

CITY OF BASEHOR, KANSAS

FINANCIAL STATEMENTS

Year Ended December 31, 2015

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CITY OF BASEHOR, KANSAS

Financial Statements
Year ending December 31, 2015

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CITY OF BASEHOR, KANSAS

Financial Statements
Year ending December 31, 2015

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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, 2015, 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, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

As Described in Note IV.G to the financial statements, the City implemented GASB 68 during the current year. As a result of the implementation, a restatement was made to the net position for the proportionate share of the City's net pension liability as of December, 31, 2014. Our opinion is not modified with respect to this matter.

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, the schedule of funding progress on page 45, the schedule of the City's proportionate share of the net pension liability on page 46, and the schedule of the City's contributions on page 46 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 12, 2016

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015
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, 2015.

Financial Highlights

- The Government-wide net position totaled \$17.8 million at the end of the current fiscal year.
- The Government-wide unrestricted current assets exceed the current liabilities by \$8.2 million, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2015 totaled \$26.8 million.
- During the year ended December 31, 2015, the City's total revenues (which include charges for services, local taxes, and state and federal aid) exceeded total expenses by \$.2 million.
- The City's total indebtedness decreased by \$41,694.
- The City's net capital assets decreased \$1.4 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.

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2015

Unaudited

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, 2015
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, 2015:

City of Basehor Condensed Statement of Net Position December 31, 2015 and 2014						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 8,031,978	\$ 6,811,344	\$ 1,943,778	\$ 1,489,057	\$ 9,975,756	\$ 8,300,401
Non current assets	10,939,492	11,579,541	15,831,298	16,567,020	26,770,790	28,146,561
Deferred outflows of resources	<u>176,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,915</u>	<u>-</u>
 Total assets and deferred outflows of resources	 <u>\$ 19,148,385</u>	 <u>\$ 18,390,885</u>	 <u>\$ 17,775,076</u>	 <u>\$ 18,056,077</u>	 <u>\$ 36,923,461</u>	 <u>\$ 36,446,962</u>
 Current liabilities	 \$ 1,063,202	 \$ 976,484	 \$ 759,405	 \$ 678,158	 \$ 1,822,607	 \$ 1,654,642
Noncurrent liabilities	7,935,665	6,752,862	7,659,987	8,018,179	15,595,652	14,771,041
Deferred inflows of resources	<u>1,692,256</u>	<u>1,470,206</u>	<u>-</u>	<u>-</u>	<u>1,692,256</u>	<u>1,470,206</u>
 Total liabilities and deferred inflows of resources	 <u>\$ 10,691,123</u>	 <u>\$ 9,199,552</u>	 <u>\$ 8,419,392</u>	 <u>\$ 8,696,337</u>	 <u>\$ 19,110,515</u>	 <u>\$ 17,895,889</u>
 Net Position:						
Invested in capital assets, net of debt	\$ 3,226,851	\$ 4,114,612	\$ 7,514,778	\$ 7,968,692	\$ 10,741,629	\$ 12,083,304
Restricted for:						
Debt Service	266,186	435,440	-	-	266,186	435,440
Unrestricted	<u>4,964,225</u>	<u>4,641,281</u>	<u>1,840,906</u>	<u>1,391,048</u>	<u>6,805,131</u>	<u>6,032,329</u>
 Total net position	 <u>\$ 8,457,262</u>	 <u>\$ 9,191,333</u>	 <u>\$ 9,355,684</u>	 <u>\$ 9,359,740</u>	 <u>\$ 17,812,946</u>	 <u>\$ 18,551,073</u>

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 \$8.2 million, representing the City's ability to meet current obligations when due.

The City has \$16 million in long-term debt, consisting of general obligation bonds, loans, and capital leases payable, of which \$1.5 million is due within the next fiscal year.

The City had total assets at December 31, 2015, totaling \$36.9 million. The total assets of the City exceeded the total liabilities by \$17.8 million. Net position invested in capital assets, net of related debt, totaled \$10.7 million, restricted net position totaled \$.3 million and unrestricted net position totaled \$6.8 million.

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015
Unaudited

Government-Wide Activities

The following is a condensed statement of the City's change in net position for the year ended December 31, 2015. Major items of program revenues, grants and general revenues are detailed below. Government-wide activities increased the net position of the City by \$.2 million for the year ended December 31, 2015. 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 and leases in the current fiscal year of \$.8 million, which are treated as expenditures in the fund statements and a reduction of long-term debt payable in the Government wide financial statements. 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. In addition, issuances of long-term debt in the current fiscal year of \$1 million are treated as revenue in the fund statements and an increase of long-term debt payable in the Government wide financial statements.

City of Basehor
Condensed Statement of Changes in Net Position
For the Years Ending December 31, 2015 and 2014

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Program revenues:						
Charges for services	\$ 410,467	\$ 453,007	\$ 1,864,196	\$ 1,867,750	\$ 2,274,663	\$ 2,320,757
Operating grants	31,718	26,026	119,258	93,987	150,976	120,013
General revenues:						
Taxes	3,682,679	3,554,468	-	-	3,682,679	3,554,468
Transfers [net]	194,247	195,607	[194,247]	[195,607]	-	-
Other	<u>62,738</u>	<u>50,008</u>	<u>3,395</u>	<u>3,123</u>	<u>66,133</u>	<u>53,131</u>
Total revenues	<u>4,381,849</u>	<u>4,279,116</u>	<u>1,792,602</u>	<u>1,769,253</u>	<u>6,174,451</u>	<u>6,048,369</u>
Program expenses:						
General government	1,469,775	1,348,655	-	-	1,469,775	1,348,655
Public safety	731,424	799,033	-	-	731,424	799,033
Public works	645,686	669,003	-	-	645,686	669,003
Culture and recreation	46,705	52,063	-	-	46,705	52,063
Infrastructure depreciation	1,101,650	1,025,963	-	-	1,101,650	1,025,963
Sewer utility	-	-	1,495,022	1,398,171	1,495,022	1,398,171
Solid waste utility	-	-	301,636	286,459	301,636	286,459
Interest on long term debt	<u>170,965</u>	<u>186,642</u>	<u>-</u>	<u>-</u>	<u>170,965</u>	<u>186,642</u>
Total expenses	<u>4,166,205</u>	<u>4,081,359</u>	<u>1,796,658</u>	<u>1,684,630</u>	<u>5,962,863</u>	<u>5,765,989</u>
Increase [decrease] in net position	\$ <u>215,644</u>	\$ <u>197,757</u>	\$ <u>[4,056]</u>	\$ <u>84,623</u>	\$ <u>211,588</u>	\$ <u>282,380</u>

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015
Unaudited

Governmental Activities increase the net position by \$.2 million. Business-type activities decreased the net position by \$4,056. The primary increases in Governmental Activities can be attributed to many factors, in addition to conservative spending. Key elements in the Business-type activities decrease is due to an increase in budgeted expenses in the Sewer Utility fund.

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, 2015, for the governmental funds totaled \$6.3 million. Total unassigned fund balances at December 31, 2015, totaled \$1.2 million, all of which was attributable to the General Fund. The remainder of fund balance includes: \$.2 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; \$4.9 million of assigned fund balance to indicate amounts that are constrained by the City's 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 \$1.2 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 \$2.2 million, which represents all of the total fund balance. The increase in the fund's fund balance was \$.2 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 \$2.1 million, which represents all of the total fund balance. The increase in the Capital Improvement Reserve Fund's fund balance was \$.9 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 increase in the Fund's fund balance was \$1,600.

The Bond and Interest Fund is used to accumulate tax revenues and other revenues for the payment of principal and interest on general long-term debt. At the end of the current fiscal year, restricted fund balance of the Bond and Interest Fund was \$.3 million, which represents all of the total fund balance. This is a decrease of \$.2 million over the fiscal previous year

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 Sewer Utility Fund at the end of the year amounted to \$1.8 million and the unrestricted net position of the Solid Waste Utility Fund at the end of the year amounted to \$85,000. The total change in the two funds was \$254 and \$[4,310], respectively.

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2015
Unaudited

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 \$2,737,029, 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 \$1 million.

