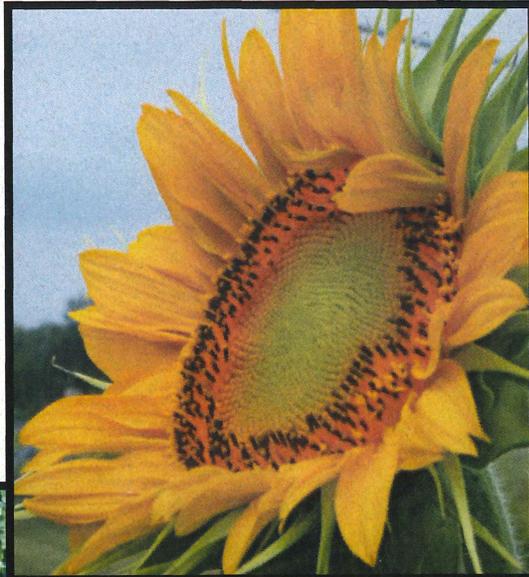


Comprehensive Annual
Financial Report
City of Mulvane, Kansas

*For the Fiscal Year Ended
December 31, 2018*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

of the

CITY OF MULVANE, KANSAS

FOR THE YEAR ENDED DECEMBER 31, 2018

**Dr. Shelly Steadman – Mayor
Kevin Cardwell – Council Member
Barry Fleming – Council Member
Jenean Keck – Council Member
Nancy Mottola – Council Member
Brent Allen – Council Member**

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

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Director of Finance's Letter of Transmittal	1
List of Principal Officials	6
Organizational Chart.....	7
Government Finance Officers Association Certificate of Achievement	8

FINANCIAL SECTION

Independent Auditor's Report	9
Management's Discussion and Analysis	12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet – All Governmental Funds	22
Reconciliation of Total Governmental Fund Balance To Net Position of Governmental Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	25
Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	26
Statement of Net Position – Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	30
Statement of Cash Flows – Proprietary Funds	31
Statement of Fiduciary Net Position – Agency Funds	33
Notes to Financial Statements	34
Required Supplementary Information:	
Kansas Public Employees Retirement System Pension Plan:	
Schedule of City's Proportionate Share of Net Pension Liability	75
Schedule of City's Contributions	75
Kansas Public Employees Retirement System Long-Term Disability Plan:	
Schedule of Changes in the City's Disability Total OPEB Liability and Related Ratios	76

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Combining Statements and Individual Fund Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	78
Combining Balance Sheet – Nonmajor Special Revenue Funds	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	80
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis for:	
Employee Benefits Fund	81
Library Fund	82
Industrial Development Fund	83
Senior Citizens Fund	84
Special Highway Fund	85
Special Park and Recreation Fund	86
Transportation Impact Fee Fund	87
Storm Sewer Fund	88
Park Impact Fee Fund	89
Swimming Pool Fund	90
Special Alcohol Fund	91
Transient Guest Tax Fund	92
Library Sales Tax Fund	93
Debt Service Fund	94
Combining Balance Sheet – Nonmajor Capital Project Funds	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Project Funds	97
Enterprise Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis for:	
Electric System Fund	99
Water System Fund	100
Sewer System Fund	101
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	102
Component Units:	
Mulvane Public Library:	
Combining Balance Sheet	103
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	104

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Mulvane Housing Authority – Quad County Manor:	
Balance Sheet	105
Statement of Revenues, Expenses and Changes in Net Position	106
Mulvane Land Bank:	
Balance Sheet	107
Statement of Revenues, Expenditures and Changes in Fund Balance	108
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis	109

STATISTICAL SECTION

Financial Trends:	
Net Position by Component	110
Changes in Net Position	111
Fund Balances of Governmental Funds	113
Changes in Fund Balances of Governmental Funds	114
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	115
Property Tax Rates – Direct and Overlapping Governments	116
Principal Property Taxpayers	117
Property Tax Levies and Collections	118
Debt Capacity:	
Ratios of Outstanding Debt by Type	119
Ratios of General Bonded Debt Outstanding	120
Direct and Estimated Overlapping Governmental Activities Debt	121
Legal Debt Margin	122
Pledged-Revenue Coverage – Electric Utility	123
Pledged-Revenue Coverage – Water Utility	124
Pledged-Revenue Coverage – Wastewater Utility	125
Pledged-Revenue Coverage – Storm Water Utility	126
Demographic and Economic Information:	
Demographic and Economic Statistics	127
Principal Employers	128
Operating Information:	
Full-Time Equivalent City Government Employees by Function/Program	129
Operating Indicators by Function/Program	130
Capital Assets Statistics by Function/Program	131

INTRODUCTORY SECTION



September 3, 2019

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, 2018 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 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 2018, \$2,205,000 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 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, 2017.

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-three years.

Economic Outlook

Mulvane is included in the Wichita Metropolitan Area.

In 2018, employment in the Wichita Metropolitan Area has grown by 0.5%. In 2018, WMA's total nonfarm employment increased by 1,065 jobs, growing 0.4%, with a growth range between 0.1% and 0.6%. This was modestly lower than Wichita's average employment growth rate over the last five years, which has been 0.8%.

The production sectors remained relatively flat overall in 2018. The natural resources and construction sector added approximately 300 jobs, while the durable goods manufacturing sector declined by approximately the same amount. Although manufacturing employment has declined in recent years, the value of exports from the Wichita Metropolitan Area have increased, a

reflection of the changing use of labor in the manufacturing sector. Global protectionism is a concern for downside risk in the manufacturing sector as well.

The trade, transportation, and utilities sector contracted by 0.7%, with the largest losses in the retail trade sector. The transportation and utilities sector grew by approximately 200 jobs, while the retail trade sector contracted by approximately 500 jobs. This decline reflects rebalancing due to slower economic growth and slower retail sales in the Wichita area, as inflation-adjusted taxable retail sales declined 0.3% from May 2017 to May 2018.

The service sectors were the fastest growing portion of the Wichita area economy, with 1.3% growth. The education and health care sector led growth with a 2% increase, while both the professional and business services sector and the leisure and hospitality sectors has employment increases just over 1%.

Government employment declined in 2018, contracting 0.7%. The decline was concentrated in the local government sector, which comprises the bulk of government employment in the Wichita area.

Construction Activity

In 2018, 261 permits were issued, a decrease from 277 permits issued in 2017. Permit numbers include all construction activity, commercial, residential, additions, remodel and new construction.

The total construction value for 2019 was \$8.7 million, an increase from 2017's value of \$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 public works department has plans to upgrade several of the City's public parks over the next five years. 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 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. At the end of 2018, the Mulvane Land Bank had sold ten of the thirteen properties. 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 2018 from \$81.1 million to \$82.3 million. The Ad Valorem tax revenue collected in 2018 was \$3,605,431 compared to 2017 which was \$3,485,752. The mill levy increased from 44.247 in 2017 to 44.304 in 2018.

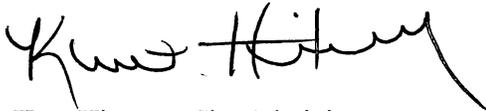
Independent Audit

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. Eric Meyer 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 a long, sweeping tail on the final letter.

Kent Hixson – City Administrator

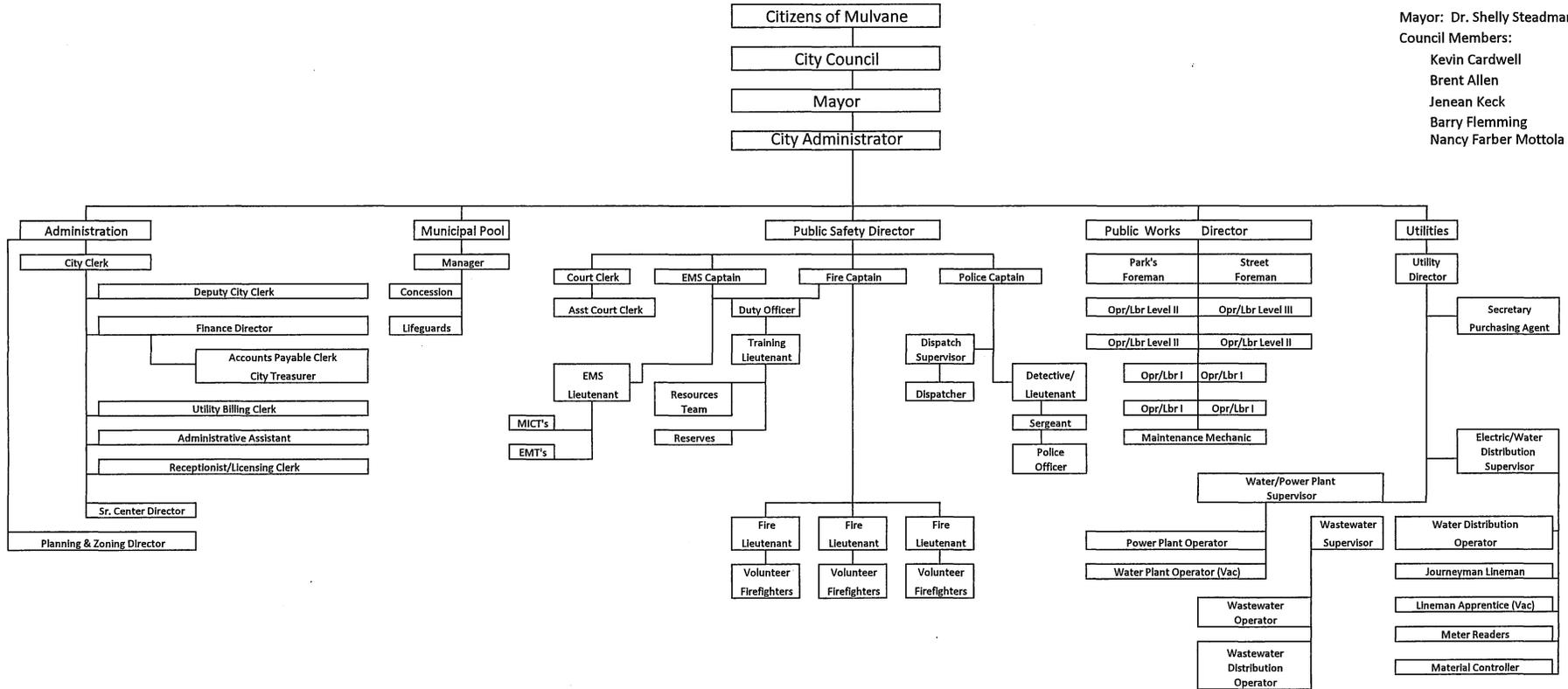
**CITY OF MULVANE, KANSAS
LIST OF PRINCIPAL OFFICIALS**

December 31, 2018

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

ORGANIZATIONAL CHART

Mayor: Dr. Shelly Steadman
 Council Members:
 Kevin Cardwell
 Brent Allen
 Jenean Keck
 Barry Flemming
 Nancy Farber Mottola



7



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, 2017

Christopher P. Morvill

Executive Director/CEO

FINANCIAL SECTION

George, Bowerman & Noel, P.A.

*Certified Public Accountants
Management Consultants
Tax Advisors*

12001 E. 13th St. North 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, 2018, 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, 2018, 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, Bowman & Noel, P.A.

Wichita, Kansas
September 3, 2019

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, 2018. 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 \$55,072,180. Of this amount, \$31,899,858 is the net investment in capital assets, and \$15,366,396 is for restricted uses, leaving \$7,805,926 unrestricted.
- The City's total net position increased by \$175,488 during the current fiscal year. The net position of the City's business-type activities increased by \$1,235,554 and the governmental activities net position decreased by \$1,060,066.
- At the end of the current fiscal year, the fund balance for the General Fund was \$4,247,840 or 66% of the total General Fund expenditures and transfers out incurred in the current fiscal year.
- The City's total bonded debt decreased by \$778,000 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),

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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.

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 20 and 21 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 34 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, and Debt Service, which are considered major funds. Data for the remaining 32 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 22 through 27 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.

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

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 28 through 32 of this report.

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 33 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 34 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 \$55,072,180 as of December 31, 2018.

A large portion of the City's net position (\$31,899,858) 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	
	2018	2017	2018	2017	2018	2017
Current/Other Assets	\$24,754,618	\$26,944,654	\$7,871,723	\$7,291,296	\$32,626,341	\$34,235,950
Capital Assets	28,536,553	28,773,339	37,424,512	37,602,546	65,961,065	66,375,885
Total Assets	53,291,171	55,717,993	45,296,235	44,893,842	98,587,406	100,611,835
Deferred Outflows of Resources	828,776	1,031,939	227,055	287,126	1,055,831	1,319,065
Long-Term Liabilities	32,000,809	31,163,888	7,050,745	7,910,172	39,051,554	39,074,060
Current/Other Liabilities	629,392	3,628,279	570,423	569,318	1,199,815	4,197,597
Total Liabilities	32,630,201	34,792,167	8,479,490	8,479,490	40,251,369	43,271,657
Deferred Inflows of Resources	4,218,142	3,626,095	101,546	136,456	4,319,688	3,762,551
Net Position						
Net Investment in Capital Assets	325,720	1,034,051	31,574,138	30,795,123	31,899,858	31,829,174
Restricted	15,366,396	16,698,827	-	-	15,366,396	16,698,827
Unrestricted	1,579,488	598,792	6,226,438	5,769,899	7,805,926	6,368,691
Total Net Position	\$17,271,604	\$18,331,670	\$37,800,576	\$36,565,022	\$55,072,180	\$54,896,692

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

An additional portion of the City's net position (27.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$7,805,926.

Analysis of the City's operations – The following table provides a summary of the City's operations for the years ended December 31, 2018 and 2017. The City's net position increased by \$175,488, or approximately 0.31%.

CITY OF MULVANE'S CHANGES IN NET POSITION						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$1,396,777	\$1,377,795	\$8,198,016	\$7,752,198	\$9,594,793	\$9,129,993
Operating Grants & Contributions	1,724,379	1,378,067	-	-	1,724,379	1,378,067
Capital Grants & Contributions	673,750	677,275	-	59,538	673,750	736,813
General Revenues						
Property Taxes	3,911,286	3,953,810	-	-	3,911,286	3,953,810
Gaming Facility	1,819,997	1,798,789	-	-	1,819,997	1,798,789
Sales Tax	790,162	911,338	-	-	790,162	911,338
Franchise Taxes	250,630	234,263	-	-	250,630	234,263
Investment Earnings	76,599	54,518	67,645	44,342	144,244	98,860
Total Revenues	10,643,580	10,385,855	8,265,661	7,856,078	18,909,241	18,241,933
Expenses:						
General Government	1,179,135	2,151,881	-	-	1,179,135	2,151,881
Public Safety	4,316,866	3,733,737	-	-	4,316,866	3,733,737
Highways & Streets	2,361,133	2,320,717	-	-	2,361,133	2,320,717
Culture & Recreation	1,454,413	1,432,675	-	-	1,454,413	1,432,675
Health & Sanitation	600	106,129	-	-	600	106,129
Economic Development	256,058	343,545	-	-	256,058	343,545
Environmental Protection	615	308	-	-	615	308
Electric System	-	-	5,013,606	4,768,801	5,013,606	4,768,801
Water System	-	-	1,299,081	1,251,030	1,299,081	1,251,030
Sewer System	-	-	1,633,447	1,556,034	1,633,447	1,556,034
Interest on Long-term Indebtedness	746,287	734,791	-	-	746,287	734,791
Total Expenses	10,315,107	10,823,783	7,946,134	7,575,865	18,513,123	18,399,648
Increase(Decrease) in Net Position before Transfers In (Out)	328,473	-437,928	319,527	280,213	648,000	-157,715
Transfers In (Out)	-1,034,154	-575,000	1,034,154	575,000	-	-
Increase (Decrease) in Net Position	-705,681	-1,012,928	1,353,681	855,213	648,000	-157,715
Net Position, Beginning of Year as previously stated	18,331,670	19,344,598	36,565,022	35,709,809	54,896,692	55,054,407
Prior Period Adjustment/OPEB Liability	-354,385	-	-118,127	-	-472,512	-
Net Position, End of Year	\$17,271,604	\$18,331,670	\$37,800,576	\$36,565,022	\$55,072,180	\$54,896,692

Governmental Activities – Governmental activities decreased the City's net position by \$1,060,066 for the current fiscal year. Total governmental activity revenues increased by \$257,725. Positive influences for governmental activity revenues included an increase in gaming revenue collected of \$21,208 and an increase in special assessments collected.

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Total governmental activity expenses decreased by \$508,676 for 2018, or approximately 4.69%. The decrease is due primarily to the distribution to the Mulvane Land Bank in 2017. Salaries and benefits continue to be a significant portion of the operating expenses for many functional areas and comprise approximately 40% of total expenses (excluding debt service expenses). Total wages and benefits increased by \$386,836 during 2018, which was attributed mostly to health insurance costs. Economic development expenses decreased by \$87,474 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.

