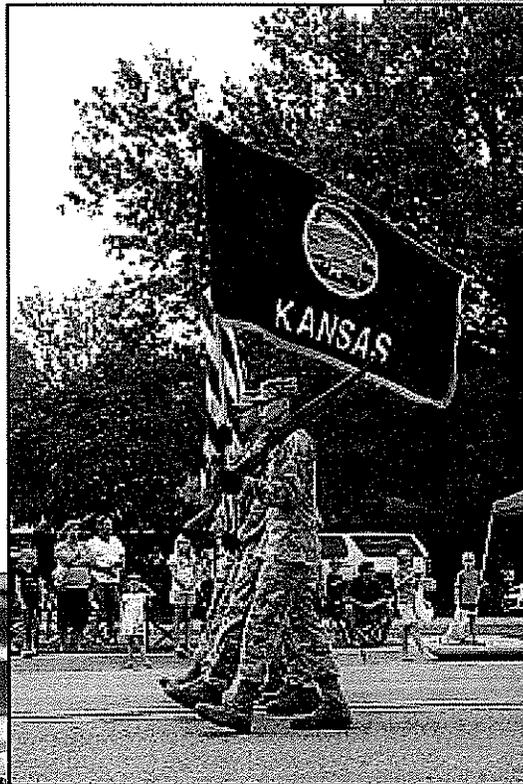
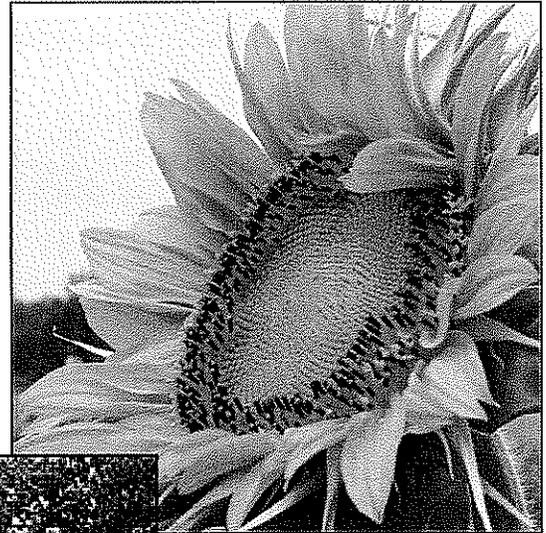


Comprehensive Annual
Financial Report
City of Mulvane, Kansas

*For the Fiscal Year Ended
December 31, 2017*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF MULVANE, KANSAS

FOR THE YEAR ENDED DECEMBER 31, 2017

**Dr. Shelly Steadman – Mayor
Kevin Cardwell – Council Member
Joe Johnson – Council Member
Jenean Keck – Council Member
Nancy Mottola – Council Member
Terry Richardson – Council Member**

**PREPARED BY
CITY ADMINISTRATOR
KENT L. HIXSON**

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INTRODUCTORY SECTION



June 28, 2018

To the Citizens of the City of Mulvane, Kansas

The Comprehensive Annual Financial Report of the City of Mulvane, Kansas for the year ended December 31, 2017 is respectfully submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. City staff believes the data as presented is accurate in all respects and that the information is profiled in a manner designed to fairly set forth the financial position and results of operations of the City and the component units measured by the financial activity of its various funds. All disclosures necessary to empower the reader to gain an understanding of the City's financial activities have been included.

Financial Information

City staff is responsible for managing, establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The control system must ensure that adequate accounting data is compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurances recognizes that (1) the cost of a control system should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by management.

All internal control evaluations occur within this framework. City staff believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurances of proper recording of financial transactions.

Expenditures are authorized by a budget approved by the City Council as required by State statute. City staff and Council continually review and approve all deviations from budget authorizations. The Kansas cash basis and budget laws require (1) cash is on hand before expenditure is authorized, (2) that all expenditures be budgeted (unless specifically exempted), and (3) that the budget not exceed anticipated revenues including, carry forward balances.

Financial Policies & Planning

The City has financial policies and practices in place that have had a significant impact on the current period's financial statements. The City has an "Authorized Municipal Investments" policy that complies with the Kansas statutes that limits where a city can invest idle funds and in what financial instruments those funds can be invested. In addition, the City follows GFOA recommendations that general purpose governments maintain unrestricted fund balances in the General Fund of no less than 5% of regular General Fund operating revenues or no less than one month of regular General Fund operating fund expenditures. The City Council's policy is to maintain an unrestricted fund balance of no less than three months General Fund operating expenditures and transfers.

In establishing a policy to govern the level of unrestricted fund balance in funds, the City Council has considered a variety of factors, including:

The predictability of its revenues and the volatility of its expenditures (i.e. higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile).

The availability of resources in other funds as well as the potential drain upon General Fund resources from other funds (i.e. the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the General Fund, just as deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the General Fund).

Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained).

Designations (i.e., City may wish to maintain higher levels of uncommitted fund balance to compensate for any portion of unreserved fund balance already committed for a specific purpose).

An indicator of the positive impact of these financial policies and practices is that the City has been given an AA- rating by Standard and Poor on the City's 2016, \$4,485,000 General Obligation Bond issue. Mulvane is the smallest city in Kansas to achieve an AA- rating.

The Reporting Entity and Its Services

The City provides a full range of municipal services to our citizens and the surrounding community. These include police, library and recreation services. The City has nineteen well equipped parks including a sports complex and stocked fishing lake. The City also has a newly remodeled Community Center. Fire protection and ambulance services cover the City and rural areas surrounding Mulvane. The City provides planning and

zoning services and regulates building through permits and inspections not only within the City limits, but also within a three-mile radius of Mulvane through what is termed as extra territorial jurisdiction.

Enterprise operations of the City include electric, water and wastewater services. The financial reporting entity consists of the primary government and its component units, the Mulvane Public Building Commission, Mulvane Housing Authority, Mulvane Land Bank and the Mulvane Public Library.

The Report

This Comprehensive Annual Financial Report has been prepared in compliance with the accounting principles established by the Governmental Accounting Standards Board and follows the guidelines of Governmental Accounting, Auditing and Financial Reporting. The annual financial report includes an unmodified opinion from its independent auditor retained by the City Council.

The financial reporting entity (the government) includes all funds of the primary government (i.e., the City of Mulvane as legally defined) as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, activities of the Mulvane Public Building Commission are reported as a special revenue fund of the primary government. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. The Mulvane Public Library, the Mulvane Land Bank and the Mulvane Housing Authority are reported as discretely presented component units.

Generally accepted accounting principles require that management provide a narrative introduction overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Mulvane's MD&A can be found immediately following the report of the independent auditors.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Mulvane, Kansas for its Comprehensive Annual Financial Report for the year ended December 31, 2016.

A governmental unit must publish a comprehensive financial report that is well organized. The contents of that financial report should conform to Certificate program standards to be considered for the GFOA award. These reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. City staff believes our current report continues to conform to Certificate Program requirements and we are submitting it to GFOA to determine its eligibility for an award. The City of Mulvane established a program to meet these required standards in 1995. The City of Mulvane has been awarded the Certificate of Achievement for the past twenty two years.

Economic Outlook

Mulvane is included in the Wichita Metropolitan Area (WMA). In 2017, the Wichita Metropolitan Area employment declined by 0.8%, a decrease of approximately 10,800 jobs. In 2018, the Kansas total nonfarm employment is projected to increase by 0.1%, adding approximately 1,500 jobs, with a range of expected growth between -0.3% and 0.5%. Growth is expected to be lower than Kansas's average employment growth rate over the last five years, which has been 1%.

- Employment in the production sectors are projected to decline by 0.3% in the WMA, contracting by over 700 jobs in 2018. While the construction sector is expected to expand, the manufacturing and natural resources sectors are both projected to decline, with the largest declines in durable goods manufacturing. Manufacturing employment has declined each year in Kansas since 2015.
- The trade sector and the transportation and utilities sector employment is expected to grow 0.2%, adding approximately 600 new jobs. The wholesale trade sector and the transportation and utilities sector are projected to grow 0.8% and 1.8%, respectively. The retail trade sector, however, is projected to decline by 0.7% in 2018. This is a reflection of weak growth in retail sales in the WMA recently; from May, 2016, to May, 2017, inflation adjusted taxable retail sales for the state declined by 3.3%.
- The service sectors are projected to lead WMA growth in 2018, with 0.4% growth, adding approximately 2,700 jobs. The professional and business services sector, health care sector, and the financial activities sector are forecast to add approximately 3,800 jobs, collectively. The drivers for this growth are expected to be an aging population and broader national growth in the service industries. The information and other services sectors are projected to lose 1,000 and 800 jobs, respectively.
- The government sector is expected to decline by approximately 1,000 jobs in 2018, declining 0.4%. Local, state and federal government employment are all projected to decline, with the largest declines at the local level.

- The Wichita Metropolitan Area is expected to grow at a rate faster than the state average in 2018, with a combined average growth rate of 0.9%.

Construction Activity

In 2017, 277 permits were issued, an increase from 271 permits issued in 2016. Permit numbers include all construction activity, commercial, residential, additions, remodel and new construction.

The total construction value for 2017 was \$6.3 million.

Long-term Financial Planning

The City continues to look forward in meeting our long-term financial and operating needs. Each year the City develops a five year capital improvements plan in order to plan and budget for those needs. The City is currently planning for the purchase of a new ambulance and a new fire truck in the year of 2019. The City's utility department has plans to decommission the Boxelder power plant, to purchase a new bucket truck, to purchase a new backhoe and to upgrade transformers at the 111th Street substation over the next few years. The increasing costs of retirement and medical benefits are also of particular concern and are being monitored closely by City staff. In 2017 the City established the Mulvane Land Bank in order to help with the revitalization of the downtown area. As the City continues to grow, we must continually evaluate opportunities to be more efficient and effective in our efforts to serve our community.

Financial Picture

The assessed valuation of Mulvane increased in 2017 from \$79.5 million to \$81.1 million. The Ad Valorem tax revenue collected in 2017 was \$3,485,752 compared to 2016 which was \$3,427,461. The mill levy increased from 42.262 in 2016 to 44.247 in 2017.

Independent Audit

State statutes require an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by an independent certified public accountant appointed by the City Council. To meet this requirement, George, Bowerman & Noel, P.A. was retained and their opinion is included in the Financial Section of this report.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance Director, Cathy Walker. Employees in several City departments also contributed information to this report that makes it truly a cooperative, team effort. Gary George and his staff were very helpful and supportive in assisting in the compilation of this document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kent Hixson". The signature is fluid and cursive, with the first name "Kent" being more prominent than the last name "Hixson".

Kent Hixson – City Administrator

CITY OF MULVANE, KANSAS
LIST OF PRINCIPAL OFFICIALS
December 31, 2017

<u>Title</u>	<u>Name</u>
Mayor	Shelly Steadman
Council Member	Kevin Cardwell
Council Member	Joe Johnson
Council Member	Jenean Keck
Council Member	Nancy Mottola
Council Member	Terry Richardson
City Administrator	Kent Hixson
City Clerk	Debbie Parker
Finance Director	Cathy Walker
City Treasurer	Rachael Blackwell
Utilities Director	Brad Modlin
Public Safety Director	David Williams
Public Works Director	Kevin Baker
City Attorney	J.T. Klaus
Municipal Judge	Duane Brown
City Prosecutor	Larry Linn



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Mulvane
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

George, Bowerman & Noel, P.A.

*Certified Public Accountants
Management Consultants
Tax Advisors*

Paul R. Bowerman
Gary L. George

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Council
Mulvane, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Mulvane, Kansas (City) as of and for the year ended December 31, 2017, 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 Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 opinions.

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, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Mulvane, Kansas, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Employee Benefits Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, 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 basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

George Bowerman & Noel, P.A.

Wichita, Kansas
June 26, 2018

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

As management of the City of Mulvane, Kansas, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the City's basic financial statements, which immediately follow this section, and in our letter of transmittal in the preceding Introductory Section.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City for its governmental and business-type activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$54,896,692. Of this amount, \$31,829,174 is the net investment in capital assets, and \$16,698,827 is for restricted uses, leaving \$6,368,691 unrestricted.
- The City's total net position decreased by \$157,715 during the current fiscal year. The net position of the City's business-type activities increased by \$855,213 and the governmental activities net position decreased by \$1,012,928.
- At the end of the current fiscal year, the fund balance for the General Fund was \$4,232,261 or 82% of the total General Fund expenditures and transfers out incurred in the current fiscal year.
- The City's total bonded debt decreased by \$3,517,000 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three sections – *Introductory Section*, *Financial Section* (which includes management's discussion and analysis, the basic financial statements, and notes to the financial statements), and *Statistical Section*. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows, and liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in the future fiscal periods (e.g., earned but not used such as compensated absences).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety (police, fire and emergency medical services), streets, recreation, parks, planning and zoning, community development and general administrative support. The business-type activities of the City include electric, water and wastewater services.

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Component units are included in the basic financial statements and consist of legally separate entities for which the City is financially accountable and that have either the same governing board as the City or a governing board appointed by the City Council. The blended component unit includes the Mulvane Public Building Commission of the City of Mulvane. The discretely presented component units are the Mulvane Public Library, the Mulvane Land Bank, and the Mulvane Housing Authority.

The government-wide financial statements can be found on pages 21 and 22 of this report.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating an entity's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 32 individual governmental funds for financial reporting purposes. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Employee Benefits and Debt Service, which are considered major funds. Data for the remaining 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the non-major funds supplementary section of this report.

The City adopts an annual appropriated budget for its General Fund, 13 of its 14 special revenue funds, and its Debt Service Fund. A budgetary comparison statement has been provided for the General Fund and the Employee Benefits Fund in the basic financial statements and for the remaining special revenue and debt service funds in the supplementary information.

The basic governmental fund financial statements can be found on pages 23 through 30 of this report.

Proprietary Funds – Proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer operations, which are considered to be major funds of the City. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

The proprietary funds financial statements can be found on pages 31 through 35 of this report.

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Fiduciary Funds – Fiduciary funds, which consist only of agency funds, are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not included in the government-wide financial statements because the resources are not available to support the City's operations.

The fiduciary funds financial statement can be found at page 36 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37 through 74 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$54,896,692 as of December 31, 2017.

A large portion of the City's net position (\$31,829,174) reflects its investment in capital assets, net of accumulated depreciation, (e.g., land, buildings and improvements, machinery and equipment, infrastructure and construction work in progress), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF MULVANE'S NET POSITION						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current/Other Assets	\$26,944,654	\$27,783,363	\$7,291,296	\$7,020,878	\$34,235,950	\$34,804,241
Capital Assets	28,773,339	28,839,124	37,602,546	38,035,822	66,375,885	66,874,946
Total Assets	55,717,993	56,622,487	44,893,842	45,056,700	100,611,835	101,679,187
Deferred Outflows of Resources	1,031,939	1,067,651	287,126	316,716	1,319,065	1,384,367
Long-Term Liabilities	31,163,888	33,665,229	7,910,172	8,973,088	39,074,060	42,638,317
Current/Other Liabilities	3,628,279	1,015,047	569,318	600,186	4,197,597	1,615,233
Total Liabilities	34,792,167	34,680,276	8,479,490	9,573,274	43,271,657	44,253,550
Deferred Inflows of Resources	3,626,095	3,665,264	136,456	90,333	3,762,551	3,755,597
Net Position						
Net Investment in Capital Assets	1,034,051	- 1,597,973	30,795,123	30,038,002	31,829,174	28,440,029
Restricted	16,698,827	18,696,849	-	-	16,698,827	18,696,849
Unrestricted	598,792	2,245,722	5,769,899	5,671,807	6,368,691	7,917,529
Total Net Position	\$18,331,670	\$19,344,598	\$36,565,022	\$35,709,809	\$54,896,692	\$55,054,407

An additional portion of the City's net position (30.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$6,368,691.

Analysis of the City's operations – The following table provides a summary of the City's operations for the years ended December 31, 2017 and 2016. The City's net position decreased by \$157,715, or approximately 0.29%.

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

CITY OF MULVANE'S CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services	\$1,377,795	\$1,542,605	7,752,198	\$7,917,842	\$9,129,993	\$9,460,447
Operating Grants & Contributions	1,378,067	1,733,706	-	-	1,378,067	1,733,706
Capital Grants & Contributions	677,275	700,756	59,538	-	736,813	700,756
General Revenues						
Property Taxes	3,953,810	3,737,790	-	-	3,953,810	3,737,790
Gaming Facility	1,798,789	1,806,329	-	-	1,798,789	1,806,329
Sales Tax	911,338	690,564	-	-	911,338	690,564
Franchise Taxes	234,263	201,404	-	-	234,263	201,404
Investment Earnings	54,518	38,520	44,342	35,921	98,860	74,441
Total Revenues	10,385,855	10,451,674	7,856,078	7,953,763	18,241,933	18,405,437
Expenses:						
General Government	2,151,881	1,782,329	-	-	2,151,881	1,782,329
Public Safety	3,733,737	3,584,483	-	-	3,733,737	3,584,483
Highways & Streets	2,320,717	1,665,590	-	-	2,320,717	1,665,590
Culture & Recreation	1,432,675	1,622,079	-	-	1,432,675	1,622,079
Health & Sanitation	106,129	39,130	-	-	106,129	39,130
Economic Development	343,545	340,265	-	-	343,545	340,265
Environmental Protection	308	120	-	-	308	120
Electric System	-	-	4,768,801	4,742,936	4,768,801	4,742,936
Water System	-	-	1,251,030	1,214,150	1,251,030	1,214,150
Sewer System	-	-	1,556,034	1,687,656	1,556,034	1,687,656
Interest on Long-term Indebtedness	734,791	710,073	-	-	734,791	710,073
Total Expenses	10,823,783	9,744,069	7,575,865	7,644,742	18,399,648	17,388,811
Increase(Decrease) in Net Position before Transfers In (Out)	-437,928	707,605	280,213	309,021	-157,715	1,016,626
Transfers In (Out)	-575,000	-10,347	575,000	10,347	-	-
Increase (Decrease) in Net Position	-1,012,928	697,258	855,213	319,368	-157,715	1,016,626
Net Position, Beginning of Year	19,344,598	18,647,340	35,709,809	35,390,441	55,054,407	54,037,781
Net Position, End of Year	\$18,331,670	\$19,344,598	36,565,022	\$35,709,809	\$54,896,692	\$55,054,407

Governmental Activities – Governmental activities decreased the City's net position by \$1,012,928 for the current fiscal year. Total governmental activity revenues decreased by \$65,819. Positive influences for governmental activity revenues included an increase in sales tax collected of \$220,774 and an increase in property taxes collected of \$216,020 for 2017.

Total governmental activity expenses increased by \$1,079,714 for 2017, or approximately 11%. General government expenses comprised \$369,552 of the increase and can be attributed to salary and benefit cost increases and a \$550,000 appropriation to the Mulvane Land Bank during 2017. Salaries and benefits continue to be a significant portion of the operating expenses for many functional areas and comprise approximately 65% of total expenses (excluding debt service expenses) for governmental activities. Total wages and benefits increased approximately \$144,259 for 2017. Benefit costs increased by \$79,166 during 2017, which was attributed to health insurance costs. Economic development expenses increased by \$3,280 due to the allocation of the transient guest tax to the Kansas Star Casino under the terms of the City's agreement with the Casino.

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

Business-type Activities – Business-type activities increased the City's net position by \$855,213 for the current fiscal year. Total business-type charges for services decreased by \$165,644 for 2017 with the Electric Utility decreasing \$43,725, the Water Utility decreasing by \$23,454, and the Sewer Utility decreasing by \$98,465 for 2017. The increase in net position is attributed to contributed capital of \$575,000.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental funds – The focus of the City's funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$6,119,781. This combined ending fund balance is a \$1,959,499 decrease from 2016. Increased expenditures for streets and highways of \$608,285 and an appropriation to the Mulvane Land Band of \$550,000 were the major contributors of this decrease.

General Fund

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, the total fund balance was \$4,232,261, which was \$255,559 less than the prior year's General Fund total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Assigned fund balance represents 57% of total General Fund expenditures and transfers out for the current year. The total fund balance of the General Fund represents 82% of total General Fund expenditures and transfers out for the current year.

The City Council has committed \$2,946,773 to carryover to fund the 2018 General Fund budget.

Employee Benefits Fund

The Employee Benefits Fund accounts for the City's portion of social security, retirement, worker's compensation insurance, health and dental insurance, and unemployment insurance contributions and is funded from property taxes. Revenues increased \$43,643 and expenditures increased \$71,407 for 2017. The result was a decrease to fund balance of \$514,881 for 2017 to an ending fund balance of \$306,691. This carryover fund balance equates to about 20.8% of the benefit expenses incurred for 2017. Health insurance costs were the significant contributor to the increased expenditures.

Debt Service Fund

The Debt Service Fund of the City services most all of the City's general obligation bonded debt. The fund balance of the Debt Service Fund at the end of the current year was \$601,951, which is an increase of \$487,683 from 2016. Resources for this fund are generated from property taxes, special assessment taxes and interest earnings and increased by \$401,050 for 2017 and debt service requirements decreased by \$94,930 for 2017.

Proprietary Funds

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

The total net position of the proprietary funds increased by \$855,213 for 2017. The change in net position by fund includes an increase in the Electric System Fund of \$214,713, a increase in the Water System Fund of

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

\$76,495, and an increase in the Sewer System Fund of \$564,005. A significant portion of this increase, 67%, is due to contributed capital to these funds.

Electric System Fund

Total net position of the Electric System Fund increased by \$214,713. Customer consumption for 2017 decreased slightly and operating revenues are generally reflective of that situation as operating revenues decreased \$43,725, and operating expenses increased by only \$92,847. Depreciation expense reflected an increase for 2017 of \$9,443. Miscellaneous revenues for 2017 decreased \$73,829.

Water System Fund

Total net position of the Water System Fund increased by \$76,495. Operating revenues decreased by \$23,454 during 2017. Operating expenses increased \$34,865 for 2017, with contracted engineering and other contracted services comprising a significant portion of the increase in expenses. Depreciation expense increased by \$31,309 for 2017.

Sewer System Fund

The total net position of the Sewer System Fund increased by \$564,005. Operating revenues decreased \$98,465, or 5.03%, with operating expenses increasing \$16,363, or approximately 1.11%.

General Fund Budgetary Highlights – The General Fund total actual revenues were 112.02% of the total amount anticipated in the 2017 budget and exceeded the total anticipated revenues by \$508,701. The significant composition of this excess can be attributed to intergovernmental revenues with gaming revenues exceeding the budgeted amount by \$111,227 and ambulance subsidies exceeding the budget by \$60,000.

General Fund budgetary revenues were \$4,740,578 for 2017. The General Fund revenues were augmented with the collection of \$1,786,227 of gaming facility revenue sharing representing the City's 1% of the gaming facility revenues. General Fund budgetary expenditures totaled \$5,108,459, which represented only 70.55% of the budgeted expenditures for 2017. Accordingly, the General Fund incurred a favorable variance from its budgeted expenditures of \$2,132,795. The significant portion of this amount is the reserve for potential tax refund to a major taxpayer.

CAPITAL ASSETS

The City's investment in capital assets as of December 31, 2017 amounts to \$66,375,885 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, utility plant in service, machinery and equipment, and construction work in progress. The total net decrease in the City's investment in capital assets for the current fiscal year was 0.75%. Major capital asset events during the current fiscal year included the following:

- New Public Works Storage Building, \$124,191.
- Improvements to the Mulvane Emergency Services Building #2, \$10,099.
- Remodel of the Pix Community Center, \$150,355.
- Aqua Spouts for the Swimming Pool, \$6,899.
- New Park Equipment for Old Main Street Park, \$60,430.
- Two New Pickups for the Public Works Department, \$49,906.
- Chevrolet Impala for the Emergency Services, \$9,302.
- Rescue Boat & Equipment, \$9,333.
- New Cad/Records Management System for the Police Dispatch, \$31,158.
- John Deere 1600 Turbo Series II Mower, \$50,890.
- John Deere Gator, \$9,959.

CITY OF MULVANE, KANSAS
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DECEMBER 31, 2017

- John Deere 1200A Bunker & Field Rake, \$13,673.
- Maintenance Shop Work Station, \$5,500.
- Automated Meter System for Utilities, \$1,077,240.
- Residential Housing Project Improvements for Cedar Brook 5th, Villa Maria Senior Housing, Nottingham Estates, Emerald Valley 1st, and Gilbert Addition, in the amount of \$988,487.

Capital Assets at Year-End Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Land	\$465,014	\$465,014	\$676,862	\$876,224	\$1,141,876	\$1,341,238
Buildings	6,612,787	6,535,787	-	-	6,612,787	6,535,787
Utility Plant	-	-	26,102,831	26,891,052	26,102,831	26,891,052
Improvements other than Buildings	2,718,732	2,811,006	9,092,593	9,400,095	11,811,325	12,211,101
Infrastructure	15,959,731	16,818,054	-	-	15,959,731	16,818,054
Machinery and Equipment	1,713,872	1,894,931	1,711,968	850,159	3,425,840	2,745,090
Construction Work in Progress	1,303,203	314,332	18,292	18,292	1,321,495	332,624
Total	\$28,773,339	\$28,839,124	\$37,602,546	\$38,035,822	\$66,375,885	\$66,874,946

Additional information on the City's capital assets can be found in Note 3 on pages 50 through 53 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City's total long-term debt obligations outstanding are \$39,074,060. This amount was comprised of \$30,791,000 of general obligation bonds secured by future tax revenues from governmental activities with \$6,738,957 of such bonds being committed from resources generated by business-type revenues, and \$3,485,000 revenue bonds secured by future revenue sources from governmental activities via lease revenues from the City to the Mulvane Public Building Commission. Unamortized premiums on bond issues totaled \$650,771 at year-end. The remaining long-term debt obligations totaling \$4,147,289 of the City pertains to accrued compensated absences in the amount of \$567,909 and net pension liability in the amount of \$3,579,380.

