

CITY OF WESTMORELAND, KANSAS

FINANCIAL STATEMENT

For the Year Ended December 31, 2019

VONFELDT, BAUER & VONFELDT, CHTD.

Certified Public Accountants

Manhattan, Kansas 66502

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CITY OF WESTMORELAND, KANSAS

Financial Statement
Regulatory Basis
For the Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Westmoreland, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of Westmoreland, Kansas, a Municipality, 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 1; 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 1 of the financial statement, the financial statement is prepared by the City of Westmoreland, 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 1 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 Westmoreland, 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 balance of the City of Westmoreland, 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 1.

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 balances (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-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Westmoreland, Kansas as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated July 2, 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 <http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services>.

The 2018 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2019 (Schedule 2 as listed in the table of contents) is presented for purposes of comparative 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 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 1.

VonFeldt, Bauer & VonFeldt, Chtd.

VONFELDT, BAUER & VONFELDT, CHTD.

Certified Public Accountants

Manhattan, Kansas

June 5, 2020

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

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 92,581.50	\$ 0.00	\$ 453,249.83	\$ 451,909.89	\$ 93,921.44	\$ 8,228.67	\$ 102,150.11
Special Purpose Funds:							
Employee Benefits Fund	4,733.67	0.00	48,100.00	44,939.46	7,894.21	0.00	7,894.21
Special Highway Fund	7,984.59	0.00	20,747.88	25,651.00	3,081.47	0.00	3,081.47
Street Improvement Fund	1,231.66	0.00	8,457.06	4,310.79	5,377.93	0.00	5,377.93
Bond & Interest Fund	115,014.54	0.00	113,335.48	132,899.37	95,450.65	0.00	95,450.65
Business Fund:							
Utilities Fund	112,477.68	0.00	362,922.37	378,344.62	97,055.43	16,191.75	113,247.18
Utility Reserve Fund	0.00	0.00	8,000.00	0.00	8,000.00	0.00	8,000.00
Project Fund	835.01	0.00	2,000.00	2,835.01	0.00	0.00	0.00
Total Reporting Entity	\$ 334,858.65	\$ 0.00	\$ 1,016,812.62	\$ 1,040,890.14	\$ 310,781.13	\$ 24,420.42	\$ 335,201.55

Composition of Cash:

Cash on Hand:	
Pottawatomie County	\$ 9,078.41
Checking Account	191,960.49
Project Account	0.00
Money Market Account	50,274.84
CD	83,887.81
Total Reporting Entity	<u>\$ 335,201.55</u>

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

CITY OF WESTMORELAND, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2019

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

City of Westmoreland, Kansas (City) is a municipal corporation governed by an elected six-member council. This regulatory financial statement presents the City of Westmoreland, Kansas (the municipality) and does not include any of its related municipal entities.

B. 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.

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

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

C. BASIS OF ACCOUNTING

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

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 municipality to use the regulatory basis of accounting.

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of checking accounts, savings account and certificates of deposit. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

E. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the City by January 20. The second half is due May 10 and distributed to the City by June 5. The City Treasurer draws available funds from the County Treasurer at designated times throughout the year.

F. REIMBURSED EXPENSES

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

G. USE OF ESTIMATES

The preparation of the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from those estimates.

Note 2 - BUDGETARY INFORMATION

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment for Qualifying Budget Credits: Cities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, reimbursements, gifts and donations and receipts authorized by law to be spent as if they were reimbursed expenses.

Note 2 - BUDGETARY INFORMATION (Cont'd.)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory 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 capital project funds and trust 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.

Note 3 - DEPOSITS

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

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

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

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, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year.

At December 31, 2019 the City's carrying amount of deposits was \$326,123.14 and the bank balance was \$333,316.76. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000.00 was covered by federal depository insurance, and \$83,316.76 was collateralized with securities held by the pledging financial institution's agents in the City's name.

