

RESOLUTION NO. 091415-2

A RESOLUTION ACCEPTING THE FINANCIAL STATEMENT FOR YEAR-ENDING DECEMBER 31, 2014, AS PREPARED FOR THE CITY OF ABILENE, KANSAS, BY POTTBERG, GASSMAN, AND HOFFMAN, CHARTERED

WHEREAS, the City of Abilene approved, with the adoption of Resolution No. 020915-3, a Professional Services Agreement with Pottberg, Gassman, and Hoffman, Chartered for the purposes of providing an audit of the financial statements for year-ending December 31, 2014.

WHEREAS, Pottberg, Gassman, and Hoffman, Chartered has presented the audited financial statements for year-ending December 31, 2014 to the City Commission.

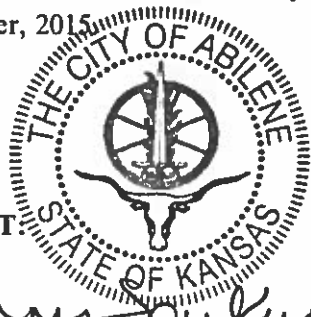
NOW, THEREFORE BE IT RESOLVED, by the City Commission of the City of Abilene, as follows:

SECTION ONE. Acceptance of Financial Statements. That the Financial Statements and supplemental documents for year-ending December 31, 2014 are hereby accepted as attached hereto as **Exhibit A.**

SECTION TWO. Distribution. That the Financial Statement, including supplemental documentation, shall be provided to the Kansas Department of Administration and published to the City's website. The City shall also provide the Financial Statement to such other entities as required by its Continuing Disclosure Policy, as adopted by Resolution No. 120814-1.

SECTION THREE. Effective Date. That the effects of this Resolution shall be in full force after its approval by the City Commission.

PASSED AND APPROVED by the Governing Body of the City of Abilene, Kansas this 14th day of September, 2015.



ATTEST:

Penny Soukup, CMC
Penny Soukup, CMC
City Clerk

CITY OF ABILENE, KANSAS

By: *Dennis P. Weishaar*
Dennis P. Weishaar, Mayor

EXHIBIT A

**Financial Statements
for
Year-Ending December 31, 2014**

**As Audited By
Pottberg, Gassman, and Hoffman, Chartered**

September 14, 2015

CITY OF ABILENE, KANSAS
FINANCIAL STATEMENT
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2014

CITY OF ABILENE, KANSAS

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commission
City of Abilene
Abilene, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Abilene, Kansas, a Municipal Financial Reporting Entity (City), as of and for the year ended December 31, 2014 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 to meet the financial reporting requirements of the State of Kansas; 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.

Auditors' 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 that 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 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial 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 more fully in Note 1 of the financial statement, the financial statement is prepared by the City to meet the requirements of the State of 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.

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American Institute of
Certified Public Accountants

Kansas Society of Certified
Public Accountants



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 matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, 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 as of December 31, 2014, or changes in financial position and cash flows thereof for the year then ended.

Basis for Qualified Opinion

The *Net Pension Liability* disclosure in footnote 4 was obtained from the Kansas Public Employees Retirement System (KPERS) June 30, 2014 and 2013 audit report. We did not perform any audit procedures on the net pension liability for KPERS nor the City's proportionate share of the net pension liability for both KPERS and KP&F. Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2014, and 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.

Report on Regulatory-Required 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 balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual or actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2, 3 and 4 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 financial statement as a whole, on the basis of accounting described in Note 1.

The 2013 Actual column presented in the individual fund schedules (Schedules 2 and Schedule 4 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2013 basic financial statement upon which we rendered an unqualified opinion on June 30, 2014. The 2013 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://www.da.ks.gov/ar/muniserv/>. Such 2013 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 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 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 2013 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 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

Pottberg, Gassman & Hoffman, Chartered

Pottberg, Gassman & Hoffman, Chartered
Abilene, Kansas
September 4, 2015

CITY OF ABILENE, KANSAS

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Canceled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental Type Funds:							
General Fund	\$ 1,492,286	500	3,856,548	4,064,730	1,284,604	49,233	1,333,837
Special Purpose Funds:							
Airport Fund	71,915	-	171,475	33,071	210,319	1,097	211,416
Fire Apparatus	14,865	-	78,452	50,923	42,394	-	42,394
Special Park and Recreation	46,821	-	22,769	19,069	50,521	800	51,321
Special Alcohol and Drug Library	50,037	-	12,730	7,500	55,267	-	55,267
Tourism and Convention	40,955	-	350,940	350,940	-	-	-
Special Street	118,513	4,061	219,787	225,494	35,248	2,064	37,312
Recreation Commission	144,963	-	174,855	328,966	(31,537)	174,857	143,320
Capital Improvement	480,919	-	415,802	391,539	169,226	3,934	173,160
Equipment Reserve	147,859	-	3,546	-	484,465	-	484,465
Community Center	153,847	-	176,198	160,478	163,579	61,911	225,490
Library / Pool Renovation	281,818	-	44	-	153,891	-	153,891
Sales Tax Street Fund	189,715	-	458,610	442,625	297,803	-	297,803
Bond and Interest Fund:							
Bond and Interest	101,218	-	652,291	794,764	(41,255)	-	(41,255)
Capital Projects Funds:							
Dawson Cottage Division	35,419	-	9	3,772	31,656	-	31,656

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

CITY OF ABILENE, KANSAS

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Canceled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Business Funds:							
Water Utility	103,753	155	1,592,927	1,399,556	297,279	69,430	366,709
Sewer Utility	1,300,462	-	1,398,409	1,358,593	1,340,278	28,919	1,369,197
Equipment Reserve - Water	163,971	-	46	1,481	162,536	-	162,536
Equipment Reserve - Sewer	630,781	-	179	-	630,960	-	630,960
Recycling Fund	284,188	-	81,626	116,345	249,469	6,959	256,428
Storm Drain	292,266	-	69,760	1,187	360,839	29	360,868
Related Municipal Entities:							
Public Building Commission	4,456,384	-	878,890	4,949,670	385,604	-	385,604
Total Reporting Entity (Excluding Agency Funds)	10,802,955	4,716	10,943,521	15,071,345	6,479,847	399,233	6,879,080
Composition of Cash:							
				Checking Account			\$ 2,182,459
				Money Market			352,522
				Petty Cash			800
				Certificates of Deposit			3,967,708
				Total Related Municipal Entities			385,604
				Total Cash			6,899,093
				Agency Funds Per Schedule 3			(10,013)
				Total Reporting Entity (Excluding Agency Funds)			\$ 6,879,080

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

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER, 31 2014

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **General Statement**

The City of Abilene, Kansas (City) was chartered March 16, 1868 and provides the following services as authorized by its charter: public works, public safety, recreation and waterworks.

The Abilene, Kansas Public Building Commission (PBC), a municipal corporation, was organized in 2007 by the governing body of the City pursuant to the Act and Ordinance No. 3098 of the City. The powers of the PBC were expanded by the governing body of the City pursuant to Charter Ordinance No. 21.

The more significant accounting policies of the City are described below.

B. **Municipal Financial Reporting Entity**

The City of Abilene, Kansas is a municipal corporation governed by an elected five-member Commissioner-Manager form of government. The regulatory financial statement presents the City of Abilene, Kansas (the Municipality), and a related municipal entity (RME), the PBC. The RME is included in the City's reporting entity because it was established to benefit the City and / or its constituents. The governing body of this RME is appointed by the governing body of the City and consists of five members who are the current members of the City's governing body.

