CITY OF BASEHOR, KANSAS

FINANCIAL STATEMENTS

Year Ended December 31, 2014

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CITY OF BASEHOR, KANSAS

Financial Statements
Year ending December 31, 2014

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CITY OF BASEHOR, KANSAS

Financial Statements
Year ending December 31, 2014

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MIZE HOUSER & COMPANY P.A.

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Basehor, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

www.mizehouser.com ■ mhco@mizehouser.com
534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f
534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f
7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f
211 E Eighth Suite A■ Lawrence, KS 66044-2771 ■ 785.842.8844 p ■ 785.842.9049 f

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, as of December 31, 2014, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund, consolidated highway fund, capital improvements reserve fund and the employee benefit fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the schedule of funding progress on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, 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 financial statements as a whole.

Mize Houser & Company PA

Certified Public Accountants
Lawrence, Kansas

April 17, 2015

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014
Unaudited

Our discussion and analysis of the City of Basehor, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2014.

Financial Highlights

- The Government-wide net position totaled $18.6 million at the end of the current fiscal year.
- The Government-wide unrestricted current assets exceed the current liabilities by $6.6 million, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2014 totaled $28.1 million.
- During the year ended December 31, 2014, the City's total revenues (which include charges for services, local taxes, and state and federal aid) exceeded total expenses by $.3 million.
- The City's total indebtedness decreased by $1.3 million.
- The City's net capital assets decreased $1.2 million in the current fiscal year.

Using This Financial Report

This annual report consists of two distinct series of financial statements: government-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds.

Reporting on the City as a Whole (Government Wide)

Statement of Net Position and the Statement of Activities

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Position and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net position and current year change in those net position. The change in net position is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

Governmental Activities - Most of the City's programs and services are reported here including general government, public safety, public works, and culture and recreation.

Business-Type Activities - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The City's sewer utility and the solid waste utility are reported as business-type activities.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

Governmental Funds - Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and balances left over at fiscal yearend available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Position and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

Proprietary Funds - Proprietary funds (Solid Waste Utility and Sewer Utility) are enterprise funds that use the same basis of accounting as business-type activities, therefore, these statements replicate the information provided in the government-wide financial statements.

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014
Unaudited

The City as a Whole

Government-Wide Position

The Statement of Net Position provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Position as of December 31, 2014:

City of Basehor
Condensed Statement of Net Position
December 31, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	$ 6,811,344	$ 6,727,807	$ 1,489,057	$ 1,249,560	$ 8,300,401	$ 7,977,367
Non current assets	11,579,541	12,113,063	16,567,020	17,279,312	28,146,561	29,392,375
Total assets	$ 18,390,885	$ 18,840,870	$ 18,056,077	$ 18,528,872	$ 36,446,962	$ 37,369,742
Current liabilities	$ 976,484	$ 870,159	$ 678,158	$ 638,515	$ 1,654,642	$ 1,508,674
Noncurrent liabilities	6,752,862	7,551,750	8,018,179	8,615,240	14,771,041	16,166,990
Deferred inflows of resources	1,470,206	1,425,385	-	-	1,470,206	1,425,385
Total liabilities and deferred inflows of resources	$ 9,199,552	$ 9,847,294	$ 8,696,337	$ 9,253,755	$ 17,895,889	$ 19,101,049
Net Position:						
Invested in capital assets, net of debt	$ 4,114,612	$ 3,919,579	$ 7,968,692	$ 8,147,326	$ 12,083,304	$ 12,066,905
Restricted for:						
Debt Service	435,440	586,415	-	-	435,440	586,415
Unrestricted	4,641,281	4,487,582	1,391,048	1,127,791	6,032,329	5,615,373
Total net position	$ 9,191,333	$ 8,993,576	$ 9,359,740	$ 9,275,117	$ 18,551,073	$ 18,268,693

The assets of the City are classified as current assets and capital assets. Cash and investments and accounts receivable are the largest current assets. These are assets that are available to provide resources for the near-term operations of the City. Capital assets are used in the operations of the City. These assets include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued liabilities, and current portion of long-term obligations. Current assets exceed current liabilities by $6.6 million, representing the City's ability to meet current obligations when due.

The City has $16.1 million in long-term debt, consisting of general obligation bonds, loans, and capital leases payable, of which $1.3 million is due within the next fiscal year.

The City had total assets at December 31, 2014, totaling $36.5 million. The total assets of the City exceeded the total liabilities by $18.5 million. Net position invested in capital assets, net of related debt, totaled $12.1 million, restricted net position totaled $.4 million and unrestricted net position totaled $6.0 million.

Government-Wide Activities

The following is a condensed statement of the City's change in net position for the year ended December 31, 2014. Major items of program revenues, grants and general revenues are detailed below. Government-wide activities increased the net position of the City by $.3 million for the year ended December 31, 2014. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located on page 14 of the basic financial statements. Major differences in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements include the repayment of bonds, temporary notes, and leases in the current fiscal year of $.7 million which are treated as an expenditure in the fund statements and a reduction of long term debt payable in the Government wide financial statements. In addition, the capital outlays of $.5 million are treated as expenditures in the fund statements, but are treated as capital assets in the Government wide financial statements.

City of Basehor

Condensed Statement of Changes in Net Position

For the Years Ending December 31, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 453,007	$ 370,742	$ 1,867,750	$ 1,771,838	$ 2,320,757	$ 2,142,580
Operating grants	26,026	1,731,445	93,987	92,918	120,013	1,824,363
General revenues:						
Taxes	3,554,468	3,427,357	-	-	3,554,468	3,427,357
Transfers [net]	195,607	122,513	[195,607]	[122,513]	-	-
Other	50,008	50,396	3,123	633,241	53,131	683,637
Total revenues	4,279,116	5,702,453	1,769,253	2,375,484	6,048,369	8,077,937
Program expenses:						
General government	1,348,655	1,185,996	-	-	1,348,655	1,185,996
Public safety	799,033	708,660	-	-	799,033	708,660
Public works	669,003	564,865	-	-	669,003	564,865
Culture and recreation	52,063	40,750	-	-	52,063	40,750
Infrastructure depreciation	1,025,963	762,017	-	-	1,025,963	762,017
Sewer utility	-	-	1,398,171	1,351,370	1,398,171	1,351,370
Solid waste utility	-	-	286,459	263,510	286,459	263,510
Interest on long term debt	186,642	987,423	-	-	186,642	987,423
Total expenses	4,081,359	4,249,711	1,684,630	1,614,880	5,765,989	5,864,591
Increase [decrease] in net position	$ 197,757	$ 1,452,742	$ 84,623	$ 760,604	$ 282,380	$ 2,213,346

Governmental Activities increase the net position by $.2 million. Business-type activities increased the net position by $.1 million. The primary increases in Governmental Activities can be attributed to many factors in addition to conservative spending. Key elements in the Business-type activities increase is due to additional utility customers (both sewer and solid waste).