Fixed Assets and Debt Administration

The City's investment in fixed assets for its governmental and business-type activities totaled \$26.8 million (net of accumulated depreciation) as of December 31, 2015.

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

The City spent \$102,000 on additional land for the future City Campus. The City also spent \$202,000 sidewalk, street and walking trail projects started during the year.

At December 31, 2015, the City had total debt outstanding of \$16 million, backed by the full faith and credit of the City. Total long-term debt decreased for the fiscal year ended December 31, 2015, in the amount of \$41,694. This was a result of the gradual pay down of current outstanding debt and the issuance of the Series 2015-A General Obligation Improvement Bonds.

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, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Primary Government Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,324,617	\$ 1,785,775	\$ 8,110,392
Receivables:			
Taxes	1,631,360	-	1,631,360
Municipal court	75,931	-	75,931
Other	70	158,003	158,073
Total current assets	<u>8,031,978</u>	<u>1,943,778</u>	<u>9,975,756</u>
Noncurrent assets:			
Nondepreciable capital assets:			
Construction in process	207,353	-	207,353
Land	490,030	-	490,030
Depreciable capital assets:	21,757,602	28,648,997	50,406,599
Less: accumulated depreciation	<u>[11,515,493]</u>	<u>[12,817,699]</u>	<u>[24,333,192]</u>
Total noncurrent assets	<u>10,939,492</u>	<u>15,831,298</u>	<u>26,770,790</u>
Total assets	<u>18,971,470</u>	<u>17,775,076</u>	<u>36,746,546</u>
Deferred outflow of resources			
Pension - contributions subsequent to the measurement date	70,326	-	70,326
Pension - changes in proportion	97,089	-	97,089
Pension - differences between expected and actual experience	9,500	-	9,500
Total deferred outflow of resources	<u>176,915</u>	<u>-</u>	<u>176,915</u>
Total assets and deferred outflow of resources	<u>\$ 19,148,385</u>	<u>\$ 17,775,076</u>	<u>\$ 36,923,461</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 17,199	\$ -	\$ 17,199
Accrued liabilities	45,954	7,469	53,423
Accrued interest payable	51,127	70,443	121,570
Current portion of capital lease payable	7,600	-	7,600
Compensated absences payable	53,656	24,960	78,616
Current portion of general obligation bonds payable	887,666	407,335	1,295,001
Current portion of loans payable	-	249,198	249,198
Total current liabilities (payable from current assets)	<u>1,063,202</u>	<u>759,405</u>	<u>1,822,607</u>
Noncurrent liabilities:			
Net other post employment benefit obligation	48,362	-	48,362
Net pension liability	1,041,028	-	1,041,028
Capital lease payable	21,300	-	21,300
General obligation bonds payable	6,824,975	3,547,266	10,372,241
Loans payable	-	4,112,721	4,112,721
Total noncurrent liabilities	<u>7,935,665</u>	<u>7,659,987</u>	<u>15,595,652</u>
Total liabilities	<u>8,998,867</u>	<u>8,419,392</u>	<u>17,418,259</u>
Deferred inflows of resources			
Unavailable revenue - property taxes	1,631,360	-	1,631,360
Pension - differences between expected and actual experience	17,426	-	17,426
Pension - net differences between projected and actual earnings	33,060	-	33,060
Pension - changes of assumptions	10,410	-	10,410
Total deferred inflows of resources	<u>1,692,256</u>	<u>-</u>	<u>1,692,256</u>
Total liabilities and deferred inflows of resources	<u>\$ 10,691,123</u>	<u>\$ 8,419,392</u>	<u>\$ 19,110,515</u>
Net Position			
Invested in fixed assets, net of related debt	\$ 3,226,851	\$ 7,514,778	\$ 10,741,629
Restricted for:			
Debt service	266,186	-	266,186
Unrestricted	<u>4,964,225</u>	<u>1,840,906</u>	<u>6,805,131</u>
Total net position	<u>\$ 8,457,262</u>	<u>\$ 9,355,684</u>	<u>\$ 17,812,946</u>

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, 2015

	Program Revenues			Net [Expenses] Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business Type Activities	Total
Governmental activities:						
General government	\$ 1,469,775	\$ -	\$ -	\$ [1,469,775]	\$ -	\$ [1,469,775]
Public safety	731,424	152,282	-	[579,142]	-	[579,142]
Public works	645,686	258,185	31,718	[355,783]	-	[355,783]
Culture and recreation	46,705	-	-	[46,705]	-	[46,705]
Infrastructure depreciation	1,101,650	-	-	[1,101,650]	-	[1,101,650]
Interest on long-term debt	170,965	-	-	[170,965]	-	[170,965]
Total governmental activities	<u>4,166,205</u>	<u>410,467</u>	<u>31,718</u>	<u>[3,724,020]</u>	<u>-</u>	<u>[3,724,020]</u>
Business-type activities:						
Sewer Utility	1,495,022	1,546,962	119,258	-	171,198	171,198
Solid Waste Utility	301,636	317,234	-	-	15,598	15,598
Total business-type activities	<u>1,796,658</u>	<u>1,864,196</u>	<u>119,258</u>	<u>-</u>	<u>186,796</u>	<u>186,796</u>
Total primary government	<u>\$ 5,962,863</u>	<u>\$ 2,274,663</u>	<u>\$ 150,976</u>	<u>[3,724,020]</u>	<u>186,796</u>	<u>[3,537,224]</u>
General Revenues:						
Property taxes levied for						
General purposes				1,553,873	-	1,553,873
Debt service				585,656	-	585,656
Franchise tax				243,540	-	243,540
Liquor tax				22,030	-	22,030
Sales tax				897,040	-	897,040
Motor vehicle tax				234,520	-	234,520
Excise tax				14,373	-	14,373
Miscellaneous tax				131,647	-	131,647
Investments earnings				14,255	3,395	17,650
Miscellaneous				48,483	-	48,483
Transfers, net				194,247	[194,247]	-
Total general revenues				<u>3,939,664</u>	<u>[190,852]</u>	<u>3,748,812</u>
Change in net position				<u>215,644</u>	<u>[4,056]</u>	<u>211,588</u>
Net position - beginning				9,191,333	9,359,740	18,551,073
Prior period adjustment				<u>[949,715]</u>	<u>-</u>	<u>[949,715]</u>
Net position - beginning, restated				<u>8,241,618</u>	<u>9,359,740</u>	<u>17,601,358</u>
Net position - ending				<u>\$ 8,457,262</u>	<u>\$ 9,355,684</u>	<u>\$ 17,812,946</u>

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

CITY OF BASEHOR, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	<u>General</u>	<u>Consolidated Highway</u>	<u>Capital Improvements Reserve</u>
ASSETS			
Cash and cash equivalents	\$ 1,130,986	\$ 2,222,622	\$ 2,158,272
Receivables			
Taxes	1,144,968	-	-
Municipal court	75,931	-	-
Accounts	70	-	-
Total assets	<u>\$ 2,351,955</u>	<u>\$ 2,222,622</u>	<u>\$ 2,158,272</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,470	\$ -	\$ 12,729
Accrued liabilities	45,954	-	-
Total liabilities	<u>50,424</u>	<u>-</u>	<u>12,729</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	1,144,968	-	-
Total deferred inflows of resources	<u>1,144,968</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>1,195,392</u>	<u>-</u>	<u>12,729</u>
Fund balance:			
Restricted	-	-	-
Assigned	-	2,222,622	2,145,543
Unassigned	1,156,563	-	-
Total fund balance [deficit]	<u>1,156,563</u>	<u>2,222,622</u>	<u>2,145,543</u>
Total liabilities and fund balances	<u>\$ 2,351,955</u>	<u>\$ 2,222,622</u>	<u>\$ 2,158,272</u>

<u>Employee Benefit</u>	<u>Bond and Interest</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 131,089	\$ 266,186	\$ 415,462	\$ 6,324,617
412,019	74,373	-	1,631,360
-	-	-	75,931
-	-	-	70
<u>\$ 543,108</u>	<u>\$ 340,559</u>	<u>\$ 415,462</u>	<u>\$ 8,031,978</u>