C. **Regulatory Basis Fund Types**

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 regulations, restrictions, or limitations. Certain funds contain restricted cash because their use is limited by debt covenants, statutory requirements, grant requirements or are held in a fiduciary or agency capacity.

The following types of funds comprise the financial activities of the City for the year of 2014:

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

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

Bond and Interest Funds – are used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

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

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER, 31 2014

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

C. **Fund Accounting (Continued)**

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

Agency Funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, municipal court fund).

D. **Basis of Accounting**

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide (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 fiscal 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.

E. **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:

- Preparation of the budget for the succeeding calendar year on or before August 1st.
- Publication in the local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- 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. There were no such budget amendments for this year.

CITY OF ABILENE, KANSAS
 NOTES TO THE FINANCIAL STATEMENT
 DECEMBER, 31 2014

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

E. **Budgetary Information (continued)**

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.

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 and trust funds.

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

2. **DEPOSITS AND INVESTMENTS**

As of December 31, 2014, the City had the following investment:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investments Maturities (in Years)</u>	<u>Rating</u>
Money Market Treasury	\$385,604	NA (weighted average maturity 49 days)	S&P AAAM

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. K.S.A. 10-131 limits the City's investment of bond proceeds. The money market treasury fund used by the City meets these requirements. The City has no investment policy that would further limit its investment choices. The rating of the City's investments is noted above.

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. As of December 31, 2014, the City's allocation of investments is 100% Money Market Treasury Notes.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER, 31 2014

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated 'peak periods' when required coverage is 50%. The City has no designated 'peak periods.' All deposits were legally secured at December 31, 2014.

At December 31, 2014 the carrying amount of the City's deposits, including certificates of deposit, was \$6,879,080 and the bank balance was \$6,621,455. Of the bank balance, \$750,000 was covered by federal depository insurance and \$5,871,455 was collateralized with securities held by the pledging financial institution's agents in the City's name. The bank balance at three banks exceeded federal depository insurance corporation (FDIC) limits. The balance in excess of FDIC limits at each bank was more than 5% of total bank balances which results in a concentration of credit risk per GASBS 40, paragraph 11.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The money market fund shares are not guaranteed by the U.S. government and are subject to risk even though they contain 53.35% U.S. Treasury securities, 0.06% Fannie Mae securities, and 45.92% repurchase agreements collateralized by U.S. Treasury securities and 0.67% from other issuers.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

K.S.A. 79-2935 provides that it shall be unlawful for the governing body to create indebtedness in any fund in excess of the adopted budget of expenditures of such fund. For the year ended December 31, 2014, the Sales Tax Street fund was in violation of this statute.

K.S.A. 10-1113 requires that expenditures be made in compliance with the cash basis law which requires that no indebtedness be created for a fund in excess of available monies in that fund. For the year ended December 31, 2014, the ending unencumbered cash balance was below zero for the Special Street and Bond and Interest funds. The violation in the Special Street fund was due to year-end payables for the 2014 KLINK project. The City had an agreement with the Kansas Department of Transportation (KDOT) for reimbursement of 75% of these project costs up to \$200,000. In March 2015 the KDOT reimbursed the City \$116,892.

K.S.A. 12-1608 states that second class cities are required to publish quarterly published financial statements showing, by fund, beginning and ending balances, receipts, and expenditures along with obligation / liability information. The City failed to publish the financial statement for the period ending September 30, 2014.

4. DEFINED BENEFIT PENSION PLAN

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas Law. KPERs and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

CITY OF ABILENE, KANSAS
 NOTES TO THE FINANCIAL STATEMENT
 DECEMBER, 31 2014

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy. K.S.A. 74-4919 and K.S.A. 79-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary for periods prior to July 1, 2013 and 7.15% for periods on or after July 1, 2013. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

Net Pension Liability. The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2013, which was rolled forward to June 30, 2014. As of June 30, 2014 the net pension liability for KPERS was \$8,291,794,910. KPERS has determined the Municipality's proportionate share of the net pension liability is \$97,987 for KPERS and \$134,607 for KP&F as of June 30, 2014. The complete actuarial valuation report including all actuarial assumptions and methods is publically available on the website at www.kpers.org or can be obtained as described in the first paragraph above.

5. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefits. As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. The City pays 50% of the premium until age 62 to retirees with 10 or more years of service and each retiree is responsible for the balance. During the year ended December 31, 2014, two retirees participated in this plan and the City paid \$4,942. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City 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.

6. CAPITAL PROJECTS

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Project Authorization</u>	<u>Expenditures to Date</u>
Hospital Reconstruction	\$ 22,870,806	\$ 16,190,730
Airport Whitetopping & Lighting	\$ 2,750,000	\$ -

7. INTERFUND TRANSACTIONS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Equipment Reserve	K.S.A 12-1,117	\$ 164,000

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014

8. LONG TERM DEBT

Changes in long-term liabilities for the City of Abilene, Kansas, for the year ended December 31, 2014, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Net Change	Balance End of Year	2014 Interest Paid
General Obligation Bonds:										
2008 Series B	Var - 4.0%	6/1/2008	3,700,000	6/1/2018	2,100,000	-	370,000	(370,000)	1,730,000	72,625
2009 Series	Var - 4.3%	7/23/2009	1,780,000	9/1/2029	1,500,000	-	80,000	(80,000)	1,420,000	55,848
2010 Series A	Var - 4.6%	4/28/2010	4,055,000	9/1/2030	3,655,000	-	155,000	(155,000)	3,500,000	149,464
2011 Series	Var - 3.0%	3/25/2011	2,200,000	9/1/2021	1,815,000	-	210,000	(210,000)	1,605,000	42,002
2013 Series	Var - 1.9%	2/27/2013	1,570,000	9/1/2023	1,425,000	-	275,000	(275,000)	1,150,000	15,841
Total General Obligation Bonds					10,495,000	-	1,090,000	(1,090,000)	9,405,000	335,380
Revenue Bonds:										
Public Building Commission Bond										
Issue - Series 2011	Var - 4.3%	12/09/11	7,760,000	12/01/28	7,655,000	-	110,000	(110,000)	7,545,000	276,325
Issue - Series 2012	Var - 5.025%	01/05/12	10,000,000	12/01/35	10,000,000	-	-	-	10,000,000	490,039
Total Revenue Bonds					17,655,000	-	110,000	(110,000)	17,545,000	766,364
Revolving Loans:										
KDHE Waste Water Treatment Plant										
Total Revolving Loans	2.58%	09/01/08	8,620,417	09/01/28	6,647,434	-	383,400	(383,400)	6,264,034	152,666
					6,647,434	-	383,400	(383,400)	6,264,034	152,666
Temporary Notes:										
Dawson Cottage Addition										
Total Temporary Notes	0.90%	07/18/13	380,000	09/01/15	380,000	-	-	-	380,000	3,772
					380,000	-	-	-	380,000	3,772
Lease Purchase:										
Meter Reader System	3.50%	06/20/04	1,160,433	05/20/14	133,665	-	133,665	(133,665)	-	4,452
Street Sweeper	3.89%	12/12/11	122,889	09/01/17	84,064	-	19,829	(19,829)	64,235	3,270
Total Lease Purchase					217,729	-	153,494	(153,494)	64,235	7,722
					217,729	-	153,494	(153,494)	64,235	7,722
Total Contractual Indebtedness					35,395,163	-	1,736,894	(1,736,894)	33,658,269	1,285,904