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources.

Total fund balances at December 31, 2014, for the governmental funds totaled $5.3 million. Total unassigned fund balances at December 31, 2014, totaled $1 million, all of which was attributable to the General Fund. The remainder of fund balance includes: $.4 million of restricted fund balance to indicate that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations; $3.9 million of assigned fund balance to indicate amounts that are constrained by the City management to be used for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $.9 million, which represents all of the total fund balance. The increase in the General Fund's fund balance was $.2 million.

The Consolidated Highway Fund is used to account for road and highway projects. At the end of the current fiscal year, assigned fund balance of the consolidated highway fund was $2.0 million, which represents all of the total fund balance. The increase in the fund's fund balance was $.3 million.

The Capital Improvements Reserve Fund is used to account for capital improvement projects. At the end of the current fiscal year, assigned fund balance of the capital improvements reserve fund was $1.3 million, which represents all of the total fund balance. The decrease in the fund's fund balance was $.2 million.

The Employee Benefit Fund is used to account for employee benefits. At the end of the current fiscal year, assigned fund balance of the employee benefit fund was $.1 million, which represents all of the total fund balance. The decrease in the Fund's fund balance was $.03 million.

The Debt Service Fund is used to accumulate tax revenues and other revenues for the payment of principal and interest on general long-term debt.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Solid Waste Utility Fund at the end of the year amounted to $89,326 and the unrestricted net position of the Sewer Utility Fund at the end of the year amounted to $1.3 million. The total change in the two funds was [$5,999] and $.1 million, respectively.

General Fund Budgeting Highlights

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The City's final General Fund budget was $2,652,332, the same as the original published budget. The revenues were more than budgetary estimates by $.2 million and the expenditures were less than budgetary estimates by $.7 million.

Fixed Assets and Debt Administration

The City's investment in fixed assets for its governmental and business-type activities totaled $28.1 million (net of accumulated depreciation) as of December 31, 2014.

Major fixed asset events during the current fiscal year included the following:

The City spent $330,000 on land for the future City Campus. The City also purchased six new vehicles for $171,034 to be used by the Sewer, Public Works and Police departments.

At December 31, 2014, the City had total debt outstanding of $16.1 million, backed by the full faith and credit of the City. Total long-term debt decreased for the fiscal year ended December 31, 2014, in the amount of $1.3 million. This was a result of the gradual pay down of current outstanding debt and the refinancing.

Additional information on the City's general long term debt can be found in Note III to the financial statements.

Contacting the City

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City Clerk/Finance Department at 2620 North 155th Street, Basehor, Kansas 66007 or (913) 724-1370.

CITY OF BASEHOR, KANSAS

STATEMENT OF NET POSITION
December 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Primary Government Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,270,116	$ 1,350,836	$ 6,620,952
Receivables:			
Taxes	1,470,206	-	1,470,206
Municipal court	71,022	-	71,022
Other	-	138,221	138,221
Total current assets	6,811,344	1,489,057	8,300,401
Noncurrent assets:			
Nondepreciable capital assets:			
Construction in process	4,927	-	4,927
Land	388,197	-	388,197
Depreciable capital assets:	21,600,260	28,641,042	50,241,302
Less: accumulated depreciation	[10,413,843]	[12,074,022]	[22,487,865]
Total noncurrent assets	11,579,541	16,567,020	28,146,561
Total assets	$ 18,390,885	$ 18,056,077	$ 36,446,962
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accounts payable	$ 32,644	$ -	$ 32,644
Accrued liabilities	43,506	22,480	65,986
Accrued interest payable	57,602	72,262	129,864
Current portion of capital lease payable	7,200	-	7,200
Compensated absences payable	58,365	3,267	61,632
Current portion of general obligation bonds payable	777,167	337,833	1,115,000
Current portion of loans payable	-	242,316	242,316
Total current liabilities (payable from current assets)	976,484	678,158	1,654,642
Noncurrent liabilities:			
Net other post employment benefit obligation	35,800	-	35,800
Capital lease payable	29,300	-	29,300
General obligation bonds payable	6,687,762	3,658,089	10,345,851
Loans payable	-	4,360,090	4,360,090
Total noncurrent liabilities	6,752,862	8,018,179	14,771,041
Total liabilities	7,729,346	8,696,337	16,425,683
Deferred inflows of resources			
Unavailable revenue - property taxes	1,470,206	-	1,470,206
Total deferred inflows of resources	1,470,206	-	1,470,206
Total liabilities and deferred inflows of resources	$ 9,199,552	$ 8,696,337	$ 17,895,889
Net Position			
Invested in fixed assets, net of related debt	$ 4,114,612	$ 7,968,692	$ 12,083,304
Restricted for:			
Debt service	435,440	-	435,440
Unrestricted	4,641,281	1,391,048	6,032,329
Total net position	$ 9,191,333	$ 9,359,740	$ 18,551,073

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

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CITY OF BASEHOR, KANSAS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

		Program Revenues		Net [Expenses] Revenue and Changes in Net Assets Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:						
General government	$ 1,348,655	$ -	$ -	$ [1,348,655]	$ -	$ [1,348,655]
Public safety	799,033	172,422	-	[626,611]	-	[626,611]
Public works	669,003	280,585	26,026	[362,392]	-	[362,392]
Culture and recreation	52,063	-	-	[52,063]	-	[52,063]
Infrastructure depreciation	1,025,963	-	-	[1,025,963]	-	[1,025,963]
Interest on long-term debt	186,642	-	-	[186,642]	-	[186,642]
Total governmental activities	4,081,359	453,007	26,026	[3,602,326]	-	[3,602,326]
Business-type activities:						
Sewer Utility	1,398,171	1,569,009	93,987	-	264,825	264,825
Solid Waste Utility	286,459	298,741	-	-	12,282	12,282
Total business-type activities	1,684,630	1,867,750	93,987	-	277,107	277,107
Total primary government	$ 5,765,989	$ 2,320,757	$ 120,013	[3,602,326]	277,107	[3,325,219]
	General Revenues:					
	Property taxes levied for					
	General purposes			1,539,528	-	1,539,528
	Debt service			611,290	-	611,290
	Franchise tax			239,527	-	239,527
	Liquor tax			20,252	-	20,252
	Sales tax			795,389	-	795,389
	Motor vehicle tax			204,618	-	204,618
	Excise tax			18,486	-	18,486
	Miscellaneous tax			125,378	-	125,378
	Investments earnings			13,060	3,123	16,183
	Miscellaneous			36,948	-	36,948
	Transfers, net			195,607	[195,607]	-
	Total general revenues			3,800,083	[192,484]	3,607,599
	Change in net position			197,757	84,623	282,380
	Net position - beginning			8,993,576	9,275,117	18,268,693
	Net position - ending			$ 9,191,333	$ 9,359,740	$ 18,551,073

