

CITY OF SOUTH HUTCHINSON, KANSAS

DECEMBER 31, 2017

CITY OF SOUTH HUTCHINSON, KANSAS

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INDEPENDENT AUDITORS' REPORT

Mayor and City Council
City of South Hutchinson, Kansas

Report on the Financial Statement

We have audited the accompanying regulatory basis summary statement of receipts, expenditures, and unencumbered cash of City of South Hutchinson, Kansas (the City) as of and for the year ended December 31, 2017, 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 the financial statement in accordance with the regulatory basis of accounting reporting provisions permitted in the Kansas Municipal Audit and Accounting Guide (KMAAG), as described in Note 1, to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for preparing the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' 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 KMAAG. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, 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 the accounting policies used and the reasonableness of significant 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 reasonable 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 on the basis of the financial reporting provisions permitted in KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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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 matters 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 accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2017, or the respective changes in financial position or where applicable, its changes in cash flows for the year then ended.

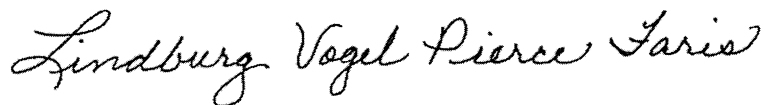
Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City, as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions permitted in KMAAG 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 receipts, expenditures, and unencumbered cash – regulatory basis (basic financial statement) as a whole. The summary of expenditures – regulatory basis – actual and budget and the individual fund schedules of receipts and expenditures – regulatory basis – actual and budget (Schedules 1 through 2, as listed in the table of contents) are presented for additional analysis and are not a required part of the basic financial statement; however, they are required to be presented under the provisions in KMAAG. 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.



Certified Public Accountants

Hutchinson, Kansas
June 6, 2018

CITY OF SOUTH HUTCHINSON, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For Year Ended December 31, 2017

Page 1 of 2

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND	\$ 204,529	\$ 2,099,885	\$ 2,142,954	\$ 161,460	\$ 38,598	\$ 200,058
SPECIAL PURPOSE FUNDS						
Flood Control	8,709	15,161	23,515	355	-	355
Employee Benefits	32,621	54,858	55,205	32,274	-	32,274
Special Highway	62,310	78,030	126,765	13,575	2,487	16,062
Convention and Tourism	-	52,131	52,131	-	-	-
Special Parks	3,380	150	-	3,530	-	3,530
Street/Economic Development	196,993	110,222	242,544	64,671	855	65,526
Diversion	12,193	3,255	1,607	13,841	-	13,841
ASAP	27,524	10,330	13,093	24,761	-	24,761
D.A.R.E.	1,075	35	1,110	-	-	-
Donations	7,553	7,605	8,037	7,121	-	7,121
Community Center	2,843	8,548	1,686	9,705	25	9,730
Special Projects	18,152	2,138	16,570	3,720	-	3,720
Community Improvement District	-	11,354	-	11,354	-	11,354
Health Insurance	172,262	64,522	64,825	171,959	-	171,959
Building Reserve	298,638	79,709	208,062	170,285	-	170,285
Equipment Reserve	(118,294)	238,069	63,396	56,379	152,735	209,114
Special Law Enforcement	2,207	1,850	1,799	2,258	-	2,258
BOND AND INTEREST FUNDS						
Bond and Interest	181,737	1,689,202	1,704,844	166,095	-	166,095
CAPITAL PROJECTS						
	841,014	2,542,970	1,300,029	2,083,955	-	2,083,955
BUSINESS FUNDS						
Water	222,091	546,458	497,366	271,183	20,243	291,426
Water Reserve	52,923	-	-	52,923	-	52,923
Sewer	244,254	1,139,878	1,032,599	351,533	19,527	371,060
Sewer Replacement	50,500	-	12,659	37,841	-	37,841
TOTAL REPORTING ENTITY	<u>\$ 2,525,214</u>	<u>\$ 8,756,360</u>	<u>\$ 7,570,796</u>	<u>\$ 3,710,778</u>	<u>\$ 234,470</u>	<u>\$ 3,945,248</u>

