

***City of Wellington, Kansas***

**Financial Statement**

*December 31, 2017*

**City Manager**

*Shane Shields*

**City Clerk / Finance Director**

*Carol Mericle*

***Kenneth L Cooper Jr CPA, Chtd.***

**Certified Public Accountants**

*Wellington, Kansas*

# City of Wellington, Kansas

Year Ended December 31, 2017

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**City of Wellington, Kansas**  
**Regulatory Basis Financial Statement**  
*Year Ended December 31, 2017*

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**KENNETH L COOPER JR CPA, CHTD**  
*Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Wellington  
Wellington, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of the City of Wellington, Kansas, as of and for the year ended December 31, 2017 and the related notes to the financial statement.

**Management's Responsibility for the Financial Statements**

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.

**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, the standards applicable to financial audits contained in *Governmental Auditing Standard*, issued by the Comptroller General of the United States 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'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 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 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 Wellington, Kansas 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.

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 accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Wellington, Kansas as of December 31, 2017, or changes in net position or 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 of the City of Wellington, Kansas as of December 31, 2017, and the aggregate receipts and expenditures for the year 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 2017 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 and budget, schedule of regulatory basis receipts and disbursements-agency funds, schedules of regulatory basis receipts, and expenditures-actual-related municipal entities, (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for additional analysis and are not a required part of the 2017 basic financial statement; however are required to be presented under the provisions of the *Kansas Municipal Audit Accounting Guide*. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the financial statement. 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 2017 basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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 note above is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2016 Actual column presented in the individual fund schedules of regulatory basis receipts

and expenditures-actual and budget, schedules of regulatory basis receipts and expenditures-actual-related municipal entities (Schedules 2 and 4 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2016 basic financial statement upon which we rendered an unmodified opinion dated July 3, 2017. The 2016 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, Office of Management Analysis and Standards at the following link: <http://da.ks.gov/ar/muniserv/>. Such 2016 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 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 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 2016 basic financial statement or to the 2016 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 2016 comparative information is fairly stated in all material respects in relation to the 2016 basic financial statement taken as a whole, on the basis of accounting described in Note 1.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018 on our consideration of the City of Wellington's internal control over financial reporting and our our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not ot provide an opinion on the effectiveness of the City of Wellington's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering City of Wellington's internal control over financial reporting and compliance.

*Kenneth L Cooper Jr CPA, chtd*

Certified Public Accountants  
Wellington, Kansas  
June 28, 2018

**City of Wellington, Kansas**  
**Summary Statement of Receipts, Expenditures and Unencumbered Cash**  
 Regulatory Basis  
 For the Year Ended December 31, 2017

<u>Funds</u>	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General	\$ 1,457,165	\$ 5,672	\$ 7,963,862	\$ 8,358,911	\$ 1,067,788	\$ 577,003	\$ 1,644,791
Special Purpose Funds:							
Ambulance & Fire Fighting Equip	107,970	-	136,415	130,043	114,341	-	114,341
Library	30,428	-	242,775	258,883	14,320	-	14,320
Permanent Cemetery Endowment	138,898	-	5,365	1,186	143,077	-	143,077
Special City Highway	51,368	-	212,416	176,011	87,773	-	87,773
Special Alcohol and Drug	10,549	-	16,578	19,366	7,761	-	7,761
Special Parks & Recreation	16,780	8,102	16,646	22,731	18,797	-	18,797
Tourism and Convention	10,551	-	37,760	25,520	22,791	-	22,791
Emergency Shelter Grant	-	-	-	-	-	-	-
Special Liability Expense	140,274	-	480,283	439,422	181,135	17	181,152
Equipment Reserve	269,109	3,671	355,370	240,146	388,004	12,350	400,354
FEMA Grant Fund	36,636	-	-	-	36,636	-	36,636
Wellington Airport FAA Grant	(25,228)	3,562	274,531	658,819	(405,954)	49,485	(356,469)
Hazmat Response	13,770	-	3,716	6,274	11,212	-	11,212
Fire Prevention and Education	17	-	-	-	17	-	17
Hospital Sales Tax Fund	-	-	1,221,973	1,221,973	-	-	-
SCCDAT Grant Fund	(23,088)	-	176,593	163,435	(9,930)	70	(9,860)
Fire Insurance Proceeds	-	-	3,756	3,756	-	-	-
CDBG Housing Grant	-	-	4,250	4,250	-	-	-
Bond and Interest Funds:							
Bond and Interest	82,275	-	1,015,281	985,561	111,995	(2)	111,993
Capital Projects Funds:							
Special Improvements	168,785	-	1,938,163	935,840	1,171,108	847,951	2,019,059
Capital Improvements	1,362,061	24,018	418,402	984,972	819,509	186,448	1,005,957
Coyote Ridge Dev. Fund	10,767	-	-	-	10,767	-	10,767
Waste Water Treatment Plant	9,922	-	84	-	10,006	-	10,006
Short 2nd Addition	6,343	-	-	6,343	-	-	-
Business Funds							
Electric, Waterworks & Sewage Utility System Operating Fund	6,970,209	17,637	18,711,394	18,116,155	7,583,085	871,349	8,454,434
Electric, Waterworks & Sewage Capital Improvement Fund	2,191,992	5,177	1,431,566	1,310,118	2,318,617	452,988	2,771,605
Electric, Waterworks & Sewage Construction Fund	1,209,203	4,264	14,154	735,669	491,952	250,654	742,606
Sanitation Utility	133,541	-	1,490,564	1,454,181	169,924	54,030	223,954
Sanitation Equipment Reserve	115,225	-	25,867	56,444	84,648	-	84,648
Municipal Golf Course	-	-	443,405	405,778	37,627	8,810	46,437
Municipal Airport	8,902	2,803	383,226	490,382	(95,451)	12,498	(82,953)
Employee Benefit Contribution	290,413	-	1,493,453	1,660,471	123,395	-	123,395

**City of Wellington, Kansas**  
**Summary Statement of Receipts, Expenditures and Unencumbered Cash**  
 Regulatory Basis  
 For the Year Ended December 31, 2017

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Trust Funds:</b>							
Public Library Trust	274,552	-	2,317	104,904	171,965	-	171,965
Annie Hamilton Trust	1,631	-	14	-	1,645	-	1,645
Mildred Share McLean Trust	5,021	-	43	-	5,064	-	5,064
Mausoleum Maintenance	14,027	-	119	-	14,146	-	14,146
Regional Park Trust	57,605	-	9,293	37,361	29,537	-	29,537
Memorial Auditorium Trust	8,811	-	7,804	-	16,615	-	16,615
Municipal Auditorium Renovation	36,983	-	15,145	300	51,828	-	51,828
Recreation Trust	26,456	-	224	-	26,680	-	26,680
Municipal Golf Course Trust	62,609	-	94,657	18,515	138,751	4,282	143,033
Ambulance Service Trust	1,402	-	9,499	5,450	5,451	-	5,451
Municipal Airport Trust	1,453	-	12	-	1,465	-	1,465
Nichols Family Trust	420	-	104	180	344	-	344
Drug Tax Distribution Trust	8,338	-	628	1,500	7,466	-	7,466
Cemetery Beautification Trust	10,834	-	498	-	11,332	-	11,332
Cara Saunders Memorial Trust	496	-	4	-	500	-	500
Drug Awareness Trust	5,290	-	14,372	9,063	10,599	162	10,761
Housing Authority Reserve	121,075	-	-	-	121,075	-	121,075
Law Enforcement Trust	24,160	-	18,778	36,578	6,360	240	6,600
Employee Community Service	1,449	-	1,146	2,592	3	-	3
<b>Related Municipal Entities:</b>							
Wellington Public Library	262,202	-	299,084	269,232	292,054	3,791	295,845
PBC SRMC Bond & Interest	-	-	100,688	100,688	-	-	-
PBC WRC Bond & Interest	-	-	127,663	127,663	-	-	-
PBC WRC Construction	-	-	-	-	-	-	-
Total Reporting Entity (excluding Agency Funds)	<u>\$ 15,719,651</u>	<u>\$ 74,906</u>	<u>\$ 39,219,940</u>	<u>\$ 39,586,666</u>	<u>\$ 15,427,830</u>	<u>\$ 3,332,126</u>	<u>\$ 18,759,956</u>
<b>Composition of Cash Balance:</b>							
<b>Cash in checking accounts:</b>							
RCB Bank, Wellington, KS							10
Impact Bank, Wellington, KS							10
Security State Bank, Wellington, KS						\$	160
Security State Bank, Utility Petty cash account, Wellington, KS							2,996
Bank of Commerce, Main Checking, Wellington, KS							8,913
Bank of Commerce Employee Benefit account, Wellington, KS							122,804
Bank of Commerce, Reserve Account, Wellington, KS							2,635,147
Cash on hand							2,300
<b>Certificates of deposit:</b>							
Certificates of deposit, Bank of Commerce, Wellington, KS							2,000,000
Certificates of deposit, Impact Bank, Wellington, KS							4,690,000
<b>Investments:</b>							
US Treasury Notes and Bonds, Edward Jones							7,567,397
State of Kansas Municipal Investment Pool							1,433,957
<b>Related Municipal Entity</b>							
Wellington Public Library cash in bank and on hand							<u>295,845</u>
Total Cash and investments							18,759,539
Agency Funds per Schedule 3							<u>417</u>
Total Reporting Entity (Excluding Agency Funds)							<u>\$ 18,759,956</u>



# *City of Wellington, Kansas*

## **Notes to Financial Statement**

*December 31, 2017*

### **1. Summary of Significant Accounting Policies**

#### **A. Municipal Financial Reporting Entity**

The City of Wellington, Kansas ("City") was incorporated in 1872. The City operates under a Council-Manager form of government and provides the following services: Public Safety-Police, Fire and Emergency Medical Services, Highways and Streets, Culture-Recreation, Public Improvements, Planning and Zoning, Utilities-Electric, Water, Sewer and Refuse, and General Administrative Service.

This financial statement presents the City of Wellington (the municipality) and the following related municipal entities (RME's). These RME's are included in the City's reporting entity at the option of the City and have been established to benefit the City and/or its constituents.

Wellington Public Library Board – The City of Wellington Library Board operates the city's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City.

Public Building Commission – The City of Wellington Public Building Commission has issued revenue bonds which were used to fund improvements for Sumner Regional Medical Center (SRMC). The bonds are being retired as rent is paid to the City by SRMC. In January 2014, the Public Building Commission issued revenue bonds for construction of a new facility for the Wellington Recreation Commission under a similar arrangement. There are three funds used by the Public Building Commission and presented on Statement 1 to account for this activity.

#### **B. Regulatory Basis Fund Types**

General Fund--the chief operating fund of the City. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund—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 Fund—used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

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

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

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

Agency Fund—funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, sales tax collection accounts, etc.).

**City of Wellington, Kansas**  
**Notes to Financial Statement**  
December 31, 2017

**1. Summary of Significant Accounting Policies (continued)**

**C. 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 revenues 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 municipality 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 municipality to use the regulatory basis of accounting.

**D. Property taxes**

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year.

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

Federal and State grant aid and unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

**E. Property, plant and equipment**

The City does not present capital fixed assets, such as land, building and equipment in this financial statement; however, it does maintain accounting records for such assets. Accounting records for public domain ("infrastructure") general fixed assets including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, which are immovable and of value only to the City have not been maintained. No depreciation has been provided on any capital assets.

**F. Interfund Charges**

The City General Fund is used to account for various administrative functions, which are partially allocated to other funds. Utility billing and collection, financial and management services are paid through the General Fund and billed to the utility funds.

Other charges for health care benefits are charged to appropriate funds by the Internal Service Fund each month as the benefits are purchased.

# *City of Wellington, Kansas*

## **Notes to Financial Statement**

*December 31, 2017*

### **1. Summary of Significant Accounting Policies (continued)**

#### **F. Interfund Charges (continued)**

Insurance costs are paid from the Special Liability Expense Fund and reimbursed by other funds. Other expenses are periodically paid by a fund for administrative purposes and then later reimbursed.

#### **G. Special Assessments Receivable**

Improvements to roads, sidewalks, and sewer systems are paid for in part by the landowners being benefited. They have the option to pay their share in full, before the improvement is financed by the City through issuance of general obligation bonds, or they are assessed the amount to be paid in annual installments over a period of 15 or 20 years, generally the life of the bond obligation. The City certifies to the County the amount to be levied against the landowner each year. The county collects and periodically remits the assessments to the City. The amount received is recorded in the bond and interest fund.

#### **H. Temporary notes**

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding may be retired from the proceeds of the sale of new temporary notes and general obligation bonds, receipt of federal funds, or from any other source.

#### **I. Reimbursements**

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue 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.

#### **J. 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 of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. 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.

# *City of Wellington, Kansas*

## **Notes to Financial Statement**

*December 31, 2017*

### **1. Summary of Significant Accounting Policies (continued)**

#### **J. Budgetary Information**

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 commitments, 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 projects funds, trust funds, and the following special purpose funds: Permanent Cemetery Endowment, Equipment Reserve, Emergency Shelter Grant, Wellington Airport FAA Grant, FEMA Grant Fund, Hazmat Response, Fire Prevention and Education, SCCDAT Grant, and Auditorium Grant. 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.

### **2. Stewardship, Compliance and Accountability**

#### **A. Compliance With Finance-Related Legal Provisions**

*Cash Basis Law* Commitments and expenditures exceeded available cash and grants receivable in the Municipal Airport Fund by \$746 a violation of K.S.A. 10-1113.