\$ -	\$ -	\$ -	\$ 17,199
-	-	-	45,954
-	-	-	63,153

<u>412,019</u>	<u>74,373</u>	<u>-</u>	<u>1,631,360</u>
<u>412,019</u>	<u>74,373</u>	<u>-</u>	<u>1,631,360</u>
<u>412,019</u>	<u>74,373</u>	<u>-</u>	<u>1,694,513</u>

-	266,186	-	266,186
131,089	-	415,462	4,914,716
-	-	-	1,156,563
<u>131,089</u>	<u>266,186</u>	<u>415,462</u>	<u>6,337,465</u>
<u>\$ 543,108</u>	<u>\$ 340,559</u>	<u>\$ 415,462</u>	<u>\$ 8,031,978</u>

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, 2015

Total Governmental Fund Balances		\$ 6,337,465
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	22,454,983	
Accumulated depreciation is	<u>[11,515,493]</u>	10,939,490
Pension contributions are reported as an expense in the funds as a deferred outflow of resources in the governmental activities in the statement of net position		
		176,915
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position		
		[1,101,922]
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	7,712,641	
Lease payable	28,900	
Net other post employment benefit obligation	48,362	
Interest payable	51,127	
Compensated absences payable	<u>53,656</u>	<u>[7,894,686]</u>
Net Position of Governmental Activities		<u>\$ 8,457,262</u>

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, 2015

	<u>General</u>	<u>Consolidated Highway</u>	<u>Capital Improvements Reserve</u>
REVENUES:			
Taxes	\$ 1,811,570	\$ 717,234	\$ 110,038
Intergovernmental	-	-	-
Special assessments	-	-	-
Licenses, permits and fees	167,985	-	-
Fines, forfeitures and penalties	152,282	-	-
Use of money and property	2,952	4,814	3,854
Miscellaneous	40,560	-	7,923
Total revenues	<u>2,175,349</u>	<u>722,048</u>	<u>121,815</u>
EXPENDITURES:			
Current			
General government	776,666	47,468	245,968
Public works	153,686	-	-
Culture and recreation	46,705	-	-
Public safety	818,866	-	-
Capital outlay	-	457,601	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	<u>1,795,923</u>	<u>505,069</u>	<u>245,968</u>
Excess [deficiency] of revenues over [under] expenditures	<u>379,426</u>	<u>216,979</u>	<u>[124,153]</u>
OTHER FINANCING SOURCES [USES]			
Bond proceeds	-	-	1,044,555
Cost of issuance	-	-	[44,555]
Transfers in	-	-	-
Transfers [out]	[180,939]	-	-
Total other financing sources [uses]	<u>[180,939]</u>	<u>-</u>	<u>1,000,000</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	198,487	216,979	875,847
Fund balance - Beginning of year	<u>958,076</u>	<u>2,005,643</u>	<u>1,269,696</u>
Fund balance - End of year	<u>\$ 1,156,563</u>	<u>\$ 2,222,622</u>	<u>\$ 2,145,543</u>

Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
\$ 447,169	\$ 23,252	\$ 11,012	\$ 3,120,275
-	31,718	-	31,718
-	562,404	-	562,404
-	-	90,200	258,185
-	-	-	152,282
351	1,417	867	14,255
-	-	-	48,483
<u>447,520</u>	<u>618,791</u>	<u>102,079</u>	<u>4,187,602</u>
563,380	-	-	1,633,482
-	-	-	153,686
-	-	-	46,705
-	-	-	818,866
-	-	244,425	702,026
-	777,167	-	777,167
-	177,440	-	177,440
<u>563,380</u>	<u>954,607</u>	<u>244,425</u>	<u>4,309,372</u>
<u>[115,860]</u>	<u>[335,816]</u>	<u>[142,346]</u>	<u>[121,770]</u>
-	-	-	1,044,555
-	-	-	[44,555]
117,424	166,562	91,200	375,186
-	-	-	[180,939]
<u>117,424</u>	<u>166,562</u>	<u>91,200</u>	<u>1,194,247</u>
1,564	[169,254]	[51,146]	1,072,477
<u>129,525</u>	<u>435,440</u>	<u>466,608</u>	<u>5,264,988</u>
<u>\$ 131,089</u>	<u>\$ 266,186</u>	<u>\$ 415,462</u>	<u>\$ 6,337,465</u>

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, 2015

Total Net Change In Fund Balances - Governmental Funds \$ 1,072,477

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	461,602	
Depreciation expense	<u>[1,101,650]</u>	[640,048]

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.

6,475

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		4,710
Net other post employment benefits		[12,562]

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.

[1,044,555]

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

796,843

Repayment of capital leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

7,600

Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities

24,704

Changes In Net position of Governmental Activities

\$ 215,644

CITY OF BASEHOR, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2015

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 1,811,570	\$ -	\$ 1,811,570	\$ 1,648,510	\$ 1,648,510	\$ 163,060
Licenses and permits	167,985	-	167,985	104,325	104,325	63,660
Fines, forfeitures and penalties	152,282	[4,909]	147,373	153,000	153,000	[5,627]
Use of money and property	2,952	-	2,952	1,500	1,500	1,452
Miscellaneous	40,560	-	40,560	38,500	38,500	2,060
Total Revenues	2,175,349	[4,909]	2,170,440	1,945,835	1,945,835	224,605
Expenditures:						
General Administration:						
Personal services	288,461	-	288,461	408,881	408,881	120,420
Contractual services	319,253	-	319,253	442,067	442,067	122,814
Commodities	9,042	-	9,042	30,396	30,396	21,354
Capital outlay	159,910	-	159,910	660,576	660,576	500,666
	776,666	-	776,666	1,541,920	1,541,920	765,254
Public Safety						
Personal services	720,500	-	720,500	731,635	731,635	11,135
Contractual services	64,062	-	64,062	98,700	98,700	34,638
Commodities	33,646	-	33,646	56,700	56,700	23,054
Capital outlay	658	-	658	8,000	8,000	7,342
	818,866	-	818,866	895,035	895,035	76,169
Highways and Streets						
Personal services	130,180	-	130,180	189,932	189,932	59,752
Contractual services	12,601	-	12,601	8,750	8,750	[3,851]
Commodities	10,905	-	10,905	13,950	13,950	3,045
Capital outlay	-	-	-	12,500	12,500	12,500
	153,686	-	153,686	225,132	225,132	71,446
Culture and recreation						
Personal services	16,385	-	16,385	21,042	21,042	4,657
Contractual services	12,100	-	12,100	52,400	52,400	40,300
Commodities	57	-	57	1,500	1,500	1,443
Capital outlay	18,163	-	18,163	-	-	[18,163]
	46,705	-	46,705	74,942	74,942	28,237

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, 2015

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Expenditures (Continued):						
Total Expenditures	\$ 1,795,923	\$ -	\$ 1,795,923	\$ 2,737,029	\$ 2,737,029	\$ 941,106
Excess [Deficiency] of Revenues Over [Under] Expenditures	379,426	[4,909]	374,517	[791,194]	[791,194]	1,165,711
Other Financing Sources [Uses]:						
Transfers in	-	-	-	252,460	252,460	[252,460]
Transfers [out]	[180,939]	-	[180,939]	[91,200]	[91,200]	[89,739]
Total Other Financing Sources [Uses]	[180,939]	-	[180,939]	161,260	161,260	[342,199]
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	198,487	[4,909]	193,578	\$ [629,934]	\$ [629,934]	\$ 823,512
Fund Balance, January 1	958,076	[71,022]	887,054			
Fund Balance, December 31	\$ 1,156,563	\$ [75,931]	\$ 1,080,632			