Note 4 - LONG TERM DEBT

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions / Payments	Balance End of Year	Interest Paid
General Obligation Bond:									
Bond Series 2016	2.00%-3.55%	9/29/2016	\$ 715,000.00	10/1/2036	\$ 615,000.00	\$ 0.00	\$ 60,000.00	\$ 555,000.00	\$ 16,632.50
KDHE Loans:									
KDHE Water Pollution Loan - 2005	2.580%	10/06/2005	567,670.34	3/1/2027	243,268.86	0.00	25,946.04	217,322.82	5,518.00
KDHE Water Pollution Loan - 2016	1.810%	11/30/2016	363,348.36	9/1/2038	363,348.36	0.00	17,738.24	345,610.12	5,578.54
Lease-Purchases:									
Mini Excavator	3.95%	5/14/2018	21,904.00	5/14/2023	21,904.00	0.00	4,083.67	17,820.33	829.65
Chevy Dump Truck	3.80%	5/15/2019	18,000.00	5/15/2024	0.00	18,000.00	0.00	18,000.00	0.00
Water Meter System	4.00%	5/15/2019	18,000.00	5/15/2029	0.00	125,000.00	0.00	125,000.00	0.00
Total Contractual Indebtedness					<u>\$ 1,243,521.22</u>	<u>\$ 143,000.00</u>	<u>\$ 107,767.95</u>	<u>\$ 1,278,753.27</u>	<u>\$ 28,558.69</u>

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

	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025- 12/31/2029	12/31/2030- 12/31/2034	12/31/2035- 12/31/2039	Total
PRINCIPAL:									
General Obligation Bonds	\$ 50,000.00	\$ 50,000.00	\$ 35,000.00	\$ 30,000.00	\$ 35,000.00	\$ 155,000.00	\$ 140,000.00	\$ 60,000.00	\$ 555,000.00
KDHE loans	42,011.65	42,982.72	43,976.82	44,994.54	46,036.40	164,463.26	95,566.75	82,900.80	562,932.94
Lease purchases	<u>17,906.28</u>	<u>18,668.23</u>	<u>19,405.85</u>	<u>20,174.81</u>	<u>16,047.18</u>	<u>68,617.98</u>	<u>0.00</u>	<u>0.00</u>	<u>160,820.33</u>
TOTAL PRINCIPAL	<u>109,917.93</u>	<u>111,650.95</u>	<u>98,382.67</u>	<u>95,169.35</u>	<u>97,083.58</u>	<u>388,081.24</u>	<u>235,566.75</u>	<u>142,900.80</u>	<u>1,278,753.27</u>
INTEREST:									
General Obligation Bonds	15,432.50	14,432.50	13,432.50	12,732.50	12,132.50	47,302.50	25,930.00	3,195.00	144,590.00
KDHE loans	10,241.31	9,375.87	8,489.84	7,582.70	6,653.97	20,436.42	10,621.49	2,940.40	76,342.00
Lease-purchases	<u>6,406.80</u>	<u>5,680.41</u>	<u>4,942.79</u>	<u>4,176.02</u>	<u>3,388.14</u>	<u>8,452.30</u>	<u>0.00</u>	<u>0.00</u>	<u>33,046.46</u>
TOTAL INTEREST	<u>32,080.61</u>	<u>29,488.78</u>	<u>26,865.13</u>	<u>24,491.22</u>	<u>22,174.61</u>	<u>76,191.22</u>	<u>36,551.49</u>	<u>6,135.40</u>	<u>253,978.46</u>
TOTAL PRINCIPAL & INTEREST	<u>\$ 141,998.54</u>	<u>\$ 141,139.73</u>	<u>\$ 125,247.80</u>	<u>\$ 119,660.57</u>	<u>\$ 119,258.19</u>	<u>\$ 464,272.46</u>	<u>\$ 272,118.24</u>	<u>\$ 149,036.20</u>	<u>\$ 1,532,731.73</u>

Note 5 - OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefit. As provided by K.S.A. 12-5040, the municipality allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the municipality 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 municipality 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% for the year ended December 31, 2019.

Compensated Absences. Full-time employees accrue personal leave time per pay period in lieu of vacation, sick leave and funeral leave, which doesn't begin until the employee has completed their probationary employment period. Eligible employees employed for less than 10 years can accrue a maximum of 160 hours of personal leave time annually with 200 hours allowed to be carried over to the next year. Eligible employees employed for 10 years or more can accrue a maximum of 200 hours of personal leave time annually with 320 hours allowed to be carried over to the next year.

Extended Sick Leave (ESL) is a part of the personal leave time program, which may be used for extended illness, injury, disability, hospitalization, or other qualifying event under the Family and Medical Leave Act (FMLA). At December 31st each year, hours in excess of allowed carryover hours noted above shall be moved to an ESL account. The maximum accumulation in an employee's ESL account for an employee employed for less than 10 years is 240 hours and 480 hours for an employee employed for 10 years or more. Any hours in excess shall be lost.