*Expenditures in Excess of Budget* Expenditures in the Special Alcohol and Drug Fund and the Sanitation Utility Fund exceeded the authorized budget by \$2,923 and \$8,577 respectively, in violation of K.S.A. 79-2935.

#### **B. Deficit Cash/Unencumbered Cash for Individual Funds**

The SCCDAT Grant Fund had a negative unencumbered cash balance of \$9,930 as of December 31, 2017, pending receipt of federal grant funds. The Wellington Airport FAA Grant had a negative unencumbered cash balance of \$405,954 pending receipt of federal grant funds. These are exceptions to the cash basis law requirement that funds must not have a negative balance. The Municipal Airport Fund had a negative unencumbered balance of \$95,451 pending receipt of a State of Kansas grant of \$94,705, leaving a remaining negative unencumbered cash balance of \$746.

#### **C. Compliance with Bond Agreements – Utility System**

##### Utility System Bond security

In 2011 and in 2015, the City issued general obligation bonds and in 2016 issued revenue bonds to fund capital improvements and/or defease existing bonds of the Utility System. The 2016 revenue bonds are Parity Bonds with respect to security provisions and have a first lien on net revenues of the combined electric, waterworks and sewage system. The general obligation bonds are Junior Lien Bonds and are also secured by the taxing authority of the City. Under the KWPCRF loan agreement, the State of Kansas has no lien or security interest, however, the Utility must impose and collect such fees and/or ad valorem taxes as are necessary to pay the costs of operation and debt service.

**City of Wellington, Kansas**  
**Notes to Financial Statement**  
*December 31, 2017*

**2. Stewardship, Compliance and Accountability (continued)**

**C. Compliance with Bond Agreements – Utility System (continued)**

Flow of funds

All system revenues are required to be deposited into the Operating Fund; (1) they are applied first to the operating and maintenance expenses of the system and may accumulate as much as a 60-day working capital balance, then monthly to (2) principal and interest accounts; (3) bond reserve accounts; (4) emergency and depreciation account and (5) surplus account, available for operating and maintenance expense, debt service or bond redemptions, system repairs and extensions, or any lawful purpose of the City.

The City has maintained these required accounts as follows:

Principal and Interest Accounts for 2011, 2015 and 2016 bonds:

Required balance, December 31, 2017	<u>\$ 411,072</u>
Actual balance, December 31, 2017	<u>\$ 448,790</u>

Bond Reserve Account:

Required balance, December 31, 2017	<u>\$ 345,430</u>
Actual balance, December 31, 2017	<u>\$ 345,430</u>

Emergency and Depreciation Account:

Required balance, December 31, 2017	<u>\$ 100,000</u>
Actual balance, December 31, 2017	<u>\$ 400,000</u>

Operating Account - 60-day maximum working capital amount:

Cash in operating and maintenance account	\$1,616,477
60-day working capital requirement (\$14,330,235 2017 O&M X 60/360)	<u>2,388,373</u>

Amount in excess of 60 day operating & maintenance allowed balance	<u>\$ none</u>
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Surplus account balance (all reserved accounts), 12/31/17	<u>\$7,958,332</u>
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Total cash and investments, Operating Fund (415)	\$8,454,435
Total cash and investments, Capital Improv & Equip Reserve (425)	2,771,604
Total cash and investments, Utility Construction Fund (423)	<u>742,606</u>

Total cash and investments, Utility System	<u>\$11,968,645</u>
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Rate Covenant

The City is required to maintain rates and charges to produce net revenues equal to 125% of the current year's Parity Bond debt service requirements and 100% of the Junior Lien Bond's debt service requirements. The City met this requirement in 2017 as shown below.

Gross revenue of the System	\$18,672,702
Current expenses of the System (not including depreciation expense)	<u>14,330,235</u>
Net revenue (numerator)	<u>\$4,342,467</u>
2017 Parity Bond Debt Service Requirement (denominator)	\$ 136,280
2017 Junior Lien Bonds Debt Service Requirement (denominator)	\$ 690,494
 Debt Service Coverage Ratio on Parity Bonds	 31.86
Debt Service Coverage Ratio on Junior Lien Bonds	6.29

**City of Wellington, Kansas**  
**Notes to Financial Statement**  
*December 31, 2017*

**2. Stewardship, Compliance and Accountability (continued)**

**C. Compliance with Bond Agreements – Utility System (continued)**

*Other bond provisions*

Other information to be disclosed is included in the debt service footnote to this financial statement and in the supplemental individual fund statements of the Utility System. In addition, there were 4,719 customers of the System as of 12/31/17, the City timely filed reports to meet SEC disclosure requirements and the City believes arbitrage rebate covenants have been fulfilled. The City's insurance carrier is EMC, the amount of insurance carried on the buildings and improvements of the City was \$107,209,518, the premium paid on the insurance policy was \$258,192 and the expiration date was 4/1/2018. An annual report on system condition and recommendations by system employee or consulting engineer is required but no formal report has been prepared, though the governing body receives regular reports on System equipment needs and improvements being done to the System.

**D. Compliance with Bond Agreements – Public Building Commission**

The 2010 and 2014 Series bond agreements of the Public Building Commission require that lease payments be made to the Public Building Commission sufficient to meet debt service requirements. These requirements were met by payments from either the lessees or the City General Fund.

**3. Deposits and Investments**

As of December 31, 2017, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Unrecognized Holding Gain</u>	<u>Rating</u>
Security Description				
U.S. Treasury Notes	\$ 1,433,957	\$ 1,515,085	\$ 81,128	Aaa/AAA
Kansas Municipal Investment Pool	<u>7,567,397</u>	<u>7,567,397</u>	-	N/A
	<u>\$ 9,001,354</u>	<u>\$ 9,082,482</u>	<u>\$ 81,128</u>	
Securities Maturing:	<u>Less than 1 year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Total</u>
U.S. Treasury Notes	\$ -	\$ 1,433,957	-	\$ 1,433,957
Kansas Municipal Investment Pool	<u>7,567,397</u>	-	-	<u>7,567,397</u>
	<u>\$ 7,567,397</u>	<u>\$ 1,433,957</u>	<u>\$ -</u>	<u>\$ 9,001,354</u>

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 investment policy that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; US 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. The rating of the City's investments is noted above.

**City of Wellington, Kansas**  
**Notes to Financial Statement**  
*December 31, 2017*

**3. Deposits and Investments(continued)**

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

Investments	% of Investments
U.S. Treasury Notes	15.93%
Kansas Municipal Investment Pool	84.07%

*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 did not designate any peak periods in 2017. All deposits were legally secured at December 31, 2017.

At December 31, 2017, the City’s carrying amount of deposits was \$9,460,044 and the bank balance was \$10,225,999. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$752,469 was covered by federal depository insurance and \$9,473,529 was collateralized with securities held by the pledging financial institutions’ agents in the City’s name.

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

At December 31, 2017 the City had invested \$7,567,397 in the State’s municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insure as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

At December 31, 2017, the City had U.S. Treasury notes with a carrying value of \$1,433,957. The City’s investment in United States Treasury securities are classified as held-to-maturity and are held by its agent, Edward Jones. They are insured by the Securities Investor Protection Corporation for the first \$500,000 with additional coverage for the net equity of the account provided by Edward Jones through a commercial insurer Underwriters at Lloyd’s. These investments are reported at amortized cost.

***City of Wellington, Kansas***  
**Notes to Financial Statement**  
*December 31, 2017*

**4. Capital project funds**

The Special Improvements Fund is used to account for small project costs not directly attributable to another fund. Major capital projects are accounted for within their own fund. Since these funds are not required to be budgeted, expenditures are limited on a project-by-project basis to an amount authorized by resolution. During 2017, the following projects were completed or underway:

<u>Project</u>	<u>Project Authorization</u>	<u>Project to Date Expenditures</u>	<u>Dec. 31, 2017 Status</u>
EWS-substation, sub transmission line, switch, etc	5,500,000	3,827,173	In progress
Quiet Zone	31,055	20,080	Pending
FAA Airport Improvement	3,241,591	882,406	In progress
Boundary Road	254,100	-	Pending
Westborough Streets	1,171,800	703,755	In progress
Cowley College Campus - Paving	535,752		Pending
Cowley College Campus - Elec Sys Imp	89,738		Pending
Cowley College Campus - Water Sys	130,500		Pending
Cowley College Campus - Sewage Main Improv	309,532	14,525	In progress



**City of Wellington, Kansas**  
**Notes to Financial Statement**  
*December 31, 2017*

**5. Long-term debt**

Changes in long-term liabilities for the City for the year ended December 31, 2017 were as follows:

	Interest Rate	Date of Issue	Amount of Issue	Final Maturity	Beginning of Year	Additions	Retired/Refunded	End of Year	Interest Paid
<u>General Obligation Bonds-Retired by Tax Levy</u>									
GO Refunding & improvement	2.0-3.0%	08/15/11	830,000	05/01/22	345,000	-	100,000	245,000	7,850
GO Street Improvements(USDA)	4.00%	09/22/11	394,200	09/22/31	322,498	-	16,106	306,392	12,900
GO Refunding & improvement	0.4-2.0%	07/01/12	3,600,000	10/01/22	2,265,000	-	330,000	1,935,000	33,713
GO Street Improvement	2.0-3.6%	08/01/13	2,160,000	09/01/28	1,775,000	-	130,000	1,645,000	49,523
GO SRMC Improvements	0.3-0.5%	11/01/14	355,000	12/01/17	120,000	-	120,000	-	840
GO Refunding (2008 & 2009)	2.00%	12/15/15	1,495,000	10/01/24	1,380,000	-	170,000	1,210,000	27,600
			<u>\$ 8,834,200</u>		<u>\$ 6,207,498</u>	<u>\$ -</u>	<u>\$ 866,106</u>	<u>\$ 5,341,392</u>	<u>\$ 132,425</u>
<u>General Obligation Bonds-Retired by Utility Revenue</u>									
GO EW&S Refunding	2.0-3.0%	08/15/11	4,800,000	05/01/22	3,010,000	-	475,000	2,535,000	76,494
GO EW&S Refunding	2.0-3.0%	08/01/15	5,035,000	11/01/27	5,035,000	-	-	5,035,000	139,000
			<u>\$ 9,835,000</u>		<u>\$ 8,045,000</u>	<u>\$ -</u>	<u>\$ 475,000</u>	<u>\$ 7,570,000</u>	<u>\$ 215,494</u>
<u>Revenue Bonds</u>									
Electric, W&S Revenue	2.0-3.5%	04/07/16	<u>\$ 4,755,000</u>	11/01/36	<u>\$ 4,755,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,755,000</u>	<u>\$ 213,505</u>
<u>Other Debt</u>									
Kansas Water Pollution Control Revolving Loan	2.84%	06/12/09	<u>\$ 13,800,000</u>	03/01/30	<u>\$ 10,423,508</u>	<u>\$ -</u>	<u>\$ 615,852</u>	<u>9,807,656</u>	<u>\$ 291,686</u>
<u>Capital Leases</u>									
Tractor with boom mower	3.55%	03/13/12	78,734	03/01/17	2,823	-	2,823	-	13
Backhoe/loader	3.55%	07/05/12	81,575	06/01/19	8,796	-	8,796	-	94
Rescue fire truck	3.95%	06/14/12	200,410	06/01/19	75,383	-	27,792	47,591	2,314
Ambulance (BkCom)	2.38%	10/31/13	142,344	11/01/18	54,108	-	26,791	27,317	1,027
2013 Caterpillar 930K loader	3.00%	10/03/13	165,300	10/03/18	129,234	-	12,751	116,483	3,877
Jet-Vac Truck	2.29%	04/20/14	321,413	04/20/19	149,144	-	59,846	89,298	2,897
Compact Excavator	2.19%	04/15/14	73,710	04/15/17	8,444	-	8,444	-	39
Fire Engine - Tender	2.40%	01/05/15	490,901	07/05/25	430,534	-	46,217	384,317	9,827
Caterpillar D6T dozer	2.25%	12/29/15	224,500	12/29/20	147,119	-	44,661	102,458	2,894
Golf course irrigation system	2.60%	01/14/16	226,535	07/18/21	208,706	-	43,348	165,358	5,063
Digger derick truck	1.79%	05/01/16	289,069	05/01/21	275,954	-	61,797	214,157	4,434
Ambulance (RCB)	2.00%	08/01/17	142,275	07/01/22	-	142,275	9,817	132,458	2,795
Golf course equipment	3.25%	7/27/2017	416,202	08/01/22	-	416,202	30,100	386,102	4,405
			<u>\$ 2,852,968</u>		<u>\$ 1,490,245</u>	<u>\$ 558,477</u>	<u>\$ 383,183</u>	<u>\$ 1,665,539</u>	<u>\$ 39,679</u>
<u>Related Municipal Entity - Revenue Bonds</u>									
Public Building Commission	1.0 - 4.0%	03/01/10	1,175,000	03/01/25	765,000	-	75,000	690,000	25,688
Public Building Commission	0.75 - 4.5%	01/01/14	960,000	12/01/33	845,000	-	40,000	805,000	31,675
			<u>\$ 2,135,000</u>		<u>\$ 1,610,000</u>	<u>\$ -</u>	<u>\$ 115,000</u>	<u>\$ 1,495,000</u>	<u>\$ 57,363</u>
Total Reporting Entity			<u>\$ 42,212,168</u>		<u>\$ 32,531,251</u>	<u>\$ 558,477</u>	<u>\$ 2,455,141</u>	<u>\$ 30,634,587</u>	<u>\$ 950,152</u>