Business-type Activities – Business-type activities increased the City's net position by \$1,235,554 for the current fiscal year. Total business-type charges for services increased by \$445,818 for 2018 with the Electric Utility increasing \$484,572, the Water Utility increasing by \$31,625, and the Sewer Utility decreasing by \$70,379 for 2018. The increase in net position is attributed to contributed capital of \$1,034,154.

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 \$7,728,601. This combined ending fund balance is a \$1,608,820 increase from 2017. The issuance of bonds for the project funds in 2018 contributed the majority of this increase.

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 \$4,247,840, which was \$15,579 more 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 42% of total General Fund expenditures and transfers out for the current year. The total fund balance of the General Fund represents 66% of total General Fund expenditures and transfers out for the current year. Employee benefits related to the public safety department were recorded in the General Fund in 2018.

The City Council has committed \$2,692,998 to carryover to fund the 2019 General Fund budget.

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 \$315,414, which is a decrease of \$286,537 from 2017. Resources for this fund are generated from property taxes, special assessment taxes and interest earnings and decreased by \$999,612 for 2018 and debt service requirements decreased by \$149,058 for 2018.

Proprietary Funds

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

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

The total net position of the proprietary funds increased by \$1,353,681 for 2018. The change in net position by fund includes an increase in the Electric System Fund of \$314,100, an increase in the Water System Fund of \$265,433, and an increase in the Sewer System Fund of \$774,148. A significant portion of this increase, 76%, is due to contributed capital to these funds.

Electric System Fund

Total net position of the Electric System Fund increased by \$314,100. Customer consumption for 2018 increased from 2017 and operating revenues are generally reflective of that situation as operating revenues increased \$484,572, and operating expenses increased by only \$245,265. Depreciation expense reflected a decrease for 2018 of \$3,995. Miscellaneous revenues for 2018 decreased \$26,738.

Water System Fund

Total net position of the Water System Fund increased by \$265,433. Operating revenues increased by \$31,625 during 2018. Operating expenses increased \$49,064 for 2018, with contracted engineering and other contracted services comprising a significant portion of the increase in expenses. Depreciation expense increased by \$8,189 for 2018.

Sewer System Fund

The total net position of the Sewer System Fund increased by \$774,148. Operating revenues decreased \$70,379, or 3.78%, with operating expenses increasing \$70,925, or approximately 4.77%.

General Fund Budgetary Highlights – The General Fund total actual revenues were 111.89% of the total amount anticipated in the 2018 budget and exceeded the total anticipated revenues by \$682,874. The significant composition of this excess can be attributed to intergovernmental revenues with gaming revenues exceeding the budgeted amount by \$123,231 and ambulance subsidies exceeding the budget by \$59,477.

General Fund budgetary revenues were \$6,286,522 for 2018. The General Fund revenues were augmented with the collection of \$1,823,231 of gaming facility revenue sharing representing the City's 1% of the gaming facility revenues. General Fund budgetary expenditures totaled \$6,392,661, which represented only 73.69% of the budgeted expenditures for 2018. Accordingly, the General Fund incurred a favorable variance from its budgeted expenditures of \$2,282,121. The significant portion of this amount is the reserve of \$1,500,000 for a potential tax refund of to a major taxpayer.

CAPITAL ASSETS

The City's investment in capital assets as of December 31, 2018 amounts to \$65,961,065 (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 0.62%. Major capital asset events during the current fiscal year included the following:

- New Playground Equipment - \$66,724
- New Bleachers at the Sports Complex - \$31,500
- New Pedestrian Crosswalk - \$10,318
- Two New Dump Trucks and Snowplow - \$219,421
- New One Ton Truck and Spreader - \$65,947

CITY OF MULVANE, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

- New John Deere Compact Utility Tractor - \$40,215
- New Zoll X-Series Monitors - \$32,166
- New Type II Ambulance - \$148,900
- New Chevrolet Tahoe/Police - \$36,565
- Three New John Deere Terrain Cut Mowers - \$37,307
- New High Capacity Lift - \$16,289
- Construction in Progress of a New Police Station, Equipment, & Furnishings - \$795,147

Capital Assets at Year-End Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	\$465,014	\$465,014	\$676,863	\$676,863	\$1,141,877	\$1,141,877
Buildings	6,406,017	6,612,787	-	-	6,406,017	6,612,787
Utility Plant	-	-	25,363,675	26,102,831	25,363,675	26,102,831
Improvements other than Buildings	2,629,212	2,718,732	9,774,295	9,092,593	12,403,507	11,811,325
Infrastructure	16,279,860	15,959,731	-	-	16,279,860	15,959,731
Machinery and Equipment	1,961,303	1,713,872	1,591,387	1,711,968	3,552,690	3,425,840
Construction Work in Progress	795,147	1,303,203	18,292	18,292	813,439	1,321,495
Total	\$28,536,553	\$28,773,339	\$37,424,512	\$37,602,546	\$65,961,065	\$66,375,885

Additional information on the City's capital assets can be found in Note 3 on pages 47 through 50 of this report.

DEBT ADMINISTRATION

At the end of the current fiscal year, the City's total long-term debt obligations outstanding are \$39,051,554. This amount was comprised of \$30,013,000 of general obligation bonds secured by future tax revenues from governmental activities with \$5,805,878 of such bonds being committed from resources generated by business-type revenues, and \$3,965,000 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 \$616,900 at year-end. The remaining long-term debt obligations totaling \$4,456,654 of the City pertains to accrued compensated absences in the amount of \$558,310 net OPEB liability of \$474,680 and net pension liability in the amount of \$3,423,664.

The City's total long-term debt decreased by \$22,506, or about 0.5% during the current year. Increases include 2018 bond issues of \$2,205,000 and \$1,000,000 for the City and Mulvane Public Building Commission, respectively and an increase of \$474,680 of net OPEB liability associated with the implementation of GASB 75. The increases were offset by principal payments in 2018 on existing debt of \$3,503,000 and a decrease of \$155,716 in the pension liability pertaining to the City's proportionate share of the unfunded liability of the KPERS retirement plan.

Additional information on the City's long-term debt can be found in Note 4 on pages 50 through 55 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 2019 budget which impacts 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 2019 by \$380,528, or approximately 10.44%. Assessed valuations increased about 4.40% resulting in an increase in the mill levy of 2.563.

The gaming facility revenue for 2019 has been estimated at \$1,700,000 and comprises approximately 28% of the General Fund's 2019 total resources. The other significant resources for the General Fund are the carryover balance from 2018, the 1% county-wide sales tax for Sedgwick County, and property taxes, which comprise 45%, 11% and 38% respectively, of the total General Fund resources for the 2019 budget.

The City's total property tax rate for the 2019 budget is 46.867 mills with the General Fund's levy at 26.34 mills. The Debt Service Fund and Employee Benefits Fund levies 7.103 mills and 6.131 mills, respectively, of the total City levy rate. The City's total assessed valuation for the 2019 budget is \$85,829,762, which reflects an increase from the 2018 budget of \$3,619,670.

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 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. On October 12, 2018, the City was notified by Sumner County that the Kansas Star had won its tax appeal for the year of 2013, and that a total of \$819,595 would be deducted from the January, 2019 tax distribution. The City continues to build up the reserves for these uncertainties.

The City's budgetary flexibility is very strong with an available fund balance in the General Fund in 2019 of 43% of budgeted expenditures, or \$3.7 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 2019 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, 2018

	Primary Government			Component Units		
	Governmental Activities	Business- Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority	Mulvane Land Bank
ASSETS						
Cash and investments	\$ 7,509,096	\$ 6,535,601	\$ 14,044,697	\$ 234,803	\$ 1,917	\$ 139,512
Receivables:						
Property taxes	4,014,742	—	4,014,742	—	—	—
Special assessment taxes	12,549,408	—	12,549,408	—	—	—
Sales taxes	137,591	—	137,591	—	—	—
Franchise fees	34,213	—	34,213	—	—	—
Gaming facility revenue receivable	161,150	—	161,150	—	—	—
Trade accounts, net	296,193	1,083,690	1,379,883	—	150	—
Prepaid items	40,250	34,133	74,383	—	517	—
Restricted assets	11,975	218,299	230,274	—	39,043	—
Capital assets:						
Land	465,014	676,863	1,141,877	—	16,000	—
Buildings	8,198,320	35,270,914	43,469,234	22,560	597,492	262,571
Improvements other than buildings	3,811,573	17,333,141	21,144,714	—	—	—
Infrastructure	36,861,668	—	36,861,668	—	—	—
Machinery and equipment	6,394,764	3,866,355	10,261,119	119,291	146,630	—
Less accumulated depreciation	(27,989,933)	(19,741,053)	(47,730,986)	(92,170)	(581,770)	—
Construction work in progress	795,147	18,292	813,439	—	—	—
Total assets	53,291,171	45,296,235	98,587,406	284,484	219,979	402,083
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized deferred costs on bond refunding	264,847	39,080	303,927	—	—	—
Deferred outflows related to pensions	531,043	177,014	708,057	58,643	—	—
Deferred outflows of resources related to OPEB	32,886	10,961	43,847	—	—	—
Total deferred outflows of resources	828,776	227,055	1,055,831	58,643	—	—
LIABILITIES						
Accounts payable	101,929	494,352	596,281	—	7,099	—
Accrued payroll payable	120,167	36,240	156,407	—	—	—
Accrued interest payable	207,775	39,831	247,606	—	—	—
Temporary notes payable	—	—	—	—	—	—
Unearned revenue	199,521	—	199,521	—	—	—
Noncurrent liabilities:						
Due within one year	2,928,193	1,085,515	4,013,708	—	9,200	—
Due in more than one year	29,072,616	5,965,230	35,037,846	117,803	136,828	—
Total liabilities	32,630,201	7,621,168	40,251,369	117,803	153,127	—
DEFERRED INFLOWS OF RESOURCES						
Property taxes receivable	4,014,742	—	4,014,742	—	—	—
Unamortized deferred costs on refunding	—	33,746	33,746	—	—	—
Deferred inflows related to pensions	179,733	59,911	239,644	4,244	—	—
Deferred inflows related to OPEB	23,667	7,889	31,556	—	—	—
	4,218,142	101,546	4,319,688	4,244	—	—
NET POSITION						
Net investment in capital assets	325,720	31,574,138	31,899,858	49,681	32,324	262,571
Restricted for:						
Debt service	12,864,822	—	12,864,822	—	—	—
Capital improvements	193,378	—	193,378	—	—	—
General government	275,702	—	275,702	—	—	—
Employee Benefits	194,063	—	194,063	—	—	—
Parks and recreation	1,179,447	—	1,179,447	—	—	—
Economic development	518,714	—	518,714	—	—	—
Street maintenance and improvement	52,293	—	52,293	—	—	—
Health and welfare	87,977	—	87,977	—	—	—
Unrestricted	1,579,488	6,226,438	7,805,926	171,399	34,528	139,512
Total net position	\$ 17,271,604	\$ 37,800,576	\$ 55,072,180	\$ 221,080	\$ 66,852	\$ 402,083

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

CITY OF MULVANE, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position						
	Expenses	Charges for	Operating	Capital	Primary Government			Component Units		
		Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Mulvane Public Library	Mulvane Housing Authority	Mulvane Land Bank
Governmental Activities:										
General government	\$ 1,179,135	\$ 158,357	\$ 102,455	\$ -	\$ (918,323)	\$ -	\$ (918,323)	\$ -	\$ -	\$ -
Public safety	4,316,866	1,123,961	335,523	-	(2,857,382)	-	(2,857,382)	-	-	-
Highways and streets	2,361,133	42,188	264,812	-	(2,054,133)	-	(2,054,133)	-	-	-
Health and sanitation	600	-	17,608	-	17,008	-	17,008	-	-	-
Culture and recreation	1,454,413	72,271	124,435	673,750	(583,957)	-	(583,957)	-	-	-
Economic development	256,058	-	320,992	-	64,934	-	64,934	-	-	-
Environmental protection	615	-	-	-	(615)	-	(615)	-	-	-
Interest on long-term debt	746,287	-	558,554	-	(187,733)	-	(187,733)	-	-	-
Total Governmental Activities	\$ 10,315,107	\$ 1,396,777	\$ 1,724,379	\$ 673,750	\$ (6,520,201)	\$ -	\$ (6,520,201)	\$ -	\$ -	\$ -
Business-Type Activities:										
Electric Utility	\$ 5,013,606	\$ 5,296,701	\$ -	\$ -	\$ -	\$ 283,095	\$ 283,095	\$ -	\$ -	\$ -
Water Utility	1,299,081	1,113,993	-	-	-	(185,088)	(185,088)	-	-	-
Sewer Utility	1,633,447	1,787,322	-	-	-	153,875	153,875	-	-	-
Total Business-Type Activities	\$ 7,946,134	\$ 8,198,016	\$ -	\$ -	\$ -	\$ 251,882	\$ 251,882	\$ -	\$ -	\$ -
Component Units:										
Mulvane Public Library	\$ 519,561	\$ 18,302	\$ 31,602	\$ -	\$ -	\$ -	\$ (469,657)	\$ -	\$ -	\$ -
Mulvane Housing Authority	105,181	78,317	10,811	-	-	-	-	(16,053)	-	-
Mulvane Land Bank	145,103	8,913	-	-	-	-	-	-	(136,190)	-
Total Component Units	\$ 769,845	\$ 105,532	\$ 42,413	\$ -	\$ -	\$ -	\$ (469,657)	\$ (16,053)	\$ (136,190)	\$ -
General Revenues and Transfers:										
General Revenues:										
Property taxes levied for:										
General purposes					3,543,583	-	3,543,583	-	-	-
Debt service					367,703	-	367,703	-	-	-
Gaming facility revenue sharing					1,819,997	-	1,819,997	-	-	-
Sales taxes					790,162	-	790,162	-	-	-
Franchise taxes					250,630	-	250,630	-	-	-
Payment from City of Mulvane					-	-	-	439,648	-	-
Investment earnings					76,599	67,645	144,244	345	30	-
Transfers in (out)					(1,034,154)	1,034,154	-	-	-	-
Total general revenues and transfers					5,814,520	1,101,799	6,916,319	439,993	30	-
Change in net position					(705,681)	1,353,681	648,000	(29,664)	(16,023)	(136,190)
Net position at beginning of year as previously stated					18,331,670	36,565,022	54,896,692	250,744	82,875	538,273
Prior period adjustment					(354,385)	(118,127)	(472,512)	-	-	-
Net position at beginning of year, as restated					17,977,285	36,446,895	54,424,180	250,744	82,875	538,273
Net position at end of year					\$ 17,271,604	\$ 37,800,576	\$ 55,072,180	\$ 221,080	\$ 66,852	\$ 402,083

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

FUND FINANCIAL STATEMENTS

CITY OF MULVANE, KANSAS

BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2018

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and short-term investments	\$ 4,151,900	\$ 315,414	\$ 3,041,782	\$ 7,509,096
Cash held for appearance bonds	11,975	–	–	11,975
Property taxes receivable	2,259,656	608,472	1,146,614	4,014,742
Special assessment taxes receivable	–	12,549,408	–	12,549,408
Due from other funds	–	–	3,229	3,229
Accounts receivable, net	203,381	–	92,812	296,193
Gaming facility revenue receivable	161,150	–	–	161,150
Franchise fees receivable	34,213	–	–	34,213
Sales tax receivable	71,241	–	66,350	137,591
Total assets	<u>\$ 6,893,516</u>	<u>\$ 13,473,294</u>	<u>\$ 4,350,787</u>	<u>\$ 24,717,597</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 54,797	\$ –	\$ 35,157	\$ 89,954
Accrued payroll payable	119,727	–	440	120,167
Due to other funds	–	–	3,229	3,229
Municipal Court appearance bonds payable	11,975	–	–	11,975
Temporary notes payable	–	–	–	–
Unearned revenue	199,521	–	–	199,521
Total liabilities	<u>386,020</u>	<u>–</u>	<u>38,826</u>	<u>424,846</u>
Deferred inflows of resources:				
Property taxes receivable	2,259,656	608,472	1,146,614	4,014,742
Special assessment taxes receivable	–	12,549,408	–	12,549,408
Total deferred inflows of resources	<u>2,259,656</u>	<u>13,157,880</u>	<u>1,146,614</u>	<u>16,564,150</u>
Fund balances:				
Restricted:				
Insurance claims	\$ 275,702	\$ –	\$ –	\$ 275,702
Debt service	–	315,414	–	315,414
General government	–	–	194,063	194,063
Recreation	–	–	1,179,447	1,179,447
Health and welfare	–	–	87,977	87,977
Economic development	–	–	518,714	518,714
Street improvements	–	–	52,293	52,293
Capital improvements	–	–	193,378	193,378
Committed:				
Street improvements	–	–	311,321	311,321
Parks and recreation	–	–	3,189	3,189
Assigned:				
General government	2,692,998	–	–	2,692,998
Culture and recreation	–	–	1,684	1,684
Capital outlay	–	–	381,868	381,868
Unassigned	1,279,140	–	241,413	1,520,553
Total fund balances	<u>4,247,840</u>	<u>315,414</u>	<u>3,165,347</u>	<u>7,728,601</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,893,516</u>	<u>\$ 13,473,294</u>	<u>\$ 4,350,787</u>	<u>\$ 24,717,597</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, 2018