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

CITY OF SOUTH HUTCHINSON, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For Year Ended December 31, 2017

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COMPOSITION OF CASH

Checking accounts

Bank SNB, South Hutchinson, Kansas	\$ 2,046,720
Farmers Bank and Trust, Great Bend, Kansas	173,078

Certificates of deposit

Bank SNB, South Hutchinson, Kansas	1,725,000
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Petty cash

<u>450</u>

TOTAL REPORTING ENTITY

<u>\$ 3,945,248</u>

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

CITY OF SOUTH HUTCHINSON, KANSAS

NOTES TO THE FINANCIAL STATEMENT
December 31, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

City of South Hutchinson, Kansas (the City) is a municipal corporation governed by an elected mayor and five-member council.

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The City has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Kansas Municipal Audit and Accounting Guide Regulatory Basis of Presentation Fund Definitions

The following types of funds comprise the financial activities of the City for the year of 2017:

General Fund – to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds – to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Capital Project Funds – to account for the financial resources segregated for the acquisition or construction of major capital facilities and improvements.

Bond and Interest Funds – to account for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

Business Funds – to account for operations that are financed and operated in a manner similar to private business enterprises – where the stated intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges – or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Regulatory Basis of Accounting and Departures from Generally Accepted Accounting Principles

The regulatory basis of accounting as prescribed in the Kansas Municipal Audit and Accounting Guide (KMAAG) 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 reporting the changes in unencumbered cash and investments of a fund resulting from the regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables, and payables, or any other assets, liabilities, or deferred inflows or outflows, other than those mentioned above.

The 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.

Interest Income

Unless specifically designated, all investment income is credited to the General Fund.

Temporary Notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds or from other City funds.

Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special Assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special Assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

Reimbursed Expenditures

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

Use of Estimates

The process of preparing the financial statement requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statement. Accordingly, upon settlement, actual results may differ from estimated amounts.

Budgets

Kansas statutes require that an annual operating budget be legally adopted for all funds (including Bond and Interest and Business Funds) unless exempted by a specific statute. The statutes provided for the following sequence and timetable in adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

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.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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 Business Funds, Capital Projects Funds, and the following Special Purpose Funds:

D.A.R.E	Special Law Enforcement	Donations
Building Reserve	Equipment Reserve	ASAP
Special Projects	Community Center	Health Insurance

Original appropriations are modified by supplemental appropriation and transfers among budget categories. The City Council approves all significant changes.

Taxes levied to finance the budget become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. These taxes are made available to the City after January 1 and are distributed by the County Treasurer generally in the months of January and June. Delinquent tax collections are distributed throughout the year.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Management was not aware of any material statutory violations.

NOTE 3—DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the summary statement of receipts, expenditures, and unencumbered cash. In addition, investments are held separately by some of the City's funds. The cash balances of certain funds are restricted as to their use.

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 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 Federal Deposit Insurance Corporation (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 FDIC 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, 2017.

Deposits

At year end, the carrying amount of the City's deposits, including certificates of deposit, was \$3,944,798. The bank balance was \$3,951,494. The bank balance was held by two banks with the majority held by one bank resulting in a concentration of credit risk. Of the bank balance, \$446,170 was covered by FDIC insurance and the remaining \$3,505,324 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank 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.

NOTE 4—LONG-TERM DEBT

Terms of the City's long-term debt outstanding for the year ended December 31, 2017, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Interest Due</u>	<u>Principal Due</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General Obligation Bonds						
Series 2009	5.75%	07/01/09	5-1, 11-1	11-1	\$ 29,000	11/01/19
Series 2012	3.00% to 3.25%	07/26/12	3-1, 9-1	9-1	5,680,000	09/01/32
Series 2016	2.00% to 3.00%	09/15/16	5-1, 11-1	11-1	3,845,000	11/01/36
Series 2017	4.75%	09/28/17	4-1, 10-1	10-1	565,000	10/01/32
Temporary Improvement Note						
Series 2015	1.25% to 1.50%	11/10/15	4-1, 10-1	10-1	5,080,000	10/01/18
Series 2017	1.50%	08/03/17	4-1, 10-1	10-1	2,535,000	10/01/19
Equipment Loan						
Bank SNB	3.25%	09/10/14	2-15	2-15	330,317	02/15/18
Bank SNB	3.25%	05/29/15	7-01	7-01	210,613	07/01/19