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, 2015

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 717,234	\$ -	\$ 717,234	\$ 546,940	\$ 546,940	\$ 170,294
Use of money and property	4,814	-	4,814	4,000	4,000	814
Total Revenues	<u>722,048</u>	<u>-</u>	<u>722,048</u>	<u>550,940</u>	<u>550,940</u>	<u>171,108</u>
Expenditures:						
Commodities	47,468	-	47,468	70,000	70,000	22,532
Capital outlay	437,509	-	437,509	780,000	780,000	342,491
Contractual	20,092	-	20,092	10,000	10,000	[10,092]
Total Expenditures	<u>505,069</u>	<u>-</u>	<u>505,069</u>	<u>860,000</u>	<u>860,000</u>	<u>354,931</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	216,979	-	216,979	<u>\$ [309,060]</u>	<u>\$ [309,060]</u>	<u>\$ 526,039</u>
Fund Balance, January 1	<u>2,005,643</u>	<u>-</u>	<u>2,005,643</u>			
Fund Balance, December 31	<u>\$ 2,222,622</u>	<u>\$ -</u>	<u>\$ 2,222,622</u>			

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, 2015

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	[Negative]
Revenues:						
Taxes	\$ 110,038	\$ -	\$ 110,038	\$ 82,000	\$ 82,000	\$ 28,038
Use of money and property	3,854	-	3,854	2,000	2,000	1,854
Miscellaneous	7,923	-	7,923	-	-	7,923
Total Revenues	<u>121,815</u>	<u>-</u>	<u>121,815</u>	<u>84,000</u>	<u>84,000</u>	<u>37,815</u>
Expenditures:						
Contractual	98,542	-	98,542	-	-	[98,542]
Capital outlay	147,426	-	147,426	20,000	20,000	[127,426]
Total Expenditures	<u>245,968</u>	<u>-</u>	<u>245,968</u>	<u>20,000</u>	<u>20,000</u>	<u>[225,968]</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>[124,153]</u>	<u>-</u>	<u>[124,153]</u>	<u>64,000</u>	<u>64,000</u>	<u>[188,153]</u>
Other Financing Sources [Uses]:						
Bond proceeds	1,044,555	-	1,044,555	-	-	1,044,555
Cost of issuance	[44,555]	-	[44,555]	-	-	[44,555]
Total Other Financing Sources [Uses]	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	<u>875,847</u>	<u>-</u>	<u>875,847</u>	<u>\$ 64,000</u>	<u>\$ 64,000</u>	<u>\$ 811,847</u>
Fund Balance, January 1	<u>1,269,696</u>	<u>-</u>	<u>1,269,696</u>			
Fund Balance, December 31	<u>\$ 2,145,543</u>	<u>\$ -</u>	<u>\$ 2,145,543</u>			

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, 2015

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 447,169	\$ -	\$ 447,169	\$ 376,270	\$ 376,270	\$ 70,899
Use of money and property	351	-	351	600	600	[249]
Total Revenues	<u>447,520</u>	<u>-</u>	<u>447,520</u>	<u>376,870</u>	<u>376,870</u>	<u>70,650</u>
Expenditures:						
Personal services	<u>563,380</u>	<u>-</u>	<u>563,380</u>	<u>560,869</u>	<u>560,869</u>	<u>[2,511]</u>
Total Expenditures	<u>563,380</u>	<u>-</u>	<u>563,380</u>	<u>560,869</u>	<u>560,869</u>	<u>[2,511]</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>[115,860]</u>	<u>-</u>	<u>[115,860]</u>	<u>[183,999]</u>	<u>[183,999]</u>	<u>68,139</u>
Other Financing Sources [Uses]:						
Transfers in	<u>117,424</u>	<u>-</u>	<u>117,424</u>	<u>102,685</u>	<u>102,685</u>	<u>14,739</u>
Total Other Financing Sources [Uses]	<u>117,424</u>	<u>-</u>	<u>117,424</u>	<u>102,685</u>	<u>102,685</u>	<u>14,739</u>
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	<u>1,564</u>	<u>-</u>	<u>1,564</u>	<u>\$ [81,314]</u>	<u>\$ [81,314]</u>	<u>\$ 82,878</u>
Fund Balance, January 1	<u>129,525</u>	<u>-</u>	<u>129,525</u>			
Fund Balance, December 31	<u>\$ 131,089</u>	<u>\$ -</u>	<u>\$ 131,089</u>			

CITY OF BASEHOR, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2015

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,711,961	\$ 73,814	\$ 1,785,775
Receivables:			
Accounts (net of allowance)	126,291	31,712	158,003
Total current assets	1,838,252	105,526	1,943,778
Capital assets:			
Capital assets, depreciable	28,648,997	-	28,648,997
Less: accumulated depreciation	[12,817,699]	-	[12,817,699]
Total capital assets	15,831,298	-	15,831,298
Total Assets	\$ 17,669,550	\$ 105,526	\$ 17,775,076
LIABILITIES AND NET POSITION			
Current liabilities (payable from current assets):			
Accrued interest	\$ 70,443	\$ -	\$ 70,443
Accrued compensation	4,450	20,510	24,960
Accrued payroll	7,469	-	7,469
Current portion of general obligation payable	407,335	-	407,335
Current portion of KDHE loan payable	249,198	-	249,198
Total current liabilities (payable from current assets):	738,895	20,510	759,405
Noncurrent liabilities:			
General obligation bond payable	3,547,266	-	3,547,266
KDHE loan payable	4,112,721	-	4,112,721
Total noncurrent liabilities:	7,659,987	-	7,659,987
Total Liabilities	\$ 8,398,882	\$ 20,510	\$ 8,419,392
Net Position:			
Invested in capital assets, net of related debt	\$ 7,514,778	\$ -	\$ 7,514,778
Unrestricted	1,755,890	85,016	1,840,906
Total Net Position	\$ 9,270,668	\$ 85,016	\$ 9,355,684

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, 2015

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Operating revenues:			
Charges for services	\$ 1,546,962	\$ 317,234	\$ 1,864,196
Special assessments	92,611	-	92,611
Miscellaneous	26,647	-	26,647
Total operating revenues	<u>1,666,220</u>	<u>317,234</u>	<u>1,983,454</u>
Operating expenses:			
Personnel	218,080	56,905	274,985
Contractual	190,136	241,980	432,116
Commodities	34,027	2,751	36,778
Capital outlay	69,108	-	69,108
Depreciation	743,677	-	743,677
Total operating expenses	<u>1,255,028</u>	<u>301,636</u>	<u>1,556,664</u>
Operating income [loss]	<u>411,192</u>	<u>15,598</u>	<u>426,790</u>
Nonoperating revenues [expenses]:			
Interest on long term debt	[224,790]	-	[224,790]
Bond issuance costs	[15,204]	-	[15,204]
Interest earned	3,140	255	3,395
Total nonoperating revenues [expenses]	<u>[236,854]</u>	<u>255</u>	<u>[236,599]</u>
Income [loss] before transfers	<u>174,338</u>	<u>15,853</u>	<u>190,191</u>
Transfers from [to] other funds			
Transfers in	75,000	-	75,000
Transfers out	[249,084]	[20,163]	[269,247]
Total transfers	<u>[174,084]</u>	<u>[20,163]</u>	<u>[194,247]</u>
Change in net position	254	[4,310]	[4,056]
Net position, January 1	<u>9,270,414</u>	<u>89,326</u>	<u>9,359,740</u>
Net position, December 31	<u>\$ 9,270,668</u>	<u>\$ 85,016</u>	<u>\$ 9,355,684</u>

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, 2015

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,649,123	\$ 314,549	\$ 1,963,672
Cash paid to suppliers and employees	<u>[509,259]</u>	<u>[297,046]</u>	<u>[806,305]</u>
Net Cash Provided by [Used in] Operating Activities	<u>1,139,864</u>	<u>17,503</u>	<u>1,157,367</u>
Cash Flows from Non-Capital Financing Activities:			
Transfers [in] out	<u>[174,084]</u>	<u>[20,163]</u>	<u>[194,247]</u>
Net Cash Provided by [Used in] Non-Capital Financing Activities	<u>[174,084]</u>	<u>[20,163]</u>	<u>[194,247]</u>
Cash Flows from Capital and Related Financing Activities			
Capital asset additions, net	[7,955]	-	[7,955]
Bonds, notes and loans proceeds	300,000	-	300,000
Principal paid on bonds, notes and loans	[581,808]	-	[581,808]
Interest expense and fiscal charges	[226,609]	-	[226,609]
Bond issuance charges	<u>[15,204]</u>	<u>-</u>	<u>[15,204]</u>
Net Cash Provided by [Used in] Capital and Related Financing Activities	<u>[531,576]</u>	<u>-</u>	<u>[531,576]</u>
Cash Flows from Investing Activities:			
Interest income	<u>3,140</u>	<u>255</u>	<u>3,395</u>
Net Cash Provided by [Used in] Investing Activities	<u>3,140</u>	<u>255</u>	<u>3,395</u>
Net Increase [Decrease] in Cash and Cash Equivalents	437,344	[2,405]	434,939
Cash and Equivalents, January 1	<u>1,274,617</u>	<u>76,219</u>	<u>1,350,836</u>
Cash and Equivalents, December 31	<u>\$ 1,711,961</u>	<u>\$ 73,814</u>	<u>\$ 1,785,775</u>