Total Governmental Fund Balances		\$ 7,728,601
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	\$ 56,526,486	
Accumulated depreciation	<u>(27,989,933)</u>	28,536,553
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Special assessments receivable		12,549,408
Prepaid expenses		40,250
Deferred refunding bond costs resulting from issuance of refunding bonds are recognized as deferred outflows of resources in the government-wide financial statements		
		264,847
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	207,775	
Compensated absences payable	337,857	
General obligation bonds payable	24,207,121	
Unamortized premium on sale of general obligation bonds and Mulvane Public Building Commission revenue bonds	567,073	
Mulvane Public Building Commission revenue bonds payable	3,965,000	
Net pension liability for Kansas Public Employee's Retirement System Plan including deferred outflows of resources and deferred inflows of resources related to pensions	2,216,438	
Net OPEB liability for Kansas Public Employee's Disability Plan including deferred outflows of resources and deferred inflows of resources related to pensions	<u>346,791</u>	
		<u>(31,848,055)</u>
Net Position of Governmental Activities		<u>\$ 17,271,604</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, 2018

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,165,376	\$ 367,769	\$ 2,283,174	\$ 5,816,319
Special assessment taxes	-	1,950,998	13,112	1,964,110
Intergovernmental	2,285,196	-	259,564	2,544,760
Licenses and permits	300,959	-	-	300,959
Charges for services	343,464	-	106,169	449,633
Fines and forfeitures	190,501	-	-	190,501
Use of money and property	67,281	15,037	613,362	695,680
Miscellaneous	69,040	-	18,200	87,240
Total revenues	<u>6,421,817</u>	<u>2,333,804</u>	<u>3,293,581</u>	<u>12,049,202</u>
Expenditures:				
Current:				
General government	779,456	-	327,559	1,107,015
Public safety	4,290,231	-	33,586	4,323,817
Highways and streets	939,636	-	638,065	1,577,701
Culture and recreation	-	-	1,258,069	1,258,069
Health and welfare	-	-	600	600
Environmental protection	615	-	-	615
Economic development	-	-	283,558	283,558
Capital improvements	-	-	1,811,575	1,811,575
Debt Service	-	2,696,675	652,757	3,349,432
Total expenditures	<u>6,009,938</u>	<u>2,696,675</u>	<u>5,005,769</u>	<u>13,712,382</u>
Revenues over (under) expenditures	<u>411,879</u>	<u>(362,871)</u>	<u>(1,712,188)</u>	<u>(1,663,180)</u>
Other financing sources (uses):				
General obligation bonds issued	-	48,877	3,156,123	3,205,000
Premium on general obligation bonds issued	-	1,110	65,890	67,000
Transfers in	-	26,347	396,300	422,647
Transfers out	(396,300)	-	(26,347)	(422,647)
Total other financing sources (uses)	<u>(396,300)</u>	<u>76,334</u>	<u>3,591,966</u>	<u>3,272,000</u>
Net change in fund balance	15,579	(286,537)	1,879,778	1,608,820
Fund balances, beginning of year	<u>4,232,261</u>	<u>601,951</u>	<u>1,285,569</u>	<u>6,119,781</u>
Fund balances, end of year	<u>\$ 4,247,840</u>	<u>\$ 315,414</u>	<u>\$ 3,165,347</u>	<u>\$ 7,728,601</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, 2018

Net Change in Fund Balances – Total Governmental Funds		1,608,820
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	1,384,150	
Depreciation	<u>(1,620,936)</u>	
Excess depreciation over capital outlays		(236,786)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due		(12,372)
The issuance of long-term debt provides current financial resources in the governmental funds but represent an increase in long-term liabilities in the statement of activities for:		
General obligation bonds	(2,205,000)	
Mulvane Public Building Commission revenue bonds	<u>(1,000,000)</u>	
Total issuance of long-term debt		(3,205,000)
The premium on the issuance of bonded indebtedness provides current financial resources in the governmental funds but represents an increase to the long-term liabilities in the statement of activities for:		
General obligation bonds	(50,082)	
Mulvane Public Building Commission revenue bonds	<u>(16,918)</u>	
Total premium on the issuance of bonded indebtedness		(67,000)
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	2,049,922	
Mulvane Public Building Commission revenue bond payment	<u>520,000</u>	
Total payments on long-term liabilities		2,569,922
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		(49,514)
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		(1,405,622)
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.		(22,544)
OPEB contributions is an expenditure in the governmental funds but reduces the net OPEB liability in the statement of net position. Additionally, the effect of changes in deferred outflows and inflows for OPEB are only recorded in the statement of activities.		7,594
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	2,441	
Compensated absences payable	9,271	
Amortization of premium on issuance of general obligation bonds	85,096	
Amortization of premium on issuance of Mulvane Public Building Commission revenue bonds	<u>10,013</u>	
Total		<u>106,821</u>
Change in Net Position of Governmental Activities		<u><u>(705,681)</u></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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,955,059	\$ 2,955,059	\$ 3,026,320	\$ 71,261
Intergovernmental	2,069,500	2,069,500	2,288,430	218,930
Licenses, fees and permits	269,700	269,700	303,949	34,249
Charges for services	250,000	250,000	343,464	93,464
Fines and forfeitures	162,750	162,750	190,501	27,751
Use of money and property	21,000	21,000	64,818	43,818
Miscellaneous	–	–	69,040	69,040
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenues and other sources	<u>5,728,009</u>	<u>5,728,009</u>	<u>6,286,522</u>	<u>558,513</u>
Expenditures, encumbrances and other uses:				
General government:				
Administration department	2,970,644	2,970,644	663,924	2,306,720
Inspection Department	–	–	102,507	(102,507)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total general government	<u>2,970,644</u>	<u>2,970,644</u>	<u>766,431</u>	<u>2,204,213</u>
Public safety:				
Police department	1,784,274	1,784,274	1,866,183	(81,909)
Fire department	466,935	466,935	407,105	59,830
EMS department	1,977,376	1,977,376	1,737,278	240,098
Municipal Court	179,830	179,830	146,703	33,127
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total public safety	<u>4,408,415</u>	<u>4,408,415</u>	<u>4,157,269</u>	<u>251,146</u>
Highways and streets:				
Street department	<u>1,003,263</u>	<u>1,003,263</u>	<u>939,636</u>	<u>63,627</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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Economic development:				
Planning & Zonning	\$ 131,460	\$ 131,460	\$ –	\$ 131,460
Environmental protection:				
Bindweed department	1,000	1,000	615	385
Other:				
Debt service	–	–	132,410	(132,410)
Transfers out	160,000	160,000	396,300	(236,300)
Total other	160,000	160,000	528,710	(368,710)
Total expenditures, encumbrances and other uses	8,674,782	8,674,782	6,392,661	2,282,121
Revenues and other sources over (under) expenditures, encumbrances and other uses	(2,946,773)	(2,946,773)	(106,139)	2,840,634
Fund balance, beginning of year	2,946,773	2,946,773	3,806,771	859,998
Fund balance, end of year	\$ –	\$ –	\$ 3,700,632	\$ 3,700,632

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

CITY OF MULVANE, KANSAS

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

December 31, 2018

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds
	Electric System	Water System	Sewer System	
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 3,466,025	\$ 1,018,829	\$ 2,050,747	\$ 6,535,601
Trade accounts receivable	637,585	150,675	295,430	1,083,690
Prepaid expenses	16,962	6,630	10,541	34,133
Restricted assets:				
Cash and investments restricted for:				
Customer deposits	158,619	59,680	–	218,299
Total current assets	4,279,191	1,235,814	2,356,718	7,871,723
Property, plant and equipment:				
Land	220,495	118,107	338,261	676,863
Utility plant	5,403,265	9,038,852	20,828,797	35,270,914
Improvements other than buildings	5,316,518	6,015,167	6,001,456	17,333,141
Machinery and equipment	1,706,652	716,066	1,443,637	3,866,355
Construction work in process	–	18,292	–	18,292
	12,646,930	15,906,484	28,612,151	57,165,565
Less accumulated depreciation	(9,399,464)	(3,538,757)	(6,802,832)	(19,741,053)
Property, plant and equipment, net	3,247,466	12,367,727	21,809,319	37,424,512
Total assets	7,526,657	13,603,541	24,166,037	45,296,235
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows of resources:				
Unamortized deferred cost on refunding	16,165	–	22,915	39,080
Deferred outflows of resources related to pensions	92,047	35,403	49,564	177,014
Deferred outflows of resources related to OPEB	5,700	2,192	3,069	10,961
Total deferred outflows of resources	113,912	37,595	75,548	227,055
Total assets and deferred outflows of resources	7,640,569	13,641,136	24,241,585	45,523,290

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds
	Electric System	Water System	Sewer System	
<u>LIABILITIES</u>				
Current liabilities:				
Salaries and wages payable	\$ 18,579	\$ 6,854	\$ 10,807	\$ 36,240
Accounts payable	248,467	27,559	27	276,053
Compensated absences payable	100,827	35,674	50,292	186,793
Current portion of general obligation bonds payable	325,715	34,148	538,859	898,722
Accrued interest payable	16,046	698	23,087	39,831
Customer deposits payable	158,619	59,680	–	218,299
Total current liabilities	868,253	164,613	623,072	1,655,938
Noncurrent liabilities:				
Net pension liability	445,076	171,183	239,656	855,915
Net OPEB liability	61,708	23,734	33,228	118,670
Long-term portion of compensated absences payable	18,169	6,428	9,062	33,659
Long-term portion of general obligation bonds payable	2,020,478	72,752	2,863,756	4,956,986
Total noncurrent liabilities	2,545,431	274,097	3,145,702	5,965,230
Total liabilities	3,413,684	438,710	3,768,774	7,621,168
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unamortized deferred costs on refunding	13,293	–	20,453	33,746
Deferred inflows of resources related to pensions	31,154	11,982	16,775	59,911
Deferred inflows of resources related to OPEB	4,102	1,578	2,209	7,889
Total deferred inflows of resources	48,549	13,560	39,437	101,546
<u>NET POSITION</u>				
Net position:				
Net investment in capital assets	904,145	12,260,827	18,409,166	31,574,138
Unrestricted	3,274,191	928,039	2,024,208	6,226,438
Total net position	\$ 4,178,336	\$ 13,188,866	\$ 20,433,374	\$ 37,800,576

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, 2018

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds
	Electric System	Water System	Sewer System	
Operating revenues:				
Charges for services	\$ 5,256,973	\$ 1,076,438	\$ 1,774,727	\$ 8,108,138
Miscellaneous	33,424	28,770	12,595	74,789
Rents and royalties	6,304	8,785	–	15,089
Total operating revenues	<u>5,296,701</u>	<u>1,113,993</u>	<u>1,787,322</u>	<u>8,198,016</u>
Operating expenses:				
Production	3,619,828	–	–	3,619,828
Treatment	–	956,248	630,616	1,586,864
Distribution and maintenance	901,544	–	–	901,544
Collection	–	–	292,834	292,834
Depreciation	439,995	339,273	633,795	1,413,063
Total operating expenses	<u>4,961,367</u>	<u>1,295,521</u>	<u>1,557,245</u>	<u>7,814,133</u>
Operating income (loss)	<u>335,334</u>	<u>(181,528)</u>	<u>230,077</u>	<u>383,883</u>
Nonoperating revenues (expense):				
Interest income	24,525	8,753	16,253	49,531
Interest expense	(52,239)	(3,560)	(76,202)	(132,001)
Accretion of premium on general obligation bonds	6,480	–	11,634	18,114
Total nonoperating revenue (expense)	<u>(21,234)</u>	<u>5,193</u>	<u>(48,315)</u>	<u>(64,356)</u>
Income (loss) before contributions and transfers	314,100	(176,335)	181,762	319,527
Contributed capital	–	441,768	592,386	1,034,154
Change in net position	<u>314,100</u>	<u>265,433</u>	<u>774,148</u>	<u>1,353,681</u>
Net position, beginning of year as previously stated	3,925,662	12,947,058	19,692,302	36,565,022
Prior period adjustments	(61,426)	(23,625)	(33,076)	(118,127)
Net position, beginning of year as restated	<u>3,864,236</u>	<u>12,923,433</u>	<u>19,659,226</u>	<u>36,446,895</u>
Net position, end of year	<u>\$ 4,178,336</u>	<u>\$ 13,188,866</u>	<u>\$ 20,433,374</u>	<u>\$ 37,800,576</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, 2018

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds
	Electric System	Water System	Sewer System	
Cash flows from operating activities:				
Cash received from customers	\$ 5,312,885	\$ 1,077,494	\$ 1,770,753	\$ 8,161,132
Cash payments for materials and services	(3,667,757)	(617,561)	(428,591)	(4,713,909)
Cash payments to employees for services	(853,915)	(332,291)	(491,416)	(1,677,622)
Other cash receipts	39,728	37,555	12,595	89,878
Net cash provided by operating activities	830,941	165,197	863,341	1,859,479
Cash flows from capital and related financing activities:				
Principal paid on general obligation bonds	(330,009)	(51,222)	(551,846)	(933,077)
Interest paid on debt	(54,855)	(3,816)	(84,126)	(142,797)
Acquisition and construction of capital assets	(92,564)	(35,000)	(73,311)	(200,875)
Net cash provided (used) by capital and related financing activities	(477,428)	(90,038)	(709,283)	(1,276,749)
Cash flows from investing activities:				
Interest received	24,525	8,753	16,253	49,531
Net increase (decrease) in cash and cash equivalents	378,038	83,912	170,311	632,261
Cash and cash equivalents, beginning of year	3,246,606	994,597	1,880,436	6,121,639
Cash and cash equivalents, end of year	3,624,644	1,078,509	2,050,747	6,753,900
Cash and cash equivalents	3,466,025	1,018,829	2,050,747	6,535,601
Restricted cash and cash equivalents included in restricted cash and investments	158,619	59,680	–	218,299
Cash and cash equivalents, end of year	\$ 3,624,644	\$ 1,078,509	\$ 2,050,747	\$ 6,753,900

CITY OF MULVANE, KANSAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
(continued from previous page)

Year ended December 31, 2018

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds
	Electric System	Water System	Sewer System	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 335,334	\$ (181,528)	\$ 230,077	\$ 383,883
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	439,995	339,273	633,795	1,413,063
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	55,912	1,056	(3,974)	52,994
Decrease (increase) in prepaid expenses	(482)	(600)	(78)	(1,160)
Increase (decrease) in salaries and wages payable	2,373	441	1,439	4,253
Increase (decrease) in accounts payable	(7,575)	3,939	(504)	(4,140)
Increase (decrease) in compensated absences payable	(1,324)	(196)	1,191	(329)
Increase (decrease) in customer deposits payable	4,116	1,814	–	–
Increase (decrease) in net pension liability	2,592	998	1,395	4,985
Net cash provided by operating activities	<u>\$ 830,941</u>	<u>\$ 165,197</u>	<u>\$ 863,341</u>	<u>\$ 1,859,479</u>

Noncash capital and related financing activities:

The Water System Fund and Sewer System Fund received noncash contributions of assets from the municipality for facility

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, 2018

	<u>Agency Funds</u>
Assets:	
Cash including investments	\$ 164,740
Liabilities:	
Accrued liabilities payable	<u>164,740</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, 2018

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.

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 \$5,000. 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, 2018, there was \$-0- of accrued liabilities. Changes in the reported liability since December 31, 2018 is as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2017	\$ 2,034	\$ 53,978	\$ 53,011	\$ 3,001
2018	3,001	14,206	17,207	-0-

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

At December 31, 2018, General Fund cash and short-term investments of \$275,702 were held for purposes of funding the City's future claims liabilities, including \$-0- at year-end. As a result, \$275,702 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 and OPEB.