CITY OF ABILENE, KANSAS
 NOTES TO THE FINANCIAL STATEMENT
 DECEMBER 31, 2014

8. LONG TERM DEBT (CONTINUED)

Current maturities of long-term debt and interest through maturity are as follows:

	Year							Total		
	2015	2016	2017	2018	2019	2020-2024	2025-2029		2030-2034	2035-2036
Principal										
General Obligation Bonds:										
2008 Series B	395,000	420,000	445,000	470,000	-	-	-	-	-	1,730,000
2009 Series	80,000	80,000	85,000	90,000	95,000	530,000	460,000	-	-	1,420,000
2010 Series A	160,000	165,000	175,000	180,000	190,000	1,050,000	1,285,000	295,000	-	3,500,000
2011 Series	210,000	215,000	220,000	230,000	235,000	495,000	-	-	-	1,605,000
2013 Series	265,000	210,000	215,000	180,000	90,000	190,000	-	-	-	1,150,000
Total General Obligation Bonds	1,110,000	1,090,000	1,140,000	1,150,000	610,000	2,265,000	1,745,000	295,000	-	9,405,000
Revenue Bonds:										
Public Building Commission Bond										
Issue - Series 2011	105,000	110,000	115,000	115,000	115,000	3,075,000	3,910,000	-	-	7,545,000
Issue - Series 2012	-	-	-	-	-	-	1,590,000	6,835,000	1,575,000	10,000,000
Total Revolving Loans	105,000	110,000	115,000	115,000	115,000	3,075,000	5,500,000	6,835,000	1,575,000	17,545,000
Revolving Loans:										
KDHE Waste Water Treatment Plant	393,355	403,569	414,049	424,800	435,830	2,354,900	1,837,531	-	-	6,264,034
Total Revolving Loans	393,355	403,569	414,049	424,800	435,830	2,354,900	1,837,531	-	-	6,264,034
Temporary Notes:										
Dawson Cottage Addition	380,000	-	-	-	-	-	-	-	-	380,000
Total Temporary Notes	380,000	-	-	-	-	-	-	-	-	380,000
Lease Purchase:										
Street Sweeper	20,600	21,401	22,234	-	-	-	-	-	-	64,235
Total Lease Purchase	20,600	21,401	22,234	-	-	-	-	-	-	64,235
Total Principal	\$ 2,008,955	\$ 1,624,970	\$ 1,691,283	\$ 1,689,800	\$ 1,160,830	\$ 7,694,900	\$ 9,082,531	\$ 7,130,000	\$ 1,575,000	\$ 33,658,269

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2014

8. LONG TERM DEBT (CONTINUED)

Current maturities of long-term debt and interest through maturity are as follows:

	Year										Total	
	2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2034	2035-2036			
Interest												
General Obligation Bonds:												
2008 Series B	59,225	44,135	27,477	9,400								140,237
2009 Series	53,248	51,168	48,848	46,213	43,243	161,594	60,676					464,990
2010 Series A	144,814	140,014	133,414	126,414	119,214	477,193	245,588	13,570				1,400,221
2011 Series	38,118	34,232	30,255	25,635	20,230	21,737						170,207
2013 Series	12,890	10,240	8,140	5,990	4,190	8,502						49,952
Total General Obligation Bonds	308,295	279,789	248,134	213,652	186,877	669,026	306,264	13,570				2,225,607
Revenue Bonds:												
Public Building Commission Bond												
Issue - Series 2011	275,115	273,645	271,830	269,645	268,440	1,205,270	387,945					2,951,890
Issue - Series 2012	490,039	490,039	490,039	490,039	490,039	2,450,194	2,432,394	1,450,280				8,862,208
Total Revenue Bonds	765,154	763,684	761,869	759,684	758,479	3,655,464	2,820,339	1,450,280				11,814,096
Revolving Loans:												
KDHE Waste Water Treatment Plant	143,675	134,451	124,987	115,278	105,316	367,863	86,726					1,078,296
Total Revolving Loans	143,675	134,451	124,987	115,278	105,316	367,863	86,726					1,078,296
Temporary Notes:												
Dawson Cottage Addition	3,420											3,420
Total Temporary Notes	3,420											3,420
Lease Purchase:												
Street Sweeper	2,499	1,697	865									5,061
Total Lease Purchase	2,499	1,697	865									5,061
Total Interest	1,223,043	1,179,621	1,135,855	1,088,614	1,050,672	4,692,353	3,213,329	1,463,850	79,143			15,126,480
Total Principal and Interest Payments	\$ 3,231,998	\$ 2,804,591	\$ 2,827,138	\$ 2,778,414	\$ 2,211,502	\$ 12,387,253	\$ 12,295,860	\$ 8,593,850	\$ 1,654,143			\$ 48,784,749

CITY OF ABILENE, KANSAS
 NOTES TO THE FINANCIAL STATEMENT
 DECEMBER, 31 2014

9. COMMITMENTS AND CONTINGENCIES

Risk Management

The City of Abilene, Kansas 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. To insure against risk of these types of losses, the City has purchased commercial insurance coverage. Settled claims resulting from these risks have not exceeded commercial coverage in the past three fiscal years.

10. LITIGATION

The City knows of no actual or possible litigation, claims, or assessments whose effects should be considered in the preparation of the financial statement as of December 31, 2014.

11. SELF-INSURANCE PROGRAM

In 2010, the City implemented a partially funded self-insurance plan for its employees' health care costs through Kaw Valley Insurance. The City is liable for losses on claims up to \$30,000 per insured and \$515,609 in total for the year. The plan has fixed costs of \$183,708. The City has third-party insurance coverage for any losses in excess of such amounts. Management believes claims incurred, but not reported, are insignificant at December 31, 2014. Changes in claims liability for 2014 and 2013 were as follows:

	2014	2013
Beginning Balance	\$ 89,760	\$ 25,485
Additions	531,975	619,975
Payments	538,239	555,700
Ending Balance	\$ 83,496	\$ 89,760

12. COMPENSATED ABSENCES

The City's policy regarding vacation and leave allows employees to accumulate vacation and sick leave based on years of continuous service as follows:

Vacation leave is earned by the month. If an employee leaves the City, they are entitled to a payment of all accrued vacation pay earned prior to termination or resignation.

<u>Years of Continuous Service</u>	<u>Vacation Days Accrued (hours / year)</u>	
	<u>Regular</u>	<u>Fire Department</u>
0 – 5	80	74
5 – 10	100	92
10 – 15	120	111
15 – 20	140	129
20+	160	148

The dollar amount of accrued vacation at December 31, 2014 was \$120,211.

Sick leave is accrued at a rate of 8.0 hours per month for all employees, up to a maximum of 120 days (960 hours). Sick leave accumulated is not paid to employees except upon retirement or separation after twenty or more years of regular service, in which the employee shall receive payment for 25% of the unused sick leave – up to a maximum of one calendar month's salary.

The dollar amount of accrued sick leave at December 31, 2014 was \$27,776.

CITY OF ABILENE, KANSAS
NOTES TO THE FINANCIAL STATEMENT
DECEMBER, 31 2014

13. ABILENE RECREATION COMMISSION

The Abilene Recreation Commission amended its inter-local agreement with the City of Abilene, effective December 19, 2007. Under this agreement, the City of Abilene receives funds from and for the Abilene Recreation Commission and pays their expenditures per their budget at their direction within the Recreation Commission fund of the City. All Recreation Commission funds are held by the City of Abilene.