The City's total long-term debt decreased by \$3,564,257, or about 8.4% during the current year. This decrease is principally due to a reduction in outstanding revenue bonds of \$505,000, and a decrease in general obligation bonds outstanding of \$3,012,000. The net pension liability pertaining to the City's proportionate share of the unfunded liability of the KPERS retirement plan increased \$32,722.

Additional information on the City's long-term debt can be found in Note 4 on pages 53 through 58 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The annual budget is developed to provide efficient, effective and economical uses of the City's resources. The budget is the most important annual policy statement the elected officials can make. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The elected officials and appointed staff considered many factors when setting the fiscal year 2018 budget which impacts

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017

the property tax rate and fees that will be charged for business-type activities. Those factors include the following:

- Maintaining competitive employee salaries and benefits, but facing increasing costs for employer paid health insurance and retirement contributions.
- Increases in debt service requirements for both general obligation bonds and revenue bonds.
- Property tax revenues are budgeted to increase in 2018 by \$77,291, or approximately 2.2%. Assessed valuations increased about 2.2% resulting in no increase in the mill levy.

The gaming facility revenue for 2018 has been estimated at \$1,700,000 and comprises approximately 19.6% of the General Fund's 2018 total resources. The other significant resources for the General Fund are the carryover balance from 2017, the 1% county-wide sales tax for Sedgwick County, and property taxes, which comprise 34%, 8% and 25% respectively, of the total General Fund resources for the 2018 budget.

The City's total property tax rate for the 2018 budget is 44.304 mills with the General Fund's levy at 26.73 mills. The Debt Service Fund and Employee Benefits Fund levies 3.256 mills and 5.454 mills, respectively, of the total City levy rate. The City's total assessed valuation for the 2018 budget is \$82,210,092, which reflects an increase from the 2017 budget of \$1,640,483.

Despite fluctuations in assessed valuation, the City's budgetary performance remains characteristically strong. Due to the uncertainty regarding the Kansas Star's valuations and gaming revenue, the City has worked to build up reserves for such uncertainties. The City's has proactively built in the use of \$1.5 million to offset the potential loss of revenue in the event the Kansas Star wins its tax appeals within the 2018 year.

The City's budgetary flexibility is very strong with an available fund balance in the General Fund in 2018 of 44% of budgeted expenditures, or \$3.81 million.

With unemployment remaining relatively high, sales tax revenues still fluctuating, the Kansas Star Casino protesting their assessed value annually, and without any past history to estimate the future gaming facility revenue sharing, the City Council continued to take a very cautious approach to revenue estimating and expenditure appropriations in the 2018 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Mulvane, 211 North Second Street, Mulvane, Kansas 67110, call (316) 777-1143 or visit the City's web site at www.mulvanekansas.com.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS

STATEMENT OF NET POSITION

December 31, 2017

	Primary Government			Component Units		
	Governmental Activities	Business- Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority	Mulvane Land Bank
ASSETS						
Cash and investments	\$ 8,780,308	\$ 5,909,270	\$ 14,689,578	\$ 247,135	\$ 454	\$ 87,950
Receivables:						
Property taxes	3,399,158	--	3,399,158	--	--	--
Special assessment taxes	13,955,030	--	13,955,030	--	--	--
Sales taxes	126,026	--	126,026	--	--	--
Franchise fees	37,202	--	37,202	--	--	--
Gaming facility revenue receivable	164,384	--	164,384	--	--	--
Trade accounts, net	436,871	1,136,684	1,573,555	--	74	--
Prepaid items	37,809	32,973	70,782	--	562	--
Restricted assets	7,866	212,369	220,235	--	36,692	--
Capital assets:						
Land	465,014	676,862	1,141,876	--	16,000	--
Buildings	8,198,320	35,220,847	43,419,167	22,560	597,492	450,323
Improvements other than buildings	3,811,573	16,256,491	20,068,064	--	--	--
Infrastructure	35,656,585	--	35,656,585	--	--	--
Machinery and equipment	5,816,394	3,758,044	9,574,438	116,296	140,365	--
Less accumulated depreciation	(26,477,750)	(18,327,990)	(44,805,740)	(78,547)	(551,869)	--
Construction work in progress	1,303,203	18,292	1,321,495	--	--	--
Total assets	<u>55,717,993</u>	<u>44,893,842</u>	<u>100,611,835</u>	<u>307,444</u>	<u>239,770</u>	<u>538,273</u>
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized deferred costs on bond refunding	314,361	47,933	362,294	--	--	--
Deferred outflows related to pensions	717,578	239,193	956,771	55,976	--	--
Total deferred outflows of resources	<u>1,031,939</u>	<u>287,126</u>	<u>1,319,065</u>	<u>55,976</u>	<u>--</u>	<u>--</u>
LIABILITIES						
Accounts payable	497,788	492,562	990,350	--	7,380	--
Accrued payroll payable	70,205	31,987	102,192	--	--	--
Accrued interest payable	195,403	44,769	240,172	--	--	--
Matured bonds and coupons payable	1,316	--	1,316	--	--	--
Temporary notes payable	2,515,000	--	2,515,000	--	--	--
Unearned revenue	348,567	--	348,567	--	--	--
Noncurrent liabilities:						
Due within one year	2,893,842	985,839	3,879,681	--	14,004	--
Due in more than one year	28,270,046	6,924,333	35,194,379	107,693	135,511	--
Total liabilities	<u>34,792,167</u>	<u>8,479,490</u>	<u>43,271,657</u>	<u>107,693</u>	<u>156,895</u>	<u>--</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes receivable	3,399,158	--	3,399,158	--	--	--
Unamortized deferred costs on refunding	--	60,810	60,810	--	--	--
Deferred inflows related to pensions	226,937	75,646	302,583	4,983	--	--
Total deferred inflows of resources	<u>3,626,095</u>	<u>136,456</u>	<u>3,762,551</u>	<u>4,983</u>	<u>--</u>	<u>--</u>
NET POSITION						
Net investment in capital assets	1,034,051	30,795,123	31,829,174	60,309	52,473	450,323
Restricted for:						
Debt service	14,556,981	--	14,556,981	--	--	--
Capital improvements	95,323	--	95,323	--	--	--
General government	156,235	--	156,235	--	--	--
Employee Benefits	306,691	--	306,691	--	--	--
Parks and recreation	945,165	--	945,165	--	--	--
Economic development	475,272	--	475,272	--	--	--
Street maintenance and improvement	92,191	--	92,191	--	--	--
Health and welfare	70,969	--	70,969	--	--	--
Unrestricted	598,792	5,769,899	6,368,691	190,435	30,402	87,950
Total net position	<u>\$ 18,331,670</u>	<u>\$ 36,565,022</u>	<u>\$ 54,896,692</u>	<u>\$ 250,744</u>	<u>\$ 82,875</u>	<u>\$ 538,273</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MULVANE, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
					Governmental Activities	Business-Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority	Mulvane Land Bank	
Governmental Activities:											
General government	\$ 2,151,881	\$ 128,893	\$ 69,922	\$ --	\$ (1,953,066)	\$ --	\$ (1,953,066)	\$ --	\$ --	\$ --	
Public safety	3,733,737	1,143,085	315,132	--	(2,275,520)	--	(2,275,520)	--	--	--	
Highways and streets	2,320,717	41,631	259,151	--	(2,019,935)	--	(2,019,935)	--	--	--	
Health and sanitation	106,129	--	69,922	--	(36,207)	--	(36,207)	--	--	--	
Culture and recreation	1,432,675	64,186	91,902	677,275	(599,312)	--	(599,312)	--	--	--	
Economic development	343,545	--	295,303	--	(48,242)	--	(48,242)	--	--	--	
Environmental protection	308	--	--	--	(308)	--	(308)	--	--	--	
Interest on long-term debt	734,791	--	276,735	--	(458,056)	--	(458,056)	--	--	--	
Total Governmental Activities	\$10,823,783	\$ 1,377,795	\$ 1,378,067	\$ 677,275	(7,390,646)	--	(7,390,646)	--	--	--	
Business-Type Activities:											
Electric Utility	\$ 4,768,801	\$ 4,812,129	\$ --	\$ 59,538	--	102,866	102,866	--	--	--	
Water Utility	1,251,030	1,082,368	--	--	--	(168,662)	(168,662)	--	--	--	
Sewer Utility	1,556,034	1,857,701	--	--	--	301,667	301,667	--	--	--	
Total Business-Type Activities	\$ 7,575,865	\$ 7,752,198	\$ --	\$ 59,538	--	235,871	235,871	--	--	--	
Component Units:											
Mulvane Public Library	\$ 444,975	\$ 17,592	\$ 27,305	\$ --	--	--	--	(400,078)	--	--	
Mulvane Housing Authority	71,867	79,451	11,929	--	--	--	--	--	19,513	--	
Mulvane Land Bank	23,874	12,147	--	--	--	--	--	--	--	(11,727)	
Total Component Units	\$ 540,716	\$ 109,190	\$ 39,234	\$ --	--	--	--	(400,078)	19,513	(11,727)	
General Revenues and Transfers:											
General Revenues:											
Property taxes levied for:											
General purposes					2,346,878	--	2,346,878	--	--	--	
Debt service					1,606,932	--	1,606,932	--	--	--	
Gaming facility revenue sharing					1,798,789	--	1,798,789	--	--	--	
Sales taxes					911,338	--	911,338	--	--	--	
Franchise taxes					234,263	--	234,263	--	--	--	
Payment from City of Mulvane					--	--	--	416,800	--	550,000	
Investment earnings					54,518	44,342	98,860	229	30	--	
Transfers in (out)					(575,000)	575,000	--	--	--	--	
Total general revenues and transfers					6,377,718	619,342	6,997,060	417,029	30	550,000	
Change in net position					(1,012,928)	855,213	(157,715)	16,951	19,543	538,273	
Net position at beginning of year					19,344,598	35,709,809	55,054,407	233,793	63,332	--	
Net position at end of year					\$ 18,331,670	\$ 36,565,022	\$ 54,896,692	\$ 250,744	\$ 82,875	\$ 538,273	

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS
(continued on next page)

December 31, 2017

	<u>General</u>	<u>Employee Benefits</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and short-term investments	\$ 4,065,126	\$ 335,374	\$ 601,951	\$ 3,777,857	\$ 8,780,308
Cash with fiscal agent	–	–	1,316	–	1,316
Cash held for appearance bonds	6,550	–	–	–	6,550
Property taxes receivable	770,602	884,048	1,234,000	510,508	3,399,158
Special assessment taxes receivable	–	–	13,955,030	–	13,955,030
Due from other funds	–	–	–	71,745	71,745
Accounts receivable, net	357,432	1,109	–	78,330	436,871
Gaming facility revenue receivable	164,384	–	–	–	164,384
Franchise fees receivable	37,202	–	–	–	37,202
Sales tax receivable	<u>63,394</u>	<u>–</u>	<u>–</u>	<u>62,632</u>	<u>126,026</u>
Total assets	<u>\$ 5,464,690</u>	<u>\$ 1,220,531</u>	<u>\$15,792,297</u>	<u>\$ 4,501,072</u>	<u>\$ 26,978,590</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 36,808	\$ 29,792	\$ –	\$ 424,638	\$ 491,238
Accrued payroll payable	69,902	–	–	303	70,205
Due to other funds	–	–	–	71,745	71,745
Matured bonds and coupons payable	–	–	1,316	–	1,316
Municipal Court appearance bonds payable	6,550	–	–	–	6,550
Temporary notes payable	–	–	–	2,515,000	2,515,000
Unearned revenue	<u>348,567</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>348,567</u>
Total liabilities	<u>461,827</u>	<u>29,792</u>	<u>1,316</u>	<u>3,011,686</u>	<u>3,504,621</u>
Deferred inflows of resources:					
Property taxes receivable	770,602	884,048	1,234,000	510,508	3,399,158
Special assessment taxes receivable	<u>–</u>	<u>–</u>	<u>13,955,030</u>	<u>–</u>	<u>13,955,030</u>
Total deferred inflows of resources	<u>770,602</u>	<u>884,048</u>	<u>15,189,030</u>	<u>510,508</u>	<u>17,354,188</u>

CITY OF MULVANE, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS
(continued from previous page)

December 31, 2017

	<u>General</u>	<u>Employee Benefits</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:					
Restricted:					
Insurance claims	\$ 156,235	\$ --	\$ --	\$ --	\$ 156,235
Debt service	--	--	601,951	--	601,951
General government	--	306,691	--	--	306,691
Recreation	--	--	--	945,165	945,165
Health and welfare	--	--	--	70,969	70,969
Economic development	--	--	--	475,272	475,272
Street improvements	--	--	--	92,191	92,191
Capital improvements	--	--	--	95,323	95,323
Committed:					
Street improvements	--	--	--	331,384	331,384
Parks and recreation	--	--	--	67,424	67,424
Assigned:					
General government	2,946,773	--	--	--	2,946,773
Culture and recreation	--	--	--	661	661
Capital outlay	--	--	--	203,670	203,670
Unassigned	<u>1,129,253</u>	<u>--</u>	<u>--</u>	<u>(1,303,181)</u>	<u>(173,928)</u>
Total fund balances	<u>4,232,261</u>	<u>306,691</u>	<u>601,951</u>	<u>978,878</u>	<u>6,119,781</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 5,464,690</u>	<u>\$ 1,220,531</u>	<u>\$15,792,297</u>	<u>\$ 4,501,072</u>	<u>\$ 26,978,590</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

December 31, 2017

Total Governmental Fund Balances		\$ 6,119,781
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 (capital assets net of accumulated depreciation):		
Cost	\$ 55,251,089	
Accumulated depreciation	<u>(26,477,750)</u>	
		28,773,339
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Special assessments receivable		13,955,030
Prepaid expenses		37,809
Deferred refunding bond costs resulting from issuance of refunding bonds are recognized as deferred outflows of resources in the government-wide financial statements		
		314,361
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable on general obligation and Mulvane Public Building Commission revenue bonds	195,403	
Compensated absences payable	347,128	
General obligation bonds payable	24,052,043	
Unamortized premium on sale of general obligation bonds and Mulvane Public Building Commission revenue bonds	595,182	
Mulvane Public Building Commission revenue bonds payable	3,485,000	
Net pension liability for Kansas Public Employee's Retirement System Plan including deferred outflows of resources and deferred inflows of resources related to pensions	<u>2,193,894</u>	
		<u>(30,868,650)</u>
Net Position of Governmental Activities		<u>\$ 18,331,670</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MULVANE, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS**

Year ended December 31, 2017

	<u>General</u>	<u>Employee Benefits</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 1,761,148	\$ 936,977	\$ 1,606,932	\$ 1,672,513	\$ 5,977,570
Special assessment taxes	-	-	1,721,295	-	1,721,295
Intergovernmental	2,211,052	-	-	253,922	2,464,974
Licenses and permits	281,645	-	-	-	281,645
Charges for services	344,409	-	-	101,807	446,216
Fines and forfeitures	208,041	-	-	-	208,041
Use of money and property	47,301	7,383	5,179	597,872	657,735
Miscellaneous	<u>57,339</u>	<u>15,600</u>	<u>10</u>	<u>-</u>	<u>72,949</u>
Total revenues	<u>4,910,935</u>	<u>959,960</u>	<u>3,333,416</u>	<u>2,626,114</u>	<u>11,830,425</u>
Expenditures:					
Current:					
General government	1,758,331	285,616	-	-	2,043,947
Public safety	2,418,904	930,058	-	-	3,348,962
Highways and streets	844,906	259,167	-	268,676	1,372,749
Culture and recreation	-	-	-	1,277,834	1,277,834
Health and welfare	-	-	-	106,129	106,129
Environmental protection	308	-	-	-	308
Economic development	19,045	-	-	324,500	343,545
Capital improvements	-	-	-	1,851,688	1,851,688
Debt Service	<u>-</u>	<u>-</u>	<u>2,845,733</u>	<u>599,029</u>	<u>3,444,762</u>
Total expenditures	<u>5,041,494</u>	<u>1,474,841</u>	<u>2,845,733</u>	<u>4,427,856</u>	<u>13,789,924</u>
Revenues over (under) expenditures	<u>(130,559)</u>	<u>(514,881)</u>	<u>487,683</u>	<u>(1,801,742)</u>	<u>(1,959,499)</u>
Other financing sources (uses):					
Transfers in	-	-	-	125,000	125,000
Transfers out	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,000)</u>
Total other financing sources (uses)	<u>(125,000)</u>	<u>-</u>	<u>-</u>	<u>125,000</u>	<u>-</u>
Net change in fund balance	(255,559)	(514,881)	487,683	(1,676,742)	(1,959,499)
Fund balances, beginning of year	<u>4,487,820</u>	<u>821,572</u>	<u>114,268</u>	<u>2,655,620</u>	<u>8,079,280</u>
Fund balances, end of year	<u>\$4,232,261</u>	<u>\$ 306,691</u>	<u>\$ 601,951</u>	<u>\$ 978,878</u>	<u>\$ 6,119,781</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

Net Change in Fund Balances – Total Governmental Funds		\$ (1,959,499)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlays	\$ 1,520,565	
Depreciation	<u>(1,567,629)</u>	
Excess depreciation over capital outlays		(47,064)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due		12,137
The issuance of long-term provides current financial resources in the governmental funds but represent an increase in long-term liabilities in the statement of activities for:		
General obligation refunding bonds		
In the governmental funds statement only the proceeds from the sale of Capital assets is report however, in the statement of activities the net gain or loss is reported		
Loss on disposal of capital assets		(18,721)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
General obligation bond payment	2,147,212	
Mulvane Public Building Commission revenue bond payment	<u>505,000</u>	
Total payments on long-term liabilities		2,652,212
In the statement of activities the deferred refunding costs increases deferred outflows of resources but does not provide current resources to the governmental funds. Amortization of the deferred refunding costs is reflected in the statement of activities but is not reported as expenditures in the governmental funds:		
Amortization of deferred refunding costs		(50,158)
Special assessments are not considered available to liquidate liabilities of the current period. However, they are recognized as revenue in the statement of activities as soon as the related improvement is completed and the special assessments are levied		
		(1,444,570)
Pension contributions is an expenditure in the governmental funds but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred outflows and inflows for pensions are only recorded in the statement of activities.		
		(218,870)
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 the funds:		
Prepaid items	1,952	
Compensated absences payable	(36,127)	
Amortization of premium on issuance of general obligation bonds	86,684	
Amortization of premium on issuance of Mulvane Public Building Commission revenue bonds	<u>9,096</u>	
Total		<u>61,605</u>
Change in Net Position of Governmental Activities		<u>\$ (1,012,928)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MULVANE, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS
(continued on next page)**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$1,540,316	\$1,540,316	\$1,599,254	\$ 58,938
Intergovernmental	2,014,111	2,014,111	2,204,845	190,734
Licenses, fees and permits	287,700	287,700	281,645	(6,055)
Charges for services	225,000	225,000	344,409	119,409
Fines and forfeitures	152,750	152,750	208,041	55,291
Use of money and property	11,500	11,500	46,045	34,545
Miscellaneous	<u>500</u>	<u>500</u>	<u>56,339</u>	<u>55,839</u>
 Total revenues and other sources	 <u>4,231,877</u>	 <u>4,231,877</u>	 <u>4,740,578</u>	 <u>508,701</u>
 Expenditures, encumbrances and other uses:				
General government:				
Administration department	2,645,850	2,645,850	1,101,733	1,544,117
Inspection department	<u>101,853</u>	<u>101,853</u>	<u>84,385</u>	<u>17,468</u>
 Total general government	 <u>2,747,703</u>	 <u>2,747,703</u>	 <u>1,186,118</u>	 <u>1,561,585</u>
 Public safety:				
Police department	1,320,493	1,320,493	1,216,681	103,812
Fire department	273,978	273,978	312,649	(38,671)
EMS department	1,299,813	1,299,813	1,083,449	216,364
Municipal Court	219,457	219,457	181,642	37,815
Fire District No. 12	<u>26,000</u>	<u>26,000</u>	<u>19,941</u>	<u>6,059</u>
 Total public safety	 <u>3,139,741</u>	 <u>3,139,741</u>	 <u>2,814,362</u>	 <u>325,379</u>
 Highways and streets:				
Street department	<u>956,110</u>	<u>956,110</u>	<u>844,906</u>	<u>111,204</u>

CITY OF MULVANE, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

(continued from previous page)

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Economic development:				
Planning department	\$ <u>36,700</u>	\$ <u>36,700</u>	\$ <u>11,995</u>	\$ <u>24,705</u>
Environmental protection:				
Bindweed department	<u>1,000</u>	<u>1,000</u>	<u>308</u>	<u>692</u>
Other:				
Debt service	<u>–</u>	<u>–</u>	<u>125,770</u>	<u>(125,770)</u>
Transfers out	<u>360,000</u>	<u>360,000</u>	<u>125,000</u>	<u>235,000</u>
Total other	<u>360,000</u>	<u>360,000</u>	<u>250,770</u>	<u>109,230</u>
Total expenditures, encumbrances and other uses	<u>7,241,254</u>	<u>7,241,254</u>	<u>5,108,459</u>	<u>2,132,795</u>
Revenues and other sources over (under) expenditures, encumbrances and other uses	<u>(3,009,377)</u>	<u>(3,009,377)</u>	<u>(367,881)</u>	<u>2,641,496</u>
Fund balance, beginning of year	<u>3,009,377</u>	<u>3,009,377</u>	<u>4,174,652</u>	<u>1,165,275</u>
Fund balance, end of year	\$ <u>–</u>	\$ <u>–</u>	\$ <u>3,806,771</u>	\$ <u>3,806,771</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS

EMPLOYEE BENEFITS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 916,268	\$ 916,268	\$ 936,977	\$ 20,709
Use of money and property	200	200	7,383	7,183
Miscellaneous	<u>—</u>	<u>—</u>	<u>15,600</u>	<u>15,600</u>
Total revenues	<u>916,468</u>	<u>916,468</u>	<u>959,960</u>	<u>43,492</u>
Expenditures:				
Administration department	489,020	489,020	285,616	203,404
Public works department	269,100	269,100	259,167	9,933
Police department	456,750	456,750	440,898	15,852
Fire department	75,250	75,250	55,735	19,515
Ambulance department	<u>342,203</u>	<u>342,203</u>	<u>433,425</u>	<u>(91,222)</u>
Total expenditures	<u>1,632,323</u>	<u>1,632,323</u>	<u>1,474,841</u>	<u>157,482</u>
Revenues over (under) expenditures	(715,855)	(715,855)	(514,881)	200,974
Fund balance, beginning of year	<u>715,855</u>	<u>715,855</u>	<u>821,572</u>	<u>105,717</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 306,691</u>	<u>\$ 306,691</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2017

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds
	Electric System	Water System	Sewer System	
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 3,092,103	\$ 936,731	\$ 1,880,436	\$ 5,909,270
Trade accounts receivable	693,497	151,731	291,456	1,136,684
Prepaid expenses	16,480	6,030	10,463	32,973
Restricted assets:				
Cash and investments restricted for:				
Customer deposits	<u>154,503</u>	<u>57,866</u>	<u>—</u>	<u>212,369</u>
Total current assets	<u>3,956,583</u>	<u>1,152,358</u>	<u>2,182,355</u>	<u>7,291,296</u>
Property, plant and equipment:				
Land	220,494	118,107	338,261	676,862
Utility plant	5,403,265	8,988,785	20,828,797	35,220,847
Improvements other than buildings	5,223,955	5,623,466	5,409,070	16,256,491
Machinery and equipment	1,706,652	681,066	1,370,326	3,758,044
Construction work in process	<u>—</u>	<u>18,292</u>	<u>—</u>	<u>18,292</u>
	12,554,366	15,429,716	27,946,454	55,930,536
Less accumulated depreciation	<u>(8,959,469)</u>	<u>(3,199,484)</u>	<u>(6,169,037)</u>	<u>(18,327,990)</u>
Property, plant and equipment, net	<u>3,594,897</u>	<u>12,230,232</u>	<u>21,777,417</u>	<u>37,602,546</u>
Total assets	<u>7,551,480</u>	<u>13,382,590</u>	<u>23,959,772</u>	<u>44,893,842</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows of resources:				
Unamortized deferred cost on refunding	19,827	—	28,106	47,933
Deferred outflows of resources related to pensions	<u>124,380</u>	<u>47,839</u>	<u>66,974</u>	<u>239,193</u>
Total deferred outflows of resources	<u>144,207</u>	<u>47,839</u>	<u>95,080</u>	<u>287,126</u>
Total assets and deferred outflows of resources	<u>7,695,687</u>	<u>13,430,429</u>	<u>24,054,852</u>	<u>45,180,968</u>