**City of Wellington, Kansas**  
**Notes to Financial Statement**  
*December 31, 2017*

**5. Long-term debt (continued)**

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

**Note 5 LTD Maturities**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023-2027</u>	<u>2028-2032</u>	<u>2033-2037</u>	<u>Total</u>
<u>Principal</u>									
General Obligation Bonds:									
Retired by Tax Levy	\$ 761,750	\$ 772,420	\$ 768,117	\$ 788,842	\$ 804,595	1,165,380	\$ 280,288	\$ -	\$ 5,341,392
Retired by Utility Revenue	480,000	530,000	755,000	775,000	800,000	4,230,000	-	-	7,570,000
Revenue Bonds	200,000	200,000	200,000	200,000	200,000	1,120,000	1,375,000	1,260,000	4,755,000
Kansas Water Pollution									
Control Revolving Loan	633,466	651,585	670,221	689,391	709,108	3,861,620	2,592,265	-	9,807,656
Capital Leases	415,784	156,067	171,884	100,858	52,103	135,857	-	-	1,032,553
Public Building Commission									
Revenue Bonds (RME)	<u>115,000</u>	<u>120,000</u>	<u>120,000</u>	<u>125,000</u>	<u>130,000</u>	<u>525,000</u>	<u>295,000</u>	<u>65,000</u>	<u>1,495,000</u>
Total Principal	<u>\$ 2,606,000</u>	<u>\$ 2,430,072</u>	<u>\$ 2,685,222</u>	<u>\$ 2,679,091</u>	<u>\$ 2,695,806</u>	<u>\$ 11,037,857</u>	<u>\$ 4,542,553</u>	<u>\$ 1,325,000</u>	<u>\$ 30,001,601</u>
<u>Interest</u>									
General Obligation Bonds:									
Retired by Tax Levy	\$ 119,691	\$ 107,143	\$ 93,581	\$ 78,902	\$ 62,458	\$ 151,062	\$ 17,035	\$ -	\$ 629,872
Retired by Utility Revenue	204,150	191,900	177,550	157,225	136,200	383,600	-	-	1,250,625
Revenue Bonds	136,280	132,280	128,280	124,280	120,280	532,400	341,850	110,160	1,625,810
Kansas Water Pollution									
Control Revolving Loan	274,072	255,953	237,317	218,148	198,430	676,071	130,349	-	1,990,340
Capital Leases	24,232	13,480	8,858	5,503	3,940	4,252	-	-	60,265
Public Building Commission									
Revenue Bonds (RME)	<u>54,481</u>	<u>51,412</u>	<u>48,013</u>	<u>43,925</u>	<u>39,644</u>	<u>126,413</u>	<u>55,300</u>	<u>2,925</u>	<u>422,113</u>
Total Interest	<u>\$ 812,906</u>	<u>\$ 752,168</u>	<u>\$ 693,599</u>	<u>\$ 627,983</u>	<u>\$ 560,952</u>	<u>\$ 1,873,798</u>	<u>\$ 544,534</u>	<u>\$ 113,085</u>	<u>\$ 5,979,025</u>
Total Principal & Interest	<u>\$ 3,418,906</u>	<u>\$ 3,182,240</u>	<u>\$ 3,378,821</u>	<u>\$ 3,307,074</u>	<u>\$ 3,256,758</u>	<u>\$ 12,911,655</u>	<u>\$ 5,087,087</u>	<u>\$ 1,438,085</u>	<u>\$ 35,980,626</u>

Current and Advance Refundings

There were not current or advance refundings during 2017.

**6. Claims and Judgments**

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, the expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2016 to 2017 and there were no significant settlements that exceeded insurance coverage in the past three years.

**City of Wellington, Kansas**  
**Notes to Financial Statement**  
*December 31, 2017*

**6. Claims and Judgments (continued)**

*Loan Guarantee for SRMC.* At the March 16, 2017, council meeting, the governing body approved a loan guarantee by the City of \$150,000, for the benefit of Summer Regional Medical Center for its use in operations. This loan guarantee remains outstanding and has been recognized as a commitment/expenditure in the general fund.

*Lawsuit Filed Against the City and SRMC.* SRMC and the City of Wellington were named in a May 2017 lawsuit by the former manager of the behavioral health unit at SRMC. The lawsuit requests judgement of \$717,519, with a request for attorney fees and potential other damages. The City is being represented by outside counsel. The City does not believe it is responsible for and has denied liability for this debt of SRMC, as it is an independently managed health care authority and the City is not involved in any of management or payment agreements with this party.

During the ordinary course of its operations, the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

**7. Interfund transfers and other interfund activity**

The following is a schedule of interfund operating transfers made in 2017:

<u>From:</u>	<u>To:</u>	<u>Regulatory Authority</u>	<u>Amount</u>
Permanent Cemetery	General	KSA 12-1410	\$ 1,189
Electric, Water & Sewer Utility	General	KSA 12-825d	1,873,651
Sanitation	General	KSA 12-825d	131,940
General	Equipment Reserve	KSA 12-1,117	355,370
General	Capital Improvement	KSA 12-1,118	300,000
Electric, Water & Sewer Utility	EW&S Capital Improve & Equip	KSA 12-1,118	1,410,850
Sanitation	Sanitation Equipment Reserve	KSA 12-1,117	<u>25,000</u>
			<u>\$ 4,098,000</u>

In addition, the City made the following payments in 2017 from the general fund, to other funds as needed either to subsidize or to make a lease payment. Under KSA-12-101a, the general fund may be used for the general fund and other city purposes.

<u>From:</u>	<u>To:</u>	<u>Activity:</u>	<u>Amount</u>
General	Bond & Interest	Subsidy-SRMC	\$ 120,840
General	Golf Course	Subsidy	242,692
General	Airport	Subsidy	43,491
General	PBC-SRMC	Lease payment	100,688
General	PBC-WRC	Lease payment	<u>30,838</u>
			<u>\$ 538,549</u>

The City meters but does not bill other City funds for utility services. Under the City's basis of accounting, these free services are not recorded in Statement 1.

***City of Wellington, Kansas***  
**Notes to Financial Statement**  
*December 31, 2017*

**8. Other Long-Term Obligations from Operations**

**A. Post-Employment Health Care Benefits**

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. The City's contribution shall be determined and set annually during the budget process of the city of Wellington. Rates paid by retirees will be determined annually by the Health Insurance Committee with consideration of the final budget, but shall not exceed 125% of the total premium cost.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes healthcare benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage.

*Plan Description.* The City of Wellington administers the Retiree's Health Care Program, a single-employer defined benefit plan, for all employees of the City of Wellington, established by the governing body. The Plan provides health insurance coverage to eligible retirees by allowing retirees to continue participating in the City's self-insured health insurance plan. To be eligible under the Plan, the retiree must work for the City at least 10 years, receive a retirement or disability benefit for service with the City, be under age 65 and not Medicare eligible and must pay required monthly contributions to the Plan. Retirees become ineligible once they are Medicare eligible or become deceased. Surviving spouses are not eligible for plan benefits, but are eligible for COBRA coverage in the health insurance plan. The Plan is not accounted for in a fund, but instead on a pay-as-you go basis, with expenditures recorded when paid from each retiring employee's department.

*Contributions.* Contributions are established by the Plan. In 2017, the City paid \$413.50 per month per retiree towards the premium, with the retiree paying \$646-746 for a family and \$541-591 for a single policy.

**B. Compensated absences**

The City's policies regarding vacations permit employees to accrue total vacation between 18 and 24 days depending on years of service. Vacation is accrued each pay period. Upon termination or resignation from service with the City, employees are entitled to payment for all accrued vacation earned prior to termination or resignation. All regular employees accumulate sick leave at the rate of 4 hours per each 80 work period. This sick leave accumulates first in a short-term sick leave account, up to a maximum of 64 hours, then into a long-term sick leave account, with a maximum accumulation of 960 hours. Employees have the option of receiving one half of the balance of their short-term sick leave account in cash with their last paycheck of the year. Upon termination of employment for medical reasons, retirement, or death, an employee or the employee's beneficiary receives payment at their regular hourly rate of pay for the balance in the short and long-term sick leave accounts, up to a maximum of 104 hours. Police and fire employees have higher accruals and maximum accumulation due to their unusual working hours.

# *City of Wellington, Kansas*

## **Notes to Financial Statement**

*December 31, 2017*

### **9. 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 publicly 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](http://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. 79-49,210 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 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 with a 0% moratorium for the period of January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for KPERS and 19.03% for KP&F for the fiscal year ended December 31, 2017. Contributions to the pension plan from the City were \$353,698 for KPERS, \$366,523 for KP&F, and \$10,173 for the Public Library for the year ended December 31, 2017.

#### Net Pension Liability

At December 31, 2017, the City of Wellington's proportionate share of the collective net pension liability reported by KPERS was \$3,279,448, \$3,487,023 for KP&F and \$106,360 for the Public Library. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City of Wellington'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 with KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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 publically available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

# ***City of Wellington, Kansas***

## **Notes to Financial Statement**

*December 31, 2017*

### **10. Self Insured Health Insurance Plan**

In March 1993, the City began a self-insurance medical program by establishing the Employee Benefit Contribution Fund. The City purchases commercial stop-loss insurance for claims in excess of specified amounts and pays all claims below these amounts from its self-insurance fund

All funds of the City participate in the program and make payments to the Employee Benefit Contribution Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for unexpected losses.

The self-insured health insurance plan is administered by Blue Cross Blue Shield of Kansas.

### **11. Economic Dependency**

The Utility relies upon purchasing a major portion of its electrical power at wholesale rates for resale to its customers since it is less expensive than producing its own power. Substantially all purchased electrical power is contracted through the Kansas Power Pool (KPP) a municipal power pool of 42 Kansas cities. Because of this concentration of electricity providers, the Utility may be economically dependent upon this vendor for purchased electrical power; however, operationally the City does have the capability of supplying all its own electrical generating capacity.

### **12. Sumner Regional Medical Center—Financial Difficulties and City Support**

The City owns a hospital building operated by the Sumner Regional Medical Center (SRMC). SRMC is a separate legal entity governed by a city council appointed board of directors.

*City Utilities Forgiven or Delinquent* Due to financial difficulties of the hospital, the city council began forgiving a portion of the hospital utility bills in 2010 and continued through September of 2014, after which no payments have been made. As of 12/31/16, the total forgiven and unpaid since 2010 was \$1,849,898. The 2017 unpaid utility billings were \$447,504 for total unpaid utilities of \$2,297,402 as of 12/31/17. The 2018 billings to date are also delinquent.

*Other Assistance Provided* In June 2014, the governing body loaned SRMC \$880,476 to be used by the hospital to pay its delinquent accounts payable. This was recorded as a general fund expenditure in 2014. SRMC is also delinquent on its lease payments to the Public Building Commission which are used to pay bond payments for the same amount of the lease. SRMC has not paid its lease payments for 2014-2016 of \$656,463, or its 2017 payments of \$221,527 for a total of \$877,990. All lease payments due the Public Building Commission for these years were paid by the General Fund of the City and related bond payments are current. In May 2017, the City guaranteed a bank loan of \$150,000 which is still outstanding. Total loan and lease support provided to the hospital since 2010 was \$1,968,466 as of 12/31/17.

2017 support to SRMC totaled \$819,031, with an accumulation as of 12/31/17 of \$4,205,868 since 2010.

In addition to the above support, there is a 1% dedicated sales tax collected by the City and remitted to the SRMC which was \$1,221,973 in 2017.

***City of Wellington, Kansas***  
**Notes to Financial Statement**  
*December 31, 2017*

**13. Subsequent Events**

*Hospital Lease and Sale of Operations*

In March, 2018 the City approved a lease and operating agreement to lease the Sumner Regional Medical Center (SRMC) building to a private party for the period of time required for the third party to build its own facility, which is expected to be two to three years. In addition, the City authorized the issuance of \$615,000 taxable general obligation bonds to refund the Public Building Commission bonds outstanding for SRMC improvements.

Along with the City lease, SRMC agreed to sell its operations to this private party. This transaction and the lease agreement are pending at this date.

Management has evaluated the effects of the financial statement of subsequent events occurring through June 28, 2018 which is the date at which the financial statement was available to be issued.

