

**CITY OF LINN VALLEY
LINN VALLEY, KANSAS**

Independent Auditor's Report, and
Regulatory Basis Financial Statement With
Regulatory-Required Supplementary Information

For the Year Ended December 31, 2019

CITY OF LINN VALLEY, KANSAS

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditor’s Report	1-3
Financial Statement:	
Summary Statement of Regulatory Basis Receipts, Expenditures and Unencumbered Cash Balance.....	4
Notes to Financial Statement.....	5-14
Regulatory-Required Supplementary Information:	
Schedule 1	
Summary of Regulatory Basis Expenditures - Actual and Budget.....	15
Schedule 2	
Schedule of Regulatory Basis Receipts and Expenditures - Actual and Budget	
General Fund.....	16-17
Special Park and Recreation Fund.....	18
Special Highway Fund.....	19
Equipment Reserve Fund	20
Capital Improvement Reserve Fund.....	21
Sewer Project Fund	22
Capital Project Fund	23
Utilities Fund	24
Mayor’s Christmas Tree Fund.....	25
Christmas Tree Fund	26

Diehl Banwart Bolton

Certified Public Accountants P.A.

INDEPENDENT AUDITOR'S REPORT

To the Mayor and the City Council
of the City of Linn Valley, Kansas

Report on the Financial Statement

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Linn Valley, Kansas, as of and for the year ended December 31, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Linn Valley, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraphs, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Linn Valley, Kansas as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance for the City of Linn Valley, Kansas as of December 31, 2019, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balance (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, and individual fund schedules of regulatory basis receipts and expenditures – actual and budget, (schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Prior Year Comparable Amounts

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Linn Valley, Kansas as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated March 19, 2019, which contained an unmodified opinion on the basic financial statement. The 2018 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/oar/municipal-services>. The 2018 actual column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2019 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2018 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statement or to the 2018 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2018, on the basis of accounting described in Note 1.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

March 30, 2020
Fort Scott, Kansas

CITY OF LINN VALLEY, KANSAS
Summary Statement of Receipts, Expenditures, and Unencumbered Cash Balance
Regulatory Basis
For the Year Ended December 31, 2019

Funds	Beginning Unencumbered Cash Balance		Receipts	Expenditures	Ending Unencumbered Cash Balance		Add		Prior Year Ending Cash Balance
					Encumbrances and Accounts Payable	Ending Cash Balance	Ending Cash Balance		
General Fund	\$ 75,364.89	\$ 587,730.07	\$ 548,204.07	\$ 114,890.89	\$ -	\$ 114,890.89	\$ 75,364.89		\$ 75,364.89
Special Purpose Funds:									
Special Park and Recreation	1,400.59	400.00	-	1,800.59	-	1,800.59	1,400.59		1,400.59
Special Highway	96,602.27	28,477.92	50,060.05	75,020.14	-	75,020.14	96,602.27		96,602.27
Equipment Reserve	25,385.07	-	6,965.18	18,419.89	-	18,419.89	25,385.07		25,385.07
Capital Improvement Reserve	79,142.00	-	45,066.68	34,075.32	-	34,075.32	79,142.00		79,142.00
Sewer Project Fund	28,955.43	-	28,955.43	-	-	-	28,955.43		28,955.43
Capital Project Fund	-	293,138.73	293,138.73	-	-	-	-		-
Business Fund:									
Utilities fund	245,794.30	277,622.93	227,943.64	295,473.59	-	295,473.59	245,794.30		245,794.30
Trust Fund:									
Mayor's Christmas Tree	270.57	-	66.00	204.57	-	204.57	270.57		270.57
Christmas Tree	2,100.00	-	225.00	1,875.00	-	1,875.00	2,100.00		2,100.00
Total Reporting Entity	\$ 555,015.12	\$ 1,187,369.65	\$ 1,200,624.78	\$ 541,759.99	\$ -	\$ 541,759.99	\$ 555,015.12		\$ 555,015.12
Composition of Cash:									
General Checking Account.....							\$ 47,753.98		\$ 39,153.30
Special Highway Checking Account.....							75,020.14		96,602.27
Sewer Checking Account.....							293,785.59		245,794.30
Sewer Project Checking Account.....							-		28,955.43
Money Market Checking Account.....							125,200.28		144,509.82
Total Reporting Entity							\$ 541,759.99		\$ 555,015.12

