

CITY OF NESS CITY, KANSAS

FINANCIAL STATEMENT

WITH

INDEPENDENT AUDITOR'S REPORT

December 31, 2018

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

CITY OF NESS CITY
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December 31, 2018

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June 11, 2019

Mayor and Council Members
City of Ness City, Kansas

Independent Auditor's Report

We have audited the accompanying summary statement of receipts, expenditures, and unencumbered cash - regulatory basis - of the City of Ness City, Kansas (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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

As described in Note 1 to the financial statement, the financial statement is prepared by the City to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Independent Auditor's Report

June 11, 2019
City of Ness City, Kansas
(Continued)

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2018, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Report on Regulatory-Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2018 summary statement of receipts, expenditures, and unencumbered cash - regulatory basis (basic financial statement) as a whole. The summary of expenditures - actual and budget - regulatory basis - and individual fund schedules of receipts and expenditures - actual and budget - regulatory basis - (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the 2018 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statement or to the 2018 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2018 basic financial statement as a whole, on the basis of accounting described in Note 1.

Varnoff & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

CITY OF NESS CITY, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2018

STATEMENT 1

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Funds							
General Fund	\$ 230,260	\$ -	\$ 1,002,822	\$ 1,057,754	\$ 175,328	\$ 3,351	\$ 178,679
Special Purpose Funds							
Special Highway Fund	26,721	-	37,177	20,272	43,626	-	43,626
Special Parks and Recreation Fund	13,930	-	1,800	-	15,730	-	15,730
Industrial Development Fund	14,967	-	2,852	-	17,819	-	17,819
Library Fund	5,651	-	85,106	86,220	4,537	-	4,537
Library Employee Benefit Fund	656	-	45,041	45,126	571	-	571
Capital Improvement Fund	556,088	-	414,048	421,115	549,021	-	549,021
Equipment Reserve Fund	215,586	-	49,000	20,002	244,584	-	244,584
Guest Tax Fund	34,958	-	16,707	9,203	42,462	-	42,462
Capital Project Fund							
Airport Improvements Fund	(40,780)	-	695,448	810,210	(155,542)	-	(155,542)
Business Funds							
Water Utility Fund	611,217	-	417,816	490,083	538,950	34,127	573,077
Sewer Utility Fund	183,571	-	151,919	147,745	187,745	1,956	189,701
Solid Waste Disposal Fund	133,268	-	128,094	114,564	146,798	-	146,798
Subtotal Primary Government	\$ 1,986,093	\$ -	\$ 3,047,830	\$ 3,222,294	\$ 1,811,629	\$ 39,434	\$ 1,851,063
Related Municipal Entity							
Ness City Public Library	\$ 148,546	\$ -	\$ 148,674	\$ 133,672	\$ 163,548	\$ -	\$ 163,548
Total Financial Reporting Entity	\$ 2,134,639	\$ -	\$ 3,196,504	\$ 3,355,966	\$ 1,975,177	\$ 39,434	\$ 2,014,611
Composition of Cash:							
				Checking Accounts			
				Certificates of Deposit			
				Subtotal Primary Government			
				Related Municipal Entity			
				Total Primary Government			

The accompanying notes are an integral part of this financial statement.
See Independent Auditor's Report.

Financial Statement

CITY OF NESS CITY, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2018

Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies

The City of Ness City, Kansas (the City) is a municipal corporation governed by an elected five-member council. The accounting policies of the City conform to the cash-basis and budget laws of Kansas (regulatory basis). The following is a summary of the more significant policies.

Municipal Financial Reporting Entity

The municipal financial reporting entity is comprised of the primary government and the one related municipal entity, the Ness City Public Library. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. This financial statement does not include the related municipal entities Ness City Airport Authority and Ness City Cemetery District.

Regulatory Basis Fund Types

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. In the financial statement in this report, the various funds are grouped into generic fund types and broad fund categories as follows:

General Fund - The general fund is the chief operating fund of the City. It is used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds - Special purpose funds are used to account for the proceeds of specific tax levies and other specific revenue sources intended for specified purposes.

Capital Projects Fund - Capital projects fund is used to account for capital projects.

Business Funds - Business funds are used to account for funds financed in whole or in part by fees charged to users of the goods or services.

Basis of Accounting

The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

CITY OF NESS CITY, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2018

Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: equipment reserve fund, capital improvement fund and airport improvement fund.

