

CITY OF LIBERAL, KANSAS
Liberal, Kansas

AUDIT REPORT
For the year ended December 31, 2018

CITY OF LIBERAL, KANSAS
FINANCIAL STATEMENTS
For the year ended December 31, 2018

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CITY OF LIBERAL, KANSAS

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Liberal, 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 Liberal, 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. We did not audit the financial statements of the Housing Authority of the City of Liberal (a discretely presented component unit), which represents 61 percent and 54 percent, respectively, of the assets and revenues of the component unit columns. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Liberal (a discretely presented component unit), is based on the report of the other auditors.

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 opinions on these financial statements based on our audit. We conducted our audit in accordance with the *Kansas Municipal Audit and Accounting Guide* and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

To the City Commission
City of Liberal, Kansas

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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 opinions.

Opinions

In our opinion, based on our audit and the report of the 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 Liberal, Kansas, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 56 through 58 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.

To the City Commission
City of Liberal, Kansas

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Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Liberal, Kansas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section 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 the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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.

Hay•Rice & Associates, Chartered

Hay•Rice & Associates, Chartered

August 26, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Liberal, we offer readers of the City of Liberal's financial statements this overview and analysis of the financial activities for the fiscal year ended December 31, 2018. Please read this report in conjunction with the City's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

The assets of the City of Liberal exceeded its liabilities at the close of 2018 by \$96,943,548 (net position). Of this amount, \$ (96,275) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Liberal's basic financial statements. These financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Liberal's finances, in a manner similar to private-sector business, and can be found on pages 1 – 4 of this report.

The statement of net position presents information on all of the City of Liberal's assets (what the citizens own) and liabilities (what the citizens owe), with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Liberal is improving or deteriorating. Other nonfinancial factors should also be considered, such as changes in the City's property tax base, and the condition of the City's capital assets (roads, buildings, water, and sewer lines) to assess the overall health of the City.

The statement of activities presents information showing how the City of Liberal's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Liberal that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City of Liberal include general government, public safety, public works, and community service. The business-type activities of the City of Liberal include a municipal airport, solid waste, wastewater, and water systems.

The government-wide financial statements include not only the City of Liberal itself but also a legally separate library and a legally separate housing authority, combined under one column heading of “Component Units.” Each of these entities has a Board appointed by the City of Liberal Commission. The Commission must also approve bond issuances by either entity. Financial information for these two component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Liberal, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Liberal can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Our analysis of the City’s major funds begins on page 5. Kansas State law requires certain funds at a minimum. The City of Liberal Commission has established other funds to help it control and manage money for particular purposes (Ex. Convention & Tourism Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (Ex. City Sales Tax Funds). The City’s two kinds of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Liberal maintains thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the capital projects fund,

and the debt service fund, which are each considered major funds. Data from the other twenty-seven governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report on pages 60 – 66.

The basic governmental fund financial statements can be found on pages 5 – 11 of this report.

Proprietary Funds

Proprietary funds provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. The City of Liberal uses enterprise funds to account for charging customers for the full cost of the services it provides in its water, wastewater, solid waste, and airport operations, which are each considered to be major funds.

The basic proprietary fund financial statements can be found on pages 12 – 19 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Liberal's own programs. The accounting for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 20 – 21 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 – 55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Liberal's compliance with its annually appropriated budget for its general fund. This required supplementary information can be found on pages 56 – 59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 60 – 95 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the City of Liberal, assets exceeded liabilities by \$96,943,548 at the close of 2018.

The largest portion of the City of Liberal's net position, or 80.30%, reflects its investment in capital assets such as land, buildings, machinery, and equipment, less any debt used to acquire these assets that is still outstanding. The City of Liberal uses these capital assets to provide services to citizens. It is important to note that these assets are not available for future spending. Although the City of Liberal's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets alone cannot be used to liquidate these liabilities.

	City of Liberal's Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and other assets	\$30,742,359	\$28,632,836	\$ 8,793,724	\$ 8,877,502	\$ 39,536,083	\$ 37,510,338
Capital assets	<u>51,408,313</u>	<u>53,110,399</u>	<u>33,684,945</u>	<u>35,967,932</u>	<u>85,093,258</u>	<u>89,078,331</u>
Total Assets	<u>\$82,150,672</u>	<u>\$81,743,235</u>	<u>\$42,478,669</u>	<u>\$44,845,434</u>	<u>\$124,629,341</u>	<u>\$126,588,669</u>
Deferred Outflows of Resources	<u>\$ 1,528,338</u>	<u>\$ 1,768,454</u>	<u>-</u>	<u>-</u>	<u>\$ 1,528,338</u>	<u>\$ 1,768,454</u>
Long-term liabilities	\$12,170,851	\$12,191,751	\$ 7,323,918	\$ 8,294,728	\$ 19,494,769	\$ 20,486,479
Other liabilities	<u>1,850,207</u>	<u>1,138,375</u>	<u>3,259,771</u>	<u>3,069,100</u>	<u>5,109,978</u>	<u>4,207,475</u>
Total Liabilities	<u>\$14,021,058</u>	<u>\$13,330,126</u>	<u>\$10,583,689</u>	<u>\$11,363,828</u>	<u>\$ 24,604,747</u>	<u>\$ 24,693,954</u>
Deferred Inflows of Resources	<u>\$ 6,863,564</u>	<u>\$ 6,719,621</u>	<u>-</u>	<u>-</u>	<u>\$ 6,863,564</u>	<u>\$ 6,719,621</u>
Net Position:						
Net investment in capital assets	\$49,281,273	\$51,153,401	\$25,360,465	\$26,691,916	\$ 74,641,738	\$ 77,845,317
Restricted	17,322,355	15,855,030	2,514,060	3,339,476	19,836,415	19,194,506
Unrestricted	<u>(3,809,240)</u>	<u>(3,546,489)</u>	<u>4,020,455</u>	<u>3,450,214</u>	<u>211,215</u>	<u>(96,275)</u>
Total Net Position	<u>\$62,794,388</u>	<u>\$63,461,942</u>	<u>\$31,894,980</u>	<u>\$33,481,606</u>	<u>\$ 94,689,368</u>	<u>\$ 96,943,548</u>

Governmental Activities

Governmental activities increased the City of Liberal's net position by \$667,554 through key elements, as follows:

	City of Liberal's Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
<u>Revenues</u>						
Program Revenues:						
Charges for services	\$ 2,154,193	\$ 2,257,411	\$ 9,875,299	\$10,479,929	\$12,029,492	\$12,737,340
Operating grants and contributions	444,703	1,127,133	-	-	444,703	1,127,133
Capital grants and contributions	2,734,256	510,724	81,107	115,540	2,815,363	626,264

City of Liberal's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
<u>Revenues</u> (Continued)						
General Revenues:						
Property taxes	5,859,724	5,931,588	-	-	5,859,724	5,931,588
Other taxes	12,167,390	13,052,933	-	-	12,167,390	13,052,933
Other	<u>646,768</u>	<u>1,314,919</u>	<u>66,181</u>	<u>100,292</u>	<u>712,949</u>	<u>1,415,211</u>
Total Revenues	<u>\$24,007,034</u>	<u>\$24,194,708</u>	<u>\$10,022,587</u>	<u>\$10,695,761</u>	<u>\$34,029,621</u>	<u>\$34,890,469</u>
<u>Expenses</u>						
General Government	\$ 5,426,123	\$ 5,023,687	\$ -	\$ -	\$ 5,426,123	\$ 5,023,687
Public Safety	6,156,651	6,944,213	-	-	6,156,651	6,944,213
Public Works	3,757,461	4,253,954	-	-	3,757,461	4,253,954
Community Service	4,805,786	5,541,500	-	-	4,805,786	5,541,500
Community/Economic Development	1,170,419	1,483,806	-	-	1,170,419	1,483,806
Water	-	-	3,335,731	4,084,376	3,335,731	4,084,376
Wastewater	-	-	2,339,530	2,456,028	2,339,530	2,456,028
Solid Waste	-	-	1,744,569	1,899,154	1,744,569	1,899,154
Airport	-	-	<u>1,000,902</u>	<u>949,571</u>	<u>1,000,902</u>	<u>949,571</u>
Total Expenses	<u>\$21,316,440</u>	<u>\$23,247,160</u>	<u>\$ 8,420,732</u>	<u>\$ 9,389,129</u>	<u>\$29,737,172</u>	<u>\$32,636,289</u>
Fund transfer	\$ <u>(231,195)</u>	\$ <u>(279,994)</u>	\$ <u>231,195</u>	\$ <u>279,994</u>	<u>-</u>	<u>-</u>
Increase in Net Position	\$ 2,459,399	\$ 667,554	\$ 1,833,050	\$ 1,586,626	\$ 4,292,449	\$ 2,254,180
Net Position, January 1	<u>60,334,989</u>	<u>62,794,388</u>	<u>30,061,930</u>	<u>31,894,980</u>	<u>90,396,919</u>	<u>94,689,368</u>
Net Position, December 31	<u>\$62,794,388</u>	<u>\$63,461,942</u>	<u>\$31,894,980</u>	<u>\$33,481,606</u>	<u>\$94,689,368</u>	<u>\$96,943,548</u>

The Statement of Activities format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance, as expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This format highlights the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Business-Type Activities

Business-type activities increased the City of Liberal's net position by \$1,586,626, as referenced in the table above.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Liberal uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Liberal's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Liberal's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources for spending at the end of the fiscal year.

As of the end of 2018, the City of Liberal's governmental funds reported combined ending fund balances of \$21,465,369, or a decrease of \$1,382,867.

Approximately \$18,532,435 is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available due to prior commitments such as liquidating contracts and purchase orders of the prior period in the amount of \$87,390, or for a variety of other restricted purposes in the amount of \$2,845,544.

Proprietary Funds

The City of Liberal's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds were as follows: the Water Fund totaled \$1,956,582, the Wastewater Fund totaled \$1,388,248, the Solid Waste Fund totaled \$ (39,070), and the Airport Fund totaled \$144,454.

GENERAL FUND BUDGETARY HIGHLIGHTS

During 2018, the general fund actual revenue exceeded the budgeted amount by \$818,540 and the general fund expenses were less than the budgeted amount by \$1,112,026, which gives an overall favorable amount of \$1,930,566. After transfers there was a favorable amount of \$1,667,703.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the City had \$89,078,331 invested in capital assets including police and fire equipment, buildings, park facilities, new roads, and water and sewer lines, as follows:

	City of Liberal's Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Land	\$ 1,772,238	\$ 2,083,611	\$ 4,173,000	\$ 4,189,800	\$ 5,945,238	\$ 6,273,411
Construction in progress	16,880,244	14,624,807	5,846,988	8,310,251	22,727,232	22,935,058
Buildings	8,935,237	9,409,964	9,603,609	10,311,211	18,538,846	19,721,175
Improvements	8,264,372	9,812,336	41,592,799	41,580,487	49,857,171	51,392,823
Equipment	6,030,910	6,605,811	6,011,391	5,933,818	12,042,301	12,539,629
Vehicles	5,598,266	6,194,817	1,861,811	2,467,090	7,460,077	8,661,907
Streets	61,659,305	64,179,461	-	-	61,659,305	64,179,461
Accumulated depreciation	(57,732,259)	(59,800,408)	(35,404,653)	(36,824,725)	(93,136,912)	(96,625,133)
Total	\$ 51,408,313	\$ 53,110,399	\$ 33,684,945	\$ 35,967,932	\$ 85,093,258	\$ 89,078,331

Additional information on the City of Liberal's capital assets can be found in Note 4 on pages 37 – 40 of this report.

Long-Term Debt

At the end of 2018, the City of Liberal had \$23,164,261 in outstanding bonds, compensated absences, notes, capital leases and pension obligation. Additional long-term debt information can be found in Note 6 on pages 43 – 44 of this report, and is summarized, as follows:

	City of Liberal's Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
General obligation bonds	\$ 895,000	\$ 750,000	\$ 3,365,000	\$ 3,365,000	\$ 4,260,000	\$ 4,115,000
Compensated absences	1,151,895	926,624	144,030	193,939	1,295,925	1,120,563
Capital leases & temporary notes	1,243,956	1,230,352	4,969,534	5,935,174	6,213,490	7,165,526
Net pension obligation	<u>9,021,946</u>	<u>9,486,717</u>	<u>1,202,969</u>	<u>1,276,455</u>	<u>10,224,915</u>	<u>10,763,172</u>
Total	<u>\$12,312,797</u>	<u>\$12,393,693</u>	<u>\$ 9,681,533</u>	<u>\$10,770,568</u>	<u>\$21,994,330</u>	<u>\$23,164,261</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City has taken a focused approach towards maximizing the rate of return on taxpayer funds. We have also expanded our banking relationships wherein we designated all local banks additional depositories and they have the opportunity to bid on City taxpayer funds, based upon the State of Kansas Pooled Money Investment Board rates. Due to the overall state of the economy, we have reduced our budgeted investment earnings, although due to bids we continually receive, we are still optimizing these earnings as much as possible.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Finance Director at City of Liberal, 324 North Kansas Avenue, Liberal, Kansas 67901.

CITY OF LIBERAL, KANSAS

BASIC FINANCIAL STATEMENTS

CITY OF LIBERAL, KANSAS

STATEMENT OF NET POSITION

December 31, 2018

	<u>Primary Government</u>			<u>Component</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Units</u>
	<u>Activities</u>	<u>Activities</u>		
ASSETS				
<u>Current Assets</u>				
Cash, including time deposits	\$ 19,155,506	\$ 4,134,997	\$ 23,290,503	\$ 791,753
Taxes receivable	6,588,298	-	6,588,298	593,598
Accounts receivable (net)	104,923	471,189	576,112	3,478
Receivable from other governments	1,922,493	-	1,922,493	-
Unbilled receivable	-	620,273	620,273	-
Interest receivable	6,189	2,922	9,111	-
Inventory	265,243	224,559	489,802	5,737
Prepaid expenses	<u>198,914</u>	<u>44,115</u>	<u>243,029</u>	<u>15,090</u>
Total current assets	<u>\$ 28,241,566</u>	<u>\$ 5,498,055</u>	<u>\$ 33,739,621</u>	<u>\$ 1,409,656</u>
<u>Noncurrent Assets</u>				
Restricted Assets:				
Cash, including time deposits	\$ 365,816	\$ 3,302,384	\$ 3,668,200	\$ 104,415
Other Assets:				
Deferred bond cost	45,522	148,357	193,879	-
<u>Less – Amortization</u>	<u>(20,068)</u>	<u>(71,294)</u>	<u>(91,362)</u>	<u>-</u>
Capital Assets:				
Construction in progress	14,624,807	8,310,251	22,935,058	-
Land	2,083,611	4,189,800	6,273,411	133,565
Buildings	9,409,964	10,311,211	19,721,175	5,662,621
Improvements other than buildings	9,812,336	41,580,487	51,392,823	595,540
Machinery, equipment, furniture and fixtures	6,605,811	5,933,818	12,539,629	989,690
Vehicles	6,194,817	2,467,090	8,661,907	-
Streets	64,179,461	-	64,179,461	-
<u>Less – Accumulated depreciation</u>	<u>(59,800,408)</u>	<u>(36,824,725)</u>	<u>(96,625,133)</u>	<u>(5,484,349)</u>
Total noncurrent assets	<u>\$ 53,501,669</u>	<u>\$ 39,347,379</u>	<u>\$ 92,849,048</u>	<u>\$ 2,001,482</u>
Total Assets	<u>\$ 81,743,235</u>	<u>\$ 44,845,434</u>	<u>\$ 126,588,669</u>	<u>\$ 3,411,138</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total deferred outflows of resources	<u>\$ 1,768,454</u>	<u>-</u>	<u>\$ 1,768,454</u>	<u>\$ 77,779</u>

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

CITY OF LIBERAL, KANSAS

Statement 1

STATEMENT OF NET POSITION

December 31, 2018

	<u>Primary Government</u>			<u>Component</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Units</u>
	<u>Activities</u>	<u>Activities</u>		
LIABILITIES				
<u>Current Liabilities</u>				
Accounts payable	\$ 561,950	\$ 403,298	\$ 965,248	\$ 8,608
Accrued interest payable	13,838	51,611	65,449	475
Accrued wages and benefits	358,545	70,204	428,749	21,830
Unapplied credits	-	15,242	15,242	32,748
Lease purchase contracts – Current	166,242	1,826,545	1,992,787	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	11,152
General obligation bonds payable – Current	37,800	702,200	740,000	-
Notes payable – Current	-	-	-	12,425
Total current liabilities	<u>\$ 1,138,375</u>	<u>\$ 3,069,100</u>	<u>\$ 4,207,475</u>	<u>\$ 87,238</u>
<u>Noncurrent Liabilities</u>				
Deferred bond premium	\$ 2,147	\$ 112,465	\$ 114,612	\$ -
Less – Accretion	(47)	(59,560)	(59,607)	-
Accrued compensated absences	926,624	193,939	1,120,563	18,089
General obligation bonds payable	712,200	2,662,800	3,375,000	-
Notes payable – Net of current portion	-	-	-	281,693
Lease purchase contracts	1,064,110	4,108,629	5,172,739	-
Net pension obligation	<u>9,486,717</u>	<u>1,276,455</u>	<u>10,763,172</u>	<u>397,871</u>
Total noncurrent liabilities	<u>\$12,191,751</u>	<u>\$ 8,294,728</u>	<u>\$20,486,479</u>	<u>\$ 697,653</u>
Total Liabilities	<u>\$13,330,126</u>	<u>\$11,363,828</u>	<u>\$24,693,954</u>	<u>\$ 784,891</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	\$ 6,221,518	-	\$ 6,221,518	\$ 593,598
Pension related	<u>498,103</u>	<u>-</u>	<u>498,103</u>	<u>49,611</u>
Total Deferred Inflows of Resources	<u>\$ 6,719,621</u>	<u>-</u>	<u>\$ 6,719,621</u>	<u>\$ 643,209</u>
NET POSITION				
Net investment in capital assets	\$51,153,401	\$26,691,916	\$77,845,317	\$ 1,602,949
Restricted for:				
Capital projects	2,873,192	3,276,637	6,149,829	-
Debt service	2,267,287	138,221	2,405,508	-
Other purposes	10,714,551	(75,382)	10,639,169	104,415
Unrestricted	<u>(3,546,489)</u>	<u>3,450,214</u>	<u>(96,275)</u>	<u>353,453</u>
Total Net Position	<u>\$63,461,942</u>	<u>\$33,481,606</u>	<u>\$96,943,548</u>	<u>\$ 2,060,817</u>

