

CITY OF MEDICINE LODGE, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
Medicine Lodge, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Medicine Lodge, Kansas, as of and for the year ended December 31, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

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

As described in Note A, the financial statement is prepared by the City of Medicine Lodge, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Medicine Lodge, Kansas as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Medicine Lodge, Kansas as of December 31, 2019, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Other Matters

Supplementary Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Medicine Lodge, Kansas as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated November 14, 2019, which contained an unmodified opinion on the basic financial statement. The 2018 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/oar/municipal-services/municipal-audits>. The 2018 column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for year ended December 31, 2019 (Schedule 2 as listed in the table of contents) is presented for additional analysis and is not a required part of the basic financial statement. Such 2018 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statement or to the 2018 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2018, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

October 29, 2020

CITY OF MEDICINE LODGE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2019

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
General fund:		
General	\$ 192,225	\$ -
Special purpose funds:		
Tourism	19,754	-
Library	360	-
Special highway	245,479	-
Special parks and recreation	13,108	-
Community improvement district	312,523	-
Municipal equipment reserve	831,525	-
Capital improvements reserve	782,432	-
Public Building Commission	2,594	-
Total special purpose funds	<u>2,207,775</u>	<u>-</u>
Bond and interest fund:		
Bond and interest	<u>18,034</u>	<u>-</u>
Capital project fund:		
Sidewalk improvement	<u>11,151</u>	<u>-</u>
Business funds:		
Water utility	1,130,900	-
Sewer utility	113,149	-
Solid waste utility	62	-
Waterworks depreciation and maintenance reserve	821,407	-
Sewer plant O-M-R	89,476	-
Total business funds	<u>2,154,994</u>	<u>-</u>
Total	<u>\$ 4,584,179</u>	<u>\$ -</u>
Composition of cash balance:		
Demand deposits		
Certificates of deposit		
Total cash		

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

Statement 1

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
<u>\$ 1,664,580</u>	<u>\$ 1,633,097</u>	<u>\$ 223,708</u>	<u>\$ 78,601</u>	<u>\$ 302,309</u>
16,203	15,500	20,457	-	20,457
114,939	115,299	-	-	-
51,409	127,241	169,647	65,011	234,658
9,510	-	22,618	-	22,618
230,678	191,322	351,879	-	351,879
28,000	97,910	761,615	36,444	798,059
197,370	18,066	961,736	9,200	970,936
112,415	112,449	2,560	-	2,560
<u>760,524</u>	<u>677,787</u>	<u>2,290,512</u>	<u>110,655</u>	<u>2,401,167</u>
<u>-</u>	<u>-</u>	<u>18,034</u>	<u>-</u>	<u>18,034</u>
<u>-</u>	<u>-</u>	<u>11,151</u>	<u>-</u>	<u>11,151</u>
1,054,393	1,015,915	1,169,378	16,857	1,186,235
472,082	480,870	104,361	14,731	119,092
345,290	344,420	932	27,664	28,596
85,000	97,676	808,731	24,500	833,231
-	40,000	49,476	-	49,476
<u>1,956,765</u>	<u>1,978,881</u>	<u>2,132,878</u>	<u>83,752</u>	<u>2,216,630</u>
<u>\$ 4,381,869</u>	<u>\$ 4,289,765</u>	<u>\$ 4,676,283</u>	<u>\$ 273,008</u>	<u>\$ 4,949,291</u>
				<u>\$ 3,704,291</u>
				<u>1,245,000</u>
				<u>\$ 4,949,291</u>

CITY OF MEDICINE LODGE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Medicine Lodge is a municipal corporation governed by an elected mayor and five-member council. This regulatory financial statement presents the City of Medicine Lodge (the municipality) and the Public Building Commission (part of the municipality). The Lincoln Library, a related municipal entity, has not been included in the City's reporting entity.

Public Building Commission. The Commission was authorized by City Ordinance No. 818, pursuant to K.S.A 12-1757 et. seq., and all amendments thereto, and as amended, supplemented, and limited by the City of Medicine Lodge, Kansas Charter Ordinance No. 17 establishing the composition thereof and purposes for which established. For financial reporting, the financial activities of the Public Building Commission are accounted for within a non-budgeted special purpose fund.