CITY OF BASEHOR, KANSAS

STATEMENT OF CASH FLOWS - CONTINUED
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

	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]	\$ 411,192	\$ 15,598	\$ 426,790
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	743,677	-	743,677
Change in assets and liabilities:			
[Increase] decrease in accounts receivable	[17,097]	[2,685]	[19,782]
Increase [decrease] in compensated absences/accrued payroll	2,092	4,590	6,682
Total Adjustments	<u>728,672</u>	<u>1,905</u>	<u>730,577</u>
Net Cash Provided by [Used in] Operating Activities	<u>\$ 1,139,864</u>	<u>\$ 17,503</u>	<u>\$ 1,157,367</u>

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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 2016.

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.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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:

<u>Assets</u>	<u>Years</u>
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

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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. The City reports pension contributions subsequent to the measurement date, pension changes in proportion and pension differences between expected and actual experience as deferred outflows of resources.

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 funds report unavailable revenues from one source: property taxes. Pension differences between expected and actual experience, pension differences between projected and actual investment earnings, and pension changes in assumptions are reported as deferred inflows for governmental activities.

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.

CITY OF BASEHOR, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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						Total Governmental Funds
	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	Bond and Interest	Other Governmental Funds	
Fund Balances:							
Restricted for:							
Debt retirement	\$ -	\$ -	\$ -	\$ -	\$ 266,186	\$ -	\$ 266,186
Assigned for:							
Street project construction	-	2,222,622	-	-	-	-	2,222,622
Capital improvements	-	-	2,145,543	-	-	53,617	2,199,160
Employee benefits	-	-	-	131,089	-	-	131,089
Culture and recreation	-	-	-	-	-	111,118	111,118
Equipment outlay	-	-	-	-	-	250,727	250,727
Unassigned:	<u>1,156,563</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,156,563</u>
Total Fund Balances	<u>\$ 1,156,563</u>	<u>\$ 2,222,622</u>	<u>\$ 2,145,543</u>	<u>\$ 131,089</u>	<u>\$ 266,186</u>	<u>\$ 415,462</u>	<u>\$ 6,337,465</u>

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, 2015.

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.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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						Total Governmental Funds
	General Fund	Consolidated Highway Fund	Capital Improvements Reserve Fund	Employee Benefit Fund	Bond and Interest Fund	Other Governmental Funds	
GAAP FUND BALANCE							
December 31, 2015	\$ 1,156,563	\$ 2,222,622	\$ 2,145,543	\$ 131,089	\$ 266,186	\$ 415,462	\$ 6,337,465
Unreserved fund balances not subject to the Kansas budget law:							
Municipal Equipment Reserve Fund	-	-	-	-	-	[250,727]	[250,727]
Glenwood Sewer Maintenance Fund	-	-	-	-	-	[35,725]	[35,725]
Adjustments:							
Municipal court receivable	[75,931]	-	-	-	-	-	[75,931]
Total deductions	[75,931]	-	-	-	-	[286,452]	[362,383]
BUDGETARY FUND BALANCE							
December 31, 2015	\$ 1,080,632	\$ 2,222,622	\$ 2,145,543	\$ 131,089	\$ 266,186	\$ 129,010	\$ 5,975,082

Actual exceeded budgeted expenditures in the Capital Improvement Reserve Fund, the Employee Benefit Fund and the Sewer Utility Fund, which is a violation of K.S.A. 79-2935.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

	<u>Major Business-Type Funds</u>		
	<u>Sewer Utility Fund</u>	<u>Solid Waste Utility Fund</u>	<u>Total Business-Type Funds</u>
NET POSITION			
December 31, 2015	\$ 9,270,668	\$ 85,016	\$ 9,355,684
Adjustments:			
Capital assets, net	[15,831,298]	-	[15,831,298]
Receivables	[126,291]	[31,712]	[158,003]
Accrued interest	70,443	-	70,443
Accrued compensation	4,450	20,510	24,960
General obligation payable	3,954,601	-	3,954,601
KDHE loan payable	4,361,919	-	4,361,919
Total deductions	<u>[7,566,176]</u>	<u>[11,202]</u>	<u>[7,577,378]</u>
BUDGETARY NET POSITION			
December 31, 2015	<u>\$ 1,704,492</u>	<u>\$ 73,814</u>	<u>\$ 1,778,306</u>

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, 2015, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating U.S.</u>
Kansas Municipal Investment Pool	\$ 810,488	S&P AAf/S1+

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

At December 31, 2015, the City had invested \$810,488 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, 2015, the City's carrying amount of deposits was \$7,299,904 and the bank balance was \$7,388,287. Of the bank balance, \$990,663 was covered by federal depository insurance, and \$6,397,624 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

B. *Receivables*

Receivables at year end are as follows:

	<u>General</u>	Employee <u>Benefit</u>	Bond and <u>Interest</u>	Sewer <u>Utility</u>	Solid Waste <u>Utility</u>	<u>Total</u>
Receivables:						
Accounts	\$ 70	\$ -	\$ -	\$ 126,291	\$ 31,712	\$ 158,073
Taxes	1,144,968	412,019	74,373	-	-	1,631,360
Municipal court	<u>75,931</u>	-	-	-	-	<u>75,931</u>
Total	<u>\$ 1,220,969</u>	<u>\$ 412,019</u>	<u>\$ 74,373</u>	<u>\$ 126,291</u>	<u>\$ 31,712</u>	<u>\$ 1,865,364</u>

CITY OF BASEHOR, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Capital Assets*

Capital asset activity for the year ended December 31, 2015, was as follows:

	<u>Balance</u> <u>12/31/14</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/15</u>
City governmental activities:				
Capital assets, not being depreciated				
Land	\$ 388,197	\$ 101,833	\$ -	\$ 490,030
Construction in progress	4,927	202,426	-	207,353
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	<u>21,600,260</u>	<u>157,342</u>	<u>-</u>	<u>21,757,602</u>
Total capital assets	<u>21,993,384</u>	<u>461,601</u>	<u>-</u>	<u>22,454,985</u>
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	<u>10,413,843</u>	<u>1,101,650</u>	<u>-</u>	<u>11,515,493</u>
Total accumulated depreciation	<u>10,413,843</u>	<u>1,101,650</u>	<u>-</u>	<u>11,515,493</u>
Governmental activities capital assets, net	<u>\$ 11,579,541</u>	<u>\$ [640,049]</u>	<u>\$ -</u>	<u>\$ 10,939,492</u>
Business-type activities:				
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	<u>\$ 28,641,041</u>	<u>\$ 7,956</u>	<u>\$ -</u>	<u>\$ 28,648,997</u>
Total capital assets	<u>28,641,041</u>	<u>7,956</u>	<u>-</u>	<u>28,648,997</u>
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	<u>12,074,022</u>	<u>743,677</u>	<u>-</u>	<u>12,817,699</u>
Total accumulated depreciation	<u>12,074,022</u>	<u>743,677</u>	<u>-</u>	<u>12,817,699</u>
Business-type activities capital assets, net	<u>\$ 16,567,019</u>	<u>\$ [735,721]</u>	<u>\$ -</u>	<u>\$ 15,831,298</u>

CITY OF BASEHOR, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Capital Assets (Continued)*