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, Merlin’s Glen Street Drainage Improvements, Villa Maria Senior Housing Project, Nottingham Estates Water Improvements, Nottingham Estates Sewer Improvements, Nottingham Estates Street Improvements, Emerald Valley Phase I Water Improvements, Emerald Valley Phase I Sewer Improvements, Emerald Valley Phase I Street Improvements, Emerald Valley Phase I Pond Improvements, Police Building, Cedar Brook 4th and 5th Storm Sewer Improvements and Gilbert Addition Improvements funds

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

are exempted from a legally adopted budget. In addition, the Mulvane Public Building Commission is not 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. The original budgets for the following funds were amended during 2018:

<u>Fund</u>	<u>Original Budget</u>	<u>Amended Budget</u>
Transportation impact fee	\$ 3,229	\$ 49,947
Park impact fee	1,000	66,724

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 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, 2018, is as follows:

Carson Bank	88%
Emprise Bank	12%

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 \$14,578,623, with the bank balances of such accounts being \$14,738,533. Of the bank balances, \$582,362 was covered by federal depository insurance and the remaining balance of \$14,156,171 was covered by collateral held by the City's custodial banks in joint custody in the name of the City and its banks and letters of credit pledged to secure City deposits. The fair value of those pledged securities held by the City's custodial investment agencies and letters of credit were \$12,272,440 and \$7,000,000, respectively at December 31, 2018.

The remaining carrying amount of the City's cash and investments at December 31, 2018 consisted of cash on hand of \$600.

The Mulvane Public Library's cash and investments at December 31, 2018 consisted of demand deposit and money market checking accounts. At year-end, the carrying amount of the Library's deposits was \$234,803 with the bank balances of such accounts being

2. DEPOSITS AND INVESTMENTS (continued)

\$230,460. The bank balances were entirely secured by FDIC insurance at December 31, 2018.

The Mulvane Housing Authority's cash and investments at December 31, 2018 consisted of savings and money market checking accounts. At year-end, the carrying amount of the Authority's deposits was \$39,043 with the bank balances of such accounts being \$39,043. The bank balances were entirely secured by FDIC insurance at December 31, 2018.

The Mulvane Land Bank cash and investments at December 31, 2018 consisted of a checking account and the carrying amount of the Mulvane Land Bank deposit was \$139,512 with the bank balance of such accounts being \$139,512. The bank balance was entirely secured by FDIC insurance at December 31, 2018.

3. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 465,014	\$ —	\$ —	\$ 465,014
Construction work in progress	<u>1,303,203</u>	<u>1,643,295</u>	<u>2,151,351</u>	<u>795,147</u>
	<u>1,768,217</u>	<u>1,643,295</u>	<u>2,151,351</u>	<u>1,260,161</u>
Capital assets being depreciated:				
Buildings	8,198,320	—	—	8,198,320
Improvements other than buildings	3,811,573	—	—	3,811,573
Infrastructure	35,656,585	1,205,083	—	36,861,668
Machinery and equipment	<u>5,816,394</u>	<u>687,123</u>	<u>108,753</u>	<u>6,394,764</u>
Total capital assets being depreciated	<u>53,482,872</u>	<u>1,892,206</u>	<u>108,753</u>	<u>55,266,325</u>

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Less accumulated depreciation for:				
Buildings	\$ 1,585,533	\$ 206,771	\$ —	\$ 1,792,304
Improvements other than buildings	1,092,841	89,520	—	1,182,361
Infrastructure	19,696,854	884,954	—	20,581,808
Machinery and equipment	<u>4,102,522</u>	<u>439,691</u>	<u>108,753</u>	<u>4,433,460</u>
Total accumulated depreciation	<u>26,477,750</u>	<u>1,620,936</u>	<u>108,753</u>	<u>27,989,933</u>
Total capital assets being depreciated, net	<u>27,005,122</u>	<u>271,270</u>	<u>—</u>	<u>27,276,392</u>
Governmental activities capital assets, net	<u>\$ 28,773,339</u>	<u>\$ 1,914,565</u>	<u>\$2,151,351</u>	<u>\$ 28,536,553</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 676,863	\$ —	\$ —	\$ 676,863
Construction Work in Progress	<u>18,292</u>	<u>—</u>	<u>—</u>	<u>18,292</u>
Total capital assets not being depreciated	<u>695,155</u>	<u>—</u>	<u>—</u>	<u>695,155</u>
Capital assets being depreciated:				
Utility plant	35,220,847	50,067	—	35,270,914
Improvements other than buildings	16,256,491	1,076,650	—	17,333,141

3. CHANGES IN CAPITAL ASSETS (continued)

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2018</u>
Machinery and equipment	\$ 3,758,044	\$ 108,311	\$ —	\$ 3,866,355
Total capital assets being depreciated	<u>55,235,382</u>	<u>1,235,028</u>	<u>—</u>	<u>56,470,410</u>
Less accumulated depreciation for:				
Utility plant	9,118,016	789,223	—	9,907,239
Improvements other than buildings	7,163,898	394,948	—	7,558,846
Machinery and equipment	<u>2,046,076</u>	<u>228,892</u>	<u>—</u>	<u>2,274,968</u>
Total accumulated depreciation	<u>18,327,990</u>	<u>1,413,063</u>	<u>—</u>	<u>19,741,053</u>
Total capital assets being depreciated, net	<u>36,907,392</u>	<u>(178,035)</u>	<u>—</u>	<u>36,729,357</u>
Business-type activities capital assets, net	<u>\$ 37,602,547</u>	<u>\$ (178,035)</u>	<u>\$ —</u>	<u>\$ 37,424,512</u>

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

Governmental activities:	
General government	\$ 63,986
Public safety	274,791
Highways and streets (including depreciation of infrastructure assets)	985,601
Culture and recreation	<u>296,558</u>
Total depreciation expense – governmental activities	<u>\$ 1,620,936</u>

3. CHANGES IN CAPITAL ASSETS (continued)

Business-type activities:	
Electric System	\$ 439,995
Water System	339,273
Sewer System	<u>633,795</u>
Total depreciation expense – business-type activities	<u>\$ 1,413,063</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, 2018:

	Outstanding January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2018</u>	Due Within <u>One Year</u>
<u>Governmental activities</u>					
General obligation bonds	\$24,052,043	\$ 2,205,000	\$ 2,049,921	\$ 24,207,122	\$ 2,019,277
Mulvane Public Building Commission Revenue bonds	3,485,000	1,000,000	520,000	3,965,000	525,000
Net pension liability	2,684,535	159,042	275,829	2,567,748	–
Net OPEB liability	344,530	44,356	32,876	356,010	–
Premium on issuance of general obligation bonds	562,352	50,082	85,097	527,337	88,710
Premium on issuance of Mulvane Public Building Commission revenue bonds	32,830	16,918	10,013	39,735	8,934
Compensated absences	<u>347,128</u>	<u>285,385</u>	<u>294,656</u>	<u>337,857</u>	<u>286,272</u>
Total long-term liabilities – Governmental activities	<u>\$31,508,418</u>	<u>\$ 3,760,783</u>	<u>\$ 3,268,392</u>	<u>\$ 32,000,809</u>	<u>\$ 2,928,193</u>
<u>Business-type activities</u>					
General obligation bonds	\$ 6,738,957	\$ –	\$ 933,079	\$ 5,805,878	\$ 898,722
Premium on issuance of general obligation bonds	67,942	–	18,112	49,830	–
Net pension liability	894,845	53,013	91,943	855,915	–
Net OPEB liability	114,843	14,785	10,958	118,670	–
Compensated absences	<u>220,781</u>	<u>186,216</u>	<u>186,545</u>	<u>220,452</u>	<u>186,793</u>
Total long-term liabilities – Business-Type activities	<u>\$ 8,037,368</u>	<u>\$ 254,014</u>	<u>\$ 1,240,637</u>	<u>\$ 7,050,745</u>	<u>\$ 1,085,515</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, 2018 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	\$ 3,000
General Obligation Bonds, Series A 2012	2.00 – 3.50	935,000
General Obligation Refunding and Improvement Bonds, Series B, 2012	1.00 – 2.75	3,095,000
General Obligation Bonds, Series A, 2013	2.00 – 4.00	7,090,000
General Obligation Refunding and Improvement Bonds, Series A, 2014	2.00 – 3.50	720,000
General Obligation Refunding and Improvement Bonds, Series A, 2015	2.00 – 2.50	4,935,000
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	3,100,000
General Obligation Bonds, Series 2018	2.00 – 3.50	<u>2,205,000</u>
Total general obligation bonds outstanding		30,013,000
Less debt service from enterprise funds		<u>(5,805,878)</u>
Total general obligation bonds payable from debt service fund		<u>\$ 24,207,122</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>
2019	\$ 2,019,277	657,910	2,677,187
2020	1,912,675	637,902	2,550,577
2021	1,942,371	588,023	2,530,394
2022	1,987,817	536,463	2,524,280
2023	2,240,619	480,327	2,720,946
2024	2,295,619	418,290	2,713,909
2025	2,376,788	357,392	2,734,180
2026	2,273,831	286,750	2,560,581
2027	1,994,531	231,779	2,226,310
2028	964,531	181,106	1,145,637

4. LONG-TERM DEBT (continued)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2029	\$ 654,531	\$ 150,572	\$ 805,103
2030	679,532	128,439	807,971
2031	675,000	105,455	780,455
2032	700,000	81,380	781,380
2033	730,000	56,405	786,405
2034	760,000	28,780	788,780
	<u>\$ 24,207,122</u>	<u>\$ 4,926,973</u>	<u>\$ 29,134,095</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>
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	4,238	149	4,387	7,423	260	7,683
	<u>\$ 2,327,747</u>	<u>\$ 217,006</u>	<u>\$ 2,544,753</u>	<u>\$ 106,900</u>	<u>\$ 17,408</u>	<u>\$ 124,308</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>
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
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

4. LONG-TERM DEBT (continued)

Year	Sewer Utility			Total Utilities		
	Principal	Interest	Total	Principal	Interest	Total
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>\$3,371,231</u>	<u>\$ 296,193</u>	<u>\$3,667,424</u>	<u>\$ 5,805,878</u>	<u>\$ 530,607</u>	<u>\$ 6,336,485</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, 2018 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	\$ 355,000
Mulvane Public Building Commission Revenue Bonds, Series A 2014 (Public Library)	2.00 – 2.125	2,610,000
Mulvane Public Building Commission Revenue Bonds, Series A 2018 (Police Building)	3.00	<u>1,000,000</u>
		<u>\$ 3,965,000</u>

Remaining debt service requirements for the Mulvane Public Building Commission Series 2009 and 2018 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 2018, the revenues from the special sales tax were \$673,750 with the required debt service payments totaling \$465,875.

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
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>\$ 355,000</u>	<u>\$ 27,660</u>	<u>\$ 382,660</u>	<u>\$ 2,610,000</u>	<u>\$ 189,650</u>	<u>\$ 2,799,650</u>

Year	Series 2018 Revenue Bonds			Total Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ —	\$ 47,500	\$ 47,500	\$ 525,000	\$ 113,775	\$ 638,775
2020	—	30,000	30,000	540,000	83,935	623,935
2021	—	30,000	30,000	550,000	70,975	620,975
2022	—	30,000	30,000	440,000	57,575	497,575
2023	—	30,000	30,000	450,000	48,775	498,775
2024	—	30,000	30,000	460,000	39,775	499,775
2025	240,000	30,000	270,000	240,000	30,000	270,000
2026	245,000	22,800	267,800	245,000	22,800	267,800
2027	255,000	15,450	270,450	255,000	15,450	270,450
2028	260,000	7,800	267,800	260,000	7,800	267,800
	<u>\$ 1,000,000</u>	<u>\$ 273,550</u>	<u>\$ 1,273,550</u>	<u>\$ 3,965,000</u>	<u>\$ 490,860</u>	<u>\$ 4,455,860</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, 2018.

Compensated absences

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

4. LONG-TERM DEBT (continued)

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, 2018:

	Outstanding January 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Outstanding December 31, <u>2018</u>
Villa Maria, Inc. Health Care Facility Refunding And Improvement Revenue Bonds, Series 2017	\$ 5,100,000	\$ -	\$ 178,466	\$ 4,921,534

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. There were no outstanding temporary notes at December 31, 2018.

During 2018, 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>
\$ 2,515,000	\$ 612,000	\$ 3,127,000	\$ - 0 -

6. CAPITAL PROJECT FUND AUTHORIZATIONS

At December 31, 2018, individual project authorizations compared with project expenditures from inception which are reported within the Capital Projects Fund are as follows:

6. CAPITAL PROJECT FUND AUTHORIZATIONS (continued)

<u>Project</u>	<u>Project authorizations</u>	<u>Expenditures project inception to December 31, 2018</u>
Water Treatment Plant Improvements	\$ 7,000,000	\$ 6,117,841
Cedar Brook 5 th Addition Water Improvements	\$ 128,700	\$ 79,866
Cedar Brook 5 th Addition Sewer Improvements	125,400	70,617
Cedar Brook 5 th Addition Street Improvements	364,320	269,123
Merlin's Glen Street Drainage Improvements	82,732	55,994
Villa Maria Senior Housing Project	306,013	201,818
Nottingham Estates Addition Water Improvements	164,970	115,869
Nottingham Estates Addition Sewer Improvements	292,740	172,812
Nottingham Estates Addition Street Improvements	520,650	361,380
Emerald Valley Phase 1 Addition Water Improvements	211,787	110,219
Emerald Valley Phase 1 Addition Sewer Improvements	237,159	198,906
Emerald Valley Phase 1 Addition Street Improvements	546,039	380,700
Emerald Valley Phase 1 Addition Pond Improvements	283,257	178,334
Gilbert Addition Improvements	129,490	55,740
Police Building	1,016,918	998,767

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	19.62%	12.01%
School employees	16.38	12.01
State/School employees (combined rate) (1)	14.89	12.01
Local government employees	8.39	8.39
Police and Firemen	20.09	20.09
Judges	15.89	15.89

(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 2018 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, 2018 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, 2018. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2018, the City's proportion was .245637%, which was an decrease of .001480% from its proportion measured at June 30, 2017.

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, 2018, the outstanding balance was \$4,612,105. These payments are due over various time periods up through December 31, 2032.

The 2017 Legislature passed Senate Sub for Sub House Bill 2052 authorizing the delay of \$64.1 million in Fiscal Year 2017 contributions. This amount has been set up as a long-term receivable. Payment was authorized to be made in a series of twenty annual payments of \$6.4 million. Senate Sub for HB 2002 authorized the first two annual payments for Fiscal Years 2018 and 2019.

7. PENSION PLAN (continued)

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

At December 31, 2018, the City reported a liability of \$3,423,663 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended December 31, 2018, the City recognized pension expense of \$30,059. At December 31, 2018 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	\$ 178,552	\$ —
Differences between expected and actual experience	12,361	97,011
Net difference between projected and actual earnings on pension plan investments	80,090	—
Changes in assumptions	148,259	16,487
Changes in proportion	<u>288,795</u>	<u>126,146</u>
Total	<u>\$ 708,057</u>	<u>\$ 239,644</u>

The City reported \$178,552 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>
2019	\$ 221,168
2020	91,623
2021	(34,663)
2022	13,402
2023	(1,669)
Thereafter	—

7. PENSION PLAN (continued)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, 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, 2017 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%	6.85%
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 2018 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 were made at 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. The 2018 Legislature passed House Sub for Sen Bill 109, that provided additional funds for the school group of \$56 million in Fiscal Year 2018 and \$138 million in Fiscal Year 2019.

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, between 11 to 12 percent. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

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, 2018 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	June 30, 2018		
	1.00% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1.00% Increase <u>(8.75%)</u>
Net pension liability	\$5,021,303	\$3,423,664	\$2,073,515

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 wit 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>Debt Service Fund</u>	<u>Other Nonmajor Govern- mental Funds</u>
GAAP Fund Balance at December 31, 2018	\$ 4,247,840	\$ 315,414	\$ 3,165,347
Adjustments:			
Reserved for self-insurance	(275,702)	-	-
Accrued sales tax revenues	(71,241)	-	(66,350)
Accrued franchise fee revenues	(34,213)	-	-
Accrued gaming facility revenues	(161,150)	-	-
Other receivables		-	(87,796)
Reserved for encumbrances – budgeted funds	(4,902)	-	-
Fund balances of nonbudgeted special revenue funds		-	(816,659)
	<u> </u>	<u> </u>	<u> </u>
Budgetary Fund Balance at December 31, 2018	<u>\$ 3,700,632</u>	<u>\$ 315,414</u>	<u>\$ 2,194,542</u>

9. INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables (due to/ from other funds) at December 31, 2018 were as follows:

<u>Fund</u>	<u>Due To</u>	<u>Due From</u>
Cedar Brook 5 th Addition Street Improvements	\$ 3,229	\$ -
Cedar Brook 5 th Addition Sewer Improvements	-	1,801
Nottingham Estates Sewer Improvements	-	815
Gilbert Addition Improvements	-	613
	<u> </u>	<u> </u>
	<u>\$ 3,229</u>	<u>\$ 3,229</u>

9. INTERFUND RECEIVABLES AND PAYABLES (continued)

The amounts due to the Cedar Brook 5th Addition Street 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 2018 is as follows:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
Major Funds:		
General	\$	\$ 396,300
Debt Service	<u>26,347</u>	<u>—</u>
	<u>26,347</u>	<u>396,300</u>
Nonmajor Funds:		
Senior Citizens	28,300	—
Municipal Equipment Reserve	270,000	—
Swimming Pool	98,000	—
Water Treatment Plant	—	18,822
Merlin's Glen Street Drainage Improvements	<u>—</u>	<u>7,525</u>
	<u>396,300</u>	<u>26,347</u>
	<u>\$ 422,647</u>	<u>\$ 422,647</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 Municipal Equipment Reserve Fund in the amount of \$270,000 are related to equipment replacement reserves. Transfers from the General Fund to the Swimming Pool Fund (\$98,000) and also to the Senior Citizens Fund (\$28,300) are routinely made to support those functional operations.