Lincoln Library. The members of the governing board of the Library are approved by the City Council. The Library is fiscally dependent on the City because the City provides substantial financial support in the form of appropriations. In addition, the Library is prohibited from issuing bonded debt without the approval of the City Council.

2. Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2019:

REGULATORY BASIS FUND TYPES

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation – Fund Accounting (Continued)

REGULATORY BASIS FUND TYPES (CONTINUED)

Bond and interest fund – used to account for the accumulation of resources (including tax levies and transfers from other funds) and payment of general long-term debt.

Capital project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal services fund, etc.).

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

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

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

4. Budgetary Information

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

- 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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

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

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

A legal operating budget is not required for the utility reserve funds, capital project funds, or the Municipal Equipment Reserve, Capital Improvements Reserve, and Public Building Commission special purpose funds.

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

B. DEPOSITS AND INVESTMENTS

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

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

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2019.

B. DEPOSITS AND INVESTMENTS (CONTINUED)

At December 31, 2019, the City's carrying amount of deposits was \$4,949,291 and the bank balance was \$4,969,774. Of the bank balance, \$252,560 was covered by federal depository insurance, \$1,400,000 was collateralized with an irrevocable letter of credit from the Federal Home Loan Bank of Topeka, and \$3,317,214 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

C. LONG-TERM DEBT

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

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ payments</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
Refunding and improvement Issued April 1, 2013 In the amount of \$1,130,000 At interest rates of 0.80% to 2.70% Maturing September 1, 2024	\$ 415,000	\$ -	\$ 90,000	\$ 325,000	\$ 8,605
CID sales tax Issued May 23, 2017 In the amount of \$1,930,000 At interest rate of 3.00% Maturing September 1, 2030	1,850,000	-	135,000	1,715,000	55,500
Water system improvements Issued September 26, 2017 In the amount of \$3,732,000 At interest rate of 2.625% Maturing September 26, 2057	<u>3,678,150</u>	<u>-</u>	<u>55,264</u>	<u>3,622,886</u>	<u>96,551</u>
Subtotal general obligation bonds	<u>5,943,150</u>	<u>-</u>	<u>280,264</u>	<u>5,662,886</u>	<u>160,656</u>
Revenue bonds:					
Swimming pool improvements refunding Issued October 15, 2015 In the amount of \$1,035,000 At interest rates of 1.50% to 2.50% Maturing September 1, 2026	<u>835,000</u>	<u>-</u>	<u>95,000</u>	<u>740,000</u>	<u>17,413</u>
Revolving loans:					
Sewer plant Issued March 1, 2003 In the amount of \$2,946,766 At interest rate of 2.94% Maturing September 1, 2024	1,050,447	-	162,553	887,894	29,697
Water meter upgrades Issued December 6, 2012 In the amount of \$480,596 At interest rate of 2.43% Maturing August 1, 2022	<u>124,313</u>	<u>-</u>	<u>29,962</u>	<u>94,351</u>	<u>2,840</u>
Subtotal revolving loans	<u>1,174,760</u>	<u>-</u>	<u>192,515</u>	<u>982,245</u>	<u>32,537</u>
Total long-term debt	<u>\$7,952,910</u>	<u>\$ -</u>	<u>\$ 567,779</u>	<u>\$7,385,131</u>	<u>\$ 210,606</u>

C. LONG-TERM DEBT (CONTINUED)

Current maturities of general obligation bonds and interest for the next five years and in five-year increments through maturity are as follows:

	Principal due	Interest due	Total due
2020	\$ 286,715	\$ 153,626	\$ 440,341
2021	298,203	146,227	444,430
2022	289,731	138,354	428,085
2023	261,299	130,446	391,745
2024	237,908	123,062	360,970
2025-2029	1,210,196	513,081	1,723,277
2030-2034	482,253	374,674	856,927
2035-2039	440,820	318,258	759,078
2040-2044	501,796	257,282	759,078
2045-2049	571,206	187,871	759,077
2050-2054	650,217	108,860	759,077
2055-2057	<u>432,542</u>	<u>22,905</u>	<u>455,447</u>
Total	<u>\$ 5,662,886</u>	<u>\$ 2,474,646</u>	<u>\$ 8,137,532</u>

