u>
<b>Expenditures</b>										
General government	3,007	3,549	3,461	3,574	4,269	3,986	5,342	5,422	5,423	5,649
Public safety	17,883	18,229	18,118	18,564	19,155	19,559	21,268	21,664	21,629	22,953
Public works	6,643	6,634	6,569	7,004	7,220	7,443	5,333	5,778	6,048	6,162
Public health and sanitation	1,353	1,332	1,330	1,343	1,344	319	982	1,078	1,097	1,236
Culture and recreation	4,947	5,777	5,900	4,449	3,939	4,292	5,659	5,817	6,143	6,255
Planning and development	3,269	3,609	3,344	3,256	3,293	3,232	1,910	2,042	1,801	2,185
Miscellaneous	-	32	-	-	-	-	-	-	-	-
Capital outlay	17,707	18,603	9,847	7,327	13,047	11,009	25,527	24,001	18,281	16,344
Debt service										
Principal	4,667	5,959	4,411	8,592	5,038	5,261	6,250	17,902	5,088	14,243
Interest	1,596	2,258	2,084	2,103	1,867	1,864	1,833	3,152	1,771	2,192
Deposit to escrow	-	107	-	92	-	-	-	-	-	-
Total expenditures	<u>61,072</u>	<u>66,089</u>	<u>55,064</u>	<u>56,304</u>	<u>59,172</u>	<u>56,965</u>	<u>74,104</u>	<u>86,856</u>	<u>67,281</u>	<u>77,219</u>
<b>Other financing sources (uses)</b>										
Bonds and notes issued	23,695	7,034	6,565	6,150	5,690	5,365	6,825	34,892	11,490	8,090
Bond and note premium	1,369	47	23	60	185	302	369	1,503	95	70
Transfers in	3,617	5,076	7,994	3,488	4,907	3,001	7,642	7,065	8,339	13,462
Transfers out	(3,422)	(4,984)	(5,692)	(3,458)	(3,907)	(2,999)	(3,913)	(3,555)	(4,160)	(4,186)
Other	-	-	156	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>25,259</u>	<u>7,173</u>	<u>9,046</u>	<u>6,240</u>	<u>6,875</u>	<u>5,669</u>	<u>10,923</u>	<u>39,905</u>	<u>15,764</u>	<u>17,436</u>
Net change in fund balance	<u>\$ 8,880</u>	<u>\$ (11,898)</u>	<u>\$ 2,803</u>	<u>\$ 574</u>	<u>\$ 6,775</u>	<u>\$ 550</u>	<u>\$ (12,046)</u>	<u>\$ 10,268</u>	<u>\$ 5,082</u>	<u>\$ (3,362)</u>
Debt service as a percentage of non-capital expenditures	17%	21%	17%	28%	18%	18%	20%	50%	16%	37%

Source: City of Salina Comprehensive Annual Financial Reports, 2009 - 2018

Schedule 5  
City of Salina, Kansas  
Tax Revenues by Source, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(in 000's)

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Real estate	\$ 9,971	\$ 9,756	\$ 10,288	\$ 10,466	\$ 10,145	\$ 10,657	\$ 10,729	\$ 10,972	\$ 11,377	\$ 10,804
Delinquent	760	278	274	245	248	235	279	246	210	276
Motor vehicle	1,135	1,145	1,150	1,153	1,200	1,250	1,312	1,370	1,372	1,428
General sales	11,669	11,117	11,767	12,165	12,260	12,689	12,931	12,781	12,906	13,293
Selective sales	3,380	4,108	4,080	4,210	4,281	4,461	4,558	4,901	8,832	8,917
Other taxes	<u>5,791</u>	<u>6,298</u>	<u>6,390</u>	<u>6,485</u>	<u>6,630</u>	<u>7,231</u>	<u>7,362</u>	<u>7,991</u>	<u>6,900</u>	<u>7,240</u>
Total taxes	<u>\$ 32,706</u>	<u>\$ 32,702</u>	<u>\$ 33,949</u>	<u>\$ 34,724</u>	<u>\$ 34,764</u>	<u>\$ 36,523</u>	<u>\$ 37,171</u>	<u>\$ 38,261</u>	<u>\$ 41,597</u>	<u>\$ 41,958</u>