**REGULATORY – REQUIRED  
SUPPLEMENTARY INFORMATION**



***City of Wellington, Kansas***  
**Summary of Expenditures--Actual and Budget**  
 Regulatory Basis  
*(Budgeted Funds Only)*  
 For the Year Ended December 31, 2017

<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- Favorable/ (Unfavorable)</u>
General	\$ 8,835,634	\$ -	\$ 8,835,634	\$ 8,358,911	\$ 476,723
Special Purpose Funds					
Ambulance and Fire Fighting Equip	170,534	-	170,534	130,043	40,491
Library	269,033	-	269,033	258,883	10,150
Special City Highway	254,549	-	254,549	176,011	78,538
Special Alcohol and Drug	16,443	-	16,443	19,366	(2,923)
Special Parks and Recreation	28,375	-	28,375	22,731	5,644
Tourism and Convention	25,843	-	25,843	25,520	323
Special Liability Expense	503,452	-	503,452	439,422	64,030
Hospital Sales Tax	1,490,000	-	1,490,000	1,221,973	268,027
Bond and Interest Funds:					
Bond & Interest	1,021,831	-	1,021,831	985,561	36,270
Business Funds:					
Electric, Waterworks & Sewage Uti	19,661,804	-	19,661,804	18,116,155	1,545,649
Sanitation Utility	1,427,325	18,279	1,445,604	1,454,181	(8,577)
Municipal Golf Course	501,509	-	501,509	405,778	95,731
Municipal Airport	356,066	183,138	539,204	490,382	48,822
Employee Benefit Contribution	1,737,905	-	1,737,905	1,660,471	77,434
Total	<u>\$ 36,300,303</u>	<u>\$ 201,417</u>	<u>\$ 36,501,720</u>	<u>\$ 33,765,388</u>	<u>\$ 2,736,332</u>

**City of Wellington, Kansas**

**General Fund**

Summary Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	Favorable
	Actual	Actual	Budget	(Unfavorable)
<u>Receipts</u>				
Taxes	\$ 2,634,288	\$ 2,690,168	\$ 2,842,930	\$ (152,762)
Less NRP rebate	(38,526)	(45,531)	(18,449)	(27,082)
Intergovernmental	287,258	313,029	295,776	17,253
Licenses and fees	478,239	525,280	441,715	83,565
Fines	68,925	69,385	65,000	4,385
Charges for services	738,916	801,236	742,100	59,136
Other	16,453	304,262	6,700	297,562
Use of money and property	55,959	51,053	36,965	14,088
Sale of real estate	1,605	9,368	-	9,368
Reimbursed expense	58,744	126,213	48,890	77,323
Reimbursement from other funds	1,266,620	1,112,622	1,112,622	-
Operating transfers in	1,928,790	2,006,777	2,005,591	1,186
Total receipts	\$ 7,497,271	\$ 7,963,862	\$ 7,579,840	\$ 384,022
<u>Expenditures</u>				
General government:				
Mayor and city council	\$ 14,174	\$ 12,994	\$ 14,750	\$ 1,756
City manager's office	373,503	274,915	292,152	17,237
City clerk's office	207,166	266,596	162,914	(103,682)
Utility collections	277,230	271,422	302,508	31,086
Economic development	6,484	2,100	8,000	5,900
Financial services	76,661	90	169,376	169,286
General services	92,840	401,120	125,160	(275,960)
Appropriations	27,000	58,750	58,750	-
Janitorial	45,108	45,353	46,372	1,019
I.T. / GIS	63,262	67,520	78,623	11,103
Contingency	-	-	-	-
Nondepartmental	534,163	875,824	1,233,252	357,428
Legal and police court	153,676	161,869	161,664	(205)
Cemetery	129,137	134,693	139,619	4,926
Public safety:				
Police department	1,454,310	1,526,717	1,548,907	22,190
Fire rescue	1,832,018	1,842,108	1,883,838	41,730
Transportation:				
Street department	985,347	970,666	1,119,596	148,930
Engineering, planning and inspection	217,170	221,130	243,737	22,607

**City of Wellington, Kansas**

**General Fund**

Summary Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016			Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable (Unfavorable)
<u>Expenditures (continued)</u>				
Recreation and culture:				
Park department	\$ 227,990	\$ 242,996	\$ 245,876	\$ 2,880
Swimming pool	43,277	41,182	46,000	4,818
Municipal auditorium	26,378	39,138	46,400	7,262
Lake recreation	234,330	246,358	252,770	6,412
Capital outlay:				
Capital improvements	-	-	-	-
Operating transfers out	<u>586,714</u>	<u>655,370</u>	<u>655,370</u>	<u>-</u>
 Total expenditures	 <u>\$ 7,607,938</u>	 <u>\$ 8,358,911</u>	 <u>\$ 8,835,634</u>	 <u>\$ 476,723</u>
 Receipts Over (Under) Expenditures	 (110,667)	 (395,049)		
 Unencumbered Cash, Beginning	 1,563,714	 1,457,165		
 Prior Year Cancelled Encumbrances	 <u>4,118</u>	 <u>5,672</u>		
 Unencumbered Cash, Ending	 <u>\$ 1,457,165</u>	 <u>\$ 1,067,788</u>		

**City of Wellington, Kansas**  
**General Fund**  
**Detailed Schedule of Revenue and Expenditures**  
Regulatory Basis  
Years Ended December 31, 2017 and 2016

<u>RECEIPTS</u>	2017			Variance-
	2016			Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Unfavorable)
<u>Taxes</u>				
Ad valorem property tax	\$ 1,336,905	\$ 1,385,366	\$ 1,460,430	\$ (75,064)
Less NRP rebate	(38,526)	(45,531)	(18,449)	(27,082)
Delinquent tax	50,149	70,747	45,000	25,747
Sales tax	1,237,261	1,221,787	1,330,000	(108,213)
Special assessments	9,973	12,268	7,500	4,768
Total taxes	<u>\$ 2,595,762</u>	<u>\$ 2,644,637</u>	<u>\$ 2,824,481</u>	<u>\$ (179,844)</u>
<u>Intergovernmental</u>				
Federal grants & FEMA	\$ 2,033	\$ 2,963	\$ -	\$ 2,963
State grants & other	14,843	17,387	17,387	-
Alcoholic liquor fund	16,715	16,497	14,656	1,841
State highway connection links	50,861	50,791	50,000	791
Recreational vehicle tax	2,482	2,450	2,334	116
Motor vehicle tax	200,324	222,941	211,399	11,542
Total intergovernmental	<u>\$ 287,258</u>	<u>\$ 313,029</u>	<u>\$ 295,776</u>	<u>\$ 17,253</u>
<u>Licenses and Fees</u>				
Franchise taxes	\$ 199,797	\$ 215,900	\$ 237,900	\$ (22,000)
Occupation licenses and amusement	16,900	22,465	16,770	5,695
Electric licenses	2,620	3,602	2,900	702
Plumbing licenses	880	2,514	1,700	814
Mammalian pet licenses	3,113	3,097	2,000	1,097
Cereal malt beverage, liquor, club licenses	4,050	3,975	3,000	975
Building permits	23,376	38,574	13,000	25,574
Burial permits	16,910	17,450	12,000	5,450
Plumbing permits	4,320	4,236	3,000	1,236
Electric permits	7,263	5,848	3,500	2,348
Lake recreation permits	154,646	164,848	112,800	52,048
Other permits	7,406	4,200	3,400	800
Administrative & other fees	36,958	38,571	29,745	8,826
Total license and permits	<u>\$ 478,239</u>	<u>\$ 525,280</u>	<u>\$ 441,715</u>	<u>\$ 83,565</u>
<u>Other</u>				
Ambulance service	\$ 434,574	\$ 492,881	\$ 430,000	\$ 62,881
Ambulance subsidy - County	243,000	243,000	243,000	-
Lake subsidy - County	15,000	15,000	15,000	-
Sale of cemetery lots	10,534	8,359	5,000	3,359
Sale of real estate	1,605	9,368	-	9,368

**City of Wellington, Kansas**

**General Fund**

**Detailed Schedule of Revenue and Expenditures**

Regulatory Basis

Years Ended December 31, 2017 and 2016

	2016 Actual	2017		Variance- Favorable (Unfavorable)
		Actual	Budget	
<u>Other (continued)</u>				
Other sales and rentals	21,833	7,783	13,800	(6,017)
Police court fines	68,925	69,385	65,000	4,385
Rural fire contracts	46,342	50,355	54,100	(3,745)
Miscellaneous	8,527	6,354	6,700	(346)
Interest earnings	23,592	34,911	18,165	16,746
Insurance claims received	7,926	297,908	-	297,908
Reimbursed expenses	58,744	126,213	48,890	77,323
Reimbursement from Sumner Regional Med Center				-
Reimbursements from other funds	<u>1,266,620</u>	<u>1,112,622</u>	<u>1,112,622</u>	-
Total other	<u>\$2,207,222</u>	<u>\$2,474,139</u>	<u>\$2,012,277</u>	<u>\$ 461,862</u>
<u>Operating transfers in:</u>				
Water & sewage	\$ 478,418	\$ 431,236	\$ 431,236	\$ -
Electric utility	1,324,660	1,442,415	1,442,415	-
Sanitation utility	124,940	131,940	131,940	-
Permanent Cemetery Endowment	772	1,186	-	1,186
Total operating transfers	<u>\$1,928,790</u>	<u>\$2,006,777</u>	<u>\$2,005,591</u>	<u>\$ 1,186</u>
Total receipts	<u>\$7,497,271</u>	<u>\$7,963,862</u>	<u>\$7,579,840</u>	<u>\$ 384,022</u>
<u>EXPENDITURES</u>				
<u>Mayor and City Council</u>				
Personal services	\$ 10,350	\$ 10,346	\$ 10,360	\$ 14
Commodities	292	1,828	540	(1,288)
Contractual services	3,004	820	3,850	3,030
Capital outlay	528	-	-	-
Total mayor and city council	<u>\$ 14,174</u>	<u>\$ 12,994</u>	<u>\$ 14,750</u>	<u>\$ 1,756</u>
<u>City Manager's Office</u>				
Personal services	\$ 359,067	\$ 266,525	\$ 274,712	\$ 8,187
Commodities	2,036	1,847	2,700	853
Contractual services	12,390	6,543	14,740	8,197
Capital outlay	10	-	-	-
Total city manager's office	<u>\$ 373,503</u>	<u>\$ 274,915</u>	<u>\$ 292,152</u>	<u>\$ 17,237</u>
<u>City Clerk's Office</u>				
Personal services	\$ 170,957	\$ 231,756	\$ 129,714	\$ (102,042)
Commodities	3,270	3,060	2,750	(310)
Contractual services	32,939	31,780	30,450	(1,330)
Capital outlay	-	-	-	-
Total city clerk's office	<u>\$ 207,166</u>	<u>\$ 266,596</u>	<u>\$ 162,914</u>	<u>\$ (103,682)</u>

**City of Wellington, Kansas**  
**General Fund**  
**Detailed Schedule of Revenue and Expenditures**  
Regulatory Basis  
Years Ended December 31, 2017 and 2016

	2016 Actual	2017		Variance- Favorable (Unfavorable)
		Actual	Budget	
<u>Utility Collections</u>				
Personal services	\$ 217,507	\$ 211,892	\$ 241,323	\$ 29,431
Commodities	7,278	8,071	7,900	(171)
Contractual services	52,445	51,459	53,285	1,826
Capital outlay	-	-	-	-
Total utility collections	<u>\$ 277,230</u>	<u>\$ 271,422</u>	<u>\$ 302,508</u>	<u>\$ 31,086</u>
<u>Economic Development</u>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	-	-	-	-
Contractual services	6,484	2,100	8,000	5,900
Capital outlay	-	-	-	-
Total public works/economic development	<u>\$ 6,484</u>	<u>\$ 2,100</u>	<u>\$ 8,000</u>	<u>\$ 5,900</u>
<u>Financial Services</u>				
Personal services	\$ 76,342	\$ -	\$ 164,796	\$ 164,796
Commodities	58	-	1,425	1,425
Contractual services	261	90	3,155	3,065
Capital outlay	-	-	-	-
Total general services	<u>\$ 76,661</u>	<u>\$ 90</u>	<u>\$ 169,376</u>	<u>\$ 169,286</u>
<u>General Services</u>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	27,543	19,376	27,400	8,024
Contractual services	65,297	381,744	97,760	(283,984)
Capital outlay	-	-	-	-
Total general services	<u>\$ 92,840</u>	<u>\$ 401,120</u>	<u>\$ 125,160</u>	<u>\$ (275,960)</u>
<u>Appropriations</u>				
Appropriation to Chisholm Trail Museum	\$ 7,000	\$ 6,000	\$ 6,000	\$ -
Appropriation to Senior Citizens Center	5,000	3,750	3,750	-
Miscellaneous appropriation	5,000	39,000	39,000	-
Appropriation to Futures Unlimited	10,000	10,000	10,000	-
Total appropriations	<u>\$ 27,000</u>	<u>\$ 58,750</u>	<u>\$ 58,750</u>	<u>\$ -</u>
<u>Janitorial</u>				
Personal services	\$ 37,758	\$ 38,943	\$ 38,602	\$ (341)
Commodities	5,995	5,048	5,575	527
Contractual services	1,355	1,362	2,195	833
Capital outlay	-	-	-	-
Total janitorial	<u>\$ 45,108</u>	<u>\$ 45,353</u>	<u>\$ 46,372</u>	<u>\$ 1,019</u>
<u>IT/ GIS</u>				
Personal services	\$ 62,879	\$ 65,998	\$ 75,963	\$ 9,965
Commodities	91	1,060	1,010	(50)
Contractual services	292	462	1,650	1,188
Capital outlay	-	-	-	-
Total police department	<u>\$ 63,262</u>	<u>\$ 67,520</u>	<u>\$ 78,623</u>	<u>\$ 11,103</u>

**City of Wellington, Kansas**  
**General Fund**  
**Detailed Schedule of Revenue and Expenditures**  
Regulatory Basis  
Years Ended December 31, 2017 and 2016