The Debt Service Fund received non-routine transfers from Water Treatment Plant Fund and Merlin's Glen Street Drainage Improvements Fund in the amounts of \$18,822 and \$7,525, respectively, to transfer the residual balances in the project funds to the Debt Service Fund upon completion of the projects.

11. FUND DEFICITS

At December 31, 2018, the following funds had incurred fund deficits:

<u>Fund</u>	<u>Deficit Amount</u>
Cedar Brook 5 th Addition Sewer Improvements	\$ 1,801
Gilbert Addition Improvements	613

These fund deficits will be financed through the sale of bonds authorized by the City Council, not yet sold at December 31, 2018, or through other revenue sources available to the City.

12. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Health Insurance

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.

KPERS Death and Disability OPEB Plan

Plan description

The City participates in an agent multiple-employer defined benefit other postemployment benefit (OPEB) plan which is administered by KPERS. The Plan provides long-term disability benefits and life insurance benefits for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Accordingly, the Plan is considered to be administered on a pay-as-you go basis. There is no stand-alone financial report for the Plan.

Benefits provided

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60% (prior to January 1, 2006, 66

12. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

2/3%) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver premium provision.

Long-term disability benefit

Monthly benefit is 60% of the member’s monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, worker’s compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member’s 65th birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of 5 years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of-living increase.

Group waiver of premium benefit

Upon the death of an employee who is receiving monthly disability benefits, the plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of the member’s annual rate of compensation at the time of the disability or the member’s previous 12 months of compensation at the time of the last date of payroll. If the member has been disabled for 5 or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefits rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual life insurance plan.

Members covered by benefit terms

As of the valuation date of December 31, 2017, the following employees were covered by the benefit terms:

Active employees	75
Disabled members	<u>1</u>
Total	<u>76</u>

12. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Total OPEB liability

The City's total OPEB liability of \$474,680 was measured as of June 30, 2018, and was determined by an actuarial valuation as of December 31, 2017.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included measurement, unless otherwise noted:

Price inflation	– 2.75 percent
Payroll growth	– 3.00 percent
Discount rate	– 3.87 percent
Salary increases	– 3.50 percent (composed of 2.75 percent inflation and .75 percent productivity)
Actuarial cost method	– Entry Age Normal
Healthcare cost trend rates	– Not applicable for the coverage in this plan
Retiree share of benefit cost	– Not applicable for the coverage in this plan

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustments for mortality improvements based on Scale MP-2018.

The actuarial assumptions used in the December 31, 2017 valuation were based on an actuarial experience study for the period July 1, 2014 – June 30, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2017 KPERS pension valuation.

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

12. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 16,529
Interest cost	16,469
Effect of economic/demographic gains or losses	25,163
Effect of assumptions changes or inputs	(10,789)
Benefit payments	<u>(32,065)</u>
Net changes	15,307
Net OPEB liability at beginning of year	<u>459,373</u>
Net OPEB liability at end of year	<u>\$ 474,680</u>

Changes in assumptions

Changes in assumptions and other inputs reflect the effects of changes in the discount rate for each period. The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current discount rate:

	1.00% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1.00% Increase <u>(4.87%)</u>
City's total OPEB liability	\$ 513,368	\$ 474,680	\$440,272

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is provided as it is a required disclosure under GASB Statement No. 75.

12. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

	<u>1.00%</u> <u>Decrease</u>	<u>Current</u> <u>Trend</u> <u>Assumption</u>	<u>1.00%</u> <u>Increase</u>
City's total OPEB liability	\$ 474,680	\$ 474,680	\$ 474,680

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$10,123. At December 31, 2018 the City reported inferred outflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 22,566	\$ -
Changes in assumptions	-	31,556
Contributions subsequent to the measurement date	<u>21,281</u>	<u>-</u>
Total	<u>\$ 43,847</u>	<u>\$ 31,556</u>

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$21,281 consist of payments made to KPERs for benefits and administrative costs, and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2019	\$ (1,365)
2020	(1,365)
2021	(1,365)
2022	(1,365)
2023	(1,365)
2024 and thereafter	(2,165)

13. TAX ABATEMENTS

In 2017, 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, 2018, the City abated property taxes totaling \$9,629 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;

13. 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.

14. 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.

14. 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. The Court of Appeals found the 2013 assessed valuation was approximately \$37 million and Sumner County issued a refund for 2013 taxes of \$2,732,132. The City received notification from Sumner County on October 12, 2018 that the property tax distribution to the City scheduled for January 20, 2019 would be reduced by \$819,595 to account for the City's portion of the 2013 refund.

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 2014 and 2015 cases were consolidated on appeal and the Court of Appeals remanded the cases to the Board of Tax Appeals for further fact finding.

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. These rulings have been appealed and no decision has yet been issued by the Court of Appeals.

If the Casino is successful in reducing its assessed valuations for 2014 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 2014 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.

14. COMMITMENTS AND CONTINGENCIES (continued)

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.

Residential Housing Addition and Facility Improvement Commitments

The City had outstanding construction and engineering commitments for facility improvements and water, sewer, paving and retention pond improvements related to new residential housing addition projects being constructed within the City in the amount of \$210,820 at December 31, 2018.

15. RESTATEMENT

Prior Period Adjustment

Beginning net position on the statement of activities and the statement of revenues, expenses and changes in net position – proprietary funds was restated to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The effect of this restatement on the beginning net position was a decrease of \$354,385 for governmental activities and \$118,127 for business-type activities, which resulted from the total OPEB liability being increased by \$344,530 and \$114,843, deferred outflows for OPEB being increased by \$8,692 and \$2,898 and deferred inflows for OPEB being increased by \$18,547 and \$6,182 for governmental activities and business-type activities, respectively. There was no effect on current or prior-year revenues or expenditures as a result of this adjustment.

16. SUBSEQUENT EVENTS

General Obligation Refunding Bonds

Subsequent to December 31, 2018, the City issued General Obligation Refunding Bonds, Series 2019A in the principal amount of \$8,510,000 at an average interest rate of 3.536%. The bonds were issued for the purpose of refunding certain existing outstanding bonds.

Management has evaluated subsequent events through September 3, 2019, 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportionate percentage of the net pension liability	0.245637%	0.247112%	0.229256%	0.246065%	0.231939%
City's proportionate share of the net pension liability	\$ 3,423,664	\$ 3,579,380	\$ 3,546,658	\$ 3,230,942	\$ 2,854,735
City's covered payroll	\$ 4,414,815	\$ 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 payroll	77.55%	78.34%	88.78%	81.40%	79.02%
Plan fiduciary net position as a percentage of the total pension liability	74.22%	72.16%	68.55%	71.98%	72.56%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 367,772	\$ 357,913	\$ 378,272	\$ 430,043	\$ 392,087
Contributions in relation to the contractually required contribution	<u>(367,772)</u>	<u>(357,913)</u>	<u>(378,272)</u>	<u>(430,043)</u>	<u>(392,087)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered payroll	4,383,459	4,230,650	4,120,610	4,536,319	4,435,373
Contributions as a percentage of covered payroll	8.39%	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.

CITY OF MULVANE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

**Schedule of Changes in the
City's Disability Total OPEB Liability and Related Ratios
Last Fiscal Year ***

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 16,529
Interest	16,469
Effect of economic/demographic gains or losses	25,163
Effect of assumption changes or inputs	(10,789)
Benefit payments	<u>(32,065)</u>
Net change in total OPEB liability	15,307
Total OPEB liability – beginning of year	<u>459,373</u>
Total OPEB liability – end of year	<u>\$ 474,680</u>
Covered payroll	\$ 4,188,681
City's total OPEB liability as a percentage of covered payroll	11.33%

* – Governmental Accounting Standards Board Statements No. 75 requires presentation of ten years. Additional years will be reported as they become available.

Changes in assumptions: Discount rate changed from 3.58% in 2017 to 3.87% in 2018.

**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:

Employee Benefits – 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’ payroll (excluding public safety). Financing is principally provided by taxes.

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.

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

Cedar Brook 4th and 5th Storm Sewer Improvements – to account for the construction of storm sewer improvements to the Cedar Brook 4th and 5th 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, 2018

	Special Revenue Funds	Capital Project Funds	Total
<u>ASSETS</u>			
Cash including short-term investments	\$ 2,202,986	\$ 838,796	\$ 3,041,782
Property tax receivable	957,867	188,747	1,146,614
Accounts receivable	92,812	–	92,812
Sales tax receivable	66,350	–	66,350
Due from other funds	–	3,229	3,229
	<u>3,320,015</u>	<u>1,030,772</u>	<u>4,350,787</u>
<u>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	–	22,137	22,137
Accrued payroll and accrued liabilities	440	–	440
Due to other funds	–	3,229	3,229
Temporary notes payable	–	–	–
	<u>440</u>	<u>25,366</u>	<u>25,806</u>
Deferred inflows of resources:			
Property taxes receivable	<u>957,867</u>	<u>188,747</u>	<u>1,146,614</u>
Fund Balances:			
Restricted:			
General Government	194,063		194,063
Recreation	1,179,447	–	1,179,447
Health and welfare	87,977	–	87,977
Economic development	518,714	–	518,714
Street improvements	52,293	–	52,293
Capital improvements	–	193,378	193,378
Committed:			
Street improvements	311,321	–	311,321
Parks and recreation	3,189	–	3,189
Assigned:			
Culture and recreation	1,684	–	1,684
Capital outlay	–	381,868	381,868
Unassigned	–	241,413	241,413
	<u>2,348,688</u>	<u>816,659</u>	<u>3,165,347</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,306,995</u>	<u>\$ 1,030,772</u>	<u>\$ 4,337,767</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2018

	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:			
Taxes	\$ 2,082,294	\$ 200,880	\$ 2,283,174
Special assessment taxes	-	13,112	13,112
Intergovernmental	259,564	-	259,564
Charges for services	106,169	-	106,169
Miscellaneous	18,200	-	18,200
Use of money and property	606,126	7,236	613,362
	<u>3,072,353</u>	<u>221,228</u>	<u>3,293,581</u>
Total revenues			
Expenditures:			
Current:			
General government	327,559	-	327,559
Public Safety	33,586	-	33,586
Highways and streets	638,065	-	638,065
Culture and recreation	1,258,069	-	1,258,069
Health and welfare	600	-	600
Economic development	283,558	-	283,558
Capital improvements	-	1,811,575	1,811,575
Debt service:			
Principal	520,000	-	520,000
Interest and fiscal charges	78,285	54,472	132,757
	<u>3,139,722</u>	<u>1,866,047</u>	<u>5,005,769</u>
Total expenditures			
Revenues over expenditures	(67,369)	(1,644,819)	(1,712,188)
Other financing sources (uses):			
General obligation bonds issued	-	3,156,123	3,156,123
Premium on general obligation bonds issued	-	65,890	65,890
Transfers in	126,300	270,000	396,300
Transfers out	-	(26,347)	(26,347)
	<u>126,300</u>	<u>3,465,666</u>	<u>3,591,966</u>
Total other financing sources (uses)			
Net change in fund balances	58,931	1,820,847	1,879,778
Fund balances, beginning of year	2,289,757	(1,004,188)	1,285,569
	<u>2,289,757</u>	<u>(1,004,188)</u>	<u>1,285,569</u>
Fund balances, end of year			
	<u>\$ 2,348,688</u>	<u>\$ 816,659</u>	<u>\$ 3,165,347</u>

CITY OF MULVANE, KANSAS

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2018

	Library	Employee Benefits	Industrial Development	Senior Citizens	Special Highway	Special Park and Recreation	Transportation Impact Fee	Storm Sewer	Park Impact Fee	Swimming Pool	Special Alcohol	Transient Guest Tax	Library Sales Tax	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
ASSETS															
Cash and short-term investments	\$ -	\$ 205,927	\$ 173,110	\$ 2,124	\$ 52,293	\$ 107,492	\$ 6,490	\$ 297,464	\$ -	\$ 3,189	\$ 87,977	\$ 261,315	\$ 1,005,605	\$ -	\$ 2,202,986
Accounts receivable	-	1,156	-	-	-	-	-	7,367	-	-	-	84,289	-	-	92,812
Property taxes receivable	428,284	525,184	4,399	-	-	-	-	-	-	-	-	-	-	-	957,867
Sales tax receivable	-	-	-	-	-	-	-	-	-	-	-	-	66,350	-	66,350
Total assets	428,284	732,267	177,509	2,124	52,293	107,492	6,490	304,831	-	3,189	87,977	345,604	1,071,955	-	3,320,015
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES															
Liabilities:															
Accounts Payable	\$ -	\$ 13,020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,020
Accrued payroll and taxes	-	-	-	440	-	-	-	-	-	-	-	-	-	-	440
Deferred inflows of resources:															
Property taxes receivable	428,284	525,184	4,399	-	-	-	-	-	-	-	-	-	-	-	957,867
Fund balances:															
Restricted:															
General government	-	194,063	-	-	-	-	-	-	-	-	-	-	-	-	194,063
Recreation	-	-	-	-	-	107,492	-	-	-	-	-	-	1,071,955	-	1,179,447
Health and welfare	-	-	-	-	-	-	-	-	-	-	87,977	-	-	-	87,977
Economic development	-	-	173,110	-	-	-	-	-	-	-	-	345,604	-	-	518,714
Street improvements	-	-	-	-	52,293	-	-	-	-	-	-	-	-	-	52,293
Committed:															
Street improvements	-	-	-	-	-	-	6,490	304,831	-	-	-	-	-	-	311,321
Parks and recreation	-	-	-	-	-	-	-	-	-	3,189	-	-	-	-	3,189
Assigned:															
Culture and recreation	-	-	-	1,684	-	-	-	-	-	-	-	-	-	-	1,684
Total fund balances	-	194,063	173,110	1,684	52,293	107,492	6,490	304,831	-	3,189	87,977	345,604	1,071,955	-	2,348,688
Total liabilities, deferred inflows and fund balances	\$ 428,284	\$ 732,267	\$ 177,509	\$ 2,124	\$ 52,293	\$ 107,492	\$ 6,490	\$ 304,831	\$ -	\$ 3,189	87,977	345,604	1,071,955	-	3,320,015

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2018

	Library	Employee Benefits	Industrial Development	Senior Citizens	Special Highway	Special Park and Recreation	Transportation Impact Fee	Storm Sewer	Park Impact Fee	Swimming Pool	Special Alcohol	Transient Guest Tax	Library Sales Tax	Mulvane Public Building Commission	Total Nonmajor Special Revenue Funds
Revenues:															
Taxes	\$ 440,673	\$ 521,147	\$ 5,669	\$ -	\$ -	\$ 102,455	\$ -	\$ -	\$ -	\$ -	\$ 17,608	\$ 320,992	\$ 673,750	\$ -	\$ 2,082,294
Intergovernmental revenues	-	-	-	21,980	237,584	-	-	-	-	-	-	-	-	-	259,564
Charges for services	-	-	-	7,361	-	-	-	42,188	-	56,620	-	-	-	-	106,169
Miscellaneous	-	18,200	-	-	-	-	-	-	-	-	-	-	-	-	18,200
Use of money and property	-	6,604	339	-	268	-	124	506	-	-	-	-	-	598,285	606,126
Total revenues	440,673	545,951	6,008	29,341	237,852	102,455	124	42,694	-	56,620	17,608	320,992	673,750	598,285	3,072,353
Expenditures:															
Current:															
General Government	-	327,559	-	-	-	-	-	-	-	-	-	-	-	-	327,559
Public Safety	-	33,586	-	-	-	-	-	-	-	-	-	-	-	-	33,586
Highway and streets	-	297,434	-	-	277,750	-	43,581	19,300	-	-	-	-	-	-	638,065
Culture and recreation	450,221	-	-	56,618	-	66,500	-	-	66,724	152,131	-	-	465,875	-	1,258,069
Health and welfare	-	-	-	-	-	-	-	-	-	-	600	-	-	-	600
Economic development	-	-	27,499	-	-	-	-	-	-	-	-	256,059	-	-	283,558
Debt service:															
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	520,000	520,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	78,285	78,285
Total expenditures	450,221	658,579	27,499	56,618	277,750	66,500	43,581	19,300	66,724	152,131	600	256,059	465,875	598,285	3,139,722
Revenues over (under) expenditures	(9,548)	(112,628)	(21,491)	(27,277)	(39,898)	35,955	(43,457)	23,394	(66,724)	(95,511)	17,008	64,933	207,875	-	(67,369)
Other financing sources:															
Transfers in	-	-	-	28,300	-	-	-	-	-	98,000	-	-	-	-	126,300
Net change in fund balance	(9,548)	(112,628)	(21,491)	1,023	(39,898)	35,955	(43,457)	23,394	(66,724)	2,489	17,008	64,933	207,875	-	58,931
Fund balances, beginning of year	9,548	306,691	194,601	\$ 661	\$ 92,191	\$ 71,537	\$ 49,947	\$ 281,437	\$ 66,724	\$ 700	\$ 70,969	\$ 280,671	864,080	-	2,289,757
Fund balances, end of year	\$ -	\$ 194,063	\$ 173,110	\$ 1,684	\$ 52,293	\$ 107,492	\$ 6,490	\$ 304,831	\$ -	\$ 3,189	\$ 87,977	\$ 345,604	\$ 1,071,955	\$ -	\$ 2,348,688