Management of the Commission is carried out by an appointed five member Commission. The City appoints two members, the USD 435 Board of Education appoints two members, and the fifth member is appointed collectively by the other four members of the Commission. The primary source of funding is provided by tax levies through the USD 435 Board of Education. These tax levies are forwarded by the Recreation Commission to the City and are recorded as Contract Payments in the Recreation Commission fund on page 23 of the supplemental schedules.

The Commission utilizes the City's facilities at no cost to the Commission; however, the Commission does pay for certain repairs and maintenance of the facilities.

14. SUBSEQUENT EVENTS

In July 2015 the City authorized the sale and delivery of general obligation bonds series 2015-A in the principal amount of \$245,000 to finance certain capital improvements in the City and general obligation refunding bonds series 2015-B, in the principal amount of \$1,365,000 to redeem certain outstanding general obligation bonds of the City.

The City's management has evaluated subsequent events through September 4, 2015, the date the financial statement was available to be issued.

**REGULATORY REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ABILENE, KANSAS
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
Governmental Type Fund:					
General Fund	\$ 5,167,611	-	5,167,611	4,064,730	(1,102,881)
Special Purpose Funds:					
Airport Fund	2,291,554	-	2,291,554	33,071	(2,258,483)
Fire Apparatus	85,288	-	85,288	50,923	(34,365)
Special Park and Recreation	19,200	-	19,200	19,069	(131)
Special Alcohol and Drug Library	18,000	-	18,000	7,500	(10,500)
Tourism and Convention	358,125	-	358,125	350,940	(7,185)
Special Street	241,892	-	241,892	225,494	(16,398)
Recreation Commission	1,410,184	-	1,410,184	328,966	(1,081,218)
Capital Improvement	527,191	-	527,191	391,539	(135,652)
Equipment Reserve	164,000	-	164,000	160,478	(3,522)
Community Center	5,000	-	5,000	-	(5,000)
Library / Pool Renovation	442,625	-	442,625	442,625	-
Sales Tax Street Fund	280,000	-	280,000	370,642	90,642
Bond and Interest Fund:					
Bond and Interest	795,164	-	795,164	794,764	(400)
Business Funds:					
Water Utility	1,544,049.0	-	1,544,049	1,399,556	(144,493)
Sewer Utility	1,603,444	-	1,603,444	1,358,593	(244,851)
Equipment Reserve - Water	80,000	-	80,000	1,481	(78,519)
Equipment Reserve - Sewer	-	-	-	-	-
Recycling Fund	124,556	-	124,556	116,345	(8,211)
Storm Drain	81,525	-	81,525	1,187	(80,338)

CITY OF ABILENE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>Variance -</u>
<u>GENERAL FUND</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Over</u>
Receipts:				<u>(Under)</u>
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 1,200,284	1,246,385	1,290,135	(43,750)
Delinquent Tax	29,123	24,577	10,000	14,577
Motor Vehicle Tax	145,286	141,515	154,190	(12,675)
Intergovernmental Revenue				
Local Sales Tax	1,242,239	1,263,712	1,200,000	63,712
Franchise Tax	704,957	746,655	622,000	124,655
KLINK - Highway Maintenance	30,729	30,750	30,500	250
Liquor Control Tax	17,813	12,716	15,780	(3,064)
Federal/State/County Aid	63,764	-	-	-
Licenses and Fees				
Licenses and Permits	44,878	53,789	26,600	27,189
Fines and Penalties	148,736	141,679	163,300	(21,621)
Charges for Services	25,193	24,827	20,600	4,227
Use of Money and Property				
Interest Income	9,328	7,019	18,000	(10,981)
Rent	3,870	11,355	3,960	7,395
Other Receipts				
Grants	44,571	53,005	56,000	(2,995)
Contributions	150	1,650	-	1,650
Reimbursed Expenditures	58,691	43,003	10,401	32,602
Insurance Proceeds	4,500	25,839	-	25,839
Miscellaneous	24,060	28,072	20,778	7,294
Transfers from	164,225	-	157,200	(157,200)
Total Receipts	<u>3,962,397</u>	<u>3,856,548</u>	<u>3,799,444</u>	<u>57,104</u>

CITY OF ABILENE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	2013	2014		Variance - Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
GENERAL FUND				
Departmental Expenditures				
Administrative				
Salaries and Benefits	232,732	223,427	252,992	(29,565)
Contractual Services	7,233	7,781	9,900	(2,119)
Services and Supplies	152,749	190,263	137,050	53,213
Capital Outlay	78,915	13,415	1,000	12,415
Other	-	-	1,000,000	(1,000,000)
Total	<u>471,629</u>	<u>434,886</u>	<u>1,400,942</u>	<u>(966,056)</u>
Police				
Salaries and Benefits	970,089	974,268	1,087,730	(113,462)
Services and Supplies	135,499	135,341	157,700	(22,359)
Capital Outlay	9,533	5,097	10,600	(5,503)
Total	<u>1,115,121</u>	<u>1,114,706</u>	<u>1,256,030</u>	<u>(141,324)</u>
Fire				
Salaries and Benefits	566,101	587,358	629,648	(42,290)
Services and Supplies	68,334	78,059	81,575	(3,516)
Capital Outlay	12,968	16,399	18,700	(2,301)
Total	<u>647,403</u>	<u>681,816</u>	<u>729,923</u>	<u>(48,107)</u>
Streets and Alley				
Salaries and Benefits	310,540	314,980	305,931	9,049
Services and Supplies	302,848	354,852	294,625	60,227
Capital Outlay	484,848	51,189	25,626	25,563
Total	<u>1,098,236</u>	<u>721,021</u>	<u>626,182</u>	<u>94,839</u>
Bindweed and Flood Maintenance				
Salaries and Benefits	57,629	61,644	84,604	(22,960)
Services and Supplies	36,845	40,706	40,250	456
Total	<u>94,474</u>	<u>102,350</u>	<u>124,854</u>	<u>(22,504)</u>
Parks and Recreation				
Salaries and Benefits	165,418	167,870	180,355	(12,485)
Services and Supplies	72,865	80,430	74,600	5,830
Capital Outlay	10,155	5,015	6,000	(985)
Total	<u>248,438</u>	<u>253,315</u>	<u>260,955</u>	<u>(7,640)</u>
Pool				
Services and Supplies	10,782	22,935	21,250	1,685
Total	<u>10,782</u>	<u>22,935</u>	<u>21,250</u>	<u>1,685</u>