The City's depreciation expense was charged as follows:

Governmental Activities:	
General government	\$ 13,683
Public safety	23,804
Public works	4,103
Culture and recreation	13,431
Infrastructure	<u>1,046,629</u>
Total depreciation expense	<u>\$ 1,101,650</u>
Business-type Activities:	
Sewer utility	<u>\$ 743,677</u>
Total depreciation expense	<u>\$ 743,677</u>

D. *Long-term Debt*

During the year ended December 31, 2015, the following changes occurred in long term liabilities:

Government Fund Activities	Balance			Balance		Due Within
	January 1, 2015	Additions	Retirements	December 31, 2015		One Year
General obligation bonds	\$ 7,200,514	\$ 995,000	\$ 777,167	\$ 7,418,347	\$ 887,666	
General obligation bonds premium	<u>264,414</u>	<u>49,555</u>	<u>19,675</u>	<u>294,294</u>	<u>-</u>	
Total general obligation bonds	7,464,928	1,044,555	796,842	7,712,641	887,666	
Capital lease	<u>36,500</u>	<u>-</u>	<u>7,600</u>	<u>28,900</u>	<u>7,600</u>	
	<u>\$ 7,501,428</u>	<u>\$ 1,044,555</u>	<u>\$ 804,442</u>	<u>\$ 7,741,541</u>	<u>\$ 895,266</u>	
Enterprise Fund Activities	Balance			Balance		Due Within
	January 1, 2015	Additions	Retirements	December 31, 2015		One Year
General obligation bonds	\$ 3,659,486	\$ 300,000	\$ 337,833	\$ 3,621,653	\$ 407,335	
General obligation bonds premium	<u>336,436</u>	<u>15,204</u>	<u>18,692</u>	<u>332,948</u>	<u>-</u>	
Total general obligation bonds	3,995,922	315,204	356,525	3,954,601	407,335	
KDHE revolving loan	<u>4,602,406</u>	<u>-</u>	<u>240,487</u>	<u>4,361,919</u>	<u>249,198</u>	
	<u>\$ 8,598,327</u>	<u>\$ 315,204</u>	<u>\$ 597,012</u>	<u>\$ 8,316,520</u>	<u>\$ 656,533</u>	

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.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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:

<u>Governmental Activities</u>	<u>Date of Issuance</u>	<u>Date of Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	\$ 3,415,000	\$ 41,400
Refunding and improvements, Series 2012	08/08/12	09/01/32	2.00-3.00%	9,345,884	3,686,947
Refunding, Series 2013	01/15/13	09/01/25	2.00%	3,480,000	2,695,000
Improvements, Series 2015	08/26/15	09/01/35	2.00-4.00%	<u>995,000</u>	<u>995,000</u>
				<u>\$ 17,235,884</u>	<u>\$ 7,418,347</u>

Business-type Activities

Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	\$ 1,058,650	\$ 18,600
Refunding and improvements, Series 2012	08/08/12	09/01/32	2.00-3.00%	4,175,000	3,303,053
Improvements, Series 2015	08/26/15	09/01/35	2.00-4.00%	<u>300,000</u>	<u>300,000</u>
				<u>\$ 5,533,650</u>	<u>\$ 3,621,653</u>
				<u>\$ 22,769,534</u>	<u>\$ 11,040,000</u>

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

Year Ending December 31,	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 887,666	\$ 185,109	\$ 407,335	\$ 97,905	\$ 1,578,014
2017	922,329	162,326	422,671	85,607	1,592,933
2018	925,514	139,116	434,486	72,987	1,572,103
2019	943,699	115,706	446,301	60,010	1,565,716
2020	505,238	91,789	279,763	46,674	923,463
2021-2025	1,776,219	312,658	663,782	165,597	2,918,255
2026-2030	928,611	162,629	681,389	91,712	1,864,341
2031-2035	<u>529,072</u>	<u>46,720</u>	<u>285,927</u>	<u>18,935</u>	<u>880,654</u>
Total	<u>\$ 7,418,347</u>	<u>\$ 1,216,053</u>	<u>\$ 3,621,653</u>	<u>\$ 639,426</u>	<u>\$ 12,895,478</u>

CITY OF BASEHOR, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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 \$4,361,919 at December 31, 2015. 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 <u>December 31,</u>	State Agency <u>Loan</u>
2016	\$ 371,395
2017	371,395
2018	371,395
2019	371,395
2020	371,395
2021-2025	1,856,974
2026-2030	<u>1,634,497</u>
Total principal and interest	5,348,445
Less: interest	<u>986,526</u>
Total principal	<u><u>\$ 4,361,919</u></u>

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.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

IV. OTHER INFORMATION (Continued)

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.

C. Retirement Plans

Description of Deferred Compensation Plan. All employees employed by the City, excluding police department employees, are entitled to enroll at the City Council's discretion, in a Deferred Compensation Plan, offered by Mass Mutual 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 \$613,087. Total gross payroll was \$1,417,218. The contribution for the year ending December 31, 2015, was \$14,041 from employees and \$67,440 from employer representing 11% of covered payroll, respectively.

Description of Pension Plan. The City also participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERs), a body corporate and an instrumentality of the State of Kansas. KPERs provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
- State/School employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Kansas Police and Firemen (KP&F) group.

KPERs issues a stand-alone comprehensive annual financial report, which is available on the KPERs website at www.kpers.org.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Police and Firemen with twenty or more years of credited service, may retire as early as age 50, with an actuarially reduced monthly benefit. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the fiscal year ended June 30, 2015.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

The actuarially determined employer contribution rates (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows for the KPERS fiscal year ended June 30, 2015:

	<u>Actuarial Employer Rate</u>	<u>Statutory Employer Capped Rate</u>
Police and Firemen	21.36%	21.36%

Member contribution rate as a percentage of eligible compensation for the KPERS fiscal year June 30, 2015, was 7.15% for Police and Firemen.

Employer Allocations. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2015, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal year ended June 30, 2015.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At December 31, 2015, the City's proportion for the Police and Firemen group was 0.143%, which was an increase of .135% from its proportion measured at December 31, 2014.

Net Pension Liability. At December 31, 2015 and 2014, the City reported a liability of \$1,041,028 and \$882,134, respectively, for its total proportionate share of the net pension liability for the Local and Police and Firemen groups.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015, using the following actuarial assumptions:

<u>Assumption</u>	<u>Rate</u>
Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4.00 to 16.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, School, Local, KP&F and Judges).

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2012.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47.00%	6.30%
Fixed income	13.00%	0.80%
Yield driven	8.00%	4.20%
Real return	11.00%	1.70%
Real estate	11.00%	5.40%
Alternatives	8.00%	9.40%
Short-term investments	<u>2.00%</u>	[0.50]%
Total	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current rate:

<u>1% Decrease (7.00%)</u>	<u>Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
\$1,511,754	\$1,041,028	\$643,425

Pension Expense. For the year ended December 31, 2015, the City recognized pension expense of \$116,975, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ 9,500	\$ 17,426
Net differences between projected and actual earnings on investments	-	33,060
Changes in assumptions	-	10,410
Changes in proportion	97,089	-
Total	<u>\$ 106,589</u>	<u>\$ 60,896</u>

\$70,326 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended <u>December 31,</u>	Deferred [Inflows] Outflows <u>Amount</u>
2016	\$ [1,937]
2017	[1,937]
2018	[1,937]
2019	46,874
2020	4,630
Total	<u>\$ 45,693</u>

CITY OF BASEHOR, KANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2015

IV. OTHER INFORMATION (Continued)

D. Interfund Transfers

A reconciliation of all operating transfers by fund type for 2015 follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory Authority</u>
General	Employee Benefit	\$ 14,739	K.S.A. 12-16,102
General	Sewer Utility	75,000	Bond agreement
General	Municipal Equipment Reserve	91,200	K.S.A. 12-1,117
Sewer Utility	Employee Benefit	82,522	K.S.A. 12-825d
Sewer Utility	Bond and Interest	166,562	K.S.A. 12-825d
Solid Waste Utility	Employee Benefit	20,163	K.S.A. 12-825d
		<u>\$ 450,186</u>	

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

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 \$2,222,622 of cash in the Consolidated Highway Fund as of December 31, 2015, \$157,973 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.