Upon resignation or separation of employment, employees will be paid for all accrued personal leave time up to the 200 or 320 hour thresholds noted above. Accumulated ESL balance shall not be paid upon resignation or separation of employment. The potential liability for personal leave time as of December 31, 2019 and 2018 was \$12,700.13 and \$8,124.39.

Note 6 - DEFINED BENEFIT PENSION PLAN

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 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 employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

Note 6 - DEFINED BENEFIT PENSION PLAN (Cont'd.)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) 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 \$15,760.98 and \$14,445.09 for the years ended December 31, 2019 and 2018, respectively.

Net Pension Liability. At December 31, 2019 the City's proportionate share of the collective net pension liability reported by KPERS was \$116,736. 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 this 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.

Note 7 - INTER-FUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Utilities	Bond & Interest	K.S.A. 12-825d	77,453.91
Utilities	Utility Reserve	K.S.A. 12-825d	8,000.00

Note 8 - CONTINGENCIES

During the ordinary course of its operations the City is a party to potential claims, legal actions and complaints. It is the opinion of the City's management that these matters are not anticipated to have a material effect on the City's financial statement.

Note 9 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains coverage from commercial insurance companies in order to effectively manage risk. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The City does not participate in a public entity risk pool.

Note 10 - WATER SYSTEM IMPROVEMENTS

In 2000, the City is contracted with Rural Water District #4 (RWD) to make payments of \$3,396 a month for the purpose of the retirement of the debt of the RWD. The debt was incurred by RWD for construction of a water delivery system of which the City uses. The contract has a duration of 40 years. Debt payments made by the City to RWD totaled \$40,752 for the year ended December 31, 2019.

Note 11 - CONDUIT DEBT OBLIGATIONS

In 2006, the City issued bonds on behalf of Westy Community Care Home, Inc. in the amount of \$2,000,000 for facility additions. Westy Community Care Home, Inc. makes monthly payments on this debt directly to the Trustee, Security Bank of Kansas City, for the duration of 20 years. In 2011, the City Health Care Facilities Refunding Revenue Bonds to provide funds to pay the costs of refunding the Series 2006 bonds. \$1,785,000 of remaining debt was paid to close the 2006 bonds.

The series 2011 bonds were issued in the amount of \$1,650,000. The bonds are secured by Westy Community Care Home. In 2019, the series 2011 bonds were refinanced in the amount of \$1,200,000. The City has no obligation for the debt.

Note 12 - COMPLIANCE WITH KANSAS STATUTES

Management is aware of no statutory violations for the period covered by the audit.

Note 13 - SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through June 5, 2020, the date on which the financial statements were available to be issued. The following matters were noted:

In April 2020, the City entered into a lease purchase agreement for a 2020 Chevy truck in the amount of \$32,567 with an interest rate of 2.60% and payments due annually for seven years.

In May 2020, the City entered into an agreement for ditch liner work with an estimated cost of \$17,122.50.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF WESTMORELAND, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

<u>Funds</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 - Over (Under)</u>
General Fund	\$ 456,000.00	\$ 0.00	\$ 456,000.00	\$ 451,909.89	\$ (4,090.11)
Special Purpose Funds:					
Employee Benefits Fund	50,405.00	0.00	50,405.00	44,939.46	(5,465.54)
Special Highway Fund	33,951.00	0.00	33,951.00	25,651.00	(8,300.00)
Street Improvement Fund	6,729.00	0.00	6,729.00	4,310.79	(2,418.21)
Bond & Interest Fund	185,032.00	0.00	185,032.00	132,899.37	(52,132.63)
Business Fund:					
Utilities Fund	407,817.00	0.00	407,817.00	378,344.62	(29,472.38)

CITY OF WESTMORELAND, 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)