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

CITY OF BASEHOR, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	General	Consolidated Highway	Capital Improvements Reserve
ASSETS			
Cash and cash equivalents	$ 930,560	$ 2,005,643	$ 1,269,696
Receivables			
Taxes	1,067,227	-	-
Municipal court	71,022	-	-
Total assets	$ 2,068,809	$ 2,005,643	$ 1,269,696
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Accrued liabilities	43,506	-	-
Total liabilities	43,506	-	-
Deferred inflows of resources:			
Unavailable revenue - property taxes	1,067,227	-	-
Total deferred inflows of resources	1,067,227	-	-
Total liabilities and deferred inflows of resources	1,110,733	-	-
Fund balance:			
Restricted	-	-	-
Assigned	-	2,005,643	1,269,696
Unassigned	958,076	-	-
Total fund balance [deficit]	958,076	2,005,643	1,269,696
Total liabilities and fund balances	$ 2,068,809	$ 2,005,643	$ 1,269,696

Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
$ 129,525	$ 435,440	$ 499,252	$ 5,270,116
384,029	18,950	-	1,470,206
-	-	-	71,022
$ 513,554	$ 454,390	$ 499,252	$ 6,811,344
$ -	$ -	$ 32,644	$ 32,644
-	-	-	43,506
-	-	32,644	76,150
384,029	18,950	-	1,470,206
384,029	18,950	-	1,470,206
384,029	18,950	32,644	1,546,356
-	435,440	-	435,440
129,525	-	466,608	3,871,472
-	-	-	958,076
129,525	435,440	466,608	5,264,988
$ 513,554	$ 454,390	$ 499,252	$ 6,811,344

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

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CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2014

Total Governmental Fund Balances		$ 5,264,988
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	21,605,187	
Accumulated depreciation is	[10,413,843]	11,191,344
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term liabilities at year end consist of:		
General obligation bonds payable	7,464,929	
Lease payable	36,500	
Net other post employment benefit obligation	35,800	
Interest payable	57,602	
Compensated absences payable	58,365	[7,653,196]
Net Position of Governmental Activities		$ 8,803,136

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	General	Consolidated Highway	Capital Improvements Reserve
REVENUES:			
Taxes	$ 1,714,620	$ 705,210	$ 97,737
Intergovernmental	-	-	-
Special assessments	-	-	-
Licenses, permits and fees	185,985	-	-
Fines, forfeitures and penalties	172,422	-	-
Use of money and property	2,479	4,164	3,269
Miscellaneous	36,948	-	-
Total revenues	2,112,454	709,374	101,006
EXPENDITURES:			
Current			
General government	767,257	49,122	339,190
Public works	197,637	-	-
Culture and recreation	52,063	-	-
Public safety	799,033	-	-
Capital outlay	-	383,615	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	1,815,990	432,737	339,190
Excess [deficiency] of revenues over [under] expenditures	296,464	276,637	[238,184]
OTHER FINANCING SOURCES [USES]			
Transfers in	-	-	-
Transfers [out]	[121,177]	-	-
Total other financing sources [uses]	[121,177]	-	-
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	175,287	276,637	[238,184]
Fund balance - Beginning of year	782,789	1,729,006	1,507,880
Fund balance - End of year	$ 958,076	$ 2,005,643	$ 1,269,696

Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
$ 415,485	$ 29,464	$ 10,126	$ 2,972,642
-	26,026	-	26,026
-	581,826	-	581,826
-	-	94,600	280,585
-	-	-	172,422
471	1,851	826	13,060
-	-	-	36,948
415,956	639,167	105,552	4,083,509
527,802	-	-	1,683,371
-	-	-	197,637
-	-	-	52,063
-	-	-	799,033
-	-	243,439	627,054
-	708,879	-	708,879
-	191,430	-	191,430
527,802	900,309	243,439	4,259,467
[111,846]	[261,142]	[137,887]	[175,958]
73,440	110,167	133,177	316,784
-	-	-	[121,177]
73,440	110,167	133,177	195,607
[38,406]	[150,975]	[4,710]	19,649
167,931	586,415	471,318	5,245,339
$ 129,525	$ 435,440	$ 466,608	$ 5,264,988

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

CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Total Net Change In Fund Balances - Governmental Funds		$ 19,649
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	521,880	
Loss on sale of asset	[29,439]	
Depreciation expense	[1,025,963]	[533,522]
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased.		4,788
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		[16,558]
Net other post employment benefits		[12,054]
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		735,454
Changes In Net position of Governmental Activities		$ 197,757

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

CITY OF BASEHOR, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2014

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 1,714,620	$ -	$ 1,714,620	$ 1,596,984	$ 1,596,984	$ 117,636
Licenses and permits	185,985	-	185,985	93,825	93,825	92,160
Fines, forfeitures and penalties	172,422	[25,440]	146,982	153,000	153,000	[6,018]
Use of money and property	2,479	-	2,479	2,750	2,750	[271]
Miscellaneous	36,948	-	36,948	42,500	42,500	[5,552]
Total Revenues	2,112,454	[25,440]	2,087,014	1,889,059	1,889,059	197,955
Expenditures:						
General Administration:						
Personal services	353,145	-	353,145	422,570	422,570	69,425
Contractual services	298,661	-	298,661	372,176	372,176	73,515
Commodities	11,695	-	11,695	28,332	28,332	16,637
Capital outlay	103,756	-	103,756	601,089	601,089	497,333
	767,257	-	767,257	1,424,167	1,424,167	656,910
Public Safety						
Personal services	690,633	-	690,633	692,608	692,608	1,975
Contractual services	64,391	-	64,391	98,450	98,450	34,059
Commodities	41,336	-	41,336	56,700	56,700	15,364
Capital outlay	2,673	-	2,673	8,000	8,000	5,327
	799,033	-	799,033	855,758	855,758	56,725
Highways and Streets						
Personal services	142,591	-	142,591	187,630	187,630	45,039
Contractual services	14,456	-	14,456	6,700	6,700	[7,756]
Commodities	15,590	-	15,590	13,000	13,000	[2,590]
Capital outlay	25,000	-	25,000	12,500	12,500	[12,500]
	197,637	-	197,637	219,830	219,830	22,193
Culture and recreation						
Personal services	9,528	-	9,528	6,000	6,000	[3,528]
Contractual services	16,504	-	16,504	8,900	8,900	[7,604]
Commodities	769	-	769	1,500	1,500	731
Capital outlay	25,262	-	25,262	45,000	45,000	19,738
	52,063	-	52,063	61,400	61,400	9,337