	<u>Business-Type Activities – Enterprise Funds</u>			<u>Total Enterprise Funds</u>
	<u>Electric System</u>	<u>Water System</u>	<u>Sewer System</u>	
<u>LIABILITIES</u>				
Current liabilities:				
Salaries and wages payable	\$ 16,206	\$ 6,413	\$ 9,368	\$ 31,987
Accounts payable	256,042	23,620	531	280,193
Compensated absences payable	81,889	29,579	41,190	152,658
Current portion of general obligation bonds payable	330,010	50,480	452,691	833,181
Accrued interest payable	17,824	954	25,991	44,769
Customer deposits payable	154,503	57,866	—	212,369
Total current liabilities	<u>856,474</u>	<u>168,912</u>	<u>529,771</u>	<u>1,555,157</u>
Noncurrent liabilities:				
Net pension liability	465,319	178,969	250,557	894,845
Long-term portion of compensated absences payable	38,431	12,719	16,973	68,123
Long-term portion of general obligation bonds payable	2,352,672	107,642	3,501,051	5,961,365
Total noncurrent liabilities	<u>2,856,422</u>	<u>299,330</u>	<u>3,768,581</u>	<u>6,924,333</u>
Total liabilities	<u>3,712,896</u>	<u>468,242</u>	<u>4,298,352</u>	<u>8,479,490</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unamortized deferred costs on refunding	17,793	—	43,017	60,810
Deferred inflows of resources related to pensions	39,336	15,129	21,181	75,646
Total deferred inflows of resources	<u>57,129</u>	<u>15,129</u>	<u>64,198</u>	<u>136,456</u>
<u>NET POSITION</u>				
Net position:				
Net investment in capital assets	914,249	12,072,110	17,808,764	30,795,123
Unrestricted	3,011,413	874,948	1,883,538	5,769,899
Total net position	<u>\$ 3,925,662</u>	<u>\$ 12,947,058</u>	<u>\$ 19,692,302</u>	<u>\$ 36,565,022</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS

Year ended December 31, 2017

	Business-Type Activities – Enterprise Funds			
	Electric System	Water System	Sewer System	Total Enterprise Funds
Operating revenues:				
Charges for services	\$ 4,737,797	\$ 1,053,724	\$ 1,845,648	\$ 7,637,169
Miscellaneous	60,162	19,859	12,053	92,074
Rents and royalties	<u>14,170</u>	<u>8,785</u>	<u>–</u>	<u>22,955</u>
Total operating revenues	<u>4,812,129</u>	<u>1,082,368</u>	<u>1,857,701</u>	<u>7,752,198</u>
Operating expenses:				
Production	3,360,373	–	–	3,360,373
Treatment	–	915,373	594,121	1,509,494
Distribution and maintenance	912,577	–	–	912,577
Collection	–	–	264,618	264,618
Depreciation	<u>443,152</u>	<u>331,084</u>	<u>627,581</u>	<u>1,401,817</u>
Total operating expenses	<u>4,716,102</u>	<u>1,246,457</u>	<u>1,486,320</u>	<u>7,448,879</u>
Operating income (loss)	<u>96,027</u>	<u>(164,089)</u>	<u>371,381</u>	<u>303,319</u>
Nonoperating revenues (expense):				
Interest income	11,533	4,064	7,669	23,266
Interest expense	(52,699)	(4,573)	(69,714)	(126,986)
Accretion of premium on general obligation bonds	7,500	–	13,576	21,076
Gain on sale of capital assets	<u>59,538</u>	<u>–</u>	<u>–</u>	<u>59,538</u>
Total nonoperating revenue (expense)	<u>25,872</u>	<u>(509)</u>	<u>(48,469)</u>	<u>(23,106)</u>
Income (loss) before contributions and transfers	121,899	(164,598)	322,912	280,213
Contributed capital	<u>92,814</u>	<u>241,093</u>	<u>241,093</u>	<u>575,000</u>
Change in net position	214,713	76,495	564,005	855,213
Net position, beginning of year	<u>3,710,949</u>	<u>12,870,563</u>	<u>19,128,297</u>	<u>35,709,809</u>
Net position, end of year	<u>\$ 3,925,662</u>	<u>\$ 12,947,058</u>	<u>\$ 19,692,302</u>	<u>\$ 36,565,022</u>

The accompanying notes are an integral
part of the financial statements.

CITY OF MULVANE, KANSAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
 (continued on next page)

Year ended December 31, 2017

	Business-Type Activities – Enterprise Funds			
	Electric System	Water System	Sewer System	Total Enterprise Funds
Cash flows from operating activities:				
Cash received from customers	\$ 4,747,560	\$ 1,055,990	\$ 1,918,239	\$ 7,721,789
Cash payments for materials and services	(3,493,025)	(657,542)	(411,417)	(4,561,984)
Cash payments to employees for services	(827,468)	(316,739)	(471,988)	(1,616,195)
Other cash receipts	<u>74,332</u>	<u>28,644</u>	<u>12,053</u>	<u>115,029</u>
Net cash provided by operating activities	<u>501,399</u>	<u>110,353</u>	<u>1,046,887</u>	<u>1,658,639</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of capital assets	258,900	–	–	258,900
Principal paid on general obligation bonds	(298,035)	(50,481)	(516,273)	(864,789)
Interest paid on debt	(53,299)	(4,825)	(77,391)	(135,515)
Acquisition and construction of capital assets	<u>(266,265)</u>	<u>(117,986)</u>	<u>(208,651)</u>	<u>(592,902)</u>
Net cash provided (used) by capital and related financing activities	<u>(358,699)</u>	<u>(173,292)</u>	<u>(802,315)</u>	<u>(1,334,306)</u>
Cash flows from investing activities:				
Interest received	<u>11,533</u>	<u>4,064</u>	<u>7,669</u>	<u>23,266</u>
Net increase (decrease) in cash and cash equivalents	154,233	(58,875)	252,241	347,599
Cash and cash equivalents, beginning of year	<u>3,092,373</u>	<u>1,053,472</u>	<u>1,628,195</u>	<u>5,774,040</u>
Cash and cash equivalents, end of year	<u>\$ 3,246,606</u>	<u>\$ 994,597</u>	<u>\$ 1,880,436</u>	<u>\$ 6,121,639</u>
Cash and cash equivalents	\$ 3,092,103	\$ 936,731	\$ 1,880,436	\$ 5,909,270
Restricted cash and cash equivalents included in restricted cash and investments	<u>154,503</u>	<u>57,866</u>	<u>–</u>	<u>212,369</u>
Cash and cash equivalents, end of year	<u>\$ 3,246,606</u>	<u>\$ 994,597</u>	<u>\$ 1,880,436</u>	<u>\$ 6,121,639</u>

CITY OF MULVANE, KANSAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
 (continued from previous page)

Year ended December 31, 2017

	Business-Type Activities – Enterprise Funds			
	Electric System	Water System	Sewer System	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 96,027	\$ (164,089)	\$ 371,381	\$ 303,319
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	443,152	331,084	627,581	1,401,817
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	3,593	2,266	72,592	78,451
Decrease (increase) in prepaid expenses	(513)	25	(782)	(1,270)
Increase (decrease) in salaries and wages payable	448	50	126	624
Increase in accounts payable	(9,697)	(12,888)	(8,228)	(30,813)
Increase (decrease) in compensated absences payable	4,951	3,143	5,009	13,103
Increase (decrease) in customer deposits payable	6,170	1,977	–	8,147
Increase (decrease) in net pension liability	<u>(42,732)</u>	<u>(51,215)</u>	<u>(20,792)</u>	<u>(114,739)</u>
Net cash provided by operating activities	<u>\$ 501,399</u>	<u>\$ 110,353</u>	<u>\$ 1,046,887</u>	<u>\$ 1,658,639</u>

Noncash capital and related financing activities:

The Electric System Fund, Water System Fund and Sewer System Fund received noncash contributions of assets from the municipality for facility improvements during 2017 in the amounts of \$92,814, \$241,093 and \$241,093.

The accompanying notes are an integral part of the financial statements.

CITY OF MULVANE, KANSAS
STATEMENT OF FIDUCIARY NET POSITION –
ALL AGENCY FUNDS

December 31, 2017

	<u>Agency Funds</u>
Assets:	
Cash including investments	\$ 62,203
Liabilities:	
Accrued liabilities payable	<u>62,203</u>
Net position	<u><u>\$ —</u></u>

The accompanying notes are an
integral part of the financial statements.

CITY OF MULVANE, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Reporting entity

The City operates under a Mayor-Council form of government consisting of a Mayor and five council persons and provides services to its citizens in the areas of highways and streets, electric, water and sewer utilities, public improvement, public safety, planning and zoning and general administrative services.

As required by generally accepted accounting principles, these financial statements present the City of Mulvane, Kansas (primary government) and its component units, entities for which the City is considered to be financially accountable. The component units discussed in the following paragraphs are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely presented component units

The component unit columns in the financial statements include the financial data of the City's component units, the Mulvane Public Library, the Mulvane Housing Authority and the Mulvane Land Bank. They are reported in a separate column to emphasize that they are legally separate from the City however, the governing body of the component unit is appointed by the City Council. The Mulvane Public Library is accounted for using the same principles as the governmental fund types of the City and the Mulvane Housing Authority is accounted for using the same principles as the business-type funds of the City.

The Mulvane Public Library operates the public library in the City. The Library Board may not purchase or lease a site or erect a building for use of the library without the approval of the City Council. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs. The Library Board does not issue separate audited financial statements.

The Mulvane Housing Authority manages Quad County Manor, a 23 unit housing facility that was financed by a forty-year United States Department of Agriculture, Rural Development loan. Occupants of the facility pay rent as a percentage of their annual income. The Mulvane Housing Authority hires a management agent to perform administrative functions including the selection of tenants, collection of rents, payment of expenses and performs or contracts for maintenance of the property. The City provides financial assistance to the Mulvane Housing Authority through the uncharged utility

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

services for common areas of the facility and the City serves as a guarantor for the Rural Development loan on the facility. Additional financial statement information can be obtained from the Quad County Manor management agent at Quad County Manor, 605 E. Main, Mulvane, Kansas 67110.

The Mulvane Land Bank was established during 2017 and is a quasi-governmental entity with all statutory authority, but with the primary responsibility and authority for maintaining and selling real property located within the City to help achieve the City's goal of returning municipally-owned property to private ownership, cost effectively maintaining said property, ensuring conformance with the goals of the City's Comprehensive Plan, and the encouragement of economic development. The Mulvane Land Bank is governed by a Board of Trustees, which is comprised of the entire membership of the governing body of the City of Mulvane, who shall be voting members, and one additional member appointed by the Mayor who is a non-voting member and who shall be a City staff member. The Mulvane Land Bank is subject to the cash basis and budget laws of the State of Kansas. The Mulvane Land Bank does not issue separate audited financial statements.

Blended component unit

The Mulvane Public Building Commission is governed by a six-member board who shall be the same persons as are then serving as the Mayor and Council Members on the Governing Body of the City of Mulvane. Although it is legally separate from the City, the Mulvane Public Building Commission is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The financial activities of the Mulvane Public Building Commission are reflected in the Mulvane Public Building Commission Special Revenue Fund.

Basis of presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The *Governmental Accounting Standards Board* (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The City's basic financial statements include both government-wide, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

rely to a significant extent on fees and charges for support. In addition, the primary government is reported discretely from the legally separate component units for which the primary government is financially accountable. The statement of net position presents the financial condition of the City and its component units at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the City.

Fund financial statements

During the year, the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary 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 are 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 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 property tax revenues to be available in the period for which levied and other revenues 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 compensated absences and claims and judgments, are recorded only when payment is due.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes, charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current 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.

Agency funds are custodial in nature and report only assets and liabilities. Accordingly, agency funds do not measure results of operations however, they use the accrual basis of accounting to recognize assets and payables.

The City reports the following major governmental funds:

General Fund – The General Fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Employee Benefits Fund – The Employee Benefits Fund is used to account for and report the City’s portion of social security taxes, retirement plan contributions, workers compensation insurance premiums and unemployment insurance contributions applicable to the governmental funds’ payrolls. Financing is principally provided by taxes.

Debt Service Fund – The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt general obligation debt of governmental funds.

Water Treatment Plant Improvements Fund – This project fund is used to account for and report the costs incurred related to construction of a new water treatment plant related to anticipated demands for additional water treatment capacity.

The City reports the following major proprietary funds:

Electric System Fund – The Electric System Fund is used to account for the operation of the municipal electric utility including the production and distribution of electricity.

Water System Fund – The Water System Fund is used to account for the operation of the municipal water utility including water supply, treatment and distribution.

Sewer System Fund – The Sewer System Fund is used to account for the operation of the municipal sewer utility including the collection and treatment of wastewater.

The City also reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

1. SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

Capital Project Funds – The capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds.

Agency Funds – The agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The only agency fund maintained by the City is a payroll clearing fund to account for moneys held on behalf of City employee's payroll for related payroll taxes, retirement contributions, insurance and other authorized withholdings by City employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for franchise fees and other charges between the City's enterprise funds and various other functions of government and the costs of the City's self-insurance program reported in the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. In addition, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. In addition, gaming facility revenues collected and held by the State at year-end on behalf of the City are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

1. SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

Licenses, fees, fines, forfeitures and other revenue are generally not susceptible to accrual and are recorded when received in cash.

Cash and short-term investments

Cash and short-term investments include amounts in demand deposit, money market accounts and certificates of deposit. Investments are carried at fair value. Deposits are reported at their cost, which approximates fair value. For purposes of the statement of with a maturity date of three months or less when purchased to be cash equivalents. Interest income is credited to the investing fund based on their average monthly balances.

Property taxes and other receivables

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as unearned revenue on the balance sheets of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and state grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Special assessments receivable

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City and are retired from the City's debt service fund. Further, State statutes permit levying additional general ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable. Special assessments paid prior to the

1. SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

issuance of bonds are recorded as revenue in the appropriate construction project. Special assessments received after the issuance of bonds are recorded as revenue in the debt service fund. Special assessment taxes are levied over a ten or fifteen-year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund and accrued as revenues in the statement of net position. Since they are not considered available spendable resources for the funds statement, the special assessment receivable are reported as unearned revenue in the funds statement.

Revenue recognition for utility funds

Revenue is recorded as billed to customers on a cycle basis. Residential and commercial customers are billed monthly. The uncollected portion of billed services through December 31 is reflected as accounts receivable and estimates of unbilled service at December 31 are also reflected in accounts receivable in the financial statements.

Inventories and prepaid expenditures

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased. The inventory of consumable supplies is not considered significant to the City's financial statements.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the governmental fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of \$2,500. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). The historical cost, or estimates of historical cost, for the City's infrastructure assets include only those assets acquired subsequent to January 1, 1980. Donated capital assets are reported at acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related

1. SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Property, plant and equipment of the primary government and its component unit is depreciated using the straight line method over the following estimated useful lives:

Utility plant in service	28 – 50 years
Buildings	15 – 40 years
Improvements other than buildings	28 – 50 years
Infrastructure (streets)	20 years
Machinery and equipment	5 to 20 years

Compensated absences

The City's policies regarding vacation permits full-time employees with one year of service to earn 1 week of vacation pay, two to nine years of service earn 2 weeks of vacation pay, ten to fourteen years of service earn 3 weeks of vacation pay, fifteen to nineteen years of service earn 4 weeks of vacation pay, twenty to twenty-nine years of service earn 5 weeks of vacation pay and thirty or more years of service earn 6 weeks of vacation pay per year. One week of vacation pay may be carried over into the next year. Accumulated vacation pay is limited to one week. At termination, an employee shall be compensated for all accumulated vacation pay. All permanent full-time employees earn one-half day of sick leave for every full two-week pay period of continuous employment with 120 days as the maximum amount of sick leave that can be accumulated. Any unused sick leave over the maximum is paid to the employee on the last check of the year at a rate of 50% of the normal rate of pay for the employee. Upon retirement, an employee in good standing shall be paid for any accumulated sick leave up to the maximum at the rate of 50% of the normal rate of pay for the employee. The liabilities are based on current salary costs and the vested portion of accumulated benefits. The liability for accrued compensated absences is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee termination or retirement.

Accrued liabilities and long-term debt

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount, if significant. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Deferred amounts from bond refundings are being amortized by the interest method over the life of the related revenue bonds in the enterprise funds.

Long-term liabilities for revenue bond obligations and certain general obligation bonds payable are recorded as liabilities in the enterprise funds. Principal payments are deducted from the liability as made.

Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System, which is a cost sharing multi-employer statewide-defined benefit pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City. This credit is collateralized with security deposits from new and slow paying customers.

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 all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. In accordance with Governmental Accounting Board Statement No. 10, the City currently reports all its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include payments to cover deductibles and other liabilities related to the City's risk of loss and include an estimate of claims that have been incurred but not reported. At December 31, 2017, there was \$3,001 of accrued liabilities. Changes in the reported liability since December 31, 2016 is as follows:

	Beginning of Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	End of Year <u>Liability</u>
2016	\$ —	\$109,350	\$ 107,316	\$ 2,034
2017	2,034	53,978	53,011	3,001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

At December 31, 2017, General Fund cash and short-term investments of \$159,236 were held for purposes of funding the City's future claims liabilities, including \$3,001 at year-end. As a result, \$156,235 of the General Fund balance is restricted for payment of future claims liabilities.

Deferred Inflows of Resources/Deferred Outflows of Resources

A deferred outflow of resources is the consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position applicable to a future reporting period. The City identified certain financial balances that meet the definition of a deferred outflow of resources or a deferred inflow of resources. These items include unamortized deferred costs on bond refundings, property taxes and special assessments receivable and deferred inflows and outflows related to pensions.

Equity Classifications

In the government-wide financial statements, equity is reflected as net position and classified into three components:

- Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction or improvements of those assets.
- Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

Governmental fund balance classifications are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be expended. In the governmental funds financial statements, equity is classified into potentially five components:

- Nonspendable – Assets that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained in tact.
- Restricted – Assets with externally imposed constraints such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws or regulations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Committed – The committed portion of fund balance can only be used for specific purposes and imposed by formal action of the government’s highest level of decision making authority. In the case of the City it is the City Council and the formal action would be an ordinance to modify or rescind the commitment.
- Assigned – The assigned portion of fund balance is comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Council or (2) a body or official to whom the City Council has delegated the authority to. The City Council has delegated authority to the City Administrator or Department Heads to assign amounts to be used for specific purposes. The portion of fund balance that is appropriated by the City Council for next year’s budget that is not already restricted or committed is considered assigned. Encumbrances, which can be approved by designated senior staff, are included in the assigned fund balance.
- Unassigned – All amounts not included in the other fund balance classifications. The General Fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

In circumstances when expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

The City’s fund balance policy states that the General Fund will be managed in such a way as to maintain a minimum unrestricted fund balance equal to at least three-months annual operating expenditures and transfers out.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary principles

The City is required by state statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute), debt service fund and enterprise funds. The Capital Improvement Reserve, Municipal Equipment Reserve, Water Treatment Plant Improvements, Cedar Brook 5th Addition Water Improvements, Cedar Brook 5th Addition Sewer Improvements, Cedar Brook 5th Addition Street Improvements, Cedar Brook 5th Addition Water Improvements, Cedar Brook 5th Addition Sewer Improvements, Cedar Brook 5th Addition Street Improvements, Merlin’s Glen Street Drainage Improvements and Villa Maria Senior Housing Project funds are exempted from a legally adopted budget. In addition, the Mulvane Public Building Commission is not

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

required to prepare annual budgets. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to 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. During 2017 there were no amendments to the originally adopted budget by the governing body.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management has the authority to revise line items within a department however, changes to total appropriations at the department level must be approved by the City Council.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. All unencumbered appropriations lapse at the end of the year. In addition, revenues for sales taxes, franchise fees and gaming facility revenue sharing are not recognized as revenues until their date of receipt. Also, interfund receivables and payable transactions are recognized as revenues and expenditures in the respective funds for budgetary purposes.

Controls over spending in funds that are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

2. DEPOSITS AND INVESTMENTS

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories that may be used by governmental entities in Kansas. 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

2. DEPOSITS AND INVESTMENTS (continued)

banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The City has no other policies that would further limit interest rate risk.

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

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of cash and investments as of December 31, 2017, is as follows:

Carson Bank	89%
Emprise Bank	11%

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy follows applicable State Statutes and requires deposits to be 100% secured by collateral (pledged securities) valued at market, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. State Statutes define the allowable pledged securities.

At year-end, the carrying amount of the City's deposits was \$14,970,100, with the bank balances of such accounts being \$15,261,527. Of the bank balances, \$571,042 was covered by federal depository insurance and the remaining balance of \$14,690,485 was covered by collateral held by the City's custodial banks in joint custody in the name of the City and its banks. The fair value of those pledged securities held by the City's custodial investment agencies was \$16,134,897 at December 31, 2017.

The remaining carrying amount of the City's cash and investments at December 31, 2017 consisted of cash on hand and cash held by the City's fiscal agent in the amounts of \$600 and \$1,316, respectively.

The Mulvane Public Library's cash and investments at December 31, 2017 consisted of demand deposit and money market checking accounts. At year-end, the carrying amount of the Library's deposits was \$247,135 with the bank balances of such accounts being \$239,107. The bank balances were entirely secured by FDIC insurance at December 31, 2017.

2. DEPOSITS AND INVESTMENTS (continued)

The Mulvane Housing Authority's cash and investments at December 31, 2017 consisted of savings and money market checking accounts. At year-end, the carrying amount of the Authority's deposits was \$37,146 with the bank balances of such accounts being \$37,146. The bank balances were entirely secured by FDIC insurance at December 31, 2017.

The Mulvane Land Bank cash and investments at December 31, 2017 consisted of a checking account and the carrying amount of the Mulvane Land Bank deposit was \$87,950 with the bank balance of such accounts being \$87,950. The bank balance was entirely secured by FDIC insurance at December 31, 2017.

3. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 465,014	\$ —	\$ —	\$ 465,014
Construction work in progress	<u>314,332</u>	<u>988,871</u>	<u>—</u>	<u>1,303,203</u>
	<u>779,346</u>	<u>988,871</u>	<u>—</u>	<u>1,768,217</u>
Capital assets being depreciated:				
Buildings	7,913,676	284,644	—	8,198,320
Improvements other than buildings	3,811,573	—	—	3,811,573
Infrastructure	35,656,585	—	—	35,656,585
Machinery and equipment	<u>5,622,757</u>	<u>247,050</u>	<u>53,413</u>	<u>5,816,394</u>
Total capital assets being depreciated	<u>53,004,591</u>	<u>531,694</u>	<u>53,413</u>	<u>53,482,872</u>

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Less accumulated depreciation for:				
Buildings	\$ 1,377,889	\$ 207,644	\$ —	\$ 1,585,533
Improvements other than buildings	1,000,567	92,274	—	1,092,841
Infrastructure	18,838,531	858,323	—	19,696,854
Machinery and equipment	<u>3,727,826</u>	<u>409,388</u>	<u>34,692</u>	<u>4,102,522</u>
Total accumulated depreciation	<u>24,944,813</u>	<u>1,567,629</u>	<u>34,692</u>	<u>26,477,750</u>
Total capital assets being depreciated, net	<u>28,059,778</u>	<u>(1,035,935)</u>	<u>18,721</u>	<u>27,005,122</u>
Governmental activities capital assets, net	<u>\$ 28,839,124</u>	<u>\$ (47,064)</u>	<u>\$ 18,721</u>	<u>\$ 28,773,339</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 876,224	\$ —	\$ 199,362	\$ 676,862
Construction Work in Progress	<u>18,292</u>	<u>—</u>	<u>—</u>	<u>18,292</u>
Total capital assets not being depreciated	<u>894,516</u>	<u>—</u>	<u>199,362</u>	<u>695,154</u>
Capital assets being depreciated:				
Utility plant	35,220,847	—	—	35,220,847
Improvements other than buildings	16,186,890	69,601	—	16,256,491

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Machinery and equipment	\$ 2,659,742	\$ 1,098,302	\$ —	\$ 3,758,044
Total capital assets being depreciated	<u>54,067,479</u>	<u>1,167,903</u>	<u>—</u>	<u>55,235,382</u>
Less accumulated depreciation for:				
Utility plant	8,329,795	788,221	—	9,118,016
Improvements other than buildings	6,786,795	377,103	—	7,163,898
Machinery and equipment	<u>1,809,583</u>	<u>236,493</u>	<u>—</u>	<u>2,046,076</u>
Total accumulated depreciation	<u>16,926,173</u>	<u>1,401,817</u>	<u>—</u>	<u>18,327,990</u>
Total capital assets being depreciated, net	<u>37,141,306</u>	<u>(233,914)</u>	<u>—</u>	<u>36,907,392</u>
Business-type activities capital assets, net	<u>\$ 38,035,822</u>	<u>\$ (233,914)</u>	<u>\$ 199,362</u>	<u>\$ 37,602,546</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 77,619
Public safety	269,955
Highways and streets (including depreciation of infrastructure assets)	949,959
Culture and recreation	<u>270,096</u>
Total depreciation expense – governmental activities	<u>\$ 1,567,629</u>

3. CHANGES IN CAPITAL ASSETS (continued)

Business-type activities:	
Electric System	\$ 443,152
Water System	331,084
Sewer System	<u>627,581</u>
 Total depreciation expense – business-type activities	 <u>\$ 1,401,817</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the City for the year ended December 31, 2017:

	Outstanding January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>Governmental activities</u>					
General obligation bonds	\$26,199,255	\$ –	\$ 2,147,212	\$ 24,052,043	\$ 2,049,922
Mulvane Public Building Commission Revenue bonds	3,990,000	–	505,000	3,485,000	520,000
Net pension liability	2,474,011	288,622	78,098	2,684,535	–
Premium on issuance of general obligation bonds	649,036	–	86,684	562,352	85,097
Premium on issuance of Mulvane Public Building Commission revenue bonds	41,926	–	9,096	32,830	8,031
Compensated absences	<u>311,001</u>	<u>240,876</u>	<u>204,749</u>	<u>347,128</u>	<u>230,792</u>
Total long-term liabilities – Governmental activities	<u>\$33,665,229</u>	<u>\$ 529,498</u>	<u>\$ 3,030,839</u>	<u>\$ 31,163,888</u>	<u>\$ 2,893,842</u>
<u>Business-type activities</u>					
General obligation bonds	\$ 7,603,745	\$ –	\$ 864,788	\$ 6,738,957	\$ 833,181
Premium on issuance of general obligation bonds	89,018	–	33,429	55,589	–
Net pension liability	1,072,647	26,033	203,835	894,845	–
Compensated absences	<u>207,678</u>	<u>153,203</u>	<u>140,100</u>	<u>220,781</u>	<u>152,658</u>
Total long-term liabilities – Business-Type activities	<u>\$ 8,973,088</u>	<u>\$ 179,236</u>	<u>\$ 1,242,152</u>	<u>\$ 7,910,172</u>	<u>\$ 985,839</u>

4. LONG-TERM DEBT (continued)

General obligation bonds

General obligation bonds payable are serial bonds to be retired through calendar year 2034. At December 31, 2017 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Internal Improvement Bonds, Series B, 2003	2.00 – 5.00	\$ 6,000
General Obligation Bonds, Series A 2012	2.00 – 3.50	1,860,000
General Obligation Refunding and Improvement Bonds, Series B, 2012	1.00 – 2.75	3,470,000
General Obligation Bonds, Series A, 2013	2.00 – 4.00	7,435,000
General Obligation Refunding and Improvement Bonds, Series A, 2014	2.00 – 3.50	1,065,000
General Obligation Refunding and Improvement Bonds, Series A, 2015	2.00 – 2.50	5,235,000
General Obligation Refunding Bonds Series A, 2016	2.00 – 3.00	7,930,000
General Obligation Refunding Bonds, Series B, 2016	1.50 – 2.15	<u>3,790,000</u>
Total general obligation bonds outstanding		30,791,000
Less debt service from enterprise funds		<u>(6,738,957)</u>
Total general obligation bonds payable from debt service fund		<u>\$ 24,052,043</u>

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds to be retired from the debt service fund are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 2,049,922	\$ 646,753	\$ 2,696,675
2019	2,019,277	607,922	2,627,199
2020	1,797,675	563,847	2,361,522
2021	1,822,371	518,568	2,340,939
2022	1,862,817	471,809	2,334,626
2023	2,115,619	420,672	2,536,291
2024	2,165,619	363,635	2,529,254
2025	2,236,788	304,937	2,541,725
2026	2,128,831	242,895	2,371,726
2027	1,844,531	192,274	2,036,805

4. LONG-TERM DEBT (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2028	\$ 814,531	\$ 146,101	\$ 960,632
2029	499,531	120,067	619,598
2030	519,531	102,584	622,115
2031	510,000	84,400	594,400
2032	530,000	65,275	595,275
2033	555,000	45,400	600,400
2034	<u>580,000</u>	<u>23,200</u>	<u>603,200</u>
	<u>\$ 24,052,043</u>	<u>\$ 4,920,339</u>	<u>\$ 28,972,382</u>

General obligation bonds payable from enterprise funds

Remaining debt service requirements for general obligation bonds to be paid from the Electric, Water and Sewer System Funds are as follows:

<u>Year</u>	<u>Electric Utility</u>			<u>Water Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 330,010	\$ 54,017	\$ 384,027	\$ 51,223	\$ 3,816	\$ 55,039
2019	325,715	48,537	374,252	34,148	2,791	36,939
2020	319,937	42,023	361,960	5,939	2,108	8,047
2021	297,770	35,624	333,394	5,939	1,990	7,929
2022	303,571	29,669	333,240	5,939	1,871	7,810
2023	275,772	23,598	299,370	5,939	1,752	7,691
2024	284,126	18,074	302,200	5,939	1,618	7,557
2025	298,934	12,357	311,291	6,681	1,440	8,121
2026	204,970	5,640	210,610	6,681	1,240	7,921
2027	4,238	593	4,831	7,424	1,039	8,463
2028	4,238	445	4,683	7,424	779	8,203
2029	4,238	297	4,535	7,424	520	7,944
2030	<u>4,238</u>	<u>149</u>	<u>4,387</u>	<u>7,423</u>	<u>260</u>	<u>7,683</u>
	<u>\$ 2,657,757</u>	<u>\$ 271,023</u>	<u>\$ 2,928,780</u>	<u>\$ 158,123</u>	<u>\$ 21,224</u>	<u>\$ 179,347</u>

<u>Year</u>	<u>Sewer Utility</u>			<u>Total Utilities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 551,846	\$ 79,106	\$ 630,952	\$ 933,079	\$ 136,939	\$ 1,070,018
2019	538,859	70,090	608,949	898,722	121,418	1,020,140
2020	521,450	59,313	580,763	847,326	103,444	950,770
2021	478,920	48,884	527,804	782,629	86,498	869,127
2022	487,673	39,306	526,979	797,183	70,846	868,029
2023	337,670	29,552	367,222	619,381	54,902	674,283

4. LONG-TERM DEBT (continued)

Year	Sewer Utility			Total Utilities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 349,316	\$ 22,781	\$ 372,097	\$ 639,381	\$ 42,473	\$ 681,854
2025	367,597	15,724	383,321	673,212	29,521	702,733
2026	254,518	7,461	261,979	466,169	14,341	480,510
2027	8,807	1,233	10,040	20,469	2,865	23,334
2028	8,807	925	9,732	20,469	2,149	22,618
2029	8,807	617	9,424	20,469	1,434	21,903
2030	8,807	307	9,114	20,468	716	21,184
	<u>\$3,923,077</u>	<u>\$ 375,299</u>	<u>\$4,298,376</u>	<u>\$ 6,738,957</u>	<u>\$ 667,546</u>	<u>\$ 7,406,503</u>

Mulvane Public Building Commission revenue bonds

The Mulvane Public Building Commission revenue bonds are serial bonds to be retired through calendar year 2024. At December 31, 2017 the bonds consist of the following:

	Interest rates	Bonds outstanding
Mulvane Public Building Commission Refunding Revenue Bonds, Series 2009 (Fire/EMS Facility)	1.25 – 4.00	\$ 470,000
Mulvane Public Building Commission Revenue Bonds, Series A 2014 (Public Library)	2.00 – 2.125	<u>3,015,000</u>
		<u>\$ 3,485,000</u>

Remaining debt service requirements for the Mulvane Public Building Commission Series 2009 revenue bonds will be paid by the Mulvane Public Building Commission from the lease payments received from the City of Mulvane, which are provided with future property tax revenues to be levied in the General Fund and other resources available to the City. The remaining debt service requirements for the Mulvane Public Building Commission Series 2014 revenue bonds will be paid from the lease payments received from the City of Mulvane. It is anticipated that the lease payments will be made from the proceeds of a 1% City-wide sales tax for the special purpose of paying the cost of financing, site preparation, acquisition, construction, improvement, installation, furnishing and equipping a new public library within the City. The special sales tax was approved by the voters of the City in June 2014 and became effective October 1, 2014 and will expire on the 30th day of September 2024, or such earlier date as all obligations incurred have been paid in full. During 2017, the revenues from the special sales tax were \$690,756 with the required debt service payments totaling \$471,775.

4. LONG-TERM DEBT (continued)

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

Year	Series 2009 Revenue Bonds			Series 2014 Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 115,000	\$ 17,410	\$ 132,410	\$ 405,000	\$ 60,875	\$ 465,875
2019	115,000	13,500	128,500	410,000	52,775	462,775
2020	120,000	9,360	129,360	420,000	44,575	464,575
2021	120,000	4,800	124,800	430,000	36,175	466,175
2022	—	—	—	440,000	27,575	467,575
2023	—	—	—	450,000	18,775	468,775
2024	—	—	—	460,000	9,775	469,775
	<u>\$ 470,000</u>	<u>\$ 45,070</u>	<u>\$ 515,070</u>	<u>\$ 3,015,000</u>	<u>\$ 250,525</u>	<u>\$ 3,265,525</u>

Net pension liability

The governmental funds portion of the liability for pension-related debt is principally liquidated from the City’s General Fund. The total net pension liability has been allocated to the business-type activities based on their respective covered payroll for the year ended December 31, 2017.

Compensated absences

The governmental funds portion of outstanding compensated absence liabilities is principally liquidated from resources of the General Fund.

Conduit debt

The City has issued limited obligation bonds for the purpose of financing capital activities of unrelated third parties. Although conduit debt obligations bear the name of the City, they are payable solely from resources provided by leases or loans with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith or credit of the City of Mulvane, and accordingly, are not included as liabilities in the accompanying financial statements. The following is a summary of conduit debt transactions for the year ended December 31, 2017:

	Outstanding January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2017</u>
Villa Maria, Inc. Health Care Facility Refunding Revenue Bonds, Bonds, Series 2004	\$ 1,800,000	\$ —	\$ 1,800,000	\$ —

4. LONG-TERM DEBT (continued)

	Outstanding January 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2017</u>
Villa Maria, Inc. Health Care Facility Refunding And Improvement Revenue Bonds, Series 2017	\$ <u>—</u>	\$ <u>5,100,000</u>	\$ <u>—</u>	\$ <u>5,100,000</u>
	<u>\$ 1,800,000</u>	<u>\$ 5,100,000</u>	<u>\$ 1,800,000</u>	<u>\$ 5,100,000</u>

5. TEMPORARY NOTES

Kansas statutes permit the issuance of temporary notes to finance certain capital improvement projects, which will be refinanced with general obligation bonds or paid through other resources available to the City. Prior to the issuance of the temporary notes, the governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance. During 2017, the City issued \$2,515,000 and retired \$315,000 of temporary notes. At December 31, 2017 the City's outstanding temporary notes were as follows:

	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Capital Projects:			
General Obligation Temporary Notes, Series A, 2017:			
Villa Maria Senior Housing Project	3.50%	\$ <u>175,000</u>	3-1-18
General Obligation Temporary Notes, Series B, 2017:			
Cedar Brook 6th Addition Water Improvements	2.00%	\$ 63,650	12-1-18
Cedar Brook 6 th Addition Sewer Improvements	2.00%	53,600	12-1-18
Cedar Brook 6 th Addition Street Improvements	2.00%	<u>217,750</u>	12-1-18
		<u>335,000</u>	

5. TEMPORARY NOTES (continued)

	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
General Obligation Temporary Notes, Series C, 2017:			
Nottingham Estates Addition Water Improvements	1.60%	\$ 140,350	3-1-19
Nottingham Estates Addition Sewer Improvements	1.60%	240,600	3-1-19
Nottingham Estates Addition Street Improvements	1.60%	441,100	3-1-19
Emerald Valley Phase 1 Addition Water Improvements	1.60%	180,450	3-1-19
Emerald Valley Phase 1 Addition Sewer Improvements	1.60%	200,500	3-1-19
Emerald Valley Phase 1 Addition Street Improvements	1.60%	481,200	3-1-19
Emerald Valley Phase 1 Addition Pond Improvements	1.60%	240,600	3-1-19
Gilbert Addition Improvements	1.60%	<u>80,200</u>	3-1-19
		<u>2,005,000</u>	
Total outstanding temporary notes		<u>\$ 2,515,000</u>	

During 2017, the temporary note activity for the various capital improvement projects were as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ 315,000	\$ 2,515,000	\$ 315,000	\$ 2,515,000

6. CAPITAL PROJECT FUND AUTHORIZATIONS

At December 31, 2017, individual project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

<u>Project</u>	<u>Project authorizations</u>	<u>Expenditures project inception to December 31, 2017</u>
Water Treatment Plant Improvements	\$ 7,000,000	\$ 6,115,774

6. CAPITAL PROJECT FUND AUTHORIZATIONS (continued)

<u>Project</u>	<u>Project authorizations</u>	<u>Expenditures project inception to December 31, 2017</u>
Cedar Brook 5 th Addition Water Improvements	\$ 119,340	\$ 75,440
Cedar Brook 5 th Addition Sewer Improvements	114,000	66,872
Cedar Brook 5 th Addition Street Improvements	331,200	253,808
Merlin's Glen Street Drainage Improvements	75,323	55,994
Villa Maria Senior Housing Project	277,098	175,239
Nottingham Estates Addition Water Improvements	148,050	141,779
Nottingham Estates Addition Sewer Improvements	5263,220	145,997
Nottingham Estates Addition Street Improvements	467,250	344,006
Emerald Valley Phase 1 Addition Water Improvements	190,055	155,882
Emerald Valley Phase 1 Addition Sewer Improvements	212,835	199,340
Emerald Valley Phase 1 Addition Street Improvements	490,035	6,283
Emerald Valley Phase 1 Addition Pond Improvements	254,205	144,774
Gilbert Addition Improvements	115,978	12,347

7. PENSION PLAN

Plan description

The City participates in the Kansas Public Employees Retirement System, a cost sharing multiple employer defined benefit pension plan. 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. 74-4901 *et. seq.*:

Public employees, which includes:

- State/School employees
- Local employees

Police and Firemen

Judges

7. PENSION PLAN (continued)

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 local employees group.

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803, by calling 1-888-275-5737 or via KPERS website at www.kpers.org.

Benefits provided

Benefits are established by statute and may only be changed by the Legislature. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Members (except Police and Firemen) with ten or more years of credited service may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (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.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

7. PENSION PLAN (continued)

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 for each of the three state wide pension groups. 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, which includes the state and the school 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 1.2% of total payroll.

The actuarially determined employer contribution rates and the statutory contribution rates are as follows:

	<u>Actuarial Employer Rate</u>	<u>Statutory Employer Capped Rate</u>
State employees	10.77%	10.81%
School employees	16.03	10.81
State/School employees (combined rate) (1)	14.89	10.81
Local government employees	8.46	8.46
Police and Firemen	19.03	19.03
Judges	21.36	21.36

(1) The State/School subgroups are combined into one group for purposes of determining a contribution rate.

Rates shown for KPERS State, School and Judges represent the rates for the fiscal year ending June 30. KPERS Local and KP&F rates are reported for the calendar year.

Member contribution rates as a percentage of eligible compensation in fiscal year 2017 are 6.00% for Public Employees, 7.15% for Police and Firemen, and 6.00% or 2.00% for Judges.

The 2015 Legislature passed and the Governor approved Senate Bill 228, which authorized the issuance of \$1 billion in pension obligation bonds to improve the funding of the state/school group. The bonds were issued in August 2015 and deposited in the trust fund

7. PENSION PLAN (continued)

on August 20, 2015. This legislation reset the state/school statutory rate to 10.91%. In fiscal year 2015 for the state/school employer group, the Governor declared an allotment affecting the employer rate for the last two quarters of the fiscal year. The employer rate was reduced from 11.27% to 8.65%.

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 as of June 30, 2017 are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017, the City's proportion was .247117%, which was an increase of .017861% from its proportion measured at June 30, 2016.

Receivables

In addition to statutorily determined contractually required contributions, certain agencies also make payments through an additional component of their required employer contribution rate or annual installment payments. Both options include interest at 8% per year, for the cost of service credits granted retroactively when the agencies initially joined the retirement system. As of June 30, 2017, the outstanding balance was \$5,606,138. These payments are due over various time periods up through December 31, 2032.

The 2016 Legislature passed and the Governor approved Senate Bill 161, authorizing the delay of up to \$100 million in KPERS State/School contributions. The 2017 Legislature and the Governor approved Substitute For Substitute For HB 2052 which eliminated the funding for repaying the delayed 2016 contributions. The amount set up as a long-term receivable in fiscal year 2016 has been written off.

In addition, this bill authorized the delay of \$64.1 million in fiscal year 2017 contributions for unified school districts. This amount has been set up as a long-term receivable. Repayment is scheduled in a series of twenty annual payments of \$6.4 million. Senate

7. PENSION PLAN (continued)

Substitute For HB 2002 authorized the first two annual payments for Fiscal Years 2018 and 2019. The first payment of \$6.4 million was received by the Pension Plan in July 2017.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At December 31, 2017, the City reported a liability of \$3,579,380 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2017, the City recognized pension expense of \$104,131. At December 31, 2017 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>
City contributions subsequent to the measurement date	\$ 180,138	\$ —
Differences between expected and actual experience	17,312	123,768
Net difference between projected and actual earnings on pension plan investments	112,279	—
Changes in assumptions	192,764	26,174
Changes in proportion	<u>454,278</u>	<u>152,641</u>
Total	<u>\$ 956,771</u>	<u>\$ 302,583</u>

The City reported \$180,138 as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 114,158
2019	238,773
2020	108,917
2021	(18,085)
2022	30,287
Thereafter	—

7. PENSION PLAN (continued)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Inflation	2.75 percent
Salary Increases	3.50 to 12.00 percent, including price inflation
Investment Rate of Return	7.75 percent compounded annually, net of investment expense, including price inflation

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation assumption lowered from 3.00 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 percent to 3.50 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent

The long-term expected rate of return on 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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.80%
Fixed Income	13.00	1.25

7. PENSION PLAN (continued)

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Yield Driven	8.00%	6.55%
Real Return	11.00	1.71
Real Estate	11.00	5.05
Alternatives	8.00	9.85
Short-Term Investments	<u>2.00</u>	(0.25)
Total	<u>100.00%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below:

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for fiscal year 2017 was 1.2 percent.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for fiscal year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for fiscal year 2016 and 10.81 percent for fiscal year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

In addition, 2017 S Sub. For Substitute HB 2052 delayed \$64.1 million in Fiscal Year State/School contributions to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 million was received in July 2017 and appropriations for fiscal year 2018 are intended to fully fund the State/School group statutory contribution rate of 12.01 percent for that year. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for fiscal year 2019. Like the fiscal year 2017 reduction, it is to be paid back over a 20-year period, beginning in fiscal year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan.

7. PENSION PLAN (continued)

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group’s contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the net pension liability of the Pension Plan as of June 30, 2017 calculated using the discount rate of 7.75%, as well as what the Pension Plan’s 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:

	June 30, 2017		
	1.00% Decrease (6.75%)	Current Discount Rate (7.75%)	1.00% Increase (8.75%)
Net pension liability	\$5,155,090	\$3,579,380	\$2,251,119

Special funding situation

The employer contributions for non-public school district schools, as defined in K.S.A. 74-49314 (2) and (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, area vocational technical schools and community junior colleges, are considered to be in a special funding situation as defined by *Governmental Accounting Standards Board Statement No. 68*. The State is treated as a nonemployer contributing entity in the System. Since these employers do not contribute directly to the System for active employees, there is not net pension liability or deferred inflows or outflows to report in their financial statements for active employees. The notes to their financial statements for these entities must disclose the portion of the nonemployer contributing entities’ total proportionate share of the collective net pension liability that is associated with the non-public school district employer. In addition, each non-public school district employer must recognize the pension expense associated with their employer as well as revenue in an amount equal to the nonemployer contributing entities’ total proportionate share of the collective net pension expense associated with their employer.

A number of these employers make contributions directly to KPERS for KPERS retirees filling KPERS covered position per K.S.A. 74-4937, “working after retirement” employees. The resulting proportional share of these agencies “working after retirement” contributions and resulting net pension liability are attributable to the employer.

7. PENSION PLAN (continued)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

8. BUDGETARY DATA

As described in Note 1, the actual data presented in the budgetary comparison statements differ from data presented in accordance with generally accepted accounting principles (GAAP) for the governmental fund types. The following reconciliation's are presented to provide a correlation between the different bases of reporting:

	<u>General Fund</u>	<u>Employee Benefits Fund</u>	<u>Debt Service Fund</u>	<u>Other Nonmajor Govern- mental Funds</u>
GAAP Fund Balance at December 31, 2017	\$ 4,232,261	\$ 306,691	\$ 601,951	\$ 978,878
Adjustments:				
Reserved for self-insurance	(156,235)	-	-	-
Accrued sales tax revenues	(63,394)	-	-	(62,632)
Accrued franchise fee revenues	(37,202)	-	-	-
Accrued gaming facility revenues	(164,384)	-	-	-
Other receivables	-	-	-	(74,310)
Reserved for encumbrances -- budgeted funds	(4,275)	-	-	(20,639)
Fund balances of nonbudgeted special revenue funds	-	-	-	1,004,188
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Budgetary Fund Balance at December 31, 2017	<u>\$ 3,806,771</u>	<u>\$ 306,691</u>	<u>\$ 601,951</u>	<u>\$ 1,825,485</u>

9. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables (due to/ from other funds) at December 31, 2017 were as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Nottingham Estates Addition Water Improvements	\$ 71,745	\$ -
Cedar Brook 5 th Addition Water Improvements	-	11,786
Cedar Brook 5 th Addition Sewer Improvements	-	12,784
Cedar Brook 5 th Addition Street Improvements	-	46,940
Villa Maria Senior Housing Project	-	235
	<u> </u>	<u> </u>
	<u>\$ 71,745</u>	<u>\$ 71,745</u>

9. INTERFUND RECEIVABLES AND PAYABLES (continued)

The amounts due to the Nottingham Estates Addition Water Improvements Fund are the result of cash deficiencies incurred at year-end by other project funds for which permanent financing had been authorized by the governing body but not yet issued at year-end.

10. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund for 2017 is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General	\$ <u> —</u>	\$ <u>125,000</u>
Nonmajor Funds:		
Senior Citizens	20,000	—
Swimming Pool	<u>105,000</u>	<u> —</u>
	<u>125,000</u>	<u> —</u>
	<u>\$ 125,000</u>	<u>\$ 125,000</u>

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended.

Transfers from the General Fund to the Swimming Pool Fund (\$105,000) and also to the Senior Citizens Fund (\$20,000) are routinely made to support those functional operations.

11. FUND DEFICITS

At December 31, 2017, the following funds had incurred fund deficits:

<u>Fund</u>	<u>Deficit Amount</u>
Cedar Brook 5 th Addition Water Improvements	\$ 75,436
Cedar Brook 5 th Addition Sewer Improvements	66,384
Cedar Brook 5 th Addition Street Improvements	264,690
Villa Maria Senior Housing Project	175,235
Nottingham Estates Addition Water Improvements	110,319
Nottingham Estates Addition Sewer Improvements	145,997
Nottingham Estates Addition Street Improvements	275,077

11. FUND DEFICITS

<u>Fund</u>	<u>Deficit Amount</u>
Emerald Valley Phase 1 Addition Water Improvements	\$ 6,021
Emerald Valley Phase 1 Addition Sewer Improvements	20,618
Emerald Valley Phase 1 Addition Street Improvements	6,283
Emerald Valley Phase 1 Addition Pond Improvements	144,774
Gilbert Addition Improvements	12,347

These fund deficits will be financed through the sale of bonds authorized by the City Council, not yet sold at December 31, 2017, or through other revenue sources available to the City.

12. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the City is required to allow retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy, if any, has not been quantified in these financial statements. It is management's opinion that the effect on the City's financial statements is not significant.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured and there is no cost to the City under this program.

13. ADVANCE REFUNDING

On August 18, 2016, the City entered into an advance refunding transaction whereby it issued \$7,930,000 of General Obligation Refunding Bonds, Series A, 2016, with interest rates from 2.00% to 3.50%, to advance refund \$8,250,000 of outstanding General Obligation Bonds, Series A 2012 with interest rates from 3.00% to 3.50%. Proceeds from the Series A 2016 Bonds, including the premium received thereon, in the amount of \$8,600,756 along with \$133,166 from the City's Debt Service Fund were placed in an irrevocable trust with the City's escrow paying agent, the Security Bank of Kansas City, Kansas City, Kansas, to provide for the principal amount and interest to the call date, October 1, 2017, to advance refund the General Obligation Bonds, Series A 2012 maturing on October 1, 2020 to October 1, 2027.

The City entered into the refunding transaction for the Series A 2012 General Obligation Bonds to reduce its total debt service payments over the next 11 years by \$787,036 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$709,222.

14. TAX ABATEMENTS

In the current year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. The objective of GASB Statement No. 77 is to improve financial reporting by giving financial statement users essential information regarding the nature and magnitude of tax abatements. The City operates two economic development programs that qualify as tax abatements under GASB No. 77. Those programs are summarized as follows.

Neighborhood Revitalization Programs Property Tax Abatements

The City participates in the Sumner County Neighborhood Revitalization Plan (NRP), which was effective July 1, 2014 and approves property tax abatements in accordance with K.S.A. 79-201a Second and Twenty-Fourth and K.S.A. 12-1740 to 12-1749d, inclusive. The NRP incentive program requires that the construction of an improvement must have been commenced on or after July 1, 2014. Rehabilitation, alterations and additions to any existing residential structure, including the alteration of a single-family home into a multi-family dwelling, shall be eligible. The rebate period will be for a period of 5 years with the rebate amount being 95% of the increased valuation from such improvements. Rehabilitation, alterations and additions to any existing commercial structure used for retail, office, manufacturing, warehousing, institutional and agricultural or other commercial or industrial purpose shall be eligible. The rebate period will be for a period of 5 years with the rebate amount being 95% of the increased valuation from such improvements. Properties within the City of Mulvane located within Sumner County are eligible. Upon timely payment in full of all real estate tax and special assessments for the property, a rebate of the taxes related to the valuation improvement (less an administrative fee not to exceed 10% to be retained by Sumner County, Kansas) will be made to the property owner. Sumner County issues the rebate checks directly to the individual taxpayers. All taxing subdivisions overlapping the City of Mulvane located within Sumner County participate in this NRP program.