		Current Year		
	Prior Year			Variance
	Actual	Actual	Budget	Over (Under)
Receipts				
Taxes and Shared Receipts:				
Ad Valorem Tax	\$ 133,160.59	\$ 140,869.72	\$ 144,538.00	\$ (3,668.28)
Delinquent Tax	2,453.00	7,976.08	0.00	7,976.08
Motor Vehicle Tax	17,156.68	19,734.65	18,273.00	1,461.65
Recreational Vehicle Tax	344.35	428.28	356.00	72.28
16/20 Motor Vehicle Tax	35.18	37.38	122.00	(84.62)
Watercraft Vehicle Tax	69.83	59.47	67.00	(7.53)
Sales and Compensating UseTax	188,511.74	193,070.63	167,000.00	26,070.63
Franchise Tax	29,885.34	27,665.89	22,500.00	5,165.89
Commercial Vehicle	1,638.10	1,485.39	2,322.00	(836.61)
Licenses and Permits	1,913.90	2,123.10	675.00	1,448.10
Rentals	1,115.00	1,000.00	850.00	150.00
Donations	14,400.00	100.00	0.00	100.00
Fire Township Fees	4,854.71	10,271.00	4,150.00	6,121.00
Pool	24,578.00	25,654.13	16,500.00	9,154.13
Dog Tags	1,263.00	1,110.00	575.00	535.00
Cemetery	2,050.00	1,250.00	2,500.00	(1,250.00)
RV Park	12,941.53	10,253.00	5,000.00	5,253.00
Reimbursements	3,348.20	263.73	3,500.00	(3,236.27)
Miscellaneous	8,655.20	7,831.98	0.00	7,831.98
Interest on Idle Funds	922.83	2,065.40	500.00	1,565.40
Total Receipts	449,297.18	453,249.83	\$ 389,428.00	\$ 63,821.83
Expenditures				
General Admin: Personnel	106,728.50	106,995.75	106,500.00	495.75
General Admin: Health Insurance	0.00	0.00	1,750.00	(1,750.00)
General Admin: KPERs	0.00	0.00	825.00	(825.00)
General Admin: Utilities	35,200.68	32,883.76	37,500.00	(4,616.24)
General Admin: Professional Fees	11,550.00	20,304.75	26,500.00	(6,195.25)
General Admin: City Agent	2,300.00	1,962.50	0.00	1,962.50
General Admin: Other Contractual	62,884.67	97,947.62	110,325.00	(12,377.38)
General Admin: Other Commodities	63,707.62	51,805.15	44,000.00	7,805.15
General Admin: Capital Outlay	33,283.61	0.00	25,100.00	(25,100.00)
General Admin: Miscellaneous	6,181.11	5,027.62	0.00	5,027.62
Pool: Personnel	28,343.37	29,655.13	27,500.00	2,155.13
Pool: Contractual	6,197.89	7,732.66	10,000.00	(2,267.34)
Pool: Commodities	9,183.29	8,005.18	0.00	8,005.18
Pool: Concessions	3,584.76	4,352.36	3,500.00	852.36
Pool: Capital Outlay	3,079.66	1,598.72	6,000.00	(4,401.28)
Fire: Contractual	1,975.29	5,306.93	6,500.00	(1,193.07)
Fire: Commodities	9,559.52	8,234.70	8,500.00	(265.30)
Fire: Utilities	7,551.95	6,870.60	8,000.00	(1,129.40)
Fire: Capital Outlay	2,025.00	2,230.00	0.00	2,230.00

CITY OF WESTMORELAND, KANSAS
GENERAL FUND (Cont'd.)
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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (Cont'd.)				
Cemetery: Contractual	10,701.71	5,883.33	2,500.00	3,383.33
Cemetery: Commodities	3,012.42	7,522.86	1,000.00	6,522.86
Cemetery: Capital Outlay	0.00	617.70	0.00	617.70
Streets: Contractual	0.00	17,700.36	20,900.00	(3,199.64)
Streets: Commodities	12,973.47	17,108.18	250.00	16,858.18
RV Park: Contractual	1,420.00	1,120.00	4,250.00	(3,130.00)
RV Park: Commodities	2,441.94	1,641.76	1,100.00	541.76
RV Park: Utilities	4,853.43	3,129.14	3,500.00	(370.86)
RV Park: Capital Outlay	0.00	1,359.81	0.00	1,359.81
Lease Principal	0.00	4,083.67	0.00	4,083.67
Lease Interest	0.00	829.65	0.00	829.65
Total Expenditures	428,739.89	451,909.89	\$ 456,000.00	\$ (4,090.11)
Receipts Over (Under) Expenditures	20,557.29	1,339.94		
Unencumbered Cash, Beginning	72,024.21	92,581.50		
Unencumbered Cash, Ending	\$ 92,581.50	\$ 93,921.44		