Current maturities of revenue bonds and interest for the next five years and through maturity are as follows:

	Principal due	Interest due	Total due
2020	\$ 95,000	\$ 15,987	\$ 110,987
2021	100,000	14,562	114,562
2022	105,000	12,563	117,563
2023	105,000	10,463	115,463
2024	110,000	8,100	118,100
2025-2026	<u>225,000</u>	<u>8,375</u>	<u>233,375</u>
Total	<u>\$ 740,000</u>	<u>\$ 70,050</u>	<u>\$ 810,050</u>

Current maturities of revolving loans and interest through maturity are as follows:

	Principal due	Interest due	Total due
2020	\$ 198,061	\$ 26,991	\$ 225,052
2021	203,769	21,283	225,052
2022	209,641	15,411	225,052
2023	182,682	9,568	192,250
2024	<u>188,092</u>	<u>4,158</u>	<u>192,250</u>
Total	<u>\$ 982,245</u>	<u>\$ 77,411</u>	<u>\$ 1,059,656</u>

D. INTERFUND TRANSFERS

Operating transfers:

<u>From</u>	<u>To</u>	<u>Regulatory authority</u>	<u>Amount</u>
General	Municipal equipment reserve	K.S.A. 12-1,117	\$ 10,000
General	Capital improvements reserve	K.S.A. 12-1,118	136,450
General	Public Building Commission	Resolution	112,413
Solid waste utility	General	K.S.A. 12-825d	15,000
Water utility	General	K.S.A. 12-825d	131,000
Water utility	Municipal equipment	K.S.A. 12-1,117	18,000
Water utility	Waterworks depreciation and maintenance res.	K.S.A. 12-825d	85,000
Water utility	Sewer utility	K.S.A. 12-825d	<u>125,000</u>
			<u>\$ 632,863</u>

Transfer to related municipal entity:

<u>From</u>	<u>To</u>	<u>Amount</u>
Library	Lincoln Library	<u>\$ 114,939</u>

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Death and disability other post-employment benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% and contributions were \$6,232 for the year ended December 31, 2019.

Section 457 deferred compensation plan. The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan, which is administered by a third party.

Section 125 plan. The City offers Section 125 plans to all eligible employees electing to participate. It is used for accident and cancer insurance. The City withholds the amounts from the employee's paychecks and remits the withholding to the plan administrator.

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONTINUED)

Compensated absences. The City's policy allows vacation time to accumulate to 160 hours. However, the number of hours of unused vacation that can be carried over without written authorization from the City Council varies depending on the number of continuous years of employment. The maximum number of hours eligible to be carried over is as follows: 40 hours, 0-5 years; 80 hours, 6-10 years; 120 hours, 11-15 years; 140 hours, 16-20 years; and, 160 hours, over 20 years. Sick leave may be accumulated up to 720 hours but is not paid upon termination or resignation.

F. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603), or by calling 1-888-275-5737.

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

State law provides that employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City were \$55,400 for the year ended December 31, 2019.

Net Pension Liability

At December 31, 2019, the City's proportionate share of the collective net pension liability reported by KPERS was \$474,254. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in the financial statement.

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

G. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The City pays an annual premium to KMIT for workers' compensation insurance coverage. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City continues to carry commercial insurance for all other risks of loss, including property, liability, and fidelity bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there have been no significant reductions in coverage.