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.

CITY OF BASEHOR, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

IV. OTHER INFORMATION (Continued)

F. *Postemployment Healthcare Plan (Continued)*

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	\$ 13,201
Interest on Net OPEB Obligation	1,432
Adjustment to Annual Required Contribution	<u>[2,071]</u>
Annual OPEB cost (expense)	12,561
Benefit payments	<u>-</u>
Change in Net OPEB obligation	12,561
Net OPEB Obligation - beginning of year	<u>35,800</u>
Net OPEB Obligation - end of year	<u><u>\$ 48,362</u></u>

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, 2015 was as follows:

Fiscal Year <u>Ended</u>	Annual OPEB Cost <u>Cost</u>	Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
December 31, 2013	\$ 11,579	\$ -	\$ 23,746
December 31, 2014	12,054	-	35,800
December 31, 2015	12,561	-	48,362

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.

CITY OF BASEHOR, KANSAS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2015

IV. OTHER INFORMATION (Continued)

F. Postemployment Healthcare Plan (Continued)

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.

G. Restatement of Net Position

The beginning governmental activities net position was restated as follows:

	Governmental <u>Activities</u>
Net position - beginning	\$ 9,191,333
Prior period adjustment	
Net pension liability	<u>[949,715]</u>
Net position - beginning, restated	<u>\$ 8,241,618</u>

CITY OF BASEHOR, KANSAS
 OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 Year ended December 31, 2015

Schedule of Funding Progress

Actuarial Valuation <u>Date</u>	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
 KPERS PENSION PLAN
 REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
 Year ended December 31, 2015

Schedule of the City's Proportionate Share of the KP & F Net Pension Liability
 Last Ten Fiscal Years*

	<u>12/31/15</u>
City's proportion of the net pension liability	0.143%
City's proportionate share of the net pension liability	\$ 1,041,028
City's covered-employee payroll	\$ 634,065
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.18%
Plan fiduciary net position as a percentage of the total pension liability	74.60%

* - The amounts presented for each fiscal year were determined as of 12/31. Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

Schedule of the City's Contributions
 Last Ten Fiscal Years*

	<u>12/31/15</u>
Contractually required contribution	\$ 141,616
Contributions in relation to the contractually required contribution	<u>141,616</u>
Contribution deficiency [excess]	<u>\$ -</u>
City's covered-employee payroll	\$ 662,996
Contributions as a percentage of covered employee payroll	21.36%

* - Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

CITY OF BASEHOR, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2015

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and cash equivalents	\$ 361,845	\$ 53,617	\$ 415,462
Total assets	\$ 361,845	\$ 53,617	\$ 415,462
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	-	-	-
 Fund balance:			
Assigned	361,845	53,617	415,462
Total fund balance [deficit]	361,845	53,617	415,462
 Total liabilities and fund balances	 \$ 361,845	 \$ 53,617	 \$ 415,462

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2015

	Special Revenue	Capital Projects	Total
REVENUES:			
Taxes	\$ 11,012	\$ -	\$ 11,012
Licenses, permits and fees	17,200	73,000	90,200
Use of money and property	<u>719</u>	<u>148</u>	<u>867</u>
Total revenues	<u>28,931</u>	<u>73,148</u>	<u>102,079</u>
EXPENDITURES:			
Capital outlay	<u>180,069</u>	<u>64,356</u>	<u>244,425</u>
Total expenditures	<u>180,069</u>	<u>64,356</u>	<u>244,425</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[151,138]</u>	<u>8,792</u>	<u>[142,346]</u>
OTHER FINANCING SOURCES [USES]:			
Transfers in	<u>91,200</u>	<u>-</u>	<u>91,200</u>
Total other financing sources [uses]	<u>91,200</u>	<u>-</u>	<u>91,200</u>
Excess [Deficiency] of Revenues and Other Financing Sources Over [Under] Expenditures and Other [Uses]	[59,938]	8,792	[51,146]
Fund balance - Beginning of year	<u>421,783</u>	<u>44,825</u>	<u>466,608</u>
Fund balance - End of year	<u>\$ 361,845</u>	<u>\$ 53,617</u>	<u>\$ 415,462</u>

CITY OF BASEHOR, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2015

	Special Parks and Recreation	Municipal Equipment Reserve	Special Police	Totals
ASSETS				
Cash and cash equivalents	\$ 111,118	\$ 250,727	\$ -	\$ 361,845
Total assets	<u>\$ 111,118</u>	<u>\$ 250,727</u>	<u>\$ -</u>	<u>\$ 361,845</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance:				
Assigned	111,118	250,727	-	361,845
Total fund balance [deficit]	<u>111,118</u>	<u>250,727</u>	<u>-</u>	<u>361,845</u>
Total liabilities and fund balances	<u>\$ 111,118</u>	<u>\$ 250,727</u>	<u>\$ -</u>	<u>\$ 361,845</u>

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, 2015

	Special Parks and Recreation	Municipal Equipment Reserve	Special Police	Totals
REVENUES:				
Taxes	\$ 11,012	\$ -	\$ -	\$ 11,012
Licenses, permits and fees	17,200	-	-	17,200
Use of money and property	<u>331</u>	<u>387</u>	<u>1</u>	<u>719</u>
Total revenues	<u>28,543</u>	<u>387</u>	<u>1</u>	<u>28,931</u>
EXPENDITURES:				
Capital outlay	<u>70,204</u>	<u>109,321</u>	<u>544</u>	<u>180,069</u>
Total expenditures	<u>70,204</u>	<u>109,321</u>	<u>544</u>	<u>180,069</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[41,661]</u>	<u>[108,934]</u>	<u>[543]</u>	<u>[151,138]</u>
OTHER FINANCING SOURCES [USES]:				
Transfers in	<u>-</u>	<u>91,200</u>	<u>-</u>	<u>91,200</u>
Total other financing sources [uses]	<u>-</u>	<u>91,200</u>	<u>-</u>	<u>91,200</u>
Excess [Deficiency] of Revenues and Other Financing Sources Over [Under] Expenditures and Other [Uses]	<u>[41,661]</u>	<u>[17,734]</u>	<u>[543]</u>	<u>[59,938]</u>
Fund balance - Beginning of year	<u>152,779</u>	<u>268,461</u>	<u>543</u>	<u>421,783</u>
Fund balance - End of year	<u>\$ 111,118</u>	<u>\$ 250,727</u>	<u>\$ -</u>	<u>\$ 361,845</u>

CITY OF BASEHOR, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECT FUNDS
 December 31, 2015

	<u>Cedar Lakes Maintenance</u>	<u>Glenwood Sewer Maintenance</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 17,892	\$ 35,725	\$ 53,617
Total assets	<u>\$ 17,892</u>	<u>\$ 35,725</u>	<u>\$ 53,617</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance:			
Assigned	<u>17,892</u>	<u>35,725</u>	<u>53,617</u>
Total fund balance [deficit]	<u>17,892</u>	<u>35,725</u>	<u>53,617</u>
 Total liabilities and fund balances	 <u>\$ 17,892</u>	 <u>\$ 35,725</u>	 <u>\$ 53,617</u>

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECT FUNDS
 For the Year Ended December 31, 2015

	Cedar Lakes Maintenance	Glenwood Sewer Maintenance	Totals
REVENUES:			
Licenses, permits and fees	\$ 40,000	\$ 33,000	\$ 73,000
Use of money and property	<u>56</u>	<u>92</u>	<u>148</u>
Total revenues	<u>40,056</u>	<u>33,092</u>	<u>73,148</u>
EXPENDITURES:			
Capital outlay	<u>36,574</u>	<u>27,782</u>	<u>64,356</u>
Total expenditures	<u>36,574</u>	<u>27,782</u>	<u>64,356</u>
Excess [deficiency] of revenues over [under] expenditures	3,482	5,310	8,792
Fund balance - Beginning of year	<u>14,410</u>	<u>30,415</u>	<u>44,825</u>
Fund balance - End of year	<u>\$ 17,892</u>	<u>\$ 35,725</u>	<u>\$ 53,617</u>