Changes in long-term debt for the City for the year ended December 31, 2017, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
Series 2009	\$ 10,000	\$ -	\$ 3,000	\$ 7,000	\$ 575
Series 2012	3,245,000	-	515,000	2,730,000	98,000
Series 2016	3,845,000	-	410,000	3,435,000	121,574
Series 2017	-	565,000	-	565,000	-
Temporary Improvement Note					
Series 2015	1,360,000	-	-	1,360,000	20,400
Series 2016	530,000	-	530,000	-	6,294
Series 2017	-	2,535,000	-	2,535,000	-
Other Loans					
Bank SNB	131,796	-	64,829	66,967	4,348
Bank SNB	126,629	-	40,861	85,768	4,173
Total Bonded Indebtedness	\$ 9,248,425	\$ 3,100,000	\$ 1,563,690	\$ 10,784,735	\$ 255,364

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

	Principal			Total Principal
	General Obligation Bonds	Equipment Loans	Temporary Improvement Notes	
2018	\$ 993,000	\$ 109,175	\$ 1,360,000	\$ 2,462,175
2019	544,000	43,560	2,535,000	3,122,560
2020	555,000	-	-	555,000
2021	570,000	-	-	570,000
2022	590,000	-	-	590,000
2023-2027	1,395,000	-	-	1,395,000
2028-2032	1,295,000	-	-	1,295,000
2033-2036	795,000	-	-	795,000
	\$ 6,737,000	\$ 152,735	\$ 3,895,000	\$ 10,784,735

	Interest			Total Interest
	General Obligation Bonds	Equipment Loans	Temporary Improvement Notes	
2018	\$ 205,514	\$ 5,035	\$ 64,550	\$ 275,099
2019	175,155	1,474	38,025	214,654
2020	158,112	-	-	158,112
2021	140,763	-	-	140,763
2022	122,963	-	-	122,963
2023-2027	445,325	-	-	445,325
2028-2032	246,000	-	-	246,000
2033-2036	60,600	-	-	60,600
	<u>\$ 1,554,432</u>	<u>\$ 6,509</u>	<u>\$ 102,575</u>	<u>\$ 1,663,516</u>

Conduit Debt

The City has issued Industrial Revenue Bonds not directly obligated by the City. The total amount of indebtedness outstanding at December 31, 2017, was \$2,998,721. These bonds do not constitute an indebtedness or pledge of faith and credit of the City.

NOTE 5—INTERFUND TRANSFERS

From Fund	To Fund	Authority	Amount
General	Equipment Reserve	K.S.A. 12-1,117	\$ 106,000
General	Building Reserve	K.S.A. 12-1,118	41,500
General	Flood Control maintenance	Resolution	500
Sewer	Bond and Interest	K.S.A. 12-825d	383,608
Building Reserve	Equipment Reserve	Resolution	93,500
Capital Projects	Bond and Interest	Resolution	101,095

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. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. 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 the Comprehensive Annual Financial Report, which can be found on 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 establishes the KPERS member-employee contribution rate at 6.00% of covered salary for KPERS 1, KPERS 2, or 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.

Kansas law provides that employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined annually based on the results of an annual actuarial valuation. The actuarially determined employer contribution rate (excluding the contribution rate for the Death and Disability program) and the statutory contribution rate for KPERS was 8.46% for the year ended December 31, 2016. Contributions to the pension plan from the City for KPERS were \$105,844 for the year ended December 31, 2017.

Net Pension Liability

At December 31, 2017, KPERS has determined the City's proportionate share of the collective net pension liability for KPERS was \$971,943. The net pension liability was measured as of June 30, 2017, and the total pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City's share of the allocation is based on the ratio of the City's employer contributions, relative to the total employer and nonemployer contributions for the plan groups the City participates in. Because the regulatory basis of accounting under KMAAG 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 in the first paragraph above.