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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 515,863	\$ 515,863	\$ 521,147	\$ 5,284
Use of money and property	2,000	2,000	6,604	4,604
Miscellaneous	-	-	18,200	18,200
	<u>517,863</u>	<u>517,863</u>	<u>545,951</u>	<u>28,088</u>
Total revenues				
Expenditures:				
Administration department	450,000	450,000	327,559	122,441
Public works department	300,000	300,000	297,434	2,566
Municipal Court	-	-	33,586	(33,586)
Fire department	-	-	-	-
Ambulance department	-	-	-	-
	<u>750,000</u>	<u>750,000</u>	<u>658,579</u>	<u>91,421</u>
Total expenditures				
Revenues over (under)				
expenditures	(232,137)	(232,137)	(112,628)	119,509
Fund balance,				
beginning of year	<u>232,137</u>	<u>232,137</u>	<u>306,691</u>	<u>74,554</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,063</u>	<u>\$ 194,063</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, 2018

	<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:				
Taxes	\$ 441,029	\$ 441,029	\$ 440,673	\$ (356)
Expenditures:				
Appropriations to Library Board	<u>455,600</u>	<u>455,600</u>	<u>450,221</u>	<u>5,379</u>
Revenues over (under) expenditures	(14,571)	(14,571)	(9,548)	5,023
Fund balance, beginning of year	<u>14,571</u>	<u>14,571</u>	<u>9,548</u>	<u>(5,023)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 5,617	\$ 5,617	\$ 5,669	\$ 52
Use of money and property	—	—	339	339
Total revenues	5,617	5,617	6,008	391
Expenditures:				
Industrial development	200,000	200,000	27,500	172,500
Revenues over (under) expenditures	(194,383)	(194,383)	(21,492)	172,891
Fund balance, beginning of year	194,383	194,383	194,601	218
Fund balance, end of year	\$ —	\$ —	\$ 173,109	\$ 173,109

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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Intergovernmental	\$ 21,600	\$ 21,600	\$ 21,980	\$ 380
Charges for services	4,000	4,000	7,361	3,361
Miscellaneous	500	500	–	(500)
Transfers in	35,000	35,000	28,300	(6,700)
 Total revenues and other sources	 61,100	 61,100	 57,641	 (3,459)
Expenditures:				
Operating expenditures	67,951	67,951	56,618	11,333
Expenditures over revenues and other sources	(6,851)	(6,851)	1,023	7,874
Fund balance, beginning of year	6,851	6,851	661	(6,190)
 Fund balance, end of year	 \$ –	 \$ –	 \$ 1,684	 \$ 1,684

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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 223,980	223,980	237,584	13,604
Use of money and property	—	—	268	268
Total revenues	223,980	223,980	237,852	13,872
Expenditures:				
Street operations	271,739	271,739	261,460	10,279
Revenues over (under) expenditures	(47,759)	(47,759)	(23,608)	24,151
Fund balance, beginning of year	47,759	47,759	75,902	28,143
Fund balance, end of year	\$ —	—	52,294	52,294

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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Liquor tax	\$ 66,500	\$ 66,500	\$ 102,455	\$ 35,955
Use of money and property	—	—	—	—
Total revenues	66,500	66,500	102,455	35,955
Expenditures:				
Capital outlay	66,500	66,500	66,500	—
Revenues over (under) expenditures	—	—	35,955	35,955
Fund balance, beginning of year	—	—	71,537	71,537
Fund balance, end of year	\$ —	\$ —	\$ 107,492	\$ 107,492

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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Impact fees	\$ –	\$ –	\$ –	\$ –
Use of money and property	<u> –</u>	<u> –</u>	<u> 124</u>	<u> 124</u>
Total revenues	–	–	124	124
Expenditures:				
Capital outlay	<u> 3,229</u>	<u> 49,947</u>	<u> 43,581</u>	<u> 6,366</u>
Revenues over (under) expenditures	(3,229)	(49,947)	(43,457)	6,490
Fund balance, beginning of year	<u> 3,229</u>	<u> 49,947</u>	<u> 49,947</u>	<u> –</u>
Fund balance, end of year	<u><u> \$ –</u></u>	<u><u> \$ –</u></u>	<u><u> \$ 6,490</u></u>	<u><u> \$ 6,490</u></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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 29,000	\$ 29,000	\$ 42,122	\$ 13,122
Use of money and property	<u>–</u>	<u>–</u>	<u>506</u>	<u>506</u>
Total revenues	29,000	29,000	42,628	13,628
Expenditures:				
Capital Outlay	<u>95,620</u>	<u>95,620</u>	<u>14,950</u>	<u>(80,670)</u>
Revenues over (under) expenditures	(66,620)	(66,620)	27,678	94,298
Fund balance, beginning of year	<u>66,620</u>	<u>66,620</u>	<u>273,646</u>	<u>207,026</u>
Fund balance, end of year	<u><u>\$ –</u></u>	<u><u>\$ –</u></u>	<u><u>\$ 301,324</u></u>	<u><u>\$ 301,324</u></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, 2018

	<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:				
Impact fees	\$ 1,000	\$ 1,000	\$ –	\$ (1,000)
Expenditures:				
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>66,724</u>	<u>(65,724)</u>
Revenues over (under) expenditures	–	–	(66,724)	(66,724)
Fund balance, beginning of year	<u>1,000</u>	<u>1,000</u>	<u>66,724</u>	<u>65,724</u>
Fund balance, end of year	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ –</u>	<u>\$ (1,000)</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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues and other sources:				
Charges for services	\$ 65,700	\$ 65,700	\$ 56,620	\$ (9,080)
Transfers in	125,000	125,000	98,000	(27,000)
Total revenues and other sources	190,700	190,700	154,620	(36,080)
Expenditures:				
Swimming pool operations	192,777	192,777	152,131	40,646
Expenditures over revenues and other sources	(2,077)	(2,077)	2,489	4,566
Fund balance, beginning of year	2,077	2,077	700	(1,377)
Fund balance, end of year	\$ -	\$ -	\$ 3,189	\$ 3,189

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, 2018

	<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	\$ 66,500	\$ 66,500	\$ 17,608	\$ (48,892)
Use of money and property	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total revenues	66,500	66,500	17,608	(48,892)
Expenditures:				
Awareness programs	<u>98,192</u>	<u>98,192</u>	<u>600</u>	<u>97,592</u>
Revenues over (under) expenditures	(31,692)	(31,692)	17,008	48,700
Fund balance, beginning of year	<u>31,692</u>	<u>31,692</u>	<u>70,969</u>	<u>39,277</u>
Fund balance, end of year	<u><u>\$ –</u></u>	<u><u>\$ –</u></u>	<u><u>\$ 87,977</u></u>	<u><u>\$ 87,977</u></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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Basis</u>	<u>(Negative)</u>
Revenues:				
Transient guest tax	\$ 200,000	\$ 200,000	\$ 307,572	\$ 107,572
Expenditures:				
Contractual services	<u>256,059</u>	<u>256,059</u>	<u>256,059</u>	<u>–</u>
Revenues over (under) expenditures	(56,059)	(56,059)	51,513	107,572
Fund balance, beginning of year	<u>56,059</u>	<u>56,059</u>	<u>209,802</u>	<u>153,743</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 261,315</u>	<u>\$ 261,315</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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sales tax	\$ 450,000	\$ 450,000	\$ 670,032	\$ 220,032
Expenditures:				
Debt service – lease payment	<u>832,452</u>	<u>832,452</u>	<u>465,875</u>	<u>366,577</u>
Revenues over (under) expenditures	(382,452)	(382,452)	204,157	586,609
Fund balance, beginning of year	<u>382,452</u>	<u>382,452</u>	<u>801,448</u>	<u>418,996</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 1,005,605</u>	<u>\$ 1,005,605</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, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 368,912	\$ 368,912	\$ 367,770	\$ (1,142)
Special assessments	1,900,000	1,900,000	1,950,998	50,998
Use of money and property	500	500	15,036	14,536
Bond Proceeds	–	–	49,987	49,987
Transfers In	–	–	26,347	26,347
Miscellaneous	–	–	–	–
Total revenues	<u>2,269,412</u>	<u>2,269,412</u>	<u>2,410,138</u>	<u>140,726</u>
Expenditures and other uses:				
Bond Principal	2,049,922	2,049,922	2,049,922	–
Bond interest and commission	646,778	646,778	646,753	25
Cash basis reserve	50,000	50,000	–	50,000
Total expenditure	<u>2,746,700</u>	<u>2,746,700</u>	<u>2,696,675</u>	<u>50,025</u>
Revenues over (under) expenditures and other uses	(477,288)	(477,288)	(286,537)	190,751
Fund balance, beginning of year	<u>477,288</u>	<u>477,288</u>	<u>601,951</u>	<u>124,663</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 315,414</u>	<u>\$ 315,414</u>

CITY OF MULVANE, KANSAS

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

December 31, 2018

	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	\$ 193,215	\$ 381,868	\$ 163	\$ 218	\$ –	\$ 4,818	\$ –	\$ 3,259	\$ 1,001
Taxes receivable	188,747	–	–	–	–	–	–	–	–
Due from other funds	–	–	–	–	–	3,229	–	–	–
Total assets	\$ 381,962	\$ 381,868	\$ 163	\$ 218	\$ –	\$ 8,047	\$ –	\$ 3,259	\$ 1,001
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Due to other funds	–	–	–	–	1,801	–	–	–	–
Temporary notes payable	–	–	–	–	–	–	–	–	–
Total liabilities	–	–	–	–	1,801	–	–	–	–
Deferred inflows of resources:									
Property taxes receivable	188,747	–	–	–	–	–	–	–	–
Fund balances (deficit):									
Restricted:									
Capital improvements	193,215	–	163	–	–	–	–	–	–
Assigned:									
Capital outlay	–	381,868	–	–	–	–	–	–	–
Unassigned	–	–	–	218	(1,801)	8,047	–	3,259	1,001
Total fund balance	193,215	381,868	163	218	(1,801)	8,047	–	3,259	1,001
Total liabilities, deferred inflows and fund balances	\$ 381,962	\$ 381,868	\$ 163	\$ 218	\$ –	\$ 8,047	\$ –	\$ 3,259	\$ 1,001

CITY OF MULVANE, KANSAS

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

December 31, 2018

	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	Police Building	Cedar Brook 4th & 5th Storm Sewer Improvements	Gilbert Addition Improvements	Totals
ASSETS										
Cash and short-term investments	\$ -	\$ 256	\$ 36	\$ 1,757	\$ 782	\$ 279	\$ 251,108	\$ 36	\$ -	\$ 838,796
Taxes receivable	-	-	-	-	-	-	-	-	-	188,747
Due from other funds	-	-	-	-	-	-	-	-	-	3,229
Total assets	\$ -	\$ 256	\$ 36	\$ 1,757	\$ 782	\$ 279	\$ 251,108	\$ 36	\$ -	\$ 1,030,772
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,137	\$ -	\$ -	\$ 22,137
Due to other funds	815	-	-	-	-	-	-	-	613	3,229
Temporary notes payable	-	-	-	-	-	-	-	-	-	-
Total liabilities	815	-	-	-	-	-	22,137	-	613	25,366
Deferred inflows of resources:										
Property taxes receivable	-	-	-	-	-	-	-	-	-	188,747
Fund balances (deficit):										
Restricted:										
Capital improvements	-	-	-	-	-	-	-	-	-	193,378
Assigned:										
Capital outlay	-	-	-	-	-	-	-	-	-	381,868
Unassigned	(815)	256	36	1,757	782	279	228,971	36	(613)	241,413
Total fund balance	(815)	256	36	1,757	782	279	228,971	36	(613)	816,659
Total liabilities, deferred inflows and fund balances	\$ -	\$ 256	\$ 36	\$ 1,757	\$ 782	\$ 279	\$ 251,108	\$ 36	\$ -	\$ 1,030,772

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, 2018

	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	\$ 200,880	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Special assessment taxes	–	–	–	2,902	–	10,210	–	–	–
Use of money and property	–	–	–	–	–	–	–	–	–
Total revenues	200,880	–	–	2,902	–	10,210	–	–	–
Expenditures:									
Capital outlay	24,412	91,802	52,066	2,438	2,100	8,535	–	19,977	2,931
Debt service	–	–	–	1,988	1,675	6,781	–	6,602	2,620
Total expenditures	24,412	91,802	52,066	4,426	3,775	15,316	–	26,579	5,551
Expenditures over (under) revenues	176,468	(91,802)	(52,066)	(1,524)	(3,775)	(5,106)	–	(26,579)	(5,551)
Other financing sources (uses):									
General obligation bonds issued	–	–	–	75,464	66,840	271,672	–	200,519	114,275
Premium on general obligation bonds issued	–	–	–	1,714	1,518	6,171	–	4,554	2,596
Transfers in	–	270,000	–	–	–	–	–	–	–
Transfers out	–	–	(18,822)	–	–	–	(7,525)	–	–
Total other financing sources (uses)	–	270,000	(18,822)	77,178	68,358	277,843	(7,525)	205,073	116,871
Net change in fund balance	176,468	178,198	(70,888)	75,654	64,583	272,737	(7,525)	178,494	111,320
Fund balances (deficit), beginning of year	16,747	203,670	71,051	(75,436)	(66,384)	(264,690)	7,525	(175,235)	(110,319)
Fund balances (deficit), end of year	\$ 193,215	\$ 381,868	\$ 163	\$ 218	\$ (1,801)	\$ 8,047	\$ –	\$ 3,259	\$ 1,001

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, 2018

	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	Police Building	Cedar Brook 4th & 5th Storm Sewer Improvements	Gilbert Addition Improvements	Totals
Revenues:										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,880
Special assessment taxes	-	-	-	-	-	-	-	-	-	13,112
Use of money and property	-	-	-	-	-	-	7,200	36	-	7,236
Total revenues	-	-	-	-	-	-	7,200	36	-	221,228
Expenditures:										
Capital outlay	22,325	78,068	100,830	174,545	365,434	29,069	795,147	-	41,896	1,811,575
Debt service	4,491	8,234	3,368	3,743	8,982	4,491	-	-	1,497	54,472
Total expenditures	26,816	86,302	104,198	178,288	374,416	33,560	795,147	-	43,393	1,866,047
Expenditures over (under) revenues	(26,816)	(86,302)	(104,198)	(178,288)	(374,416)	(33,560)	(787,947)	36	(43,393)	(1,644,819)
Other financing sources (uses):										
General obligation bonds issued	168,178	353,604	107,806	196,207	373,009	174,646	1,000,000	-	53,903	3,156,123
Premium on general obligation bonds issued	3,820	8,031	2,449	4,456	8,472	3,967	16,918	-	1,224	65,890
Transfers in	-	-	-	-	-	-	-	-	-	270,000
Transfers out	-	-	-	-	-	-	-	-	-	(26,347)
Total other financing sources (uses)	171,998	361,635	110,255	200,663	381,481	178,613	1,016,918	-	55,127	3,465,666
Net change in fund balance	145,182	275,333	6,057	22,375	7,065	145,053	228,971	36	11,734	1,820,847
Fund balances (deficit), beginning of year	(145,997)	(275,077)	(6,021)	(20,618)	(6,283)	(144,774)	-	-	(12,347)	(1,004,188)
Fund balances (deficit), end of year	\$ (815)	\$ 256	\$ 36	\$ 1,757	\$ 782	\$ 279	\$ 228,971	\$ 36	\$ (613)	\$ 816,659