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

CITY OF LIBERAL, KANSAS

Statement 2

STATEMENT OF ACTIVITIES
For the year ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services & Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General Government:								
Administration	\$ 2,691,702	\$ 268,383	-	-	\$ (2,423,319)	-	\$ (2,423,319)	-
Planning commission	6,781	-	-	-	(6,781)	-	(6,781)	-
Building inspection	515,854	193,092	-	-	(322,762)	-	(322,762)	-
Legislative	75,511	-	-	-	(75,511)	-	(75,511)	-
Utility billing	37,147	-	-	-	(37,147)	-	(37,147)	-
Employees' benefits	1,490,762	(424)	-	-	(1,491,186)	-	(1,491,186)	-
Health and welfare	35,000	-	-	-	(35,000)	-	(35,000)	-
Interest and fiscal charges	170,930	193,733	-	-	22,803	-	22,803	-
Total general government	\$ 5,023,687	\$ 654,784	-	-	\$ (4,368,903)	-	\$ (4,368,903)	-
Public Safety:								
Police	\$ 3,767,206	\$ 96,896	\$ 60,787	\$ -	\$ (3,609,523)	-	\$ (3,609,523)	-
Fire	1,538,949	72	13,750	-	(1,525,127)	-	(1,525,127)	-
Municipal Court	662,137	671,653	-	-	9,516	-	9,516	-
Communications	781,070	295	-	328,600	(452,175)	-	(452,175)	-
Animal control	194,850	21,814	5,308	-	(167,728)	-	(167,728)	-
Total public safety	\$ 6,944,212	\$ 790,730	\$ 79,845	\$ 328,600	\$ (5,745,037)	-	\$ (5,745,037)	-
Public Works:								
Transportation	\$ 2,931,650	\$ 13,368	\$ -	\$ 182,124	\$ (2,736,158)	-	\$ (2,736,158)	-
Engineering	56,286	-	-	-	(56,286)	-	(56,286)	-
Recreation	743,664	149,114	289,109	-	(305,441)	-	(305,441)	-
Arkalon	45,145	20,904	29,170	-	4,929	-	4,929	-
Beautification	180,266	4,250	-	-	(176,016)	-	(176,016)	-
Street lighting	296,943	(4,447)	-	-	(301,390)	-	(301,390)	-
Total public works	\$ 4,253,954	\$ 183,189	\$ 318,279	\$ 182,124	\$ (3,570,362)	-	\$ (3,570,362)	-
Community Service:								
Golf course	\$ 605,921	\$ 309,092	\$ -	-	\$ (296,829)	-	\$ (296,829)	-
Parks	722,090	42,289	33,504	-	(646,297)	-	(646,297)	-
Swimming pool	514,090	133,133	-	-	(380,957)	-	(380,957)	-
Cemetery	168,748	-	39,545	-	(129,203)	-	(129,203)	-
Library	587,813	-	-	-	(587,813)	-	(587,813)	-
Educational	1,907,363	26,992	-	-	(1,880,371)	-	(1,880,371)	-
Air Museum	409,801	53,458	156,500	-	(199,843)	-	(199,843)	-
Convention and Tourism	625,675	14,600	-	-	(611,075)	-	(611,075)	-
Total community service	\$ 5,541,501	\$ 579,564	\$ 229,549	-	\$ (4,732,388)	-	\$ (4,732,388)	-
Community/Economic Development:								
Urban Development and Housing	\$ 617,207	\$ 4,295	\$ -	-	\$ (612,912)	-	\$ (612,912)	-
Economic development	866,599	44,849	499,460	-	(322,290)	-	(322,290)	-
Total community/economic development	\$ 1,483,806	\$ 49,144	\$ 499,460	-	\$ (935,202)	-	\$ (935,202)	-
Total governmental activities	\$23,247,160	\$2,257,411	\$1,127,133	\$ 510,724	\$ (19,351,892)	-	\$ (19,351,892)	-

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

CITY OF LIBERAL, KANSAS

Statement 2
(Continued)STATEMENT OF ACTIVITIES
For the year ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and			Component Units
		Charges for	Operating	Capital	Changes in Net Position			
		Services & Other	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Business-Type Activities:								
Water	\$ 4,084,376	\$ 4,664,870	-	\$ -	-	\$ 580,494	\$ 580,494	-
Wastewater	2,456,028	3,790,921	-	-	-	1,334,893	1,334,893	-
Solid Waste	1,899,154	1,743,773	-	-	-	(155,381)	(155,381)	-
Airport	949,571	280,365	-	115,540	-	(553,666)	(553,666)	-
Total business-type activities	\$ 9,389,129	\$10,479,929	-	\$ 115,540	-	\$ 1,206,340	\$ 1,206,340	-
Total Primary Government	\$32,636,289	\$12,737,340	\$1,127,133	\$ 626,264	\$ (19,351,892)	\$ 1,206,340	\$ (18,145,552)	-
Component Units:								
Housing Authority	\$ 744,983	\$ 488,036	\$233,075	-	-	-	-	\$ (23,872)
Library	679,250	58,842	45,058	-	-	-	-	(575,350)
Total Component Units	\$ 1,424,233	\$ 546,878	\$278,133	-	-	-	-	\$ (599,222)
General Revenues:								
Ad valorem property tax					\$ 5,931,588	\$ -	\$ 5,931,588	\$ 587,813
Delinquent tax					171,791	-	171,791	-
Franchise tax					2,038,124	-	2,038,124	-
Motor vehicle tax					845,284	-	845,284	-
Commercial vehicle fees					51,032	-	51,032	-
RHID					86,899	-	86,899	-
Local sales tax					8,519,356	-	8,519,356	-
CID					163,285	-	163,285	-
Liquor tax					119,094	-	119,094	-
Transient guest tax					443,203	-	443,203	-
Rebate of TGT					39,045	-	39,045	-
Highway connecting links					33,162	-	33,162	-
Gasoline tax					542,658	-	542,658	-
Administrative fees					907,219	-	907,219	-
Interest					207,690	89,341	297,031	3,128
Royalties					127,811	19,116	146,927	-
Lease income					72,199	-	72,199	-
Gain or (loss) on disposal of assets					-	(8,165)	(8,165)	-
Transfer in (out)					(279,994)	279,994	-	-
Total general revenues and transfers					\$ 20,019,446	\$ 380,286	\$ 20,399,732	\$ 590,941
Change in Net Position					\$ 667,554	\$ 1,586,626	\$ 2,254,180	\$ (8,281)
Net Position, Beginning					62,794,388	31,894,980	94,689,368	2,069,098
Net Position, Ending					\$ 63,461,942	\$33,481,606	\$ 96,943,548	\$2,060,817

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

CITY OF LIBERAL, KANSAS

Statement 3

BALANCE SHEET
GOVERNMENTAL FUNDS
 December 31, 2018

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Reclassifications</u> <u>and Eliminations</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS						
Cash, including time deposits	\$3,148,512	\$2,896,038	\$2,267,269	\$10,888,953	-	\$19,200,772
Cash, restricted	-	-	106	365,710	-	365,816
Accounts receivable	74,456	30,427	-	40	-	104,923
Interest receivable	3,538	-	-	2,651	-	6,189
Due from other funds	-	-	-	-	-	-
Taxes receivable	4,314,267	-	-	2,274,031	-	6,588,298
Receivable from other governments	497,790	48,556	-	1,376,147	-	1,922,493
Inventory	231,982	-	-	33,261	-	265,243
Prepaid expense	<u>112,336</u>	<u>-</u>	<u>-</u>	<u>86,578</u>	<u>-</u>	<u>198,914</u>
Total Assets	<u>\$8,382,881</u>	<u>\$2,975,021</u>	<u>\$2,267,375</u>	<u>\$15,027,371</u>	<u>-</u>	<u>\$28,652,648</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
<u>Liabilities</u>						
Accounts payable	\$ 162,566	\$ 24,227	\$ 106	\$ 375,051	-	\$ 561,950
Accrued wages and benefits	258,229	2,779	-	97,537	-	358,545
Due to other funds	-	-	-	-	-	-
Bank overdraft	<u>-</u>	<u>45,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,266</u>
Total liabilities	<u>\$ 420,795</u>	<u>\$ 72,272</u>	<u>\$ 106</u>	<u>\$ 472,588</u>	<u>-</u>	<u>\$ 965,761</u>
<u>Deferred Inflows of Resources</u>						
Deferred revenue	<u>\$4,011,510</u>	<u>-</u>	<u>-</u>	<u>\$ 2,210,008</u>	<u>-</u>	<u>\$ 6,221,518</u>
<u>Fund Balances</u>						
Nonspendable for accounts receivable, inventory and prepaid expenses	\$1,222,859	\$ 59,985	\$ -	\$ 1,562,700	-	\$ 2,845,544
Assigned for encumbrances	12,867	-	-	74,523	-	87,390
Assigned to:						
Special Revenue Funds	-	-	-	10,707,552	-	10,707,552
Capital Projects Funds	-	2,842,764	-	-	-	2,842,764
Debt Service Funds	-	-	2,267,269	-	-	2,267,269
Unassigned	<u>2,714,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,714,850</u>
Total fund balances	<u>\$3,950,576</u>	<u>\$2,902,749</u>	<u>\$2,267,269</u>	<u>\$12,344,775</u>	<u>-</u>	<u>\$21,465,369</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$8,382,881</u>	<u>\$2,975,021</u>	<u>\$2,267,375</u>	<u>\$15,027,371</u>	<u>-</u>	<u>\$28,652,648</u>

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

CITY OF LIBERAL, KANSAS

Statement 3
(Continued)

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

December 31, 2018

Total Governmental Fund Balances	\$21,465,369
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and deferred outflows of resources used in governmental activities are not financial resources and therefore are not reported in the funds:	
Capital assets net of accumulated depreciation of \$59,800,408	53,110,399
Deferred outflows of resources	1,768,454
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Deferred bond cost	45,522
Accumulated amortization	(20,068)
Long-term liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
General obligation bonds payable	(750,000)
Lease purchase contracts payable	(1,230,352)
Accrued interest	(13,838)
Accrued compensated absences	(926,624)
Deferred bond premium	(2,147)
Accumulated accretion	47
Net pension obligation	(9,486,717)
Pension related deferred inflows of resources	<u>(498,103)</u>
Net Position of Governmental Activities	<u>\$63,461,942</u>

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

CITY OF LIBERAL, KANSAS

Statement 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

For the year ended December 31, 2018

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Revenues</u>					
Taxes	\$ 6,935,037	\$ -	\$ 35	\$ 2,248,879	\$ 9,183,951
Intergovernmental	3,771,670	111,881	-	7,632,866	11,516,417
Licenses, permits, & fees	172,295	-	-	-	172,295
Charges for services	785,009	-	-	157,461	942,470
Fines and forfeitures	671,653	-	-	-	671,653
Interest income	122,885	-	-	81,223	204,108
Royalty and lease income	198,328	-	-	632	198,960
Entities' share	-	1,236,502	-	-	1,236,502
Contribution	28,000	-	-	554,895	582,895
Miscellaneous	240,096	-	193,733	223,525	657,354
General long-term debt issued	-	-	-	-	-
Total revenues	<u>\$12,924,973</u>	<u>\$1,348,383</u>	<u>\$ 193,768</u>	<u>\$10,899,481</u>	<u>\$25,366,605</u>
<u>Expenditures</u>					
Current Operations:					
General Government:					
Administration	\$ 1,998,252	-	-	\$ -	\$ 1,998,252
Planning commission	6,781	-	-	-	6,781
Building inspection	529,532	-	-	-	529,532
Legislative	76,447	-	-	-	76,447
Building maintenance	136,839	-	-	-	136,839
Utility billing	36,408	-	-	-	36,408
Employees' benefits	-	-	-	1,677,033	1,677,033
Health and welfare	-	-	-	35,000	35,000
Total general gov.	<u>\$ 2,784,259</u>	<u>-</u>	<u>-</u>	<u>\$ 1,712,033</u>	<u>\$ 4,496,292</u>
Public Safety:					
Police	\$ 3,556,849	-	-	\$ 180,110	\$ 3,736,959
Fire	1,404,374	-	-	69,725	1,474,099
Municipal Court	659,947	-	-	-	659,947
Communications	-	-	-	789,218	789,218
Animal control	191,913	-	-	94	192,007
Total public safety	<u>\$ 5,813,083</u>	<u>-</u>	<u>-</u>	<u>\$ 1,039,147</u>	<u>\$ 6,852,230</u>

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

CITY OF LIBERAL, KANSAS

Statement 4
(Continued)STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

For the year ended December 31, 2018

<u>Expenditures (Continued)</u>	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Current Operations (Cont.):					
Public Works:					
Transportation	\$ 791,198	-	-	\$ 2,078,100	\$ 2,869,298
Engineering	48,446	-	-	-	48,446
Recreation	450,619	-	-	272,584	723,203
Arkalon	70,194	-	-	49	70,243
Beautification	-	-	-	179,851	179,851
Street lighting	279,484	-	-	-	279,484
Total public works	\$ 1,639,941	-	-	\$ 2,530,584	\$ 4,170,525
Community Service:					
Golf course	\$ 623,432	-	-	\$ -	\$ 623,432
Parks	483,927	-	-	3,054	486,981
Swimming pool	258,358	-	-	-	258,358
Cemetery	161,692	-	-	4,683	166,375
Library	-	-	-	587,813	587,813
Educational	-	-	-	1,907,363	1,907,363
Air Museum	-	-	-	412,912	412,912
Convention & Tourism	-	-	-	923,688	923,688
Total community service	\$ 1,527,409	-	-	\$ 3,839,513	\$ 5,366,922
Community/Economic Development:					
Urban Housing and Development	\$ -	\$ 110,223	-	\$ 619,317	\$ 729,540
Economic development	174,724	-	-	1,017,767	1,192,491
Total community/economic develop.	\$ 174,724	\$ 110,223	-	\$ 1,637,084	\$ 1,922,031
Debt Service:					
Principal	-	-	\$ 14,363	-	\$ 14,363
Interest & other charges	-	-	161,924	-	161,924
Total debt service	-	-	\$ 176,287	-	\$ 176,287
Capital outlay	-	\$3,025,712	-	\$ 602,336	\$ 3,628,048
Total expenditures	\$11,939,416	\$3,135,935	\$ 176,287	\$11,360,697	\$26,612,335

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

CITY OF LIBERAL, KANSAS

Statement 4
(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS

For the year ended December 31, 2018

	<u>General</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Excess (deficiency) of revenues over expenditures	\$ <u>985,557</u>	\$ <u>(1,787,552)</u>	\$ <u>17,481</u>	\$ <u>(461,216)</u>	\$ <u>(1,245,730)</u>
Other Financing Sources (Uses):					
Operating transfers in	\$ -	-	-	\$ 980,257	\$ 980,257
Operating transfers out	(795,763)	-	-	(450,176)	(1,245,939)
Temporary bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	\$ <u>(795,763)</u>	<u>-</u>	<u>-</u>	\$ <u>530,081</u>	\$ <u>(265,682)</u>
Net change in fund balances	\$ 189,794	\$ (1,787,552)	\$ 17,481	\$ 68,865	\$ (1,511,412)
Fund Balances, Beginning	3,795,999	4,661,489	2,249,807	12,140,941	22,848,236
Other Changes:					
Increase or (decrease) in reserves	<u>(35,217)</u>	<u>28,812</u>	<u>(19)</u>	<u>134,969</u>	<u>128,545</u>
Fund Balances, Ending	\$ <u>3,950,576</u>	\$ <u>2,902,749</u>	\$ <u>2,267,269</u>	\$ <u>12,344,775</u>	\$ <u>21,465,369</u>

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

CITY OF LIBERAL, KANSAS

Statement 4
(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

Net Change in Fund Balances – Total Governmental Funds	\$ (1,511,412)
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Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their
estimated useful lives as depreciation expense:

Capital asset purchases capitalized	4,337,007
Capital assets transferred to business-type activities	(14,312)
Depreciation expense	(2,588,930)
Basis of assets disposed of	(31,679)
Accretion	13,538

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the fund:

Current taxes receivable	6,588,298
Prior taxes receivable	(6,603,986)
Current accounts receivable	104,923
Prior accounts receivable	(70,605)
Current due from other funds	-
Prior due from other funds	-
Current receivable from other governments	1,873,937
Prior receivable from other governments	(1,678,244)
Current grants receivable	48,556
Prior grants receivable	(50,171)
Current interest receivable	6,189
Prior interest receivable	(2,599)
Current deferred revenue on receivables	(6,221,518)
Prior deferred revenue on receivables	6,181,703

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

CITY OF LIBERAL, KANSAS

Statement 4
(Continued)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

Issuance of debt in revenue in the governmental funds, but the receipt increases long-term liabilities in the statement of net position:

Bond proceeds	(750,000)
Deferred bond premium	(2,147)
Accumulated accretion	47

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Bond principal payments	895,000
Capital lease principal payments	163,496
Capital lease principal acquired in current year	(149,892)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due:

Current interest payable	(13,838)
Prior interest payable	7,757

Some assets, such as prepaid insurance and inventory, are reported as reserves to fund balances in the governmental funds statement so these amounts are included in the expense accounts on the governmental funds:

Current prepaid maintenance contracts	83,632
Prior prepaid maintenance contracts	(96,416)
Current prepaid insurance	115,282
Prior prepaid insurance	(108,089)
Current inventory	265,243
Prior inventory	(307,590)

Some expense reported in the statement of activities, such as compensated absences and net pension obligation, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Current compensated absences	(926,624)
Prior compensated absences	1,151,895
Current net pension obligation	(9,486,717)
Prior net pension obligation	9,021,946
Net change in deferred outflows of resources	240,116
Net change in pension deferred inflows of resources	<u>183,758</u>