NOTE 7—OTHER LONG-TERM LIABILITIES

Compensated Absences

Vacation time is earned and vested and must be used within the employees anniversary date. Policies prohibit payment of vacation time in lieu of time off and all accumulated vacation pay is payable upon employment termination. The sick leave policy for the City permits employees to accumulate a maximum of 90 days sick leave. Policy prohibits payment of unused sick pay upon termination by the City.

NOTE 8—RISK MANAGEMENT

The City is subject to certain risks such as torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from third parties. There have been no significant reductions in insurance coverage from the prior year and there have been no settled claims in excess of insurance coverage for the prior three years.

The City self-insures certain risks related to employee health care costs. Total exposure is managed with aggregate limits on the total liability the City can incur in any given year. The City funds the liability based on actuarial estimated contributions and such additional amounts required to pay claims as incurred.

NOTE 9—CONCENTRATIONS

A substantial portion of the City's water and sewer sales are to one customer. During 2017, water and sewer sales to the customer were 62% and 64%, respectively.

NOTE 10—CAPITAL PROJECTS

At year end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

Project	Project Authorization	Expenditures through 12/31/17	City Share
Frontier Commerce Park	\$ 1,223,600	\$ 1,464,681	Minimal
Public Water Supply Improvements	139,226	67,565	Minimal
Walnut Street Improvements	118,450	11,593	100%
Various Street Improvements	2,102,960	56,445	100%

The City's projects above will be funded by general obligation bonds and special assessments.

NOTE 11—COMMITMENTS AND CONTINGENCIES

Subject to a certain lease agreement, the City is contingently liable for lease payments of \$3,513 per year through 2021, if certain countywide funding for the payments is not available.

The City acquired title to a grain elevator in 2014 and has not decided if the structure will be demolished or left standing. Potential costs associated with the elevator have not been reflected in the financial statement.

CITY OF SOUTH HUTCHINSON, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS (ACTUAL AND BUDGET)
 (BUDGETED FUNDS ONLY)
 For Year Ended December 31, 2017

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUND	\$ 2,343,893	\$ -	\$ 2,343,893	\$ 2,142,954	\$ (200,939)
SPECIAL PURPOSE FUNDS					
Flood Control	24,000	-	24,000	23,515	(485)
Employee Benefits	76,000	-	76,000	55,205	(20,795)
Special Highway	140,000	-	140,000	126,765	(13,235)
Convention and Tourism	80,000	-	80,000	52,131	(27,869)
Special Parks	3,856	-	3,856	-	(3,856)
Street/Economic Development	299,000	-	299,000	242,544	(56,456)
Diversion	11,000	-	11,000	1,607	(9,393)
BOND AND INTEREST FUND					
Bond and Interest	1,329,383	536,294	1,865,677	1,704,844	(160,833)
BUSINESS FUNDS					
Water	887,800	-	887,800	497,366	(390,434)
Sewer	1,540,500	-	1,540,500	1,032,599	(507,901)

CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

Schedule 2
Page 1 of 16

	2017		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Taxes			
Ad valorem property tax	\$ 542,462	\$ 558,831	\$ (16,369)
Delinquent tax	14,440	15,000	(560)
Motor vehicle tax	64,192	54,500	9,692
Recreational vehicle tax	-	670	(670)
16/20M vehicle tax	-	232	(232)
In lieu of tax	1,911	2,400	(489)
County sales tax	343,927	350,000	(6,073)
Local sales tax	220,444	200,000	20,444
Liquor tax	150	300	(150)
Neighborhood revitalization rebate	-	(30,288)	30,288
	<u>1,187,526</u>	<u>1,151,645</u>	<u>35,881</u>
Licenses, Fees, and Permits			
Utility franchise tax	587,555	620,000	(32,445)
Refuse	107,858	105,000	2,858
Permits and inspections	18,024	10,000	8,024
	<u>713,437</u>	<u>735,000</u>	<u>(21,563)</u>
Fines, Forfeitures, and Penalties			
	<u>112,220</u>	<u>110,000</u>	<u>2,220</u>
Interest on Idle Funds			
	<u>7,584</u>	<u>1,000</u>	<u>6,584</u>
Other Receipts			
Miscellaneous	29,527	50,000	(20,473)
Reimbursed expense	49,591	10,000	39,591
	<u>79,118</u>	<u>60,000</u>	<u>19,118</u>
TOTAL RECEIPTS	<u>2,099,885</u>	<u>\$ 2,057,645</u>	<u>\$ 42,240</u>

CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	Actual	Budget	
EXPENDITURES			
General Administration			
Personal services	\$ 123,977	\$ 161,900	\$ (37,923)
Contractual services	67,085	51,500	15,585
Commodities	11,268	19,000	(7,732)
Capital outlay	-	5,500	(5,500)
Transfer to:			
Flood Control Maintenance	500	-	500
Equipment Reserve	3,500	-	3,500
Total General Administration	<u>206,330</u>	<u>237,900</u>	<u>(31,570)</u>
Police			
Personal services	619,347	679,634	(60,287)
Contractual services	113,589	108,909	4,680
Commodities	54,544	59,000	(4,456)
Capital outlay	5,768	69,000	(63,232)
Transfer to:			
Building Reserve	30,000	-	30,000
Equipment Reserve	30,000	-	30,000
Total Police	<u>853,248</u>	<u>916,543</u>	<u>(63,295)</u>
Fire			
Personal services	206,526	215,220	(8,694)
Contractual services	95,884	83,299	12,585
Commodities	15,681	17,350	(1,669)
Capital outlay	9,515	65,000	(55,485)
Transfer to - Equipment Reserve	50,000	-	50,000
Total Fire	<u>377,606</u>	<u>380,869</u>	<u>(3,263)</u>
Street			
Personal services	233,244	250,156	(16,912)
Contractual services	30,580	48,500	(17,920)
Commodities	9,690	11,800	(2,110)
Capital outlay	-	10,200	(10,200)
Transfer to - Equipment Reserve	10,000	-	10,000
Total Street	<u>283,514</u>	<u>320,656</u>	<u>(37,142)</u>

CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	Actual	Budget	
EXPENDITURES (Continued)			
Parks			
Personal services	\$ -	\$ 10,000	\$ (10,000)
Contractual services	25,702	34,000	(8,298)
Commodities	12,753	19,150	(6,397)
Capital outlay	8,565	28,000	(19,435)
Transfer to:			
Building Reserve	10,000	-	10,000
Equipment Reserve	10,000	-	10,000
Total Parks	<u>67,020</u>	<u>91,150</u>	<u>(24,130)</u>
Street Lighting			
Contractual services	<u>73,342</u>	<u>65,000</u>	<u>8,342</u>
Code Enforcement			
Personal services	-	-	-
Contractual services	2,585	2,925	(340)
Commodities	2,028	4,450	(2,422)
Capital outlay	-	3,500	(3,500)
Transfer to - Equipment Reserve	2,500	-	2,500
Total Code Enforcement	<u>7,113</u>	<u>10,875</u>	<u>(3,762)</u>
Municipal Court			
Personal services	76,077	82,800	(6,723)
Contractual services	91,921	88,900	3,021
Commodities	1,487	2,000	(513)
Equipment	-	2,700	(2,700)
Transfer to - Building Reserve	1,500	-	1,500
Total Municipal Court	<u>170,985</u>	<u>176,400</u>	<u>(5,415)</u>
Nondepartmental			
Refuse	100,275	100,000	275
Capital improvements	-	12,000	(12,000)
Miscellaneous commodities	1,187	17,500	(16,313)
Miscellaneous contractual services	2,334	15,000	(12,666)
Total Nondepartmental	<u>103,796</u>	<u>144,500</u>	<u>(40,704)</u>
TOTAL EXPENDITURES	<u>2,142,954</u>	<u>\$ 2,343,893</u>	<u>\$ (200,939)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(43,069)		
UNENCUMBERED CASH, BEGINNING	<u>204,529</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 161,460</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