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

CITY OF BASEHOR, KANSAS

GENERAL FUND - (Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2014

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Expenditures (Continued):						
Total Expenditures	$ 1,815,990	$ -	$ 1,815,990	$ 2,561,155	$ 2,561,155	$ 745,165
Excess [Deficiency] of Revenues Over [Under] Expenditures	296,464	[25,440]	271,024	[672,096]	[672,096]	943,120
Other Financing Sources [Uses]:						
Transfers in	-	-	-	238,861	238,861	[238,861]
Transfers [out]	[121,177]	-	[121,177]	[91,177]	[91,177]	[30,000]
Total Other Financing Sources [Uses]	[121,177]	-	[121,177]	147,684	147,684	[268,861]
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	175,287	[25,440]	149,847	$ [524,412]	$ [524,412]	$ 674,259
Fund Balance, January 1	782,789	[45,582]	737,207			
Fund Balance, December 31	$ 958,076	$ [71,022]	$ 887,054			

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

CITY OF BASEHOR, KANSAS

CONSOLIDATED HIGHWAY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2014

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 705,210	$ -	$ 705,210	$ 456,870	$ 456,870	$ 248,340
Intergovernmental	-	-	-	136,870	136,870	[136,870]
Use of money and property	4,164	-	4,164	4,000	4,000	164
Total Revenues	709,374	-	709,374	597,740	597,740	111,634
Expenditures:						
Commodities	49,122	-	49,122	70,000	70,000	20,878
Capital outlay	372,492	-	372,492	830,000	830,000	457,508
Contractual	11,123	-	11,123	10,000	10,000	[1,123]
Total Expenditures	432,737	-	432,737	910,000	910,000	477,263
Excess [Deficiency] of Revenues Over [Under] Expenditures	276,637	-	276,637	$ [312,260]	$ [312,260]	$ 588,897
Fund Balance, January 1	1,729,006	-	1,729,006			
Fund Balance, December 31	$ 2,005,643	$ -	$ 2,005,643			

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

CITY OF BASEHOR, KANSAS

CAPITAL IMPROVEMENTS RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2014

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 97,737	$ -	$ 97,737	$ 76,750	$ 76,750	$ 20,987
Use of money and property	3,269	-	3,269	-	-	3,269
Total Revenues	101,006	-	101,006	76,750	76,750	24,256
Expenditures:						
Capital outlay	339,190	-	339,190	20,000	20,000	[319,190]
Total Expenditures	339,190	-	339,190	20,000	20,000	[319,190]
Excess [Deficiency] of Revenues Over [Under] Expenditures	[238,184]	-	[238,184]	$ 56,750	$ 56,750	$ [294,934]
Fund Balance, January 1	1,507,880	-	1,507,880			
Fund Balance, December 31	$ 1,269,696	$ -	$ 1,269,696			

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

CITY OF BASEHOR, KANSAS

EMPLOYEE BENEFIT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2014

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 415,485	$ -	$ 415,485	$ 396,513	$ 396,513	$ 18,972
Use of money and property	471	-	471	615	615	[144]
Total Revenues	415,956	-	415,956	397,128	397,128	18,828
Expenditures:						
Personal services	527,802	-	527,802	586,123	586,123	58,321
Total Expenditures	527,802	-	527,802	586,123	586,123	58,321
Excess [Deficiency] of Revenues Over [Under] Expenditures	[111,846]	-	[111,846]	[188,995]	[188,995]	77,149
Other Financing Sources [Uses]:						
Transfers in	73,440	-	73,440	73,440	73,440	-
Total Other Financing Sources [Uses]	73,440	-	73,440	73,440	73,440	-
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	[38,406]	-	[38,406]	$ [115,555]	$ [115,555]	$ 77,149
Fund Balance, January 1	167,931	-	167,931			
Fund Balance, December 31	$ 129,525	$ -	$ 129,525			

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

CITY OF BASEHOR, KANSAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2014

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,274,617	$ 76,219	$ 1,350,836
Receivables:			
Accounts	109,194	29,027	138,221
Total current assets	1,383,811	105,246	1,489,057
Capital assets:			
Capital assets, depreciable	28,641,042	-	28,641,042
Less: accumulated depreciation	[12,074,022]	-	[12,074,022]
Total capital assets	16,567,020	-	16,567,020
Total Assets	$ 17,950,831	$ 105,246	$ 18,056,077
LIABILITIES AND NET POSITION			
Current liabilities (payable from current assets):			
Accrued interest	$ 72,262	$ -	$ 72,262
Accrued compensation	3,267	-	3,267
Accrued payroll	6,560	15,920	22,480
Current portion of general obligation payable	337,833	-	337,833
Current portion of KDHE loan payable	242,316	-	242,316
Total current liabilities (payable from current assets):	662,238	15,920	678,158
Noncurrent liabilities:			
General obligation bond payable	3,658,089	-	3,658,089
KDHE loan payable	4,360,090	-	4,360,090
Total noncurrent liabilities:	8,018,179	-	8,018,179
Total Liabilities	$ 8,680,417	$ 15,920	$ 8,696,337
Net Position:			
Invested in capital assets, net of related debt	$ 7,968,692	$ -	$ 7,968,692
Unrestricted	1,301,722	89,326	1,391,048
Total Net Position	$ 9,270,414	$ 89,326	$ 9,359,740

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Operating revenues:			
Charges for services	$ 1,569,009	$ 298,741	$ 1,867,750
Special assessments	93,987	-	93,987
Total operating revenues	1,662,996	298,741	1,961,737
Operating expenses:			
Personnel	154,561	51,716	206,277
Contractual	201,317	231,377	432,694
Commodities	36,394	3,366	39,760
Capital outlay	38,279	-	38,279
Depreciation	732,569	-	732,569
Total operating expenses	1,163,120	286,459	1,449,579
Operating income [loss]	499,876	12,282	512,158
Nonoperating revenues [expenses]:			
Interest on long term debt	[235,051]	-	[235,051]
Interest earned	2,835	288	3,123
Total nonoperating revenues [expenses]	[232,216]	288	[231,928]
Income [loss] before transfers	267,660	12,570	280,230
Transfers from [to] other funds			
Transfers out	[177,038]	[18,569]	[195,607]
Total transfers	[177,038]	[18,569]	[195,607]
Change in net position	90,622	[5,999]	84,623
Net position, January 1	9,179,792	95,325	9,275,117
Net position, December 31	$ 9,270,414	$ 89,326	$ 9,359,740