CITY OF ABILENE, KANSAS

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)**

	2013	2014		Variance - Over (Under)
GENERAL FUND	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Departmental Expenditures				
Community Development				
Salaries and Benefits	136,272	138,209	139,033	(824)
Services and Supplies	11,218	9,435	16,900	(7,465)
Capital Outlay	17,000	49,998	-	49,998
Total	<u>164,490</u>	<u>197,642</u>	<u>155,933</u>	<u>41,709</u>
Inspection				
Salaries and Benefits	56,329	47,175	70,031	(22,856)
Contractual Services	-	4,820	-	4,820
Services and Supplies	24,692	19,480	23,710	(4,230)
Total	<u>81,021</u>	<u>71,475</u>	<u>93,741</u>	<u>(22,266)</u>
Municipal Court				
Salaries and Benefits	80,333	81,296	82,698	(1,402)
Contractual Services	6,383	3,527	4,000	(473)
Services and Supplies	49,563	56,593	67,725	(11,132)
Total	<u>136,279</u>	<u>141,416</u>	<u>154,423</u>	<u>(13,007)</u>
Senior Center and Transportation				
Salaries and Benefits	63,508	64,940	64,708	232
Contractual Services	7,800	7,200	7,200	-
Services and Supplies	37,869	40,593	41,700	(1,107)
Capital Outlay	-	10,727	10,000	727
Total	<u>109,177</u>	<u>123,460</u>	<u>123,608</u>	<u>(148)</u>
Civic Center				
Services and Supplies	31,388	31,088	29,770	1,318
Capital Outlay	5,568	4,620	1,000	3,620
Total	<u>36,956</u>	<u>35,708</u>	<u>30,770</u>	<u>4,938</u>
Other Expenditures				
Transfers to	48,126	164,000	189,000	(25,000)
Total Expenditures	<u>4,262,132</u>	<u>4,064,730</u>	<u>5,167,611</u>	<u>(1,102,881)</u>
Receipts Over (Under) Expenditures	(299,735)	(208,182)		
Unencumbered Cash, January 1	1,783,171	1,492,286		
Prior Year Cancelled Encumbrances	8,850	500		
Unencumbered Cash, December 31	<u>\$ 1,492,286</u>	<u>1,284,604</u>		

CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>	<u>2014</u>		Variance -
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Over (Under)
<u>AIRPORT</u>				
Receipts:				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 109,291	57,929	60,000	(2,071)
Delinquent Tax	1,500	2,023	500	1,523
Motor Vehicle Tax	11,781	13,371	14,078	(707)
Intergovernmental Revenue				
Federal Aviation Administration Grants	42,362	-	-	-
	123,339	83,352	2,064,340	(1,980,988)
Other Receipts				
Contract Payments	17,887	14,651	22,500	(7,849)
Reimbursed Expenses	3,924	-	-	-
Refunds Received	98	100	-	100
Interest Income	54	49	50	(1)
Total Receipts	<u>310,236</u>	<u>171,475</u>	<u>2,161,468</u>	<u>1,989,993</u>
Expenditures:				
Contractual Services	1,450	1,500	-	1,500
Services and Supplies	36,207	29,880	40,590	(10,710)
Capital Outlay	212,000	1,691	2,220,964	(2,219,273)
Other	-	-	30,000	(30,000)
Total Expenditures	<u>249,657</u>	<u>33,071</u>	<u>2,291,554</u>	<u>(2,258,483)</u>
Receipts Over (Under) Expenditures	60,579	138,404		
Unencumbered Cash, January 1	11,336	71,915		
Unencumbered Cash, December 31	<u>\$ 71,915</u>	<u>210,319</u>		

CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>	<u>2014</u>	<u>2014</u>	Variance - Over (Under)
<u>FIRE APPARATUS</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Receipts:				
Ad Valorem Property Tax	\$ 28,737	49,287	51,023	(1,736)
Delinquent Tax	716	634	200	434
Motor Vehicle Tax	3,847	3,517	3,705	(188)
Interest Income	127	14	-	14
Bond Proceeds	445,000	-	-	-
Sale of Excess Equipment	-	25,000	-	25,000
Total Receipts	<u>478,427</u>	<u>78,452</u>	<u>54,928</u>	<u>23,524</u>
Expenditures:				
Capital Outlay	537,037	-	-	-
Principal Payment on Bond	-	45,000	-	45,000
Interest Payment on Bond	2,895	5,923	-	5,923
Capital Outlay	-	-	85,288	(85,288)
Total Expenditures	<u>539,932</u>	<u>50,923</u>	<u>85,288</u>	<u>(34,365)</u>
Receipts Over (Under) Expenditures	(61,505)	27,529		
Unencumbered Cash, January 1	76,370	14,865		
Unencumbered Cash, December 31	<u>\$ 14,865</u>	<u>42,394</u>		
<u>SPECIAL PARK AND RECREATION</u>				
Receipts:				
Alcohol Tax	\$ 17,183	16,368	15,780	588
Interest Income	25	11	25	(14)
Sale of Property	-	5,485	-	5,485
Gifts and Donations	587	905	-	905
Total Receipts	<u>17,795</u>	<u>22,769</u>	<u>15,805</u>	<u>6,964</u>
Expenditures:				
Capital Outlay	19,139	19,069	19,200	(131)
Receipts Over (Under) Expenditures	(1,344)	3,700		
Unencumbered Cash, January 1	48,165	46,821		
Unencumbered Cash, December 31	<u>\$ 46,821</u>	<u>50,521</u>		

CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>		<u>2014</u>		Variance - Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	
<u>SPECIAL ALCOHOL AND DRUG</u>					
Receipts:					
Alcohol Tax	\$ 17,182	12,716	15,780		(3,064)
Interest Income	20	14	20		(6)
Total Receipts	<u>17,202</u>	<u>12,730</u>	<u>15,800</u>		<u>(3,070)</u>
Expenditures:					
Awards and Contributions	1,500	1,500	-		1,500
D.A.R.E. Activities	6,000	6,000	-		6,000
Services and Supplies	-	-	18,000		(18,000)
Total Expenditures	<u>7,500</u>	<u>7,500</u>	<u>18,000</u>		<u>(10,500)</u>
Receipts Over (Under) Expenditures	9,702	5,230			
Unencumbered Cash, January 1	40,335	50,037			
Unencumbered Cash, December 31	<u>\$ 50,037</u>	<u>55,267</u>			
 <u>LIBRARY</u>					
Receipts:					
Ad Valorem Property Tax	\$ 281,715	310,947	321,835		(10,888)
Delinquent Tax	6,171	5,804	-		5,804
Motor Vehicle Tax	34,905	34,189	36,290		(2,101)
Total Receipts	<u>322,791</u>	<u>350,940</u>	<u>358,125</u>		<u>(7,185)</u>
Expenditures:					
Appropriation to Library	<u>322,791</u>	<u>350,940</u>	<u>358,125</u>		<u>(7,185)</u>
Receipts Over (Under) Expenditures	-	-			
Unencumbered Cash, January 1	-	-			
Unencumbered Cash, December 31	<u>\$ -</u>	<u>-</u>			

CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	2013	2014		Variance - Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
<u>TOURISM AND CONVENTION</u>				
Receipts:				
Transient Guest Tax	\$ 138,618	131,758	145,000	(13,242)
Charges for Services	26,615	24,042	15,000	9,042
Gifts and Donations	105	-	50	(50)
Interest Income	10	12	10	2
Reimbursed Expenses	40,641	29,514	52,000	(22,486)
Refunds Received	62	40	-	40
Miscellaneous Revenue	2,850	34,421	6,000	28,421
Transfer from General	25,000	-	25,000	(25,000)
Total Receipts	<u>233,901</u>	<u>219,787</u>	<u>243,060</u>	<u>(23,273)</u>
Expenditures:				
Salaries and Benefits	124,204	121,611	127,962	(6,351)
Services and Supplies	62,153	93,784	103,900	(10,116)
Capital Outlay	2,611	3,615	3,000	615
Trolley Expenses	7,581	6,484	7,030	(546)
Total Expenditures	<u>196,549</u>	<u>225,494</u>	<u>241,892</u>	<u>(16,398)</u>
Receipts Over (Under) Expenditures	37,352	(5,707)		
Unencumbered Cash, January 1	3,603	40,955		
Unencumbered Cash, December 31	<u>\$ 40,955</u>	<u>35,248</u>		
 <u>SPECIAL STREET</u>				
Receipts:				
Fuel Tax	\$ 171,440	173,862	178,600	(4,738)
KDOT Funds	250,010	-	1,091,300	(1,091,300)
Interest Income	1,406	993	2,000	(1,007)
Reimbursed Expenses	-	-	36,384	(36,384)
Total Receipts	<u>422,856</u>	<u>174,855</u>	<u>1,308,284</u>	<u>(1,133,429)</u>
Expenditures:				
Services and Supplies	14,158	22,227	24,500	(2,273)
Capital Outlay	150,201	306,739	1,385,684	(1,078,945)
Total Expenditures	<u>164,359</u>	<u>328,966</u>	<u>1,410,184</u>	<u>(1,081,218)</u>
Receipts Over (Under) Expenditures	258,497	(154,111)		
Unencumbered Cash, January 1	(139,984)	118,513		
Prior Year Cancelled Encumbrances	-	(4,061)		
Unencumbered Cash, December 31	<u>\$ 118,513</u>	<u>(39,659)</u>		

CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>	<u>2014</u>		Variance - Over (Under)
<u>RECREATION COMMISSION</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Receipts:				
Contract Payments	\$ 235,967	234,874	235,309	(435)
Fees	168,810	180,868	190,450	(9,582)
Interest Income	98	60	250	(190)
Grants	5,165	-	2,500	(2,500)
Total Receipts	<u>410,040</u>	<u>415,802</u>	<u>428,509</u>	<u>(12,707)</u>
Expenditures:				
Administration				
Salaries and Benefits	181,914	160,225	187,128	(26,903)
Contractual Services	3,025	3,100	3,200	(100)
Services and Supplies	26,814	26,395	34,000	(7,605)
Capital Outlay	-	429	7,000	(6,571)
Aquatics				
Salaries and Benefits	61,909	61,750	71,417	(9,667)
Services and Supplies	17,066	12,546	24,750	(12,204)
Athletics				
Salaries and Benefits	17,204	16,249	19,930	(3,681)
Services and Supplies	45,215	50,539	48,200	2,339
Capital Outlay	3,200	-	3,500	(3,500)
Community Education				
Salaries and Benefits	4,679	2,616	6,643	(4,027)
Services and Supplies	8,522	2,636	4,425	(1,789)
Community Center				
Salaries and Benefits	7,443	6,201	11,072	(4,871)
Contractual Services	-	-	1,000	(1,000)
Services and Supplies	46,966	45,748	50,000	(4,252)
Special Projects	2,528	3,105	54,926	(51,821)
Total Expenditures	<u>426,485</u>	<u>391,539</u>	<u>527,191</u>	<u>(135,652)</u>
Receipts Over (Under) Expenditures	(16,445)	24,263		
Unencumbered Cash, January 1	161,408	144,963		
Unencumbered Cash, December 31	<u>\$ 144,963</u>	<u>169,226</u>		

CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>	<u>2014</u>		Variance - Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
<u>CAPITAL IMPROVEMENT</u>				
Receipts:				
Ad Valorem Property Tax	\$ 23,981	-	-	-
Delinquent Tax	597	484	-	484
Motor Vehicle Tax	3,204	2,925	3,087	(162)
Interest Income	229	137	500	(363)
Total Receipts	<u>28,011</u>	<u>3,546</u>	<u>3,587</u>	<u>(41)</u>
Expenditures:				
Special Projects	-	-	-	-
Receipts Over (Under) Expenditures	28,011	3,546		
Unencumbered Cash, January 1	452,908	480,919		
Unencumbered Cash, December 31	<u>\$ 480,919</u>	<u>484,465</u>		

CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	2013	2014	2014	Variance - Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
<u>EQUIPMENT RESERVE</u>				
Receipts:				
Interest Income	\$ 81	18	150	(132)
Sale of Equipment	-	12,180	-	12,180
Transfer from General	23,126	164,000	164,000	-
Total Receipts	<u>23,207</u>	<u>176,198</u>	<u>164,150</u>	<u>12,048</u>
Expenditures:				
Capital Outlay	76,097	160,478	164,000	(3,522)
Receipts Over (Under) Expenditures	(52,890)	15,720		
Unencumbered Cash, January 1	200,749	147,859		
Unencumbered Cash, December 31	<u>\$ 147,859</u>	<u>163,579</u>		
<u>COMMUNITY CENTER</u>				
Receipts:				
Interest Income	\$ 75	44	200	(156)
Expenditures:				
Capital Outlay	-	-	5,000	(5,000)
Receipts Over (Under) Expenditures	75	44		
Unencumbered Cash, January 1	153,772	153,847		
Unencumbered Cash, December 31	<u>\$ 153,847</u>	<u>153,891</u>		
<u>LIBRARY / POOL RENOVATION</u>				
Receipts:				
Sales Tax Distribution	\$ 451,308	458,555	445,000	13,555
Interest Income	120	55	250	(195)
Total Receipts	<u>451,428</u>	<u>458,610</u>	<u>445,250</u>	<u>13,360</u>
Expenditures:				
Bond Principal	350,000	370,000	370,000	-
Bond Interest	84,515	72,625	72,625	-
Total Expenditures	<u>434,515</u>	<u>442,625</u>	<u>442,625</u>	<u>-</u>
Receipts Over (Under) Expenditures	16,913	15,985		
Unencumbered Cash, January 1	264,905	281,818		
Unencumbered Cash, December 31	<u>\$ 281,818</u>	<u>297,803</u>		

CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>	<u>2014</u>		Variance - Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
<u>SALES TAX STREET FUND</u>				
Receipts:				
Sales Tax	\$ 189,708	327,559	310,000	17,559
Interest Income	7	69	250	(181)
Total Receipts	<u>189,715</u>	<u>327,628</u>	<u>310,250</u>	<u>17,378</u>
Capital Outlay	<u>-</u>	<u>370,642</u>	<u>280,000</u>	<u>90,642</u>
Receipts Over (Under) Expenditures	189,715	(43,014)		
Unencumbered Cash, January 1	-	189,715		
Unencumbered Cash, December 31	<u>\$ 189,715</u>	<u>146,701</u>		

CITY OF ABILENE, KANSAS

BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	2013		2014		Variance - Over (Under)
	Actual	Actual	Budget	Budget	
<u>BOND AND INTEREST</u>					
Receipts:					
Ad Valorem Property Tax	\$ 359,745	420,217	434,956		(14,739)
Delinquent Tax	5,014	6,988	1,500		5,488
Motor Vehicle Tax	40,875	44,110	46,350		(2,240)
Special Assessments	380,492	179,608	238,004		(58,396)
Interest Income	1,640	1,368	2,000		(632)
Bond Proceeds	41,559	-	-		-
Total Receipts	829,325	652,291	722,810		(70,519)
Expenditures:					
Bond Principal	661,570	545,000	545,000		-
Bond Interest	268,616	249,764	249,764		-
Commission and Postage	-	-	400		(400)
Refinancing Costs	32,977	-	-		-
Total Expenditures	963,163	794,764	795,164		(400)
Receipts Over (Under) Expenditures	(133,838)	(142,473)			
Unencumbered Cash, January 1	235,056	101,218			
Unencumbered Cash, December 31	\$ 101,218	(41,255)			

