

CITY OF INMAN, KANSAS

FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018

CITY OF INMAN, KANSAS
CITY OF THE THIRD CLASS
For the Year Ended December 31, 2018

James Toews, Mayor

CITY COUNCIL

Scott Schriner

Donald Froese

David Thiessen

J. Darin Pote

Dennis Schroeder

CITY OFFICERS

Barbara Tuxhorn
Clerk

Stanley R. Juhnke
Attorney

Samantha Green
Deputy Clerk/Treasurer

Bobby Herron
Chief of Police

Danny Parr
Superintendent, Building
and Zoning Administrator

For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Inman, Kansas 67546

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Inman, Kansas, a Municipality as of and for the year ended December 31, 2018 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; 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 Inman, 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.

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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 Inman, Kansas as of December 31, 2018, 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 Inman, Kansas as of December 31, 2018, 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 2018 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, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented additional analysis and are not a required part of the 2018 basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statement or to the 2018 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2018 basic financial statement as a whole, on the basis of accounting described in Note 1.

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 Inman, Kansas as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated March 29, 2018, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2018 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2017 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 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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 2017 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, 2017, on the basis of accounting described in Note 1.

Swindoll, Janzen, Hawk & Loyd, LLC

Swindoll, Janzen, Hawk & Loyd, LLC
McPherson, Kansas

April 2, 2019

CITY OF INMAN, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH**Regulatory Basis**

For the Year Ended December 31, 2018

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND:						
General Fund	\$ 1,179,986	\$ 887,195	\$ 1,170,991	\$ 896,190	\$ 259,115	\$ 1,155,305
SPECIAL PURPOSE FUNDS:						
County Economic Development Fund	3,214	2,410	2,412	3,212	-	3,212
Library Fund	5	27,361	27,324	42	-	42
Special Highway Fund	78,402	36,561	30,689	84,274	-	84,274
State Grants Fund	-	80,000	80,000	-	-	-
Total Special Purpose Funds	81,621	146,332	140,425	87,528	-	87,528
BOND AND INTEREST FUND:						
Bond and Interest Fund	79,662	75,738	67,424	87,976	-	87,976
CAPITAL PROJECTS FUNDS:						
Equipment Reserve Fund	167,307	111,000	191,299	87,008	-	87,008
Capital Improvement Fund	311,310	100,367	160,109	251,568	16,446	268,014
Total Capital Projects Funds	478,617	211,367	351,408	338,576	16,446	355,022
BUSINESS FUNDS:						
Sewer Utility Fund	289,565	106,982	82,889	313,658	6,102	319,760
Solid Waste Utility Fund	61,791	100,487	97,663	64,615	7,527	72,142
Water Utility Fund	500,883	234,133	278,613	456,403	10,858	467,261
Total Business Funds	852,239	441,602	459,165	834,676	24,487	859,163
Total Reporting Entity (Excluding Agency Funds)	\$ 2,672,125	\$ 1,762,234	\$ 2,189,413	\$ 2,244,946	\$ 300,048	\$ 2,544,994
COMPOSITION OF CASH:						
Petty Cash - City Clerk					\$	50
Checking Accounts - Prairie Bank of Kansas						1,530,085
Certificate of Deposit - Prairie Bank of Kansas						1,016,316
Total Cash						2,546,451
Less Agency Funds per Schedule 3						(1,457)
Total Reporting Entity (Excluding Agency Funds)					\$	2,544,994

CITY OF INMAN, KANSAS
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Municipal Financial Reporting Entity*

The City of Inman is a municipal corporation governed by an elected mayor and an elected five-member council. The regulatory financial statement presents the City of Inman (the municipality) and does not include any 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.

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 service fund, etc.).

Trust Fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, county treasurer tax collection accounts, etc.).

(c) *Basis of Accounting*

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Purpose Funds (unless specifically exempted by statute), Bond and Interest Funds and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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 the year 2018.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which 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, Agency Funds, Trust Funds and certain Special Purpose Funds as noted in the presentation of the appropriate Schedule 2.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

No statutory violations noted in 2018.

3. 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.

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 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, 2018.

At December 31, 2018, the City's carrying amount of deposits was \$2,546,401 and the bank balance was \$2,550,510. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$2,300,510 was collateralized with securities held by the pledging financial institutions' agents in the City'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 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.

4. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2018, 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 Bonds:									
Series 2008	4.00% to 5.30%	11-10-08	\$ 330,000	02-01-22	\$ 65,000	\$ -	\$ 15,000	\$ 50,000	\$ 2,444
Series 2014	1.70% to 3.75%	08-22-14	740,000	08-01-34	650,000	-	30,000	620,000	19,980
Total General Obligation Bonds					\$ 715,000	\$ -	\$ 45,000	\$ 670,000	\$ 22,424

4. LONG-TERM DEBT (CONT.)

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

	Year								
	2019	2020	2021	2022	2023	2024 to 2028	2029 to 2033	2034 to 2035	Total
PRINCIPAL:									
General Obligation Bonds:									
Series 2008	\$ 15,000	\$ 15,000	\$ 15,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Series 2014	35,000	35,000	35,000	35,000	35,000	185,000	215,000	45,000	620,000
TOTAL PRINCIPAL	50,000	50,000	50,000	40,000	35,000	185,000	215,000	45,000	670,000
INTEREST:									
General Obligation Bonds									
Series 2008	1,806	1,169	531	106	-	-	-	-	3,612
Series 2014	19,230	18,635	17,935	17,165	16,325	65,450	32,550	1,688	188,978
TOTAL INTEREST	21,036	19,804	18,466	17,271	16,325	65,450	32,550	1,688	192,590
TOTAL PRINCIPAL AND INTEREST	\$ 71,036	\$ 69,804	\$ 68,466	\$ 57,271	\$ 51,325	\$ 250,450	\$ 247,550	\$ 46,688	\$ 862,590

5. 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 first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and 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 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from the City were \$31,253 for the year ended December 31, 2018.

5. DEFINED BENEFIT PENSION PLAN (CONT.)

Net Pension Liability. At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was \$290,842. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these 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.

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

(a) 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.

(b) Death and Disability Other Post Employment Benefits

K.S.A. 74-4927, disabled members in 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, 2018.

(c) Other Employee Benefits

Vacation – Five days of vacation leave may be accumulated and carried over to the next year. No vacation leave shall be taken until a new employee has completed one year of service.

Each permanent full-time employee will accrue vacation leave as follows:

<u>Year of Service</u>	<u>Per Year</u>
After 1 year	40 working hours
After 2 years	80 working hours
After 10 years	120 working hours
After 20 years	160 working hours

Amount of sick leave – Full-time employees earn sick leave after the initial probation period at the rate of four hours per pay period with a maximum accumulation of 60 working days. On termination of employment an employee shall not be paid for accumulated sick leave.

7. OTHER RELATIONSHIPS

McPherson Area Solid Waste Utility

The City along with McPherson County and seven other cities located within McPherson County entered into an interlocal agreement, authorized by State Statute, to form the McPherson Area Solid Waste Utility (the Utility) effective July 17, 1991. The purpose of the Utility is to assist its Members in planning, technical and financial matters for comprehensive solid waste management and accomplish the desired objectives of an effective county-wide solid waste management program, including the operation of a cooperative solid waste management program and the operation of a cooperative solid waste processing and disposal system for the benefit of its Members.

7. OTHER RELATIONSHIPS (CONT.)

McPherson Area Solid Waste Utility (Cont.)

Management of the Utility is carried out by an appointed three member Board of Directors. The City of McPherson appoints one member to the Board of Directors, McPherson County appoints a second Director and the third Director is appointed collectively by the other seven Members of the Utility.

The agreement and the Utility may be terminated by written consent of at least two-thirds of the Members, provided that prior to such termination all contractual obligations and indebtedness of the Utility have been paid in full or sufficient resources have been escrowed for the payment of such obligations in full when due. Upon such termination, the Board of Directors shall liquidate the Utility and distribute the assets in a manner that, in its discretion, it deems appropriate. Accordingly, any ongoing financial interest or access to the Utility's resources is indeterminable until such action is taken by its Board of Directors. In addition, no Member shall be permitted to withdraw for twenty years or such sooner time as provision is made for the payment or discharge of the debt incurred by the County or assumed by the Utility. Any withdrawing Member shall not be entitled to distribution of any real or personal property of the Utility by reason of its withdrawal.

The Board of Directors shall determine the methods of obtaining financing for the Utility. The County provided the initial financing for the acquisition of land to be used as a site for disposal of refuse, constructing structures and acquiring equipment necessary for the sanitary disposal of refuse in McPherson County. Effective January 1, 1992, the fiscal accounting and operations of the Utility were transferred from McPherson County to management of the Utility.