Source: City of Salina Comprehensive Annual Financial Reports, 2009 - 2018

Schedule 6  
City of Salina, Kansas  
Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal (Budget) Year	Assessed Value							Estimated Total Market Value (Note 2)	Assessed Value to Est. Market Value
	Real Estate	Personal Property	State Assessed	Total, Excluding Motor Vehicles	Tax Rate	Motor Vehicle (Note 1)	Total, Taxable Assessed Value		
2009	\$ 356,678,712	\$ 28,373,980	\$ 14,929,456	\$ 399,982,148	25.886	\$ 51,351,656	\$ 451,333,804	\$ 2,914,775,730	15.48
2010	\$ 358,979,211	\$ 24,760,806	\$ 13,730,609	\$ 397,470,626	25.855	\$ 50,330,252	\$ 447,800,878	\$ 2,893,359,541	15.48
2011	\$ 367,750,803	\$ 19,918,188	\$ 14,685,585	\$ 402,354,576	26.022	\$ 47,406,062	\$ 449,760,638	\$ 2,869,531,746	15.67
2012	\$ 369,416,422	\$ 18,654,394	\$ 15,779,466	\$ 403,850,282	26.272	\$ 47,553,744	\$ 451,404,026	\$ 2,884,188,981	15.65
2013	\$ 370,390,092	\$ 17,769,120	\$ 16,948,264	\$ 405,107,476	26.927	\$ 48,882,411	\$ 453,989,887	\$ 2,889,385,914	15.71
2014	\$ 376,131,346	\$ 13,652,885	\$ 17,670,147	\$ 407,454,378	27.080	\$ 48,865,900	\$ 456,320,278	\$ 2,917,267,724	15.64
2015	\$ 381,087,426	\$ 12,607,815	\$ 18,984,453	\$ 412,679,694	27.311	\$ 50,350,566	\$ 463,030,260	\$ 2,957,531,741	15.66
2016	\$ 389,872,825	\$ 11,653,719	\$ 19,323,055	\$ 420,849,599	27.603	\$ 51,833,505	\$ 472,683,104	\$ 3,046,949,034	15.51
2017	\$ 391,895,060	\$ 11,146,213	\$ 19,323,055	\$ 422,364,328	27.311	\$ 50,970,796	\$ 473,335,124	\$ 3,097,885,103	15.28
2018	\$ 403,835,383	\$ 10,130,718	\$ 20,485,144	\$ 434,451,245	26.129	\$ 53,336,677	\$ 487,787,922	\$ 3,150,409,123	15.48

Note 1: The tax rate for motor vehicles is set based on the average countywide tax rate. The City of Salina then receives a share of that based on tax effort.

Note 2: The estimated market value excludes the value of the State assessed properties. Market value information is not available for those properties. However, state assessed property is generally assessed at 33% of market value, except for railroads, which are assessed at 15% of market value.

Note 3: The Direct rate is expressed in dollars per thousand dollars of assessed value.

Source: Saline County Clerk

Schedule 7  
City of Salina, Kansas  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years  
(rate per \$1,000 of assessed value)

Fiscal (Budget) Year	City of Salina			Saline County			USD 305 (2)			Other (1)	Total
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total USD Millage	Other	
2009	21.749	4.137	25.886	29.347		29.347	46.339	12.208	58.547	10.971	124.751
2010	20.082	5.773	25.855	31.303		31.303	45.341	13.155	58.496	12.401	128.055
2011	19.236	6.786	26.022	31.432		31.432	45.818	13.095	58.913	12.131	128.498
2012	20.326	5.946	26.272	32.576		32.576	47.127	11.693	58.820	11.989	129.657
2013	20.242	5.948	26.190	34.823		34.823	47.133	11.516	58.649	12.135	131.797
2014	20.539	6.388	26.927	37.895		37.895	46.599	11.517	58.116	12.941	135.879
2015	20.692	6.388	27.080	38.047		38.047	44.088	11.517	55.605	13.305	134.037
2016	19.950	7.361	27.311	38.275		38.275	44.465	11.655	56.120	13.293	134.999
2017	21.694	5.909	27.603	37.508		37.508	44.069	11.674	55.743	13.299	134.153
2018	20.339	5.790	26.129	37.321		37.321	45.130	11.371	56.501	13.189	133.140

Source: Saline County Treasurer

(1) The "Other" column includes the State of Kansas, the Salina Airport Authority, the Salina Public Library and Kansas State Extension District #3.