CITY OF LINN VALLEY

Notes to the Financial Statement
For the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement of the City of Linn Valley, Kansas (the City), has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Kansas Municipal Audit and Accounting Guide (KMAAG), as approved by the director of the Kansas Division of Accounts and Reports, establishes the guidelines for the regulatory basis of accounting in the state of Kansas. The more significant of the City's accounting policies follow.

Nature of Organization

The City is a municipal corporation governed by an elected mayor and five-member council.

Financial Reporting Entity

This financial statement presents the City (primary government) and its related municipal entities. The City has determined that there are no related municipal entities which should be accounted for in its financial statement.

Basis of Presentation and Basis of Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restriction, or limitations.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the city of Linn Valley, Kansas:

General fund – the chief operating fund used to account for all resources except those required to be accounted for in another fund.

Special Purpose funds – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Projects and tax levies for long-term debt) that are intended for specified purposes.

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business fund – funds financed in whole or part by fees charged to users of the goods or services (i.e. enterprise and internal service funds, etc.)

Trust fund – funds used to report assets held for the benefit of the municipal financial reporting entity (i.e. pension funds, investment funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, 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 on or before August 5th of the proposed budget and notice of public hearing on the budget.
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 regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The City's budget was not amended during 2019.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)
Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, trust funds, reserve accounts established by bond ordinances, and the following special purpose funds:

- Equipment Reserve Fund (K.S.A. 12-1,117)
- Capital Improvement Reserve Fund (K.S.A. 12-1,118)
- Sewer Project Fund (K.S.A. 12-1,11)
- Capital Improvements Reserve (K.S.A. 12-1,11)
- Mayors Christmas Tree Fund (K.S.A. 79-2925)
- Christmas Tree Fund (K.S.A. 79-2925)

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

Deposits and Investments

Deposits and investments include money market checking accounts. Kansas statutes permit investment in checking accounts, savings accounts, certificates of deposit, and, in certain cases, obligations of the U.S. Treasury.

Compensated Absences

Full-time employees, other than sworn police officers, earn and accumulate vacation leave from 80 to 160 hours a year beginning on the date of employment. Full-time sworn police officers earn and accumulate vacation leave from 82.50 to 156.75 hours a year beginning on the date of employment. Vacation leave may accumulate from 80 to 156.75 hours based on the number of years of employment with the City.

Full-time employees, other than sworn police officers, earn and accumulate sick leave at the rate of eight hours per month worked to a maximum of 720 hours. Full-time sworn police officers earn and accumulate 8.25 hours per month worked to a maximum of 900 hours. Permanent part-time employees, working at least 20 hours a week, earn four hours of sick pay per month worked to a maximum of 360 hours. Sick leave will be awarded as of the first day of each month of service, beginning with the fourth month of employment. Accumulated sick leave is lost upon termination of employment with the City.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The City records a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material.

In accordance with the above criteria, the City has accrued a liability for vacation pay which has been earned but not taken by City employees. The liability is shown as a long-term obligation of the City, inasmuch as the liability is not expected to be paid with current resources.

Pension Plan

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

Termination and Post Employment Benefits

No termination benefits are provided to City employees when employment with the City ends except for the accrued compensated absences as discussed earlier.

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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

Property Taxes

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 become a lien on the property on November 1st 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 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 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31st, such taxes are a lien on the property.

2. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Compliance With Finance-Related Legal and Contractual Provisions

This financial statement and the regulatory-required supplementary information is designed to show compliance with the cash basis and budget laws of Kansas. The City was in apparent compliance with these laws.