For the year ended December 31, 2017, the City abated property taxes totaling \$4,383 under the NRP program.

Industrial Revenue Bond Tax Abatements

The City negotiates property tax abatement agreements on an individual basis. The City has one entity with outstanding industrial revenue bonds however, that entity is a nonprofit adult care home, which is exempt from property taxes under the provisions of Kansas State Statutes.

The City expects property tax abatements to help achieve some or all of the following objectives:

- Retention and/or expansion of existing businesses located in the City;
- Diversification of the local economy;
- Positive net impact on the City or a particular areas of the City where economic assistance is needed;

14. TAX ABATEMENTS (continued)

- Enhance the City's economic climate and increase/maintain the City's job market;
- Increase the property tax base of commercial properties to further support the cost of City services;
- Enhance the City's credit worthiness by broadening the tax base;
- Promote the completion of existing City Business Park and encourage development of new business enterprises.

15. COMMITMENTS AND CONTINGENCIES

Casino Operations and Commitments

In 2007, the State of Kansas enacted legislation authorizing casino gaming in Kansas and established four gaming zones. One gaming zone was established for south central Kansas encompassing Sedgwick and Sumner Counties and allowing for the construction of one single facility. In August 2007, voters of Sedgwick County chose not to allow a casino to be built in the County leaving only certain sites in Sumner County.

On October 19, 2010 the Kansas Lottery Commission executed a Lottery Gaming Facility Management Contract (Management Contract) with Peninsula Gaming Partners, LLC and on December 15, 2010 the Lottery Gaming Review Board selected the Management Contract proposed by Peninsula Gaming Partners, LLC and on January 14, 2011 the Kansas Racing and Gaming Commission approved the Management Contract. On January 31, 2011, Peninsula Gaming Partners, LLC assigned the Management Contract to Kansas Star Casino, LLC. The governing body of the City of Mulvane entered into a Developer's Agreement with Kansas Star Casino, LLC on March 7, 2011. The development site is located at Exit 33 of the Kansas Turnpike and is located within the corporate limits of the City.

The facility is being constructed in phases with the temporary casino being opened in December 2011. The second phase of the development included an expanded gaming center, a 300-room hotel, a 40-space recreational vehicle park, a 4,200-seat events center and a 24-acre Equine Center. The expanded gaming center and hotel was completed during 2012 with the remaining portions of the facility being developed thereafter. Under the terms of the Developer's Agreement, the City contracted for an architectural and engineering firm to perform a utility needs assessment to provide the City with recommendations concerning the modifications and necessary additions to the current utilities being operated by the City. The City has installed sanitary sewer, water and electrical improvements as requested by the Kansas Star Casino, LLC with the entire cost of such improvements being assessed against the Kansas Star site.

Peninsula Gaming Partners, LLC was purchased by Boyd Gaming Corporation in May 2012. Boyd Gaming Corporation assumed the Peninsula Gaming Partners, LLC Management Contract with the Kansas Lottery Commission.

15. COMMITMENTS AND CONTINGENCIES (continued)

The City receives 1% of the gaming revenues from the Kansas Star Casino each month, which is distributed by the State of Kansas.

The Kansas Star Casino, LLC (Casino) has protested its property valuation within Sumner County for 2012, 2013, 2014, 2015 and 2016. Upon appeal, the Court of Appeals reduced the Casino's assessed valuation in 2012 from \$22.7 million to \$20.1 million. The Court of Appeals decision was appealed, but the Kansas Supreme Court declined to hear the case and such valuation stands. Sumner County issued a refund for 2012 property taxes to the Casino. The City received notification from Sumner County on March 22, 2018 that the property tax distribution to the City for June 5, 2018 would be reduced by \$122,025 to account for the City's portion of the 2012 refund.

The Casino also appealed the 2013 assessed valuation of \$56.5 million and the 2014 assessed valuation of \$38.8 million. The Board of Tax Appeals has ruled that the Casino's assessed valuation for 2013 is approximately 26.3 million and for 2014 is approximately \$24.4 million. The Board's rulings were appealed. The 2013 and 2014 cases were consolidated and heard by the Court of Appeals in February 2018. No decision by the Court of Appeals has yet been released.

The Casino appealed the 2015 assessed valuation of \$44.1 million. The Board of Tax Appeals ruled that the Casino's assessed valuation for 2015 is approximately \$25 million. The decision is on appeal to the Court of Appeals with a hearing date scheduled for May 2018.

The valuations for 2016 and 2017 were also appealed to the Board of Tax Appeals, which ruled the assessed valuations for both years were approximately \$25 million. It is anticipated that one or both of the parties will appeal these rulings.

If the Casino is successful in reducing its assessed valuations for 2013 and subsequent years, it may receive refunds from Sumner County for taxes previously paid based upon the larger assessed valuations. If Sumner County is required to refund any previously collected property taxes to the Casino for 2013 through 2018, the City's share of said refunds will be deducted from its future property tax revenues. The City estimates that the City's portion of a potential refund for taxes paid based upon the 2013 valuation, and accompanying reduction in future tax revenue, could be approximately \$1.28 million. To the extent the Board of Tax Appeals and courts reduce the assessed valuations for 2014 and subsequent years, the County will further reduce future tax distributions in amounts necessary to recover the City's portion of such refunds. There can be no assurance that these valuations or future valuations will not be further reduced as a result of such proceedings now or in the future.

The City has budgeted a total of \$1,500,000 in anticipation of possible reductions in property tax revenues due to tax refunds to the Casino. There can be no assurance that such budgeted amount will be sufficient to compensate for all reductions in tax revenues attributable to refunds to the Casino.

15. COMMITMENTS AND CONTINGENCIES (continued)

Residential Housing Addition Commitments

The City had outstanding construction and engineering commitments for water, sewer, paving and retention pond improvements related to new residential housing addition projects being constructed within the City in the amount of \$249,515 at December 31, 2017.

16. SUBSEQUENT EVENTS

Mulvane Public Building Commission Revenue Bonds

Subsequent to December 31, 2018, the Mulvane Public Building Commission issued Mulvane Public Building Commission Revenue Bonds, Series 2018 in the principal amount of \$1,000,000 at an average interest rate of 2.785%. The bonds were issued for the purpose of acquiring certain real estate and constructing, equipping and furnishing of City facilities.

Management has evaluated subsequent events through June 26, 2018, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MULVANE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
KPERS PENSION PLAN

**Schedule of City's Proportionate Share of the Net Pension Liability
Last Four Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportionate percentage of the net pension liability	.2471117%	.229256%	.246065%	.231939%
City's proportionate share of the net pension liability	\$ 3,579,380	\$ 3,546,658	\$ 3,230,942	\$ 2,854,735
City's covered employee payroll	\$ 4,568,936	\$ 3,994,760	\$ 3,969,325	\$ 3,612,771
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	78.34%	88.78%	81.40%	79.02%
Plan fiduciary net position as a percentage of the total pension liability	72.16%	68.55%	71.98%	72.56%

**Schedule of City's Contributions
Last Four Years ***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 357,913	\$ 378,272	\$ 430,043	\$ 392,087
Contributions in relation to the contractually required contribution	<u>(357,913)</u>	<u>(378,272)</u>	<u>(430,043)</u>	<u>(392,087)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered employee payroll	\$ 4,230,650	\$ 4,120,610	\$ 4,536,319	\$ 4,435,373
Contributions as a percentage of covered employee payroll	8.46%	9.18%	9.48%	8.84%

* – Data became available with the inception of GASB Statement No. 68 during fiscal year 2015, therefore 10 years of data is unavailable.

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

Library – to account for the City's tax levy funding of the operation of the municipal library. Financing is provided by a specific tax levy.

Industrial Development – to account for the promotion of industrial development. Financing is provided through a specific tax levy.

Senior Citizen – to account for the operations of the Senior Center activities. Financing is provided from appropriations from the City's general fund.

Special Highway – to account for street maintenance operations. Financing is provided through motor fuel taxes distributed from the State of Kansas Special City and County Highway Fund.

Special Park and Recreation – to account for park and recreation services for City residents. Financing is provided through a statewide alcohol liquor tax.

Transportation Impact Fee – to account for the assessments on new home construction for use in construction or improvement of the City's streets.

Storm Sewer Fee – to account for the assessments on all sewer utility customers for use in construction or improvement of the City's storm sewer drainage system.

Park Impact Fee – to account for the assessments on new home construction for use in construction or improvement of the City's parks.

Swimming Pool – to account for the operations of the municipal swimming pool.

Special Alcohol – to account for alcohol abuse services for City residents. Financing is provided through a statewide alcoholic liquor tax.

Transient Guest Tax – to account for the administration of the Transient Guest Tax received by the City. All moneys are to be expended for convention and tourism promotion per applicable State statutes.

Library Sales Tax – to account for the resources provided by a City-wide 1% sales tax to be utilized for a special purpose of paying the cost of financing, site preparation, acquisition, construction, improvement, installation, furnishing and equipping a new public library within the City.

Mulvane Public Building Commission – the Mulvane Public Building Commission is a component unit of the City and is used to account for the acquisition and subsequent debt service of public buildings utilized by the City.

NONMAJOR CAPITAL PROJECT FUNDS

The primary purpose of the capital projects fund is to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds. Projects included within this fund are as follows:

Capital Improvement Reserve – to account for public facility improvements performed in conjunction with the City’s multi-year capital improvement plan. Financing is provided from tax levy and other resources available to the City for such purposes.

Municipal Equipment Reserve – to accumulate resources to be used for new or replacement equipment. Financing is provided through annual transfers that must be budgeted and can be from any source which may be lawfully utilized for such purposes.

Water Treatment Plant Improvements – to account for and report the costs incurred related to construction of a new water treatment plant related to anticipated demands for additional water treatment capacity.

Cedar Brook 5th Addition Water Improvements – to account for the construction of water improvements to the Cedar Brook Addition Phase 5 residential housing addition. Financing is provided from long-term debt sources.

Cedar Brook 5th Addition Sewer Improvements – to account for the construction of sewer improvements to the Cedar Brook Addition Phase 5 residential housing addition. Financing is provided from long-term debt sources.

Cedar Brook 5th Addition Street Improvements – to account for the construction of street improvements to the Cedar Brook Addition Phase 5 residential housing addition. Financing is provided from long-term debt sources.

Merlin’s Glen Street Drainage Improvements – to account for the construction of storm water drainage improvements to the Merlin’s Glen residential housing addition. Financing is provided through property owner special assessments and other resources available to the City.

Villa Maria Senior Housing Project – to account for the construction of water and sanitary sewer improvements to the Villa Maria Adult Care Home facility. Financing is provided from long-term debt sources.

Nottingham Estates Addition Water Improvements – to account for the construction of water improvements to the Nottingham Estates residential housing addition. Financing is provided from long-term debt sources.

Nottingham Estates Addition Sewer Improvements – to account for the construction of sewer improvements to the Nottingham Estates residential housing addition. Financing is provided from long-term debt sources.

Nottingham Estates Addition Street Improvements – to account for the construction of street improvements to the Nottingham Estates residential housing addition. Financing is provided from long-term debt sources.

Emerald Valley Phase 1 Addition Water Improvements – to account for the construction of water improvements to the Emerald Valley Phase 1 residential housing addition. Financing is provided from long-term debt sources.

Emerald Valley Phase 1 Addition Sewer Improvements – to account for the construction of sewer improvements to the Emerald Valley Phase 1 residential housing addition. Financing is provided from long-term debt sources.

Emerald Valley Phase 1 Addition Street Improvements – to account for the construction of street improvements to the Emerald Valley Phase 1 residential housing addition. Financing is provided from long-term debt sources.

Emerald Valley Phase 1 Addition Pond Improvements – to account for the construction of retention pond improvements to the Emerald Valley Phase 1 residential housing addition. Financing is provided from long-term debt sources.

Gilbert Addition Improvements – to account for the construction of improvements to the Gilbert Addition residential housing addition. Financing is provided from long-term debt sources.

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash including short-term investments	\$ 1,842,407	\$ 1,935,450	\$ 3,777,857
Property tax receivable	407,133	103,375	510,508
Accounts receivable	78,330	–	78,330
Sales tax receivable	62,632	–	62,632
Due from other funds	<u>–</u>	<u>71,745</u>	<u>71,745</u>
 Total	 <u>\$ 2,390,502</u>	 <u>\$ 2,110,570</u>	 <u>\$ 4,501,072</u>
 <u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ –	\$ 424,638	\$ 424,638
Accrued payroll and accrued liabilities	303	–	303
Due to other funds	–	71,745	71,745
Temporary notes payable	<u>–</u>	<u>2,515,000</u>	<u>2,515,000</u>
 Total liabilities	 <u>303</u>	 <u>3,011,383</u>	 <u>3,011,686</u>
Deferred inflows of resources:			
Property taxes receivable	<u>407,133</u>	<u>103,375</u>	<u>510,508</u>
Fund Balances:			
Restricted:			
Recreation	945,165	–	945,165
Health and welfare	70,969	–	70,969
Economic development	475,272	–	475,272
Street improvements	92,191	–	92,191
Capital improvements	–	95,323	95,323
Committed:			
Street improvements	331,384	–	331,384
Parks and recreation	67,424	–	67,424
Assigned:			
Culture and recreation	661	–	661
Capital outlay	–	203,670	203,670
Unassigned	<u>–</u>	<u>(1,303,181)</u>	<u>(1,303,181)</u>
 Total fund balances	 <u>1,983,066</u>	 <u>(1,004,188)</u>	 <u>978,878</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 2,390,502</u>	 <u>\$ 2,110,570</u>	 <u>\$ 4,501,072</u>

CITY OF MULVANE, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year ended December 31, 2017

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:			
Taxes	\$ 1,536,124	\$ 136,389	\$ 1,672,513
Intergovernmental	253,922	—	253,922
Charges for services	101,807	—	101,807
Use of money and property	<u>596,175</u>	<u>1,697</u>	<u>597,872</u>
 Total revenues	 <u>2,488,028</u>	 <u>138,086</u>	 <u>2,626,114</u>
 Expenditures:			
Current:			
Highways and streets	268,676	—	268,676
Culture and recreation	1,277,834	—	1,277,834
Health and welfare	106,129	—	106,129
Economic development	324,500	—	324,500
Capital improvements	—	1,851,688	1,851,688
Debt service:			
Principal	505,000	—	505,000
Interest and fiscal charges	<u>89,645</u>	<u>4,384</u>	<u>94,029</u>
 Total expenditures	 <u>2,571,784</u>	 <u>1,856,072</u>	 <u>4,427,856</u>
 Revenues over expenditures	 (83,756)	 (1,717,986)	 (1,801,742)
 Other financing sources (uses):			
Transfers in	<u>125,000</u>	<u>—</u>	<u>125,000</u>
 Net change in fund balances	 41,244	 (1,717,986)	 (1,676,742)
Fund balances, beginning of year	<u>1,941,822</u>	<u>713,798</u>	<u>2,655,620</u>
 Fund balances, end of year	 <u>\$ 1,983,066</u>	 <u>\$ (1,004,188)</u>	 <u>\$ 978,878</u>

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued on next page)

December 31, 2017

	<u>Library</u>	<u>Industrial Develop- ment</u>	<u>Senior Citizens</u>	<u>Special Highway</u>	<u>Special Park and Recreation</u>	<u>Trans- portation Impact Fee</u>	<u>Storm Sewer</u>	<u>Park Impact Fee</u>
<u>ASSETS</u>								
Cash and short-term investments	\$ 9,548	\$ 194,601	\$ 964	\$ 92,191	\$ 71,537	\$ 49,947	\$ 273,976	\$ 66,724
Accounts receivable	–	–	–	–	–	–	7,461	–
Property taxes receivable	402,883	4,250	–	–	–	–	–	–
Sales tax receivable	–	–	–	–	–	–	–	–
Total assets	<u>\$ 412,431</u>	<u>\$ 198,851</u>	<u>\$ 964</u>	<u>\$ 92,191</u>	<u>\$ 71,537</u>	<u>\$ 49,947</u>	<u>\$ 281,437</u>	<u>\$ 66,724</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>								
Liabilities:								
Accrued payroll and taxes	\$ –	\$ –	\$ 303	\$ –	\$ –	\$ –	\$ –	\$ –
Deferred inflows of resources:								
Property taxes receivable	<u>402,883</u>	<u>4,250</u>	–	–	–	–	–	–
Fund balances:								
Restricted:								
Recreation	9,548	–	–	–	71,537	–	–	–
Health and welfare	–	–	–	–	–	–	–	–
Economic development	–	194,601	–	–	–	–	–	–
Street improvements	–	–	–	92,191	–	–	–	–
Committed:								
Street improvements	–	–	–	–	–	49,947	281,437	–
Parks and recreation	–	–	–	–	–	–	–	66,724
Assigned:								
Culture and recreation	–	–	661	–	–	–	–	–
Total fund balances	<u>9,548</u>	<u>194,601</u>	<u>661</u>	<u>92,191</u>	<u>71,537</u>	<u>49,947</u>	<u>281,437</u>	<u>66,724</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 412,431</u>	<u>\$ 198,851</u>	<u>\$ 964</u>	<u>\$ 92,191</u>	<u>\$ 71,537</u>	<u>\$ 49,947</u>	<u>\$ 281,437</u>	<u>\$ 66,724</u>

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
(continued from previous page)

December 31, 2017

	<u>Swimming Pool</u>	<u>Special Alcohol</u>	<u>Transient Guest Tax</u>	<u>Library Sales Tax</u>	<u>Mulvane Public Building Commission</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>ASSETS</u>						
Cash and short-term investments	\$ 700	\$ 70,969	\$ 209,802	\$ 801,448	\$ --	\$ 1,842,407
Accounts receivable	-	-	70,869	-	-	78,330
Property taxes receivable	-	-	-	-	-	407,133
Sales tax receivable	-	-	-	62,632	-	62,632
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 700</u>	<u>\$ 70,969</u>	<u>\$ 280,671</u>	<u>\$ 864,080</u>	<u>\$ --</u>	<u>\$ 2,390,502</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>						
Liabilities:						
Accrued payroll and taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 303
Deferred inflows of resources:						
Property taxes receivable	-	-	-	-	-	407,133
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances:						
Restricted:						
Recreation	-	-	-	864,080	-	945,165
Health and welfare	-	70,969	-	-	-	70,969
Economic development	-	-	280,671	-	-	475,272
Street improvements	-	-	-	-	-	92,191
Committed:						
Street improvements	-	-	-	-	-	331,384
Parks and recreation	700	-	-	-	-	67,424
Assigned:						
Culture and recreation	-	-	-	-	-	661
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>700</u>	<u>70,969</u>	<u>280,671</u>	<u>864,080</u>	<u>--</u>	<u>1,983,066</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows and fund balances	<u>\$ 700</u>	<u>\$ 70,969</u>	<u>\$ 280,671</u>	<u>\$ 864,080</u>	<u>\$ --</u>	<u>\$ 2,390,502</u>

CITY OF MULVANE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS

(continued on next page)

Year ended December 31, 2017

	<u>Library</u>	<u>Industrial Develop- ment</u>	<u>Senior Citizens</u>	<u>Special Highway</u>	<u>Special Park and Recreation</u>	<u>Trans- portation Impact Fee</u>	<u>Storm Sewer</u>	<u>Park Impact Fee</u>
Revenues:								
Taxes	\$ 418,885	\$ 4,817	\$ -	\$ -	\$ 69,922	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	21,980	231,942	-	-	-	-
Charges for services	-	-	8,198	-	-	-	41,631	-
Use of money and property	-	173	-	137	108	444	370	-
Total revenues	<u>418,885</u>	<u>4,990</u>	<u>30,178</u>	<u>232,079</u>	<u>70,030</u>	<u>444</u>	<u>42,001</u>	<u>-</u>
Expenditures:								
Current:								
Highway and streets	-	-	-	222,851	-	-	45,825	-
Culture and recreation	416,800	-	56,468	-	167,535	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
Total expenditures	<u>416,800</u>	<u>-</u>	<u>56,468</u>	<u>222,851</u>	<u>167,535</u>	<u>-</u>	<u>45,825</u>	<u>-</u>
Revenues over (under) expenditures	2,085	4,990	(26,290)	9,228	(97,505)	444	(3,824)	-
Other financing sources:								
Transfers in	-	-	20,000	-	-	-	-	-
Net change in fund balance	2,085	4,990	(6,290)	9,228	(97,505)	444	(3,824)	-
Fund balances, beginning of year	<u>7,463</u>	<u>189,611</u>	<u>6,951</u>	<u>82,963</u>	<u>169,042</u>	<u>49,503</u>	<u>285,261</u>	<u>66,724</u>
Fund balances, end of year	<u>\$ 9,548</u>	<u>\$ 194,601</u>	<u>\$ 661</u>	<u>\$ 92,191</u>	<u>\$ 71,537</u>	<u>\$ 49,947</u>	<u>\$ 281,437</u>	<u>\$ 66,724</u>

CITY OF MULVANE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
(continued from previous page)

Year ended December 31, 2017

	Swimming Pool	Special Alcohol	Transient Guest Tax	Library Sales Tax	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
Revenues:						
Taxes	\$ -	\$ 69,922	\$ 295,303	\$ 677,275	\$ -	\$ 1,536,124
Intergovernmental revenues	-	-	-	-	-	253,922
Charges for services	51,978	-	-	-	-	101,807
Use of money and property	-	298	-	-	594,645	596,175
Total revenues	<u>51,978</u>	<u>70,220</u>	<u>295,303</u>	<u>677,275</u>	<u>594,645</u>	<u>2,488,028</u>
Expenditures:						
Current:						
Highway and streets	-	-	-	-	-	268,676
Culture and recreation	168,156	-	-	468,875	-	1,277,834
Health and welfare	-	106,129	-	-	-	106,129
Economic development	-	-	324,500	-	-	324,500
Debt service:						
Principal	-	-	-	-	505,000	505,000
Interest and fiscal charges	-	-	-	-	89,645	89,645
Total expenditures	<u>168,156</u>	<u>106,129</u>	<u>324,500</u>	<u>468,875</u>	<u>594,645</u>	<u>2,571,784</u>
Revenues over (under) expenditures	(116,178)	(35,909)	(29,197)	208,400	-	(83,756)
Other financing sources:						
Transfers in	<u>105,000</u>	-	-	-	-	<u>125,000</u>
Net change in fund balance	(11,178)	(35,909)	(29,197)	208,400	-	41,244
Fund balances, beginning of year	<u>11,878</u>	<u>106,878</u>	<u>309,868</u>	<u>655,680</u>	-	<u>1,941,822</u>
Fund balances, end of year	<u>\$ 700</u>	<u>\$ 70,969</u>	<u>\$ 280,671</u>	<u>\$ 864,080</u>	<u>\$ -</u>	<u>\$ 1,983,066</u>

CITY OF MULVANE, KANSAS

LIBRARY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 412,174	\$ 412,174	\$ 418,885	\$ 6,711
Expenditures:				
Appropriations to Library Board	<u>416,800</u>	<u>416,800</u>	<u>416,800</u>	<u>—</u>
Revenues over (under) expenditures	(4,626)	(4,626)	2,085	6,711
Fund balance, beginning of year	<u>4,626</u>	<u>4,626</u>	<u>7,463</u>	<u>2,837</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,548</u>	<u>\$ 9,548</u>

CITY OF MULVANE, KANSAS

INDUSTRIAL DEVELOPMENT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 4,648	\$ 4,648	\$ 4,817	\$ 169
Use of money and property	<u>—</u>	<u>—</u>	<u>173</u>	<u>173</u>
Total revenues	4,648	4,648	4,990	342
Expenditures:				
Industrial development	<u>135,000</u>	<u>135,000</u>	<u>—</u>	<u>135,000</u>
Revenues over (under)				
expenditures	(130,352)	(130,352)	4,990	135,342
Fund balance,				
beginning of year	<u>130,352</u>	<u>130,352</u>	<u>189,611</u>	<u>59,259</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 194,601</u>	<u>\$ 194,601</u>

CITY OF MULVANE, KANSAS

SENIOR CITIZENS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Intergovernmental	\$ 21,600	\$ 21,600	\$ 21,980	\$ 380
Charges for services	4,000	4,000	8,198	4,198
Miscellaneous	500	500	–	(500)
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>20,000</u>	<u>(15,000)</u>
Total revenues and other sources	61,100	61,100	50,178	(10,922)
Expenditures:				
Operating expenditures	<u>61,200</u>	<u>61,200</u>	<u>56,468</u>	<u>4,732</u>
Expenditures over revenues and other sources	(100)	(100)	(6,290)	(6,190)
Fund balance, beginning of year	<u>7,042</u>	<u>7,042</u>	<u>6,951</u>	<u>(91)</u>
Fund balance, end of year	<u>\$ 6,942</u>	<u>\$ 6,942</u>	<u>\$ 661</u>	<u>\$ (6,281)</u>