			2017	
	2016 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
<b><u>Police Department</u></b>				
Personal services	\$ 1,307,553	\$ 1,365,602	\$ 1,391,902	\$ 26,300
Commodities	66,075	68,944	76,325	7,381
Contractual services	77,991	92,171	80,680	(11,491)
Capital outlay	2,691	-	-	-
Total police department	<u>\$ 1,454,310</u>	<u>\$ 1,526,717</u>	<u>\$ 1,548,907</u>	<u>\$ 22,190</u>
<b><u>Fire Department</u></b>				
Personal services	\$ 1,638,856	\$ 1,618,469	\$ 1,677,152	\$ 58,683
Commodities	100,382	106,091	112,600	6,509
Contractual services	92,780	117,548	94,086	(23,462)
Capital outlay	-	-	-	-
Total fire department	<u>\$ 1,832,018</u>	<u>\$ 1,842,108</u>	<u>\$ 1,883,838</u>	<u>\$ 41,730</u>
<b><u>Municipal Auditorium</u></b>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	3,493	5,392	14,800	9,408
Contractual services	22,885	33,746	31,600	(2,146)
Capital outlay	-	-	-	-
Total park department	<u>\$ 26,378</u>	<u>\$ 39,138</u>	<u>\$ 46,400</u>	<u>\$ 7,262</u>
<b><u>Park Department</u></b>				
Personal services	\$ 179,033	\$ 183,427	\$ 193,046	\$ 9,619
Commodities	35,713	24,821	31,250	6,429
Contractual services	13,244	34,748	21,580	(13,168)
Capital outlay	-	-	-	-
Total park department	<u>\$ 227,990</u>	<u>\$ 242,996</u>	<u>\$ 245,876</u>	<u>\$ 2,880</u>
<b><u>Swimming Pool</u></b>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	3,158	857	8,000	7,143
Contractual services	40,119	37,767	33,000	(4,767)
Capital outlay	-	2,558	5,000	2,442
Total swimming pool	<u>\$ 43,277</u>	<u>\$ 41,182</u>	<u>\$ 46,000</u>	<u>\$ 4,818</u>
<b><u>Street Department</u></b>				
Personal services	\$ 693,190	\$ 705,512	\$ 742,586	\$ 37,074
Commodities	182,493	188,413	286,300	97,887
Contractual services	109,664	76,741	90,710	13,969
Capital outlay	-	-	-	-
Total street department	<u>\$ 985,347</u>	<u>\$ 970,666</u>	<u>\$ 1,119,596</u>	<u>\$ 148,930</u>
<b><u>Cemetery</u></b>				
Personal services	\$ 95,264	\$ 103,066	\$ 101,769	\$ (1,297)
Commodities	23,595	25,528	24,400	(1,128)
Contractual services	3,688	5,404	4,450	(954)
Capital outlay	6,590	695	9,000	8,305
Total cemetery	<u>\$ 129,137</u>	<u>\$ 134,693</u>	<u>\$ 139,619</u>	<u>\$ 4,926</u>

**City of Wellington, Kansas**  
**General Fund**  
**Detailed Schedule of Revenue and Expenditures**  
Regulatory Basis  
Years Ended December 31, 2017 and 2016

	2017			
	2016			Variance-
	Actual	Actual	Budget	Favorable
				(Unfavorable)
<u>Engineering, Planning and Inspection</u>				
Personal services	\$ 184,017	\$ 188,725	\$ 190,137	\$ 1,412
Commodities	4,806	4,881	8,200	3,319
Contractual services	28,347	27,524	43,400	15,876
Capital outlay	-	-	2,000	2,000
Total engineering, planning & inspection	\$ 217,170	\$ 221,130	\$ 243,737	\$ 22,607
<u>Legal and Police Court</u>				
Personal services	\$ 64,275	\$ 70,092	\$ 62,794	\$ (7,298)
Commodities	503	437	1,159	722
Contractual services	87,971	90,390	96,711	6,321
Capital outlay	927	950	1,000	50
Total legal and police court	\$ 153,676	\$ 161,869	\$ 161,664	\$ (205)
<u>Lake Recreation</u>				
Personal services	\$ 179,834	\$ 189,319	\$ 184,345	\$ (4,974)
Commodities	30,520	30,549	30,200	(349)
Contractual services	11,956	13,780	18,225	4,445
Capital outlay	12,020	12,710	20,000	7,290
Total lake recreation	\$ 234,330	\$ 246,358	\$ 252,770	\$ 6,412
<u>Non-Departmental</u>				
Reimbursed expenses & other	\$ 137,396	\$ 180,695	\$ 182,098	\$ 1,403
Subsidy to Airport	25,000	43,491	25,000	(18,491)
Subsidy to Golf Fund	90,324	242,692	242,692	-
Subsidy to SRMC	218,980	371,528	-	(371,528)
Subsidy to WRC PBC Bond Fund	55,987	30,837	-	(30,837)
Contractual services	6,476	6,581	10,862	4,281
Capital outlay	-	-	-	-
Contingencies	-	-	772,600	772,600
Total reimbursed expenses & other	\$ 534,163	\$ 875,824	\$ 1,233,252	\$ 357,428
<u>Operating Transfers Out</u>				
Transfer to Equipment Reserve	\$ 243,714	\$ 355,370	\$ 355,370	\$ -
Transfer to Capital Improvement	343,000	300,000	300,000	-
Total operating transfers	\$ 586,714	\$ 655,370	\$ 655,370	\$ -
Total expenditures and operating transfers	\$ 7,607,938	\$ 8,358,911	\$ 8,835,634	\$ 476,723
Receipts Over (Under) Expenditures	(110,667)	(395,049)		
Unencumbered cash, beginning	1,563,714	1,457,165		
Prior year cancelled encumbrances	4,118	5,672		
Unencumbered cash, ending	\$ 1,457,165	\$ 1,067,788		



**City of Wellington, Kansas**  
**Special Purpose Fund**  
**Ambulance and Fire Fighting Equipment**  
Schedule of Receipts & Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

<u>Receipts</u>	2016 <u>Actual</u>	2017		Variance- Favorable (Unfavorable)
		Actual	Budget	
<u>Taxes:</u>				
Ad valorem property tax	\$ 81,065	\$ 84,793	\$ -	\$ 84,793
Less NRP rebate	(2,336)	(2,787)	(1,047)	(1,740)
Delinquent tax	2,886	4,422	1,500	2,922
<u>Intergovernmental:</u>				
State grant	7,655	15,330	-	15,330
Motor vehicle tax	13,292	13,381	12,734	647
Recreational vehicle tax	165	127	221	(94)
<u>Use of money and property:</u>				
Sale of equipment	24,000	20,000	-	20,000
Interest earnings	442	1,149	213	936
Total receipts	\$ 127,169	\$ 136,415	\$ 13,621	\$ 122,794
<u>Expenditures</u>				
<u>Public safety:</u>				
Commodities	\$ 745	\$ 32,150	\$ -	\$ (32,150)
Contractual	-	-	-	-
Contingencies	-	-	-	-
Capital outlay	32,834	97,893	170,534	72,641
Total expenditures	\$ 33,578	\$ 130,043	\$ 170,534	\$ 40,491
NRP Rebate	-	-	-	-
Total	\$ 33,578	\$ 130,043	\$ 170,534	\$ 40,491
Receipts Over (Under) Expenditures	\$ 93,591	\$ 6,372		
Unencumbered Cash, Beginning	14,379	107,970		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	\$ 107,970	\$ 114,341		

**City of Wellington, Kansas**

**Special Purpose Fund**

**Library**

Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016			Variance-
Receipts	Actual	Actual	Budget	Favorable (Unfavorable)
Taxes:				
Ad valorem property tax	\$ 201,289	\$ 208,555	\$ 219,869	\$ (11,314)
Less NRP rebate	(5,800)	(6,855)	(2,777)	(4,078)
Delinquent tax	7,014	10,460	4,500	5,960
Intergovernmental:				
Motor vehicle tax	32,879	30,298	31,826	(1,528)
Recreational vehicle tax	411	317	351	(34)
Reimbursement from other funds	-	-	-	-
Total receipts	<u>\$ 235,793</u>	<u>\$ 242,775</u>	<u>\$ 253,769</u>	<u>\$ (10,994)</u>
Expenditures				
Government:				
Other financing uses				
Appropriation to Library Board	\$ 225,284	\$ 258,883	\$ 258,883	\$ 0
Contingency	-	-	10,150	10,150
Total expenditures	<u>\$ 225,284</u>	<u>\$ 258,883</u>	<u>\$ 269,033</u>	<u>\$ 10,150</u>
NRP Rebate	-	-	-	-
Total	<u>\$ 225,284</u>	<u>\$ 258,883</u>	<u>\$ 269,033</u>	<u>\$ 10,150</u>
Receipts Over (Under) Expenditures	\$ 10,509	\$ (16,108)		
Unencumbered Cash, Beginning	<u>19,919</u>	<u>30,428</u>		
Unencumbered Cash, Ending	<u>\$ 30,428</u>	<u>\$ 14,320</u>		

**City of Wellington, Kansas**  
**Special Purpose Fund**  
**Permanent Cemetery Endowment**  
Schedule of Receipts & Expenditures  
Regulatory Basis  
*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

<u>Receipts</u>	2016 <u>Actual</u>	2017 <u>Actual</u>
Use of money and property:		
Interest earnings	\$ 820	\$ 1,186
Other:		
1/3 of cemetery lots sold	<u>5,266</u>	<u>4,179</u>
Total receipts	<u>\$ 6,086</u>	<u>\$ 5,365</u>
 <u>Expenditures:</u>		
Operating transfer to general fund	<u>\$ 772</u>	<u>\$ 1,186</u>
Total expenditures	<u>\$ 772</u>	<u>\$ 1,186</u>
Receipts Over (Under) Expenditures	\$ 5,314	\$ 4,179
Unencumbered Cash, Beginning	<u>133,584</u>	<u>138,898</u>
Unencumbered Cash, Ending	<u>\$ 138,898</u>	<u>\$ 143,077</u>

**City of Wellington, Kansas**

**Special Purpose Fund**

**Special City Highway**

Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017		Variance- Favorable (Unfavorable)
		<u>Actual</u>	<u>Budget</u>	
<u>Receipts</u>				
Intergovernmental:				
Fuel tax allocation	\$ 211,352	\$ 211,615	\$ 206,130	\$ 5,485
Use of money and property:				
Interest earnings	<u>468</u>	<u>801</u>	<u>291</u>	<u>510</u>
Total receipts	<u>\$ 211,820</u>	<u>\$ 212,416</u>	<u>\$ 206,421</u>	<u>\$ 5,995</u>
<u>Expenditures</u>				
Transportation:				
Capital outlay	\$ 55,386	\$ 41,011	\$ 119,549	\$ 78,538
Reimbursement to General Fund	135,000	135,000	135,000	-
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 190,386</u>	<u>\$ 176,011</u>	<u>\$ 254,549</u>	<u>\$ 78,538</u>
Receipts Over (Under) Expenditures	\$ 21,434	\$ 36,405		
Unencumbered Cash, Beginning	29,934	51,368		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 51,368</u>	<u>\$ 87,773</u>		

**City of Wellington, Kansas**  
**Special Purpose Fund**  
**Special Alcohol and Drug**  
Schedule of Receipts & Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017		Variance- Favorable (Unfavorable)
		<u>Actual</u>	<u>Actual</u>	
<u>Receipts</u>				
Intergovernmental:				
State of Kansas	\$ 16,715	\$ 16,497	\$ 14,656	\$ 1,841
Use of money and property:				
Interest earnings	<u>34</u>	<u>81</u>	<u>25</u>	<u>56</u>
Total receipts	<u>\$ 16,749</u>	<u>\$ 16,578</u>	<u>\$ 14,681</u>	<u>\$ 1,897</u>
 <u>Expenditures</u>				
General Government:				
Contractual	<u>\$ 9,848</u>	<u>\$ 19,366</u>	<u>\$ 16,443</u>	<u>\$ (2,923)</u>
Total expenditures	<u>\$ 9,848</u>	<u>\$ 19,366</u>	<u>\$ 16,443</u>	<u>\$ (2,923)</u>
Receipts Over (Under) Expenditures	\$ 6,901	\$ (2,788)		
Unencumbered Cash, Beginning	3,648	10,549		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 10,549</u>	<u>\$ 7,761</u>		

**City of Wellington, Kansas****Special Purpose Fund****Special Park and Recreation**

## Schedule of Receipts &amp; Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017		Variance- Favorable (Unfavorable)
		<u>Actual</u>	<u>Budget</u>	
<b><u>Receipts</u></b>				
Intergovernmental:				
State of Kansas	\$ 16,715	\$ 16,497	\$ 14,656	\$ 1,841
Use of money and property:				
Interest earnings	<u>121</u>	<u>149</u>	<u>85</u>	<u>64</u>
Total receipts	<u>\$ 16,836</u>	<u>\$ 16,646</u>	<u>\$ 14,741</u>	<u>\$ 1,905</u>
<b><u>Expenditures</u></b>				
Recreation and Culture				
Capital Outlay	\$ 12,728	\$ 22,731	\$ 28,375	\$ 5,644
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 12,728</u>	<u>\$ 22,731</u>	<u>\$ 28,375</u>	<u>\$ 5,644</u>
Receipts Over (Under) Expenditures	\$ 4,108	\$ (6,085)		
Unencumbered Cash, Beginning	12,496	16,780		
Prior Year Cancelled Encumbrances	<u>176</u>	<u>8,102</u>		
Unencumbered Cash, Ending	<u>\$ 16,780</u>	<u>\$ 18,797</u>		

**City of Wellington, Kansas****Special Purpose Fund****Tourism and Convention**

## Schedule of Receipts &amp; Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 Actual	2017		Variance- Favorable (Unfavorable)
		Actual	Budget	
<u>Receipts</u>				
Intergovernmental:				
Transient guest tax	\$ 34,962	\$ 37,627	\$ 25,000	\$ 12,627
Use of money and property:				
Interest earnings	29	133	-	133
Total receipts	<u>\$ 34,991</u>	<u>\$ 37,760</u>	<u>\$ 25,000</u>	<u>\$ 12,760</u>
<u>Expenditures</u>				
General government:				
Contractual	\$ 25,279	\$ 25,520	\$ 25,000	\$ (520)
Commodities	-	-	-	-
Capital Outlay	-	-	-	-
Contingency	-	-	843	843
Total expenditures	<u>\$ 25,279</u>	<u>\$ 25,520</u>	<u>\$ 25,843</u>	<u>\$ 323</u>
Receipts Over (Under) Expenditures	\$ 9,712	\$ 12,240		
Unencumbered Cash, Beginning	839	10,551		
Prior Year Cancelled Encumbrances	-	-		
	<u>\$ 10,551</u>	<u>\$ 22,791</u>		