3. **DEPOSITS AND INVESTMENTS**

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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, but has limited the investments to time deposits at the local bank.

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not have any "peak periods" designated. All deposits were legally secured at December 31, 2019.

At December 31, 2019, the City's carrying amount of deposits was \$541,759.99 and the bank balance was \$574,852.34. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$250,000.00 was covered by federal depository insurance and \$324,852.34 was collateralized with securities totaling \$482,740.40 held by the pledging financial institution's agents in the City's name.

4. **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; employees health and life; and natural disasters. The City manages these risks of loss by carrying various commercial insurance policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

5. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for KPERS and 22.13% for KP&F for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City were \$8,549.82 for KPERS and \$27,539.87 for KP&F for the year ended December 31, 2019.

Net Pension Liability

At December 31, 2019, the City's proportionate share of the collective net pension liability reported by KPERS was \$107,123 and \$120,189 for KP&F. The net pension liability totaling \$8,900,634,092 was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

6. **UTILITIES**

On July 30, 2010, during special session, the City voted in favor of entering into the sale and operating agreement with Linn Valley Lakes Property Owner’s Association (POA) for ownership of the water and sewer utilities. The City owns and maintains the sewer system and bills citizens for service provided. On February 8, 2016, the City approved the sewer operations agreement stating that the City will be responsible for operation and maintenance of the sewer system, lift station and lagoons. The POA will pay a dumping fee for use of the lift station and/or lagoon. The City also approved a bill of sale to sell/transfer three sewage trucks and related equipment involved in the hold and haul operation of the POA. The water continues to be owned by the City and operated by the POA.

7. **CAPITAL PROJECTS**

Capital projects with approved change orders compared with expenditures from inception are as follows:

<u>USDA RD Sewer Project</u>		
Sources of Funds		
USDA RD Loan		\$ 2,592,000
USDA RD Grant		1,738,000
Local Funds		28,955
Total Sources of Funds		\$ 4,358,955
Project Expenditures		
Bond Issue Costs		\$ 26,184
Interest Expense		86,760
Commodities		6,716
Capital Outlays		4,239,295
Total Project Expenditures		\$ 4,358,955

The City was notified on September 12, 2012, that loan and grant funds have been reserved from the United States Department of Agriculture Rural Development in the amount of \$2,592,000 and \$1,738,000 respectively, for a sewer project. The City used No Fund Warrants and Temporary Bonds to fund the project until the GO Bond and Rural Development grant funds were received. The funds are in the City’s name and are being used to put in a sewer system around the Linn Valley Lakes. The City is billing and collecting for the sewer service and will use the sewer utility revenues to make payments made on the loan.

8. **INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Capital Project	KSA 12-825.1	\$ 13,452.73

9. LONG TERM OBLIGATIONS

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balances Beginning of Year	Additions / New Debt	Reductions / Principal Paid	Balances End of Year	Interest Paid
<u>General Obligation Bonds</u>									
Series 2015A	2.75%	5-21-2015	2,392,000	5-21-2055	\$ 2,321,084	\$ -	\$ 36,927	\$ 2,284,157	\$ 63,830
Series 2015B	2.75%	5-21-2015	200,000	5-21-2055	194,070	-	3,089	190,981	5,337
Total General Obligation Bonds					<u>2,515,154</u>	<u>-</u>	<u>40,016</u>	<u>2,475,138</u>	<u>69,167</u>
<u>Capital Leases</u>									
City Hall Building & Land	4.75%	8-6-2004	109,370	3-1-2024	43,084	-	43,084	-	1,983
Fire Truck & Equipment	5.00%	9-18-2015	28,000	2-1-2021	14,673	-	4,735	9,938	477
2016 Ford Explorer	4.50%	12-29-2017	21,750	1-5-2021	16,526	-	5,364	11,162	443
Axon Enterprise - Tasers	0.00%	10-2-2017	5,280	10-2-2021	3,960	-	1,320	2,640	-
Police Building	3.63%	3-8-2019	279,641	3-5-2029	-	279,641	279,641	-	6,162
Police Vehicles	4.06%	8-19-2019	45,350	2-15-2023	-	45,350	-	45,350	-
Total Capital Leases					<u>78,243</u>	<u>324,991</u>	<u>334,144</u>	<u>69,090</u>	<u>9,065</u>
<u>Compensated Absences</u>									
Vacation Pay	N/A	N/A	N/A	N/A	6,376	-	1,483	4,893	N/A
Total Long Term Debt					<u>\$ 2,599,773</u>	<u>\$ 324,991</u>	<u>\$ 375,643</u>	<u>\$ 2,549,121</u>	<u>\$ 78,232</u>