CITY OF MULVANE, KANSAS

SPECIAL HIGHWAY FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 223,980	\$ 223,980	\$ 231,942	\$ 7,962
Use of money and property	<u>100</u>	<u>100</u>	<u>137</u>	<u>37</u>
Total revenues	224,080	224,080	232,079	7,999
Expenditures:				
Street operations	<u>260,324</u>	<u>260,324</u>	<u>239,140</u>	<u>21,184</u>
Revenues over (under) expenditures	(36,244)	(36,244)	(7,061)	29,183
Fund balance, beginning of year	<u>36,244</u>	<u>36,244</u>	<u>82,963</u>	<u>46,719</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 75,902</u>	<u>\$ 75,902</u>

CITY OF MULVANE, KANSAS

SPECIAL PARK AND RECREATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ 67,310	\$ 67,310	\$ 69,922	\$ 2,612
Use of money and property	<u> –</u>	<u> –</u>	<u> 108</u>	<u> 108</u>
Total revenues	67,310	67,310	70,030	2,720
Expenditures:				
Capital outlay	<u>263,291</u>	<u>263,291</u>	<u>167,535</u>	<u> 95,756</u>
Revenues over (under) expenditures	(195,981)	(195,981)	(97,505)	98,476
Fund balance, beginning of year	<u>195,981</u>	<u>195,981</u>	<u>169,042</u>	<u>(26,939)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 71,537</u>	<u>\$ 71,537</u>

CITY OF MULVANE, KANSAS

TRANSPORTATION IMPACT FEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Impact fees	\$ 2,000	\$ 2,000	\$ –	\$ (2,000)
Use of money and property	<u>–</u>	<u>–</u>	<u>444</u>	<u>444</u>
Total revenues	2,000	2,000	444	(1,556)
Expenditures:				
Capital outlay	<u>46,274</u>	<u>46,274</u>	<u>–</u>	<u>46,274</u>
Revenues over (under)				
expenditures	(44,274)	(44,274)	444	44,718
Fund balance,				
beginning of year	<u>44,274</u>	<u>44,274</u>	<u>49,503</u>	<u>5,229</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 49,947</u>	<u>\$ 49,947</u>

CITY OF MULVANE, KANSAS

STORM SEWER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Charges for services	\$ 29,000	\$ 29,000	\$ 38,217	\$ 9,217
Use of money and property	<u>—</u>	<u>—</u>	<u>370</u>	<u>370</u>
Total revenues	29,000	29,000	38,587	9,587
Expenditures:				
Capital Outlay	<u>212,814</u>	<u>212,814</u>	<u>15,375</u>	<u>197,439</u>
Revenues over (under)				
expenditures	(183,814)	(183,814)	23,212	207,026
Fund balance,				
beginning of year	<u>183,814</u>	<u>183,814</u>	<u>250,434</u>	<u>66,620</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 273,646</u>	<u>\$ 273,646</u>

CITY OF MULVANE, KANSAS

PARK IMPACT FEE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Impact fees	\$ 1,000	\$ 1,000	\$ –	\$ (1,000)
Expenditures:				
Capital outlay	<u>65,724</u>	<u>65,724</u>	<u>–</u>	<u>65,724</u>
Revenues over (under)				
expenditures	(64,724)	(64,724)	–	64,724
Fund balance,				
beginning of year	<u>64,724</u>	<u>64,724</u>	<u>66,724</u>	<u>2,000</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 66,724</u>	<u>\$ 66,724</u>

CITY OF MULVANE, KANSAS

SWIMMING POOL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Charges for services	\$ 65,700	\$ 65,700	\$ 51,978	\$ (13,722)
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>105,000</u>	<u>(20,000)</u>
Total revenues and other sources	190,700	190,700	156,978	(33,722)
Expenditures:				
Swimming pool operations	<u>200,501</u>	<u>200,501</u>	<u>168,156</u>	<u>32,345</u>
Expenditures over revenues and other sources	(9,801)	(9,801)	(11,178)	(1,377)
Fund balance, beginning of year	<u>9,801</u>	<u>9,801</u>	<u>11,878</u>	<u>2,077</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 700</u>	<u>\$ 700</u>

CITY OF MULVANE, KANSAS

SPECIAL ALCOHOL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ 48,000	\$ 48,000	\$ 69,922	\$ 21,922
Use of money and property	<u> –</u>	<u> –</u>	<u> 298</u>	<u> 298</u>
Total revenues	48,000	48,000	70,220	22,220
Expenditures:				
Awareness programs	<u>138,535</u>	<u>138,535</u>	<u>106,129</u>	<u>32,406</u>
Revenues over (under) expenditures	(90,535)	(90,535)	(35,909)	54,626
Fund balance, beginning of year	<u>90,535</u>	<u>90,535</u>	<u>106,878</u>	<u>16,343</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 70,969</u>	<u>\$ 70,969</u>

CITY OF MULVANE, KANSAS

TRANSIENT GUEST TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Transient guest tax	\$ 200,000	\$ 200,000	\$ 304,067	\$ 104,067
Expenditures:				
Contractual services	<u>374,176</u>	<u>374,176</u>	<u>324,500</u>	<u>49,676</u>
Revenues over (under) expenditures	(174,176)	(174,176)	(20,433)	153,743
Fund balance, beginning of year	<u>196,116</u>	<u>196,116</u>	<u>230,235</u>	<u>34,119</u>
Fund balance, end of year	<u>\$ 21,940</u>	<u>\$ 21,940</u>	<u>\$ 209,802</u>	<u>\$ 187,862</u>

CITY OF MULVANE, KANSAS

LIBRARY SALES TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sales tax	\$ 455,951	\$ 455,951	\$ 665,973	\$ 210,022
Expenditures:				
Debt service – lease payment	<u>677,849</u>	<u>677,849</u>	<u>468,875</u>	<u>208,974</u>
Revenues over (under) expenditures	(221,898)	(221,898)	197,098	418,996
Fund balance, beginning of year	<u>221,898</u>	<u>221,898</u>	<u>604,350</u>	<u>382,452</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 801,448</u>	<u>\$ 801,448</u>

CITY OF MULVANE, KANSAS

DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$1,261,472	\$1,261,472	\$ 1,606,932	\$ 345,460
Special assessments	1,960,863	1,960,863	1,721,295	(239,568)
Use of money and property	500	500	5,179	4,679
Miscellaneous	<u>—</u>	<u>—</u>	<u>10</u>	<u>10</u>
Total revenues	<u>3,222,835</u>	<u>3,222,835</u>	<u>3,333,416</u>	<u>110,581</u>
Expenditures and other uses:				
Bond Principal	2,262,810	2,262,810	2,147,212	115,598
Bond interest and commission	910,025	910,025	698,521	211,504
Cash basis reserve	<u>50,000</u>	<u>50,000</u>	<u>—</u>	<u>50,000</u>
Total expenditure	<u>3,222,835</u>	<u>3,222,835</u>	<u>2,845,733</u>	<u>377,102</u>
Revenues over expenditures and other uses	—	—	487,683	487,683
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>114,268</u>	<u>114,268</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 601,951</u>	<u>\$ 601,951</u>

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
(continued on next page)

December 31, 2017

	Capital Improvement Reserve	Municipal Equipment Reserve	Water Treatment Plant Improvements	Cedar Brook 5 th Addition Water Improvements	Cedar Brook 5 th Addition Sewer Improvements	Cedar Brook 5 th Addition Street Improvements	Merlin's Glen Street Drainage Improvements	Villa Maria Senior Housing Project	Nottingham Estates Water Improvements
ASSETS									
Cash and short-term investments	\$ 16,747	\$ 203,670	\$ 71,051	\$ --	\$ --	\$ --	\$ 7,525	\$ --	\$ 44,272
Taxes receivable	103,375	--	--	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--	--	--	71,745
Total assets	<u>\$ 120,122</u>	<u>\$ 203,670</u>	<u>\$ 71,051</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,525</u>	<u>\$ --</u>	<u>\$ 116,017</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 85,986
Due to other funds	--	--	--	11,786	12,784	46,940	--	235	--
Temporary notes payable	--	--	--	63,650	53,600	217,750	--	175,000	140,350
Total liabilities	--	--	--	75,436	66,384	264,690	--	175,235	226,336
Deferred inflows of resources:									
Property taxes receivable	103,375	--	--	--	--	--	--	--	--
Fund balances (deficit):									
Restricted:									
Capital improvements	16,747	--	71,051	--	--	--	7,525	--	--
Assigned:									
Capital outlay	--	203,670	--	--	--	--	--	--	--
Unassigned	--	--	--	(75,436)	(66,384)	(264,690)	--	(175,235)	(110,319)
Total fund balance	<u>16,747</u>	<u>203,670</u>	<u>71,051</u>	<u>(75,436)</u>	<u>(66,384)</u>	<u>(264,690)</u>	<u>7,525</u>	<u>(175,235)</u>	<u>(110,319)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 120,122</u>	<u>\$ 203,670</u>	<u>\$ 71,051</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 7,525</u>	<u>\$ --</u>	<u>\$ 116,017</u>

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECT FUNDS
(continued from previous page)

December 31, 2017

	Nottingham Estates Sewer Improvements	Nottingham Estates Street Improvements	Emerald Valley Phase 1 Water Improvements	Emerald Valley Phase 1 Sewer Improvements	Emerald Valley Phase 1 Street Improvements	Emerald Valley Phase 1 Pond Improvements	Gilbert Addition Improvements	Totals
ASSETS								
Cash and short-term investments	\$ 107,378	\$ 375,140	\$ 174,429	\$ 179,882	\$ 474,917	\$ 205,241	\$ 75,198	\$ 1,935,450
Taxes receivable	-	-	-	-	-	-	-	103,375
Due from other funds	-	-	-	-	-	-	-	71,745
Total assets	<u>\$ 107,378</u>	<u>\$ 375,140</u>	<u>\$ 174,429</u>	<u>\$ 179,882</u>	<u>\$ 474,917</u>	<u>\$ 205,241</u>	<u>\$ 75,198</u>	<u>\$ 2,110,570</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 12,775	\$ 209,117	\$ -	\$ -	\$ -	\$ 109,415	\$ 7,345	\$ 424,638
Due to other funds	-	-	-	-	-	-	-	71,745
Temporary notes payable	<u>240,600</u>	<u>441,100</u>	<u>180,450</u>	<u>200,500</u>	<u>481,200</u>	<u>240,600</u>	<u>80,200</u>	<u>2,515,000</u>
Total liabilities	<u>253,375</u>	<u>650,217</u>	<u>180,450</u>	<u>200,500</u>	<u>481,200</u>	<u>350,015</u>	<u>87,545</u>	<u>3,011,383</u>
Deferred inflows of resources:								
Property taxes receivable	-	-	-	-	-	-	-	103,375
Fund balances (deficit):								
Restricted:								
Capital improvements	-	-	-	-	-	-	-	95,323
Assigned:								
Capital outlay	-	-	-	-	-	-	-	203,670
Unassigned	<u>(145,997)</u>	<u>(275,077)</u>	<u>(6,021)</u>	<u>(20,618)</u>	<u>(6,283)</u>	<u>(144,774)</u>	<u>(12,347)</u>	<u>(1,303,181)</u>
Total fund balance	<u>(145,997)</u>	<u>(275,077)</u>	<u>(6,021)</u>	<u>(20,618)</u>	<u>(6,283)</u>	<u>(144,774)</u>	<u>(12,347)</u>	<u>(1,004,188)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 107,378</u>	<u>\$ 375,140</u>	<u>\$ 174,429</u>	<u>\$ 179,882</u>	<u>\$ 474,917</u>	<u>\$ 205,241</u>	<u>\$ 75,198</u>	<u>\$ 2,110,570</u>

CITY OF MULVANE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS
(continued on next page)

Year ended December 31, 2017

	Capital Improvement Reserve	Municipal Equipment Reserve	Water Treatment Plant Improvements	Cedar Brook 5 th Addition Water Improvements	Cedar Brook 5 th Addition Sewer Improvements	Cedar Brook 5 th Addition Street Improvements	Merlin's Glen Street Drainage Improvements	Villa Maria Senior Housing Project	Nottingham Estates Water Improvements
Revenues:									
Taxes	\$ 136,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	<u>1,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>
Total revenues	138,083	-	-	-	-	-	-	3	-
Expenditures:									
Capital outlay	842,468	25,117	-	2,650	2,897	82,266	-	174,854	110,319
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>833</u>	<u>702</u>	<u>2,849</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>842,468</u>	<u>25,117</u>	<u>-</u>	<u>3,483</u>	<u>3,599</u>	<u>85,115</u>	<u>-</u>	<u>174,854</u>	<u>110,319</u>
Expenditures over revenues	(704,385)	(25,117)	-	(3,483)	(3,599)	(85,115)	-	(174,851)	(110,319)
Fund balances (deficit), beginning of year	<u>721,132</u>	<u>228,787</u>	<u>71,051</u>	<u>(71,953)</u>	<u>(62,785)</u>	<u>(179,575)</u>	<u>7,525</u>	<u>(384)</u>	<u>-</u>
Fund balances (deficit), end of year	\$ <u>16,747</u>	\$ <u>203,670</u>	\$ <u>71,051</u>	\$ <u>(75,436)</u>	\$ <u>(66,384)</u>	\$ <u>(264,690)</u>	\$ <u>7,525</u>	\$ <u>(175,235)</u>	\$ <u>(110,319)</u>

CITY OF MULVANE, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR CAPITAL PROJECT FUNDS
(continued from previous page)

Year ended December 31, 2017

	Nottingham Estates Sewer Improvements	Nottingham Estates Street Improvements	Emerald Valley Phase 1 Water Improvements	Emerald Valley Phase 1 Sewer Improvements	Emerald Valley Phase 1 Street Improvements	Emerald Valley Phase 1 Pond Improvements	Gilbert Addition Improvements	Totals
Revenues:								
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 136,389
Use of money and property	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,697</u>
Total revenues	--	--	--	--	--	--	--	138,086
Expenditures:								
Capital outlay	145,997	275,077	6,021	20,618	6,283	144,774	12,347	1,851,688
Debt service	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,384</u>
Total expenditures	<u>145,997</u>	<u>275,077</u>	<u>6,021</u>	<u>20,618</u>	<u>6,283</u>	<u>144,774</u>	<u>12,347</u>	<u>1,856,072</u>
Expenditures over revenues	(145,997)	(275,077)	(6,021)	(20,618)	(6,283)	(144,774)	(12,347)	(1,717,986)
Fund balances (deficit), beginning of year	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>713,798</u>
Fund balances (deficit), end of year	<u>\$ (145,997)</u>	<u>\$ (275,077)</u>	<u>\$ (6,021)</u>	<u>\$ (20,618)</u>	<u>\$ (6,283)</u>	<u>\$ (144,774)</u>	<u>\$ (12,347)</u>	<u>\$ (1,004,188)</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measure focus is upon determination of net income, financial position and change in financial position. The following major Enterprise Funds are reported:

Electric System - to account for the maintenance of the electric distribution system. Financing is provided by user charges.

Water System - to account for the maintenance of the water distribution system. Financing is provided by user charges.

Sewer System - to account for the operation and maintenance of the sewer system and sewage treatment plant. Financing is provided by user charges.

CITY OF MULVANE, KANSAS

ELECTRIC SYSTEM FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$4,763,753	\$4,763,753	\$4,717,299	\$ (46,454)
Use of money and property	10,000	10,000	284,604	274,604
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>60,457</u>	<u>50,457</u>
Total revenues	<u>4,783,753</u>	<u>4,783,753</u>	<u>5,062,360</u>	<u>278,607</u>
Expenditures, encumbrances and other uses:				
Operations	5,054,072	5,054,072	4,118,804	935,268
Nonoperating	775,000	775,000	263,981	511,019
Debt service	<u>373,155</u>	<u>373,155</u>	<u>351,334</u>	<u>21,821</u>
Total expenditures, encumbrances and other uses	<u>6,202,227</u>	<u>6,202,227</u>	<u>4,734,119</u>	<u>1,468,108</u>
Revenues over (under) expenditures, encumbrances and other uses	(1,418,474)	(1,418,474)	328,241	1,746,715
Fund balance, beginning of year	<u>1,614,389</u>	<u>1,614,389</u>	<u>2,740,772</u>	<u>1,126,383</u>
Fund balance, end of year	<u>\$ 195,915</u>	<u>\$ 195,915</u>	<u>\$3,069,013</u>	<u>\$2,873,098</u>

CITY OF MULVANE, KANSAS

WATER SYSTEM FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,138,813	\$1,138,813	\$1,051,756	\$ (87,057)
Use of money and property	6,000	6,000	12,849	6,849
Miscellaneous	2,000	2,000	20,212	18,212
Bond proceeds	<u>1,500,000</u>	<u>1,500,000</u>	<u>—</u>	<u>(1,500,000)</u>
Total revenues	<u>2,646,813</u>	<u>2,646,813</u>	<u>1,084,817</u>	<u>(1,561,996)</u>
Expenditures, encumbrances and other uses:				
Operations	1,166,509	1,166,509	903,699	262,810
Nonoperating	1,575,000	1,575,000	59,982	1,515,018
Debt service	<u>55,306</u>	<u>55,306</u>	<u>55,306</u>	<u>—</u>
Total expenditures, encumbrances and other uses	<u>2,796,815</u>	<u>2,796,815</u>	<u>1,018,987</u>	<u>1,777,828</u>
Revenues over expenditures, encumbrances and other uses	(150,002)	(150,002)	65,830	215,832
Fund balance, beginning of year	<u>543,450</u>	<u>543,450</u>	<u>900,826</u>	<u>357,376</u>
Fund balance, end of year	<u>\$ 393,448</u>	<u>\$ 393,448</u>	<u>\$ 966,656</u>	<u>\$ 573,208</u>

CITY OF MULVANE, KANSAS

SEWER SYSTEM FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,692,000	\$1,692,000	\$1,879,109	\$ 187,109
Use of money and property	1,714	1,714	7,668	5,954
Miscellaneous	<u>—</u>	<u>—</u>	<u>12,098</u>	<u>12,098</u>
Total revenues	<u>1,693,714</u>	<u>1,693,714</u>	<u>1,898,875</u>	<u>205,161</u>
Expenditures, encumbrances and other uses:				
Operations	1,168,065	1,168,065	726,566	441,499
Nonoperating	175,000	175,000	239,446	(64,446)
Debt service	<u>584,287</u>	<u>584,287</u>	<u>593,663</u>	<u>(9,376)</u>
Total expenditures, encumbrances and other uses	<u>1,927,352</u>	<u>1,927,352</u>	<u>1,559,675</u>	<u>367,677</u>
Revenues over (under) expenditures, encumbrances and other uses	(233,638)	(233,638)	339,200	572,838
Fund balance, beginning of year	<u>1,448,258</u>	<u>1,448,258</u>	<u>1,680,608</u>	<u>232,350</u>
Fund balance, end of year	<u>\$1,214,620</u>	<u>\$1,214,620</u>	<u>\$2,019,808</u>	<u>\$ 805,188</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs. The following Fiduciary Fund is reported:

AGENCY FUNDS:

Payroll Clearing - to account for moneys held on behalf of City employees' payroll for related payroll taxes, retirement contributions, insurance and other authorized withholdings by City employees.

Flexible Spending - to account for moneys held on behalf of City employees' payroll for reimbursement of qualifying medical expenses by City employees.

CITY OF MULVANE, KANSAS

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS**

Year ended December 31, 2017

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2017</u>
<u>PAYROLL CLEARING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$ 85,840</u>	<u>\$ 6,285,336</u>	<u>\$ 6,362,816</u>	<u>\$ 8,360</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$ 85,840</u>	<u>\$ 6,285,336</u>	<u>\$ 6,362,816</u>	<u>\$ 8,360</u>
<u>EMPLOYEE FLEXIBLE SPENDING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$ 50,637</u>	<u>\$ 123,738</u>	<u>\$ 120,532</u>	<u>\$ 53,843</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$ 50,637</u>	<u>\$ 123,738</u>	<u>\$ 120,532</u>	<u>\$ 53,843</u>
<u>TOTALS</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$136,477</u>	<u>\$ 6,409,074</u>	<u>\$ 6,483,348</u>	<u>\$ 62,203</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$136,477</u>	<u>\$ 6,409,074</u>	<u>\$ 6,483,348</u>	<u>\$ 62,203</u>

COMPONENT UNITS

Mulvane Public Library

The Mulvane Public Library is reported as a discretely presented component unit within the financial statements of the City of Mulvane (the reporting entity) to emphasize its separate legal status. The Mulvane Public Library Board is appointed by the City Council and operates the public library of the City. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board also receives funding through state assistance programs, fines and donations from the public. The following funds are used to account for the operations of the Mulvane Public Library:

General Fund – to account for all operating activities of the public library that are not required to be accounted for in another fund.

Special Grants – to account for grant proceeds received from the State of Kansas and other governmental units.

Capital Development Reserve Fund – to account for capital equipment and improvement expenditures. Financing is provided through transfers from the General Fund.

Mulvane Housing Authority

The Mulvane Housing Authority manages Quad County Manor, a 23 unit housing facility that was financed by a forty-year United States Department of Agriculture, Rural Development loan. Occupants of the facility pay rent as a percentage of their annual income. The Mulvane Housing Authority hires a management agent to perform administrative functions including the selection of tenants, collection of rents, payment of expenses and performs or contracts for maintenance of the property. The City provides financial assistance to the Mulvane Housing Authority through the uncharged utility services for common areas of the facility and the City serves as a guarantor for the Rural Development loan on the facility.

Mulvane Land Bank

The Mulvane Land Bank was established during 2017 and is a quasi-governmental entity with all statutory authority, but with the primary responsibility and authority for maintaining and selling real property located within the City to help achieve the City's goal of returning municipally-owned property to private ownership, cost effectively maintaining said property, ensuring conformance with the goals of the City's Comprehensive Plan, and the encouragement of economic development. The Mulvane Land Bank is governed by a Board of Trustees, which is comprised of the entire membership of the governing body of the City of Mulvane, who shall be voting members, and one additional member appointed by the Mayor who is a non-voting member and who shall be a City staff member. The Mulvane Land Bank is subject to the cash basis and budget laws of the State of Kansas.