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

CITY OF BASEHOR, KANSAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	$ 1,658,013	$ 297,417	$ 1,955,430
Cash paid to suppliers and employees	[446,172]	[290,692]	[736,864]
Net Cash Provided by [Used in] Operating Activities	1,211,841	6,725	1,218,566
Cash Flows from Non-Capital Financing Activities:			
Transfers [in] out	[177,038]	[18,569]	[195,607]
Net Cash Provided by [Used in] Non-Capital Financing Activities	[177,038]	[18,569]	[195,607]
Cash Flows from Capital and Related Financing Activities			
Capital asset additions, net	[24,253]	-	[24,253]
Principal paid on bonds, notes and loans	[533,638]	-	[533,638]
Interest expense and fiscal charges	[235,001]	-	[235,001]
Net Cash Provided by [Used in] Capital and Related Financing Activities	[792,892]	-	[792,892]
Cash Flows from Investing Activities:			
Interest income	2,835	288	3,123
Net Cash Provided by [Used in] Investing Activities	2,835	288	3,123
Net Increase [Decrease] in Cash and Cash Equivalents	244,746	[11,556]	233,190
Cash and Equivalents, January 1	1,029,871	87,775	1,117,646
Cash and Equivalents, December 31	$ 1,274,617	$ 76,219	$ 1,350,836

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

CITY OF BASEHOR, KANSAS

STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Reconciliation of Operating Net Income to Net Cash Provided by Operating Activities:			
Operating income [loss]	$ 499,876	$ 12,282	$ 512,158
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	732,569	-	732,569
Change in assets and liabilities:			
[Increase] decrease in accounts receivable	[4,983]	[1,324]	[6,307]
Increase [decrease] in accounts payable	[4,920]	[20,153]	[25,073]
Increase [decrease] in compensated absences/accrued payroll	[10,701]	15,920	5,219
Total Adjustments	711,965	[5,557]	706,408
Net Cash Provided by [Used in] Operating Activities	$ 1,211,841	$ 6,725	$ 1,218,566

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Basehor, Kansas (the City), is a municipal corporation governed by an elected six-member council. The City has no component units.

B. *Government-wide and Fund Financial Statements*

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the City.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. The City has no fiduciary funds.

C. *Measurement Focus, Basis of Accounting and Basis of Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City has elected to report all funds as major and reports the following major governmental funds:

The general fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The consolidated highway fund is used to account for road and highway projects.

The capital improvements reserve fund is used to account for capital improvement projects.

The employee benefit fund is used to account for employee benefits.

The bond and interest fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental.

The City reports the following major proprietary funds:

The sewer utility fund is used to account for the activities of the City's wastewater operations.

The solid waste utility fund is used to account for the activities of the City's refuse operations.

D. *Assets, Liabilities and Equity*

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments (including certificates of deposit) with original maturities of six months or less from the date of acquisition.

Kansas statutes authorize the City to invest in U.S. Treasury bills and notes, repurchase agreements, the Kansas Municipal Investment Pool, and certain other types of federal and Kansas municipal obligations.

Investments are stated at fair market value.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles, if any.

Property taxes receivable - The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The office of the County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2015.

3. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

3. Capital Assets (Continued)

Property, plant and equipment of the City, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50 - 100
Other equipment	5 - 20
Vehicles	6 - 10
Infrastructure	30 - 75

4. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off. Paid time off earned but unused at termination (if a two-week notice is given) is paid to the employees at their current rate of pay.

Vested or accumulated paid time off that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government fund financial statements that will pay it. Vested or accumulated paid time off of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees.

The General Fund and Sewer Utility Fund have been used in prior years to liquidate the liability for compensated absences.

5. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

7. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. The government funds report unavailable revenues from one source: property taxes. The government-wide statements of net position report only the unavailable revenue for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Fund Balance Reserves

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city council. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

9. Fund Balance Reserves (Continued)

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds						
	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
Fund Balances:							
Restricted for:							
Debt retirement	$ -	$ -	$ -	$ -	$ 435,440	$ -	$ 435,440
Assigned for:							
Street project construction	-	2,005,643	-	-	-	-	2,005,643
Capital improvements	-	-	1,269,696	-	-	44,825	1,314,521
Employee benefits	-	-	-	129,525	-	-	129,525
Culture and recreation	-	-	-	-	-	152,779	152,779
Equipment outlay	-	-	-	-	-	269,004	269,004
Unassigned:	958,076	-	-	-	-	-	958,076
Total Fund Balances	$ 958,076	$ 2,005,643	$ 1,269,696	$ 129,525	$ 435,440	$ 466,608	$ 5,264,988

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. 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 the 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 the 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 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 budget was not amended during the year ended December 31, 2014.

The statutes permit management to transfer 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds and certain special revenue funds. Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	Major Governmental Funds						
	General Fund	Consolidated Highway Fund	Capital Improvements Reserve Fund	Employee Benefit Fund	Bond and Interest Fund	Other Governmental Funds	Total Governmental Funds
GAAP FUND BALANCE December 31, 2014	$ 958,076	$ 2,005,643	$ 1,269,696	$ 129,525	$ 435,440	$ 466,608	$ 5,264,988
Unreserved fund balances not subject to the Kansas budget law:							
Special Police Fund	-	-	-	-	-	[543]	[543]
Municipal Equipment Reserve Fund	-	-	-	-	-	[268,461]	[268,461]
Glenwood Sewer Maintenance Fund	-	-	-	-	-	[30,415]	[30,415]
Adjustments:							
Municipal court receivable	[71,022]	-	-	-	-	-	[71,022]
Total deductions	[71,022]	-	-	-	-	[299,419]	[370,441]
BUDGETARY FUND BALANCE December 31, 2014	$ 887,054	$ 2,005,643	$ 1,269,696	$ 129,525	$ 435,440	$ 167,189	$ 4,894,547

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

	Major Business-Type Funds		
	Sewer Utility Fund	Solid Waste Utility Fund	Total Business-Type Funds
NET POSITION December 31, 2014	$ 9,270,414	$ 89,326	$ 9,359,740
Adjustments:			
Capital assets, net	[16,567,020]	-	[16,567,020]
Receivables	[109,194]	[29,027]	[138,221]
Accrued interest	72,262	-	72,262
Accrued compensation	3,268	-	3,268
General obligation payable	3,995,922	-	3,995,922
KDHE loan payable	4,602,406	-	4,602,406
Total deductions	[8,002,357]	[29,027]	[8,031,383]
BUDGETARY NET POSITION December 31, 2014	$ 1,268,057	$ 60,299	$ 1,328,357

III. DETAILED NOTES ON ALL FUNDS

A. *Deposits and Investments*

Deposits. 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.