H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 29, 2020, the date on which the financial statement was available to be used. Management's evaluation concluded that the following subsequent events are required to be recognized or disclosed in this financial statement:

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the pandemic. Therefore, the City expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MEDICINE LODGE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund:					
General	\$ 1,940,814	\$ -	\$ 1,940,814	\$ 1,633,097	\$ 307,717
Special purpose funds:					
Tourism	26,000	-	26,000	15,500	10,500
Library	124,204	-	124,204	115,299	8,905
Special highway	160,000	-	160,000	127,241	32,759
Special parks and recreation	10,000	-	10,000	-	10,000
Community improvement district	620,000	-	620,000	191,322	428,678
Business funds:					
Water utility	1,126,109	-	1,126,109	1,015,915	110,194
Sewer utility	481,433	-	481,433	480,870	563
Solid waste utility	353,680	-	353,680	344,420	9,260
Total	\$ 4,842,240	\$ -	\$ 4,842,240	\$ 3,923,664	\$ 918,576

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 665,085	\$ 633,216	\$ 655,636	\$ (22,420)
Delinquent tax	8,700	10,090	22,000	(11,910)
Motor vehicle tax	119,553	129,875	99,579	30,296
Recreational vehicle tax	1,488	1,485	1,437	48
16/20M tax	6,255	4,998	5,557	(559)
Special assessments	1,870	2,460	2,500	(40)
Local alcoholic liquor tax	2,167	9,509	2,000	7,509
Sales and use tax	482,282	483,776	514,350	(30,574)
License, permits and fees	7,230	5,325	5,000	325
Franchise fees	166,534	144,395	146,000	(1,605)
Fines, forfeitures and penalties	3,758	5,041	7,000	(1,959)
Charges for services	11,341	9,801	30,800	(20,999)
Interest	52,760	74,269	36,000	38,269
Use of property	100	100	-	100
Miscellaneous	26,015	33,751	26,300	7,451
Transfers:				
Water utility	126,000	131,000	131,000	-
Solid waste utility	15,000	15,000	17,000	(2,000)
Neighborhood revitalization rebate	(42,534)	(29,511)	(28,265)	(1,246)
Total receipts	<u>1,653,604</u>	<u>1,664,580</u>	<u>\$ 1,673,894</u>	<u>\$ (9,314)</u>
Expenditures:				
Administration:				
Personnel	86,265	86,006	\$ 94,750	\$ 8,744
Contractual services	81,840	112,902	66,950	(45,952)
Commodities	4,332	6,721	17,150	10,429
Capital outlay	-	473	1,700	1,227
Economic development	25,000	25,000	13,350	(11,650)
Miscellaneous	8,117	3,194	1,000	(2,194)
Total expenditures	<u>205,554</u>	<u>234,296</u>	<u>194,900</u>	<u>(39,396)</u>

CITY OF MEDICINE LODGE, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Police department:				
Personnel	\$ 300,354	\$ 311,676	\$ 374,665	\$ 62,989
Contractual services	46,352	30,309	36,975	6,666
Commodities	22,486	22,984	17,800	(5,184)
Capital outlay	7,353	4,012	12,500	8,488
Miscellaneous	2,564	200	2,000	1,800
	<u>379,109</u>	<u>369,181</u>	<u>443,940</u>	<u>74,759</u>
Fire department:				
Personnel	505	172	900	728
Contractual services	19,163	12,814	10,600	(2,214)
Commodities	756	4,614	6,950	2,336
Capital outlay	5,726	2,622	47,095	44,473
Debt service:				
Principal	32,055	16,200	-	(16,200)
Interest	1,792	1,549	-	(1,549)
	<u>59,997</u>	<u>37,971</u>	<u>65,545</u>	<u>27,574</u>
Street department:				
Personnel	151,958	150,252	145,972	(4,280)
Contractual services	21,350	30,509	21,100	(9,409)
Commodities	17,886	21,176	33,750	12,574
Capital outlay	2,967	1,007	60,250	59,243
Miscellaneous	984	770	-	(770)
	<u>195,145</u>	<u>203,714</u>	<u>261,072</u>	<u>57,358</u>
Swimming pool:				
Personnel	53,675	45,120	64,146	19,026
Contractual services	19,187	12,780	12,400	(380)
Commodities	3,677	3,882	14,050	10,168
Capital outlay	330	352	115,013	114,661
Miscellaneous	2,225	181	250	69
	<u>79,094</u>	<u>62,315</u>	<u>205,859</u>	<u>143,544</u>