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

Note 2: Deposits and Investments

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

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

CITY OF NESS CITY, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2018

Notes to Financial Statement

Note 2: Deposits and Investments (Continued)

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when coverage is 50%. The City does not utilize "peak periods". All deposits were legally secured at December 31, 2018.

As of December 31, 2018, the City's carrying amount of the deposits was \$1,851,063 and the bank balance was \$1,990,042. The bank balance was held by one bank, in checking, money market and certificates of deposit. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,740,042 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Note 3: Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1st of each year. The county treasurer is the tax collection agent for all taxing entities within the county. Property owners have the option of paying one-half of the full amount of the taxes levied on or before December 20th of the ensuing year. State statutes prohibit the county treasurer from distributing taxes levied and collected in the year prior to January 1st of the ensuing year.

Note 4: Defined Benefit Pension Plan

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66503) or by calling 1-888-275-5737.

Contributions. KSA 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 8.39% for fiscal year ended December 31, 2018. Contributions to the pension plan from the City were \$26,840 for the year ended December 31, 2018.

CITY OF NESS CITY, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2018

Notes to Financial Statement

Note 4: Defined Benefit Pension Plan (Continued)
Plan Description (Continued)

Net Pension Liability. At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was \$262,925. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 5: Interfund Transfers

Transfers for the year ended December 31, 2018 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Capital Improvement Fund	K.S.A. 12-1, 117	\$ 400,000
General Fund	Equipment Reserve Fund	K.S.A. 12-1, 117	49,000
Sewer Utility Fund	Sewer Replacement Fund	K.S.A. 12-825d	2,499
Water Utility Fund	General Fund	K.S.A. 12-825d	50,000
Water Utility Fund	Water Reserve Fund	K.S.A. 12-825d	18,000
Total Transfers			<u>\$ 519,499</u>

Note 6: Long-Term Debt

The City has the following types of long-term debt:

KDHE Revolving Loan

The City entered into a \$1,150,000 revolving loan agreement on November 18, 2004 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance Public Water Supply System Project #2416. The City will use proceeds generated by the operation of the facility for loan repayment, which began February 1, 2007.

Lease Obligations

The City has entered into lease agreements for equipment. The leases contain a fiscal funding clause.

General Obligation Bonds

The City has one outstanding general obligation bond.

Note 7: Debt Restrictions and Covenants

KDHE Public Water Supply Loan

The City entered into a loan agreement with the Kansas Department of Health and Environment to fund the improvements to the public water supply system in the amount of \$1,150,000. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with the requirement as of December 31, 2018 as it is providing dedicated funds through water rates and fees charged.

CITY OF NESS CITY, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2018

Notes to Financial Statement

Note 8: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no decreases in insurance coverage from the prior year.

Note 9: Compliance with Finance-Related Legal and Contractual Provisions

There were no budget or cash violations during 2018.

Note 10: Other Post Employment Benefits

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

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

Note 11: Related Party Transactions

During 2018, the City entered into arms length transactions with council members Travis Snyder and Craig Goodman. The City paid \$672 for services provided by Yesterday's Body Shop, owned by Travis Snyder, and \$1,072 to Sunrise Oilfield Supply, Inc., which Craig Goodman has ownership interest in. Additionally, the City entered into arms length transactions with Mayor Scott Barb for a total amount of \$1,469.

Note 12: Capital Projects

At year end, capital project authorizations compared with cash disbursements and accounts payable from inception are as follows:

	Project Authorizations	Expenditures To Date
Airport Runway Connector	\$ 2,970,096	\$ 1,252,346

CITY OF NESS CITY, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2018

Note 13: Changes in Long-Term Debt

<u>ISSUE</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
General Obligation Bonds										
2015 Series	2.50 - 4.50%	7/1/2015	\$ 85,000	10/01/35	\$ 80,000	\$ -	\$ 3,000	\$ (3,000)	\$ 77,000	\$ 2,830
KDHE Loan										
Public Water Supply System Project	3.66%	11/18/04	1,150,000	8/1/26	578,992	-	55,402	(55,402)	523,590	20,689
Capital Leases										
Backhoe Lease	3.39%	4/22/13	60,779	1/15/19	21,437	-	10,540	(10,540)	10,897	727
TOTAL LONG-TERM DEBT					<u>\$ 680,429</u>	<u>\$ -</u>	<u>\$ 68,942</u>	<u>\$ (68,942)</u>	<u>\$ 611,487</u>	<u>\$ 24,246</u>