FLOOD CONTROL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Ad valorem property tax	\$ 10,977	\$ 11,615	\$ (638)
Delinquent tax	530	500	30
Motor vehicle tax	3,054	2,849	205
Recreational vehicle tax	-	35	(35)
16/20M vehicle tax	-	12	(12)
In lieu of tax	100	-	100
Neighborhood revitalization rebate	-	(723)	723
Transfer from - General Fund	500	-	500
	<u>15,161</u>	<u>\$ 14,288</u>	<u>\$ 873</u>
TOTAL RECEIPTS			
EXPENDITURES			
Contractual services	<u>23,515</u>	<u>\$ 24,000</u>	<u>\$ (485)</u>
RECEIPTS OVER (UNDER) EXPENDITURES			
	(8,354)		
UNENCUMBERED CASH, BEGINNING			
	<u>8,709</u>		
UNENCUMBERED CASH, ENDING			
	<u>\$ 355</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

EMPLOYEE BENEFITS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Ad valorem property tax	\$ 42,296	\$ 45,954	\$ (3,658)
Delinquent tax	4,258	1,800	2,458
Motor vehicle tax	7,974	9,403	(1,429)
Recreational vehicle tax	-	116	(116)
16/20M vehicle tax	-	40	(40)
In lieu of tax	330	226	104
Neighborhood revitalization rebate	-	(886)	886
Reimbursed expense	-	4,500	(4,500)
	<u>54,858</u>	<u>\$ 61,153</u>	<u>\$ (6,295)</u>
EXPENDITURES			
Workers' compensation	49,163	\$ 71,500	\$ (22,337)
Disability insurance	6,042	4,500	1,542
	<u>55,205</u>	<u>\$ 76,000</u>	<u>\$ (20,795)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(347)		
UNENCUMBERED CASH, BEGINNING	<u>32,621</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 32,274</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

SPECIAL HIGHWAY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

	2017		Schedule 2 Page 6 of 16
	Actual	Budget	Variance Over (Under)
RECEIPTS			
State payments	\$ 67,917	\$ 67,917	\$ -
County payments	10,108	10,108	-
Reimbursed expense	5	-	5
TOTAL RECEIPTS	78,030	\$ 78,025	\$ 5
EXPENDITURES			
Contractual services	41,380	\$ 43,000	\$ (1,620)
Commodities	85,385	97,000	(11,615)
TOTAL EXPENDITURES	126,765	\$ 140,000	\$ (13,235)
RECEIPTS OVER (UNDER) EXPENDITURES	(48,735)		
UNENCUMBERED CASH, BEGINNING	62,310		
UNENCUMBERED CASH, ENDING	\$ 13,575		

CITY OF SOUTH HUTCHINSON, KANSAS
 CONVENTION AND TOURISM FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Guest tax	\$ 52,131	<u>\$ 80,000</u>	<u>\$ (27,869)</u>
EXPENDITURES			
Contractual services	<u>52,131</u>	<u>\$ 80,000</u>	<u>\$ (27,869)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

SPECIAL PARKS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Alcohol tax	\$ 150	<u>\$ 300</u>	<u>\$ (150)</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>\$ 3,856</u>	<u>\$ (3,856)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	150		
UNENCUMBERED CASH, BEGINNING	<u>3,380</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 3,530</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

STREET/ECONOMIC DEVELOPMENT - SALES TAX FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Sales tax	\$ 110,222	\$ 111,798	\$ (1,576)
Reimbursed expense	-	-	-
TOTAL RECEIPTS	<u>110,222</u>	<u>\$ 111,798</u>	<u>\$ (1,576)</u>
EXPENDITURES			
Contractual services	148,708	\$ 269,000	\$ (120,292)
Commodities	93,836	30,000	63,836
Capital outlay	-	-	-
TOTAL EXPENDITURES	<u>242,544</u>	<u>\$ 299,000</u>	<u>\$ (56,456)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(132,322)		
UNENCUMBERED CASH, BEGINNING	<u>196,993</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 64,671</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