Financial information of the McPherson Area Solid Waste Utility is not included in this report. Complete financial statements may be obtained from the administrative offices of the entity at 1431 17th Ave, McPherson, Kansas 67460.

8. CLAIMS AND JUDGMENTS

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, the grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2017 to 2018 and there were no settlements that exceeded insurance coverage in the past three years.

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

9. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General	Capital Improvement	K.S.A. 12-1, 118	\$ 62,080
General	Equipment Reserve	K.S.A. 12-1, 117	95,000
Water Utility	Capital Improvement	K.S.A. 12-825d	25,000
Sewer Utility	Bond and Interest	K.S.A. 12-825d	10,000
Total			<u>\$ 192,080</u>

10. SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

CITY OF INMAN, KANSAS
REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

CITY OF INMAN, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

(Budgeted Funds Only)

For the Year Ended December 31, 2018

	<u>Certified Budget</u>	<u>Adjustment for 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:					
General Fund	\$ 2,077,223	\$ -	\$ 2,077,223	\$ 1,170,991	\$ (906,232)
SPECIAL PURPOSE FUNDS:					
County Economic Development Fund	5,673	-	5,673	2,412	(3,261)
Library Fund	27,324	-	27,324	27,324	-
Special Highway Fund	104,676	-	104,676	30,689	(73,987)
State Grants Fund	-	80,000	80,000	80,000	-
BOND AND INTEREST FUND:					
Bond and Interest Fund	172,681	-	172,681	67,424	(105,257)
CAPITAL PROJECT FUNDS:					
Equipment Reserve Fund	191,299	-	191,299	191,299	-
Capital Improvement Fund	383,803	-	383,803	160,109	(223,694)
BUSINESS FUNDS:					
Sewer Utility Fund	398,612	-	398,612	82,889	(315,723)
Solid Waste Utility Fund	159,860	-	159,860	97,663	(62,197)
Water Utility Fund	599,816	-	599,816	278,613	(321,203)

CITY OF INMAN, KANSAS

GENERAL FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2018			Variance - Over (Under)
	2017 Actual	Actual	Budget	
Receipts				
Taxes -				
Ad valorem property tax	\$ 454,097	\$ 474,783	\$ 483,252	\$ (8,469)
Delinquent tax	7,149	8,473	500	7,973
Motor vehicle tax	59,473	59,684	59,173	511
Recreational vehicle tax	1,527	1,222	1,014	208
16/20M vehicle tax	1,953	1,572	1,673	(101)
Commercial vehicle tax	2,079	1,986	1,929	57
Watercraft tax	-	-	344	(344)
In lieu of tax	35,500	17,750	35,500	(17,750)
Local sales tax	190,771	192,137	185,000	7,137
Total Taxes	752,549	757,607	768,385	(10,778)
Licenses and Permits -				
Utility franchise fees	56,372	64,193	48,000	16,193
Licenses and permits	2,612	2,658	2,800	(142)
Total Licenses and Permits	58,984	66,851	50,800	16,051
Fines, Forfeitures and Penalties -				
Police fines	4,399	6,170	5,000	1,170
Use of Money and Property -				
Interest received	3,761	18,985	4,000	14,985
Other -				
Miscellaneous	10,339	10,383	1,000	9,383
Rent	23,414	23,544	10,000	13,544
Grant	2,600	1,225	-	1,225
Lease	-	-	10,800	(10,800)
Reimbursements	930	2,430	250	2,180
Total Other	37,283	37,582	22,050	15,532
Total Receipts	856,976	887,195	\$ 850,235	\$ 36,960

CITY OF INMAN, KANSAS

GENERAL FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Expenditures				
Administrative -				
Personal services	\$ 63,720	\$ 67,818	\$ 64,000	\$ 3,818
Contractual services	127,764	126,253	120,000	6,253
Commodities	8,599	8,470	10,000	(1,530)
Splash pad	-	219,501	-	219,501
Playground equipment	-	37,998	-	37,998
Total Administrative	200,083	460,040	194,000	266,040
Governing Body -				
Personal services	2,099	3,552	2,700	852
Contractual services	2,691	3,183	3,000	183
Commodities	113	145	280	(135)
Total Governing Body	4,903	6,880	5,980	900
Streets -				
Personal services	71,078	73,594	82,000	(8,406)
Contractual services	42,869	12,831	30,000	(17,169)
Commodities	24,869	31,264	28,000	3,264
Total Streets	138,816	117,689	140,000	(22,311)
Parks -				
Personal services	4,922	5,787	7,900	(2,113)
Contractual services	3,192	12,155	7,000	5,155
Commodities	5,288	5,815	5,000	815
Total Parks	13,402	23,757	19,900	3,857