Change in Net Position on Governmental Activities \$ 667,554

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

CITY OF LIBERAL, KANSAS

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2018

	<u>Business-Type Activities</u>				
	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Airport</u>	<u>Totals</u>
ASSETS					
<u>Current Assets</u>					
Cash, including time deposits	\$ 2,148,666	\$ 1,487,476	\$ 231,106	\$ 267,749	\$ 4,134,997
Accounts receivable (net)	180,451	154,230	102,508	34,000	471,189
Unbilled receivable	325,257	171,851	123,165	-	620,273
Interest receivable	1,397	961	304	260	2,922
Inventory	116,318	38,052	70,189	-	224,559
Prepaid expenses	<u>19,661</u>	<u>8,931</u>	<u>8,592</u>	<u>6,931</u>	<u>44,115</u>
Total current assets	<u>\$ 2,791,750</u>	<u>\$ 1,861,501</u>	<u>\$ 535,864</u>	<u>\$ 308,940</u>	<u>\$ 5,498,055</u>
<u>Noncurrent Assets</u>					
Restricted Assets:					
Cash, including time deposits	\$ 1,489,101	\$ 904,402	\$ 545,923	\$ 362,958	\$ 3,302,384
Other Assets:					
Deferred bond cost	148,357	-	-	-	148,357
<u>Less – Amortization</u>	<u>(71,294)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,294)</u>
Capital Assets:					
Construction in progress	2,561,183	5,608,694	-	140,374	8,310,251
Land	774,019	1,042,226	51,349	2,322,206	4,189,800
Buildings	1,283,742	7,362,878	95,763	1,568,828	10,311,211
Improvements other than buildings	18,518,783	6,542,892	2,136	16,516,676	41,580,487
Machinery, equipment, furniture and fixtures	3,182,341	1,761,449	674,991	315,037	5,933,818
Vehicles	392,566	318,903	1,310,745	444,876	2,467,090
<u>Less – Accumulated deprec.</u>	<u>(12,423,404)</u>	<u>(12,426,572)</u>	<u>(1,617,440)</u>	<u>(10,357,309)</u>	<u>(36,824,725)</u>
Total noncurrent assets	<u>\$ 15,855,394</u>	<u>\$ 11,114,872</u>	<u>\$ 1,063,467</u>	<u>\$ 11,313,646</u>	<u>\$ 39,347,379</u>
Total Assets	<u>\$ 18,647,144</u>	<u>\$ 12,976,373</u>	<u>\$ 1,599,331</u>	<u>\$ 11,622,586</u>	<u>\$ 44,845,434</u>

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

CITY OF LIBERAL, KANSAS

Statement 5

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2018

	<u>Business-Type Activities</u>				
	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Airport</u>	<u>Totals</u>
LIABILITIES					
<u>Current Liabilities</u>					
Payable from Current Assets:					
Accounts payable	\$ 196,546	\$ 101,026	\$ 88,972	\$ 16,754	\$ 403,298
Accrued interest payable	32,156	19,455	-	-	51,611
Accrued wages and benefits	25,645	16,543	21,083	6,933	70,204
Unapplied credits	<u>10,617</u>	<u>-</u>	<u>960</u>	<u>3,665</u>	<u>15,242</u>
Total current liabilities payable from current assets	\$ 264,964	\$ 137,024	\$ 111,015	\$ 27,352	\$ 540,355
Payable from Restricted Assets:					
Current portion of general obligation bonds	702,200	-	-	-	702,200
Current portion of lease purchase	<u>323,576</u>	<u>1,502,969</u>	<u>-</u>	<u>-</u>	<u>1,826,545</u>
Total current liabilities	\$ <u>1,290,740</u>	\$ <u>1,639,993</u>	\$ <u>111,015</u>	\$ <u>27,352</u>	\$ <u>3,069,100</u>
<u>Noncurrent Liabilities</u>					
Deferred bond premium	\$ 112,465	\$ -	\$ -	\$ -	\$ 112,465
Less – Amortization	(59,560)	-	-	-	(59,560)
Accrued compensated absences	59,645	41,288	47,433	45,573	193,939
General obligation bonds payable	2,662,800	-	-	-	2,662,800
Lease purchase payable	2,628,062	1,480,567	-	-	4,108,629
Net pension obligation	<u>510,559</u>	<u>294,941</u>	<u>379,394</u>	<u>91,561</u>	<u>1,276,455</u>
Total noncurrent liabilities	\$ <u>5,913,971</u>	\$ <u>1,816,796</u>	\$ <u>426,827</u>	\$ <u>137,134</u>	\$ <u>8,294,728</u>
Total Liabilities	\$ <u>7,204,711</u>	\$ <u>3,456,789</u>	\$ <u>537,842</u>	\$ <u>164,486</u>	\$ <u>11,363,828</u>
NET POSITION					
Net investment in capital assets	\$ 7,996,750	\$ 7,226,934	\$ 517,544	\$10,950,688	\$26,691,916
Restricted for:					
Capital projects	1,461,653	832,399	583,015	399,570	3,276,637
Other purposes	27,448	72,003	-	(36,612)	62,839
Unrestricted	<u>1,956,582</u>	<u>1,388,248</u>	<u>(39,070)</u>	<u>144,454</u>	<u>3,450,214</u>
Total Net Position	\$ <u>11,442,433</u>	\$ <u>9,519,584</u>	\$ <u>1,061,489</u>	\$ <u>11,458,100</u>	\$ <u>33,481,606</u>

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

CITY OF LIBERAL, KANSAS

Statement 6

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS

For the year ended December 31, 2018

	<u>Business-Type Activities</u>				
	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Airport</u>	<u>Totals</u>
<u>Operating Revenues</u>					
Charges for services	\$4,628,629	\$3,789,978	\$1,743,515	\$ 280,365	\$10,442,487
Other sales or services	<u>36,241</u>	<u>943</u>	<u>258</u>	<u>-</u>	<u>37,442</u>
Total operating revenues	<u>\$4,664,870</u>	<u>\$3,790,921</u>	<u>\$1,743,773</u>	<u>\$ 280,365</u>	<u>\$10,479,929</u>
<u>Operating Expenses</u>					
Production:					
Salaries and wages	\$ 87,462	-	-	-	\$ 87,462
Employees' benefits	49,288	-	-	-	49,288
Power, fuel and electrical					
power	607,845	-	-	-	607,845
Repairs and maintenance	189,136	-	-	-	189,136
Other contractual	12,154	-	-	-	12,154
Operating supplies	20,390	-	-	-	20,390
Gas and oil	<u>10,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,772</u>
Total production expenses	<u>\$ 977,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 977,047</u>
Transmission and Distribution:					
Salaries and wages	\$ 358,225	-	-	-	\$ 358,225
Employees' benefits	158,542	-	-	-	158,542
Repairs and maintenance	253,141	-	-	-	253,141
Vehicle insurance	2,954	-	-	-	2,954
Other contractual	6,970	-	-	-	6,970
Gas and oil	14,453	-	-	-	14,453
Other	<u>5,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,949</u>
Total transmission and					
distribution expenses	<u>\$ 800,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 800,234</u>
Vector Control:					
Other	<u>\$ 10,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 10,582</u>

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

CITY OF LIBERAL, KANSAS

Statement 6
(Continued)STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS

For the year ended December 31, 2018

	Business-Type Activities				Totals
	Water	Wastewater	Solid Waste	Airport	
<u>Operating Expenses (Continued)</u>					
Pick-up Service:					
Salaries and wages	-	-	\$ 505,060	-	\$ 505,060
Employees' benefits	-	-	229,915	-	229,915
Repairs and maintenance	-	-	80,270	-	80,270
Landfill service	-	-	515,230	-	515,230
Other contractual	-	-	2,310	-	2,310
Gas and oil	-	-	80,875	-	80,875
Equipment and vehicle ins.	-	-	20,557	-	20,557
Operational supplies	-	-	65,321	-	65,321
Total pick-up service exp.	-	-	\$1,499,538	-	\$ 1,499,538
Plant Operations:					
Salaries and wages	-	\$ 135,605	-	-	\$ 135,605
Employees' benefits	-	69,393	-	-	69,393
Utilities	-	350,913	-	-	350,913
Repairs and maintenance	-	118,583	-	-	118,583
Other contractual	-	1,061	-	-	1,061
Operating supplies	-	402,869	-	-	402,869
Gas and oil	-	22,505	-	-	22,505
Total plant operations expense	-	\$1,100,929	-	-	\$ 1,100,929
Line Operations:					
Salaries and wages	-	\$ 58,459	-	-	\$ 58,459
Employees' benefits	-	21,783	-	-	21,783
Repairs and maintenance	-	51,507	-	-	51,507
Telephone	-	1,611	-	-	1,611
Operating supplies	-	8,929	-	-	8,929
Gas and oil	-	4,402	-	-	4,402
Total line operations exp.	-	\$ 146,691	-	-	\$ 146,691

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

CITY OF LIBERAL, KANSAS

Statement 6
(Continued)STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS

For the year ended December 31, 2018

	Business-Type Activities				Totals
	Water	Wastewater	Solid Waste	Airport	
<u>Operating Expenses (Continued)</u>					
Administrative, General and Billings:					
Salaries and wages	\$ 232,002	\$ 210,193	\$ -	\$ 179,275	\$ 621,470
Employees' benefits	97,009	72,283	-	87,747	257,039
Repairs and maintenance	23,328	3,171	-	45,141	71,640
Audit and legal fees	7,700	5,100	5,500	4,500	22,800
Travel and meetings	18,383	2,234	-	2,720	23,337
Office supplies and expenses	4,834	12,245	-	3,504	20,583
Sales tax	42,519	-	-	-	42,519
Property taxes	-	-	-	35,361	35,361
Utilities and telephone	13,344	5,237	13,286	35,809	67,676
Insurance	31,066	24,957	-	19,813	75,836
Depreciation	788,863	376,539	140,832	504,967	1,811,201
Laboratory expense	-	59,377	-	-	59,377
State water plan	25,623	-	-	-	25,623
Franchise fees	250,000	100,000	100,000	-	450,000
Bad debt expense	19,848	20,644	10,070	668	51,230
Engineering fees	4,950	6,930	-	4,118	15,998
Clean drinking water fee	24,021	-	-	-	24,021
Other	40,906	9,978	-	23,448	74,332
Administration	<u>551,022</u>	<u>232,655</u>	<u>129,928</u>	<u>2,500</u>	<u>916,105</u>
Total administrative exp.	<u>\$2,175,418</u>	<u>\$1,141,543</u>	<u>\$ 399,616</u>	<u>\$ 949,571</u>	<u>\$ 4,666,148</u>
Total operating exp.	<u>\$3,963,281</u>	<u>\$2,389,163</u>	<u>\$1,899,154</u>	<u>\$ 949,571</u>	<u>\$ 9,201,169</u>
Net Operating Income	<u>\$ 701,589</u>	<u>\$1,401,758</u>	<u>\$ (155,381)</u>	<u>\$ (669,206)</u>	<u>\$ 1,278,760</u>

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

CITY OF LIBERAL, KANSAS

Statement 6
(Continued)STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS

For the year ended December 31, 2018

	<u>Business-Type Activities</u>				
	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Airport</u>	<u>Totals</u>
<u>Non-Operating Revenue (Expense)</u>					
Interest income	\$ 41,516	\$ 30,241	\$ 10,065	\$ 7,519	\$ 89,341
Royalty income	-	-	-	19,116	19,116
Interest and fiscal charges	(114,869)	(66,865)	-	-	(181,734)
Amortization of deferred bond cost	(14,668)	-	-	-	(14,668)
Accretion of deferred bond premium	8,442	-	-	-	8,442
Grants and other funding	-	-	-	115,540	115,540
Gain (loss) on disposal of assets	(8,165)	-	-	-	(8,165)
Transfer in (out)	<u>7,016</u>	<u>-</u>	<u>-</u>	<u>272,978</u>	<u>279,994</u>
Total non-operating revenue (expense)	<u>\$ (80,728)</u>	<u>\$ (36,624)</u>	<u>\$ 10,065</u>	<u>\$ 415,153</u>	<u>\$ 307,866</u>
Change in Net Position	\$ 620,861	\$1,365,134	\$ (145,316)	\$ (254,053)	\$ 1,586,626
Net Position, Beginning of year	<u>10,821,572</u>	<u>8,154,450</u>	<u>1,206,805</u>	<u>11,712,153</u>	<u>31,894,980</u>
Net Position, End of year	<u>\$11,442,433</u>	<u>\$9,519,584</u>	<u>\$1,061,489</u>	<u>\$11,458,100</u>	<u>\$33,481,606</u>

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

CITY OF LIBERAL, KANSAS

Statement 7

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

For the year ended December 31, 2018

	Business-Type Activities				Totals
	Water	Wastewater	Solid Waste	Airport	
<u>Cash Flows from Operating Activities</u>					
Cash received from customers	\$ 4,490,538	\$ 3,710,654	\$ 1,719,221	\$ 293,539	\$10,213,952
Cash paid to suppliers and employees	(3,053,092)	(2,077,708)	(1,981,499)	(345,515)	(7,457,814)
Other sales and miscellaneous income	<u>36,241</u>	<u>943</u>	<u>258</u>	<u>-</u>	<u>37,442</u>
Net cash provided (used) by operating activities	<u>\$ 1,473,687</u>	<u>\$ 1,633,889</u>	<u>\$ (262,020)</u>	<u>\$ (51,976)</u>	<u>\$ 2,793,580</u>
<u>Cash Flows from Non-Capital Financing Activities</u>					
Interest paid	\$ (104,554)	-	-	\$ -	\$ (104,554)
Grant income	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,540</u>	<u>115,540</u>
Net cash provided (used) by non-capital financing activities	<u>\$ (104,554)</u>	<u>-</u>	<u>-</u>	<u>\$ 115,540</u>	<u>\$ 10,986</u>
<u>Cash Flows from Capital and Related Financing Activities</u>					
Acquisition of capital assets	\$ (2,700,295)	\$ (933,092)	\$ (164,477)	\$ (290,177)	\$ (4,088,041)
Cash received from bond proceeds	629,670	-	-	-	629,670
Cash received on issuance of lease purchase contract	2,043,419	898,180	-	-	2,941,599
Operating transfer in (out)	-	-	-	265,682	265,682
Payment on lease purchase contract	(240,978)	(1,825,153)	-	-	(2,066,131)
Payment on general obligation bonds	<u>(650,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(650,000)</u>
Net cash provided (used) for capital and related financing activities	<u>\$ (918,184)</u>	<u>\$ (1,860,065)</u>	<u>\$ (164,477)</u>	<u>\$ (24,495)</u>	<u>\$ (2,967,221)</u>
<u>Cash Flows from Investing Activities</u>					
Interest income	\$ 40,712	\$ 29,732	\$ 9,958	\$ 7,362	\$ 87,764
Royalty revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,116</u>	<u>19,116</u>
Net cash provided by investing activities	<u>\$ 40,712</u>	<u>\$ 29,732</u>	<u>\$ 9,958</u>	<u>\$ 26,478</u>	<u>\$ 106,880</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 491,661	\$ (196,444)	\$ (416,539)	\$ 65,547	\$ (55,775)
Cash and Cash Equivalents at Beginning of Year	<u>3,146,106</u>	<u>2,588,322</u>	<u>1,193,568</u>	<u>565,160</u>	<u>7,493,156</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,637,767</u>	<u>\$ 2,391,878</u>	<u>\$ 777,029</u>	<u>\$ 630,707</u>	<u>\$ 7,437,381</u>

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

CITY OF LIBERAL, KANSAS

Statement 7
(Continued)

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the year ended December 31, 2018

	<u>Business-Type Activities</u>				
	<u>Water</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Airport</u>	<u>Totals</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Provided (Used) by Operating Activities</u>					
Operating Income (Loss)	\$ <u>701,589</u>	\$ <u>1,401,758</u>	\$ <u>(155,381)</u>	\$ <u>(669,206)</u>	\$ <u>1,278,760</u>
Adjustments to Reconcile Operating Income to Net Cash					
Provided (Used) by Operating Activities:					
Depreciation expense	\$ 788,863	\$ 376,539	\$ 140,832	\$ 504,967	\$ 1,811,201
Changes in Assets and Liabilities:					
Decrease (increase) in accounts receivable	(119,840)	(58,680)	(13,801)	14,420	(177,901)
Decrease (increase) in prepaid expenses	(737)	(346)	(1,113)	(580)	(2,776)
Decrease (increase) in inventory	64,618	25,833	7,684	-	98,135
(Decrease) increase in unapplied credits	1,597	-	(423)	(577)	597
(Decrease) increase in accrued compensated absences	4,581	1,640	3,384	40,304	49,909
(Decrease) increase in accounts payable	1,223	(102,943)	(268,345)	14,774	(355,291)
(Decrease) increase in accrued salaries	4,729	2,904	4,983	4,845	17,461
(Decrease) increase in net pension obligation	<u>27,064</u>	<u>(12,816)</u>	<u>20,160</u>	<u>39,077</u>	<u>73,485</u>
Total adjustments	\$ <u>772,098</u>	\$ <u>232,131</u>	\$ <u>(106,639)</u>	\$ <u>617,230</u>	\$ <u>1,514,820</u>
Net Cash Provided by Operating Activities	\$ <u>1,473,687</u>	\$ <u>1,633,889</u>	\$ <u>(262,020)</u>	\$ <u>(51,976)</u>	\$ <u>2,793,580</u>

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

CITY OF LIBERAL, KANSAS

Statement 8

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
 December 31, 2018

	<u>Agency Funds</u>						
	<u>Insurance</u>	<u>Municipal Court</u>	<u>Health Insurance Reserve</u>	<u>Employee Cafeteria Fund</u>	<u>Payroll Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
ASSETS							
Cash, including time deposits	\$ <u>283,897</u>	\$ <u>6,617</u>	\$ <u>665,451</u>	\$ <u>670</u>	\$ <u>64</u>	\$ <u>27,590</u>	\$ <u>984,289</u>
LIABILITIES							
Due others	\$ <u>283,897</u>	\$ <u>6,617</u>	\$ <u>665,451</u>	\$ <u>670</u>	\$ <u>64</u>	\$ <u>27,590</u>	\$ <u>984,289</u>