CITY OF NESS CITY, KANSAS
NOTES TO FINANCIAL STATEMENT (CONTINUED)
December 31, 2018

Note 14: Maturity of Long-Term Debt

PRINCIPAL	2019	2020	2021	2022	2023	2024-2028	2029-2033	2034-2038	Total
General Obligation Bond	\$ 3,000	\$ 3,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 21,000	\$ 26,000	\$ 12,000	\$ 77,000
KDHE Loan	57,448	59,570	61,770	64,051	66,417	214,334	-	-	523,590
Capital Lease	10,897	-	-	-	-	-	-	-	10,897
Total Principal	<u>\$ 71,345</u>	<u>\$ 62,570</u>	<u>\$ 65,770</u>	<u>\$ 68,051</u>	<u>\$ 70,417</u>	<u>\$ 235,334</u>	<u>\$ 26,000</u>	<u>\$ 12,000</u>	<u>\$ 611,487</u>
INTEREST									
General Obligation Bond	\$ 2,755	\$ 2,680	\$ 2,605	\$ 2,505	\$ 2,405	\$ 10,285	\$ 6,150	\$ 810	\$ 30,195
KDHE Loan	18,641	16,521	14,321	12,038	9,673	13,936	-	-	85,130
Capital Lease	369	-	-	-	-	-	-	-	369
Total Interest	<u>\$ 21,765</u>	<u>\$ 19,201</u>	<u>\$ 16,926</u>	<u>\$ 14,543</u>	<u>\$ 12,078</u>	<u>\$ 24,221</u>	<u>\$ 6,150</u>	<u>\$ 810</u>	<u>\$ 115,694</u>
TOTAL PRINCIPAL AND INTEREST	<u>\$ 93,110</u>	<u>\$ 81,771</u>	<u>\$ 82,696</u>	<u>\$ 82,594</u>	<u>\$ 82,495</u>	<u>\$ 259,555</u>	<u>\$ 32,150</u>	<u>\$ 12,810</u>	<u>\$ 727,181</u>

REGULATORY-REQUIRED SUPPLEMENTAL INFORMATION

CITY OF NESS CITY, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

Fund	Certified Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Funds			
General Fund	\$ 1,132,350	\$ 1,057,754	\$ (74,596)
Special Purpose Funds			
Special Highway Fund	40,815	20,272	(20,543)
Special Parks and Recreation Fund	10,000	-	(10,000)
Industrial Development Fund	9,000	-	(9,000)
Library Fund	89,500	86,220	(3,280)
Library Employee Benefit Fund	47,445	45,126	(2,319)
Guest Tax Fund	20,000	9,203	(10,797)
Business Funds			
Water Utility Fund	667,500	490,083	(177,417)
Sewer Utility Fund	201,650	147,745	(53,905)
Solid Waste Disposal Fund	143,000	114,564	(28,436)
TOTAL	\$ 2,361,260	\$ 1,970,967	\$ (390,293)

CITY OF NESS CITY, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Taxes			
Ad Valorem	\$ 420,486	\$ 455,899	\$ (35,413)
Delinquent	7,092	-	7,092
Motor Vehicle	97,980	93,289	4,691
Intangible	13,162	12,871	291
Total Taxes	<u>\$ 538,720</u>	<u>\$ 562,059</u>	<u>\$ (23,339)</u>
Intergovernmental			
Local City Sales Tax	\$ 205,981	\$ 220,000	\$ (14,019)
Local Alcoholic Liquor Tax	1,800	2,100	(300)
Connecting Links	5,124	5,000	124
Total Intergovernmental	<u>\$ 212,905</u>	<u>\$ 227,100</u>	<u>\$ (14,195)</u>
Licenses			
Franchise Fees	\$ 124,247	\$ 90,000	\$ 34,247
Licenses and Permits	6,092	5,000	1,092
Total Licenses and Permits	<u>\$ 130,339</u>	<u>\$ 95,000</u>	<u>\$ 35,339</u>
Fines and Forfeitures			
Fines	<u>\$ 18,569</u>	<u>\$ 20,000</u>	<u>\$ (1,431)</u>
Use of Money and Property			
Interest	<u>\$ 6,571</u>	<u>\$ 2,500</u>	<u>\$ 4,071</u>
Miscellaneous			
Swimming Pool	\$ 2,687	\$ 4,000	\$ (1,313)
Recycling Revenue	3,486	2,500	986
Community Building Donations	6,700	1,500	5,200
Other	32,845	5,000	27,845
Transfers In	50,000	50,000	-
Total Miscellaneous	<u>\$ 95,718</u>	<u>\$ 63,000</u>	<u>\$ 32,718</u>
Total Receipts	<u>\$ 1,002,822</u>	<u>\$ 969,659</u>	<u>\$ 33,163</u>