(2) A small portion of Salina is covered by USD 306, USD 307, or USD 400. Total Tax Rates are different in the areas covered by these jurisdictions.

Schedule 8  
City of Salina, Kansas  
Principal Property Taxpayers  
Current Year and Ten Years Ago

Taxpayer	Type of Business	2008 (2007 Assessed Value)			2018 (2017 Assessed Value)		
		Assessed Valuation	% of Total Valuation	Rank	Assessed Valuation	% of Total Valuation	Rank
Westar Energy (Western Resources)	Utility	\$ 7,287,074	2.17%	3	\$ 11,856,980	2.73%	1
SFC Global Supply Chain, Inc. (Schwan's)	Pizza Manufacturing	12,382,582	3.69%	1	7,508,620	1.73%	2
RAF Salina, LLC	Regional Shopping Center			N/A	4,674,872	1.08%	3
Kansas Gas Service	Utility	2,633,187	0.79%	7	3,784,188	0.87%	4
Central Mall Realty Holding LLC	Regional Shopping Center	9,003,313	2.69%	2	3,696,437	0.85%	5
S&B Motels	Motel	2,388,908	0.71%	8	3,424,974	0.79%	6
Sams Real Estate Business Trust/Walmart	Discount Retail Stores			N/A	2,529,908	0.58%	7
Menard Inc.	Home Improvement			N/A	2,501,856	0.58%	8
Individual	Residential	1,913,209	0.57%	10	2,333,789	0.54%	9
Wal-Mart Real Estate Business Trust	Discount Retail Stores	3,627,525	1.08%	6	2,282,451	0.53%	10
Great Plains Manufacturing	Manufacturing	2,308,375	0.69%	9			
Union Pacific	Railroad			N/A			
Southwestern Bell	Telephone Utility	4,783,821	1.43%	5			
Salina Regional Health Center	Hospital and Medical Offices	5,580,586	1.66%	4			
Combined Valuation of the Ten Largest Taxpayers		<u>\$ 51,908,580</u>			<u>\$ 44,594,075</u>		
City Valuation		\$ 335,262,182			\$ 434,451,245		
Percent of Total City Assessed Valuation			15.48%			10.26%	

Source: Saline County Clerk's Office or recent OS



Schedule 9  
City of Salina, Kansas  
Property Tax Levies and Distributions  
Last Ten Fiscal Years

Fiscal (Budget) Year	Taxes Levied for the fiscal year	Current Year Tax Distributions		Delinquent Collections (1)	Total Tax Distributions	
		Amount	Percentage		Amount	Percentage of levy
2009	\$ 10,354,161	\$ 9,923,959	95.8%	\$ 759,764	\$ 10,683,723	103.2%
2010	\$ 10,276,905	\$ 9,704,937	94.4%	\$ 278,656	\$ 9,983,593	97.1%
2011	\$ 10,415,491	\$ 10,287,770	98.8%	\$ 273,843	\$ 10,561,613	101.4%
2012	\$ 10,570,420	\$ 10,411,299	98.5%	\$ 245,086	\$ 10,656,385	100.8%
2013	\$ 10,576,448	\$ 10,145,404	95.9%	\$ 248,184	\$ 10,393,588	98.3%
2014	\$ 10,908,147	\$ 10,776,688	98.8%	\$ 398,820	\$ 11,175,508	102.5%
2015	\$ 11,316,065	\$ 10,460,246	92.4%	\$ 617,496	\$ 11,077,742	97.9%
2016	\$ 11,740,993	\$ 10,972,299	93.5%	\$ 245,577	\$ 11,217,876	95.5%
2017	\$ 11,254,398	\$ 11,239,051	99.9%	\$ 209,950	\$ 11,449,001	101.7%
2018	\$ 11,260,358	\$ 10,803,591	95.9%	\$ 276,340	\$ 11,079,931	98.4%