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

CITY OF LIBERAL, KANSAS

Statement 9

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
December 31, 2018

	<u>Insurance</u>	<u>Municipal Court</u>	<u>Health Insurance Reserve</u>	<u>Employee Cafeteria Fund</u>	<u>Payroll Fund</u>	<u>Evidence Fund</u>	<u>Total</u>
ADDITIONS							
Payroll withholdings and employer taxes and benefits	\$7,614,265	\$ -	\$ 2,308	\$ 4,447	\$ 7,868	\$ -	\$7,628,888
Bonds posted	<u>-</u>	<u>34,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,588</u>	<u>76,410</u>
Total additions	<u>\$7,614,265</u>	<u>\$ 34,822</u>	<u>\$ 2,308</u>	<u>\$ 4,447</u>	<u>\$ 7,868</u>	<u>\$ 41,588</u>	<u>\$7,705,298</u>
DEDUCTIONS							
Personnel services	\$7,599,734	\$ -	\$ 213,017	\$ 4,040	\$ 7,804	\$ -	\$7,824,595
Contractual services	<u>-</u>	<u>30,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,360</u>	<u>79,585</u>
Total deductions	<u>\$7,599,734</u>	<u>\$ 30,225</u>	<u>\$ 213,017</u>	<u>\$ 4,040</u>	<u>\$ 7,804</u>	<u>\$ 49,360</u>	<u>\$7,904,180</u>
Change in Net Position	\$ 14,531	\$ 4,597	\$ (210,709)	\$ 407	\$ 64	\$ (7,772)	\$ (198,882)
Net Position – Beginning of Year	<u>269,366</u>	<u>2,020</u>	<u>876,160</u>	<u>263</u>	<u>-</u>	<u>35,362</u>	<u>1,183,171</u>
Net Position – End of Year	<u>\$ 283,897</u>	<u>\$ 6,617</u>	<u>\$ 665,451</u>	<u>\$ 670</u>	<u>\$ 64</u>	<u>\$ 27,590</u>	<u>\$ 984,289</u>

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

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Liberal, Kansas is a municipal corporation governed by an elected five-member commission. The City's major operations include police and fire protection, library, parks, recreation, public works and general administrative services. In addition, the City owns and operates a water, wastewater and solid waste system.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

A. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

Discretely presented component units of the City of Liberal, Kansas are as follows:

1. Housing Authority – An appointed City board operates the City’s housing projects. The authority can sue and be sued, and can buy, sell or lease real property. Bond issuances must be approved by the City. The authority has a year end of September 30. Copies of the financial statements may be obtained from the Housing Authority located at Parklane Towers, 1401 N. New York Ave., Liberal, Kansas.
2. Library Board – An appointed City board operates the municipal library. The City Commissioners must approve acquisition or disposition of real property. Bond issuances must also be approved by the City’s governing body. Copies of the financial statements may be obtained from the Library located at 519 N. Kansas, Liberal, Kansas.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the City (primary government) as a whole. They include all funds of the reporting entity except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include

- 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each on which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally or administratively restricted to expenditures for certain purposes.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Governmental Funds (Continued):

Capital Projects Fund

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items (other than those financed by enterprise funds). The reporting entity includes only one Capital Projects Fund and it is used to account for the acquisition of capital assets with transfers made from the General Fund.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt and the financing of special assessments that are general obligations of the City (other than debt service payments made by enterprise funds).

Proprietary Fund:

Enterprise Fund

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Fiduciary Funds (Not included in government-wide statements):

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

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 governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement 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 and fiduciary fund financial statements. 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.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont.)

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for financial resources segregated for the acquisition of major capital facilities (other than those financed by enterprise funds).

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The government reports the following major proprietary funds:

The Water Fund accounts for the water services to residents of the City and some residents of the County.

The Wastewater Fund accounts for the sewer services to residents of the City and some residents of the County.

The Solid Waste Fund accounts for the pick-up service of trash and garbage to the residents of the City and some residents of the County.

The Airport Fund accounts for all income and revenue derived from the operations of the Airport Industrial Park.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal 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 include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, “cash, including time deposits” includes all demand and savings accounts and certificates of deposits of the City. For the purposes of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less.

Receivables and Payables

Activity between funds that are outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

The City records water revenue billed to its customers when meters are read on a monthly basis. Charges for sewage treatment and refuse services are billed monthly.

Only amounts of delinquent tax collected by the County Treasurer are included as receivables. Records of back tax are such that it is impracticable to ascertain the amounts that represent receivables.

Receivables of the general and special revenue funds are not available as resources that can be used to finance the current year operations of the City and, consequently, are offset by reserves in the fund statements for control purposes.

With the exception of back taxes, accounts receivable, which were considered doubtful as to collectability, have been charged off. Therefore, a provision for uncollectible accounts has not been recognized for statement presentation.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Inventories and Prepaid Items

Inventories in the general fund consist of expendable supplies held for the City's use and are carried at cost using the first-in, first-out method. Inventories are expensed when purchased for fund financials and expensed when used for government-wide financials.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	30 to 50 years
Motor vehicles and motorized equipment	3 to 7 years
Furniture, machinery and equipment	5 to 8 years
Extensions	50 years
Infrastructure	20 to 90 years

The City has a collection of airplanes presented for public exhibition and education that is being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other acquisitions. The collection is not capitalized or depreciated as part of capital assets.

Compensated Absences

The City accrues accumulated unpaid vacation when earned (or estimated to be earned) by the employee. Sick leave is not required to be accrued as of December 31, 2018.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

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 or business-type activities 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 bond 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.

Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

Net Investment in Capital Assets – Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted Net Position – Consists of net position that is restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – All other net position is reported in this category.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can be used only for specific purposes determined by a formal action by City Commission ordinance or resolution.

Assigned – Amounts that are designated by City officials for a particular purpose.

Unassigned – All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues, Expenditures and Expenses

Revenues

Substantially all governmental fund revenues are accrued. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Collection of current year property taxes by the County Treasurer is not completed, apportioned, nor 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.

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased. Principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Requirements, Accounting and Reporting

Requirements for all funds:

- A. Annual budgets are adopted for most City funds. Such budgets are based on expected expenditures by program within a fund and estimated resources by source for all funds. 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 funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:
 - a. Preparation of the budget for the succeeding calendar year on or before August 1st.
 - b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
 - c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
 - d. Adoption of the final budget on or before August 25th.
- B. For day-to-day management control, expenditures plus encumbrances may not exceed budget at the expenditure-type (i.e., personnel services, other operations and maintenance, etc.) level of each cost center (activity within a program within a fund).
- C. 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. Any unused budgeted expenditure authority lapses at year end.
- D. 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.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budget Requirements, Accounting and Reporting (Continued)

- E. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplementary Information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual.
- F. A legal operating budget is not required for capital projects funds, fiduciary type funds, and the following special revenue funds:
 - a. Municipal Equipment Fund
 - b. Bequest Fund
 - c. Diversion Program Fund
 - d. Cemetery Perpetual Fund
 - e. Fire Insurance Proceeds Fund
 - f. Police Step Grant Fund
 - g. Nighttime Seatbelt Grant Fund
 - h. Edward Byrne Memorial 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.

- G. During the year ended December 31, 2018 the City did not over expend the legal operating budget in any fund.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year end, except for the portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 3: DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City of Liberal. The statute requires banks eligible to hold the City of Liberal's funds have a main or branch bank in the county in which the City of Liberal 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 of Liberal has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City of Liberal'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 of Liberal has no investment policy that would further limit its investment choices.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, the City of Liberal's deposits may not be returned or the City of Liberal will not be able to recover collateral securities in the possession of an outside party. The City of Liberal's policy requires deposits to be 100 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service, as determined by a rating of C minus or above by independent rating agencies. Collateral agreements must be approved prior to deposit of funds as provided by law. The City of Liberal Commission approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or the City of Liberal Finance Director. Custodial credit risk for deposits is not formally addressed by bond indentures or pension trust policy. Indentures require that restricted deposits be maintained by the trustee bank specified in the indenture. Pension trust investment policy restricts uninvested cash to minimal balances generally covered by the FDIC.

Deposits of the City of Liberal's reporting entity are insured or collateralized with securities held by the City of Liberal, its agent, or by the pledging financial institutions' trust department or agent in the name of the City of Liberal or applicable public trust.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 3: DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2018, the City of Liberal's carrying amount of deposits, including certificates of deposit, was \$19,577,735 and the bank balance was \$19,601,919. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remaining \$18,601,919 was collateralized with securities held by the pledging financial institution's agent in the City of Liberal's name.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City of Liberal will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

As of December 31, 2018, the City of Liberal's reporting entity had the following investments:

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Credit Risk</u>
Primary Government			
<u>Pooled Investments</u>			
Kansas Municipal Investment Pool:			
General Government	\$8,201,430	\$8,201,430	
Health Insurance Reserve	153,563	153,563	

Government pools are considered a cash equivalent on the government-wide statement of net position.

City Investment Policy

The City of Liberal's current investment policy is complying with state statutes as to type of investments allowed. The City is currently in the process of developing a policy that will be more detailed in the assessment of credit risk and interest rate risk.

The City has historically only used investments in U.S. Agency Notes with short-term maturities. These policies have left the City with relatively low levels of credit risk and interest rate risk.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 4: CAPITAL ASSETS AND DEPRECIATION

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital Assets, not Being Depreciated:					
Land	\$ 1,772,238	\$ 311,373	\$ -	-	\$ 2,083,611
Construction in progress	<u>16,880,244</u>	<u>2,770,229</u>	<u>5,025,666</u>	-	<u>14,624,807</u>
Total capital assets, not being depreciated	<u>\$18,652,482</u>	<u>\$ 3,081,602</u>	<u>\$5,025,666</u>	-	<u>\$16,708,418</u>
Capital Assets, Being Depreciated:					
Buildings	\$ 8,935,237	\$ 530,434	\$ 55,707	\$ -	\$ 9,409,964
Structures and improvements other than buildings	8,264,372	1,578,758	30,794	-	9,812,336
Machinery, equipment, furniture and fixtures	6,030,910	887,235	294,923	(17,411)	6,605,811
Vehicles	5,598,266	750,316	143,673	(10,092)	6,194,817
Streets and other assets	<u>61,659,305</u>	<u>2,534,328</u>	<u>14,172</u>	-	<u>64,179,461</u>
Total capital assets, being depreciated	<u>\$90,488,090</u>	<u>\$ 6,281,071</u>	<u>\$ 539,269</u>	<u>\$ (27,503)</u>	<u>\$96,202,389</u>
<u>Less</u> – Accumulated Depreciation for:					
Buildings	\$ 5,639,686	\$ 249,400	\$ 49,679	\$ -	\$ 5,839,407
Structures and improvements other than buildings	4,266,462	411,648	18,514	-	4,659,596
Machinery, equipment, furniture and fixtures	4,851,118	358,971	293,475	(10,395)	4,906,219
Vehicles	4,881,431	367,821	131,803	(2,796)	5,114,653
Streets and other assets	<u>38,093,562</u>	<u>1,201,090</u>	<u>14,119</u>	-	<u>39,280,533</u>
Total accumulated depreciation	<u>\$57,732,259</u>	<u>\$ 2,588,930</u>	<u>\$ 507,590</u>	<u>\$ (13,191)</u>	<u>\$59,800,408</u>
Total Capital Assets, Being Depreciated, Net	<u>\$32,755,831</u>	<u>\$ 3,692,141</u>	<u>\$ 31,679</u>	<u>\$ (14,312)</u>	<u>\$36,401,981</u>
Governmental Activities Capital Assets, Net	<u>\$51,408,313</u>	<u>\$ 6,773,743</u>	<u>\$5,057,345</u>	<u>\$ (14,312)</u>	<u>\$53,110,399</u>

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 4: CAPITAL ASSETS AND DEPRECIATION (Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-Type Activities:					
Capital Assets, not Being Depreciated:					
Land	\$ 4,173,000	\$ 16,800	\$ -	-	\$ 4,189,800
Construction in progress	<u>5,846,988</u>	<u>2,866,731</u>	<u>403,468</u>	<u>-</u>	<u>8,310,251</u>
Total capital assets, not being depreciated	<u>\$10,019,988</u>	<u>\$ 2,883,531</u>	<u>\$ 403,468</u>	<u>-</u>	<u>\$12,500,051</u>
Capital Assets, Being Depreciated:					
Buildings	\$ 9,603,609	\$ 707,602	\$ -	\$ -	\$10,311,211
Structures and improvements other than buildings	41,592,799	2,193	14,505	-	41,580,487
Machinery, equipment, furniture and fixtures	6,011,391	300,495	395,479	17,411	5,933,818
Vehicles	<u>1,861,811</u>	<u>597,687</u>	<u>2,500</u>	<u>10,092</u>	<u>2,467,090</u>
Total capital assets, being depreciated	<u>\$59,069,610</u>	<u>\$ 1,607,977</u>	<u>\$ 412,484</u>	<u>\$ 27,503</u>	<u>\$60,292,606</u>
Less – Accumulated Depreciation for:					
Buildings	\$ 8,278,062	\$ 222,474	\$ -	\$ -	\$ 8,500,536
Structures and improvements other than buildings	21,960,933	992,390	14,505	-	22,938,818
Machinery, equipment, furniture and fixtures	3,662,437	436,297	387,315	10,395	3,721,814
Vehicles	<u>1,503,221</u>	<u>160,040</u>	<u>2,500</u>	<u>2,796</u>	<u>1,663,557</u>
Total accumulated depreciation	<u>\$35,404,653</u>	<u>\$ 1,811,201</u>	<u>\$ 404,320</u>	<u>\$ 13,191</u>	<u>\$36,824,725</u>
Total Capital Assets, Being Depreciated, Net	<u>\$23,664,957</u>	<u>\$ (203,224)</u>	<u>\$ 8,164</u>	<u>\$ 14,312</u>	<u>\$23,467,881</u>
Business-Type Activities Capital Assets, Net	<u>\$33,684,945</u>	<u>\$ 2,680,307</u>	<u>\$ 411,632</u>	<u>\$ 14,312</u>	<u>\$35,967,932</u>

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 4: CAPITAL ASSETS AND DEPRECIATION (Continued)

Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities:

General Government:

Administration	\$ 129,602
Building inspection	17,463
Utility billing	1,184

Public Safety:

Police	168,526
Fire	197,528
Municipal Court	4,605
Communications	2,436
Traffic Control	6,239

Public Works:

Transportation	1,317,413
Engineering	142
Recreation	60,149
Arkalon	14,700
Beautification	362
Street lighting	10,755

Community Service:

Golf course	48,255
Parks	243,930
Swimming pool	260,594
Cemetery	23,875
Air Museum	9,127
Convention and Tourism	17,789

Community/Economic Development:

Urban Development and Housing	401
Economic Development	<u>53,855</u>

Total Governmental Activities Depreciation Expense \$2,588,930

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 4: CAPITAL ASSETS AND DEPRECIATION (Continued)

Business-Type Activities:

Water	\$ 788,863
Wastewater	376,539
Solid Waste	140,832
Airport	<u>504,967</u>

Total Business-Type Activities Depreciation Expense	<u>\$1,811,201</u>
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Note 5: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Interfund Transfers:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Air Museum Fund	\$ 110,000
	Bequest Fund	32,000
	Communication Center Fund	492,900
	Municipal Equipment Reserve	83,000
	City Sales Tax Fund	77,863
General Fund (non-cash)	Water Utility Fund	7,016
General Fund (non-cash)	Airport	7,296
Tourism Fund	Air Museum Fund	150,500
Diversion Fund	Municipal Equipment Reserve	23,942
Street and Drainage	Municipal Equipment Reserve	10,962
Economic Development	Airport	265,682
Crime & Prevention – Drugs & Alcohol	Municipal Equipment Reserve	<u>10,052</u>
Total		<u>\$1,271,213</u>

The transfers listed above were made according to the approved budget except for the transfers to the Bond and Interest Fund, which were made in accordance with KSA 12-6a16.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 6: LONG-TERM DEBT

Lease Purchase Contracts

The City of Liberal, Kansas has entered into several lease purchase contracts. Contracts outstanding at year end are as follows:

<u>Fund</u>	<u>Interest Rates</u>	<u>Amount</u>
General	4.724%	\$ 696,239
General	3.40%	43,437
General	2.30%	188,670
General	2.72%	173,643
General	4.13%	128,363
Water	2.50%	893,011
		<u>\$2,123,363</u>

Lease purchase debt service requirements to maturity, including \$234,850 of interest, are as follows:

<u>Year</u>	<u>General Fund</u>	<u>Water Fund</u>	<u>Total</u>
2019	\$ 212,152	\$ 267,965	\$ 480,117
2020	212,152	267,965	480,117
2021	212,152	267,965	480,117
2022	196,428	133,984	330,412
2023	196,428	-	196,428
2024-2026	<u>390,859</u>	<u>-</u>	<u>390,859</u>
	<u>\$1,420,171</u>	<u>\$ 937,879</u>	<u>\$2,358,050</u>

KDHE Revolving Loans

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for the Engineering and Administrative portion of the Sewer Plant & Interceptor Line Project. The loan was entered into on February 2, 2015 with an interest rate of 2.20% and a maximum amount of \$2,985,000. As of December 31, 2018, \$2,288,786 had been drawn on this loan and the payback amount was \$370,583. Principal payments of \$164,070 were made in 2018. The payback period for the amount of the loan remaining is 18 years.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 6: LONG-TERM DEBT (Continued)

KDHE Revolving Loans (Continued)

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for the Construction portion of the Sewer Plant & Interceptor Line Project. The loan was entered into on April 22, 2015 with an interest rate of 2.11% and a maximum amount of \$26,643,080. As of December 31, 2018, \$2,872,764 had been drawn on this loan and the payback amount was \$1,639,862. Principal payments of \$1,586,120 were made in 2018. The payback period for the amount of the loan remaining is 19 years.