CITY OF INMAN, KANSAS

GENERAL FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Expenditures (cont.)				
Police -				
Personal services	\$ 225,549	\$ 224,494	\$ 221,000	\$ 3,494
Contractual services	11,998	21,696	15,000	6,696
Commodities	21,447	27,310	15,000	12,310
Capital outlay	1,411	-	-	-
Total Police	260,405	273,500	251,000	22,500
Other -				
Street lighting - KPL	30,448	29,184	32,000	(2,816)
Library expense	4,005	3,868	3,700	168
Economic development	50,110	66,777	101,000	(34,223)
Zoning and planning	2,373	2,431	20,000	(17,569)
Appropriation to ICF	1,000	-	-	-
Recycling expense	-	3,380	-	3,380
Moderate Income Housing expense	15,900	-	-	-
Museum expense	7,572	7,500	7,500	-
Community building expense	10,682	9,567	12,000	(2,433)
North Tract Development	-	9,338	-	9,338
Transfer to Capital Improvement Fund	60,000	62,080	60,000	2,080
Transfer to Equipment Reserve Fund	55,000	95,000	55,000	40,000
Cash forward	-	-	1,175,143	(1,175,143)
Total Other	237,090	289,125	1,466,343	(1,177,218)
Total Expenditures	854,699	1,170,991	\$ 2,077,223	\$ (906,232)
Receipts Over (Under) Expenditures	2,277	(283,796)		
Unencumbered Cash, Beginning	1,177,709	1,179,986		
Unencumbered Cash, Ending	\$ 1,179,986	\$ 896,190		

CITY OF INMAN, KANSAS

SPECIAL PURPOSE FUNDCOUNTY ECONOMIC DEVELOPMENT FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	<u>2017</u> <u>Actual</u>	<u>2018</u>		<u>Variance -</u> <u>Over</u> <u>(Under)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Reimbursements	\$ 1,300	\$ -	\$ 650	\$ (650)
McPherson County Economic Development	<u>2,394</u>	<u>2,410</u>	<u>2,400</u>	<u>10</u>
Total Receipts	<u>3,694</u>	<u>2,410</u>	<u>\$ 3,050</u>	<u>\$ (640)</u>
Expenditures				
Personal services	1,399	1,077	\$ 2,800	\$ (1,723)
Contractual services	2,635	1,081	2,000	(919)
Commodities	9	74	50	24
North Tract Development	-	180	-	180
Cash forward	<u>-</u>	<u>-</u>	<u>823</u>	<u>(823)</u>
Total Expenditures	<u>4,043</u>	<u>2,412</u>	<u>\$ 5,673</u>	<u>\$ (3,261)</u>
Receipts Over (Under) Expenditures	(349)	(2)		
Unencumbered Cash, Beginning	<u>3,563</u>	<u>3,214</u>		
Unencumbered Cash, Ending	<u>\$ 3,214</u>	<u>\$ 3,212</u>		

CITY OF INMAN, KANSAS

SPECIAL PURPOSE FUNDLIBRARY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Receipts				
Ad valorem property tax	\$ 22,641	\$ 23,675	\$ 24,097	\$ (422)
Delinquent tax	363	434	30	404
Motor vehicle tax	3,149	3,009	2,950	59
Recreational vehicle tax	81	61	51	10
16/20M vehicle tax	102	83	83	-
Commercial vehicle tax	112	99	96	3
Watercraft tax	-	-	17	(17)
Total Receipts	<u>26,448</u>	<u>27,361</u>	<u>\$ 27,324</u>	<u>\$ 37</u>
Expenditures				
Appropriation to Library Treasurer	<u>26,443</u>	<u>27,324</u>	<u>\$ 27,324</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	5	37		
Unencumbered Cash, Beginning	<u>-</u>	<u>5</u>		
Unencumbered Cash, Ending	<u>\$ 5</u>	<u>\$ 42</u>		