Investments. K.S.A. 12-1675 limits the City's investments 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 investments policy that would further limit its investment choices.

As of December 31, 2014, the City had the following investments and maturities:

Investment Type	Fair Value	Rating U.S.
Kansas Municipal Investment Pool	$ 915,203	S&P AAAf/S1+

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

At December 31, 2014, the City had invested $915,203 in the State of Kansas's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

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, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods".

At December 31, 2014, the City's carrying amount of deposits was $6,620,952 and the bank balance was $6,696,583. Of the bank balance, $1,905,865 was covered by federal depository insurance, $4,550,718 was collateralized with securities held by the pledging financial institutions' agents in the City's name, and the balance of $240,000 was unsecured, which is a violation of K.S.A. 9-1402.

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.

B. *Receivables*

Receivables at year end are as follows:

	General	Employee Benefit	Bond and Interest	Sewer Utility	Solid Waste Utility	Total
Receivables:						
Accounts	$ -	$ -	$ -	$ 109,194	$ 29,027	$ 138,221
Taxes	1,067,227	384,029	18,950	-	-	1,470,206
Municipal court	71,022	-	-	-	-	71,022
Total	$ 1,138,249	$ 384,029	$ 18,950	$ 109,194	$ 29,027	$ 1,679,449

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Capital Assets*

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance 12/31/13	Additions	Retirements	Balance 12/31/14
City governmental activities:				
Capital assets, not being depreciated				
Land	$ 58,183	$ 330,014	$ -	$ 388,197
Construction in progress	2,642,628	-	2,637,701	4,927
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	18,914,603	2,829,568	143,911	21,600,260
Total capital assets	21,615,415	3,159,582	2,781,612	21,993,384
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	9,502,352	1,025,963	114,472	10,413,843
Total accumulated depreciation	9,502,352	1,025,963	114,472	10,413,843
Governmental activities capital assets, net	$ 12,113,063	$ 2,133,619	$ 2,667,140	$ 11,579,541
Business-type activities:				
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	$ 28,616,789	$ 38,968	$ 14,715	$ 28,641,042
Total capital assets	28,616,789	38,968	14,715	28,641,042
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	11,337,477	751,260	14,715	12,074,022
Total accumulated depreciation	11,337,477	751,260	14,715	12,074,022
Business-type activities capital assets, net	$ 17,279,312	$ [712,292]	$ -	$ 16,567,020

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Capital Assets (Continued)*

The City's depreciation expense was charged as follows:

Governmental Activities:	
General government	$ 10,446
Public safety	31,873
Public works	3,836
Culture and recreation	13,430
Infrastructure	966,378
Total depreciation expense	$ 1,025,963
Business-type Activities:	
Sewer utility	$ 751,260
Total depreciation expense	$ 751,260

D. Long-term Debt

During the year ended December 31, 2014, the following changes occurred in long term liabilities:

Government Fund Activities	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014
General obligation bonds	$ 7,909,393	$ -	$ 708,879	$ 7,200,514
General obligation bonds premium	284,091	-	19,675	264,415
Total general obligation bonds	8,193,484	-	728,554	7,464,929
Capital lease	43,400	-	6,900	36,500
	$ 8,236,884	$ -	$ 735,454	$ 7,501,429

Enterprise Fund Activities				
General obligation bonds	$ 3,940,607	$ -	$ 281,121	$ 3,659,486
General obligation bonds premium	355,126	-	18,691	336,436
Total general obligation bonds	4,295,733	-	299,812	3,995,922
KDHE revolving loan	4,836,253	-	233,846	4,602,406
	$ 9,131,985	$ -	$ 533,658	$ 8,598,328

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds.

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Governmental Activities	Date of Issuance	Date of Final Maturity	Interest Rate	Original Amount	Outstanding Amount
Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	$ 3,415,000	$ 51,750
Refunding and improvements, Series 2012	08/08/12	09/01/32	2.00-3.00%	9,345,884	4,058,764
Refunding, Series 2013	01/15/13	09/01/25	2.00%	3,480,000	3,090,000
				$ 16,240,884	$ 7,200,514
Business-type Activities					
Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	$ 1,058,650	$ 23,250
Refunding and improvements, Series 2012	08/08/12	09/01/32	2.00-3.00%	4,175,000	3,636,236
				$ 5,233,650	$ 3,659,486
				$ 21,474,534	$ 10,860,000

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

	Governmental activities		Business-type activities		
Year Ending December 31,	Principal	Interest	Principal	Interest	Total
2015	777,167	172,805	337,833	98,505	1,386,310
2016	853,092	153,337	396,908	88,323	1,491,660
2017	883,914	131,680	411,086	76,365	1,503,045
2018	887,099	109,239	422,901	63,976	1,483,215
2019	905,284	86,596	434,716	51,231	1,477,828
2020-2024	1,677,744	221,740	737,256	144,575	2,781,315
2025-2029	899,353	90,767	635,647	77,931	1,703,698
2030-2032	316,861	16,065	283,139	14,395	630,460
Total	$ 7,200,514	$ 982,228	$ 3,659,486	$ 615,302	$ 12,457,530

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

The Kansas Department of Health and Environment and the City has entered into an agreement for an additional loan. The City intends to make principal and interest payments on the loans from revenue derived from wastewater and water charges to the consumer. The original loan amount was $5,663,682 with a stated interest rate of 2.82%. This loan had an outstanding balance of $4,602,406 at December 31, 2014. The City will retire this loan with semi-annual payments through September 2030. The following displays annual debt service requirements to maturity for this KDHE loan for the full proceeds amount:

The following displays annual debt service requirements to maturity for this KDHE loan for the full proceeds amount:

Year Ending December 31,	State Agency Loan
2015	371,395
2016	371,395
2017	371,395
2018	371,395
2019	371,395
2020-2024	1,856,974
2025-2029	1,856,974
2030	148,918
Total principal and interest	5,719,840
Less: interest	1,117,434
Total principal	$ 4,602,406

Special Assessments. As provided by Kansas Statutes, 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. The special assessments receivable are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks of loss including related lost revenue. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of additional expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

IV. OTHER INFORMATION (Continued)

C. *Retirement Plans*

Plan Description. All employees employed by the City are entitled to enroll at the City Council's discretion, in a Deferred Compensation Plan, offered by Hartford or such other insurance company as may offer a plan approved by the Kansas Legislature pursuant to K.S.A. 75-5522 et seq. and K.S.A. 75-5529 et seq. For an employee who is employed full time, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The payroll for employees covered by the Plan was $604,368. Total gross payroll was $1,378,176. The contribution for the year ending December 31, 2014, was $12,466 from employees and $66,480 from employer representing 11% of covered payroll, respectively.