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE), using the Kansas Public Water Supply Loan Fund for the Engineering and Construction of the Water System Improvements Project. The loan was entered into on January 5, 2017 with an interest rate of 2.16% and a maximum amount of \$3,789,419. As of December 31, 2018, \$2,058,628 had been drawn on this loan and the payback amount was \$0. Principal payments of \$0 were made in 2018. The payback period for the amount of the loan remaining is 20 years.

<u>Fund</u>	<u>Interest Rates</u>	<u>Amount</u>
Wastewater	2.20%	\$1,566,148
Wastewater	2.11%	1,417,387
Water	2.16%	<u>2,058,628</u>
		<u>\$5,042,163</u>

KDHE Revolving Loan requirements to maturity, including \$568,435 of interest are as follows:

<u>Year</u>	<u>Wastewater Fund</u>	<u>Water Fund</u>
2019	\$1,624,094	\$ 117,170
2020	185,292	234,340
2021	185,292	234,340
2022	185,292	234,340
2023	185,292	243,340
2024-2039	<u>1,019,106</u>	<u>1,171,700</u>
	<u>\$3,384,368</u>	<u>\$2,226,230</u>

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 6: LONG-TERM DEBT (Continued)

General Obligation Bonds

The City of Liberal, Kansas issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.00%	\$ 750,000
Business-type activities – Water	3.00% - 4.00%	<u>3,365,000</u>
		<u>\$4,115,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 37,500	\$ 26,441	\$ 702,500	\$ 88,346
2020	42,857	20,976	632,143	70,755
2021	42,857	20,112	337,143	57,344
2022	45,536	19,184	359,464	47,054
2023	45,536	18,196	364,464	35,933
2024-2033	<u>535,714</u>	<u>102,948</u>	<u>969,286</u>	<u>100,371</u>
	<u>\$750,000</u>	<u>\$207,857</u>	<u>\$3,365,000</u>	<u>\$ 399,803</u>

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 6: LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General obligation bonds	\$ 895,000	\$ 750,000	\$ 895,000	\$ 750,000	\$ 37,800
Capital leases	1,243,956	149,892	163,496	1,230,352	166,242
Compensated absences	991,895	926,624	991,895	926,624	926,624
Net pension obligation	<u>9,021,946</u>	<u>9,486,717</u>	<u>9,021,946</u>	<u>9,486,717</u>	<u>9,486,717</u>
Governmental activity long-term liabilities	<u>\$12,152,797</u>	<u>\$11,313,233</u>	<u>\$11,072,337</u>	<u>\$12,393,693</u>	<u>\$10,617,383</u>
Business-Type Activities:					
General obligation bonds	\$ 3,365,000	\$ 650,000	\$ 650,000	\$ 3,365,000	\$ 702,200
Capital leases	1,133,989	-	240,978	893,011	247,332
KDHE revolving loan	3,835,545	2,956,808	1,750,190	5,042,163	1,579,213
Compensated absences	144,030	193,939	144,030	193,939	193,939
Net pension obligation	<u>1,202,968</u>	<u>1,276,455</u>	<u>1,202,968</u>	<u>1,276,455</u>	<u>1,276,455</u>
Business-type activity long-term liabilities	<u>\$ 9,681,532</u>	<u>\$ 5,077,202</u>	<u>\$ 3,988,166</u>	<u>\$10,770,568</u>	<u>\$ 3,999,139</u>

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 7: DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Liberal, Kansas participates in a cost-sharing multiple-employer 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:
 - o State/School employees
 - o 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 Public Employees, and Police and Firemen employee groups.

KPERs issues a stand-alone comprehensive annual financial report, which is available on the KPERs website at www.kpers.org.

Benefits Provided

Benefits are established by statute and may only be changed by the General Assembly. 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 credited service equal 85 "points" (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).

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided (Continued)

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 State of 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.

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.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

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 be determined based on the results of each annual actuarial valuation for each of the three state wide pension groups. 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, which includes the state and the school 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 for City employees are as follows:

	<u>Actuarial</u> <u>Employer</u> <u>Rate</u>	<u>Statutory</u> <u>Employer</u> <u>Capped Rate</u>
Local government employees	8.39%	8.39%
Police and Firemen	20.09%	20.09%

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

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

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 KPERS' 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 year 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 0.368628%, which was an increase of 0.019560% from its proportion measured at June 30, 2017. At June 30, 2018, the City's proportion for the Police and Firemen group was 0.584625%, which was an increase of 0.033455% from its proportion measured at June 30, 2017.

Net Pension Liability

At December 31, 2018, the City reported a liability of \$5,137,900 and \$5,625,272, respectively, for its total proportionate share of the net pension liability for the Local and Police and Firemen groups.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

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. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.50%-12.00%, 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 Healthy Annuitant Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on 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 January 1, 2013 through December 31, 2015.

The long-term expected rate of return on 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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2018 are summarized in the following table:

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Long-term Target 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)
Total	<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 statutory cap for the year ended June 30, 2018 was 1.2 percent. The projection of cash flows used to determine the discount rates assumed that contributions from plan members will be made within the same range as have been made during the past few years.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 7: 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 table 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 one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate:

	<u>1% Decrease</u> <u>(6.75%)</u>	<u>Discount Rate</u> <u>(7.75%)</u>	<u>1% Increase</u> <u>(8.75%)</u>
Local	\$ 7,535,480	\$ 5,137,900	\$3,111,729
Police and Firemen	<u>8,017,130</u>	<u>5,625,272</u>	<u>3,622,758</u>
	<u>\$15,552,610</u>	<u>\$10,763,172</u>	<u>\$6,734,487</u>

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 as shown in the following tables. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members in the beginning of the measurement period. Investment gains and losses are recognized over a fixed five year period.

	<u>Deferred Outflows of Resources</u>		
	<u>Local</u>	<u>Police & Firemen</u>	<u>Total</u>
Differences between expected and actual experience	\$ 18,550	\$ 343,720	\$ 362,270
Net difference between projected and actual earnings on pension plan investments	120,192	146,398	266,590
Changes in assumptions	222,493	296,223	518,716
Changes in proportion	<u>360,427</u>	<u>260,451</u>	<u>620,878</u>
	<u>\$721,662</u>	<u>\$1,046,792</u>	<u>\$1,768,454</u>

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

	<u>Deferred Inflows of Resources</u>		
	<u>Local</u>	<u>Police & Firemen</u>	<u>Total</u>
Differences between expected and actual experience	\$145,585	\$ 25,989	\$ 171,574
Net differences between projected and actual earnings on pension plan investments	-	-	-
Changes of assumptions	24,742	15,526	40,268
Changes in proportion	<u>102,385</u>	<u>183,876</u>	<u>286,261</u>
	<u>\$272,712</u>	<u>\$225,391</u>	<u>\$ 498,103</u>

The net deferred outflows of resources and (deferred inflows) of resources as of June 30, 2018 that will be recognized in pension expense in future years are as follows:

<u>Fiscal Year</u>	<u>Local</u>	<u>Police & Firemen</u>	<u>Total</u>
2019	\$232,391	\$391,558	\$ 623,949
2020	189,412	262,139	451,551
2021	(24,562)	54,453	29,891
2022	41,002	92,961	133,963
2023	<u>10,706</u>	<u>20,289</u>	<u>30,995</u>
	<u>\$448,949</u>	<u>\$821,400</u>	<u>\$1,270,349</u>

Pension Expense

For the year ended December 31, 2018, the City recognized Local pension expense of \$470,172 and Police and Firemen pension expense of \$849,327, 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.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 8: RISK MANAGEMENT

The local government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The City of Liberal, Kansas established a health benefit plan for active full time employees who are working full normal work-weeks (not less than 30 hours) and are receiving full compensation. The City participates in a fully-insured benefit plan where claims are administered and processed through Blue Cross/Blue Shield of Kansas. The benefit year is a period of 12 months starting on January 1 and ending December 31.

Note 9: CONTINGENT LIABILITIES AND COMMITMENTS

Federal Assistance

The City of Liberal participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives for audits of these programs for or including the year ending December 31, 2018.

It is possible that the City's compliance with applicable grant agreements may be established at some future date. The amount of expenditures which may be disallowed by the grantor agencies cannot be determined at this date, although the City expects such amounts, if any, to be immaterial.

Environmental Issues

Environmental issues pertaining to the City of Liberal are subject to state and federal requirements. The amount of expenditures required, if any, is not presently ascertainable.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 10: CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2018, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$9,204,683.

Note 11: AIRPORT LEASES

The City of Liberal leases space at the municipal airport to individuals and businesses. The lease contracts are for one year terms. The revenue is reported in the Airport Proprietary Fund.

Note 12: TAX ABATEMENTS

The City enters into property tax abatement agreements with local developers under Kansas statutes 12-5241 et seq., which authorizes a city to designate rural housing incentive districts. Under the statutes, the City is authorized to reimburse the developer for all or a portion of the costs of implementing the development through the use of property tax increments allocated to the City under the provisions of the statute.

For the year ended December 31, 2018, property taxes abated totaled \$86,899 under the rural housing incentive districts program.

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2018

(Continued)

Note 12: TAX ABATEMENTS (Continued)

The City enters into sales tax abatement agreements with local developers under Kansas statutes 12-6a26 et seq., which enables a city to create a district for the purpose of financing various improvements from specially designated revenues, including assessments and/or a CID sales tax of up to 2%. Under the statutes, the City is authorized to reimburse the developer for expenditures that are for economic development purposes.

For the year ended December 31, 2018, sales taxes abated totaled \$163,285 under the community improvement district program. The City's share of the abated sales taxes was \$8,164.

Note 13: CONTINGENCIES

A personnel matter that occurred in January 2018 will probably result in the pay-out of a contract; therefore, accrued wages and benefits were increased in the amount of \$160,000. There is a possibility that a court will deem the party is not entitled to any compensation or is entitled to additional compensation of up to approximately \$255,000 beyond the accrued amount.

Note 14: SUBSEQUENT EVENTS

The City of Liberal's management has evaluated events and transactions through August 26, 2019, the date which the financial statements were available to be issued.

CITY OF LIBERAL, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LIBERAL, KANSAS

Schedule 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2018

<u>Revenues</u>	<u>Original & Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Taxes:			
Ad valorem property tax	\$4,198,545	\$4,028,206	\$ (170,339)
Delinquent tax	75,000	117,152	42,152
Franchise	1,890,000	2,100,147	210,147
Motor vehicle tax	548,823	568,233	19,410
Commercial vehicle fees	41,165	34,400	(6,765)
RHID	80,000	86,899	6,899
Total taxes	<u>\$6,833,533</u>	<u>\$6,935,037</u>	<u>\$ 101,504</u>
Intergovernmental:			
Local sales tax	\$2,750,000	\$2,628,790	\$ (121,210)
CID	80,000	163,285	83,285
Private club liquor tax	31,500	37,188	5,688
Highway connecting links	33,000	33,162	162
Administrative fees	<u>355,000</u>	<u>907,219</u>	<u>552,219</u>
Total intergovernmental	<u>\$3,249,500</u>	<u>\$3,769,644</u>	<u>\$ 520,144</u>
Licenses, Permits, and Fees:			
Building permits	\$ 101,000	\$ 90,187	\$ (10,813)
Occupational licenses	35,000	32,995	(2,005)
Other licenses and fees	35,500	21,535	(13,965)
Vehicle inspections	<u>35,000</u>	<u>27,578</u>	<u>(7,422)</u>
Total licenses, permits, and fees	<u>\$ 206,500</u>	<u>\$ 172,295</u>	<u>\$ (34,205)</u>
Charges for Services:			
Cemetery	\$ 36,300	\$ 37,430	\$ 1,130
Park fees, concessions	30,500	42,289	11,789
Swimming pool, concessions	179,000	133,133	(45,867)
Vehicle service charges	12,000	75	(11,925)
Recreation	138,900	149,164	10,264
Arkalon Park revenues	5,200	14,601	9,401
Golf course fees and other	302,000	309,092	7,092
Police	4,800	5,062	262
Animal shelter	16,800	21,814	5,014
Building Inspection Department:			
Mowing and demolition	60,000	72,349	12,349
Zoning and planning fees	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>
Total charges for services	<u>\$ 788,000</u>	<u>\$ 785,009</u>	<u>\$ (2,991)</u>

CITY OF LIBERAL, KANSAS

Schedule 1
(Continued)SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues (Continued)</u>			
Fines and Fees:			
Municipal Court	\$ <u>753,200</u>	\$ <u>671,653</u>	\$ <u>(81,547)</u>
Use of Money and Property:			
Interest	\$ <u>30,100</u>	\$ <u>122,885</u>	\$ <u>92,785</u>
Royalties and leases	<u>113,600</u>	<u>127,811</u>	<u>14,211</u>
Raw water sales	<u>53,000</u>	<u>70,517</u>	<u>17,517</u>
Total use of money and property	\$ <u>196,700</u>	\$ <u>321,213</u>	\$ <u>124,513</u>
Miscellaneous:			
Other	\$ <u>51,000</u>	\$ <u>240,096</u>	\$ <u>189,096</u>
Contributions	\$ <u>28,000</u>	\$ <u>28,000</u>	<u>-</u>
Grant proceeds	<u>-</u>	\$ <u>2,026</u>	\$ <u>2,026</u>
Total Revenues	\$ <u>12,106,433</u>	\$ <u>12,924,973</u>	\$ <u>818,540</u>
<u>Expenditures</u>			
General Government:			
Administration	\$ <u>2,224,702</u>	\$ <u>2,005,502</u>	\$ <u>219,200</u>
Planning Commission	<u>6,900</u>	<u>6,781</u>	<u>119</u>
Building inspection	<u>525,400</u>	<u>529,533</u>	<u>(4,133)</u>
Legislative	<u>81,100</u>	<u>76,447</u>	<u>4,653</u>
Building maintenance	<u>123,200</u>	<u>136,839</u>	<u>(13,639)</u>
Utility billing	<u>49,500</u>	<u>36,408</u>	<u>13,092</u>
Total general government	\$ <u>3,010,802</u>	\$ <u>2,791,510</u>	\$ <u>219,292</u>
Public Safety:			
Police	\$ <u>3,805,000</u>	\$ <u>3,561,656</u>	\$ <u>243,344</u>
Fire	<u>1,384,000</u>	<u>1,404,374</u>	<u>(20,374)</u>
Municipal court	<u>715,300</u>	<u>653,349</u>	<u>61,951</u>
Animal control	<u>280,600</u>	<u>191,913</u>	<u>88,687</u>
Total public safety	\$ <u>6,184,900</u>	\$ <u>5,811,292</u>	\$ <u>373,608</u>
Economic Development	\$ <u>172,000</u>	\$ <u>174,724</u>	\$ <u>(2,724)</u>

CITY OF LIBERAL, KANSAS

Schedule 1
(Continued)SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2018

<u>Expenditures (Continued)</u>	<u>Original & Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Public Works:			
Transportation	\$ 986,900	\$ 791,198	\$ 195,702
Engineering	48,000	48,446	(446)
Recreation	490,600	447,719	42,881
Arkalon	64,500	70,194	(5,694)
Street lighting	<u>365,000</u>	<u>279,484</u>	<u>85,516</u>
Total public works	<u>\$ 1,955,000</u>	<u>\$ 1,637,041</u>	<u>\$ 317,959</u>
Community Service:			
Golf course	\$ 699,000	\$ 623,432	\$ 75,568
Parks	574,000	483,927	90,073
Swimming pool	294,800	258,358	36,442
Cemetery	<u>163,500</u>	<u>161,692</u>	<u>1,808</u>
Total community service	<u>\$ 1,731,300</u>	<u>\$ 1,527,409</u>	<u>\$ 203,891</u>
Total expenditures	<u>\$13,054,002</u>	<u>\$11,941,976</u>	<u>\$ 1,112,026</u>
Revenues over (under) expenditures	\$ (947,569)	\$ 982,997	\$ 1,930,566
Other Fund Financing Sources (Uses):			
Operating transfer (out)	<u>(532,900)</u>	<u>(795,763)</u>	<u>(262,863)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ (1,480,469)</u>	<u>\$ 187,234</u>	<u>\$ 1,667,703</u>
Fund Balances, January 1	1,480,469	3,795,999	2,315,530
Other Changes:			
Increase or (Decrease) in Reserves:			
Receivables and inventory	-	(35,217)	(35,217)
Encumbrances	<u>-</u>	<u>2,560</u>	<u>2,560</u>
Fund Balances, December 31	<u>-</u>	<u>\$ 3,950,576</u>	<u>\$ 3,950,576</u>

CITY OF LIBERAL, KANSAS

OTHER SUPPLEMENTARY INFORMATION

CITY OF LIBERAL, KANSAS

Schedule 2

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2018

	<u>Library</u>	<u>Special Fire Equipment Reserve</u>	<u>Communication Center</u>	<u>Employees' Benefits</u>	<u>Special City Streets</u>	<u>Special Parks & Recreation</u>	<u>Tourism</u>	<u>Special Alcoholic Treatment</u>
ASSETS								
Cash, including time deposits	\$ -	\$ 65,507	\$171,611	\$ 787,004	\$191,585	\$ 188	\$ 897,692	\$ 43,457
Cash, restricted	-	-	47,459	-	318,251	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Taxes receivable	534,289	46,421	-	1,693,321	-	-	-	-
Receivable from other governments	-	-	-	-	135,139	9,796	125,515	9,796
Interest receivable	-	-	82	-	-	-	-	-
Inventory	-	-	-	-	-	-	15,232	-
Prepaid expenses	-	-	24,071	43,170	1,173	-	4,070	-
Total Assets	<u>\$534,289</u>	<u>\$111,928</u>	<u>\$243,223</u>	<u>\$2,523,495</u>	<u>\$646,148</u>	<u>\$ 9,984</u>	<u>\$1,042,509</u>	<u>\$ 53,253</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
<u>Liabilities</u>								
Accounts payable	-	-	\$ 509	\$ -	\$ 1,553	-	\$ 318,047	-
Accrued wages and benefits	-	-	20,414	38,226	8,437	-	4,310	-
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	<u>\$ 20,923</u>	<u>\$ 38,226</u>	<u>\$ 9,990</u>	-	<u>\$ 322,357</u>	-
<u>Deferred Inflows of Resources</u>								
Deferred revenue	<u>\$517,575</u>	<u>\$ 45,604</u>	-	<u>\$1,646,829</u>	-	-	-	-
<u>Fund Balances</u>								
Nonspendable for receivables	\$ -	\$ 817	\$ 82	\$ 46,492	\$135,139	\$ 9,796	\$ 125,515	\$ 9,796
Nonspendable for prepaid expenses	16,714	-	24,071	43,170	1,173	-	4,070	-
Nonspendable for inventory	-	-	-	-	-	-	15,232	-
Assigned for encumbrances	-	-	-	-	-	-	-	-
Assigned to Special Revenue Funds	-	65,507	198,147	748,778	499,846	188	575,335	43,457
Total fund balances	<u>\$ 16,714</u>	<u>\$ 66,324</u>	<u>\$222,300</u>	<u>\$ 838,440</u>	<u>\$636,158</u>	<u>\$ 9,984</u>	<u>\$ 720,152</u>	<u>\$ 53,253</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$534,289</u>	<u>\$111,928</u>	<u>\$243,223</u>	<u>\$2,523,495</u>	<u>\$646,148</u>	<u>\$ 9,984</u>	<u>\$1,042,509</u>	<u>\$ 53,253</u>