CITY OF ABILENE, KANSAS

CAPITAL PROJECT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>	<u>2014</u>
<u>DAWSON COTTAGE ADDITION*</u>	<u>Actual</u>	<u>Actual</u>
Receipts:		
Sale of Temporary Notes	\$ 380,000	-
Interest Income	2	9
Total Receipts	<u>380,002</u>	<u>9</u>
Expenditures:		
Contractual Services	46,802	-
Services and Supplies	292,471	-
Administrative Fees	5,310	-
Note Interest	-	3,772
Total Expenditures	<u>344,583</u>	<u>3,772</u>
Receipts Over (Under) Expenditures	35,419	(3,763)
Unencumbered Cash, January 1	-	35,419
Unencumbered Cash, December 31	<u>\$ 35,419</u>	<u>31,656</u>

*Not Budgeted

CITY OF ABILENE, KANSAS

BUSINESS FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>	<u>2014</u>		Variance -
<u>WATER UTILITY</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Over</u>
				<u>(Under)</u>
Receipts:				
Charges for Services	\$ 1,461,987	1,531,334	1,524,050	7,284
Sales Tax	638	169	800	(631)
Fines and Penalties	24,980	25,596	22,000	3,596
Reimbursed Expenses	9,054	2,040	4,000	(1,960)
Interest Income	4,690	4,418	12,000	(7,582)
Bond Proceeds	535,728	-	-	-
Antenna Fees	1,160	12,632	-	12,632
Miscellaneous Income	43,320	16,738	7,700	9,038
Transfer From Equipment Reserve - Water	154,828	-	-	-
Total Receipts	<u>2,236,385</u>	<u>1,592,927</u>	<u>1,570,550</u>	<u>22,377</u>
Expenditures:				
Wells Production and Water Treatment Plant				
Salaries and Benefits	166,596	159,966	177,839	(17,873)
Contractual Services	-	4,850	-	4,850
Services and Supplies	238,316	278,337	237,200	41,137
Capital Outlay	102,262	40,578	82,000	(41,422)
Water Distribution				
Salaries and Benefits	163,845	179,482	196,681	(17,199)
Services and Supplies	241,588	231,460	232,550	(1,090)
Capital Outlay	92,924	54,601	56,500	(1,899)
Commercial				
Salaries and Benefits	119,647	111,516	123,612	(12,096)
Contractual Services	7,233	9,230	8,663	567
Services and Supplies	79,890	96,351	100,015	(3,664)
Capital Outlay	-	-	10,237	(10,237)
Debt Service				
Principal Payments	332,414	90,000	90,000	-
Interest Payments	18,622	5,068	5,068	-
Refinancing Costs	535,728	-	-	-
Commissions and Postage	1,001	-	100	(100)
Lease Purchase	138,343	138,117	148,284	(10,167)
Transfer to General	74,000	-	75,300	(75,300)
Total Expenditures	<u>2,312,409</u>	<u>1,399,556</u>	<u>1,544,049</u>	<u>(144,493)</u>
Receipts Over (Under) Expenditures	(76,024)	193,371		
Unencumbered Cash, January 1	179,777	103,753		
Prior Year Cancelled Encumbrances	-	155		
Unencumbered Cash, December 31	<u>\$ 103,753</u>	<u>297,279</u>		

CITY OF ABILENE, KANSAS

BUSINESS FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	2013	2014	2014	Variance - Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
<u>SEWER UTILITY</u>				
Receipts:				
Charges for Services	\$ 1,422,323	1,390,199	1,395,500	(5,301)
Interest Income	7,360	2,714	11,000	(8,286)
Reimbursed Expenses	4,615	1,265	-	1,265
Bond Proceeds	217,564	-	-	-
Refunds	4,624	4,231	-	4,231
Total Receipts	<u>1,656,486</u>	<u>1,398,409</u>	<u>1,406,500</u>	<u>(8,091)</u>
Expenditures:				
Collection				
Salary and Benefits	77,398	81,423	140,564	(59,141)
Services and Supplies	38,757	46,694	41,650	5,044
Capital Outlay	9,809	21,096	57,500	(36,404)
Wastewater Treatment Plant				
Salary and Benefits	144,151	140,586	146,598	(6,012)
Services and Supplies	281,304	293,886	321,225	(27,339)
Capital Outlay	790	2,518	2,500	18
Commercial				
Salary and Benefits	120,635	111,266	122,969	(11,703)
Contractual Services	7,233	9,230	8,663	567
Services and Supplies	45,911	57,452	62,315	(4,863)
Capital Outlay	-	-	10,237	(10,237)
Debt Service				
Principal Payments	411,700	423,400	423,400	-
Interest Payments	165,823	154,666	154,667	(1)
Refinancing Costs	217,564	-	-	-
Commissions	17,611	16,376	16,381	(5)
Transfers to	103,100	-	94,775	(94,775)
Total Expenditures	<u>1,641,786</u>	<u>1,358,593</u>	<u>1,603,444</u>	<u>(244,851)</u>
Receipts Over (Under) Expenditures	14,700	39,816		
Unencumbered Cash, January 1	1,285,762	1,300,462		
Unencumbered Cash, December 31	<u>\$ 1,300,462</u>	<u>1,340,278</u>		

CITY OF ABILENE, KANSAS

BUSINESS FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>Variance -</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Over</u>
				<u>(Under)</u>
<u>EQUIPMENT RESERVE - WATER</u>				
Receipts:				
Interest Income	\$ 190	46	700	(654)
Expenditures:				
Capital Outlay	80,000	1,481	80,000	(78,519)
Transfer to Water	154,828	-	-	-
Total Expenditures	<u>234,828</u>	<u>1,481</u>	<u>80,000</u>	<u>(78,519)</u>
Receipts Over (Under) Expenditures	(234,638)	(1,435)		
Unencumbered Cash, January 1	398,609	163,971		
Unencumbered Cash, December 31	<u>\$ 163,971</u>	<u>162,536</u>		
<u>EQUIPMENT RESERVE - SEWER</u>				
Receipts:				
Interest Income	\$ 297	179	750	(571)
Transfer from Sewer	25,000	-	25,000	(25,000)
Total Receipts	<u>25,297</u>	<u>179</u>	<u>25,750</u>	<u>(25,571)</u>
Expenditures:				
	-	-	-	-
Receipts Over (Under) Expenditures	25,297	179		
Unencumbered Cash, January 1	605,484	630,781		
Unencumbered Cash, December 31	<u>\$ 630,781</u>	<u>630,960</u>		

CITY OF ABILENE, KANSAS

BUSINESS FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	2013	2014	2014	Variance - Over (Under)
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
<u>RECYCLING</u>				
Receipts:				
Charges for Services	\$ 57,375	56,883	58,000	(1,117)
Interest Income	156	80	300	(220)
Refunds Received	159	100	-	100
Miscellaneous Income	25,730	24,563	35,000	(10,437)
Total Receipts	<u>83,420</u>	<u>81,626</u>	<u>93,300</u>	<u>(11,674)</u>
Expenditures:				
Salaries and Benefits	17,389	17,591	22,621	(5,030)
Contractual Services	86,333	74,000	74,000	-
Services and Supplies	24,505	24,754	22,335	2,419
Transfer to General	5,600	-	5,600	(5,600)
Total Expenditures	<u>133,827</u>	<u>116,345</u>	<u>124,556</u>	<u>(8,211)</u>
Receipts Over (Under) Expenditures	(50,407)	(34,719)		
Unencumbered Cash, January 1	334,595	284,188		
Unencumbered Cash, December 31	<u>\$ 284,188</u>	<u>249,469</u>		
<u>STORM DRAIN</u>				
Receipts:				
Charges for Services	\$ 69,116	68,879	130,500	(61,621)
Reimbursed Expenses	-	791	-	791
Interest Income	122	90	500	(410)
Total Receipts	<u>69,238</u>	<u>69,760</u>	<u>131,000</u>	<u>(61,240)</u>
Expenditures:				
Contractual Services	-	-	75,000	(75,000)
Capital Outlay	1,057	1,187	-	1,187
Transfer from General	6,525	-	6,525	(6,525)
Total Expenditures	<u>7,582</u>	<u>1,187</u>	<u>81,525</u>	<u>(80,338)</u>
Receipts Over (Under) Expenditures	61,656	68,573		
Unencumbered Cash, January 1	230,610	292,266		
Unencumbered Cash, December 31	<u>\$ 292,266</u>	<u>360,839</u>		