(continued)

CITY OF NESS CITY, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Expenditures			
General and Administrative			
Personal Services	\$ 87,272	\$ 87,550	\$ (278)
Contractual Services	14,268	35,000	(20,732)
Commodities	30,702	20,000	10,702
Capital Outlay	296	9,000	(8,704)
Total General and Administrative	<u>\$ 132,538</u>	<u>\$ 151,550</u>	<u>\$ (19,012)</u>
Police Department			
Contractual Services	<u>\$ 167,791</u>	<u>\$ 200,000</u>	<u>\$ (32,209)</u>
Street Department			
Personal Services	\$ 56,404	\$ 56,650	\$ (246)
Contractual Services	5,017	20,000	(14,983)
Commodities	104,839	75,000	29,839
Capital Outlay	-	15,000	(15,000)
Total Street Department	<u>\$ 166,260</u>	<u>\$ 166,650</u>	<u>\$ (390)</u>
Employee Benefits			
Health Insurance	\$ 28,655	\$ 35,000	\$ (6,345)
Social Security	12,317	15,450	(3,133)
Workman's Compensation	-	1,500	(1,500)
KPERS	12,953	13,390	(437)
Unemployment	324	-	324
Total Employee Benefits	<u>\$ 54,249</u>	<u>\$ 65,340</u>	<u>\$ (11,091)</u>
Street Lighting			
Contractual Services	<u>\$ 23,327</u>	<u>\$ 27,000</u>	<u>\$ (3,673)</u>
Swimming Pool			
Personal Services	\$ 14,174	\$ 18,025	\$ (3,851)
Contractual Services	-	1,000	(1,000)
Commodities	12,865	7,500	5,365
Total Swimming Pool	<u>\$ 27,039</u>	<u>\$ 26,525</u>	<u>\$ 514</u>

(continued)

CITY OF NESS CITY, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Expenditures (continued)			
Park Improvement			
Personal Services	\$ -	\$ 2,060	\$ (2,060)
Contractual Services	1,231	2,500	(1,269)
Commodities	2,937	5,000	(2,063)
Capital Outlay	-	2,000	(2,000)
Total Park Improvement	<u>\$ 4,168</u>	<u>\$ 11,560</u>	<u>\$ (7,392)</u>
Recycling			
Personal Services	\$ 6,844	\$ 7,725	\$ (881)
Contractual Services	1,357	5,000	(3,643)
Commodities	6,173	4,000	2,173
Capital Outlay	-	5,000	(5,000)
Total Recycling	<u>\$ 14,374</u>	<u>\$ 21,725</u>	<u>\$ (7,351)</u>
Community Building			
Contractual Services	\$ 5,260	\$ 5,000	\$ 260
Commodities	8,415	5,000	3,415
Total Community Building	<u>\$ 13,675</u>	<u>\$ 10,000</u>	<u>\$ 3,675</u>
Appropriations			
Airport	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ -</u>
Debt Payments	<u>\$ 2,333</u>	<u>\$ -</u>	<u>\$ 2,333</u>
Transfers Out	<u>\$ 449,000</u>	<u>\$ 449,000</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 1,057,754</u>	<u>\$ 1,132,350</u>	<u>\$ (74,596)</u>
Receipts Over (Under) Expenditures	\$ (54,932)		
Unencumbered Cash - Beginning	<u>230,260</u>		
Unencumbered Cash - Ending	<u>\$ 175,328</u>		

CITY OF NESS CITY, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Intergovernmental			
State Gasoline Tax	\$ 37,177	\$ 38,730	\$ (1,553)
Expenditures			
Personal Services	\$ -	\$ 10,815	\$ (10,815)
Contractual Services	19,772	10,000	9,772
Commodities	500	20,000	(19,500)
Total Expenditures	<u>\$ 20,272</u>	<u>\$ 40,815</u>	<u>\$ (20,543)</u>
Receipts Over (Under) Expenditures	\$ 16,905		
Unencumbered Cash - Beginning	<u>26,721</u>		
Unencumbered Cash - Ending	<u><u>\$ 43,626</u></u>		