(1) Delinquent collections are reported in the aggregate for all previous years. Data is not currently available for "collected in subsequent years"

Source: Saline County Treasurer's Office

Schedule 10  
City of Salina, Kansas  
Direct Sales Rate by Taxing Entity  
Last Ten Fiscal Years

	2009	2010	2011	2012	Fiscal Year 2013	2014	2015	2016	2017	2018
<b>City Direct Tax Rate</b>										
General	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Special purpose	0.25%/0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.75%	0.75%
<b>County-wide Tax Rate</b>	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Portion of County-wide tax allocated to City (July Percentage)	62.46%	61.58%	63.34%	61.72%	60.86%	60.23%	60.28%	60.28%	60.28%	59.85%

In addition to the direct tax, the City receives a portion of the Countywide sales tax, based on a formula distribution. The formula is based on property tax effort and population, and is adjusted in January and July of each year.

In May, 2016, the voters approved an increase in the Special Purpose Tax rate from .40% to .75%, to be effective October 1, 2016.

Source: Kansas Department of Revenue

Schedule 11  
City of Salina, Kansas  
Water Sales by Class of Customer  
Last Ten Fiscal Years

Rate Class	2009		2010		2011		2012		2013		2014		2015		2016		2017		2018	
	# Accts Billed	Water Sold	# Accts Billed	Water Sold	# Accts Billed	Water Sold	# Accts Billed	Water Sold	# Accts Billed	Water Sold	# Accts Billed	Water Sold	# Accts Billed	Water Sold	# Accts Billed	Water Sold	# Accts Billed	Water Sold	# Accts Billed	Water Sold
Residential	17,792	1,043,774	17,838	1,127,864	17,899	1,194,629	17,893	1,225,931	17,966	989,788	18,042	1,003,100	18,086	987,540	18,125	950,697	18,124	988,572	18,130	963,387
Commercial	1,589	339,507	1,568	350,633	1,574	372,499	1,565	38,547	1,579	348,968	1,599	353,675	1,600	350,767	1,603	345,232	1,606	345,250	1,614	340,960
Industrial	46	152,910	44	183,166	44	180,277	42	174,595	40	182,529	42	193,233	44	202,407	44	191,236	44	193,503	44	211,843
Government	104	41,793	85	42,714	97	55,910	99	54,618	99	46,484	97	45,346	97	41,928	99	45,136	99	41,552	98	35,932
Apartment	182	71,503	172	71,121	168	72,562	169	70,263	168	67,155	166	60,865	164	61,400	163	57,039	163	58,378	157	71,559
Schools	84	39,815	85	46,386	85	53,679	81	57,027	84	44,187	84	45,328	85	45,545	85	41,176	83	36,039	81	30,810
Industrial special	1	32,934	1	44,457	1	44,051	1	40,448	1	20,439	-	-	-	-	-	-	-	-	-	-
Consumed in production	18	26,223	17	32,604	13	22,728	12	19,266	12	18,665	12	19,264	12	17,338	9	9,580	8	9,652	7	6,966
Rural water	1	22,824	1	23,854	1	28,621	1	25,930	1	21,530	1	22,993	1	21,915	1	23,384	1	25,624	1	22,345
Hospitals	13	20,488	12	18,503	10	15,674	10	17,896	9	26,482	10	32,184	9	31,858	9	33,728	9	35,132	9	31,856
Religious/non profit	39	7,312	39	5,569	38	5,690	38	5,399	37	4,810	37	4,973	37	4,986	36	5,224	36	4,749	36	4,458
Other taxable deductions	-	-	-	-	-	699	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Engineering studies	8	6,176	8	5,266	7	3,754	8	6,104	8	6,822	8	5,095	8	4,807	7	4,573	7	4,772	7	4,471
Providing taxable service	2	4,869	2	5,494	2	4,827	2	6,118	2	3,495	1	3,561	1	3,167	1	3,921	1	3,347	1	2,331
Sale of component parts	8	5,200	8	5,851	8	5,454	8	5,726	6	5,972	6	6,850	5	3,900	4	3,129	4	2,917	4	2,190
Fire hydrant	2	1,032	3	2,424	3	1,389	4	2,533	3	1,922	2	1,474	-	-	3	1,727	3	1,790	3	2,829
Industrial consumed in production	3	2,314	3	4,083	3	3,260	3	3,543	3	4,417	3	3,588	3	2,388	3	1,930	3	1,962	3	2,107
Sales of farm equipment	1	205	1	213	1	56	1	83	1	107	1	48	1	53	1	54	1	104	1	56
	<b>19,893</b>	<b>1,818,879</b>	<b>19,887</b>	<b>1,970,202</b>	<b>19,954</b>	<b>2,065,759</b>	<b>19,937</b>	<b>1,754,027</b>	<b>20,018</b>	<b>1,793,771</b>	<b>20,111</b>	<b>1,801,577</b>	<b>20,153</b>	<b>1,779,999</b>	<b>20,193</b>	<b>1,717,766</b>	<b>20,192</b>	<b>1,753,343</b>	<b>20,196</b>	<b>1,734,098</b>