9. LONG TERM OBLIGATIONS (Continued)

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

	2020	2021	2022	2023	2024	2025	2030	2035	2040	2045	2050	2055	Totals
PRINCIPAL													
GO Bonds													
Series 2015A	\$ 37,771	\$ 38,981	\$ 40,053	\$ 41,155	\$ 42,126	\$ 229,355	\$ 262,685	\$ 300,861	\$ 344,508	\$ 394,686	\$ 452,048	\$ 99,928	\$ 2,284,157
Series 2015B	3,159	3,260	3,349	3,442	3,523	19,180	21,967	25,160	28,810	33,006	37,803	8,322	190,981
Total GO Bonds	40,930	42,241	43,402	44,597	45,649	248,535	284,652	326,021	373,318	427,692	489,851	108,250	2,475,138
Capital Leases													
Fire truck & Equipment	4,889	5,049	-	-	-	-	-	-	-	-	-	-	9,938
2016 Ford Explorer	5,507	5,655	-	-	-	-	-	-	-	-	-	-	11,162
Axon Enterprise - Tasers	1,320	1,320	-	-	-	-	-	-	-	-	-	-	2,640
Police Vehicles	10,670	11,103	11,554	12,023	-	-	-	-	-	-	-	-	45,350
Total Capital Leases	22,386	23,127	11,554	12,023	-	-	-	-	-	-	-	-	69,090
Compensated Absences													
Vacation Pay	4,893	-	-	-	-	-	-	-	-	-	-	-	4,893
Total Principal	\$ 68,209	\$ 65,368	\$ 54,956	\$ 56,620	\$ 45,649	\$ 248,535	\$ 284,652	\$ 326,021	\$ 373,318	\$ 427,692	\$ 489,851	\$ 108,250	\$ 2,549,121
INTEREST													
GO Bonds													
Series 2015A	\$ 62,986	\$ 61,776	\$ 60,704	\$ 59,602	\$ 58,631	\$ 274,430	\$ 241,100	\$ 202,924	\$ 159,277	\$ 109,099	\$ 51,737	\$ 2,748	\$ 1,345,014
Series 2015B	5,266	5,165	5,076	4,983	4,902	22,945	20,158	16,965	13,315	9,119	4,322	229	112,445
Total GO Bonds	68,252	66,941	65,780	64,585	63,533	297,375	261,258	219,889	172,592	118,218	56,059	2,977	1,457,459
Capital Leases													
Fire truck & Equipment	324	164	-	-	-	-	-	-	-	-	-	-	488
2016 Ford Explorer	299	151	-	-	-	-	-	-	-	-	-	-	450
Police Vehicles	1,840	1,407	957	488	-	-	-	-	-	-	-	-	4,692
Total Interest	\$ 70,715	\$ 68,663	\$ 66,737	\$ 65,073	\$ 63,533	\$ 297,375	\$ 261,258	\$ 219,889	\$ 172,592	\$ 118,218	\$ 56,059	\$ 2,977	\$ 1,463,089
Total Principal & Interest	\$ 138,924	\$ 134,031	\$ 121,693	\$ 121,693	\$ 109,182	\$ 545,910	\$ 545,910	\$ 545,910	\$ 545,910	\$ 545,910	\$ 545,910	\$ 111,227	\$ 4,012,210

10. SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to December 31, 2019 through March 30, 2020, the date of the financial statement. During this period, there were no subsequent events requiring recognition in the financial statement or disclosure in the notes to the financial statement.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

Schedule 1

CITY OF LINN VALLEY, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended December 31, 2019

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Fund	\$ 621,843.00	\$ 510.96	\$ 622,353.96	\$ 548,204.07	\$ (74,149.89)
Special Purpose Funds:					
Special Park and Recreation	2,001.00	-	2,001.00	-	(2,001.00)
Special Highway	114,031.00	-	114,031.00	50,060.05	(63,970.95)
Business Fund:					
Utilities fund	389,182.00	-	389,182.00	227,943.64	(161,238.36)
	<u>\$ 1,127,057.00</u>				

CITY OF LINN VALLEY, KANSAS

GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem property tax	\$ 333,457.09	\$ 376,147.15	\$ 392,428.00	\$ (16,280.85)
Delinquent tax	13,263.27	10,386.89	10,402.00	(15.11)
Motor vehicle tax	52,100.71	59,755.56	58,436.00	1,319.56
Weed Cleanup	100.00	-	-	-
Franchise taxes	28,103.82	24,902.99	22,000.00	2,902.99
Intergovernmental				
Kansas Dept. of Transportation aid	2,756.90	-	-	-
Fines, Forfeitures and Penalties	80,685.16	69,620.88	50,000.00	19,620.88
Licenses and Permits				
Building permits	32,772.87	28,101.00	22,500.00	5,601.00
Contractor licenses	1,625.00	3,647.75	1,100.00	2,547.75
Use of Money and Property				
Interest	1,140.67	833.95	600.00	233.95
Other				
Reimbursements from LVL's POA	776.72	510.96	-	510.96
Cell Tower rent	6,070.00	6,191.40	6,100.00	91.40
Insurance Dividends	4,967.90	5,905.54	-	5,905.54
Insurance Proceeds	17,160.00	-	-	-
Miscellaneous	1,193.00	1,726.00	9,000.00	(7,274.00)
Total Receipts	<u>576,173.11</u>	<u>587,730.07</u>	<u>\$ 572,566.00</u>	<u>\$ 15,164.07</u>
Expenditures				
General				
Personal services	132,741.48	129,173.95	\$ 134,000.00	\$ (4,826.05)
Contractual services	98,281.05	97,956.69	95,500.00	2,456.69
Commodities	17,385.47	12,255.33	39,000.00	(26,744.67)
Public Safety - Police				
Personal services	132,720.93	158,353.33	168,000.00	(9,646.67)
Contractual services	2,519.71	3,263.05	4,000.00	(736.95)
Commodities	29,931.73	33,493.18	35,000.00	(1,506.82)
Capital Outlay	8,750.00	-	-	-
Public Safety - Fire				
Personal services	17,879.50	13,569.50	20,000.00	(6,430.50)
Contractual services	1,309.65	-	1,500.00	(1,500.00)
Commodities	18,692.32	15,839.25	25,000.00	(9,160.75)
Capital Outlay	-	-	-	-
Discretionary				
Contractual services	374.31	526.15	-	526.15
Municipal Court				
Contractual services	11,380.50	10,201.50	11,143.00	(941.50)
Commodities	2,243.77	2,653.40	3,000.00	(346.60)