CITY OF NESS CITY, KANSAS
SPECIAL PARKS AND RECREATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Intergovernmental			
Local Alcoholic Liquor Tax	\$ 1,800	\$ 1,500	\$ 300
EXPENDITURES			
Culture and Recreation	\$ -	\$ 10,000	\$ (10,000)
Receipts Over (Under) Expenditures	\$ 1,800		
Unencumbered Cash - Beginning	<u>13,930</u>		
Unencumbered Cash - Ending	<u>\$ 15,730</u>		

CITY OF NESS CITY, KANSAS
INDUSTRIAL DEVELOPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Taxes			
Ad Valorem	\$ 2,776	\$ 3,007	\$ (231)
Delinquent	12	-	12
Motor Vehicle	64	58	6
Total Receipts	<u>\$ 2,852</u>	<u>\$ 3,065</u>	<u>\$ (213)</u>
Expenditures			
Industrial Development	\$ -	\$ 9,000	\$ (9,000)
Receipts Over (Under) Expenditures	\$ 2,852		
Unencumbered Cash - Beginning	<u>14,967</u>		
Unencumbered Cash - Ending	<u>\$ 17,819</u>		

CITY OF NESS CITY, KANSAS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Taxes			
Ad Valorem	\$ 68,938	\$ 74,744	\$ (5,806)
Delinquent	996	-	996
Motor Vehicle	15,172	14,418	754
Total Receipts	<u><u>\$ 85,106</u></u>	<u><u>\$ 89,162</u></u>	<u><u>\$ (4,056)</u></u>
Expenditures			
Appropriations	<u>\$ 86,220</u>	<u>\$ 89,500</u>	<u>\$ (3,280)</u>
Receipts Over (Under) Expenditures	\$ (1,114)		
Unencumbered Cash - Beginning	<u>5,651</u>		
Unencumbered Cash - Ending	<u><u>\$ 4,537</u></u>		

CITY OF NESS CITY, KANSAS
LIBRARY EMPLOYEE BENEFIT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Taxes			
Ad Valorem	\$ 36,279	\$ 40,182	\$ (3,903)
Delinquent	490	-	490
Motor Vehicle	8,272	7,119	1,153
Total Receipts	<u>\$ 45,041</u>	<u>\$ 47,301</u>	<u>\$ (2,260)</u>
Expenditures			
Appropriations	<u>\$ 45,126</u>	<u>\$ 47,445</u>	<u>\$ (2,319)</u>
Receipts Over (Under) Expenditures	\$ (85)		
Unencumbered Cash - Beginning	<u>656</u>		
Unencumbered Cash - Ending	<u>\$ 571</u>		

CITY OF NESS CITY, KANSAS
GUEST TAX FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Taxes			
Guest Tax	\$ 16,707	\$ 10,000	\$ 6,707
Expenditures			
Convention and Tourism	\$ 9,203	\$ 20,000	\$ (10,797)
Receipts Over (Under) Expenditures	\$ 7,504		
Unencumbered Cash - January 1	<u>34,958</u>		
Unencumbered Cash - December 31	<u>\$ 42,462</u>		

CITY OF NESS CITY, KANSAS
WATER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	Actual	Budget	Variance Over (Under)
Receipts			
Water Sales	\$ 384,471	\$ 380,000	\$ 4,471
Interest	9,528	5,000	4,528
Late Charges	5,817	3,000	2,817
Transfer In	18,000	-	18,000
Total Cash Receipts	<u>\$ 417,816</u>	<u>\$ 388,000</u>	<u>\$ 29,816</u>
EXPENDITURES			
Production			
Personal Services	\$ 96,939	\$ 135,000	\$ (38,061)
Contractual Services	41,161	100,000	(58,839)
Commodities	148,034	75,000	73,034
Capital Outlay	11,398	120,000	(108,602)
Total Production	<u>\$ 297,532</u>	<u>\$ 430,000</u>	<u>\$ (132,468)</u>
Employee Benefits			
Health Insurance	\$ 24,110	\$ 40,000	\$ (15,890)
Social Security	7,163	9,000	(1,837)
KPERS	9,103	16,000	(6,897)
Total Employee Benefits	<u>\$ 40,376</u>	<u>\$ 65,000</u>	<u>\$ (24,624)</u>
Non-Operating Expenses			
Sales Tax	\$ 4,459	\$ 6,000	\$ (1,541)
Debt Service	76,089	92,000	(15,911)
Miscellaneous	3,627	4,500	(873)
Transfers Out	68,000	70,000	(2,000)
Total Non-Operating Expenses	<u>\$ 152,175</u>	<u>\$ 172,500</u>	<u>\$ (20,325)</u>
Total Expenditures	<u>\$ 490,083</u>	<u>\$ 667,500</u>	<u>\$ (177,417)</u>
Receipts Over (Under) Expenditures	\$ (72,267)		
Unencumbered Cash - Beginning	<u>611,217</u>		
Unencumbered Cash - Ending	<u>\$ 538,950</u>		