**Water Rate Schedule:**

Monthly meter charge (5/8")	\$ 4.44	\$ 4.51	\$ 4.60	\$ 4.74	\$ 4.88	\$ 5.03	\$ 5.20	\$ 5.36	\$ 5.52	\$ 5.74
Commodity charge (per 000 gal.):										
0 - 2000 gal.	\$ 2.34	\$ 2.55	\$ 3.77	\$ 3.88	\$ 4.04	\$ 4.24	\$ 4.45	\$ 4.48	\$ 4.77	\$ 4.96
2001 - 10,000 gal.										
Over 10,000 gal.										
Excess use charge	\$ 4.68	\$ 5.10	\$ 7.54	\$ 7.76	\$ 8.08	\$ 8.48	\$ 8.90	\$ 9.16	\$ 9.54	\$ 9.92

**Wastewater Rate Schedule:**

Monthly base charge	\$ 6.31	\$ 6.42	\$ 6.57	\$ 6.77	\$ 6.97	\$ 7.11	\$ 7.22	\$ 7.36	\$ 7.51	\$ 7.81
Unit cost (per 000 gal.):	\$ 2.88	\$ 3.08	\$ 4.48	\$ 4.61	\$ 4.79	\$ 4.94	\$ 5.01	\$ 5.19	\$ 5.29	\$ 5.51

Water sold is expressed in thousands of gallons.

Number of Accounts billed is the annual number of billings for each class divided by 12.

Monthly meter charge increases with the size of the meter.

Residential Wastewater is calculated based on Winter Quarter water consumption. Other accounts are based on monthly water consumption.

2008 Water Consumption Rate Structure changed from a decreasing tier structure to one rate and Excess Use Charge which is double the consumption rate

Source: City of Salina Water Customer Accounting Office.