CITY OF LINN VALLEY, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual	Budget	Variance Over (Under)
Expenditures				
Planning and Zoning				
Personal services	\$ 6,287.85	\$ 41,169.31	\$ 42,000.00	\$ (830.69)
Contractual services	18,079.18	915.00	3,000.00	(2,085.00)
Commodities	2,793.46	3,043.03	5,700.00	(2,656.97)
Debt Service on Capital Lease				
Principal	29,886.42	11,418.53	29,000.00	(17,581.47)
Interest	4,295.56	920.14	-	920.14
Operating Transfers to Other Funds				
Special Equipment Reserve Fund	7,880.07	-	6,000.00	(6,000.00)
Capital Project Fund	-	13,452.73	-	13,452.73
Subtotal Certified Budget			621,843.00	
Adjustment for Qualifying Budget Credit				
Reimbursed expenses	-	-	510.96	(510.96)
Total Expenditures	<u>543,432.96</u>	<u>548,204.07</u>	<u>\$ 622,353.96</u>	<u>\$ (74,149.89)</u>
 Receipts Over(Under) Expenditures	 32,740.15	 39,526.00		
 Unencumbered Cash, Beginning	 <u>42,624.74</u>	 <u>75,364.89</u>		
 Unencumbered Cash, Ending	 <u>\$ 75,364.89</u>	 <u>\$ 114,890.89</u>		

CITY OF LINN VALLEY, KANSAS
SPECIAL PARK AND RECREATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Intergovernmental				
County park appropriation	\$ 400.00	\$ 400.00	\$ 400.00	\$ -
Total Receipts	<u>400.00</u>	<u>400.00</u>	<u>\$ 400.00</u>	<u>\$ -</u>
Expenditures				
Recreation				
Contractual services	300.00	-	\$ 2,001.00	\$ (2,001.00)
Total Expenditures	<u>300.00</u>	<u>-</u>	<u>\$ 2,001.00</u>	<u>\$ (2,001.00)</u>
Receipts Over(Under) Expenditures	100.00	400.00		
Unencumbered Cash, Beginning	<u>1,300.59</u>	<u>1,400.59</u>		
Unencumbered Cash, Ending	<u>\$ 1,400.59</u>	<u>\$ 1,800.59</u>		

CITY OF LINN VALLEY, KANSAS

SPECIAL HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Intergovernmental				
State gasoline tax	\$ 22,599.87	\$ 23,424.43	\$ 22,040.00	\$ 1,384.43
Kansas Dept. of Transportation aid	1,475.24	1,674.90	-	1,674.90
Use of Money and Property				
Interest	309.48	416.59	280.00	136.59
Other				
Miscellaneous	195.00	2,962.00	100.00	2,862.00
Total Receipts	<u>24,579.59</u>	<u>28,477.92</u>	<u>\$ 22,420.00</u>	<u>\$ 6,057.92</u>
Expenditures				
Streets and Highways				
Contractual services	900.80	1,540.01	\$ 3,500.00	\$ (1,959.99)
Commodities	302.35	2,062.51	3,500.00	(1,437.49)
Capital Outlay	3,075.03	46,457.53	107,031.00	(60,573.47)
Total Expenditures	<u>4,278.18</u>	<u>50,060.05</u>	<u>\$ 114,031.00</u>	<u>\$ (63,970.95)</u>
Receipts Over(Under) Expenditures	20,301.41	(21,582.13)		
Unencumbered Cash, Beginning	<u>76,300.86</u>	<u>96,602.27</u>		
Unencumbered Cash, Ending	<u>\$ 96,602.27</u>	<u>\$ 75,020.14</u>		

CITY OF LINN VALLEY, KANSAS
EQUIPMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual
Receipts		
Operating Transfer from General Fund	\$ 7,880.07	\$ -
Total Receipts	7,880.07	-
Expenditures		
Capital Outlays	2,495.00	6,965.18
Total Expenditures	2,495.00	6,965.18
Receipts Over(Under) Expenditures	5,385.07	(6,965.18)
Unencumbered Cash, Beginning	20,000.00	25,385.07
Unencumbered Cash, Ending	<u>\$ 25,385.07</u>	<u>\$ 18,419.89</u>

CITY OF LINN VALLEY, KANSAS
CAPITAL IMPROVEMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual
Receipts		
Operating Transfer from General Fund	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Debt Service on Capital Lease		
Principal	-	43,083.59
Interest	-	1,983.09
Total Expenditures	-	45,066.68
Receipts Over(Under) Expenditures	-	(45,066.68)
Unencumbered Cash, Beginning	79,142.00	79,142.00
Unencumbered Cash, Ending	<u>\$ 79,142.00</u>	<u>\$ 34,075.32</u>