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – MULVANE PUBLIC LIBRARY

December 31, 2017

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	<u>\$72,561</u>	<u>\$ 72,142</u>	<u>\$102,432</u>	<u>\$ 247,135</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ —	\$ —	\$ —	\$ —
Fund balances:				
Committed	—	72,142	102,432	174,574
Unassigned	<u>72,561</u>	<u>—</u>	<u>—</u>	<u>72,561</u>
Total fund balances	<u>72,561</u>	<u>72,142</u>	<u>102,432</u>	<u>247,135</u>
Total liabilities and fund balances	<u>\$72,561</u>	<u>\$ 72,142</u>	<u>\$102,432</u>	<u>\$ 247,135</u>
Reconciliation to total net position:				
Fund balance per above				\$ 247,135
Add long-term capital assets				138,856
Add deferred outflows of resources related to pensions				55,976
Less accumulated depreciation on long-term capital assets				(78,547)
Less deferred inflows of resources related to pensions				(4,983)
Net pension liability				<u>(107,693)</u>
Total net position				<u>\$ 250,744</u>

CITY OF MULVANE, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – MULVANE PUBLIC LIBRARY**

Year ended December 31, 2017

	<u>General</u>	<u>Special Grants</u>	<u>Capital Development Reserve</u>	<u>Total</u>
Revenues:				
Appropriations from City of Mulvane	\$ 416,800	\$ —	\$ —	\$ 416,800
Intergovernmental	19,019	8,286	—	27,305
Fines and fees	—	8,895	—	8,895
Use of money and property	48	21	160	229
Miscellaneous	<u>8,697</u>	<u>—</u>	<u>—</u>	<u>8,697</u>
Total revenues	<u>444,564</u>	<u>17,202</u>	<u>160</u>	<u>461,926</u>
Expenditures:				
Personal services	220,663	—	—	220,663
Contractual services	105,116	3,686	—	108,802
Commodities	87,455	7,827	—	95,282
Capital outlay	<u>18,747</u>	<u>3,046</u>	<u>—</u>	<u>21,793</u>
Total expenditures	<u>431,981</u>	<u>14,559</u>	<u>—</u>	<u>446,540</u>
Revenues over (under) expenditures	<u>12,583</u>	<u>2,643</u>	<u>160</u>	<u>15,386</u>
Other financing sources (uses):				
Transfers in	2,500	—	—	2,500
Transfers out	<u>—</u>	<u>—</u>	<u>(2,500)</u>	<u>(2,500)</u>
Total other financing sources (uses)	<u>2,500</u>	<u>—</u>	<u>(2,500)</u>	<u>—</u>
Net change in fund balance	15,083	2,643	(2,340)	15,386
Fund balances, beginning of year	<u>57,478</u>	<u>69,499</u>	<u>104,772</u>	<u>231,749</u>
Fund balances, end of year	<u>\$ 72,561</u>	<u>\$ 72,142</u>	<u>\$102,432</u>	<u>\$ 247,135</u>
Reconciliation of change in net position:				
Net change in fund balance per above				\$ 15,386
Add current year capitalized assets				16,786
Less current year depreciation on capital assets				(14,426)
Less change in net pension liability including deferred inflows and deferred outflows of resources				<u>(795)</u>
Change in net position				<u>\$ 16,951</u>

CITY OF MULVANE, KANSAS

MULVANE PUBLIC HOUSING AUTHORITY – QUAD COUNTY MANOR

BALANCE SHEET

December 31, 2017

ASSETS

Cash and investments	\$ 454
Cash restricted for security deposits and required reserves	36,692
Accounts receivable	74
Prepaid expenses	562
Land	16,000
Buildings	597,492
Machinery and equipment	140,365
Accumulated depreciation	<u>(551,869)</u>
	<u>\$ 239,770</u>

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	\$ 7,380
Current portion of note payable to Rural Housing Development	<u>14,004</u>
	21,384
Long-term liabilities:	
Long-term portion of note payable to Rural Housing Development	<u>135,511</u>
Total liabilities	<u>156,895</u>
Net position:	52,473
Net investment in capital assets	
Unassigned	<u>30,402</u>
Total net position	<u>82,875</u>
Total liabilities and net position	<u>\$ 239,770</u>

CITY OF MULVANE, KANSAS

MULVANE PUBLIC HOUSING AUTHORITY – QUAD COUNTY MANOR

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION

Year ended December 31, 2017

Revenues:	
Rents	\$ 79,151
Rental assistance	11,929
Memorial donations	30
Miscellaneous	<u>300</u>
Total revenues	<u>91,410</u>
Expenses:	
Professional management fees	14,248
Building maintenance and supplies	15,353
Insurance	10,304
Utilities	19,185
Rural development overages	10,837
Office and other expenses	<u>1,940</u>
Total expenses	<u>71,867</u>
Change in net position	19,543
Net position, beginning of year	<u>63,332</u>
Net position, end of year	<u>\$ 82,875</u>

CITY OF MULVANE, KANSAS

MULVANE LAND BANK

BALANCE SHEET

December 31, 2017

ASSETS

Cash and investments \$ 87,950

LIABILITIES AND FUND BALANCE

Liabilities:
 Accounts payable \$ -

Fund balance::
 Unassigned 87,950

 Total liabilities and fund balance \$ 87,950

Reconciliation to net position:
 Fund balance per above \$ 87,950
 Add buildings held for resale 450,323

 Total net position \$ 538,273

CITY OF MULVANE, KANSAS

MULVANE LAND BANK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE**

Year ended December 31, 2017

Revenues:	
Appropriation from City of Mulvane	\$ 550,000
Rentals	12,050
Miscellaneous	<u>97</u>
Total revenues	<u>562,147</u>
Expenditures:	
Insurance	1,855
Legal fees	19,305
Utilities	60
Miscellaneous	2,654
Purchase of buildings	<u>450,323</u>
Total expenditures	<u>474,197</u>
Revenues over expenditures	87,950
Fund balance, beginning of year	<u>—</u>
Fund Balance, end of year	<u>\$ 87,950</u>
Reconciliation of change in net position:	
Net change in fund balance per above	\$ 87,950
Add current year capital assets	<u>450,323</u>
Change in net position	<u>\$ 538,273</u>

CITY OF MULVANE, KANSAS

MULVANE LAND BANK

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL –
BUDGETARY BASIS**

Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Appropriation from City of Mulvane	\$ 550,000	\$ 550,000	\$ 550,000	\$ –
Rentals	24,000	24,000	12,050	(11,950)
Sale of property	<u>100,000</u>	<u>100,000</u>	<u>97</u>	<u>(99,903)</u>
Total revenues	<u>674,000</u>	<u>674,000</u>	<u>562,147</u>	<u>(111,853)</u>
Expenditures and other uses:				
Insurance	1,500	1,500	1,855	(355)
Legal services	25,000	25,000	19,305	5,695
Utilities	5,000	5,000	60	4,940
Repairs to buildings	87,500	87,500	–	87,500
Proceeds to City of Mulvane	100,000	100,000	–	100,000
Property purchases	450,000	450,000	450,323	(323)
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>2,654</u>	<u>2,346</u>
Total expenditure	<u>674,000</u>	<u>674,000</u>	<u>474,197</u>	<u>199,803</u>
Revenues over expenditures and other uses	–	–	87,950	87,950
Fund balance, beginning of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 87,950</u>	<u>\$ 87,950</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Mulvane's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the government's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	110
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source.	115
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	119
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	127
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	129

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

City of Mulvane, Kansas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Governmental Activities	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Investment in Capital Assets	\$ 18,604,024	\$ 18,441,345	\$ 18,060,089	\$ 18,417,687	\$ 3,807,377	\$ 1,923,151	\$ 3,659,539	\$ (3,125,468)	\$ (1,597,973)	\$ 1,034,051
Restricted for:	3,799,446	3,386,328	3,145,384	-	-	-	-	-	-	-
Debt Service	-	-	-	2,762,968	21,080,642	20,186,897	19,004,749	17,035,947	15,513,868	14,556,981
Capital Improvements	-	-	-	1,801,919	1,525,762	120,116	245,467	280,568	799,708	95,323
General Government	-	-	-	-	-	470,251	205,676	138,559	40,196	156,235
Employee Benefits	-	-	-	306,581	285,909	117,642	903,319	1,308,689	821,572	306,691
Parks and Recreation	-	-	-	60,261	139,632	394,800	287,970	528,310	832,185	945,165
Economic Development	-	-	-	153,253	85,430	125,077	437,536	488,678	499,479	475,272
Street Maintenance	-	-	-	31,173	159,646	373,437	15,414	37,791	82,963	92,191
Public Safety	-	-	-	1,873	27,925	30,732	-	-	-	-
Health and Welfare	-	-	-	6,830	39,636	44,587	59,373	81,665	106,878	70,969
Unrestricted	3,063,950	3,159,996	3,279,893	(11,277,773)	3,394,081	3,350,087	3,283,535	1,872,601	2,245,722	598,792
Total Governmental Activities Net Position	\$ 25,467,420	\$ 24,987,669	\$ 24,485,366	\$ 12,264,772	\$ 30,546,040	\$ 27,136,777	\$ 28,102,578	\$ 18,647,340	\$ 19,344,598	\$ 18,331,670
Business-type Activities										
Net Investment in Capital Assets	\$ 5,016,061	\$ 4,934,176	\$ 4,974,701	\$ 18,749,118	\$ 18,669,822	\$ 22,516,919	\$ 22,521,469	\$ 30,478,002	\$ 30,038,002	\$ 30,795,123
Restricted for Debt Service	2,662,906	2,482,221	2,305,666	2,237,436	2,661,129	3,009,366	2,956,153	133,838	-	-
Unrestricted	2,446,519	2,509,398	2,769,107	2,524,714	2,510,461	2,600,777	2,777,796	4,778,601	5,671,807	5,769,899
Total Business-type Activities Net Position	\$ 10,125,486	\$ 9,925,795	\$ 10,049,474	\$ 23,511,268	\$ 23,841,412	\$ 28,127,062	\$ 28,255,418	\$ 35,390,441	\$ 35,709,809	\$ 36,565,022
Primary Government										
Net Investment in Capital Assets	\$ 23,620,085	\$ 23,375,521	\$ 23,034,790	\$ 37,166,805	\$ 22,477,199	\$ 24,440,070	\$ 26,181,008	\$ 27,352,534	\$ 28,440,029	\$ 31,829,174
Restricted	6,462,352	5,868,549	5,451,050	7,362,294	26,005,711	24,872,905	24,115,657	20,034,045	18,696,849	16,698,827
Unrestricted	5,510,469	5,669,394	6,049,000	(8,753,059)	5,904,542	5,950,864	6,061,331	6,651,202	7,917,529	6,368,691
Total Primary Government Net Position	\$ 35,592,906	\$ 34,913,464	\$ 34,534,840	\$ 35,776,040	\$ 54,387,452	\$ 55,263,839	\$ 56,357,996	\$ 54,037,781	\$ 55,054,407	\$ 54,896,692

City of Mulvane, Kansas
 Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities-										
General Government	\$ 319,914	\$ 345,662	\$ 388,764	\$ 367,607	\$ 898,033	\$ 1,120,120	\$ 1,297,410	\$ 1,515,897	\$ 1,782,329	\$ 2,151,881
Public Safety	1,895,463	1,972,712	1,967,491	2,214,923	2,465,933	2,846,130	2,880,502	3,138,385	3,584,483	3,733,737
Highways and Streets	1,356,127	1,326,646	1,402,712	1,620,242	1,436,490	1,538,787	2,392,668	1,527,136	1,665,590	2,320,717
Health and Sanitation	--	--	--	--	--	45,963	52,180	39,130	39,130	106,129
Culture and Recreation	731,410	711,336	818,353	732,029	924,244	962,253	881,440	1,560,950	1,622,079	1,432,675
Economic Development	42,781	9,396	11,358	91,345	26,008	49,927	219,093	291,281	340,265	343,545
Environmental Protection	1,791	704	1,600	414	829	739	1,099	233	120	308
Interest on Long Term Debt	450,311	552,841	372,438	343,708	547,071	875,012	814,828	1,072,292	710,073	734,791
Total Governmental Activities Expenses	\$ 4,797,797	\$ 4,919,297	\$ 4,962,716	\$ 5,370,268	\$ 6,298,608	\$ 7,438,931	\$ 8,539,220	\$ 9,145,304	\$ 9,744,069	\$ 10,823,783
Business-type Activities										
Electric Utility	\$ 4,444,773	\$ 3,998,986	\$ 4,264,535	\$ 4,561,418	\$ 4,258,246	\$ 4,268,774	\$ 4,995,057	\$ 4,738,239	\$ 4,742,936	\$ 4,768,801
Water Utility	805,636	797,814	798,895	954,799	982,341	914,372	1,018,362	1,291,157	1,214,150	1,251,030
Wastewater Utility	1,125,643	1,149,896	1,195,183	1,431,809	1,483,160	1,698,378	1,670,390	1,593,965	1,687,656	1,556,034
Total Business-type Activities	\$ 6,376,052	\$ 5,946,696	\$ 6,258,613	\$ 6,948,026	\$ 6,723,747	\$ 6,881,524	\$ 7,683,809	\$ 7,623,361	\$ 7,644,742	\$ 7,575,865
Total Primary Government Expenses	\$ 11,173,849	\$ 10,865,993	\$ 11,221,329	\$ 12,318,294	\$ 13,022,355	\$ 14,320,455	\$ 16,223,029	\$ 16,768,665	\$ 17,388,811	\$ 18,399,648
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 106,069	\$ 83,793	\$ 104,906	\$ 215,240	\$ 293,070	\$ 133,536	\$ 129,915	\$ 126,761	\$ 343,275	\$ 128,893
Public Safety	269,079	316,185	283,306	384,999	425,312	483,626	535,702	1,071,489	1,094,153	1,143,085
Highway & Streets	35,636	35,496	32,053	39,840	33,448	33,840	38,053	31,841	39,126	41,631
Culture and Recreation	64,488	66,874	71,648	78,722	75,617	65,372	61,770	63,402	66,051	64,186
Economic Development	--	--	--	--	--	203,839	--	--	--	--
Operating Grants and Contributions	751,318	771,910	769,505	686,986	19,532,368	1,749,079	1,298,001	1,889,916	1,733,706	1,378,067
Capital Grants and Contributions	18,941	95,443	175,986	2,312,499	58,364	204	716,331	723,512	700,756	677,275
Total Governmental Activities Program Revenues	\$ 1,245,531	\$ 1,369,701	\$ 1,437,404	\$ 3,718,286	\$ 20,418,179	\$ 2,669,496	\$ 2,779,772	\$ 3,906,921	\$ 3,977,067	\$ 3,433,137
Business-type Activities										
Charges for Services										
Electric Utility	\$ 4,247,909	\$ 3,739,283	\$ 4,072,152	\$ 4,325,273	\$ 4,053,466	\$ 4,358,191	\$ 4,859,153	\$ 4,441,803	\$ 4,855,854	\$ 4,812,129
Water Utility	792,857	793,216	953,201	1,013,865	1,138,454	1,092,281	1,098,460	1,096,022	1,105,822	1,082,368
Wastewater Utility	1,156,679	1,148,151	1,320,646	1,373,352	1,557,136	1,639,641	1,623,215	1,738,424	1,956,166	1,857,701
Capital Grants and Contributions	--	9,710	--	--	--	1,651	--	--	--	59,538
Total Business-type Activities Program Revenues	\$ 6,197,445	\$ 5,690,360	\$ 6,345,999	\$ 6,712,490	\$ 6,749,056	\$ 7,091,764	\$ 7,580,828	\$ 7,276,249	\$ 7,917,842	\$ 7,811,736
Total Primary Government Program Revenues	\$ 7,442,976	\$ 7,060,061	\$ 7,783,403	\$ 10,430,776	\$ 27,167,235	\$ 9,761,260	\$ 10,360,600	\$ 11,183,170	\$ 11,894,909	\$ 11,244,873

Continued on the next page

City of Mulvane, Kansas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Continued from the previous page

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense) Revenue										
Governmental Activities	\$ (3,552,266)	\$ (3,549,596)	\$ (3,525,312)	\$ (1,651,982)	\$ 14,119,571	\$ (4,769,435)	\$ (5,759,448)	\$ (5,238,383)	\$ (5,767,002)	\$ (7,390,646)
Business-type Activities	(178,607)	(256,336)	87,386	(235,536)	25,309	210,240	(102,981)	(347,112)	273,100	235,871
Total Primary Government Net Expenses	<u>\$ (3,730,873)</u>	<u>\$ (3,805,932)</u>	<u>\$ (3,437,926)</u>	<u>\$ (1,887,518)</u>	<u>\$ 14,144,880</u>	<u>\$ (4,559,195)</u>	<u>\$ (5,862,429)</u>	<u>\$ (5,585,495)</u>	<u>\$ (5,493,902)</u>	<u>\$ (7,154,775)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes										
General Purposes	\$ 1,444,462	\$ 1,651,051	\$ 1,519,683	\$ 1,519,802	\$ 1,637,634	\$ 2,217,654	\$ 3,751,657	\$ 2,851,045	\$ 2,919,006	\$ 2,346,878
Debt Service	441,259	336,907	455,327	455,327	371,681	371,681	431,877	431,877	818,784	1,606,932
Gaming Facility Revenue Sharing	-	-	-	-	1,892,058	1,926,430	1,784,165	1,832,260	1,806,329	1,798,789
Sales Taxes	703,376	658,940	661,759	691,642	725,464	661,288	718,740	741,498	690,564	911,338
Franchise Taxes	379,968	380,254	388,190	425,525	193,496	244,783	252,328	223,642	201,404	234,263
Investment Earnings	130,280	45,034	16,795	21,932	12,171	10,573	11,660	29,556	38,520	54,518
Transfers	39,000	-	(18,745)	(13,682,840)	(670,807)	(4,072,237)	(225,178)	(8,318,410)	(10,347)	(575,000)
Total Governmental Activities	<u>\$ 3,138,345</u>	<u>\$ 3,072,186</u>	<u>\$ 3,023,009</u>	<u>\$ (10,568,612)</u>	<u>\$ 4,161,697</u>	<u>\$ 1,360,172</u>	<u>\$ 6,725,249</u>	<u>\$ (2,208,532)</u>	<u>\$ 6,464,260</u>	<u>\$ 6,377,718</u>
Business Type Activities										
Investment Earnings	\$ 156,904	\$ 54,304	\$ 17,548	\$ 14,490	\$ 7,303	\$ 3,173	\$ 6,159	\$ 13,152	\$ 35,921	\$ 44,342
Transfers	(39,000)	-	18,745	13,682,840	670,807	4,072,237	225,178	8,318,410	10,347	575,000
Total Business-type Activities	<u>\$ 117,904</u>	<u>\$ 54,304</u>	<u>\$ 36,293</u>	<u>\$ 13,697,330</u>	<u>\$ 678,110</u>	<u>\$ 4,075,410</u>	<u>\$ 231,337</u>	<u>\$ 8,331,562</u>	<u>\$ 46,268</u>	<u>\$ 619,342</u>
Total Primary Government	<u>\$ 3,256,249</u>	<u>\$ 3,126,490</u>	<u>\$ 3,059,302</u>	<u>\$ 3,128,718</u>	<u>\$ 4,839,807</u>	<u>\$ 5,435,582</u>	<u>\$ 6,956,586</u>	<u>\$ 6,123,030</u>	<u>\$ 6,510,528</u>	<u>\$ 6,997,060</u>
Change in Net Position										
Governmental Activities	\$ (413,921)	\$ (477,410)	\$ (502,303)	\$ (12,220,594)	\$ 18,281,268	\$ (3,409,263)	\$ 965,801	\$ (7,446,915)	\$ 697,258	\$ (1,012,928)
Business-type Activities	(60,703)	(202,032)	123,679	13,461,794	703,419	4,285,650	128,356	7,984,450	319,368	855,213
Total Primary Government	<u>\$ (474,624)</u>	<u>\$ (679,442)</u>	<u>\$ (378,624)</u>	<u>\$ 1,241,200</u>	<u>\$ 18,984,687</u>	<u>\$ 876,387</u>	<u>\$ 1,094,157</u>	<u>\$ 537,535</u>	<u>\$ 1,016,626</u>	<u>\$ (157,715)</u>

City of Mulvane, Kansas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted: Insurance Claims	-	-	-	160,605	139,632	117,642	205,676	138,559	40,196	156,235
Assigned: General Government	-	-	-	746,627	2,799,723	2,781,546	1,408,934	3,643,955	3,009,377	2,946,773
Unreserved	1,662,840	1,729,665	1,631,791	-	-	-	-	-	-	-
Unassigned	-	-	-	699,690	-	-	1,805,946	-	1,438,247	1,129,253
Total General Fund	<u>1,662,840</u>	<u>1,729,665</u>	<u>1,631,791</u>	<u>1,606,922</u>	<u>2,939,355</u>	<u>2,899,188</u>	<u>3,420,556</u>	<u>3,782,514</u>	<u>4,487,820</u>	<u>4,232,261</u>
All Other Governmental Funds										
Reserved	\$ 7,735	\$ 179,765	\$ 131,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted: Debt Service	-	-	-	241,212	130,802	351,859	603,419	147,359	114,268	601,951
EMS Facility & Equipment	-	-	-	1,801,919	1,504,299	394,800	-	-	-	-
General Government	-	-	-	306,581	285,909	470,251	903,319	1,308,689	821,572	306,691
Recreation	-	-	-	60,261	85,430	125,077	287,970	528,310	832,185	945,165
Health and Welfare	-	-	-	6,830	39,636	44,587	59,373	81,665	106,878	70,969
Economic Development	-	-	-	153,253	159,646	373,437	437,536	488,678	499,479	475,272
Street Improvements	-	-	-	31,173	27,925	30,732	15,414	37,791	82,963	92,191
Capital Improvements	-	-	-	1,873	21,463	157,667	4,730,162	2,998,388	799,708	95,323
Committed: Street Improvements	-	-	-	430,201	461,980	463,229	355,445	306,441	334,764	331,384
Parks & Recreation	-	-	-	54,512	56,452	57,172	58,786	68,437	78,802	67,424
Capital Improvements	-	-	-	274,326	676,701	7,599,451	-	-	-	-
Assigned: General Government	-	-	-	-	-	-	-	-	-	-
Culture & Recreation	-	-	-	4,987	79	2,957	2	4,202	6,951	661
Capital Outlay	-	-	-	373,628	468,071	282,651	374,062	286,659	228,787	203,670
Unassigned	-	-	-	(13,786,952)	(141,277)	(249,159)	(799)	(477)	(314,697)	(1,303,181)
Unreserved, reported in:										
Capital Project Funds	(7,735)	(168,215)	500	-	-	-	-	-	-	-
Debt Service Funds	180,792	109,690	238,687	-	-	-	-	-	-	-
Special Revenue Funds	1,595,728	1,645,787	1,746,993	-	-	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 1,768,785</u>	<u>\$ 1,587,262</u>	<u>\$ 1,986,180</u>	<u>\$(10,046,196)</u>	<u>\$ 3,777,116</u>	<u>\$ 10,104,711</u>	<u>\$ 7,824,689</u>	<u>\$ 6,256,142</u>	<u>\$ 3,591,460</u>	<u>\$ 1,867,520</u>

Note: 2011 Fund Balance Classifications are the result of the implementation of Governmental Accounting Standards Board Statement Number 54.

City of Mulvane, Kansas
 Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 2,604,534	\$ 2,660,984	\$ 2,649,199	\$ 2,676,968	\$ 2,800,388	\$ 3,890,550	\$ 5,356,082	\$ 5,717,474	\$ 5,558,969	\$ 5,977,570
Special Assessment Taxes	533,632	536,508	524,968	517,422	488,220	1,825,520	2,080,579	1,716,222	2,113,053	1,721,295
Intergovernmental	540,637	651,998	778,034	663,855	2,442,513	2,528,703	2,697,818	2,537,254	2,476,111	2,464,974
Licenses and Permits	439,513	440,573	455,860	739,744	276,208	341,642	342,885	330,161	294,594	281,645
Charges for Services	234,373	290,487	274,776	260,920	503,924	304,186	339,117	343,678	383,857	446,216
Fines and Forfeitures	120,373	116,773	101,296	98,534	88,368	149,907	170,708	209,614	208,008	208,041
Use of Money & Property	135,575	54,231	24,457	45,416	144,472	144,397	149,046	637,884	658,099	657,735
Other Revenues	85,295	32,349	40,509	2,214,596	78,506	31,802	27,672	37,254	247,971	72,949
Total Revenues	\$ 4,693,932	\$ 4,783,903	\$ 4,849,099	\$ 7,217,455	\$ 6,822,599	\$ 9,216,707	\$ 11,163,907	\$ 11,529,541	\$ 11,940,662	\$ 11,830,425
Expenditures										
General Government	\$ 350,611	\$ 322,713	\$ 348,987	\$ 343,559	\$ 420,584	\$ 1,174,908	\$ 1,565,701	\$ 1,584,854	\$ 1,832,201	\$ 2,043,947
Public Safety	1,804,548	2,001,478	1,819,700	2,061,435	2,199,104	2,673,387	3,095,509	2,916,081	3,371,380	3,348,962
Highways and Streets	628,741	449,734	601,551	720,724	529,036	719,963	781,258	725,994	764,464	1,372,749
Culture and Recreation	624,406	705,892	619,363	665,260	795,930	880,129	939,174	1,453,318	1,374,513	1,277,834
Environmental Protection	1,791	704	1,600	414	829	46,702	53,279	39,363	39,250	106,437
Economic Development	42,781	9,396	11,358	91,345	26,008	49,927	219,093	291,281	340,265	343,545
Capital Outlay	1,365	148,432	285,772	14,349,717	5,314,426	3,249,817	8,698,524	2,051,227	2,715,999	1,851,688
Debt Service										
Principal	647,428	669,967	569,447	829,832	1,317,945	1,548,308	2,358,336	2,541,373	2,691,997	2,652,213
Interest	477,516	500,830	370,293	344,057	325,419	905,067	690,356	1,228,457	745,175	792,549
Total Expenditures	\$ 4,579,187	\$ 4,809,146	\$ 4,628,071	\$ 19,406,343	\$ 10,929,281	\$ 11,248,208	\$ 18,401,230	\$ 12,831,948	\$ 13,875,244	\$ 13,789,924
Revenues over (under) Expenditures	\$ 114,745	\$ (25,243)	\$ 221,028	\$ (12,188,888)	\$ (4,106,682)	\$ (2,031,501)	\$ (7,237,323)	\$ (1,302,407)	\$ (1,934,582)	\$ (1,959,499)
Other Financing Sources (Uses)										
Bond Proceeds	\$ -	\$ 2,538,769	\$ 2,938,000	\$ -	\$ 19,275,000	\$ 8,225,000	\$ 5,393,047	\$ 2,543,576	\$ 8,330,000	\$ -
Premium on GO Bonds Issued	-	-	-	-	-	\$ 63,929	\$ 37,172	\$ 21,183	\$ 643,885	-
Premium on PBC Revenue Bonds Issued	-	-	-	-	-	-	\$ 74,450	-	-	-
Notes Payable	-	-	-	-	-	-	-	-	-	-
Payment to Escrow Agent	-	\$ (2,467,744)	\$ (2,894,556)	-	-	-	-	(2,468,941)	(8,998,679)	-
Transfers In	406,383	520,455	455,178	235,969	507,048	743,950	489,148	182,887	458,311	125,000
Transfers Out	(367,383)	(520,455)	(455,178)	(235,969)	(519,621)	(713,950)	(515,148)	(182,887)	(458,311)	(125,000)
Total Other Financing Sources (Uses)	\$ 39,000	\$ 71,025	\$ 43,444	\$ -	\$ 19,262,427	\$ 8,318,929	\$ 5,478,669	\$ 95,818	\$ (24,794)	\$ -
Net Change in Fund Balance	\$ 153,745	\$ 45,782	\$ 264,472	\$ (12,188,888)	\$ 15,155,745	\$ 6,287,428	\$ (1,758,654)	\$ (1,206,589)	\$ (1,959,376)	\$ (1,959,499)
Debt Service as a Percentage of Non-capital Expenditures	36.31%	38.33%	28.96%	6.32%	24.61%	32.25%	31.97%	36.04%	31.60%	28.08%