Schedule 12  
City of Salina, Kansas  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Loans Payable	Capital Lease	Temporary Notes	General Obligation Bonds	Water Revenue Bonds	Loans Payable	Temporary Notes			
2009	\$ 52,067,590	\$ -	\$ -	\$ -	\$ 2,320,000	\$ 2,320,000	\$ 5,862,516	\$ -	\$ 62,570,106	3.5%	\$ 1,346.09
2010	\$ 53,120,952	\$ -	\$ -	\$ 2,500,000	\$ 8,614,576	\$ 1,580,000	\$ -	\$ -	\$ 65,815,528	3.8%	\$ 1,425.20
2011	\$ 55,225,670	\$ -	\$ -	\$ 3,400,000	\$ 7,417,907	\$ 16,193,925	\$ -	\$ -	\$ 82,237,502	4.3%	\$ 1,723.80
2012	\$ 49,109,575	\$ -	\$ -	\$ 1,485,000	\$ 9,613,926	\$ 15,850,228	\$ -	\$ -	\$ 76,058,729	3.8%	\$ 1,583.07
2013	\$ 49,631,797	\$ -	\$ -	\$ 3,800,000	\$ 8,519,799	\$ 15,226,532	\$ -	\$ -	\$ 77,178,128	3.7%	\$ 1,613.05
2014	\$ 50,033,555	\$ -	\$ 176,235	\$ 5,000,000	\$ 9,587,351	\$ 14,592,836	\$ 6,208,102	\$ -	\$ 85,598,079	4.1%	\$ 1,788.25
2015	\$ 50,840,632	\$ -	\$ 479,366	\$ 5,995,000	\$ 8,539,773	\$ 13,949,139	\$ 5,753,620	\$ -	\$ 85,557,530	4.1%	\$ 1,789.42
2016	\$ 51,816,399	\$ 12,157,127	\$ 321,174	\$ 11,505,000	\$ 7,640,381	\$ 13,285,443	\$ 7,432,024	\$ -	\$ 104,157,548	5.0%	\$ 2,200.39
2017	\$ 55,994,305	\$ 12,171,090	\$ 157,868	\$ 6,811,742	\$ 6,520,433	\$ 12,606,747	\$ 8,862,810	\$ -	\$ 103,124,995	4.9%	\$ 2,194.43
2018	\$ 51,968,310	\$ 12,185,053	\$ -	\$ 18,123,505	\$ 5,282,578	\$ 11,898,051	\$ 10,632,351	\$ -	\$ 110,089,848	4.9%	\$ 2,342.64

Source: City of Salina Comprehensive Annual Financial Reports, 2009 - 2018

Schedule 13  
City of Salina, Kansas  
Ratio of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding					Percentage of		
	General Obligation Bonds	Capital Lease	Temporary Notes	Total	Less Debt Service Fund	Net General Bonded Debt	Actual Taxable Value of	Per Capita
2009	\$ 54,387,590	\$ -	\$ -	\$ 54,387,590	\$ 735,291	\$ 53,652,299	11.9%	\$ 1,154.23
2010	\$ 61,735,528	\$ -	\$ 2,500,000	\$ 64,235,528	\$ 571,873	\$ 63,663,655	14.2%	\$ 1,378.60
2011	\$ 62,443,577		\$ 3,400,000	\$ 65,843,577	\$ 1,236,026	\$ 64,607,551	14.4%	\$ 1,354.26
2012	\$ 58,723,501	\$ -	\$ 1,485,000	\$ 60,208,501	\$ 582,412	\$ 59,626,089	13.2%	\$ 1,241.05
2013	\$ 58,151,596	\$ -	\$ 3,800,000	\$ 61,951,596	\$ 707,763	\$ 61,243,833	13.5%	\$ 1,280.02
2014	\$ 59,620,906	\$ 176,235	\$ 5,000,000	\$ 64,797,141	\$ 407,864	\$ 64,389,277	14.1%	\$ 1,345.17
2015	\$ 59,380,405	\$ 479,366	\$ 5,995,000	\$ 65,854,771	\$ 745,339	\$ 65,109,432	14.1%	\$ 1,361.75
2016	\$ 59,456,780	\$ 321,174	\$ 11,505,000	\$ 71,282,954	\$ 1,248,914	\$ 70,034,040	14.8%	\$ 1,479.51
2017	\$ 62,514,738	\$ 157,868	\$ 6,811,742	\$ 69,484,348	\$ 1,509,863	\$ 67,974,485	14.4%	\$ 1,446.45
2018	\$ 57,250,888	\$ -	\$ 18,123,505	\$ 75,374,393	\$ 1,851,358	\$ 73,523,035	15.1%	\$ 1,564.52

Source: City of Salina Comprehensive Annual Financial Reports, 2009 - 2018

Schedule 14  
City of Salina, Kansas  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2018

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Salina	Amount Applicable to the City of Salina
Direct:			
City of Salina	<u>\$ 73,523,035</u>	100.00%	<u>\$ 73,523,035</u>
Overlapping:			
Salina Airport Authority	21,427,000	100.00%	21,427,000
Saline County	224,409	73.45%	164,823
USD 305	<u>117,030,000</u>	93.11%	<u>108,969,011</u>
Total Overlapping Debt	<u>138,681,409</u>		<u>130,560,834</u>
Total Direct and Overlapping Debt	<u>\$ 212,204,444</u>		<u>\$ 204,083,869</u>
Per Capita Direct and Overlapping debt			<u>\$ 4,268.38</u>

Percentage of debt applicable to the City of Salina is based on the proportion that the assessed valuation of the City of Salina bears to the assessed valuation of the overlapping entity.