CITY OF LIBERAL, KANSAS

Schedule 2
(Continued)COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2018

	<u>Special City Beautification</u>	<u>Special Housing</u>	<u>Special Crime Prevention</u>	<u>Special Economic Development</u>	<u>Street Drainage and Capital Improvements</u>	<u>Educational Sales Tax</u>	<u>Economic Incentives</u>	<u>Air Museum</u>
ASSETS								
Cash, including time deposits	\$503,965	\$1,167,421	\$435,017	\$1,686,741	\$3,088,138	\$ -	\$ 1,591	\$ 45,225
Cash, restricted	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	40	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-
Receivable from other governments	36,280	108,840	36,280	108,840	435,360	362,801	-	7,500
Interest receivable	188	436	162	630	1,153	-	-	-
Inventory	-	-	-	225	-	-	-	17,804
Prepaid expenses	<u>827</u>	<u>1,167</u>	<u>-</u>	<u>3,733</u>	<u>679</u>	<u>-</u>	<u>-</u>	<u>7,688</u>
Total Assets	<u>\$541,260</u>	<u>\$1,277,864</u>	<u>\$471,459</u>	<u>\$1,800,209</u>	<u>\$3,525,330</u>	<u>\$362,801</u>	<u>\$ 1,591</u>	<u>\$ 78,217</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
<u>Liabilities</u>								
Accounts payable	\$ 8,097	\$ 8,689	\$ 744	\$ 12,192	\$ 4,928	-	\$ 1,591	\$ 5,805
Accrued wages and benefits	-	4,239	-	9,895	5,877	-	-	5,054
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>\$ 8,097</u>	<u>\$ 12,928</u>	<u>\$ 744</u>	<u>\$ 22,087</u>	<u>\$ 10,805</u>	<u>-</u>	<u>\$ 1,591</u>	<u>\$ 10,859</u>
<u>Deferred Inflows of Resources</u>								
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>								
Nonspendable for receivables	\$ 36,468	\$ 109,276	\$ 36,442	\$ 109,510	\$ 436,513	\$362,801	-	\$ 7,500
Nonspendable for prepaid expenses	827	1,167	-	3,733	679	-	-	7,688
Nonspendable for inventory	-	-	-	225	-	-	-	17,804
Assigned for encumbrances	-	1,033	9,000	5,788	7,900	-	-	-
Assigned to Special Revenue Funds	<u>495,868</u>	<u>1,153,460</u>	<u>425,273</u>	<u>1,658,866</u>	<u>3,069,433</u>	<u>-</u>	<u>-</u>	<u>34,366</u>
Total fund balances	<u>\$533,163</u>	<u>\$1,264,936</u>	<u>\$470,715</u>	<u>\$1,778,122</u>	<u>\$3,514,525</u>	<u>\$362,801</u>	<u>-</u>	<u>\$ 67,358</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$541,260</u>	<u>\$1,277,864</u>	<u>\$471,459</u>	<u>\$1,800,209</u>	<u>\$3,525,330</u>	<u>\$362,801</u>	<u>\$ 1,591</u>	<u>\$ 78,217</u>

CITY OF LIBERAL, KANSAS

Schedule 2
(Continued)COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2018

	<u>Municipal Equipment Reserve</u>	<u>Bequest</u>	<u>Diversion Program</u>	<u>Cemetery Perpetual</u>	<u>Fire Insurance Proceeds</u>	<u>Police Step Grant</u>	<u>Edward Byrne Memorial</u>	<u>Total Nonmajor Special Revenue</u>
ASSETS								
Cash, including time deposits	\$1,072,900	\$453,227	\$253,226	\$ 22,055	\$ 704	-	\$ 1,699	\$10,888,953
Cash, restricted	-	-	-	-	-	-	-	365,710
Accounts receivable	-	-	-	-	-	-	-	40
Taxes receivable	-	-	-	-	-	-	-	2,274,031
Receivable from other governments	-	-	-	-	-	-	-	1,376,147
Interest receivable	-	-	-	-	-	-	-	2,651
Inventory	-	-	-	-	-	-	-	33,261
Prepaid expenses	-	-	-	-	-	-	-	86,578
Total Assets	<u>\$1,072,900</u>	<u>\$453,227</u>	<u>\$253,226</u>	<u>\$ 22,055</u>	<u>\$ 704</u>	<u>-</u>	<u>\$ 1,699</u>	<u>\$15,027,371</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
<u>Liabilities</u>								
Accounts payable	\$ 12,125	\$ 275	-	\$ 496	-	-	-	\$ 375,051
Accrued wages and benefits	-	1,085	-	-	-	-	-	97,537
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>\$ 12,125</u>	<u>\$ 1,360</u>	<u>-</u>	<u>\$ 496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 472,588</u>
<u>Deferred Inflows of Resources</u>								
Deferred revenue	-	-	-	-	-	-	-	\$ 2,210,008
<u>Fund Balances</u>								
Nonspendable for receivables	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ 1,426,147
Nonspendable for prepaid expenses	-	-	-	-	-	-	-	103,292
Nonspendable for inventory	-	-	-	-	-	-	-	33,261
Assigned for encumbrances	9,545	39,077	-	2,180	-	-	-	74,523
Assigned to Special Revenue Funds	<u>1,051,230</u>	<u>412,790</u>	<u>253,226</u>	<u>19,379</u>	<u>704</u>	<u>-</u>	<u>1,699</u>	<u>10,707,552</u>
Total fund balances	<u>\$1,060,775</u>	<u>\$451,867</u>	<u>\$253,226</u>	<u>\$ 21,559</u>	<u>\$ 704</u>	<u>-</u>	<u>\$ 1,699</u>	<u>\$12,344,775</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,072,900</u>	<u>\$453,227</u>	<u>\$253,226</u>	<u>\$ 22,055</u>	<u>\$ 704</u>	<u>-</u>	<u>\$ 1,699</u>	<u>\$15,027,371</u>

CITY OF LIBERAL, KANSAS

Schedule 3

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2018

	<u>Library</u>	<u>Special Fire Equipment Reserve</u>	<u>Communication Center</u>	<u>Employees' Benefits</u>	<u>Special City Streets</u>	<u>Special Parks & Recreation</u>	<u>Tourism</u>	<u>Special Alcoholic Treatment</u>
<u>Revenues</u>								
Taxes	\$586,766	\$ 28,822	\$ -	\$1,633,291	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	328,600	-	546,330	37,188	389,845	37,188
Charges for services	-	-	-	-	-	-	14,600	-
Use of money and property	-	-	2,674	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other	-	-	295	(424)	182,124	-	-	-
Grants	-	-	-	-	-	-	-	-
General long-term debt issued	-	-	-	-	-	-	-	-
Total Revenues	<u>\$586,766</u>	<u>\$ 28,822</u>	<u>\$ 331,569</u>	<u>\$1,632,867</u>	<u>\$728,454</u>	<u>\$ 37,188</u>	<u>\$ 404,445</u>	<u>\$ 37,188</u>
<u>Expenditures</u>								
Public safety	\$ -	\$ 54,027	\$ 789,218	\$ -	\$ -	\$ -	\$ -	\$ -
Public works	-	-	-	-	616,720	37,000	-	-
Community services	587,813	-	-	-	-	-	923,688	-
Health and welfare	-	-	-	-	-	-	-	35,000
Employees' benefits	-	-	-	1,677,033	-	-	-	-
Urban development and housing	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$587,813</u>	<u>\$ 54,027</u>	<u>\$ 789,218</u>	<u>\$1,677,033</u>	<u>\$616,720</u>	<u>\$ 37,000</u>	<u>\$ 923,688</u>	<u>\$ 35,000</u>
Revenues over (under) Expenditures	\$ (1,047)	\$ (25,205)	\$ (457,649)	\$ (44,166)	\$111,734	\$ 188	\$ (519,243)	\$ 2,188
Other Financing Sources (Uses):								
Operating transfers in (out)	-	-	492,900	-	-	-	(150,500)	-
Fund Balances, January 1	17,546	91,535	183,907	880,342	528,021	7,286	1,366,565	48,555
Other Changes:								
Increase or (decrease) in reserves	<u>215</u>	<u>(6)</u>	<u>3,142</u>	<u>2,264</u>	<u>(3,597)</u>	<u>2,510</u>	<u>23,330</u>	<u>2,510</u>
Fund Balances, December 31	<u>\$ 16,714</u>	<u>\$ 66,324</u>	<u>\$ 222,300</u>	<u>\$ 838,440</u>	<u>\$636,158</u>	<u>\$ 9,984</u>	<u>\$ 720,152</u>	<u>\$ 53,253</u>

CITY OF LIBERAL, KANSAS

Schedule 3
(Continued)COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2018

	<u>Special City</u> <u>Beautification</u>	<u>Special</u> <u>Housing</u>	<u>Special</u> <u>Crime</u> <u>Prevention</u>	<u>Special</u> <u>Economic</u> <u>Development</u>	<u>Street</u> <u>Drainage</u> <u>and Capital</u> <u>Improvements</u>	<u>Educational</u> <u>Sales Tax</u>	<u>Economic</u> <u>Incentives</u>	<u>Air</u> <u>Museum</u>
<u>Revenues</u>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	190,736	572,209	190,736	572,209	2,288,835	1,907,363	39,045	30,000
Charges for services	4,250	-	-	20,429	-	-	-	49,527
Use of money and property	5,572	13,066	4,630	19,604	35,669	-	-	-
Contributions	-	-	-	-	-	-	-	2,123
Other	-	5,953	1,136	17,373	8,500	-	-	16
Grants	-	-	-	499,460	-	-	-	-
General long-term debt issued	-	-	-	-	-	-	-	-
Total Revenues	<u>\$200,558</u>	<u>\$ 591,228</u>	<u>\$196,502</u>	<u>\$1,129,075</u>	<u>\$2,333,004</u>	<u>\$1,907,363</u>	<u>\$ 39,045</u>	<u>\$ 81,666</u>
<u>Expenditures</u>								
Public safety	\$ -	\$ -	\$128,679	\$ -	\$ -	\$ -	\$ -	\$ -
Public works	179,851	-	-	-	1,461,380	-	-	-
Community services	-	-	-	-	-	1,907,363	-	361,387
Health and welfare	-	-	-	-	-	-	-	-
Employees' benefits	-	-	-	-	-	-	-	-
Urban development and housing	-	619,317	-	-	-	-	-	-
Economic development	-	-	-	978,722	-	-	39,045	-
Capital outlay	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$179,851</u>	<u>\$ 619,317</u>	<u>\$128,679</u>	<u>\$ 978,722</u>	<u>\$1,461,380</u>	<u>\$1,907,363</u>	<u>\$ 39,045</u>	<u>\$ 361,387</u>
Revenues over (under) Expenditures	\$ 20,707	\$ (28,089)	\$ 67,823	\$ 150,353	\$ 871,624	\$ -	-	\$ (279,721)
Other Financing Sources (Uses):								
Operating transfers in (out)	-	-	(10,052)	(265,682)	66,901	-	-	260,500
Fund Balances, January 1	508,446	1,280,883	408,890	1,900,606	2,527,745	323,258	-	82,827
Other Changes:								
Increase or (decrease) in reserves	<u>4,010</u>	<u>12,142</u>	<u>4,054</u>	<u>(7,155)</u>	<u>48,255</u>	<u>39,543</u>	<u>-</u>	<u>3,752</u>
Fund Balances, December 31	<u>\$533,163</u>	<u>\$1,264,936</u>	<u>\$470,715</u>	<u>\$1,778,122</u>	<u>\$3,514,525</u>	<u>\$ 362,801</u>	<u>-</u>	<u>\$ 67,358</u>

CITY OF LIBERAL, KANSAS

Schedule 3
(Continued)COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2018

	<u>Municipal Equipment Reserve</u>	<u>Bequest</u>	<u>Diversion Program</u>	<u>Cemetery Perpetual</u>	<u>Fire Insurance Proceeds</u>	<u>Police Step Grant</u>	<u>Edward Byrne Memorial</u>	<u>Total Nonmajor Special Revenue</u>
<u>Revenues</u>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 2,248,879
Intergovernmental	-	-	-	-	-	-	-	7,130,284
Charges for services	-	4,965	63,690	-	-	-	-	157,461
Use of money and property	-	-	-	632	8	-	-	81,855
Contributions	-	550,657	-	2,115	-	-	-	554,895
Other	7,052	-	1,500	-	-	-	-	223,525
Grants	-	-	-	-	-	3,122	-	502,582
General long-term debt issued	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 7,052</u>	<u>\$555,622</u>	<u>\$ 65,190</u>	<u>\$ 2,747</u>	<u>\$ 8</u>	<u>\$ 3,122</u>	<u>-</u>	<u>\$10,899,481</u>
<u>Expenditures</u>								
Public safety	\$ -	\$ 29,648	\$ 34,453	\$ -	-	\$ 3,122	-	\$ 1,039,147
Public works	-	235,633	-	-	-	-	-	2,530,584
Community services	-	54,579	-	4,683	-	-	-	3,839,513
Health and welfare	-	-	-	-	-	-	-	35,000
Employees' benefits	-	-	-	-	-	-	-	1,677,033
Urban development and housing	-	-	-	-	-	-	-	619,317
Economic development	-	-	-	-	-	-	-	1,017,767
Capital outlay	<u>602,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>602,336</u>
Total Expenditures	<u>\$ 602,336</u>	<u>\$319,860</u>	<u>\$ 34,453</u>	<u>\$ 4,683</u>	<u>-</u>	<u>\$ 3,122</u>	<u>-</u>	<u>\$11,360,697</u>
Revenues over (under) Expenditures	\$ (595,284)	\$235,762	\$ 30,737	\$ (1,936)	\$ 8	-	\$ -	\$ (461,216)
Other Financing Sources (Uses):								
Operating transfers in (out)	127,956	32,000	(23,942)	-	-	-	-	530,081
Fund Balances, January 1	1,528,103	184,105	246,431	23,495	696	-	1,699	12,140,941
Other Changes:								
Increase or (decrease) in reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,969</u>
Fund Balances, December 31	<u>\$1,060,775</u>	<u>\$451,867</u>	<u>\$253,226</u>	<u>\$ 21,559</u>	<u>\$ 704</u>	<u>-</u>	<u>\$ 1,699</u>	<u>\$12,344,775</u>

CITY OF LIBERAL, KANSAS

Schedule 4-1

LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
 For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Taxes:			
Ad valorem property tax	\$517,575	\$496,651	\$ (20,924)
Delinquent tax	2,500	15,013	12,513
Commercial vehicle fees	5,130	4,288	(842)
Motor vehicle tax	<u>68,393</u>	<u>70,814</u>	<u>2,421</u>
Total Revenues	\$593,598	\$586,766	\$ (6,832)
<u>Expenditures</u>			
Community Services:			
Appropriations to Library Board	<u>593,598</u>	<u>587,813</u>	<u>5,785</u>
Revenues over (under) Expenditures	-	\$ (1,047)	\$ (1,047)
Fund Balances, January 1	-	17,546	17,546
Other Changes:			
Increase or (Decrease) in Reserves:			
Receivables	<u>-</u>	<u>215</u>	<u>215</u>
Fund Balances, December 31	<u>-</u>	<u>\$ 16,714</u>	<u>\$ 16,714</u>

CITY OF LIBERAL, KANSAS

Schedule 4-2

SPECIAL FIRE EQUIPMENT RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>
<u>Revenues</u>				
Taxes:				
Ad valorem property tax	\$ 25,406	\$ 25,406	\$ 24,390	\$ (1,016)
Delinquent tax	1,000	1,000	738	(262)
Commercial vehicle fees	251	251	210	(41)
Motor vehicle tax	<u>3,343</u>	<u>3,343</u>	<u>3,484</u>	<u>141</u>
Total Revenues	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 28,822</u>	<u>\$ (1,178)</u>
<u>Expenditures</u>				
Public Safety – Fire Protection:				
Capital outlay	\$ 11,500	\$ 37,500	\$ 35,341	\$ 2,159
Issuance cost	-	-	-	-
Capital lease payment	18,500	18,500	18,686	(186)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 30,000</u>	<u>\$ 56,000</u>	<u>\$ 54,027</u>	<u>\$ 1,973</u>
Revenues over (under) Expenditures	-	\$ (26,000)	\$ (25,205)	\$ 795
Fund Balances, January 1	-	26,000	91,535	65,535
Other Changes:				
Increase or (Decrease) in Reserves:				
Receivables	<u>-</u>	<u>-</u>	<u>(6)</u>	<u>(6)</u>
Fund Balances, December 31	<u>-</u>	<u>-</u>	<u>\$ 66,324</u>	<u>\$ 66,324</u>