CITY OF INMAN, KANSAS

SPECIAL PURPOSE FUNDSPECIAL HIGHWAY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Receipts				
State of Kansas - fuel tax	\$ 36,178	\$ 36,561	\$ 36,600	\$ (39)
Expenditures				
Street repair and maintenance	29,092	30,689	\$ 60,000	\$ (29,311)
Cash forward	-	-	44,676	(44,676)
Total Expenditures	29,092	30,689	\$ 104,676	\$ (73,987)
Receipts Over (Under) Expenditures	7,086	5,872		
Unencumbered Cash, Beginning	71,316	78,402		
Unencumbered Cash, Ending	\$ 78,402	\$ 84,274		

CITY OF INMAN, KANSAS

SPECIAL PURPOSE FUNDSTATE GRANTS FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Receipts				
Grants	\$ 180,000	\$ 80,000	\$ -	\$ 80,000
Expenditures				
Contractual services	40,000	80,000	\$ -	\$ 80,000
Principal	140,000	-	-	-
Total Expenditures	180,000	80,000	-	80,000
Adjustment for Qualifying Budget Credits	180,000	80,000	\$ 80,000	\$ -
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

CITY OF INMAN, KANSAS

BOND AND INTEREST FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Receipts				
Ad valorem property tax	\$ 44,248	\$ 46,276	\$ 47,101	\$ (825)
Delinquent tax	525	839	150	689
Motor vehicle tax	5,997	5,850	5,765	85
16/20M vehicle tax	197	158	163	(5)
Recreational vehicle tax	154	119	99	20
Commercial vehicle tax	210	194	188	6
Watercraft tax	-	-	33	(33)
Special assessments	20,106	12,302	12,777	(475)
Reimbursements	13,586	-	-	-
Transfer from Sewer Utility Fund	10,000	10,000	10,000	-
Total Receipts	95,023	75,738	\$ 76,276	\$ (538)
Expenditures				
Principal	60,000	45,000	\$ 45,000	\$ -
Interest	31,903	22,424	30,534	(8,110)
Cash basis reserve	-	-	97,147	(97,147)
Total Expenditures	91,903	67,424	\$ 172,681	\$ (105,257)
Receipts Over (Under) Expenditures	3,120	8,314		
Unencumbered Cash, Beginning	76,542	79,662		
Unencumbered Cash, Ending	\$ 79,662	\$ 87,976		

CITY OF INMAN, KANSAS

CAPITAL PROJECT FUNDEQUIPMENT RESERVE FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Receipts				
Sale of assets	\$ -	\$ 16,000	\$ -	\$ 16,000
Transfer from General Fund	55,000	95,000	55,000	40,000
Total Receipts	55,000	111,000	\$ 55,000	\$ 56,000
Expenditures				
Capital outlay	13,992	699	\$ 34,000	\$ (33,301)
Equipment - JD Lease	-	-	6,000	(6,000)
Equipment - Police	-	-	6,000	(6,000)
Mower	-	18,912	-	18,912
Street sweeper	-	171,688	-	171,688
Cash forward	-	-	145,299	(145,299)
Total Expenditures	13,992	191,299	\$ 191,299	\$ -
Receipts Over (Under) Expenditures	41,008	(80,299)		
Unencumbered Cash, Beginning	126,299	167,307		
Unencumbered Cash, Ending	\$ 167,307	\$ 87,008		

CITY OF INMAN, KANSAS

CAPITAL PROJECT FUNDCAPITAL IMPROVEMENT FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Receipts				
Transfer from General Fund	\$ 60,000	\$ 62,080	\$ 60,000	\$ 2,080
Transfer from Water Utility Fund	10,000	25,000	25,000	-
Reimbursements	6,500	-	-	-
County/City agreement	29,489	13,287	14,000	(713)
Total Receipts	105,989	100,367	\$ 99,000	\$ 1,367
Expenditures				
Capital outlay	7,015	6,951	\$ 291,000	\$ (284,049)
County/City agreement - maintenance	453	12,336	2,250	10,086
Community building	-	384	1,000	(616)
Expand buildings and streets	4,175	3,979	35,000	(31,021)
Water tower painting	-	-	40,000	(40,000)
Park	-	-	4,000	(4,000)
Street projects	-	6,597	-	6,597
Trails	-	65,057	-	65,057
Police radios	-	18,312	-	18,312
Water meter project	-	46,493	-	46,493
Cash forward	-	-	10,553	(10,553)
Total Expenditures	11,643	160,109	\$ 383,803	\$ (223,694)
Receipts Over (Under) Expenditures	94,346	(59,742)		
Unencumbered Cash, Beginning	214,564	311,310		
Prior Year Cancelled Encumbrances	2,400	-		
Unencumbered Cash, Ending	\$ 311,310	\$ 251,568		