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, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 5,056,603	\$ 5,056,603	\$ 5,245,108	\$ 188,505
Use of money and property	7,000	7,000	30,829	274,604
Miscellaneous	25,000	25,000	34,424	9,424
Total revenues	<u>5,088,603</u>	<u>5,088,603</u>	<u>5,310,362</u>	<u>472,533</u>
Expenditures, encumbrances and other uses:				
Operations	5,070,665	5,070,665	4,409,484	661,181
Nonoperating	800,000	800,000	164,754	635,246
Debt service	385,000	385,000	384,027	973
Total expenditures, encumbrances and other uses	<u>6,255,665</u>	<u>6,255,665</u>	<u>4,958,265</u>	<u>1,297,400</u>
Revenues over (under) expenditures, encumbrances and other uses	(1,167,062)	(1,167,062)	352,097	1,769,934
Fund balance, beginning of year	<u>1,322,298</u>	<u>1,322,298</u>	<u>3,069,013</u>	<u>1,746,715</u>
Fund balance, end of year	<u>\$ 155,236</u>	<u>\$ 155,236</u>	<u>\$ 3,421,110</u>	<u>\$ 3,516,649</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, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 1,228,730	\$ 1,228,730	\$ 1,074,431	\$ (154,299)
Use of money and property	3,200	3,200	21,588	18,388
Miscellaneous	10,700	10,700	28,770	18,070
Bond proceeds	-	-	-	-
	<u>1,242,630</u>	<u>1,242,630</u>	<u>1,124,789</u>	<u>(117,841)</u>
Total revenues				
Expenditures, encumbrances and other uses:				
Operations	1,162,303	1,162,303	892,008	270,295
Nonoperating	360,000	360,000	145,024	214,976
Debt service	55,038	55,038	55,038	-
	<u>1,577,341</u>	<u>1,577,341</u>	<u>1,092,070</u>	<u>485,271</u>
Total expenditures, encumbrances and other uses				
Revenues over expenditures, encumbrances and other uses	(334,711)	(334,711)	32,719	367,430
Fund balance, beginning of year	<u>750,824</u>	<u>750,824</u>	<u>966,656</u>	<u>215,832</u>
Fund balance, end of year	<u>\$ 416,113</u>	<u>\$ 416,113</u>	<u>\$ 999,375</u>	<u>\$ 583,262</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, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 1,740,000	\$ 1,740,000	\$ 1,769,461	\$ 29,461
Use of money and property	1,731	1,731	16,253	14,522
Miscellaneous	–	–	12,595	12,595
	<u>1,741,731</u>	<u>1,741,731</u>	<u>1,798,309</u>	<u>56,578</u>
Expenditures, encumbrances and other uses:				
Operations	1,144,593	1,144,593	753,964	390,629
Nonoperating	195,000	195,000	292,551	(97,551)
Debt service	630,952	630,952	630,952	–
	<u>1,970,545</u>	<u>1,970,545</u>	<u>1,677,467</u>	<u>293,078</u>
Revenues over (under) expenditures, encumbrances and other uses	(228,814)	(228,814)	120,842	349,656
Fund balance, beginning of year	<u>1,446,970</u>	<u>1,446,970</u>	<u>2,019,808</u>	<u>572,838</u>
Fund balance, end of year	<u>\$ 1,218,156</u>	<u>\$ 1,218,156</u>	<u>\$ 2,140,650</u>	<u>\$ 922,494</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, 2018

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2018</u>
<u>PAYROLL CLEARING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$ 8,360</u>	<u>\$ 6,619,261</u>	<u>\$ 6,524,391</u>	<u>\$ 103,230</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$ 8,360</u>	<u>\$ 6,619,261</u>	<u>\$ 6,524,391</u>	<u>\$ 103,230</u>
<u>EMPLOYEE FLEXIBLE SPENDING FUND</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$ 53,843</u>	<u>\$ 125,185</u>	<u>\$ 117,518</u>	<u>\$ 61,510</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$ 53,843</u>	<u>\$ 125,185</u>	<u>\$ 117,518</u>	<u>\$ 61,510</u>
<u>TOTALS</u>				
<u>ASSETS</u>				
Cash and short-term investments	<u>\$ 62,203</u>	<u>\$ 6,744,446</u>	<u>\$ 6,641,909</u>	<u>\$ 164,740</u>
<u>LIABILITIES</u>				
Accrued liabilities payable	<u>\$ 62,203</u>	<u>\$ 6,744,446</u>	<u>\$ 6,641,909</u>	<u>\$ 164,740</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, 2018

	General	Special Grants	Capital Development Reserve	Total
<u>ASSETS</u>				
Cash and investments	<u>\$ 64,337</u>	<u>\$ 67,757</u>	<u>\$ 102,709</u>	<u>\$ 234,803</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Fund balances:				
Committed	—	67,757	102,709	170,466
Unassigned	<u>64,337</u>	<u>—</u>	<u>—</u>	<u>64,337</u>
Total fund balances	<u>64,337</u>	<u>67,757</u>	<u>102,709</u>	<u>234,803</u>
Total liabilities and fund balances	<u>\$ 64,337</u>	<u>\$ 67,757</u>	<u>\$ 102,709</u>	<u>\$ 234,803</u>
Reconciliation to total net position:				
Fund balance per above				\$ 234,803
Add long-term capital assets				141,851
Add deferred outflows of resources related to pensions				58,643
Less accumulated depreciation on long-term capital assets				(92,170)
Less deferred inflows of resources related to pensions				(4,244)
Net pension liability				<u>(117,803)</u>
Total net position				<u>\$ 221,080</u>

CITY OF MULVANE, KANSAS

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

Year ended December 31, 2018

	General	Special Grants	Capital Development Reserve	Total
Revenues:				
Appropriations from City of Mulvane	\$ 439,648	\$ –	\$ –	\$ 439,648
Intergovernmental	22,771	8,831	–	31,602
Fines and fees	–	8,031	–	8,031
Use of money and property	48	20	277	345
Miscellaneous	8,971	1,300	–	10,271
	471,438	18,182	277	489,897
Expenditures:				
Personal services	241,657	–	–	241,657
Contractual services	140,131	4,263	–	144,394
Commodities	94,408	15,484	–	109,892
Capital outlay	3,466	2,820	–	6,286
	479,662	22,567	–	502,229
Revenues over (under) expenditures	(8,224)	(4,385)	277	(12,332)
Other financing sources (uses):				
Transfers in	–	–	–	–
Transfers out	–	–	–	–
	–	–	–	–
Net change in fund balance	(8,224)	(4,385)	277	(12,332)
Fund balances, beginning of year	72,561	72,142	102,432	247,135
Fund balances, end of year	\$ 64,337	\$ 67,757	\$ 102,709	\$ 234,803

Reconciliation of change in net position:	
Net change in fund balance per above	(12,332)
Add current year capitalized assets	2,995
Less current year depreciation on capital assets	(13,623)
Less change in net pension liability including deferred inflows and deferred outflows of resources	(6,704)
Change in net position	(29,664)

CITY OF MULVANE, KANSAS

MULVANE PUBLIC HOUSING AUTHORITY – QUAD COUNTY MANOR

BALANCE SHEET

December 31, 2018

ASSETS

Cash and investments	\$	1,917
Cash restricted for security deposits and required reserves		39,043
Accounts receivable		150
Prepaid expenses		517
Land		16,000
Buildings		597,492
Machinery and equipment		146,630
Accumulated depreciation		<u>(581,770)</u>
		<u>219,979</u>

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable	\$	7,099
Current portion of note payable to Rural Housing Development		<u>9,200</u>
		16,299
Long-term liabilities:		
Long-term portion of note payable to Rural Housing Development		<u>136,828</u>
Total liabilities		<u>153,127</u>
Net position:		
Net investment in capital assets		32,324
Unassigned		<u>34,528</u>
Total net position		<u>66,852</u>
Total liabilities and net position		<u>219,979</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, 2018

Revenues:	
Rents	\$ 78,154
Rental Assistance	10,811
Interest	30
Miscellaneous	163
	<hr/>
Total revenues	89,158
	<hr/>
Expenses:	
Professional management fees	9,882
Building maintenance and supplies	10,290
Insurance	10,431
Utilities	18,585
Rural development overages	11,173
Debt Payment	10,516
Depreciation Expense	29,901
Other	1,710
Office and other expenses	2,693
	<hr/>
Total expenses	105,181
	<hr/>
Change in net position	(16,023)
Net position, beginning of year	82,875
	<hr/>
Net position, end of year	\$ 66,852
	<hr/>

CITY OF MULVANE, KANSAS

MULVANE LAND BANK

BALANCE SHEET

December 31, 2018

ASSETS

Cash and investments \$ 139,512

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable \$ -

Fund balance::

Unassigned 139,512

Total liabilities and fund balance \$ 139,512

Reconciliation to net position:

Fund balance per above \$ 139,512

Add buildings held for resale 262,571

Total net position \$ 402,083

CITY OF MULVANE, KANSAS

MULVANE LAND BANK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE

Year ended December 31, 2018

Revenues:	
Sale of property	\$ 148,063
Rentals	<u>8,913</u>
Total revenues	<u>156,976</u>
Expenditures:	
Insurance	1,855
Legal fees	8,861
Utilities	101
Miscellaneous	6,347
Repairs and maintenance	12,002
Capital outlay	<u>76,248</u>
Total expenditures	<u>105,414</u>
Revenues over expenditures	51,562
Fund balance, beginning of year	<u>87,950</u>
Fund Balance, end of year	<u>\$ 139,512</u>
Reconciliation of change in net position:	
Net change in fund balance per above	\$ 51,562
Add current year capital outlay	76,248
Less proceeds from sale of buildings	(148,063)
Less loss on disposal of capital assets	<u>(115,937)</u>
Change in net position	<u>\$ (136,190)</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, 2018

	<u>Budgeted Amounts</u>		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Appropriation from City of Mulvane	\$ 25,000	25,000	-	(25,000)
Rentals	24,000	24,000	8,913	(15,087)
Sale of property	100,000	100,000	148,063	48,063
Total revenues	<u>149,000</u>	<u>149,000</u>	<u>156,976</u>	<u>7,976</u>
Expenditures and other uses:				
Insurance	1,500	1,500	1,855	(355)
Legal services	25,000	25,000	8,862	16,138
Utilities	5,000	5,000	101	4,899
Repairs to buildings	87,500	87,500	-	87,500
Proceeds to City of Mulvane	25,000	25,000	-	25,000
Property purchases	-	-	-	-
Miscellaneous	5,000	5,000	94,596	(89,596)
Total expenditure	<u>149,000</u>	<u>149,000</u>	<u>105,414</u>	<u>43,586</u>
Revenues over expenditures and other uses	-	-	51,562	51,562
Fund balance, beginning of year	-	-	87,951	87,951
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>139,513</u>	<u>139,513</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 325,720
Restricted for:	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	12,864,822
Capital Improvements	-	-	1,801,919	1,525,762	120,116	245,467	280,568	799,708	95,323	193,378
General Government	-	-	-	-	470,251	205,676	138,559	40,196	156,235	275,702
Employee Benefits	-	-	306,581	285,909	117,642	903,319	1,308,689	821,572	306,691	194,063
Parks and Recreation	-	-	60,261	139,632	394,800	287,970	528,310	832,185	945,165	1,179,447
Economic Development	-	-	153,253	85,430	125,077	437,536	488,678	499,479	475,272	518,714
Street Maintenance	-	-	31,173	159,646	373,437	15,414	37,791	82,963	92,191	52,293
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	87,977
Unrestricted	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	1,579,488
Total Governmental Activities Net Position	\$ 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	\$ 17,271,604
Business-type Activities										
Net Investment in Capital Assets	\$ 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	\$ 31,574,138
Restricted for Debt Service	2,482,221	2,305,666	2,237,436	2,661,129	3,009,366	2,956,153	133,838	-	-	-
Unrestricted	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	6,226,438
Total Business-type Activities Net Position	\$ 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	\$ 37,800,576
Primary Government										
Net Investment in Capital Assets	\$ 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	\$ 31,899,858
Restricted	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	15,366,396
Unrestricted	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	7,805,926
Total Primary Government Net Position	\$ 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	\$ 55,072,180

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
General Government	\$ 345,662	\$ 388,764	\$ 367,607	\$ 898,033	\$ 1,120,120	\$ 1,297,410	\$ 1,515,897	\$ 1,782,329	\$ 2,151,881	\$ 1,179,135
Public Safety	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	4,316,866
Highways and Streets	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	2,361,133
Health and Sanitation	-	-	-	-	45,963	52,180	39,130	39,130	106,129	600
Culture and Recreation	711,336	818,353	732,029	924,244	962,253	881,440	1,560,950	1,622,079	1,432,675	1,454,413
Economic Development	9,396	11,358	91,345	26,008	49,927	219,093	291,281	340,265	343,545	256,058
Environmental Protection	704	1,600	414	829	739	1,099	233	120	308	615
Interest on Long Term Debt	552,841	372,438	343,708	547,071	875,012	814,828	1,072,292	710,073	734,791	746,287
Total Governmental Activities Expenses	\$ 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	\$ 10,315,107
Business-type Activities										
Electric Utility	\$ 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	\$ 5,013,606
Water Utility	797,814	798,895	954,799	982,341	914,372	1,018,362	1,291,157	1,214,150	1,251,030	1,299,081
Wastewater Utility	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	1,633,447
Total Business-type Activities	\$ 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	\$ 7,946,134
Total Primary Government Expenses	\$ 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	\$ 18,261,241
Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 83,793	\$ 104,906	\$ 215,240	\$ 293,070	\$ 133,536	\$ 129,915	\$ 126,761	\$ 343,275	\$ 128,893	\$ 158,357
Public Safety	316,185	283,306	384,999	425,312	483,626	535,702	1,071,489	1,094,153	1,143,085	1,123,961
Highway & Streets	35,496	32,053	39,840	33,448	33,840	38,053	31,841	39,126	41,631	42,188
Culture and Recreation	66,874	71,648	78,722	75,617	65,372	61,770	63,402	66,051	64,186	72,271
Economic Development	-	-	-	-	203,839	-	-	-	-	-
Operating Grants and Contributions	771,910	769,505	686,986	19,532,368	1,749,079	1,298,001	1,889,916	1,733,706	1,378,067	1,724,379
Capital Grants and Contributions	95,443	175,986	2,312,499	58,364	204	716,331	723,512	700,756	677,275	673,750
Total Governmental Activities Program Revenues	\$ 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	\$ 3,794,906
Business-type Activities										
Charges for Services										
Electric Utility	\$ 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	\$ 5,296,701
Water Utility	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	1,113,993
Wastewater Utility	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	1,787,322
Capital Grants and Contributions	9,710	-	-	-	1,651	-	-	-	59,538	-
Total Business-type Activities Program Revenues	\$ 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	\$ 8,198,016
Total Primary Government Program Revenues	\$ 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	\$ 11,992,922

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense) Revenue										
Governmental Activities	\$ (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)	\$ (6,520,201)
Business-type Activities	(256,336)	87,386	(235,536)	25,309	210,240	(102,981)	(347,112)	273,100	235,871	251,882
Total Primary Government Net Expenses	\$ (3,805,932)	\$ (3,437,926)	\$ (1,887,518)	\$ 14,144,880	\$ (4,559,195)	\$ (5,862,429)	\$ (5,585,495)	\$ (5,493,902)	\$ (7,154,775)	\$ (6,268,319)
General Revenues and Other Changes In Net Position										
Governmental Activities										
Taxes										
Property Taxes										
General Purposes	\$ 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	\$ 3,543,583
Debt Service	336,907	455,327	455,327	371,681	371,681	431,877	431,877	818,784	1,606,932	367,703
Gaming Facility Revenue Sharing	-	-	-	1,892,058	1,926,430	1,784,165	1,832,260	1,806,329	1,798,789	1,819,997
Sales Taxes	658,940	661,759	691,642	725,464	661,288	718,740	741,498	690,564	911,338	790,162
Franchise Taxes	380,254	388,190	425,525	193,496	244,783	252,328	223,642	201,404	234,263	250,630
Investment Earnings	45,034	16,795	21,932	12,171	10,573	11,660	29,556	38,520	54,518	76,599
Transfers	-	(18,745)	(13,682,840)	(670,807)	(4,072,237)	(225,178)	(8,318,410)	(10,347)	(575,000)	(1,034,154)
Total Governmental Activities	\$ 3,072,186	\$ 3,023,009	\$ (10,568,612)	\$ 4,161,697	\$ 1,360,172	\$ 6,725,249	\$ (2,208,532)	\$ 6,464,260	\$ 6,377,718	\$ 5,814,520
Business Type Activities										
Investment Earnings	\$ 54,304	\$ 17,548	\$ 14,490	\$ 7,303	\$ 3,173	\$ 6,159	\$ 13,152	\$ 35,921	\$ 44,342	\$ 67,645
Transfers	-	18,745	13,682,840	670,807	4,072,237	225,178	8,318,410	10,347	575,000	1,034,154
Total Business-type Activities	\$ 54,304	\$ 36,293	\$ 13,697,330	\$ 678,110	\$ 4,075,410	\$ 231,337	\$ 8,331,562	\$ 46,268	\$ 619,342	\$ 1,101,799
Total Primary Government	\$ 3,126,490	\$ 3,059,302	\$ 3,128,718	\$ 4,839,807	\$ 5,435,582	\$ 6,956,586	\$ 6,123,030	\$ 6,510,528	\$ 6,997,060	\$ 6,916,319
Change In Net Position										
Governmental Activities	\$ (477,410)	\$ (502,303)	\$ (12,220,594)	\$ 18,281,268	\$ (3,409,263)	\$ 965,801	\$ (7,446,915)	\$ 697,258	\$ (1,012,928)	\$ (705,681)
Business-type Activities	(202,032)	123,679	13,461,794	703,419	4,285,650	128,356	7,984,450	319,368	855,213	1,353,681
Total Primary Government	\$ (679,442)	\$ (378,624)	\$ 1,241,200	\$ 18,984,687	\$ 876,387	\$ 1,094,157	\$ 537,535	\$ 1,016,626	\$ (157,715)	\$ 648,000