Source: Saline County Clerk

Schedule 15  
City of Salina, Kansas  
Legal Debt Margin  
Last Ten Fiscal Years

<u>Legal Debt Margin Calculation for 2018</u>	
Assessed Valuation	\$ 487,787,922
Debt Limit (30% of Assessed Value)	146,336,377
Debt applicable to limit:	
Total Bonded Debt	\$ 110,089,848
Less GO Debt Attributable to Exempt Purposes	(5,282,578)
Less Revenue Bonds	(11,898,051)
Less Capital Leases	-
Less Loans Payable	(22,817,404)
Less Fund Balance designated for Debt Service	(1,851,358)
Total Debt Applicable to Limitation	<u>\$ 68,240,457</u>
Legal debt margin	<u>\$ 78,095,920</u>

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt Limit	\$ 135,400,141	\$ 134,340,263	\$ 134,928,191	\$ 135,421,208	\$ 136,196,966	136,896,083	138,909,078	141,804,931	142,000,537	146,336,377
Total net debt applicable to limit	<u>53,652,299</u>	<u>58,411,185</u>	<u>57,747,032</u>	<u>49,309,445</u>	<u>52,724,034</u>	<u>54,625,691</u>	<u>56,090,293</u>	<u>62,072,485</u>	<u>61,296,184</u>	<u>68,240,457</u>
Legal debt margin	<u>\$ 81,747,842</u>	<u>\$ 75,929,078</u>	<u>\$ 77,181,159</u>	<u>\$ 86,111,763</u>	<u>\$ 83,472,932</u>	<u>\$ 82,270,392</u>	<u>\$ 82,818,785</u>	<u>\$ 79,732,446</u>	<u>\$ 80,704,353</u>	<u>\$ 78,095,920</u>
Total net debt applicable to the limit as a percentage of debt limit	40%	43%	43%	36%	39%	40%	40%	44%	43%	47%

Schedule 16  
City of Salina, Kansas  
Pledged Revenue Coverage  
Last Ten Fiscal Years

Water/Sewer Revenue Bonds						
Fiscal Year	Utility Service	Less	Net Available	Debt Service		Debt Service Coverage
	Charges	Operating Expenses		Principal	Interest	
2009	\$ 15,151,305	\$ 10,693,654	\$ 4,457,651	\$ 1,276,243	\$ 455,294	2.57
2010	\$ 16,565,880	\$ 11,803,594	\$ 4,762,286	\$ 740,000	\$ 91,450	5.73
2011	\$ 17,976,508	\$ 11,905,114	\$ 6,071,394	\$ 1,580,000	\$ 496,760	2.92
2012	\$ 19,163,426	\$ 12,222,431	\$ 6,940,995	\$ 340,000	\$ 596,992	7.41
2013	\$ 17,974,089	\$ 13,373,088	\$ 4,601,001	\$ 620,000	\$ 590,191	3.80
2014	\$ 18,964,164	\$ 12,112,288	\$ 6,851,876	\$ 630,000	\$ 577,791	5.67
2015	\$ 19,139,612	\$ 9,859,974	\$ 9,279,638	\$ 640,000	\$ 565,191	7.70
2016	\$ 19,389,348	\$ 11,800,473	\$ 7,588,875	\$ 660,000	\$ 549,191	6.28
2017	\$ 19,958,862	\$ 13,148,035	\$ 6,810,827	\$ 675,000	\$ 529,391	5.65
2018	\$ 20,382,469	\$ 12,973,621	\$ 7,408,848	\$ 705,000	\$ 509,141	6.10

Source: City of Salina Comprehensive Annual Financial Reports, 2009 - 2018  
City of Salina Debt Service Schedules