Plan Description. The City participates in the Kansas Police and Firemen's Retirement System (KP&F). KP&F is part of a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KP&F provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KP&F issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to Kansas Public Employees Retirement System (KPERS); 611 South Kansas Avenue, Topeka, KS 66603.

Funding Policy. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KP&F is funded on an actual actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The KP&F uniform participating employer rate established for fiscal years beginning in 2014 is 19.92%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ending December 31, 2014, 2013, and 2012 were $126,248, $97,798, and $89,377, respectively equal to the required contribution for each year.

D. *Interfund Transfers*

A reconciliation of all operating transfers by fund type for 2014 follows:

From	To	Amount	Statutory Authority
Sewer Utility Fund	Municipal Equipment Reserve Fund	$ 12,000	K.S.A. 12-1,117
General Fund	Municipal Equipment Reserve Fund	121,177	K.S.A. 12-1,117
Sewer Utility Fund	Employee Benefit Fund	54,871	K.S.A. 12-16,102
Solid Waste Utility Fund	Employee Benefit Fund	18,569	K.S.A. 12-16,102
Sewer Utility Fund	Bond and Interest Fund	110,167	Bond agreement
	Total	$ 316,784	

The City uses interfund transfers to share administrative costs between funds.

IV. OTHER INFORMATION (Continued)

E. Restricted Cash

In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the $2,405 per lot impact fee. This restriction limited the use of these funds to improvements to the perimeter roads (Donohoo Road, Hollingsworth Road and 147th Street). Of the $2,005,643 of cash in the Consolidated Highway Fund as of December 31, 2014, $136,329 was subject to this restriction.

F. Postemployment Healthcare Plan

Plan Description. The City provides for a continuation of medical, pharmacy and dental insurance benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Funding Policy. The contribution requirements of plan participants and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. Plan participants contributed approximately 100% of the total premiums to the Plan, through their required contribution of $378 per month for retiree-only coverage and $812, per month, for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Plan:

Annual required contribution	$ 12,479
Interest on Net OPEB Obligation	950
Adjustment to Annual Required Contribution	[1,374]
Annual OPEB cost (expense)	12,054
Benefit payments	-
Change in Net OPEB obligation	12,054
Net OPEB Obligation - beginning of year	23,746
Net OPEB Obligation - end of year	$ 35,800

IV. OTHER INFORMATION (Continued)

F. Postemployment Healthcare Plan (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2014 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	$ 3,236	$ -	$ 12,167
December 31, 2013	11,579	-	23,746
December 31, 2014	12,054	-	35,800

Funding Status and Funding Progress. As of January 1, 2013, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was $45,720 and the actuarial value of asset was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $45,720.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of January 1, 2013, the most recent actuarial valuation date, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.00% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an annual healthcare cost trend of 9% initially, reduced by decrements to an ultimate rate of 5% after nine years. The UAAL is being amortized as a level dollar over an open thirty-year period.

CITY OF BASEHOR, KANSAS

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
Year ended December 31, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as Percent of Payroll (b)-(a)/(c)
1/1/2010	$ -	$ 11,407	$ 11,407	$ -	$ 1,020,641	1.1%
1/1/2013	-	45,720	45,720	-	1,020,641	4.5%

CITY OF BASEHOR, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and cash equivalents	$ 454,427	$ 44,825	$ 499,252
Total assets	$ 454,427	$ 44,825	$ 499,252
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 32,644	$ -	$ 32,644
Total liabilities	32,644	-	32,644
Fund balance:			
Assigned	421,783	44,825	466,608
Total fund balance [deficit]	421,783	44,825	466,608
Total liabilities and fund balances	$ 454,427	$ 44,825	$ 499,252

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue	Capital Projects	Total
REVENUES:			
Taxes	$ 10,126	$ -	$ 10,126
Licenses, permits and fees	21,600	73,000	94,600
Use of money and property	770	56	826
Total revenues	32,496	73,056	105,552
EXPENDITURES:			
Capital outlay	178,794	64,645	243,439
Total expenditures	178,794	64,645	243,439
Excess [deficiency] of revenues over [under] expenditures	[146,298]	8,411	[137,887]
OTHER FINANCING SOURCES [USES]:			
Transfers in	133,177	-	133,177
Total other financing sources [uses]	133,177	-	133,177
Excess [Deficiency] of Revenues and Other Financing Sources Over [Under] Expenditures and Other [Uses]	[13,121]	8,411	[4,710]
Fund balance - Beginning of year	434,904	36,414	471,318
Fund balance - End of year	$ 421,783	$ 44,825	$ 466,608

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2014

	Special Parks and Recreation	Municipal Equipment Reserve	Special Police	Totals
ASSETS				
Cash and cash equivalents	$ 152,779	$ 301,105	$ 543	$ 454,427
Total assets	$ 152,779	$ 301,105	$ 543	$ 454,427
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 32,644	$ -	$ 32,644
Total liabilities	-	32,644	-	32,644
Fund balance:				
Assigned	152,779	268,461	543	421,783
Total fund balance [deficit]	152,779	268,461	543	421,783
Total liabilities and fund balances	$ 152,779	$ 301,105	$ 543	$ 454,427

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2014

	Special Parks and Recreation	Municipal Equipment Reserve	Special Police	Totals
REVENUES:				
Taxes	$ 10,126	$ -	$ -	$ 10,126
Licenses, permits and fees	21,600	-	-	21,600
Use of money and property	320	449	1	770
Total revenues	32,046	449	1	32,496
EXPENDITURES:				
Capital outlay	900	177,894	-	178,794
Total expenditures	900	177,894	-	178,794
Excess [deficiency] of revenues over [under] expenditures	31,146	[177,445]	1	[146,298]
OTHER FINANCING SOURCES [USES]:				
Transfers in	-	133,177	-	133,177
Total other financing sources [uses]	-	133,177	-	133,177
Excess [Deficiency] of Revenues and Other Financing Sources Over [Under] Expenditures and Other [Uses]	31,146	[44,268]	1	[13,121]
Fund balance - Beginning of year	121,633	312,729	542	434,904
Fund balance - End of year	$ 152,779	$ 268,461	$ 543	$ 421,783