CITY OF INMAN, KANSAS

BUSINESS FUNDSEWER UTILITY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		<u>2018</u>		
	<u>2017</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance -</u>
	<u>Actual</u>			<u>Over</u>
				<u>(Under)</u>
Receipts				
Service fees	\$ 103,891	\$ 105,482	\$ 102,000	\$ 3,482
Sewer hookup and miscellaneous	1,250	1,500	750	750
Total Receipts	<u>105,141</u>	<u>106,982</u>	<u>\$ 102,750</u>	<u>\$ 4,232</u>
Expenditures				
Personal services	44,424	45,996	\$ 51,000	\$ (5,004)
Contractual services	11,043	12,363	13,000	(637)
Commodities	16,221	14,530	12,000	2,530
Capital outlay	10,000	-	25,000	(25,000)
Transfer to Bond and Interest Fund	10,000	10,000	10,000	-
Cash forward	-	-	287,612	(287,612)
Total Expenditures	<u>91,688</u>	<u>82,889</u>	<u>\$ 398,612</u>	<u>\$ (315,723)</u>
Receipts Over (Under) Expenditures	13,453	24,093		
Unencumbered Cash, Beginning	<u>276,112</u>	<u>289,565</u>		
Unencumbered Cash, Ending	<u>\$ 289,565</u>	<u>\$ 313,658</u>		

CITY OF INMAN, KANSAS

BUSINESS FUNDSOLID WASTE UTILITY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance -
	2017	Actual	Budget	Over
	Actual			(Under)
Receipts				
Service fees	\$ 98,888	\$ 100,487	\$ 98,000	\$ 2,487
Expenditures				
Personal services	6,840	7,089	\$ 7,800	\$ (711)
Contractual services	87,909	90,072	88,500	1,572
Commodities	708	502	100	402
Cash forward	-	-	63,460	(63,460)
Total Expenditures	95,457	97,663	\$ 159,860	\$ (62,197)
Receipts Over (Under) Expenditures	3,431	2,824		
Unencumbered Cash, Beginning	58,360	61,791		
Unencumbered Cash, Ending	\$ 61,791	\$ 64,615		

CITY OF INMAN, KANSAS

BUSINESS FUNDWATER UTILITY FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		<u>2018</u>		
	<u>2017</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts				
Service fees	\$ 225,016	\$ 218,568	\$ 170,000	\$ 48,568
Connection fees	-	-	1,600	(1,600)
Hookups	11,483	11,193	1,500	9,693
Miscellaneous	1,846	4,372	50	4,322
Total Receipts	<u>238,345</u>	<u>234,133</u>	<u>\$ 173,150</u>	<u>\$ 60,983</u>
Expenditures				
Personal services	90,626	94,534	\$ 101,000	\$ (6,466)
Contractual services	30,636	28,873	50,000	(21,127)
Commodities	11,639	18,201	20,000	(1,799)
Capital outlay	10,000	5,558	90,000	(84,442)
Water meter project	-	106,447	-	106,447
Miscellaneous	6,196	-	1,000	(1,000)
Transfer to Capital Improvement Fund	10,000	25,000	25,000	-
Cash forward	-	-	312,816	(312,816)
Total Expenditures	<u>159,097</u>	<u>278,613</u>	<u>\$ 599,816</u>	<u>\$ (321,203)</u>
Receipts Over (Under) Expenditures	79,248	(44,480)		
Unencumbered Cash, Beginning	420,816	500,883		
Prior Year Cancelled Encumbrances	<u>819</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 500,883</u>	<u>\$ 456,403</u>		

CITY OF INMAN, KANSAS

AGENCY FUNDSSCHEDULE OF RECEIPTS AND DISBURSEMENTSRegulatory Basis

For the Year Ended December 31, 2018

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Payroll Withholding Fund	\$ -	\$ 524,835	\$ 524,835	\$ -
Sales Tax Clearing Fund	428	4,272	4,414	286
Overpayment Deposit Clearing Fund	1,801	9,571	10,201	1,171
Penalty Clearing Fund	-	4,018	4,018	-
Total	<u>\$ 2,229</u>	<u>\$ 542,697</u>	<u>\$ 543,469</u>	<u>\$ 1,457</u>