Schedule 17  
City of Salina, Kansas  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income (Saline County)	Personal Income, Salina (interpolated)	Unemployment Rate	Labor Force, City of Salina	USD 305 Headcount	Percentage Free and Reduced Lunch	City .5 cent sales tax	Per Capita .5 cent sales Tax	As a % of per capita personal income
2009	46,483	\$ 38,392	\$ 1,784,575,336	6.0%	26,769	7,432	58.7%	\$ 4,965,147	\$ 106.82	0.278%
2010	46,180	\$ 37,880	\$ 1,749,298,400	6.7%	26,379	7,346	57.8%	\$ 4,803,553	\$ 104.02	0.275%
2011	47,707	\$ 40,512	\$ 1,932,705,984	6.7%	26,258	7,289	58.7%	\$ 5,076,751	\$ 106.42	0.263%
2012	48,045	\$ 41,762	\$ 2,006,455,290	6.3%	26,185	7,305	59.1%	\$ 5,241,205	\$ 109.09	0.261%
2013	47,846	\$ 43,078	\$ 2,061,109,988	5.1%	26,441	7,305	60.7%	\$ 5,326,723	\$ 111.33	0.258%
2014	47,867	\$ 43,736	\$ 2,093,511,112	5.3%	26,303	7,388	61.3%	\$ 5,555,601	\$ 116.06	0.265%
2015	47,813	\$ 44,065	\$ 2,106,879,845	3.9%	26,170	7,369	61.8%	\$ 5,670,040	\$ 118.59	0.269%
2016	47,336	\$ 44,230	\$ 2,093,647,612	3.3%	27,684	7,386	68.7%	\$ 5,727,260	\$ 120.99	0.274%
2017	46,994	\$ 44,732	\$ 2,102,135,608	2.7%	27,684	7,176	62.1%	\$ 5,755,869	\$ 122.48	0.274%
2018	46,994	\$ 47,945	\$ 2,253,127,330	3.3%	30,174	7,180	61.7%	\$ 5,770,174	\$ 122.79	0.256%

Sources:

Population: Kansas Division of the Budget.

Employment: Kansas Department of Labor

Personal income for Salina is derived from the population and per capita personal income for Saline County

Per Capita Personal income as reported by the Bureau of Economic Analysis

2017 Per Capita Personal Income staff projection

2008 -2017 Employment City of Salina

USD305 headcount and free and reduced lunch data derived from Kansas Department of Education./USD 305 Budget Document

Free and Reduced Lunch percentage is an average of the percentages for each building reported. School Data is reported at beginning of school year, eg 2017-2018 school year is reported as 2017.

Increase in per capita Sales Tax (10 years) 14.3%

Increase in per capita Personal Income 20.5%

Schedule 18  
City of Salina, Kansas  
Principal Employers  
Current Year and Nine Years Ago

Employer	Type of Business	2009			2018		
		Employees	Rank	Percentage of Labor Force	Employees	Rank	Percentage of Labor Force
Salina Regional Health Center	Health Care	2,093	1	7.8%	1,800	1	6.0%
Schwan's Global Supply Chain	Frozen Pizza Manufacturing	1,850	2	6.9%	1,700	2	5.6%
Unified School District No 305	Public School System	935	3	3.5%	1,500	3	5.0%
Great Plains Manufacturing	Agricultural & Landscaping Equipment	650	5	2.4%	1,100	4	3.6%
Exide Technologies	Automotive Battery Manufacturer	800	4	3.0%	600	5	2.0%
City of Salina	City Government	493	7	1.8%	425	6	1.4%
REV Group	Manufacturing				300	7	1.0%
Salina Vortex	Manufacturing				250	8	0.8%
Walmart	Retail				250	9	0.8%
Blue Philips Lighting Company	Fluorescent Lamps	600	6	2.2%	230	10	0.8%
Raytheon Aircraft	Aircraft Manufacturing	357	8	1.3%			
Eldorado National	Busses/Recreational Vehicle	255	9	1.0%			
Total		<u>8,033</u>		30.0%	<u>8,155</u>		27.0%

Source: Salina Chamber of Commerce