CITY OF LIBERAL, KANSAS

Schedule 4-3

COMMUNICATION CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Seward County	\$ 328,600	\$ 328,600	\$ -
Use of Money and Property:			
Interest	-	2,674	2,674
Other	<u>-</u>	<u>295</u>	<u>295</u>
Total Revenues	\$ <u>328,600</u>	\$ <u>331,569</u>	\$ <u>2,969</u>
<u>Expenditures</u>			
Public Safety:			
Personnel services	\$ 743,500	\$ 718,139	\$ 25,361
Operation and maintenance	82,000	63,585	18,415
Capital outlay	<u>27,500</u>	<u>7,494</u>	<u>20,006</u>
Total Expenditures	\$ <u>853,000</u>	\$ <u>789,218</u>	\$ <u>63,782</u>
Revenues over (under) Expenditures	\$ (524,400)	\$ (457,649)	\$ 66,751
Other Financing Sources (Uses):			
Operating transfer in	492,900	492,900	-
Fund Balances, January 1	31,500	183,907	152,407
Other Changes:			
Increase or (Decrease) in Reserves:			
Receivables and prepaid expense	<u>-</u>	<u>3,142</u>	<u>3,142</u>
Fund Balances, December 31	<u>-</u>	\$ <u>222,300</u>	\$ <u>222,300</u>

CITY OF LIBERAL, KANSAS

Schedule 4-4

EMPLOYEES' BENEFITS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>
<u>Revenues</u>				
Taxes:				
Ad valorem property tax	\$1,440,677	\$1,440,677	\$1,382,341	\$ (58,336)
Delinquent tax	30,000	30,000	42,040	12,040
Commercial vehicle fees	14,256	14,256	11,916	(2,340)
Motor vehicle tax	190,067	190,067	196,994	6,927
Other income	<u>-</u>	<u>-</u>	<u>(424)</u>	<u>(424)</u>
Total Revenues	\$1,675,000	\$1,675,000	\$1,632,867	\$ (42,133)
<u>Expenditures</u>				
Employees' Benefits	<u>1,695,000</u>	<u>1,900,000</u>	<u>1,677,033</u>	<u>222,967</u>
Revenues over (under) Expenditures	\$ (20,000)	\$ (225,000)	\$ (44,166)	\$180,834
Fund Balances, January 1	20,000	225,000	880,342	655,342
Other Changes:				
Increase or (Decrease) in Reserves:				
Receivables and prepaid expense	<u>-</u>	<u>-</u>	<u>2,264</u>	<u>2,264</u>
Fund Balances, December 31	<u>-</u>	<u>-</u>	<u>\$ 838,440</u>	<u>\$838,440</u>

CITY OF LIBERAL, KANSAS

Schedule 4-5

SPECIAL CITY STREETS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>
<u>Revenues</u>				
Intergovernmental:				
State of Kansas – Gasoline tax	\$560,000	\$560,000	\$546,330	\$ (13,670)
Other:				
Miscellaneous	<u>-</u>	<u>-</u>	<u>182,124</u>	<u>182,124</u>
Total Revenues	\$560,000	\$560,000	\$728,454	\$168,454
<u>Expenditures</u>				
Public works	<u>612,000</u>	<u>652,000</u>	<u>616,720</u>	<u>35,280</u>
Revenues over (under) Expenditures	\$ (52,000)	\$ (92,000)	\$111,734	\$203,734
Fund Balances, January 1	52,000	92,000	528,021	436,021
Other Changes:				
Increase or (Decrease) in Reserves:				
Encumbrances	<u>-</u>	<u>-</u>	<u>(3,597)</u>	<u>(3,597)</u>
Fund Balances, December 31	<u>-</u>	<u>-</u>	<u>\$636,158</u>	<u>\$636,158</u>

CITY OF LIBERAL, KANSAS

Schedule 4-6

SPECIAL PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Private club liquor tax	\$ 31,500	\$ 37,188	\$ 5,688
<u>Expenditures</u>			
Public Works:			
Maintenance	<u>37,000</u>	<u>37,000</u>	<u>-</u>
Revenues over (under) Expenditures	\$ (5,500)	\$ 188	\$ 5,688
Fund Balances, January 1	5,500	7,286	1,786
Other Changes:			
Increase (decrease) in reserves	<u>-</u>	<u>2,510</u>	<u>2,510</u>
Fund Balances, December 31	<u>-</u>	<u>\$ 9,984</u>	<u>\$ 9,984</u>

CITY OF LIBERAL, KANSAS

Schedule 4-7

TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>
<u>Revenues</u>				
Intergovernmental:				
Local transient guest tax	\$580,000	\$ 580,000	\$ 389,845	\$ (190,155)
Charges for sales and services	13,000	13,000	14,600	1,600
Other:				
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$593,000</u>	<u>\$ 593,000</u>	<u>\$ 404,445</u>	<u>\$ (188,555)</u>
<u>Expenditures</u>				
Community Services:				
Personnel services	\$159,200	\$ 159,200	\$ 162,723	\$ (3,523)
Operations	467,300	467,300	421,861	45,439
Capital improvements	<u>60,000</u>	<u>340,000</u>	<u>339,104</u>	<u>896</u>
Total Expenditures	<u>\$686,500</u>	<u>\$ 966,500</u>	<u>\$ 923,688</u>	<u>\$ 42,812</u>
Revenues over (under) Expenditures	\$ (93,500)	\$ (373,500)	\$ (519,243)	\$ (145,743)
Other Financing Sources (Uses):				
Operating transfer (out)	-	(118,500)	(150,500)	(32,000)
Fund Balances, January 1	93,500	492,000	1,366,565	874,565
Other Changes:				
Increase or (Decrease) in Reserves:				
Receivables, prepaid expense and inventory	<u>-</u>	<u>-</u>	<u>23,330</u>	<u>23,330</u>
Fund Balances, December 31	<u>-</u>	<u>-</u>	<u>\$ 720,152</u>	<u>\$ 720,152</u>

CITY OF LIBERAL, KANSAS

Schedule 4-8

SPECIAL ALCOHOLIC TREATMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
 For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Private club liquor tax	\$ 31,500	\$ 37,188	\$ 5,688
<u>Expenditures</u>			
Health – Alcoholic Treatment:			
Contractual services	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Revenues over (under) Expenditures	\$ (3,500)	\$ 2,188	\$ 5,688
Fund Balances, January 1	3,500	48,555	45,055
Other Changes:			
Increase or (decrease) in reserves	<u>-</u>	<u>2,510</u>	<u>2,510</u>
Fund Balances, December 31	<u>-</u>	<u>\$ 53,253</u>	<u>\$ 53,253</u>

CITY OF LIBERAL, KANSAS

Schedule 4-9

SPECIAL CITY BEAUTIFICATION FUND
(5% OF 1% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Local sales tax	\$ 175,000	\$190,736	\$ 15,736
Use of Money and Property:			
Interest	-	5,572	5,572
Charges for Services:			
Tree cost sharing	<u>5,000</u>	<u>4,250</u>	<u>(750)</u>
Total Revenues	<u>\$ 180,000</u>	<u>\$200,558</u>	<u>\$ 20,558</u>
<u>Expenditures</u>			
Public works:			
Personnel services	\$ 168,300	\$154,369	\$ 13,931
Contractual services	<u>230,700</u>	<u>25,482</u>	<u>205,218</u>
Total Expenditures	<u>\$ 399,000</u>	<u>\$179,851</u>	<u>\$219,149</u>
Revenues over (under) Expenditures	\$ (219,000)	\$ 20,707	\$239,707
Fund Balances, January 1	219,000	508,446	289,446
Other Changes:			
Increase or (Decrease) in Reserves:			
Receivables and prepaid expense	<u>-</u>	<u>4,010</u>	<u>4,010</u>
Fund Balances, December 31	<u>-</u>	<u>\$533,163</u>	<u>\$533,163</u>

CITY OF LIBERAL, KANSAS

Schedule 4-10

SPECIAL HOUSING FUND
(15% OF 1% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Local sales tax	\$ 525,000	\$ 572,209	\$ 47,209
Use of Money and Property:			
Interest	-	13,066	13,066
Other:			
Miscellaneous	<u>-</u>	<u>5,953</u>	<u>5,953</u>
Total Revenues	\$ 525,000	\$ 591,228	\$ 66,228
<u>Expenditures</u>			
Urban Development & Housing:			
Project expense	<u>1,010,000</u>	<u>619,317</u>	<u>390,683</u>
Revenues over (under) Expenditures	\$ (485,000)	\$ (28,089)	\$ 456,911
Fund Balances, January 1	485,000	1,280,883	795,883
Other Changes:			
Increase or (Decrease) in Reserves:			
Receivables and inventory	<u>-</u>	<u>12,142</u>	<u>12,142</u>
Fund Balances, December 31	<u>-</u>	<u>\$1,264,936</u>	<u>\$1,264,936</u>

CITY OF LIBERAL, KANSAS

Schedule 4-11

SPECIAL CRIME PREVENTION DRUGS AND ALCOHOL FUND
(5% OF 1% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Local sales tax	\$ 175,000	\$190,736	\$ 15,736
Use of Money and Property:			
Interest	-	4,630	4,630
Other:			
Miscellaneous	<u>-</u>	<u>1,136</u>	<u>1,136</u>
Total Revenues	\$ 175,000	\$196,502	\$ 21,502
<u>Expenditures</u>			
Public Safety:			
Program expense	<u>276,000</u>	<u>128,679</u>	<u>147,321</u>
Revenues over (under) Expenditures	\$ (101,000)	\$ 67,823	\$168,823
Other Financing Sources (Uses):			
Operating transfer in (out)	-	(10,052)	(10,052)
Fund Balances, January 1	101,000	408,890	307,890
Other Changes:			
Increase or (Decrease) in Reserves:			
Receivables	<u>-</u>	<u>4,054</u>	<u>4,054</u>
Fund Balances, December 31	<u>-</u>	<u>\$470,715</u>	<u>\$470,715</u>

CITY OF LIBERAL, KANSAS

Schedule 4-12

SPECIAL ECONOMIC DEVELOPMENT FUND
(15% OF 1% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Local sales tax	\$ 525,000	\$ 572,209	\$ 47,209
Charges for services	19,000	20,429	1,429
Use of Money and Property:			
Interest	-	19,604	19,604
Other	-	17,373	17,373
Grant proceeds	<u>214,200</u>	<u>499,460</u>	<u>285,260</u>
Total Revenues	\$ 758,200	\$1,129,075	\$ 370,875
<u>Expenditures</u>			
Economic Development:			
Project expense	<u>2,319,000</u>	<u>978,722</u>	<u>1,340,278</u>
Revenues over (under) Expenditures	\$ (1,560,800)	\$ 150,353	\$1,711,153
Other Financing Sources (Uses):			
Operating transfer in (out)	-	(265,682)	(265,682)
Fund Balances, January 1	1,560,800	1,900,606	339,806
Other Changes:			
Increase or (Decrease) in Reserves:			
Receivables	<u>-</u>	<u>(7,155)</u>	<u>(7,155)</u>
Fund Balances, December 31	<u>-</u>	<u>\$1,778,122</u>	<u>\$1,778,122</u>

CITY OF LIBERAL, KANSAS

Schedule 4-13

STREET DRAINAGE AND OTHER CAPITAL IMPROVEMENTS FUND
(60% OF 1% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Local sales tax	\$ 2,100,000	\$2,288,835	\$ 188,835
Use of Money and Property:			
Interest	-	35,669	35,669
Other:			
Miscellaneous	<u>-</u>	<u>8,500</u>	<u>8,500</u>
Total Revenues	\$ 2,100,000	\$2,333,004	\$ 233,004
<u>Expenditures</u>			
Public Works:			
Entity's share	<u>3,741,000</u>	<u>1,461,380</u>	<u>2,279,620</u>
Revenues over (under) Expenditures	\$ (1,641,000)	\$ 871,624	\$2,512,624
Other Financing Sources (Uses):			
Operating transfer in (out)	-	66,901	66,901
Fund Balances, January 1	1,641,000	2,527,745	886,745
Other Changes:			
Increase or (Decrease) in Reserves:			
Receivables	<u>-</u>	<u>48,255</u>	<u>48,255</u>
Fund Balances, December 31	<u>-</u>	<u>\$3,514,525</u>	<u>\$3,514,525</u>

CITY OF LIBERAL, KANSAS

Schedule 4-14

EDUCATIONAL SALES TAX FUND
(1/2% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>
<u>Revenues</u>				
Intergovernmental:				
Local sales tax	\$1,900,000	\$2,000,000	\$1,907,363	\$ (92,637)
Use of Money and Property:				
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$1,900,000</u>	<u>\$2,000,000</u>	<u>\$1,907,363</u>	<u>\$ (92,637)</u>
<u>Expenditures</u>				
Public Works:				
Administrative expenses	\$ 4,000	\$ 4,000	\$ 72	\$ 3,928
Appropriations to USD 480	<u>1,896,000</u>	<u>1,996,000</u>	<u>1,907,291</u>	<u>88,709</u>
Total Expenditures	<u>\$1,900,000</u>	<u>\$2,000,000</u>	<u>\$1,907,363</u>	<u>\$ 92,637</u>
Revenues over (under) Expenditures	-	-	\$ -	\$ -
Fund Balances, January 1	-	-	323,258	323,258
Other Changes:				
Increase or (Decrease) in Reserves:				
Receivables	<u>-</u>	<u>-</u>	<u>39,543</u>	<u>39,543</u>
Fund Balances, December 31	<u>-</u>	<u>-</u>	<u>\$ 362,801</u>	<u>\$362,801</u>

CITY OF LIBERAL, KANSAS

Schedule 4-15

ECONOMIC INCENTIVES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
 For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Rebate of TGT	\$ 50,000	\$ 39,045	\$ (10,955)
<u>Expenditures</u>			
Economic Development:			
Rebate of TGT payments	<u>50,000</u>	<u>39,045</u>	<u>10,955</u>
Revenues over (under) Expenditures	-	-	-
Fund Balances, January 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>-</u>	<u>-</u>	<u>-</u>

CITY OF LIBERAL, KANSAS

Schedule 4-16

AIR MUSEUM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor.)</u>
<u>Revenues</u>			
Intergovernmental:			
Local transient guest tax	\$ 30,000	\$ 30,000	\$ -
Charges for Services:			
Admission	36,000	18,239	(17,761)
Gift shop and concessions	36,500	30,254	(6,246)
Contributions	1,500	2,123	623
Use of Money and Property:			
Rent	<u>500</u>	<u>1,050</u>	<u>550</u>
Total Revenues	\$ <u>104,500</u>	\$ <u>81,666</u>	\$ <u>(22,834)</u>
<u>Expenditures</u>			
Community Services:			
Personnel services	\$ 262,000	\$ 233,820	\$ 28,180
Operation and maintenance	<u>138,000</u>	<u>127,567</u>	<u>10,433</u>
Total Expenditures	\$ <u>400,000</u>	\$ <u>361,387</u>	\$ <u>38,613</u>
Revenues over (under) Expenditures	\$ (295,500)	\$ (279,721)	\$ 15,779
Other Financing Sources (Uses):			
Operating transfer in (out)	260,500	260,500	-
Fund Balances, January 1	35,000	82,827	47,827
Other Changes:			
Increase or (Decrease) in Reserves:			
Receivables, inventory and prepaid expense	<u>-</u>	<u>3,752</u>	<u>3,752</u>
Fund Balances, December 31	<u>-</u>	\$ <u>67,358</u>	\$ <u>67,358</u>

CITY OF LIBERAL, KANSAS

Schedule 5

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2018

	<u>Improvement Projects</u>						
	<u>6 Points Pavement & Signals</u>	<u>Pine Street Project</u>	<u>Mary Frame Park Renovation</u>	<u>South Park/ Pine Street</u>	<u>City Hall Construction</u>	<u>Mahuron Park</u>	<u>Mahuron Park Phase 2</u>
ASSETS							
Cash and time deposits	\$138,458	\$517,930	-	\$ 18,835	\$ 35,492	-	\$ 14,769
Due from other funds	-	-	-	-	-	-	-
Receivables/Prepaid expense	-	-	-	-	-	-	-
Total Assets	<u>\$138,458</u>	<u>\$517,930</u>	<u>-</u>	<u>\$ 18,835</u>	<u>\$ 35,492</u>	<u>-</u>	<u>\$ 14,769</u>
LIABILITIES AND FUND BALANCES							
<u>Liabilities</u>							
Bank overdraft	-	\$ -	-	-	-	-	-
Vouchers payable	-	886	-	-	-	-	-
Total liabilities	-	<u>\$ 886</u>	-	-	-	-	-
<u>Fund Balances</u>							
Nonspendable for receivables/ Prepaid expense	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Assigned	<u>138,458</u>	<u>517,044</u>	-	<u>18,835</u>	<u>35,492</u>	-	<u>14,769</u>
Total fund balances	<u>\$138,458</u>	<u>\$517,044</u>	-	<u>\$ 18,835</u>	<u>\$ 35,492</u>	-	<u>\$ 14,769</u>
Total Liabilities and Fund Balances	<u>\$138,458</u>	<u>\$517,930</u>	<u>-</u>	<u>\$ 18,835</u>	<u>\$ 35,492</u>	<u>-</u>	<u>\$ 14,769</u>

CITY OF LIBERAL, KANSAS

Schedule 5
(Continued)COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2018