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, 2015

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 11,012	\$ -	\$ 11,012	\$ 8,000	\$ 8,000	\$ 3,012
Licenses, permits and fees	17,200	-	17,200	8,000	8,000	9,200
Use of money and property	331	-	331	300	300	31
Total Revenues	<u>28,543</u>	<u>-</u>	<u>28,543</u>	<u>16,300</u>	<u>16,300</u>	<u>12,243</u>
Expenditures:						
Capital outlay	70,204	-	70,204	73,000	73,000	2,796
Total Expenditures	<u>70,204</u>	<u>-</u>	<u>70,204</u>	<u>73,000</u>	<u>73,000</u>	<u>2,796</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	[41,661]	-	[41,661]	<u>\$ [56,700]</u>	<u>\$ [56,700]</u>	<u>\$ 15,039</u>
Fund Balance, January 1	<u>152,779</u>	<u>-</u>	<u>152,779</u>			
Fund Balance, December 31	<u>\$ 111,118</u>	<u>\$ -</u>	<u>\$ 111,118</u>			

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, 2015

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Licenses, permits and fees	\$ 40,000	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Use of money and property	56	-	56	55	55	1
Total Revenues	<u>40,056</u>	<u>-</u>	<u>40,056</u>	<u>40,055</u>	<u>40,055</u>	<u>1</u>
Expenditures:						
Capital outlay	<u>36,574</u>	<u>-</u>	<u>36,574</u>	<u>40,000</u>	<u>40,000</u>	<u>3,426</u>
Total Expenditures	<u>36,574</u>	<u>-</u>	<u>36,574</u>	<u>40,000</u>	<u>40,000</u>	<u>3,426</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	3,482	-	3,482	<u>\$ 55</u>	<u>\$ 55</u>	<u>\$ 3,427</u>
Fund Balance, January 1	<u>14,410</u>	<u>-</u>	<u>14,410</u>			
Fund Balance, December 31	<u>\$ 17,892</u>	<u>\$ -</u>	<u>\$ 17,892</u>			

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, 2015

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues:						
Taxes	\$ 23,252	\$ -	\$ 23,252	\$ 68,683	\$ 68,683	\$ [45,431]
Intergovernmental	31,718	-	31,718	16,400	16,400	15,318
Special assessments	562,404	-	562,404	746,067	746,067	[183,663]
Use of money and property	1,417	-	1,417	2,500	2,500	[1,083]
Total Revenues	<u>618,791</u>	<u>-</u>	<u>618,791</u>	<u>833,650</u>	<u>833,650</u>	<u>[214,859]</u>
Expenditures:						
Debt service:						
Principal	777,167	[468,691]	308,476	1,461,781	1,461,781	1,153,305
Interest	177,440	302,129	479,569	3,000	3,000	[476,569]
Total Expenditures	<u>954,607</u>	<u>[166,562]</u>	<u>788,045</u>	<u>1,464,781</u>	<u>1,464,781</u>	<u>676,736</u>
Excess [Deficiency] of Revenues Over [Under] Expenditures	<u>[335,816]</u>	<u>166,562</u>	<u>[169,254]</u>	<u>[631,131]</u>	<u>[631,131]</u>	<u>461,877</u>
Other Financing Sources [Uses]:						
Transfer in	166,562	[166,562]	-	-	-	-
Total Other Financing Sources [Uses]	<u>166,562</u>	<u>[166,562]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	<u>[169,254]</u>	<u>-</u>	<u>[169,254]</u>	<u>\$ [631,131]</u>	<u>\$ [631,131]</u>	<u>\$ 461,877</u>
Fund Balances, January 1	<u>435,440</u>	<u>-</u>	<u>435,440</u>			
Fund Balances, December 31	<u>\$ 266,186</u>	<u>\$ -</u>	<u>\$ 266,186</u>			

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, 2015

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Charges for services	\$ 1,546,962	\$ [17,097]	\$ 1,529,865	\$ 1,357,793	\$ 1,357,793	\$ 172,072
Special assessments	92,611	-	92,611	72,162	72,162	20,449
Miscellaneous	26,646	[26,646]	-	-	-	-
Use of money and property	3,141	-	3,141	1,500	1,500	1,641
Total revenues	<u>1,669,360</u>	<u>[43,743]</u>	<u>1,625,617</u>	<u>1,431,455</u>	<u>1,431,455</u>	<u>194,162</u>
Expenditures						
Personnel	218,080	[1,183]	216,897	124,874	124,874	[92,023]
Contractual	190,136	-	190,136	199,900	199,900	9,764
Commodities	34,027	-	34,027	33,000	33,000	[1,027]
Capital outlay	69,108	-	69,108	122,500	122,500	53,392
Depreciation	743,677	[743,677]	-	-	-	-
Total expenditures	<u>1,255,028</u>	<u>[744,860]</u>	<u>510,168</u>	<u>480,274</u>	<u>480,274</u>	<u>[29,894]</u>
Operating income [loss]	<u>414,332</u>	<u>701,117</u>	<u>1,115,449</u>	<u>951,181</u>	<u>951,181</u>	<u>164,268</u>
Other Financing Sources [Uses]:						
Bond proceeds	-	315,204	315,204	-	-	315,204
Issuance costs	[15,204]	-	[15,204]	-	-	[15,204]
Debt principal	-	[971,492]	[971,492]	[864,191]	[864,191]	[107,301]
Debt interest and fees	[224,790]	224,790	-	-	-	-
Transfers in	75,000	-	75,000	-	-	75,000
Transfers [out]	[249,084]	166,562	[82,522]	[205,982]	[205,982]	123,460
Total Other Financing Sources [Uses]	<u>[414,078]</u>	<u>[264,936]</u>	<u>[679,014]</u>	<u>[1,070,173]</u>	<u>[1,070,173]</u>	<u>391,159</u>
Change in net position	254	436,181	436,435	\$ [118,992]	\$ [118,992]	\$ 555,427
Net position, January 1	<u>9,270,414</u>	<u>[8,002,357]</u>	<u>1,268,057</u>			
Net position, December 31	<u>\$ 9,270,668</u>	<u>\$ [7,566,176]</u>	<u>\$ 1,704,492</u>			

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, 2015

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive [Negative]
				Original	Final	
Revenues						
Charges for services	\$ 317,234	\$ [2,685]	\$ 314,549	\$ 292,000	\$ 292,000	\$ 22,549
Use of money and property	255	-	255	550	550	[295]
Total revenues	<u>317,489</u>	<u>[2,685]</u>	<u>314,804</u>	<u>292,550</u>	<u>292,550</u>	<u>22,254</u>
Expenditures						
Personnel	56,905	[4,590]	52,315	-	-	[52,315]
Contractual	241,980	-	241,980	302,367	302,367	60,387
Commodities	2,751	-	2,751	5,700	5,700	2,949
Total expenditures	<u>301,636</u>	<u>[4,590]</u>	<u>297,046</u>	<u>308,067</u>	<u>308,067</u>	<u>11,021</u>
Operating income [loss]	<u>15,853</u>	<u>1,905</u>	<u>17,758</u>	<u>[15,517]</u>	<u>[15,517]</u>	<u>33,275</u>
Other Financing Sources [Uses]:						
Transfer [out]	<u>[20,163]</u>	-	<u>[20,163]</u>	<u>[19,970]</u>	<u>[19,970]</u>	<u>[193]</u>
Total Other Financing Sources [Uses]	<u>[20,163]</u>	-	<u>[20,163]</u>	<u>[19,970]</u>	<u>[19,970]</u>	<u>[193]</u>
Change in net position	[4,310]	1,905	[2,405]	<u>\$ [35,487]</u>	<u>\$ [35,487]</u>	<u>\$ 33,082</u>
Net position, January 1	<u>89,326</u>	<u>[13,107]</u>	<u>76,219</u>			
Net position, December 31	<u>\$ 85,016</u>	<u>\$ [11,202]</u>	<u>\$ 73,814</u>			