CITY OF WESTMORELAND, KANSAS
EMPLOYEE BENEFITS
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)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Receipts				
Ad Valorem Tax	\$ 37,525.34	\$ 39,421.01	\$ 40,446.00	\$ (1,024.99)
Delinquent Tax	792.48	2,397.25	0.00	2,397.25
Motor Vehicle Tax	5,569.59	5,712.53	5,152.00	560.53
Commercial Vehicle Tax	517.63	418.79	655.00	(236.21)
16/20 Motor Vehicle Tax	12.61	11.81	34.00	(22.19)
Recreational Vehicle Tax	112.81	121.85	100.00	21.85
Watercraft Vehicle Tax	22.07	16.76	18.00	(1.24)
Total Receipts	44,552.53	48,100.00	\$ 46,405.00	\$ 1,695.00
Expenditures				
Health Insurance	24,534.72	27,180.24	30,000.00	(2,819.76)
Miscellaneous	1,277.64	1,952.34	0.00	1,952.34
KPERS	14,445.09	15,760.98	13,750.00	2,010.98
Payroll Taxes	0.00	45.90	0.00	45.90
Cash Forward	0.00	0.00	6,655.00	(6,655.00)
Total Expenditures	40,257.45	44,939.46	\$ 50,405.00	\$ (5,465.54)
Receipts Over (Under) Expenditures	4,295.08	3,160.54		
Unencumbered Cash, Beginning	438.59	4,733.67		
Unencumbered Cash, Ending	\$ 4,733.67	\$ 7,894.21		

CITY OF WESTMORELAND, 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State of Kansas Gas Tax	\$ 20,769.02	\$ 20,747.88	\$ 20,850.00	\$ (102.12)
Total Receipts	20,769.02	20,747.88	\$ 20,850.00	\$ (102.12)
Expenditures				
Contractual	12,402.50	23,027.36	32,951.00	(9,923.64)
Commodities	7,214.52	2,623.64	1,000.00	1,623.64
Total Expenditures	19,617.02	25,651.00	\$ 33,951.00	\$ (8,300.00)
Receipts Over (Under) Expenditures	1,152.00	(4,903.12)		
Unencumbered Cash, Beginning	6,832.59	7,984.59		
Unencumbered Cash, Ending	\$ 7,984.59	\$ 3,081.47		

CITY OF WESTMORELAND, KANSAS
STREET IMPROVEMENT
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)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Receipts				
Ad Valorem Tax	\$ 5,405.81	\$ 5,725.94	\$ 5,876.00	\$ (150.06)
Commercial Vehicle Tax	294.15	60.83	95.00	(34.17)
Delinquent Tax	403.29	784.18	0.00	784.18
16/20 Motor Vehicle Tax	7.08	6.70	5.00	1.70
Motor Vehicle Tax	3,157.42	1,412.93	748.00	664.93
Recreational Vehicle Tax	63.91	22.05	15.00	7.05
Reimbursements	112.00	442.00	0.00	442.00
Watercraft Vehicle Tax	12.53	2.43	0.00	2.43
Total Receipts	9,456.19	8,457.06	\$ 6,739.00	\$ 1,718.06
Expenditures				
Contractual	0.00	2,515.00	6,729.00	(4,214.00)
Commodities	8,224.53	1,795.79	0.00	1,795.79
Capital Outlay	0.00	0.00	0.00	0.00
Total Expenditures	8,224.53	4,310.79	\$ 6,729.00	\$ (2,418.21)
Receipts Over (Under) Expenditures	1,231.66	4,146.27		
Unencumbered Cash, Beginning	0.00	1,231.66		
Unencumbered Cash, Ending	\$ 1,231.66	\$ 5,377.93		

CITY OF WESTMORELAND, KANSAS
 BOND & 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)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Receipts:				
Ad Valorem Tax	\$ 10,313.39	\$ 13,781.34	\$ 14,140.00	\$ (358.66)
Delinquent Tax	223.11	650.76	0.00	650.76
Motor Vehicle Tax	1,386.34	1,501.48	1,416.00	85.48
16/20 Motor Vehicle Tax	4.19	2.65	9.00	(6.35)
Commercial Vehicle Tax	116.32	115.16	180.00	(64.84)
Recreational Vehicle Tax	29.01	33.00	28.00	5.00
Special Assessments	23,764.51	19,792.56	24,500.00	(4,707.44)
Watercraft Vehicle Tax	4.96	4.62	5.00	(0.38)
Operating Transfer:				
From Utilities Fund	92,943.96	77,453.91	58,899.00	18,554.91
Total Receipts	128,785.79	113,335.48	\$ 99,177.00	\$ 14,158.48
Expenditures				
Bond Principal	60,000.00	60,000.00	60,000.00	0.00
Bond Interest	17,832.50	16,632.50	16,633.00	(0.50)
KDHE Principal	25,289.37	43,684.28	44,752.00	(1,067.72)
KDHE Interest	8,471.09	11,096.54	12,445.00	(1,348.46)
Cash Basis Reserve Unpaid Assessment	0.00	0.00	49,500.00	(49,500.00)
Service Fees	1,033.89	1,486.05	1,702.00	(215.95)
Total Expenditures	112,626.85	132,899.37	\$ 185,032.00	\$ (52,132.63)
Receipts Over (Under) Expenditures	16,158.94	(19,563.89)		
Unencumbered Cash, Beginning	98,855.60	115,014.54		
Unencumbered Cash, Ending	\$ 115,014.54	\$ 95,450.65		