CITY OF MEDICINE LODGE, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Airport:				
Contractual services	\$ 16,566	\$ 35,846	\$ 42,000	\$ 6,154
Commodities	60	4,650	2,370	(2,280)
Capital outlay	10	-	200	200
	<u>16,636</u>	<u>40,496</u>	<u>44,570</u>	<u>4,074</u>
Municipal court:				
Personnel	-	-	450	450
Contractual services	10,727	11,929	19,300	7,371
Commodities	-	67	100	33
Central Government	-	51	350	299
	<u>10,727</u>	<u>12,047</u>	<u>20,200</u>	<u>8,153</u>
Code enforcement/animal control:				
Contractual services	25,938	18,781	44,125	25,344
Commodities	187	216	3,250	3,034
	<u>26,125</u>	<u>18,997</u>	<u>47,375</u>	<u>28,378</u>
Park department:				
Personnel	112,103	118,087	136,368	18,281
Contractual services	26,334	20,421	12,850	(7,571)
Commodities	16,483	14,401	19,350	4,949
Capital outlay	241	228	2,450	2,222
	<u>155,161</u>	<u>153,137</u>	<u>171,018</u>	<u>17,881</u>
Carrie Nation Memorial:				
Appropriation	12,500	12,500	12,500	-
Contractual services	4,159	5,928	2,350	(3,578)
Commodities	203	212	3,050	2,838
Capital outlay	-	-	2,000	2,000
	<u>16,862</u>	<u>18,640</u>	<u>19,900</u>	<u>1,260</u>

CITY OF MEDICINE LODGE, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Street lights	\$ 41,077	\$ 40,558	\$ 46,485	\$ 5,927
Emergency preparedness	5,340	1,313	1,500	187
Economic development	-	-	25,000	25,000
Transfers:				
Municipal equipment reserve	10,000	10,000	10,000	-
Capital improvements reserve	232,250	136,450	198,450	62,000
Public Building Commission	108,763	112,413	-	(112,413)
Hospital appropriation	184,567	181,569	185,000	3,431
Total expenditures	1,726,407	1,633,097	\$ 1,940,814	\$ 307,717
Receipts over (under) expenditures	(72,803)	31,483		
Unencumbered cash, beginning of year	265,028	192,225	\$ 271,921	\$ (79,696)
Unencumbered cash, end of year	\$ 192,225	\$ 223,708	\$ 5,001	\$ 218,707

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

TOURISM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Guest tax	\$ 18,042	\$ 16,203	\$ 17,500	\$ (1,297)
Expenditures:				
Contractual services	-	-	\$ 1,000	\$ 1,000
Donations	28,000	15,500	25,000	9,500
Total expenditures	28,000	15,500	\$ 26,000	\$ 10,500
Receipts over (under) expenditures	(9,958)	703		
Unencumbered cash, beginning of year	29,712	19,754	\$ 10,413	\$ 9,341
Unencumbered cash, end of year	\$ 19,754	\$ 20,457	\$ 1,913	\$ 18,544

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 96,996	\$ 98,129	\$ 101,135	\$ (3,006)
Delinquent tax	1,233	1,498	10,000	(8,502)
Motor vehicle tax	17,659	18,941	14,872	4,069
Recreational vehicle tax	220	217	209	8
16/20M vehicle tax	975	728	810	(82)
Neighborhood revitalization rebate	(6,203)	(4,574)	(4,380)	(194)
Total receipts	110,880	114,939	\$ 122,646	\$ (7,707)
Expenditures:				
Miscellaneous	-	360	\$ -	\$ (360)
Transfer to related municipal entity	110,593	114,939	124,204	9,265
Total expenditures	110,593	115,299	\$ 124,204	\$ 8,905
Receipts over (under) expenditures	287	(360)		
Unencumbered cash, beginning of year	73	360	\$ 5,058	\$ (4,698)
Unencumbered cash, end of year	\$ 360	\$ -	\$ 3,500	\$ (3,500)