DIVERSION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Fees and miscellaneous	\$ 3,255	\$ 3,500	\$ (245)
EXPENDITURES			
Contractual services	1,607	\$ 11,000	\$ (9,393)
Commodities	-	-	-
Capital outlay	-	-	-
TOTAL EXPENDITURES	1,607	\$ 11,000	\$ (9,393)
RECEIPTS OVER (UNDER) EXPENDITURES	1,648		
UNENCUMBERED CASH, BEGINNING	12,193		
UNENCUMBERED CASH, ENDING	\$ 13,841		

CITY OF SOUTH HUTCHINSON, KANSAS

BOND AND INTEREST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Ad valorem property tax	\$ 337,660	\$ 347,883	\$ (10,223)
Delinquent tax	9,204	5,000	4,204
Motor vehicle tax	39,537	46,026	(6,489)
Recreational vehicle tax	-	567	(567)
16/20M vehicle tax	-	196	(196)
In lieu of tax	1,614	1,200	414
Special assessments	280,190	231,486	48,704
Neighborhood revitalization rebate	-	(10,529)	10,529
Temporary Note proceeds	536,294	-	536,294
Transfer from:			
Sewer Fund	383,608	541,656	(158,048)
Capital Project Funds	101,095	-	101,095
	<u>1,689,202</u>	<u>\$ 1,163,485</u>	<u>\$ 525,717</u>
TOTAL RECEIPTS			
EXPENDITURES			
Principal	1,458,000	\$ 1,086,904	\$ 371,096
Interest	246,844	242,479	4,365
	<u>1,704,844</u>	<u>1,329,383</u>	<u>375,461</u>
TOTAL EXPENDITURES			
ADJUSTMENT FOR QUALIFYING BUDGET CREDIT	<u>-</u>	<u>536,294</u>	<u>(536,294)</u>
TOTAL FOR COMPARISON			
	<u>1,704,844</u>	<u>\$ 1,865,677</u>	<u>\$ (160,833)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(15,642)		
UNENCUMBERED CASH, BEGINNING	<u>181,737</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 166,095</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	<u>Actual</u>	<u>Budget</u>	
RECEIPTS			
Charges for service	\$ 504,762	\$ 550,000	\$ (45,238)
Reimbursed expense	32,296	20,000	12,296
Interest income	3,820	5,000	(1,180)
Miscellaneous	5,580	5,000	580
	<u>546,458</u>	<u>\$ 580,000</u>	<u>\$ (33,542)</u>
EXPENDITURES			
Personal services	277,493	\$ 325,300	\$ (47,807)
Contractual services	96,448	90,000	6,448
Commodities	73,290	53,500	19,790
Capital outlay	-	419,000	(419,000)
Sales tax	50,135	-	50,135
	<u>497,366</u>	<u>\$ 887,800</u>	<u>\$ (390,434)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	49,092		
UNENCUMBERED CASH, BEGINNING	<u>222,091</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 271,183</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

SEWER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2017

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	2017		Variance Over (Under)
	<u>Actual</u>	<u>Budget</u>	
RECEIPTS			
Charges for service	\$ 1,086,535	\$ 1,310,000	\$ (223,465)
Permits and inspections	-	3,500	(3,500)
Reimbursed expense	53,343	7,000	46,343
Interest income	-	1,000	(1,000)
	<u>1,139,878</u>	<u>\$ 1,321,500</u>	<u>\$ (181,622)</u>
EXPENDITURES			
Operations			
Personal services	382,185	\$ 425,000	\$ (42,815)
Contractual services	231,367	176,000	55,367
Commodities	35,439	49,500	(14,061)
Capital outlay	-	328,435	(328,435)
Transfer to:			
Bond and Interest	383,608	541,565	(157,957)
Equipment Reserve	-	20,000	(20,000)
	<u>1,032,599</u>	<u>\$ 1,540,500</u>	<u>\$ (507,901)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	107,279		
UNENCUMBERED CASH, BEGINNING	<u>244,254</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 351,533</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

BUSINESS NONBUDGETED FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)