**City of Wellington, Kansas****Special Purpose Fund****Emergency Shelter Grant**

## Schedule of Receipts &amp; Expenditures

## Regulatory Basis

*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017 <u>Actual</u>
Receipts:		
Intergovernmental:		
Federal grant	\$ 1,444	\$ -
Total receipts	<u>\$ 1,444</u>	<u>\$ -</u>
<u>Expenditures</u>		
General government:		
Contractual	\$ -	\$ -
Other	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ 1,444	\$ -
Unencumbered Cash, Beginning	(1,444)	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**City of Wellington, Kansas****Special Purpose Fund****Special Liability Expense**

## Schedule of Receipts &amp; Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 Actual	2017		Variance- Favorable (Unfavorable)
		Actual	Budget	
<u>Receipts</u>				
Intergovernmental:				
Interest earnings	\$ 1,054	\$ 1,507	\$ 932	\$ 575
Reimbursements from other funds	313,033	411,167	411,167	-
Other	<u>58,091</u>	<u>67,609</u>	<u>-</u>	<u>67,609</u>
Total receipts	<u>\$ 372,178</u>	<u>\$ 480,283</u>	<u>\$ 412,099</u>	<u>\$ 68,184</u>
<u>Expenditures</u>				
General government:				
Contractual services	\$ 420,458	\$ 439,422	\$ 425,000	\$ (14,422)
Contingency				
Reserve for insurance claims	<u>-</u>	<u>-</u>	<u>78,452</u>	<u>78,452</u>
Total expenditures	<u>\$ 420,458</u>	<u>\$ 439,422</u>	<u>\$ 503,452</u>	<u>\$ 64,030</u>
Receipts Over (Under) Expenditures	\$ (48,280)	\$ 40,861		
Unencumbered Cash, Beginning	188,554	140,274		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 140,274</u>	<u>\$ 181,135</u>		

**City of Wellington, Kansas****Special Purpose Fund****Equipment Reserve**

## Schedule of Receipts &amp; Expenditures

## Regulatory Basis

*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017
	<u>Actual</u>	<u>Actual</u>
Receipts		
Intergovernmental:		
Federal grant	\$ -	\$ -
Other	-	-
Operating transfers in:		
Transfer from general fund	243,714	355,370
Transfer from other funds	<u>-</u>	<u>-</u>
Total receipts	<u>243,714</u>	<u>355,370</u>
<u>Expenditures</u>		
Capital outlay	<u>157,943</u>	<u>240,146</u>
Total expenditures	<u>157,943</u>	<u>240,146</u>
Receipts Over (Under) Expenditures	85,771	115,224
Unencumbered Cash, Beginning	181,042	269,109
Prior Year Cancelled Encumbrances	<u>2,296</u>	<u>3,671</u>
Unencumbered Cash, Ending	<u>\$ 269,109</u>	<u>\$ 388,004</u>

**City of Wellington, Kansas**  
**Special Purpose Fund**  
**FEMA Grant Fund**  
 Schedule of Receipts & Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017
	<u>Actual</u>	<u>Actual</u>
Receipts		
Intergovernmental:		
Federal grant	\$ -	\$ -
Other	-	-
	<hr/>	<hr/>
Total receipts	-	-
	<hr/>	<hr/>
<u>Expenditures</u>		
Fire	\$ -	\$ -
Parks	-	-
Streets	-	-
Cemetery	-	-
Lake recreation	-	-
Electric line construction	-	-
Total expenditures	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	36,636	36,636
Prior Year Cancelled Encumbrances	<hr/>	<hr/>
	-	-
Unencumbered Cash, Ending	<u>\$ 36,636</u>	<u>\$ 36,636</u>

**City of Wellington, Kansas**  
**Special Purpose Fund**  
**Wellington Airport FAA Grant**  
Schedule of Receipts & Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017
	<u>Actual</u>	<u>Actual</u>
Receipts		
Intergovernmental:		
Federal grant	\$ 27,056	\$ 274,531
Other:		
Reimbursement from other funds	-	-
Total receipts	<u>27,056</u>	<u>274,531</u>
<u>Expenditures</u>		
General government:		
Contractual	\$ 716	\$ 154,906
Capital outlay	-	503,913
Total expenditures	<u>716</u>	<u>658,819</u>
Receipts Over (Under) Expenditures	26,340	(384,288)
Unencumbered Cash, Beginning	(51,568)	(25,228)
Prior Year Cancelled Encumbrances	-	3,562
Unencumbered Cash, Ending	<u>\$ (25,228)</u>	<u>\$ (405,954)</u>

**Note:** This fund was not in violation of the cash basis law, as federal grant funds were receivable at 12/31/16 and 12/31/17.

**City of Wellington, Kansas**  
**Special Purpose Fund**  
**Hazmat Response**  
 Schedule of Receipts & Expenditures  
 Regulatory Basis  
*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	<u>2016</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
<u>Receipts:</u>		
Other	\$ 10,836	\$ 3,616
Use of money and property:		
Interest earnings	<u>69</u>	<u>100</u>
Total receipts	<u>10,905</u>	<u>3,716</u>
 <u>Expenditures</u>		
Public safety	<u>8,205</u>	<u>6,274</u>
Total expenditures	<u>8,205</u>	<u>6,274</u>
Receipts Over (Under) Expenditures	2,700	(2,558)
Unencumbered Cash, Beginning	11,070	13,770
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 13,770</u>	<u>\$ 11,212</u>

**City of Wellington, Kansas**  
**Special Purpose Fund**  
**Fire Prevention and Education**  
 Schedule of Receipts & Expenditures  
 Regulatory Basis  
*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017 <u>Actual</u>
<u>Receipts</u>		
Other	\$ -	\$ -
Use of money and property:		
Interest earnings	<u>-</u>	<u>-</u>
Total receipts	<u>-</u>	<u>-</u>
 <u>Expenditures</u>		
Public safety	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	17	17
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 17</u>	<u>\$ 17</u>

**City of Wellington, Kansas**

**Special Purpose Fund**

**Hospital Sales Tax Fund**

Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016			Variance-
<u>Receipts</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable
				(Unfavorable)
Intergovernmental:				
Sales tax	\$ 1,226,186	\$ 1,221,973	\$ 1,490,000	\$ (268,027)
Use of money and property:				
Interest earnings	-	-	-	-
Total receipts	<u>\$ 1,226,186</u>	<u>\$ 1,221,973</u>	<u>\$ 1,490,000</u>	<u>\$ (268,027)</u>
 <u>Expenditures</u>				
Other financing uses				
Appropriation to Hospital Board	\$ 1,226,186	\$ 1,221,973	\$ 1,490,000	\$ 268,027
Contingency	-	-	-	-
Total expenditures	<u>\$ 1,226,186</u>	<u>\$ 1,221,973</u>	<u>\$ 1,490,000</u>	<u>\$ 268,027</u>
Receipts Over (Under) Expenditures	\$ -	\$ -		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

**City of Wellington, Kansas****Special Purpose Fund****SCCDAT Grant Fund**

## Schedule of Receipts &amp; Expenditures

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017
	<u>Actual</u>	<u>Actual</u>
Receipts		
Intergovernmental:		
Federal grant	\$ 103,289	\$ 174,728
State grant	-	-
Other	1,237	2,000
Use of money and property:		
Interest earnings	<u>8</u>	<u>(135)</u>
Total receipts	<u>\$ 104,534</u>	<u>\$ 176,593</u>
<u>Expenditures</u>		
General government:		
Personal services	\$ 68,292	\$ 103,034
Commodities	13,721	6,689
Contractual	45,649	53,712
Other		
Strengthening Families	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 127,662</u>	<u>\$ 163,435</u>
Receipts Over (Under) Expenditures	\$ (23,128)	\$ 13,158
Unencumbered Cash, Beginning	40	(23,088)
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ (23,088)</u>	<u>\$ (9,930)</u>

**Note:** This fund was not in violation of the cash basis law, as federal grant funds were receivable at 12/31/16 and 12/31/17.



**City of Wellington, Kansas**  
**Special Purpose Fund**  
**Fire Insurance Proceeds**  
 Schedule of Receipts & Expenditures  
 Regulatory Basis  
*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		<u>2016</u>		<u>2017</u>
		<u>Actual</u>		<u>Actual</u>
<u>Receipts</u>				
Other	\$	-	\$	3,750
Use of money and property:				
Interest earnings		-		6
		<u>          </u>		<u>          </u>
Total receipts		-		3,756
		<u>          </u>		<u>          </u>
<u>Expenditures</u>				
Refund of Interest Earned	\$	-	\$	6
Refund of Fire Ins Deposit		-		3,750
		<u>          </u>		<u>          </u>
Total expenditures		-		3,756
		<u>          </u>		<u>          </u>
Receipts Over (Under) Expenditures		-		-
Unencumbered Cash, Beginning		-		-
Prior Year Cancelled Encumbrances		<u>          </u>		<u>          </u>
Unencumbered Cash, Ending	\$	<u>          </u>	\$	<u>          </u>

**City of Wellington, Kansas**  
**Special Purpose Fund**  
**CDBG Housing Grant**  
Schedule of Receipts & Expenditures  
Regulatory Basis  
*For the Year Ended December 31, 2017*

	<u>2017</u> <u>Actual</u>
<u>Receipts</u>	
Federal Revenue	\$ <u>4,250</u>
Total receipts	<u>4,250</u>
 <u>Expenditures</u>	
Miscellaneous	\$ <u>4,250</u>
Total expenditures	<u>4,250</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	-
Prior Year Cancelled Encumbrances	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

**City of Wellington, Kansas****Bond and Interest Fund****Bond and Interest**

## Schedule of Receipts &amp; Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017		Variance Favorable (Unfavorable)
		<u>Actual</u>	<u>Budget</u>	
<b>Receipts</b>				
Taxes:				
Ad valorem property tax	\$ 588,889	\$ 610,119	\$ 643,253	\$ (33,134)
Less NRP rebate	(16,969)	(20,055)	(8,126)	(11,929)
Delinquent tax	19,524	29,960	11,000	18,960
Special assessments	100,983	125,171	92,223	32,948
Intergovernmental:				
Motor vehicle tax	95,854	97,182	93,105	4,077
Recreational vehicle tax	1,201	1,071	1,027	44
Use of money and property:				
Interest earnings	1,907	3,269	1,409	1,860
Premium on sale of bonds	-	-	-	-
Accrued interest on bond sale	582	-	-	-
Other:				
Subsidy from general fund	121,440	120,840	120,840	-
Refund of bond cost	854	89	-	89
Reimbursement from Airport Authority	49,245	47,635	47,635	-
Sale of refunding bonds	-	-	-	-
Total receipts	<u>\$ 963,510</u>	<u>\$ 1,015,281</u>	<u>\$ 1,002,366</u>	<u>\$ 12,915</u>
<b>Expenditures</b>				
Debt service:				
Principal - regular payments	\$ 782,517	\$ 853,136	\$ 866,106	\$ 12,970
Principal - refunded GO bonds	-	-	-	-
Interest	137,011	132,425	132,425	-
Cost of issuance, net of discount	-	-	-	-
Contractual-arbitrage fees	-	-	5,000	5,000
Cash basis	-	-	18,300	18,300
Total expenditures	<u>\$ 919,528</u>	<u>\$ 985,561</u>	<u>\$ 1,021,831</u>	<u>\$ 36,270</u>
Receipts Over (Under) Expenditures	\$ 43,982	\$ 29,720		
Unencumbered Cash, Beginning	38,293	82,275		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ 82,275</u>	<u>\$ 111,995</u>		

**City of Wellington, Kansas**  
**Capital Projects Funds**  
Schedule of Receipts & Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2017

	<u>Special</u> <u>Improvements</u>	<u>Capital</u> <u>Improvements</u>	<u>Coyote</u> <u>Ridge Dev.</u>	<u>WasteWater</u> <u>Treatment Plnt</u>	<u>Short 2nd</u> <u>Addition</u>
<u>Receipts</u>					
Intergovernmental:					
Federal grant/loan	\$ -	\$ -	\$ -	\$ -	\$ -
State of Kansas reimbursement	-	116,540	-	-	-
Other:					
Miscellaneous	-	-	-	-	-
Interest earned	1,712	-	-	84	-
Reimbursement of expense	-	1,862	-	-	-
Prepaid assessments	-	-	-	-	-
Transfer from general fund	-	300,000	-	-	-
Transfer from utilities fund	-	-	-	-	-
Sale of temporary notes	<u>1,936,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total receipts	 <u>\$ 1,938,163</u>	 <u>\$ 418,402</u>	 <u>\$ -</u>	 <u>\$ 84</u>	 <u>\$ -</u>
<u>Expenditures</u>					
Capital outlay:					
Construction & equipment	\$ 925,411	\$ 972,003	\$ -	\$ -	\$ 6,343
Debt service:					
Principal payments	-	12,969	-	-	-
Interest payments	-	-	-	-	-
Cost of issuance	10,429	-	-	-	-
Other:					
Reimbursement to general fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 935,840</u>	<u>\$ 984,972</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,343</u>
 Receipts Over (Under) Expenditures	 <u>\$ 1,002,323</u>	 <u>\$ (566,570)</u>	 <u>\$ -</u>	 <u>\$ 84</u>	 <u>\$ (6,343)</u>
 Unencumbered Cash, Beginning	 168,785	 1,362,061	 10,767	 9,922	 6,343
 Prior Year Cancelled Encumbrances	 <u>-</u>	 <u>24,018</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Unencumbered Cash, Ending	 <u>\$ 1,171,108</u>	 <u>\$ 819,509</u>	 <u>\$ 10,767</u>	 <u>\$ 10,006</u>	 <u>\$ -</u>