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
State of Kansas gas tax	\$ 52,105	\$ 51,409	\$ 52,330	\$ (921)
Expenditures:				
Contractual services	-	48,000	\$ 55,000	\$ 7,000
Commodities	-	-	50,000	50,000
Capital outlay	-	79,241	55,000	(24,241)
Total expenditures	-	127,241	\$ 160,000	\$ 32,759
Receipts over (under) expenditures	52,105	(75,832)		
Unencumbered cash, beginning of year	193,374	245,479	\$ 193,374	\$ 52,105
Unencumbered cash, end of year	\$ 245,479	\$ 169,647	\$ 85,704	\$ 83,943

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Local alcoholic liquor tax	\$ 2,166	\$ 9,510	<u>\$ 1,200</u>	<u>\$ 8,310</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>-</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Receipts over (under) expenditures	2,166	9,510		
Unencumbered cash, beginning of year	<u>10,942</u>	<u>13,108</u>	<u>\$ 8,875</u>	<u>\$ 4,233</u>
Unencumbered cash, end of year	<u>\$ 13,108</u>	<u>\$ 22,618</u>	<u>\$ 75</u>	<u>\$ 22,543</u>

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

COMMUNITY IMPROVEMENT DISTRICT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Sales and use tax	\$ 238,445	\$ 230,678	\$ 245,000	\$ (14,322)
Expenditures:				
Contractual services	8,332	822	\$ 40,000	\$ 39,178
Capital outlay	115,468	-	390,000	390,000
Debt service:				
Principal	80,000	135,000	190,000	55,000
Interest	73,662	55,500	-	(55,500)
Total expenditures	277,462	191,322	\$ 620,000	\$ 428,678
Receipts over (under) expenditures	(39,017)	39,356		
Unencumbered cash, beginning of year	351,540	312,523	\$ 377,768	\$ (65,245)
Unencumbered cash, end of year	\$ 312,523	\$ 351,879	\$ 2,768	\$ 349,111

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2019

	<u>Municipal equipment reserve</u>	<u>Capital improvements reserve</u>	<u>Public Building Commission</u>	<u>Total</u>
Receipts:				
Grants	\$ -	\$ 60,920	\$ -	\$ 60,920
Interest	-	-	2	2
Transfers:				
General	10,000	136,450	112,413	258,863
Water utility	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
Total receipts	<u>28,000</u>	<u>197,370</u>	<u>112,415</u>	<u>337,785</u>
Expenditures:				
Contractual services	-	18,066	36	18,102
Capital outlay	97,910	-	-	97,910
Debt service:				
Principal	-	-	95,000	95,000
Interest	<u>-</u>	<u>-</u>	<u>17,413</u>	<u>17,413</u>
Total expenditures	<u>97,910</u>	<u>18,066</u>	<u>112,449</u>	<u>228,425</u>
Receipts over (under) expenditures	(69,910)	179,304	(34)	109,360
Unencumbered cash, beginning of year	<u>831,525</u>	<u>782,432</u>	<u>2,594</u>	<u>1,616,551</u>
Unencumbered cash, end of year	<u>\$ 761,615</u>	<u>\$ 961,736</u>	<u>\$ 2,560</u>	<u>\$ 1,725,911</u>

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Delinquent tax	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	-	-	\$ -	\$ -
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	18,034	18,034	\$ 18,534	\$ (500)
Unencumbered cash, end of year	\$ 18,034	\$ 18,034	\$ 18,534	\$ (500)

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS**SIDEWALK IMPROVEMENT****SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>
Receipts:		
Bond proceeds	\$ -	\$ -
Expenditures:		
Contractual services	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning of year	<u>11,151</u>	<u>11,151</u>
Unencumbered cash, end of year	<u><u>\$ 11,151</u></u>	<u><u>\$ 11,151</u></u>