	Improvement Projects						
	<u>Animal Shelter Expansion</u>	<u>Air Museum Rebrand</u>	<u>Ball Fields Project</u>	<u>Baseball Fields Project</u>	<u>Soccer Complex Project</u>	<u>South Kansas Avenue</u>	<u>Clay & Hwy 54 Lights</u>
ASSETS							
Cash and time deposits	\$ 25,576	\$ 36,758	\$ 38,636	\$ 21,282	\$194,957	\$302,125	\$207,635
Due from other funds	-	-	-	-	-	-	-
Receivables/Prepaid expense	-	-	-	-	-	3,478	-
Total Assets	<u>\$ 25,576</u>	<u>\$ 36,758</u>	<u>\$ 38,636</u>	<u>\$ 21,282</u>	<u>\$194,957</u>	<u>\$305,603</u>	<u>\$207,635</u>
LIABILITIES AND FUND BALANCES							
<u>Liabilities</u>							
Bank overdraft	-	-	\$ -	\$ -	\$ -	-	\$ -
Vouchers payable	-	-	2,987	2,647	7,276	-	7,302
Total liabilities	-	-	<u>\$ 2,987</u>	<u>\$ 2,647</u>	<u>\$ 7,276</u>	-	<u>\$ 7,302</u>
<u>Fund Balances</u>							
Nonspendable for receivables/ Prepaid expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,478	\$ -
Assigned	25,576	36,758	35,649	18,635	187,681	302,125	200,333
Total fund balances	<u>\$ 25,576</u>	<u>\$ 36,758</u>	<u>\$ 35,649</u>	<u>\$ 18,635</u>	<u>\$187,681</u>	<u>\$305,603</u>	<u>\$200,333</u>
Total Liabilities and Fund Balances	<u>\$ 25,576</u>	<u>\$ 36,758</u>	<u>\$ 38,636</u>	<u>\$ 21,282</u>	<u>\$194,957</u>	<u>\$305,603</u>	<u>\$207,635</u>

CITY OF LIBERAL, KANSAS

Schedule 5
(Continued)COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2018

	Improvement Projects						
	<u>New City Pool</u>	<u>Depot Parking Lot</u>	<u>West 2nd Street Project</u>	<u>USD 480 MacArthur Site</u>	<u>USD 480 Pine Site</u>	<u>USD 480 Smith Site</u>	<u>USD 480 Western Site</u>
ASSETS							
Cash and time deposits	-	\$ 17,418	\$190,638	\$108,991	\$1,002,481	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Receivables/Prepaid expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,949</u>	<u>-</u>	<u>18,955</u>	<u>43</u>
Total Assets	<u>-</u>	<u>\$ 17,418</u>	<u>\$190,638</u>	<u>\$135,940</u>	<u>\$1,002,481</u>	<u>\$ 18,955</u>	<u>\$ 43</u>
LIABILITIES AND FUND BALANCES							
<u>Liabilities</u>							
Bank overdraft	-	-	\$ -	-	-	\$ 18,955	\$ 43
Vouchers payable	<u>-</u>	<u>-</u>	<u>2,618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 2,618</u>	<u>-</u>	<u>-</u>	<u>\$ 18,955</u>	<u>\$ 43</u>
<u>Fund Balances</u>							
Nonspendable for receivables/ Prepaid expense	-	\$ -	\$ -	\$ 26,949	\$ -	-	-
Assigned	<u>-</u>	<u>17,418</u>	<u>188,020</u>	<u>108,991</u>	<u>1,002,481</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>\$ 17,418</u>	<u>\$188,020</u>	<u>\$135,940</u>	<u>\$1,002,481</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>-</u>	<u>\$ 17,418</u>	<u>\$190,638</u>	<u>\$135,940</u>	<u>\$1,002,481</u>	<u>\$ 18,955</u>	<u>\$ 43</u>

CITY OF LIBERAL, KANSAS

Schedule 5
(Continued)COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2018

Improvement Projects

	<u>Pre- Development Grant</u>	<u>Willow Tree Irrigation</u>	<u>Northeast Industrial Park</u>	<u>Airport Industrial Park</u>	<u>Centennial & Kansas Project</u>	<u>US 54 West Entrance</u>	<u>Total</u>
ASSETS							
Cash and time deposits	\$ -	\$ 14,371	\$ 9,686	-	-	-	\$2,896,038
Due from other funds	-	-	-	-	-	-	-
Receivables/Prepaid expense	<u>29,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,983</u>
Total Assets	\$ <u>29,558</u>	\$ <u>14,371</u>	\$ <u>9,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ <u>2,975,021</u>
LIABILITIES AND FUND BALANCES							
<u>Liabilities</u>							
Bank overdraft	\$ 26,268	-	-	-	-	-	\$ 45,266
Vouchers payable	<u>3,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,006</u>
Total liabilities	\$ <u>29,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ <u>72,272</u>
<u>Fund Balances</u>							
Nonspendable for receivables/ Prepaid expense	\$ 29,558	\$ -	\$ -	-	-	-	\$ 59,985
Assigned	<u>(29,558)</u>	<u>14,371</u>	<u>9,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,842,764</u>
Total fund balances	<u>-</u>	\$ <u>14,371</u>	\$ <u>9,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ <u>2,902,749</u>
Total Liabilities and Fund Balances	\$ <u>29,558</u>	\$ <u>14,371</u>	\$ <u>9,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ <u>2,975,021</u>

CITY OF LIBERAL, KANSAS

Schedule 6

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2018

	<u>Improvement Projects</u>						
	<u>6 Points Pavement & Signals</u>	<u>Pine Street Project</u>	<u>Mary Frame Park Renovation</u>	<u>South Park/ Pine Street</u>	<u>City Hall Construction</u>	<u>Mahuron Park</u>	<u>Mahuron Park Phase 2</u>
<u>Revenues</u>							
Entities' share	-	\$559,711	-	-	-	\$ 3,129	-
Grants:							
State of Kansas	-	-	-	-	-	-	-
Total Revenues	-	\$559,711	-	-	-	\$ 3,129	-
<u>Expenditures</u>							
Construction cost	\$ 2,572	\$ 42,559	\$ 3,546	\$ 4,329	\$ 2,223	\$ 3,129	\$ 25,696
Engineering/architect	-	-	-	-	-	-	-
Other	-	108	8,401	-	-	-	893
Total Expenditures	\$ 2,572	\$ 42,667	\$ 11,947	\$ 4,329	\$ 2,223	\$ 3,129	\$ 26,589
Excess or (deficiency) of Revenues over Expenditures	\$ (2,572)	\$517,044	\$ (11,947)	\$ (4,329)	\$ (2,223)	-	\$ (26,589)
Fund Balances, January 1	141,030	-	11,947	23,164	37,715	-	41,358
Other Financing Sources (Uses):							
Increase (decrease) in reserves	-	-	-	-	-	-	-
Fund Balances, December 31	\$138,458	\$517,044	-	\$ 18,835	\$ 35,492	-	\$ 14,769

CITY OF LIBERAL, KANSAS

Schedule 6
(Continued)COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2018

	<u>Improvement Projects</u>						
	<u>Animal Shelter Expansion</u>	<u>Air Museum Rebrand</u>	<u>Ball Fields Project</u>	<u>Baseball Fields Project</u>	<u>Soccer Complex Project</u>	<u>South Kansas Avenue</u>	<u>Clay & Hwy 54 Lights</u>
<u>Revenues</u>							
Entities' share	-	-	-	\$146,164	-	-	\$277,330
Grants:							
State of Kansas	-	-	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$146,164</u>	<u>-</u>	<u>-</u>	<u>\$277,330</u>
<u>Expenditures</u>							
Construction cost	\$ 1,018	\$ -	\$ 2,870	\$ 66,773	\$ 68,240	\$ 196,567	\$142,889
Engineering/architect	-	-	4,974	-	15,136	16,916	159,339
Other	-	<u>38,242</u>	<u>4,239</u>	<u>60,756</u>	<u>73,059</u>	<u>-</u>	<u>360</u>
Total Expenditures	<u>\$ 1,018</u>	<u>\$ 38,242</u>	<u>\$ 12,083</u>	<u>\$127,529</u>	<u>\$ 156,435</u>	<u>\$ 213,483</u>	<u>\$302,588</u>
Excess or (deficiency) of Revenues over Expenditures	\$ (1,018)	\$ (38,242)	\$ (12,083)	\$ 18,635	\$ (156,435)	\$ (213,483)	\$ (25,258)
Fund Balances, January 1	26,594	75,000	47,732	-	344,116	515,608	225,591
Other Financing Sources (Uses):							
Increase (decrease) in reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,478</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 25,576</u>	<u>\$ 36,758</u>	<u>\$ 35,649</u>	<u>\$ 18,635</u>	<u>\$ 187,681</u>	<u>\$ 305,603</u>	<u>\$200,333</u>

CITY OF LIBERAL, KANSAS

Schedule 6
(Continued)COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2018

	Improvement Projects						
	<u>New City Pool</u>	<u>Depot Parking Lot</u>	<u>West 2nd Street Project</u>	<u>USD 480 MacArthur Site</u>	<u>USD 480 Pine Site</u>	<u>USD 480 Smith Site</u>	<u>USD 480 Western Site</u>
<u>Revenues</u>							
Entities' share	-	-	\$250,168	-	-	-	-
Grants:							
State of Kansas	-	-	-	-	-	-	-
Total Revenues	-	-	<u>\$250,168</u>	-	-	-	-
<u>Expenditures</u>							
Construction cost	-	\$ 1,656	\$ -	\$ 175,663	\$ 1,609,242	-	\$ 43
Engineering/architect	-	-	62,148	-	31,464	-	-
Other	-	576	-	-	-	-	-
Total Expenditures	-	<u>\$ 2,232</u>	<u>\$ 62,148</u>	<u>\$ 175,663</u>	<u>\$ 1,640,706</u>	-	<u>\$ 43</u>
Excess or (deficiency) of Revenues over Expenditures	-	\$ (2,232)	\$188,020	\$ (175,663)	\$ (1,640,706)	-	\$ (43)
Fund Balances, January 1	-	19,650	-	284,654	2,643,187	-	-
Other Financing Sources (Uses):							
Increase (decrease) in reserves	-	-	-	26,949	-	-	43
Fund Balances, December 31	-	<u>\$ 17,418</u>	<u>\$188,020</u>	<u>\$ 135,940</u>	<u>\$ 1,002,481</u>	-	-

CITY OF LIBERAL, KANSAS

Schedule 6
(Continued)COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2018

	<u>Improvement Projects</u>						
	<u>Pre- Development Grant</u>	<u>Willow Tree Irrigation</u>	<u>Northeast Industrial Park</u>	<u>Airport Industrial Park</u>	<u>Centennial & Kansas Project</u>	<u>US 54 West Entrance</u>	<u>Total</u>
<u>Revenue</u>							
Entities' share	\$ -	-	-	-	-	-	\$ 1,236,502
Grants:							
State of Kansas	<u>111,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,881</u>
Total Revenues	<u>\$111,881</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 1,348,383</u>
<u>Expenditures</u>							
Construction cost	\$ -	\$ 5,908	-	-	\$ (3,569)	\$ -	\$ 2,351,354
Engineering/architect	-	-	-	-	(16,916)	-	273,061
Other	<u>110,223</u>	<u>3,557</u>	<u>-</u>	<u>-</u>	<u>193,733</u>	<u>17,373</u>	<u>511,520</u>
Total Expenditures	<u>\$110,223</u>	<u>\$ 9,465</u>	<u>-</u>	<u>-</u>	<u>\$ 173,248</u>	<u>\$ 17,373</u>	<u>\$ 3,135,935</u>
Excess or (deficiency) of Revenues over Expenditures	\$ 1,658	\$ (9,465)	\$ -	-	\$ (173,248)	\$ (17,373)	\$ (1,787,552)
Fund Balances, January 1	-	23,836	9,686	-	173,248	17,373	4,661,489
Other Financing Sources (Uses):							
Increase (decrease) in reserves	<u>(1,658)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,812</u>
Fund Balances, December 31	<u>-</u>	<u>\$ 14,371</u>	<u>\$ 9,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 2,902,749</u>

CITY OF LIBERAL, KANSAS

Schedule 7

BOND AND INTEREST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2018

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavor.)</u>
<u>Revenues</u>				
Taxes:				
Delinquent tax	\$ -	\$ -	\$ 35	\$ 35
Special assessments	30,000	183,000	-	(183,000)
GO Bond proceeds	-	10,000	-	(10,000)
Miscellaneous	<u>-</u>	<u>-</u>	<u>193,733</u>	<u>193,733</u>
Total Revenues	\$ <u>30,000</u>	\$ <u>193,000</u>	\$ <u>193,768</u>	\$ <u>768</u>
<u>Expenditures</u>				
Bond principal	\$ -	\$ 15,000	\$ 14,363	\$ 637
Interest coupons	30,000	30,000	7,160	22,840
Cost of issuance	-	27,000	26,024	976
Miscellaneous	<u>5,000</u>	<u>126,000</u>	<u>128,740</u>	<u>(2,740)</u>
Total Expenditures	\$ <u>35,000</u>	\$ <u>198,000</u>	\$ <u>176,287</u>	\$ <u>21,713</u>
Revenues over (under) Expenditures	\$ (5,000)	\$ (5,000)	\$ 17,481	\$ 22,481
Fund Balances, January 1	5,000	5,000	2,249,807	2,244,807
Other Changes:				
Increase or (Decrease) in Reserves:				
Receivables and encumbrances	<u>-</u>	<u>-</u>	<u>(19)</u>	<u>(19)</u>
Fund Balances, December 31	<u>-</u>	<u>-</u>	\$ <u>2,267,269</u>	\$ <u>2,267,269</u>

CITY OF LIBERAL, KANSAS

Schedule 8

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS – SCHEDULE BY SOURCE
December 31, 2018

Governmental Funds Capital Assets:

Land	\$ 2,083,611
Buildings	9,409,964
Structures and improvements other than buildings	9,812,336
Machinery, equipment, furniture and fixtures	6,605,811
Vehicles	6,194,817
Streets and other assets	64,179,461
Construction in progress	<u>14,624,807</u>

Total Governmental Funds Capital Assets	<u>\$112,910,807</u>
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CITY OF LIBERAL, KANSAS

Schedule 9

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

For the year ended December 31, 2018

<u>Function and Activity</u>	<u>Governmental</u> <u>Fund Capital</u> <u>Assets</u>				<u>Governmental</u> <u>Fund Capital</u> <u>Assets</u>	
	<u>01/01/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>12/31/18</u>	
General Government:						
Administration	\$ 3,009,270	\$ 33,885	\$ 23,352	\$ (33,074)	\$ 2,986,729	
Building inspection	95,088	36,569	-	(5,557)	126,100	
Legislative	(5,195)	-	-	-	(5,195)	
Utility billing	7,260	2,839	-	(2,404)	7,695	
Finance & personnel	35,565	3,212	1,015	(2,564)	35,198	
City Manager	11,463	50,909	-	-	62,372	
Building maintenance	2,878	21,116	800	(2,030)	21,164	
Data processing	233,812	9,787	37,629	6,815	212,785	
Total general government	\$ 3,390,141	\$ 158,317	\$ 62,796	\$ (38,814)	\$ 3,446,848	
Public Safety:						
Police	\$ 3,992,506	\$ 153,550	\$ 174,874	\$ (5,766)	\$ 3,965,416	
Fire	5,399,770	118,173	47,896	945	5,470,992	
Municipal Court	32,416	3,894	-	(1,724)	34,586	
Public Safety & animal control	159,986	24,457	20,040	(20,974)	143,429	
Communications	54,947	7,494	8,886	-	53,555	
Total public safety	\$ 9,639,625	\$ 307,568	\$ 251,696	\$ (27,519)	\$ 9,667,978	
Public Works:						
Transportation	\$ 71,885,168	\$ 4,768,583	\$3,761,628	\$ 16,195	\$ 72,908,318	
Engineering	16,469	8,495	-	(16,469)	8,495	
Recreation	1,662,840	25,666	21,151	25,507	1,692,862	
Arkalon	1,211,518	-	-	39,791	1,251,309	
Street lighting	5,747,154	210,005	11,178	-	5,945,981	
Airport	2,543,168	-	7,640	-	2,535,528	
Total public works	\$ 83,066,317	\$ 5,012,749	\$3,801,597	\$ 65,024	\$ 84,342,493	
Community Service:						
Golf course	\$ 2,242,366	\$ 45,166	\$ 41,077	\$ 11,998	\$ 2,258,453	
Parks	3,323,630	2,419,913	770,192	(9,488)	4,963,863	
Swimming pool	5,953,852	629,968	634,058	-	5,949,762	
Economic development	543,128	397,621	-	-	940,749	
Cemetery	415,026	23,043	-	(20,623)	417,446	
Tourism	263,966	339,104	3,519	(23,271)	576,280	
Housing	82,300	-	-	(2,315)	79,985	
Air Museum	159,597	29,224	-	17,505	206,326	
Beautification	60,624	-	-	-	60,624	
Total community service	\$ 13,044,489	\$ 3,884,039	\$1,448,846	\$ (26,194)	\$ 15,453,488	
Total Governmental Funds						
Capital Assets	\$109,140,572	\$ 9,362,673	\$5,564,935	\$ (27,503)	\$112,910,807	

CITY OF LIBERAL, KANSAS

Schedule 10

SCHEDULE OF CITY'S PROPORTIONATE SHARE
OF THE NET DEFINED PENSION PLAN LIABILITY
 December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.95%	0.90%	0.94%	0.92%	0.91%
City's proportionate share of the net pension liability	\$10,763,172	\$10,224,914	\$10,976,242	\$8,689,338	\$7,854,394
City's covered-employee payroll	9,520,252	9,123,612	8,376,582	7,561,179	7,552,629
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	113.06%	112.07%	131.03%	114.92%	104.00%
Plan fiduciary net position as a percentage of the total pension liability	73.52%	72.05%	69.22%	73.33%	74.35%

CITY OF LIBERAL, KANSAS

Schedule 11

SCHEDULE OF CITY'S CONTRIBUTIONS
TO DEFINED PENSION PLAN

December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 1,137,458	\$ 1,089,298	\$ 1,154,287	\$ 1,066,526	\$ 932,856	\$ 858,267	\$ 928,679	\$ 839,817
Contributions in relation to the contractually required contribution	<u>(1,137,458)</u>	<u>(1,089,298)</u>	<u>(1,154,287)</u>	<u>(1,066,526)</u>	<u>(932,856)</u>	<u>(858,267)</u>	<u>(928,679)</u>	<u>(839,817)</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	\$ <u>9,520,252</u>	\$ <u>9,123,612</u>	\$ <u>8,376,582</u>	\$ <u>7,561,179</u>	\$ <u>7,552,629</u>	\$ <u>7,906,407</u>	\$ <u>9,255,330</u>	\$ <u>9,357,895</u>
Contributions as a percentage of covered-employee payroll	11.95%	11.94%	13.78%	14.11%	12.35%	10.86%	10.03%	8.97%