**City of Wellington, Kansas**  
**Capital Projects Funds**  
Schedule of Receipts & Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2016

	<u>Special</u>	<u>Capital</u>	<u>Coyote</u>	<u>WasteWater</u>	<u>Short 2nd</u>
	<u>Improvements</u>	<u>Improvements</u>	<u>Ridge Dev.</u>	<u>Treatment Plnt</u>	<u>Addition</u>
<u>Receipts</u>					
Intergovernmental:					
Federal grant/loan	\$ -	\$ -	\$ -	\$ -	\$ -
State of Kansas reimbursement	-	475,897	-	-	-
Other:					
Miscellaneous	-	-	-	-	-
Interest earned	1,017	-	-	60	-
Reimbursement of expense	-	1,213	-	-	-
Prepaid assessments	-	-	-	-	-
Transfer from general fund	-	343,000	-	-	-
Transfer from utilities fund	-	-	-	-	-
Sale of bonds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total receipts	 \$ 1,017	 \$ 820,110	 \$ -	 \$ 60	 \$ -
<u>Expenditures</u>					
Capital outlay:					
Construction & equipment	\$ -	\$ 439,798	\$ -	\$ -	\$ -
Debt service:					
Principal payments	-	12,970	-	-	-
Interest payments	-	-	-	-	-
Other:					
Reimbursement to general fund	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	\$ -	\$ 452,768	\$ -	\$ -	\$ -
 Receipts Over (Under) Expenditures	 \$ 1,017	 \$ 367,342	 \$ -	 \$ 60	 \$ -
 Unencumbered Cash, Beginning	 167,768	 993,078	 10,767	 9,862	 6,343
 Prior Year Cancelled Encumbrances	 <u>-</u>	 <u>1,641</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Unencumbered Cash, Ending	 <u>\$ 168,785</u>	 <u>\$ 1,362,061</u>	 <u>\$ 10,767</u>	 <u>\$ 9,922</u>	 <u>\$ 6,343</u>

**City of Wellington, Kansas****Business Fund****Electric, Waterworks, and Sewage Utility System Operating Fund**

## Summary Schedule of Receipts &amp; Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 Actual	2017		Favorable (Unfavorable)
		Actual	Budget	
<b>Receipts</b>				
Water sales and services	\$ 1,776,769	\$ 1,802,025	\$ 2,007,195	\$ (205,170)
Sewage charges	2,182,843	2,209,330	2,306,098	(96,768)
Electricity sales and services	13,363,649	13,994,420	14,590,138	(595,718)
Penalties	136,017	147,371	120,000	27,371
Interest earnings	130,240	146,963	143,923	3,040
Miscellaneous	860,980	337,723	17,260	320,463
Sale of bonds	466,129	-	-	-
Operating transfer from:				
Electric, Water & Sewer Capital Improvement	-	73,562	73,560	2
Total receipts	<u>\$ 18,916,627</u>	<u>\$ 18,711,394</u>	<u>\$ 19,258,174</u>	<u>\$ (546,780)</u>
<b>Expenditures</b>				
Production, water and sewage	\$ 500,208	\$ 525,733	\$ 522,752	\$ (2,981)
Production, electric	9,019,326	8,807,037	9,417,418	610,381
Distribution, water and sewage	402,417	408,666	480,244	71,578
Distribution, electric	1,386,877	1,373,444	1,466,402	92,958
Sewage treatment	467,345	629,923	614,473	(15,450)
Contingency	-	-	900,000	900,000
Admin. reimb. to general fund	1,048,443	893,857	893,857	-
Reimbursement to special liability fund	197,668	230,335	232,635	2,300
Debt service	1,741,532	1,811,537	1,811,537	-
Non-departmental-other	63,972	151,122	18,985	(132,137)
Operating transfers to:				
General fund	1,803,078	1,873,651	1,873,651	-
Other	-	-	19,000	19,000
Utility Capital Improvements	<u>1,249,614</u>	<u>1,410,850</u>	<u>1,410,850</u>	<u>-</u>
Total	<u>\$ 17,880,480</u>	<u>\$ 18,116,155</u>	<u>\$ 19,661,804</u>	<u>\$ 1,545,649</u>
Receipts Over (Under) Expenditures	\$ 1,036,147	\$ 595,239		
Unencumbered Cash, Beginning	5,906,990	6,970,209		
Prior Year Cancelled Encumbrances	<u>27,072</u>	<u>17,637</u>		
Unencumbered Cash, Ending	<u>\$ 6,970,209</u>	<u>\$ 7,583,085</u>		

**City of Wellington, Kansas**  
**Business Fund**  
**Water and Sewage Utility**  
**Detailed Schedule of Receipts and Expenditures**  
Regulatory Basis  
Years Ended December 31, 2017 and 2016

	2016	2017		Variance- Favorable
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Receipts</u>				
<u>Water Sales and Sewer Service Charges</u>				
Sale of water to customers	\$ 1,764,160	\$ 1,795,540	\$ 1,981,384	\$ (185,844)
Sewer Service charges	2,212,798	2,209,330	2,306,098	(96,768)
Interdepartmental water sales	6,352	6,829	7,661	(832)
Penalties	65,347	63,768	50,000	13,768
New water services	20,075	16,495	18,150	(1,655)
Cash basis conversion	<u>(43,773)</u>	<u>(16,839)</u>	<u>-</u>	<u>(16,839)</u>
Total water sales and sewer service charges	<u>\$ 4,024,959</u>	<u>\$ 4,075,123</u>	<u>\$ 4,363,293</u>	<u>\$ (288,170)</u>
 <u>Other</u>				
Interest earnings	\$ -	\$ 902	\$ -	\$ 902
Miscellaneous	44,281	112,574	5,753	106,821
Sale of bonds	<u>466,129</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other	<u>\$ 510,410</u>	<u>\$ 113,476</u>	<u>\$ 5,753</u>	<u>\$ 107,723</u>
 Total Water & Sewage Utility receipts	 <u>\$ 4,535,369</u>	 <u>\$ 4,188,599</u>	 <u>\$ 4,369,046</u>	 <u>\$ (180,447)</u>
 <u>Expenditures</u>				
<u>Water Production</u>				
Personal services	\$ 214,650	\$ 227,280	\$ 221,902	\$ (5,378)
Commodities	194,755	230,814	228,700	(2,114)
Contractual services	64,828	67,639	66,650	(989)
Capital outlay	<u>25,975</u>	<u>-</u>	<u>5,500</u>	<u>5,500</u>
Total water production	<u>\$ 500,208</u>	<u>\$ 525,733</u>	<u>\$ 522,752</u>	<u>\$ (2,981)</u>
 <u>Water Distribution</u>				
Personal services	\$ 285,032	\$ 273,198	\$ 328,044	\$ 54,846
Commodities	99,004	109,493	111,250	1,757
Contractual services	18,381	15,677	24,450	8,773
Capital outlay	<u>-</u>	<u>10,298</u>	<u>16,500</u>	<u>6,202</u>
Total water distribution	<u>\$ 402,417</u>	<u>\$ 408,666</u>	<u>\$ 480,244</u>	<u>\$ 71,578</u>

***City of Wellington, Kansas***  
**Business Fund**  
**Water and Sewage Utility**  
**Detailed Schedule of Receipts and Expenditures**  
 Regulatory Basis  
 Years Ended December 31, 2017 and 2016

	2016 <u>Actual</u>	2017		Variance- Favorable (Unfavorable)
		<u>Actual</u>	<u>Budget</u>	
<u>Sewage Treatment</u>				
Personal services	\$ 273,839	\$ 267,359	\$ 291,448	\$ 24,089
Commodities	95,963	265,000	223,300	(41,700)
Contractual services	86,543	80,391	77,225	(3,166)
Capital outlay	11,000	17,173	22,500	5,327
Total sewage treatment	<u>\$ 467,345</u>	<u>\$ 629,923</u>	<u>\$ 614,473</u>	<u>\$ (15,450)</u>
<u>Debt Retirement</u>				
Principal retired and refunded	\$ 335,340	\$ 353,970	\$ 353,970	\$ -
Principal paid on WWTP revolving loan	598,728	615,852	615,852	-
Interest	546,899	487,689	487,689	-
Debt issuance costs	123,906	-	-	-
Total debt retirement	<u>\$ 1,604,873</u>	<u>\$ 1,457,511</u>	<u>\$ 1,457,511</u>	<u>\$ -</u>
<u>Non-Departmental</u>				
Commodities	\$ 1,460	\$ 805	\$ 6,500	\$ 5,695
Contractual services	26,087	50,019	2,125	(47,894)
Administrative reimbursements to general fund	199,204	169,833	169,833	-
Administrative reimbursements to special liability fund	42,038	80,470	232,635	152,165
Capital outlay	-	-	-	-
Total non-departmental	<u>\$ 268,789</u>	<u>\$ 301,127</u>	<u>\$ 411,093</u>	<u>\$ 109,966</u>
<u>Operating Transfers</u>				
Operating transfer to General Fund	\$ 478,418	\$ 431,236	\$ 431,236	\$ -
Operating transfer to Utility Capital Improvement	859,614	898,114	898,114	-
Other transfers	-	-	19,000	19,000
Total transfers	<u>\$ 1,338,032</u>	<u>\$ 1,329,350</u>	<u>\$ 1,348,350</u>	<u>\$ 19,000</u>
Total Water & Sewage Utility expenditures	<u>\$ 4,581,664</u>	<u>\$ 4,652,310</u>	<u>\$ 4,834,423</u>	<u>\$ 182,113</u>



**City of Wellington, Kansas**  
**Business Fund**  
**Electric Utility**  
**Detailed Schedule of Receipts and Expenditures**  
Regulatory Basis  
Years Ended December 31, 2017 and 2016

	2016 <u>Actual</u>	2017		Variance- Favorable (Unfavorable)
		<u>Actual</u>	<u>Budget</u>	
<u>Receipts</u>				
<u>Electricity Sales and Fees</u>				
Residential service	\$ 2,831,597	\$ 2,803,843	\$ 2,981,511	\$ (177,668)
Commercial and industrial service	2,868,855	2,936,071	2,909,343	26,728
Interdepartmental	106,782	108,668	110,301	(1,633)
Wholesale revenue	186,149	12,327	200,000	(187,673)
Power cost adjustments	8,000,216	8,366,553	8,352,983	13,570
Electric penalties	70,670	83,603	70,000	13,603
Other fees	30,253	28,170	36,000	(7,830)
Cash basis conversion	(660,203)	(261,212)	-	(261,212)
Total sales and fees	<u>\$ 13,434,319</u>	<u>\$ 14,078,023</u>	<u>\$14,660,138</u>	<u>\$ (582,115)</u>
<u>Other</u>				
Interest earnings	\$ 130,240	\$ 146,061	\$ 143,923	\$ 2,138
Miscellaneous	88,563	225,149	11,507	213,642
Reimbursement from other funds	728,136	73,562	73,560	2
Operating transfer from EW&S Cap Improvement	-	-	-	-
Total other	<u>\$ 946,939</u>	<u>\$ 444,772</u>	<u>\$ 228,990</u>	<u>\$ 215,782</u>
Total Electric Utility receipts	<u>\$ 14,381,258</u>	<u>\$ 14,522,795</u>	<u>\$14,889,128</u>	<u>\$ (366,333)</u>
<u>Expenditures</u>				
<u>Electric Production</u>				
Personal services	\$ 641,267	\$ 648,504	\$ 658,870	\$ 10,366
Commodities	51,662	57,442	124,500	67,058
Contractual services	8,317,614	8,101,091	8,628,048	526,957
Capital outlay	8,783	-	6,000	6,000
Total electric production	<u>\$ 9,019,326</u>	<u>\$ 8,807,037</u>	<u>\$ 9,417,418</u>	<u>\$ 610,381</u>
<u>Electric Distribution</u>				
Personal services	\$ 811,099	\$ 847,778	\$ 867,452	\$ 19,674
Commodities	402,933	323,692	422,000	98,308
Contractual services	171,318	200,602	176,950	(23,652)
Capital outlay	1,527	1,372	-	(1,372)
Total electric distribution	<u>\$ 1,386,877</u>	<u>\$ 1,373,444</u>	<u>\$ 1,466,402</u>	<u>\$ 92,958</u>

**City of Wellington, Kansas**  
**Business Fund**  
**Electric Utility**  
**Detailed Schedule of Receipts and Expenditures**  
Regulatory Basis  
*Years Ended December 31, 2017 and 2016*