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Water sales	\$ 1,011,733	\$ 981,558	\$ 995,000	\$ (13,442)
New services	4,560	4,100	5,100	(1,000)
Reconnects	6,961	6,649	5,000	1,649
Bulk sales	996	199	1,000	(801)
Swimming pool fee	57,532	56,689	61,000	(4,311)
Sales tax	5,432	5,198	6,200	(1,002)
Miscellaneous	12,934	-	-	-
Reimbursed expenditures	18,214	-	250	(250)
Total receipts	1,118,362	1,054,393	\$ 1,073,550	\$ (19,157)
Expenditures:				
Personnel	171,145	192,979	\$ 277,039	\$ 84,060
Contractual services	171,174	154,839	106,450	(48,389)
Commodities	34,087	29,183	86,900	57,717
Capital outlay	4,387	6,138	284,720	278,582
Miscellaneous	10,486	8,303	16,000	7,697
Debt service:				
Principal	141,043	156,500	-	(156,500)
Interest	109,683	108,973	-	(108,973)
Transfers:				
General	126,000	131,000	127,000	(4,000)
Municipal equipment reserve	18,000	18,000	18,000	-
Waterworks depreciation and maintenance reserve	90,000	85,000	85,000	-
Sewer utility	110,000	125,000	125,000	-
Total expenditures	986,005	1,015,915	\$ 1,126,109	\$ 110,194
Receipts over (under) expenditures	132,357	38,478		
Unencumbered cash, beginning of year	998,543	1,130,900	\$ 669,694	\$ 461,206
Unencumbered cash, end of year	\$ 1,130,900	\$ 1,169,378	\$ 617,135	\$ 552,243

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 351,339	\$ 346,582	\$ 371,000	\$ (24,418)
Miscellaneous	1,000	500	-	500
Reimbursed expenditures	425	-	-	-
Transfers:				
Water utility	110,000	125,000	125,000	-
Total receipts	<u>462,764</u>	<u>472,082</u>	<u>\$ 496,000</u>	<u>\$ (23,918)</u>
Expenditures:				
Personnel	151,036	128,519	\$ 103,032	\$ (25,487)
Contractual services	126,222	143,666	104,301	(39,365)
Commodities	10,141	13,260	63,600	50,340
Capital outlay	792	2,260	196,250	193,990
Miscellaneous	1,259	915	1,250	335
Debt service:				
Principal	157,877	165,078	-	(165,078)
Interest	34,373	27,172	-	(27,172)
Transfers:				
General	-	-	12,500	12,500
Sewer plant O-M-R	5,000	-	500	500
Municipal equipment reserve	1,000	-	-	-
Total expenditures	<u>487,700</u>	<u>480,870</u>	<u>\$ 481,433</u>	<u>\$ 563</u>
Receipts over (under) expenditures	(24,936)	(8,788)		
Unencumbered cash, beginning of year	<u>138,085</u>	<u>113,149</u>	<u>\$ 112,931</u>	<u>\$ 218</u>
Unencumbered cash, end of year	<u>\$ 113,149</u>	<u>\$ 104,361</u>	<u>\$ 127,498</u>	<u>\$ (23,137)</u>

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SOLID WASTE UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		Variance
	2018	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 350,438	\$ 345,290	\$ 357,000	\$ (11,710)
Expenditures:				
Contractual services	335,447	329,420	\$ 336,680	\$ 7,260
Transfers:				
General	15,000	15,000	17,000	2,000
Total expenditures	350,447	344,420	\$ 353,680	\$ 9,260
Receipts over (under) expenditures	(9)	870		
Unencumbered cash, beginning of year	71	62	\$ 6,740	\$ (6,678)
Unencumbered cash, end of year	\$ 62	\$ 932	\$ 10,060	\$ (9,128)

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

NON-BUDGETED BUSINESS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2019

	Waterworks depreciation and maintenance reserve	Sewer plant O-M-R	Total
Receipts:			
Transfers:			
Water utility	\$ 85,000	\$ -	\$ 85,000
Expenditures:			
Contractual services	38,048	-	38,048
Capital outlay	59,628	40,000	99,628
Total expenditures	97,676	40,000	137,676
Receipts over (under) expenditures	(12,676)	(40,000)	(52,676)
Unencumbered cash, beginning of year	821,407	89,476	910,883
Unencumbered cash, end of year	\$ 808,731	\$ 49,476	\$ 858,207

See Independent Auditor's Report.