CITY OF NESS CITY, KANSAS
SEWER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Sewer Service Charges	\$ 111,140	\$ 100,000	\$ 11,140
Interest	1,852	850	1,002
Commercial Utility	36,428	40,000	(3,572)
Transfers In	2,499	2,000	499
Total Receipts	<u>\$ 151,919</u>	<u>\$ 142,850</u>	<u>\$ 9,069</u>
EXPENDITURES			
Collection Maintenance			
Personal Services	\$ 50,946	\$ 56,650	\$ (5,704)
Contractual Services	27,640	50,000	(22,360)
Commodities	33,662	50,000	(16,338)
Capital Outlay	12,041	15,000	(2,959)
Employee Benefits	17,458	30,000	(12,542)
Debt Service	3,499	-	3,499
Transfers Out	2,499	-	2,499
Total Collection Maintenance	<u>\$ 147,745</u>	<u>\$ 201,650</u>	<u>\$ (53,905)</u>
Receipts Over (Under) Expenditures	\$ 4,174		
Unencumbered Cash - Beginning	<u>183,571</u>		
Unencumbered Cash - Ending	<u>\$ 187,745</u>		

CITY OF NESS CITY, KANSAS
SOLID WASTE DISPOSAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
User Fees	\$ 128,094	\$ 120,000	\$ 8,094
Expenditures			
Contractual Services	\$ 114,564	\$ 140,000	\$ (25,436)
Commodities	-	2,000	(2,000)
Capital Outlay	-	1,000	(1,000)
Total Expenditures	<u>\$ 114,564</u>	<u>\$ 143,000</u>	<u>\$ (28,436)</u>
Receipts Over (Under) Expenditures	\$ 13,530		
Unencumbered Cash - Beginning	<u>133,269</u>		
Unencumbered Cash - Ending	<u>\$ 146,799</u>		

CITY OF NESS CITY, KANSAS
CAPITAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
 For the Year Ended December 31, 2018

	<u>Actual</u>
Receipts	
Miscellaneous Receipts	\$ 14,048
Transfers In	400,000
Total Receipts	<u>\$ 414,048</u>
Expenditures	
Capital Outlay	<u>\$ 421,115</u>
Receipts Over (Under) Expenditures	\$ (7,067)
Unencumbered Cash - Beginning	<u>556,088</u>
Unencumbered Cash - Ending	<u><u>\$ 549,021</u></u>

CITY OF NESS CITY, KANSAS
AIRPORT IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>
Receipts	
Federal aid	<u>\$ 695,448</u>
Expenditures	
Contractual	\$ 684,886
Fees - Professional Services	125,324
Total Expenditures	<u>\$ 810,210</u>
Receipts Over (Under) Expenditures	\$ (114,762)
Unencumbered Cash - Beginning	<u>(40,780)</u>
Unencumbered Cash - Ending	<u><u>\$ (155,542)</u></u>

CITY OF NESS CITY, KANSAS
EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
For the Year Ended December 31, 2018

	<u>Actual</u>
Receipts	
Transfers In	<u>\$ 49,000</u>
Expenditures	
Capital Outlay	<u>\$ 20,002</u>
Receipts Over (Under) Expenditures	<u>\$ 28,998</u>
Unencumbered Cash - Beginning	<u>215,586</u>
Unencumbered Cash - Ending	<u><u>\$ 244,584</u></u>

CITY OF NESS CITY, KANSAS
RELATED MUNICIPAL ENTITY
NESS CITY PUBLIC LIBRARY
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis
 For the Year Ended December 31, 2018

	<u>Actual</u>
Receipts	
Intergovernmental	\$ 14,099
Interest	508
Miscellaneous	3,921
Appropriations	130,146
Total Receipts	<u>\$ 148,674</u>
Expenditures	
Personal Service	\$ 105,274
Contractual Services	1,846
Commodities	26,552
Total Expenditures	<u>\$ 133,672</u>
Receipts Over (Under) Expenditures	\$ 15,002
Unencumbered Cash - Beginning	<u>148,546</u>
Unencumbered Cash - Ending	<u><u>\$ 163,548</u></u>