CITY OF LINN VALLEY, KANSAS
SEWER PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual
Receipts		
Intergovernmental		
USDA Grant	\$ 126,472.23	\$ -
Total Receipts	126,472.23	-
Expenditures		
Sewer Project	124,981.19	28,955.43
Total Expenditures	124,981.19	28,955.43
Receipts Over(Under) Expenditures	1,491.04	(28,955.43)
Unencumbered Cash, Beginning	27,464.39	28,955.43
Unencumbered Cash, Ending	\$ 28,955.43	\$ -

CITY OF LINN VALLEY, KANSAS
CAPITAL PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual
Receipts		
Other		
Loan Proceeds	\$ -	\$ 279,641.00
Miscellaneous	-	45.00
Operating Transfers from Other Funds		
General Fund	-	13,452.73
Total Receipts	-	293,138.73
Expenditures		
Police Building		
Surveys	-	2,670.00
Debt Service		
Principal	-	279,641.00
Interest	-	6,161.73
Fees	-	4,666.00
Total Expenditures	-	293,138.73
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ -

CITY OF LINN VALLEY, KANSAS
UTILITIES FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes				
Special Utility Assessment	\$ 4,484.34	\$ 2,279.00	\$ -	\$ 2,279.00
Intergovernmental				
Health & Environment Regional Plan	-	12,500.00	-	
Use of Money and Property				
Interest	297.96	245.31	-	245.31
Other				
Sewer charges	141,472.12	148,336.69	163,530.00	(15,193.31)
Infrastructure grant	42,994.00	47,976.00	39,000.00	8,976.00
Pump installation	59,879.95	44,014.13	44,220.00	(205.87)
Lagoon use	20,629.40	21,882.55	-	21,882.55
Miscellaneous	2,295.11	389.25	-	389.25
Total Receipts	<u>272,052.88</u>	<u>277,622.93</u>	<u>\$ 246,750.00</u>	<u>\$ 18,372.93</u>
Expenditures				
General				
Personnel services	3,118.72	8,966.55	\$ 50,000.00	\$ (41,033.45)
Contractual	4,873.76	9,823.92	75,000.00	(65,176.08)
Commodities	29,805.32	46,246.64	65,000.00	(18,753.36)
Capital outlays	89,512.91	53,724.53	90,000.00	(36,275.47)
Debt Service				
Principal	38,944.31	40,015.28	109,182.00	(69,166.72)
Interest	70,237.69	69,166.72	-	69,166.72
Total Expenditures	<u>236,492.71</u>	<u>227,943.64</u>	<u>\$ 389,182.00</u>	<u>\$ (161,238.36)</u>
Receipts Over(Under) Expenditures	35,560.17	49,679.29		
Unencumbered Cash, Beginning	<u>210,234.13</u>	<u>245,794.30</u>		
Unencumbered Cash, Ending	<u>\$ 245,794.30</u>	<u>\$ 295,473.59</u>		

CITY OF LINN VALLEY, KANSAS
MAYORS CHRISTMAS FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2019
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual
Receipts		
Other		
Donations	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General		
Contractual Services	66.00	66.00
Total Expenditures	66.00	66.00
Receipts Over(Under) Expenditures	(66.00)	(66.00)
Unencumbered Cash, Beginning	336.57	270.57
Unencumbered Cash, Ending	<u>\$ 270.57</u>	<u>\$ 204.57</u>

CITY OF LINN VALLEY, KANSAS
TREE FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	Prior Year Actual	Actual
Receipts		
Other		
Donations	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General		
Contractual Services	250.00	225.00
Total Expenditures	250.00	225.00
Receipts Over(Under) Expenditures	(250.00)	(225.00)
Unencumbered Cash, Beginning	2,350.00	2,100.00
Unencumbered Cash, Ending	<u>\$ 2,100.00</u>	<u>\$ 1,875.00</u>