CITY OF WESTMORELAND, KANSAS
 UTILITIES 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)

	Prior Year Actual	Current Year		
		Actual	Budget	Variance Over (Under)
Receipts				
Charges for Services	\$ 304,080.66	\$ 301,126.92	\$ 297,000.00	\$ 4,126.92
Fine, forfeitures, and penalties	5,510.75	5,080.13	2,500.00	2,580.13
Miscellaneous income	12,720.00	465.02	50.00	415.02
Refuse income	46,993.05	52,251.33	45,500.00	6,751.33
Reimbursements	58,129.55	3,154.36	500.00	2,654.36
Sales tax	817.99	844.61	4,600.00	(3,755.39)
Total Receipts	428,252.00	362,922.37	\$ 350,150.00	\$ 12,772.37
Expenditures				
Personnel	64,831.56	68,173.74	75,000.00	(6,826.26)
Payroll Taxes	4,993.01	5,212.36	1,750.00	3,462.36
KPERS	0.00	0.00	550.00	(550.00)
Contractual	7,215.77	34,387.43	25,000.00	9,387.43
Commodities	8,637.82	6,641.05	12,500.00	(5,858.95)
Administration	0.00	0.00	750.00	(750.00)
Utilities: Water	127,906.20	120,937.50	206,705.00	(85,767.50)
Utilities: Sewer	17,638.21	0.00	0.00	0.00
Utilities: Trash	46,148.21	52,053.20	0.00	52,053.20
Utilities: Other	13,510.00	148.00	0.00	148.00
Capital Outlay	20,000.00	0.00	12,500.00	(12,500.00)
Taxes	4,162.16	4,357.93	5,250.00	(892.07)
Lease Principal	4,256.99	0.00	4,048.00	(4,048.00)
Lease Interest	136.22	0.00	865.00	(865.00)
Service Fees	1,357.11	969.50	0.00	969.50
Operating Transfer:				
To Utility Reserve	0.00	8,000.00	4,000.00	4,000.00
To Bond and Interest Fund	92,943.96	77,453.91	58,899.00	18,554.91
Miscellaneous	0.00	10.00	0.00	10.00
Total Expenditures	413,737.22	378,344.62	\$ 407,817.00	\$ (29,472.38)
Receipts Over (Under) Expenditures	14,514.78	(15,422.25)		
Unencumbered Cash, Beginning	97,962.90	112,477.68		
Unencumbered Cash, Ending	\$ 112,477.68	\$ 97,055.43		

CITY OF WESTMORELAND, KANSAS
 UTILITY RESERVE 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)

	2018	2019
Receipts		
Transfer in	\$ 0.00	\$ 8,000.00
Total Receipts	0.00	8,000.00
Expenditures	0.00	0.00
Total Expenditures	0.00	0.00
Receipts Over (Under) Expenditures	0.00	8,000.00
Unencumbered Cash, Beginning	0.00	0.00
Unencumbered Cash, Ending	\$ 0.00	\$ 8,000.00

CITY OF WESTMORELAND, KANSAS
 PROJECT 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)

	2018	2019
Receipts		
State proceeds	\$ 673,307.17	\$ 2,000.00
Total Receipts	673,307.17	2,000.00
Expenditures		
Project expenditures	672,472.16	2,835.01
Total Expenditures	672,472.16	2,835.01
Receipts Over (Under) Expenditures	835.01	(835.01)
Unencumbered Cash, Beginning	0.00	835.01
Unencumbered Cash, Ending	\$ 835.01	\$ 0.00