City of Mulvane, Kansas
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Assessed Value as a % of Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2008	\$30,134,110	\$245,156,390	\$821,554	\$3,642,460	\$30,955,664	\$248,798,850	53.331	12.44%
2009	\$30,234,063	\$251,950,525	\$724,089	\$2,955,465	\$30,958,152	\$254,905,990	53.414	12.14%
2010	\$31,431,189	\$261,926,575	\$659,428	\$2,181,211	\$32,090,617	\$264,107,786	53.753	12.15%
2011	\$32,911,846	\$274,265,383	\$6,458,564	\$21,528,547	\$39,370,410	\$295,793,930	52.759	13.31%
2012	\$53,799,211	\$448,326,758	\$610,836	\$2,036,120	\$54,410,047	\$450,362,878	46.531	12.08%
2013	\$90,689,753	\$488,497,844	\$542,529	\$2,018,951	\$91,232,282	\$490,516,795	41.923	18.60%
2014	\$73,772,161	\$421,192,368	\$604,247	\$2,237,952	\$74,376,408	\$423,430,320	42.406	17.57%
2015	\$80,317,379	\$446,207,661	\$594,490	\$2,201,815	\$80,911,869	\$448,409,476	42.406	18.04%
2016	\$79,173,604	\$440,205,239	\$304,910	\$1,131,217	\$79,478,514	\$441,336,456	42.262	18.01%
2017	\$80,839,149	\$463,252,202	\$285,650	\$1,057,963	\$81,124,799	\$464,310,165	44.304	17.47%

Source: State - Division of Budget
 Sedgwick County Clerk
 Sumner County Clerk

City of Mulvane, Kansas
 Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years
 (per \$1000 of Assessed Value)

Sedgwick County

Fiscal Year	City Rates								Overlapping Government Rates					Total
	General	Debt Service	Employee Benefits	Library	Industrial Development	Capital Improvements	Special Liability	Total City	State	County	School	Cemetery	Township	
2008	22.545	12.429	11.003	3.715	0.364	2.607	0.668	53.331	1.500	30.377	56.768	1.391	0.000	143.367
2009	22.413	12.785	13.829	4.088	0.000	0.000	0.299	53.414	1.500	29.868	55.806	1.198	0.000	141.786
2010	22.197	12.194	14.997	3.873	0.164	0.164	0.164	53.753	1.500	29.359	56.204	1.198	0.000	142.014
2011	22.288	9.256	16.631	4.098	0.162	0.162	0.162	52.759	1.500	29.428	56.849	1.459	0.000	141.995
2012	9.703	11.863	20.403	4.029	0.163	0.207	0.163	46.531	1.500	29.447	52.862	1.459	0.000	131.799
2013	9.630	3.734	18.571	3.056	0.163	5.048	1.721	41.923	1.500	29.377	55.382	0.998	0.000	129.180
2014	8.507	7.635	20.495	4.061	0.131	1.401	0.176	42.406	1.500	29.478	60.905	1.466	0.000	135.755
2015	14.625	9.417	9.276	3.498	0.086	5.276	0.084	42.262	1.500	29.383	64.306	1.466	0.000	138.917
2016	9.503	15.316	10.972	5.000	0.053	1.283	2.120	44.247	1.500	29.393	62.956	1.492	0.000	139.588
2017	26.734	3.256	5.454	5.007	0.065	2.347	1.441	44.304	1.500	29.393	62.397	1.482	0.000	139.076

Sumner County

2008	22.545	12.429	11.003	3.715	0.364	2.607	0.668	53.331	1.500	58.026	56.768	1.391	0.000	171.016
2009	22.413	12.785	13.829	4.088	0.000	0.000	0.299	53.414	1.500	58.517	55.806	1.198	0.000	170.435
2010	22.197	12.194	14.997	3.873	0.164	0.164	0.164	53.753	1.500	62.444	56.205	1.198	0.000	175.100
2011	22.288	9.256	16.631	4.098	0.162	0.162	0.162	52.759	1.500	61.270	56.847	1.459	0.000	173.835
2012	9.703	11.863	20.403	4.029	0.163	0.207	0.163	46.531	1.500	42.660	52.862	1.462	0.000	145.015
2013	9.630	3.734	18.571	3.056	0.163	5.048	1.721	41.923	1.500	39.948	55.382	0.998	0.000	139.751
2014	8.507	7.635	20.495	4.061	0.131	1.401	0.176	42.406	1.500	42.327	60.905	1.466	0.000	148.604
2015	14.625	9.417	9.276	3.498	0.086	5.276	0.084	42.262	1.500	44.235	64.306	1.466	0.000	153.769
2016	9.503	15.316	10.972	5.000	0.053	1.283	2.120	44.247	1.500	48.888	62.956	1.492	0.000	159.083
2017	26.734	3.256	5.454	5.007	0.065	2.347	1.441	44.304	1.500	48.585	62.397	1.482	0.000	158.268

Source: Sedgwick County Clerk
 Sumner County Clerk

City of Mulvane, Kansas
Principal Property Taxpayers
Current Year and Nine Years Ago

2017			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sedgwick County:			
Country Walk DG Prattville LLC	\$ 324,358	1	0.40%
Kansas Gas Srvce	308,939	2	0.38%
Fugate J. Larry	205,100	3	0.25%
Casey's Retail Company	198,300	4	0.24%
David A & Pamela A Schaefer	188,566	5	0.23%
Traditional Holding Co LLC	181,662	6	0.22%
Prairie State Bank	152,525	7	0.19%
BNSF	134,575	8	0.17%
Carr Properties LLC	134,425	9	0.17%
Antonio L Carro MD PA	117,975	10	0.15%
	<u>\$ 1,946,425</u>		<u>2.40%</u>

Sumner County:			
Kansas Star Casino	\$ 43,000,000	1	53.00%
KSC Lodging, LC	3,775,000	2	4.65%
John Brewer	278,935	2	0.34%
Karl Jones	236,843	3	0.29%
Mulvane Coop Union	225,540	4	0.28%
Mulvane State Bank	163,939	5	0.20%
BNSF	127,600	6	0.16%
Pearl St Duplex	126,950	7	0.16%
Union Pacific	125,446	8	0.15%
DLK Prop LLC	116,946	9	0.14%
	<u>\$ 48,177,199</u>		<u>59.39%</u>

2008			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sedgwick County:			
Kansas Gas Service	\$ 271,826	1	0.890%
Mulvane Housing Associated LP	268,100	2	0.880%
BNSF	161,251	3	0.530%
Olderbak Enterprises South	155,275	4	0.510%
Congleton LLC	148,049	5	0.490%
Prairie State Bank	143,945	6	0.470%
Gary E. Branine	135,001	7	0.440%
Ray & Sharron Westfall	130,916	8	0.430%
Antonio L Carro MD PA	122,960	9	0.400%
L Joyce Carr Rev Trust	104,300	10	0.340%
	<u>\$ 1,641,623</u>		<u>5.380%</u>

Sumner County:			
Southwestern Bell	\$ 161,382	1	0.530%
Mulvane State Bank	147,232	2	0.480%
Mulvane Coop	133,286	3	0.440%
Ratzlaff Properties	120,400	4	0.400%
Pearl Street Duplex	117,491	5	0.390%
Wofe, R.E. LLC	110,933	6	0.360%
Ratzlaff Properties	102,188	7	0.340%
Pendergraft Properties	96,899	8	0.320%
BNSF	86,689	9	0.280%
Mary A Wolfe Rev Trust	76,720	10	0.250%
	<u>\$ 1,153,220</u>		<u>3.790%</u>

Source: Sumner County Clerk
Sedgwick County Clerk

**City of Mulvane, Kansas
Property Tax Levies and Collections
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years *</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>% of Levy</u>		<u>Amount</u>	<u>% of Levy</u>
2008	\$1,647,716	\$1,601,399	97.19%	\$34,052	\$1,635,451	99.26%
2009	\$1,703,440	\$1,636,482	96.07%	\$20,431	\$1,656,913	97.27%
2010	\$1,705,517	\$1,648,189	96.64%	\$46,813	\$1,695,002	99.38%
2011	\$1,724,968	\$1,643,752	95.29%	\$31,191	\$1,674,943	97.10%
2012	\$1,736,417	\$1,647,302	94.87%	\$78,429	\$1,725,731	99.38%
2013	\$2,576,349	\$2,527,700	98.11%	\$42,341	\$2,570,041	99.76%
2014	\$3,842,113	\$3,797,386	98.84%	\$81,919	\$3,879,305	100.97%
2015	\$3,143,298	\$3,112,959	99.03%	\$49,763	\$3,162,722	100.62%
2016	\$3,453,308	\$3,427,461	99.25%	\$32,392	\$3,459,853	100.19%
2017	\$3,564,953	\$3,485,752	97.78%	\$25,108	\$3,510,860	98.48%

Source: City Revenue Report
Sedgwick County Clerk
Sumner County Clerk

* County Treasurer's records do not provide a determination of which year the collections in subsequent years is applied to. For this schedule, all collections of delinquent taxes are applied to the year collected.

City of Mulvane, Kansas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business Type Activities			Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Public Building Commission Revenue Bonds	Temporary Notes	Notes Payable	Unamortized Premium on Bonds	Revenue Bonds	G.O. Bonds Secured by Enterprise Funds	Unamortized Premium on G.O. Bonds Secured by Enterprise Funds			
2008	\$8,349,419	\$1,210,000	-	\$107,066	-	\$10,745,000	\$1,832,581	-	\$22,244,066	17.73%	\$3,745
2009	\$9,467,000	\$1,255,000	-	\$90,100	-	\$10,360,000	\$1,699,232	-	\$22,871,332	16.22%	\$3,920
2010	\$8,934,000	\$1,155,000	-	\$72,792	-	\$10,080,000	\$1,515,371	-	\$21,757,163	18.24%	\$3,560
2011	\$6,701,454	\$1,060,000	\$10,000,000	\$55,135	-	\$4,690,000	\$6,008,546	-	\$28,515,135	18.13%	\$4,666
2012	\$24,771,522	\$965,000	-	\$37,122	-	\$4,620,000	\$5,842,478	-	\$36,236,122	22.97%	\$5,914
2013	\$31,561,590	\$870,000	\$715,000	\$18,746	\$59,292	\$4,535,000	\$5,531,410	-	\$43,291,038	26.83%	\$6,908
2014	\$30,510,047	\$4,975,000	-	-	\$148,861	\$4,450,000	\$4,896,953	-	\$44,980,861	25.71%	\$7,155
2015	\$28,711,252	\$4,485,000	-	-	\$145,214	\$1,200,000	\$7,353,748	\$22,011	\$41,917,225	23.04%	\$6,665
2016	\$26,199,255	\$3,990,000	\$315,000	-	\$690,962	-	\$7,603,745	\$89,018	\$38,887,980	21.09%	\$6,159
2017	\$24,052,043	\$3,485,000	\$2,515,000	-	\$596,182	-	\$6,738,957	\$55,589	\$37,442,771	20.14%	\$5,888

City of Mulvane, Kansas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Premium on General Obligation Bonds</u>	<u>Less Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Estimated Actual Value of Property</u>	<u>Net Bonded Debt Per Capita</u>
2008	\$8,349,419	-	\$180,792	\$8,168,627	3.28%	\$1,375
2009	\$9,467,000	-	\$109,690	\$9,357,310	3.67%	\$1,604
2010	\$8,934,000	-	\$238,687	\$8,695,313	3.29%	\$1,423
2011	\$12,710,000	-	\$241,212	\$12,468,788	4.22%	\$2,040
2012	\$30,614,000	-	\$130,802	\$30,483,198	6.77%	\$4,975
2013	\$37,093,000	\$59,292	\$351,859	\$36,800,433	7.50%	\$5,872
2014	\$35,407,000	\$85,599	\$603,419	\$34,889,180	8.24%	\$5,549
2015	\$36,065,000	\$93,139	\$147,359	\$36,010,780	8.03%	\$5,726
2016	\$33,803,000	\$649,036	\$114,268	\$34,337,768	7.78%	\$5,438
2017	\$30,791,000	\$617,971	\$601,951	\$30,806,990	6.64%	\$4,845

Source: City's Financials
Sedgwick County Clerk
Sumner County Clerk

**City of Mulvane, Kansas
Direct and Estimated Overlapping Governmental Activities Debt
As of December 31, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>City's % Applicable</u>	<u>City's Amount of Overlapping Debt</u>
Estimated Overlapping Debt:			
Sedgwick County	\$ 56,740,000	1.04%	\$ 590,096
Sumner County	10,917,486	26.10%	\$ 2,849,464
School District #263	<u>15,785,000</u>	<u>35.38%</u>	<u>\$ 5,584,733</u>
Total Estimated Overlapping Debt	83,442,486	10.82%	9,024,293
City's Direct Debt	<u>24,614,395</u>	<u>100.00%</u>	\$ 24,614,395
Total Direct and Overlapping Debt	<u>\$ 108,056,881</u>	<u>31.13%</u>	<u>\$ 33,638,688</u>

* The City's estimated amount of overlapping debt is calculated by the following formula:

$$\frac{\text{Assessed Valuation of Mulvane located in the broader governmental unit}}{\text{Total Assessed Valuation of the broader governmental unit}} \times \text{Outstanding debt of the broader governmental unit}$$

Source: Piper Jaffray Company

City of Mulvane, Kansas
 Legal Debt Margin
 Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 11,673,038	\$ 11,371,226	\$ 11,621,406	\$ 11,811,123	\$ 18,406,794	\$ 29,369,725	\$ 24,380,456	\$ 26,330,743	\$ 26,006,095	\$ 26,505,045
Total Net Debt Applicable to Limit	5,109,494	4,816,119	4,701,264	4,353,656	4,002,291	3,961,945	3,667,956	3,590,157	3,525,047	3,861,518
Legal Debt Margin	6,563,544	6,555,107	6,920,142	7,457,467	14,404,503	25,407,780	20,712,500	22,740,586	22,481,048	22,643,527
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	44%	42%	40%	37%	22%	13%	15%	14%	14%	15%

Legal Debt Margin Calculation for 2017

Assessed Value	\$ 81,124,799
Motor-Vehicle K.S.A. 79-5113	7,225,352
Total Assessed Value	<u>\$ 88,350,151</u>
Debt Limit-Approximately 30% of Assessed Value (K.S.A. 10-308)	\$ 26,505,045
Bonded Indebtedness (including temporary notes)	33,306,000
Less Exempt Debt	<u>29,444,482</u>
Total Amount Applicable to Debt Limit	<u>3,861,518</u>
Legal Debt Margin	<u>\$ 22,643,527</u>

Source: City Financials
 Piper Jaffray Company

City of Mulvane, Kansas
Pledged-Revenue Coverage - Electric Utility
Last Ten Fiscal Years

Electric Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
2008	\$4,349,097	\$3,761,407	\$587,690	\$149,952	\$187,541	\$337,493	1.74
2009	\$3,775,570	\$3,327,394	\$448,176	\$154,638	\$182,592	\$337,230	1.33
2010	\$4,083,306	\$3,587,632	\$495,674	\$161,667	\$177,335	\$339,002	1.46
2011	\$4,330,433	\$3,919,831	\$410,602	\$166,353	\$171,676	\$338,029	1.21
2012	\$4,058,302	\$3,647,053	\$411,249	---	\$68,223	\$68,223	6.03
2013	\$4,361,774	\$3,687,100	\$674,674	---	\$68,223	\$68,223	9.89
2014	\$4,861,914	\$4,387,777	\$474,137	---	\$68,223	\$68,223	6.95
2015	\$4,447,561	\$4,165,396	\$282,165	---	\$68,223	\$68,223	4.14
2016	\$4,870,084	\$4,189,546	\$680,538	---	---	---	---
2017	\$4,890,700	\$4,272,950	\$617,750	---	---	---	---

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) The Revenue Bond Resolution's minimum coverage requirement was 1.25. Coverage is computed on the combined utility systems, as per the Revenue Bond Resolution and was 4.37 for 2015, the last year the Revenue Bonds were outstanding.

City of Mulvane, Kansas
Pledged-Revenue Coverage - Water Utility
Last Ten Fiscal Years

<u>Water Revenue Bonds</u>							
<u>Year</u>	<u>Gross Revenues</u>	<u>Less Operating Expenses (1)</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (2)</u>
2008	\$800,447	\$698,378	\$102,069	---	---	---	---
2009	\$795,752	\$691,736	\$104,016	---	---	---	---
2010	\$954,273	\$709,475	\$244,798	---	---	---	---
2011	\$1,011,981	\$819,086	\$192,895	---	---	---	---
2012	\$1,139,153	\$837,650	\$301,503	---	---	---	---
2013	\$1,092,686	\$773,748	\$318,938	---	---	---	---
2014	\$1,099,838	\$868,626	\$231,212	---	---	---	---
2015	\$1,098,471	\$990,699	\$107,772	---	---	---	---
2016	\$1,109,000	\$911,817	\$197,183	---	---	---	---
2017	\$1,086,432	\$915,373	\$171,059	---	---	---	---

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) The Revenue Bond Resolution's minimum coverage requirement was 1.25. Coverage is computed on the combined utility systems, as per the Revenue Bond Resolution and was 4.37 for 2015, the last year the Revenue Bonds were outstanding.

City of Mulvane, Kansas
Pledged-Revenue Coverage - Wastewater Utility
Last Ten Fiscal Years

<u>Wastewater Revenue Bonds</u>							
<u>Year</u>	<u>Gross Revenues</u>	<u>Less Operating Expenses (1)</u>	<u>Net Available Revenue</u>	<u>Principal (3)</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage (2)</u>
2008	\$1,204,805	\$563,789	\$641,016	\$220,048	\$293,242	\$513,290	1.25
2009	\$1,163,632	\$604,931	\$558,701	\$230,362	\$285,580	\$515,942	1.08
2010	\$1,325,968	\$635,582	\$690,386	\$238,333	\$277,308	\$515,641	1.34
2011	\$1,377,310	\$713,120	\$664,190	\$253,647	\$245,784	\$499,431	1.33
2012	\$1,558,904	\$802,911	\$755,993	\$70,000	\$126,954	\$196,954	3.84
2013	\$1,640,477	\$945,787	\$694,690	\$85,000	\$125,904	\$210,904	3.29
2014	\$1,625,235	\$869,304	\$755,931	\$85,000	\$124,417	\$209,417	3.61
2015	\$1,743,369	\$865,676	\$877,693	\$85,000	\$122,717	\$207,717	4.23
2016	\$1,974,679	\$881,875	\$1,092,804	---	---	---	---
2017	\$1,878,946	\$858,739	\$1,020,207	---	---	---	---

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) The Revenue Bond Resolution's minimum coverage requirement was 1.25. Coverage is computed on the combined utility systems, as per the Revenue Bond Resolution and was 4.37 for 2015, the last year the Revenue Bonds were outstanding.

City of Mulvane, Kansas
Pledged-Revenue Coverage - Storm Water Utility
Last Ten Fiscal Years

Storm Water Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
2008	\$35,640	\$0	\$35,640	---	---	---	---
2009	\$32,301	\$0	\$32,301	---	---	---	---
2010	\$31,769	\$0	\$31,769	---	---	---	---
2011	\$31,247	\$0	\$31,247	---	---	---	---
2012	\$31,531	\$1,990	\$29,541	---	---	---	---
2013	\$31,880	\$8,510	\$23,370	---	---	---	---
2014	\$31,813	\$25,473	\$6,340	---	---	---	---
2015	\$31,961	\$92,865	(\$60,904)	---	---	---	---
2016	\$34,974	\$46,094	(\$11,120)	---	---	---	---
2017	\$42,001	\$45,825	(\$3,824)	---	---	---	---

Source: City's Financial Statements

- (1) Total Operating Expenses exclusive of Depreciation and Amortization Expense
- (2) The Revenue Bond Resolution's minimum coverage requirement was 1.25. Coverage is computed on the combined utility systems, as per the Revenue Bond Resolution and was 4.37 for 2015, the last year the Revenue Bonds were outstanding.

**City of Mulvane, Kansas
Demographic and Economic Statistics
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>	
						<u>Sedgwick County</u>	<u>Sumner County</u>
2008	5,940	\$ 125,488	\$ 21,126	35	1,878	4.27%	4.31%
2009	5,835	\$ 141,020	\$ 24,168	34.5	1,940	9.90%	8.20%
2010	6,111	\$ 119,305	\$ 19,523	34.5	2,209	8.50%	7.90%
2011	6,111	\$ 157,315	\$ 25,743	34.5	2,203	7.30%	6.20%
2012	6,127	\$ 157,727	\$ 25,743	35.1	1,920	6.10%	5.60%
2013	6,267	\$ 161,331	\$ 25,743	35.1	1,808	5.30%	4.70%
2014	6,287	\$ 174,973	\$ 27,831	35.1	1,821	4.50%	4.10%
2015	6,289	\$ 181,934	\$ 28,929	39.3	1,900	4.40%	3.90%
2016	6,314	\$ 184,432	\$ 29,210	38.8	1,821	4.40%	4.10%
2017	6,359	\$ 185,886	\$ 29,232	35	1,784	3.60%	3.20%

Source: Kansas Division of Budget
USD #263
U.S. Department of Labor
City Data.com
U.S. Census Bureau

City of Mulvane, Kansas
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Population</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total City Population</u>
Kansas Star Casino	825	1	12.97%	Not Available	0	
USD #263	320	2	5.03%	350	1	6.08%
Villa Maria Inc	284	3	4.47%	Not Available		
City of Mulvane	77	4	1.21%	56	2	0.97%
Cowley County College	55	5	0.86%	8	9	0.14%
Dillons	45	6	0.71%	5	10	0.09%
Carson Bank	28	7	0.44%	39	3	0.68%
KMI	35	8	0.55%	26	4	0.45%
Maria Court	20	9	0.31%	Not Available		
Ledford Gage	16	10	0.25%	20	7	0.33%
	<u>1705</u>		<u>26.81%</u>	<u>504</u>		<u>8.74%</u>

Note: Employment for only the City of Mulvane is not tracked by any City, County or State agency. Employees by employer obtained by direct solicitation from the major employers by City personnel.

City of Mulvane, Kansas
Fulltime Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Administration	9	9	9	9	9	10	10	8	9	9
Police Officers	12	12	11	11	12	14	14	15	14	15
Police Dispatchers	5	5	6	6	6	6	6	6	6	6
Emergency Services	3	3	3	3	3	19	19	19	20	20
Public Works	9	9	9	10	10	10	10	9	10	12
Electric	8	8	8	8	8	8	8	9	8	7
Water	4	4	4	4	4	4	4	4	4	4
Wastewater	4	4	4	4	4	4	4	4	4	4
Total	54	54	54	55	56	75	75	74	75	77

Source: City's Annual Report from City's Individual Department Supervisors

**City of Mulvane, Kansas
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Calls for Service	4,182	3,856	3,669	3,508	3,701	3,813	3,742	4,138	4,202	4,459
Moving Citations	733	639	517	623	658	721	719	959	921	816
DUI Arrests	18	25	17	15	68	51	25	35	17	22
Arrests	224	229	214	213	316	348	390	424	453	386
Emergency Services										
Fire & Rescue Calls	389	383	350	389	436	408	362	384	426	412
Ambulance Calls	743	787	762	736	793	853	1,003	1,094	1,195	1,263
Electric										
New Connections	11	6	5	4	39	1	9	7	14	44
Average Daily Usage (mWh/Day)	116	117	119	120	117	114	116	115	114	122
Peak Daily Usage (kW)	12,500	11,900	12,700	13,100	13,100	13,200	13,000	12,700	12,800	13,200
Water										
New Connections	1	6	1	8	32	2	9	7	14	29
Average Daily Consumption (Gallons)	470,847	469,288	483,110	494,129	561,377	530,836	544,368	594,296	496,153	497,916
Peak Daily Consumption (Gallons)	786,000	1,000,000	835,000	916,000	1,110,000	1,003,000	1,235,000	1,211,000	888,060	1,020,000
Wastewater										
Average Daily Sewage Treatment	474,000	461,392	417,164	377,487	401,639	438,419	451,320	434,833	446,000	419,712

Source: City's Annual Report from City's Individual Department Supervisors

**City of Mulvane, Kansas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Police										
Station/City Hall	1	1	1	1	1	1	1	1	1	1
Patrol Units	11	11	11	11	11	11	11	11	11	11
Fire/EMS										
Fire Station	1	1	1	1	1	1	2	2	2	2
Fire & Rescue Trucks	11	11	11	11	11	12	12	12	12	12
Ambulances	2	2	2	2	3	3	3	4	4	4
Parks & Recreation										
Acreage	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3	70.3
Neighborhood Parks	16	16	16	16	16	16	16	16	16	16
Sports Complex	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Sr. Center	1	1	1	1	1	1	1	1	1	1
Library	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (Miles)	38	38	38	38	38	38	38	38	38	38
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Electric										
Power Plant	2	2	2	2	2	2	2	2	1	1
Miles of Line	33	33	33	33	33	33	33	33	34	34
Generating Capacity (kw)	16600	16600	16600	16600	16600	16600	16600	16600	8200	8200
Water										
Water Mains (Miles)	35	35	35	39	39	39	39	39	40	40
Fire Hydrants	221	221	221	221	221	221	221	221	256	256
Storage Capacity (kgal)	800	800	800	800	800	800	800	800	1300	1300
Wastewater										
Sanitary Sewers (Miles)	26	26	26	34	34	34	34	34	35	35
Storm Sewers (Miles)	1	1	1	1	1	1	1	1	17	17
Treatment Capacity (mgd)	1	1	1	1	1	1	1	1	0.5	0.5
Lift Stations	5	5	5	5	5	5	5	5	4	4

Source: City's Annual Report from City's Individual Department Supervisors