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2014

	Cedar Lakes Maintenance	Glenwood Sewer Maintenance	Totals
ASSETS			
Cash and cash equivalents	$ 14,410	$ 30,415	$ 44,825
Total assets	$ 14,410	$ 30,415	$ 44,825
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Total liabilities	-	-	-
Fund balance:			
Assigned	14,410	30,415	44,825
Total fund balance [deficit]	14,410	30,415	44,825
Total liabilities and fund balances	$ 14,410	$ 30,415	$ 44,825

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2014

	Cedar Lakes Maintenance	Glenwood Sewer Maintenance	Totals
REVENUES:			
Licenses, permits and fees	$ 40,000	$ 33,000	$ 73,000
Use of money and property	16	40	56
Total revenues	40,016	33,040	73,056
EXPENDITURES:			
Capital outlay	39,233	25,412	64,645
Total expenditures	39,233	25,412	64,645
Excess [deficiency] of revenues over [under] expenditures	783	7,628	8,411
Fund balance - Beginning of year	13,627	22,787	36,414
Fund balance - End of year	$ 14,410	$ 30,415	$ 44,825

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CITY OF BASEHOR, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2014

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 10,126	$ -	$ 10,126	$ 8,000	$ 8,000	$ 2,126
Licenses, permits and fees	21,600	-	21,600	5,000	5,000	16,600
Use of money and property	320	-	320	325	325	[5]
Total Revenues	32,046	-	32,046	13,325	13,325	18,721
Expenditures:						
Capital outlay	900	-	900	73,000	73,000	72,100
Total Expenditures	900	-	900	73,000	73,000	72,100
Excess [Deficiency] of Revenues Over [Under] Expenditures	31,146	-	31,146	$ [59,675]	$ [59,675]	$ 90,821
Fund Balance, January 1	121,633	-	121,633			
Fund Balance, December 31	$ 152,779	$ -	$ 152,779			

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

CEDAR LAKES MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2014

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Licenses, permits and fees	$ 40,000	$ -	$ 40,000	$ 40,055	$ 40,055	$ [55]
Use of money and property	16	-	16	-	-	16
Total Revenues	40,016	-	40,016	40,055	40,055	[39]
Expenditures:						
Capital outlay	39,233	-	39,233	40,000	40,000	767
Total Expenditures	39,233	-	39,233	40,000	40,000	767
Excess [Deficiency] of Revenues Over [Under] Expenditures	783	-	783	$ 55	$ 55	$ 728
Fund Balance, January 1	13,627	-	13,627			
Fund Balance, December 31	$ 14,410	$ -	$ 14,410			

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2014

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 29,464	$ -	$ 29,464	$ 87,134	$ 87,134	$ [57,670]
Intergovernmental	26,026	-	26,026	16,400	16,400	9,626
Special assessments	581,826	-	581,826	746,080	746,080	[164,254]
Use of money and property	1,851	-	1,851	2,500	2,500	[649]
Total Revenues	639,167	-	639,167	852,114	852,114	[212,947]
Expenditures:						
Debt service:						
Principal	708,879	76,901	785,780	1,476,180	1,476,180	690,400
Interest	191,430	[187,068]	4,362	3,000	3,000	[1,362]
Total Expenditures	900,309	[110,167]	790,142	1,479,180	1,479,180	689,038
Excess [Deficiency] of Revenues Over [Under] Expenditures	[261,142]	110,167	[150,975]	[627,066]	[627,066]	476,091
Other Financing Sources [Uses]:						
Transfer in	110,167	[110,167]	-	-	-	-
Total Other Financing Sources [Uses]	110,167	[110,167]	-	-	-	-
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	[150,975]	-	[150,975]	$ [627,066]	$ [627,066]	$ 476,091
Fund Balances, January 1	586,415	-	586,415			
Fund Balances, December 31	$ 435,440	$ -	$ 435,440			

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

SEWER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - ACTUAL AND BUDGET
For the Year Ended December 31, 2014

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues						
Charges for services	$ 1,569,009	$ [4,985]	$ 1,564,024	$ 1,311,843	$ 1,311,843	$ 252,181
Special assessments	93,987	-	93,987	72,162	72,162	21,825
Use of money and property	2,835	-	2,835	2,250	2,250	585
Total revenues	1,665,831	[4,985]	1,660,846	1,386,255	1,386,255	274,591
Expenditures						
Personnel	154,561	12,150	166,711	88,104	88,104	[78,607]
Contractual	201,317	[101]	201,216	201,225	201,225	9
Commodities	36,394	-	36,394	30,900	30,900	[5,494]
Capital outlay	38,279	38,968	77,247	137,000	137,000	59,753
Depreciation	732,569	[732,569]	-	-	-	-
Total expenditures	1,163,120	[681,552]	481,568	457,229	457,229	[24,339]
Operating income [loss]	502,711	676,567	1,179,278	929,026	929,026	250,252
Other Financing Sources [Uses]:						
Debt principal	-	[864,191]	[864,191]	[864,191]	[864,191]	-
Debt interest and fees	[235,051]	235,051	-	-	-	-
Transfers out	[177,038]	110,167	[66,871]	[123,840]	[123,840]	56,969
Total Other Financing Sources [Uses]	[412,089]	[518,973]	[931,062]	[988,031]	[988,031]	56,969
Change in net position	90,622	157,594	248,216	$ [59,005]	$ [59,005]	$ 307,221
Net position, January 1	9,179,792	[8,159,951]	1,019,841			
Net position, December 31	$ 9,270,414	$ [8,002,357]	$ 1,268,057			

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

SOLID WASTE UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - ACTUAL AND BUDGET
For the Year Ended December 31, 2014

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues						
Charges for services	$ 298,741	$ [1,324]	$ 297,417	$ 300,275	$ 300,275	$ [2,858]
Use of money and property	288	-	288	550	550	[262]
Total revenues	299,029	[1,324]	297,705	300,825	300,825	[3,120]
Expenditures						
Contractual	231,377	-	231,377	238,875	266,082	34,705
Commodities	3,366	-	3,366	1,800	1,800	[1,566]
Total expenditures	286,459	-	286,459	240,675	267,882	[18,577]
Operating income [loss]	12,570	[1,324]	11,246	60,150	32,943	[21,697]
Other Financing Sources [Uses]:						
Transfer [out]	[18,569]	-	[18,569]	[64,603]	[64,603]	46,034
Total Other Financing Sources [Uses]	[18,569]	-	[18,569]	[64,603]	[64,603]	46,034
Change in net position	[5,999]	[1,324]	[7,323]	$ [4,453]	$ [31,660]	$ 24,337
Net position, January 1	95,325	[27,703]	67,622			
Net position, December 31	$ 89,326	$ [29,027]	$ 60,299			

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