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

	<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>	<u>2018</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted: Insurance Claims	-	-	160,605	139,632	117,642	205,676	138,559	40,196	156,235	275,702
Assigned: General Government	-	-	746,627	2,799,723	2,781,546	1,408,934	3,643,955	3,009,377	2,946,773	2,692,998
Unreserved	1,729,665	1,631,791	-	-	-	-	-	-	-	-
Unassigned	-	-	699,690	-	-	1,805,946	-	1,438,247	1,129,253	1,279,140
Total General Fund	<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>	<u>4,247,840</u>
All Other Governmental Funds										
Reserved	\$ 179,765	\$ 131,643	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted: Debt Service	-	-	241,212	130,802	351,859	603,419	147,359	114,268	601,951	315,414
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	194,063
Recreation	-	-	60,261	85,430	125,077	287,970	528,310	832,185	945,165	1,179,447
Health and Welfare	-	-	6,830	39,636	44,587	59,373	81,665	106,878	70,969	87,977
Economic Development	-	-	153,253	159,646	373,437	437,536	488,678	499,479	475,272	518,714
Street Improvements	-	-	31,173	27,925	30,732	15,414	37,791	82,963	92,191	52,293
Capital Improvements	-	-	1,873	21,463	157,667	4,730,162	2,998,388	799,708	95,323	193,378
Committed: Street Improvements	-	-	430,201	461,980	463,229	355,445	306,441	334,764	331,384	311,321
Parks & Recreation	-	-	54,512	56,452	57,172	58,786	68,437	78,602	67,424	3,189
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	1,684
Capital Outlay	-	-	373,628	468,071	282,651	374,062	286,659	228,787	203,670	381,868
Unassigned	-	-	(13,786,952)	(141,277)	(249,159)	(799)	(477)	(314,697)	(1,303,181)	241,413
Unreserved, reported in:										
Capital Project Funds	(168,215)	500	-	-	-	-	-	-	-	-
Debt Service Funds	109,690	238,687	-	-	-	-	-	-	-	-
Special Revenue Funds	1,645,787	1,746,993	-	-	-	-	-	-	-	-
Total all other Governmental Funds	<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>\$ 1,887,520</u>	<u>\$ 3,480,761</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 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	\$ 5,816,319
Special Assessment Taxes	536,508	524,968	517,422	488,220	1,825,520	2,080,579	1,716,222	2,113,053	1,721,295	1,964,110
Intergovernmental	651,998	778,034	663,855	2,442,513	2,528,703	2,697,818	2,537,254	2,476,111	2,464,974	2,544,760
Licenses and Permits	440,573	455,860	739,744	276,208	341,642	342,885	330,161	294,594	281,645	300,959
Charges for Services	290,487	274,776	260,920	503,924	304,186	339,117	343,678	383,857	446,216	449,633
Fines and Forfeitures	116,773	101,296	98,534	88,368	149,907	170,708	209,614	208,008	208,041	190,501
Use of Money & Property	54,231	24,457	45,416	144,472	144,397	149,046	637,884	658,099	657,735	695,680
Other Revenues	32,349	40,509	2,214,596	78,506	31,802	27,672	37,254	247,971	72,949	87,240
Total Revenues	\$ 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	\$ 12,049,202
Expenditures										
General Government	\$ 322,713	\$ 348,987	\$ 343,559	\$ 420,584	\$ 1,174,908	\$ 1,565,701	\$ 1,584,854	\$ 1,832,201	\$ 2,043,947	\$ 1,107,015
Public Safety	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	4,323,817
Highways and Streets	449,734	601,551	720,724	529,036	719,963	781,258	725,994	764,464	1,372,749	1,577,701
Culture and Recreation	705,892	619,363	665,260	795,930	880,129	939,174	1,453,318	1,374,513	1,277,834	1,258,069
Environmental Protection	704	1,600	414	829	46,702	53,279	39,363	39,250	106,437	1,215
Economic Development	9,396	11,358	91,345	26,008	49,927	219,093	291,281	340,265	343,545	283,558
Capital Outlay	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	1,811,575
Debt Service										
Principal	669,967	569,447	829,832	1,317,945	1,548,308	2,358,336	2,541,373	2,691,997	2,652,213	2,569,921
Interest	500,830	370,293	344,057	325,419	905,067	690,356	1,228,457	745,175	792,549	779,511
Total Expenditures	\$ 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	\$ 13,712,382
Revenues over (under) Expenditures	\$ (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)	\$ (1,663,180)
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	-	3,205,000
Premium on GO Bonds Issued	-	-	-	-	\$ 63,929	\$ 37,172	\$ 21,183	\$ 643,885	-	67,000
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	520,455	455,178	235,969	507,048	743,950	489,148	182,887	458,311	125,000	422,647
Transfers Out	(520,455)	(455,178)	(235,969)	(519,621)	(713,950)	(515,148)	(182,887)	(458,311)	(125,000)	(422,647)
Total Other Financing Sources (Uses)	\$ 71,025	\$ 43,444	\$ -	\$ 19,262,427	\$ 8,318,929	\$ 5,478,669	\$ 95,818	\$ (24,794)	\$ -	\$ 3,272,000
Net Change in Fund Balance	\$ 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)	\$ 1,608,820
Debt Service as a Percentage of Non-capital Expenditures	38.33%	28.96%	6.32%	24.61%	32.25%	31.97%	36.04%	31.60%	28.08%	28.14%

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

Fiscal Year	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>		Total Direct Tax Rate	Assessed Value as a % of Estimated Actual Value
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>		
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	41.923	18.04%
2016	\$79,173,604	\$440,205,239	\$304,910	\$1,131,217	\$79,478,514	\$441,336,456	42.406	18.01%
2017	\$82,210,092	\$463,252,202	\$284,286	\$1,057,963	\$82,494,378	\$464,310,165	44.247	17.77%
2018	\$86,319,759	\$479,554,217	\$295,826	\$1,047,426	\$86,615,585	\$480,601,643	46.603	18.02%

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	
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
2018	26.191	7.063	6.096	4.972	0.051	2.191	0.039	46.603	1.500	29.383	59.244	1.454	0.000	138.184

Sumner County

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
2018	26.191	7.063	6.096	4.972	0.051	2.191	0.039	46.603	1.500	48.362	59.244	1.454	0.000	157.163

Source: Sedgwick County Clerk
Sumner County Clerk

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

2018			
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sedgwick County:			
Kansas Gas & Electric	\$ 538,004	1	0.62%
Country Walk DG Prattville LLC	351,440	2	0.41%
Kansas Gas Service	327,371	3	0.38%
Larry J Fugate	208,255	4	0.24%
Casey's Retail company	197,000	5	0.23%
O'Reilly Auto Enterprises LLC	182,703	6	0.21%
Traditional Holding Company LLC	181,662	7	0.21%
BNSF	179,350	8	0.21%
Prairie State Bank	154,350	9	0.18%
Carr Properties LLC	134,425	10	0.16%
	<u>\$ 2,454,560</u>		<u>2.83%</u>

Sumner County:			
Kansas Star Casino	\$ 44,250,001	1	51.09%
KSC Lodging, LC	3,653,603	2	4.22%
John Brewer	251,435	2	0.29%
Dabitojo Dev, LLC	240,465	3	0.28%
Karl Jones	234,693	4	0.27%
Mulvane Coop	227,682	5	0.26%
BNSF	169,574	6	0.20%
Carson Bank	163,386	7	0.19%
Union Pacific	150,760	8	0.17%
Kansas Gas Service	118,191	9	0.14%
	<u>\$ 49,459,790</u>		<u>57.10%</u>

2009			
<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	\$ 287,407	1	0.930%
Mulvane Housing Associated LP	252,701	2	0.820%
BNSF	166,980	3	0.540%
Olderbak Enterprises South	155,275	4	0.500%
Congleton LLC	144,632	5	0.470%
Prairie State Bank	143,945	6	0.460%
Gary E. Branine	135,001	7	0.440%
Ray & Sharron Westfall	130,916	8	0.420%
Antonio L Carro MD PA	122,960	9	0.400%
L Joyce Carr Rev Trust	104,300	10	0.340%
	<u>\$ 1,644,117</u>		<u>5.320%</u>

Sumner County:			
Carson Bank	\$ 152,729	1	0.490%
Southwestern Bell	144,801	2	0.470%
Ratzlaff Properties	141,528	3	0.460%
Mulvane Coop	135,441	4	0.440%
Pearl Street Duplex	116,003	5	0.370%
Pendergraft Properties	111,707	6	0.360%
Wolfe, R.E. LLC	110,668	7	0.360%
Ratzlaff Properties	99,258	8	0.320%
Gilbert, Dennis	89,371	9	0.290%
Mary A Wolfe Rev Trust	82,553	10	0.270%
	<u>\$ 1,184,059</u>		<u>3.830%</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>
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%
2018	\$3,642,244	\$3,605,431	98.99%	\$25,157	\$3,630,588	99.68%

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			
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	-	\$595,182	-	\$6,738,957	\$67,942	\$37,454,124	20.15%	\$5,890
2018	\$24,207,122	\$3,965,000	-	-	\$567,072	-	\$5,805,878	\$49,828	\$34,594,900	18.15%	\$5,392

**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>
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	\$630,294	\$601,951	\$30,819,343	6.64%	\$4,847
2018	\$30,013,000	\$577,165	\$315,414	\$30,274,751	6.30%	\$4,719

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, 2018**

<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	\$ 39,915,000	0.66%	\$ 263,439
Sumner County	10,102,689	26.10%	2,636,801.83
School District #263	<u>13,770,000</u>	<u>35.38%</u>	<u>4,871,826.00</u>
Total Estimated Overlapping Debt	63,787,689	12.18%	7,772,067
City's Direct Debt	<u>24,734,548</u>	<u>100.00%</u>	<u>\$ 24,734,548</u>
Total Direct and Overlapping Debt	<u>\$ 88,522,237</u>	<u>36.72%</u>	<u>\$ 32,506,615</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

	<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>	<u>2018</u>
Debt Limit	\$ 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	\$ 28,078,263
Total Net Debt Applicable to Limit	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	3,365,024
Legal Debt Margin	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	24,713,239
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	42%	40%	37%	22%	13%	15%	14%	14%	15%	12%

Legal Debt Margin Calculation for 2018

Assessed Value	\$ 86,615,585
Motor-Vehicle K.S.A. 79-5113	<u>7,251,445</u>
Total Assessed Value	<u>\$ 93,867,030</u>
Debt Limit-Approximately 30% of Assessed Value (K.S.A. 10-308)	\$ 28,078,263
Bonded Indebtedness (including temporary notes)	30,013,000
Less Exempt Debt	<u>26,647,976</u>
Total Amount Applicable to Debt Limit	<u>3,365,024</u>
Legal Debt Margin	<u>\$ 24,713,239</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)
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	---	---	---	---
2018	\$5,327,706	\$4,522,210	\$805,496	---	---	---	---

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**

Water Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Total	Coverage (2)
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	---	---	---	---
2018	\$1,122,746	\$956,248	\$166,498	---	---	---	---

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

Wastewater Revenue Bonds							
Year	Gross Revenues	Less Operating Expenses (1)	Net Available Revenue	Principal (3)	Interest	Total	Coverage (2)
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	---	---	---	---
2018	\$1,815,209	\$928,471	\$886,738	---	---	---	---

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)
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)	---	---	---	---
2018	\$42,694	\$19,300	\$23,394	---	---	---	---

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>
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%
2018	6,416	\$ 190,658	\$ 29,716	36.5	1,874	3.50%	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>2018</u>			<u>2009</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	12.86%	Not Available	0	
USD #263	320	2	4.99%	300	1	6.08%
Villa Maria Inc	284	3	4.43%	Not Available		
City of Mulvane	76	4	1.18%	54	2	0.97%
Cowley County College	55	5	0.86%	8	8	0.14%
Dillons	45	6	0.70%	5	10	0.09%
Carson Bank	28	7	0.44%	39	3	0.68%
KMI	35	8	0.55%	Not Available		0.45%
Maria Court	20	9	0.31%	Not Available		
Ledford Gage	16	10	0.25%	20	7	0.33%
	<u>1704</u>		<u>26.56%</u>	<u>426</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>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>	<u>2018</u>
Administration	9	9	9	9	10	10	8	9	9	9
Police Officers	12	11	11	12	14	14	15	14	15	15
Police Dispatchers	5	6	6	6	6	6	6	6	6	6
Emergency Services	3	3	3	3	19	19	19	20	20	20
Public Works	9	9	10	10	10	10	9	10	12	12
Electric	8	8	8	8	8	8	9	8	7	7
Water	4	4	4	4	4	4	4	4	4	3
Wastewater	4	4	4	4	4	4	4	4	4	4
Total	54	54	55	56	75	75	74	75	77	76

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>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>	<u>2018</u>
Police										
Calls for Service	3,856	3,669	3,508	3,701	3,813	3,742	4,138	4,202	4,459	4,264
Moving Citations	639	517	623	658	721	719	959	921	816	570
DUI Arrests	25	17	15	68	51	25	35	17	22	12
Arrests	229	214	213	316	348	390	424	453	386	352
Emergency Services										
Fire & Rescue Calls	383	350	389	436	408	362	384	426	412	430
Ambulance Calls	787	762	736	793	853	1,003	1,094	1,195	1,263	1,253
Electric										
New Connections	6	5	4	39	1	9	7	14	44	16
Average Daily Usage (mWh/Day)	117	119	120	117	114	116	115	114	122	124
Peak Daily Usage (kW)	11,900	12,700	13,100	13,100	13,200	13,000	12,700	12,800	13,200	12,800
Water										
New Connections	6	1	8	32	2	9	7	14	29	13
Average Daily Consumption (Gallons)	469,288	483,110	494,129	561,377	530,836	544,368	594,296	496,153	497,916	514,068
Peak Daily Consumption (Gallons)	1,000,000	835,000	916,000	1,110,000	1,003,000	1,235,000	1,211,000	888,060	1,020,000	1,104,000
Wastewater										
Average Daily Sewage Treatment	461,392	417,164	377,487	401,639	438,419	451,320	434,833	446,000	419,712	474,610

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>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>	<u>2018</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	2	2	2	2	2
Fire & Rescue Trucks	11	11	11	11	12	12	12	12	12	12
Ambulances	2	2	2	3	3	3	4	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	43
Traffic Signals	3	3	3	3	3	3	3	3	3	3
Electric										
Power Plant	2	2	2	2	2	2	2	1	1	1
Miles of Line	33	33	33	33	33	33	33	34	34	34
Generating Capacity (kw)	16600	16600	16600	16600	16600	16600	16600	8200	8200	8200
Water										
Water Mains (Miles)	35	35	39	39	39	39	39	40	40	40
Fire Hydrants	221	221	221	221	221	221	221	256	256	286
Storage Capacity (kgal)	800	800	800	800	800	800	800	1300	1300	1300
Wastewater										
Sanitary Sewers (Miles)	26	26	34	34	34	34	34	35	35	35
Storm Sewers (Miles)	1	1	1	1	1	1	1	17	17	17
Treatment Capacity (mgd)	1	1	1	1	1	1	1	0.5	0.5	0.5
Lift Stations	5	5	5	5	5	5	5	4	4	4

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