For Year Ended December 31, 2017

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	Sewer System Replacement	Water Reserve
RECEIPTS		
Reimbursed expense	\$ -	\$ -
Operating transfers in	-	-
	-	-
TOTAL RECEIPTS	-	-
EXPENDITURES		
Contractual services	-	-
Capital outlay	12,659	-
	12,659	-
TOTAL EXPENDITURES	12,659	-
RECEIPTS OVER (UNDER) EXPENDITURES	(12,659)	-
UNENCUMBERED CASH, BEGINNING	50,500	52,923
UNENCUMBERED CASH, ENDING	\$ 37,841	\$ 52,923

CITY OF SOUTH HUTCHINSON, KANSAS
SPECIAL PURPOSE NONBUDGETED FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2017

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	ASAP	D.A.R.E.	Donations	Community Center	Special Projects	Community Improvement District	Health Insurance	Building Reserve	Equipment Reserve	Special Law Enforcement
RECEIPTS										
Donations	\$ -	\$ -	\$ 7,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	11,354	-	-	-	-
Reimbursed expense	-	-	-	-	-	-	-	38,209	9,417	-
Interest income	-	-	-	-	-	-	-	-	2,219	-
Miscellaneous	10,330	35	505	8,548	2,138	-	64,522	-	26,933	1,850
Operating transfers in	-	-	-	-	-	-	-	41,500	199,500	-
TOTAL RECEIPTS	10,330	35	7,605	8,548	2,138	11,354	64,522	79,709	238,069	1,850
EXPENDITURES										
Personal services	-	-	-	-	4,829	-	-	-	-	-
Contractual services	13,093	1,110	8,037	183	-	-	14,427	-	-	1,799
Commodities	-	-	-	-	11,741	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	50,398	-	-	-
Capital outlay	-	-	-	1,503	-	-	-	114,562	63,396	-
Operating transfers out	-	-	-	-	-	-	-	93,500	-	-
TOTAL EXPENDITURES	13,093	1,110	8,037	1,686	16,570	-	64,825	208,062	63,396	1,799
RECEIPTS OVER (UNDER) EXPENDITURES	(2,763)	(1,075)	(432)	6,862	(14,432)	11,354	(303)	(128,353)	174,673	51
UNENCUMBERED CASH, BEGINNING	27,524	1,075	7,553	2,843	18,152	-	172,262	298,638	(118,294)	2,207
UNENCUMBERED CASH, ENDING	\$ 24,761	\$ -	\$ 7,121	\$ 9,705	\$ 3,720	\$ 11,354	\$ 171,959	\$ 170,285	\$ 56,379	\$ 2,258

CITY OF SOUTH HUTCHINSON, KANSAS
 CAPITAL PROJECTS NONBUDGETED FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2017

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	Capitalized Interest	Various Street Improvements	Walnut Street Improvement	Public Water Supply Improvement	Frontier Commerce Park	Cost of Issuance	Totals
RECEIPTS							
Bond proceeds	\$ 92,952	\$ 2,102,960	\$ 118,450	\$ 139,226	\$ 54,879	\$ 34,503	\$ 2,542,970
Reimbursed expense	-	-	-	-	-	-	-
TOTAL RECEIPTS	92,952	2,102,960	118,450	139,226	54,879	34,503	2,542,970
EXPENDITURES							
Contractual services	-	-	-	-	84,537	-	84,537
Improvements	-	56,445	11,593	67,565	952,434	-	1,088,037
Cost of issuance	-	-	-	-	-	26,360	26,360
Transferred to - Bond and Interest Fund	92,952	-	-	-	-	8,143	101,095
TOTAL EXPENDITURES	92,952	56,445	11,593	67,565	1,036,971	34,503	1,300,029
RECEIPTS OVER (UNDER) EXPENDITURES	-	2,046,515	106,857	71,661	(982,092)	-	1,242,941
UNENCUMBERED CASH, BEGINNING	-	-	-	-	841,014	-	841,014
UNENCUMBERED CASH, ENDING	<u>\$ -</u>	<u>\$ 2,046,515</u>	<u>\$ 106,857</u>	<u>\$ 71,661</u>	<u>\$ (141,078)</u>	<u>\$ -</u>	<u>\$ 2,083,955</u>