CITY OF ABILENE, KANSAS

AGENCY FUNDS
SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Municipal Court	\$ -	18,017	4,617	13,400
Payroll Clearing Fund	856	3,771,947	3,774,388	(3,297)
Total Agency Funds	<u>(856)</u>	<u>(3,789,964)</u>	<u>3,779,005</u>	<u>10,103</u>

CITY OF ABILENE, KANSAS

RELATED MUNICIPAL ENTITY
PUBLIC BUILDING COMMISSIONSCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2014

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2013)

	<u>2013</u>	<u>2014</u>
<u>PBC HOSPITAL PROJECT*</u>		
Receipts:		
Lease Payments	\$ 635,688	875,324
Reimbursements	61,213	3,180
Interest Income	790	386
Total Receipts	<u>697,691</u>	<u>878,890</u>
Expenditures:		
Construction Costs	\$ 7,263,869	4,070,126
2011 Bond Principal	105,000	110,000
2011 Bond Interest	277,375	276,325
2012 Bond Interest	490,039	490,039
Services and Supplies	-	3,180
Total Expenditures	<u>8,136,283</u>	<u>4,949,670</u>
Receipts Over (Under) Expenditures	(7,438,592)	(4,070,780)
Unencumbered Cash, January 1	11,894,976	4,456,384
Unencumbered Cash, December 31	<u>\$ 4,456,384</u>	<u>385,604</u>

* Not Budgeted



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COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the Mayor and City Commission
City of Abilene
Abilene, Kansas

In planning and performing our audit of the financial statement of the City of Abilene, Kansas and the Public Building Commission, a Related Municipal Entity (City), as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in the City's internal control to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in internal control to be a significant deficiency.

Controls Over Cash

Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements. During fiscal year 2014, bank account reconciliations were not prepared timely as the City worked with software support to resolve past bank reconciliation issues. In addition to not being prepared timely, the bank reconciliations were not reviewed by an individual independent of the cash receipts and disbursements process. However, the past bank reconciliation issues were resolved and there were no unreconciled differences as of December 31, 2014.

It is our understanding that beginning in 2015; the bank reconciliation process is now rotated and shared among the Finance Director and the Deputy Finance Director. It is also our understanding that the City Manager is reviewing the bank reconciliations and the bank

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statements on a monthly basis and documenting his review through initials and dates on the bank reconciliation itself.

We noted other matters involving internal control and its operation that we have reported to management in a separate letter dated September 4, 2015.

This communication is intended solely for the information and use of the Mayor, City Commission, and Management of the City of Abilene, Kansas and the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than those specified parties.

Pottberg, Gassman & Hoffman, Chartered

Pottberg, Gassman & Hoffman, Chartered
Abilene, Kansas
September 4, 2015



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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Mayor and City Commission
City of Abilene
Abilene, Kansas 67410

We have audited the financial statement of the City of Abilene, Kansas and its related municipal entity, the Public Building Commission (City) as of and for the year ended December 31, 2014, and have issued our report thereon dated September 4, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 19, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2014. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statement and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statement was:

Management's estimate of compensated absences is based on the value of eligible vacation hours and sick hours available to employees who have met certain requirements at December 31, 2014. We evaluated the key factors and assumptions used to develop the level of compensated absences in determining that it is reasonable in relation to the financial statement taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive financial statement disclosures affecting the financial statement were:

The disclosure on Stewardship, Compliance and Accountability which described violations of three Kansas Statutes.

The disclosure describing the City's Net Pension Liability for KPERS and KP&F.

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The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. During our audit, \$228,953 of adjusting entries having no effect on fund balances were recommended. These entries were made to reclassify an outgoing transfer from the General Fund from the revenue transfer account to the expense account, to reclassify county revenue and to reclassify advertising expenses, park expenses, and pool expenses. An attached schedule shows the adjusting entries approved by management. A schedule summarizing uncorrected misstatements of the financial statement is also attached. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statement as a whole.

Disagreements with Management

For the purpose of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the City's financial statement or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 4, 2015.

Other Audit Findings

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statement, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with the cash basis and budget laws of the State of Kansas and the *Kansas Municipal Audit and Accounting Guide*, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statement. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statement itself.

Restriction on Use

This information is intended solely for the use of the Mayor, City Commission and Management of the City of Abilene, Kansas, and the Kansas Department of Administration, Division of Accounts and Reports and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Pottberg, Gassman & Hoffman, Chartered

Pottberg, Gassman & Hoffman, Chartered
Abilene, Kansas
September 4, 2015



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MANAGEMENT COMMENTS LETTER

To the Mayor and City Commission
City of Abilene
Abilene, Kansas

In planning and performing our audit of the financial statement of the City of Abilene, Kansas and its related municipal entity, the Public Building Commission (City) as of and for the year ended December 31, 2014 we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statement and not to provide assurance on internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated September 4, 2015, on the financial statement of the City.

We will review the status of these comments during our next engagement. We have discussed these comments and suggestions with management. Our comments concerning the current year are summarized as follows:

CVB Cash Controls

Opportunities for improvement in the cash process at the Conventions and Visitor's Bureau (CVB) were identified during a surprise cash count that occurred on July 27, 2015. We recommended some process modifications to the CVB which were reiterated with staff on August 18, 2015. The CVB has implemented new procedures to address this issue.

Review of Budget versus Actual

For the year ended December 31, 2014, cash and budget violations occurred. The City had the means to prevent these violations but failed to identify them in a timely fashion. Regular review of current year budget performance, especially from the end of the third quarter on, will allow you to determine in a timely fashion whether an increase in revenue or a decrease in expenditures is going to be needed before the end of the fiscal year in order to ensure that a fund finishes the year in good standing. We recommended a review of budget versus actual and of the status of each fund's unencumbered cash be reviewed on no less than a quarterly basis.

Compliance with Development Agreement

On June 10, 2013, the City entered into a Development Agreement with the Developer of the Dawson Cottage Addition. As part of the agreement, the Developer provided a financial guarantee via an Irrevocable Standby Letter of Credit in the amount of \$103,770. This letter of credit expired at the close of business on July 10, 2014 and the City failed to identify the expiration and request a new financial guarantee or collateral as per the Development Agreement. The City Manager has requested the Developer to provide such guarantee within a specified time period. As of the date of this letter, the Developer has not yet fulfilled their obligation. We recommend that the City continue to ensure compliance with this agreement and develop a process to ensure City Ordinances and agreements maintain compliance.

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Sincerely,

Pottberg, Gassman & Hoffman, Chartered

Pottberg, Gassman & Hoffman, Chartered
Abilene, Kansas
September 4, 2015