	2016	2017		Variance-
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Favorable (Unfavorable)
<u>Debt Retirement</u>				
Principal retired	\$ 114,660	\$ 121,030	\$ 121,030	\$ -
Interest	<u>21,999</u>	<u>232,996</u>	<u>232,996</u>	<u>-</u>
Total other expenditures	<u>\$ 136,659</u>	<u>\$ 354,026</u>	<u>\$ 354,026</u>	<u>\$ -</u>
<u>Non-Departmental</u>				
Commodities	\$ (8,567)	\$ 9,038	\$ 4,000	\$ (5,038)
Other contractual	44,992	91,260	6,360	(84,900)
Administrative reimbursements to:				
General fund	849,239	724,024	724,024	-
Special liability fund	<u>155,630</u>	<u>149,865</u>	<u>-</u>	<u>(149,865)</u>
Total non-departmental	<u>\$ 1,041,294</u>	<u>\$ 974,187</u>	<u>\$ 734,384</u>	<u>\$ (239,803)</u>
<u>Contingency</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900,000</u>	<u>\$ 900,000</u>
<u>Operating Transfers</u>				
Operating transfer to General Fund	\$ 1,324,660	\$ 1,442,415	\$ 1,442,415	\$ -
Operating transfer to Utility Capital Improvement	<u>390,000</u>	<u>512,736</u>	<u>512,736</u>	<u>-</u>
Total transfers	<u>\$ 1,714,660</u>	<u>\$ 1,955,151</u>	<u>\$ 1,955,151</u>	<u>\$ -</u>
Total Electric Utility expenditures	<u>\$ 13,298,816</u>	<u>\$ 13,463,845</u>	<u>\$ 14,827,381</u>	<u>\$ 1,363,536</u>
Receipts Over(Under) Expenditures	1,036,147	595,239		
Unencumbered cash, beginning	5,906,990	6,970,209		
Prior year cancelled encumbrances	<u>27,072</u>	<u>17,637</u>		
Unencumbered cash, ending	<u>\$ 6,970,209</u>	<u>\$ 7,583,085</u>		

**City of Wellington, Kansas**  
**Business Fund**  
**Electric, Waterworks and Sewage Multi-Year Capital Improvement**  
 Schedule of Receipts & Expenditures  
 Regulatory Basis  
 For the Year Ended December 31, 2017  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017
	<u>Actual</u>	<u>Actual</u>
<u>Receipts</u>		
Interest earnings	\$ 10,937	\$ 20,716
Other:		
Reimbursement from Electric, Water & Sewage Construction Fund	182,206	-
Operating transfers:		
Transfer from Water and Sewer	859,614	898,114
Transfer from Electric	<u>390,000</u>	<u>512,736</u>
Total receipts	<u>\$1,442,757</u>	<u>\$ 1,431,566</u>
 <u>Expenditures</u>		
Water and Sewer:		
Water plant & wells equipment & maintenance	\$ 148,075	\$ 255,694
Wastewater treatment equipment & sewer lines	185,399	41,237
Wastewater lease payments	68,114	68,114
Water line maintenance & construction	49,383	39,182
Other equipment	846	144,288
Vehicles	-	42,894
Professional & consulting services	-	91,000
Electric:		
Lease payments	-	63,361
Plant equipment and repairs	-	444,602
Vehicles	16,558	31,653
Steam plan equipment	-	-
Sub-station	14,717	-
Other equipment	24,140	10,482
Electric line construction & breakers	116,031	17,957
Building construction	-	59,654
Operating transfers:		
Electric, Water & Sewer Utility	-	-
Capital Improvement	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 623,263</u>	<u>\$ 1,310,118</u>
Receipts Over (Under) Expenditures	\$ 819,494	\$ 121,448
Unencumbered Cash, Beginning	1,260,849	2,191,992
Prior Year Cancelled Encumbrances	<u>111,649</u>	<u>5,177</u>
Unencumbered Cash, Ending	<u>\$2,191,992</u>	<u>\$ 2,318,617</u>

***City of Wellington, Kansas***  
**Business Fund**  
**Electric, Waterworks and Sewage Construction Fund**  
 Schedule of Receipts & Expenditures  
 Regulatory Basis  
*For the Year Ended December 31, 2017*  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017 <u>Actual</u>
<u>Receipts</u>		
Interest earnings	\$ 11,836	\$ 14,154
Proceeds from bonds	<u>4,288,871</u>	<u>-</u>
Total receipts	<u>\$ 4,300,707</u>	<u>\$ 14,154</u>
<u>Expenditures</u>		
Capital outlay:		
Professional & consulting, electric substation & switching station	\$ 169,971	\$ 108,226
Electric substation and switching station	2,084,752	627,443
Other:		
Reimbursement to Electric, Water & Sewer Utility System Operating fund	654,575	-
Reimbursement to Electric, Water & Sewer Multi-Year Capital Improvement	<u>182,206</u>	<u>-</u>
Total expenditures	<u>\$ 3,091,504</u>	<u>\$ 735,669</u>
Receipts Over (Under) Expenditures	\$ 1,209,203	\$ (721,515)
Unencumbered Cash, Beginning	-	1,209,203
Prior Year Cancelled Encumbrances	<u>-</u>	<u>4,264</u>
Unencumbered Cash, Ending	<u>\$ 1,209,203</u>	<u>\$ 491,952</u>

**City of Wellington, Kansas****Business Fund****Sanitation Utility**

## Schedule of Receipts &amp; Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017		Favorable (Unfavorable)
		<u>Actual</u>	<u>Budget</u>	
<b>Receipts</b>				
Refuse collection fees and penalties	\$ 1,339,858	\$ 1,451,530	\$ 1,345,272	\$ 106,258
Interest	953	1,600	742	858
Reimbursed expense and miscellaneous	46,897	37,434	14,100	23,334
<b>Total receipts</b>	<b>\$ 1,387,708</b>	<b>\$ 1,490,564</b>	<b>\$ 1,360,114</b>	<b>\$ 130,450</b>
<b>Expenditures</b>				
Collections:				
Personal services	\$ 371,075	\$ 364,277	\$ 384,730	\$ 20,453
Contractual services	167,440	178,404	172,800	(5,604)
Commodities	67,331	50,394	57,300	6,906
Capital Outlay	-	-	-	-
Reimbursement to other funds	84,002	99,892	99,892	-
Transfer Station:				
Personal services	117,092	122,656	122,305	(351)
Contractual services	370,911	457,790	410,510	(47,280)
Commodities	19,905	23,828	22,650	(1,178)
Capital Outlay	-	-	-	-
Operating Transfers:				
General fund	124,940	131,940	131,940	-
Equipment reserve fund	25,000	25,000	25,000	-
Contingency	-	-	198	198
<b>Total expenditures</b>	<b>\$ 1,347,696</b>	<b>\$ 1,454,181</b>	<b>\$ 1,427,325</b>	<b>\$ (26,856)</b>
Adjustment for qualifying budget credit	\$ -	\$ -	\$ 18,279	\$ 18,279
<b>Total</b>	<b>\$ 1,347,696</b>	<b>\$ 1,454,181</b>	<b>\$ 1,445,604</b>	<b>\$ (8,577)</b>
Receipts Over (Under) Expenditures	\$ 40,012	\$ 36,383		
Unencumbered Cash, Beginning	93,529	133,541		
Prior Year Cancelled Encumbrances	-	-		
<b>Unencumbered Cash, Ending</b>	<b>\$ 133,541</b>	<b>\$ 169,924</b>		

**City of Wellington, Kansas**  
**Business Fund**  
**Sanitation Equipment Reserve**  
Schedule of Receipts & Expenditures  
Regulatory Basis

*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017 <u>Actual</u>
<u>Receipts</u>		
Interest	\$ 1,047	\$ 867
Other:		
Operating transfer from sanitation fund	<u>25,000</u>	<u>25,000</u>
Total receipts	<u>\$ 26,047</u>	<u>\$ 25,867</u>
<u>Expenditures</u>		
Capital outlay	<u>99,401</u>	<u>56,444</u>
Total expenditures	<u>\$ 99,401</u>	<u>\$ 56,444</u>
Receipts Over (Under) Expenditures	\$ (73,354)	\$ (30,577)
Unencumbered Cash, Beginning	188,579	115,225
Prior Year Cancelled Encumbrances	<u>          -</u>	<u>          -</u>
Unencumbered Cash, Ending	<u>\$ 115,225</u>	<u>\$ 84,648</u>

**City of Wellington, Kansas****Business Fund****Municipal Golf Course**

## Schedule of Receipts &amp; Expenditures - Actual and Budget

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 Actual	2017		Favorable (Unfavorable)
		Actual	Budget	
<u>Receipts</u>				
Licenses and permits				
Golf licenses	\$ 72,830	\$ 54,100	\$ 80,000	\$ (25,900)
Golf green fees	84,388	79,671	95,000	(15,329)
Golf cart licenses and fees	23,090	18,750	25,000	(6,250)
Golf cart storage and rental	53,216	45,854	58,400	(12,546)
Other:				
Interest	(7)	313	(34)	347
Miscellaneous	16,414	2,025	-	2,025
Subsidy from general fund	90,324	242,692	242,692	-
	<u>\$ 340,255</u>	<u>\$ 443,405</u>	<u>\$ 501,058</u>	<u>\$ (57,653)</u>
<u>Expenditures</u>				
Personal services	\$ 210,685	\$ 227,442	\$ 242,626	\$ 15,184
Contractual service	45,870	41,631	50,200	8,569
Commodities	75,000	91,117	102,500	11,383
Capital outlay	2,875	39,405	100,000	60,595
Reimbursement to special liability	5,825	6,183	6,183	-
Contingency	-	-	-	-
	<u>\$ 340,255</u>	<u>\$ 405,778</u>	<u>\$ 501,509</u>	<u>\$ 95,731</u>
Receipts Over (Under) Expenditures	\$ -	\$ 37,627		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 37,627</u>		

**City of Wellington, Kansas****Business Fund****Municipal Airport**

## Schedule of Receipts &amp; Expenditures - Actual

## Regulatory Basis

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 Actual	2017		Favorable (Unfavorable)
		Actual	Budget	
<u>Receipts</u>				
Airport charges:				
Farm income	\$ 10,262	\$ 8,900	\$ 10,500	\$ (1,600)
Fuel income	159,505	176,351	225,000	(48,649)
Hangar rent	32,213	32,500	35,185	(2,685)
Land Leases	27,252	27,252	30,000	(2,748)
Airport other income	6,338	6,388	6,338	50
Other:				
State Grant		82,626	-	82,626
Interest	127	(90)	129	(219)
Miscellaneous	-	254	-	254
Subsidy from general fund	25,000	43,491	25,000	18,491
Reimbursement from other funds	-	5,554	-	5,554
Total receipts	<u>\$ 260,697</u>	<u>\$ 383,226</u>	<u>\$ 332,152</u>	<u>\$ 51,074</u>
<u>Expenditures</u>				
Fuel purchased for resale	\$ 133,851	\$ 145,853	\$ 155,000	\$ 9,147
Personal services	62,774	73,861	64,584	(9,277)
Contractual service	22,539	56,004	22,523	(33,481)
Commodities	8,181	7,542	8,625	1,083
Capital outlay	-	149,673	23,500	(126,173)
Contingency	-	-	24,385	24,385
Reimbursement to special liability fund	1,774	9,814	9,814	-
Reimbursement to bond & interest fund	49,245	47,635	47,635	-
Total expenditures	<u>\$ 278,364</u>	<u>\$ 490,382</u>	<u>\$ 356,066</u>	<u>\$(134,316)</u>
Adjustment for qualifying budget credit	-	-	183,138	183,138
Total	<u>\$ 278,364</u>	<u>\$ 490,382</u>	<u>\$ 539,204</u>	<u>\$ 48,822</u>
Receipts Over (Under) Expenditures	\$ (17,667)	\$ (107,156)		
Unencumbered Cash, Beginning	11,871	8,902		
Prior Year Cancelled Encumbrances	<u>14,698</u>	<u>2,803</u>		
Unencumbered Cash, Ending	<u>\$ 8,902</u>	<u>\$ (95,451)</u>		



**City of Wellington, Kansas**  
**Business Fund**  
**Employee Benefit Contribution**  
Schedule of Receipts & Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2017  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017		Favorable (Unfavorable)
		<u>Actual</u>	<u>Budget</u>	
<u>Receipts</u>				
Employer contributions - current employees	\$ 972,451	\$ 1,066,484	\$ 185,000	\$ 881,484
Employer contributions - retirees	52,611	37,629	45,000	(7,371)
Employee contributions	218,181	301,205	998,000	(696,795)
COBRA and component unit contributions	72,766	85,735	29,100	56,635
Reimbursements & refunds	76	-	-	-
Interest	3,125	2,400	4,056	(1,656)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total receipts	\$ 1,319,210	\$ 1,493,453	\$ 1,261,156	\$ 232,297
<u>Expenditures</u>				
Health insurance claims paid	\$ 1,138,312	\$ 1,088,881	\$ 1,151,000	\$ 62,119
Reinsurance policy premiums	354,747	372,801	400,000	27,199
Transitional reinsurance	9,306	-	-	-
Supplemental coverage policy premiums	126,930	123,257	96,005	(27,252)
Administration fees	53,033	53,402	63,900	10,498
Other	22,353	22,130	27,000	4,870
Contingency	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	\$ 1,704,681	\$ 1,660,471	\$ 1,737,905	\$ 77,434
Receipts Over (Under) Expenditures	\$ (385,471)	\$ (167,018)		
Unencumbered Cash, Beginning	675,884	290,413		
Prior Year Cancelled Encumbrances	<u>          </u>	<u>          </u>		
Unencumbered Cash, Ending	\$ 290,413	\$ 123,395		

**City of Wellington, Kansas**  
**Trust Funds**  
Schedule of Receipts & Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2017

	Public Library Trust	Annie Hamilton Trust	Mildred Share McLean Trust	Mausoleum Maintenance	Regional Park Trust	Memorial Auditorium Trust	Municipal Auditorium Renovation	Recreation Trust	Municipal Golf Course Trust	Ambulance Service Trust	Municipal Airport Trust	Nichols Family Trust	Drug Tax Distb. Trust	Cemetery Beautifi- cation Trust	Cara Saunders Memorial Trust	Drug Awareness Trust	Housing Authority Reserve	Law Enforcement Trust	Employee Community Service	
<b>Receipts</b>																				
Intergovernmental:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property:																				
Interest	2,317	14	43	119	350	74	365	224	484	30	12	4	66	93	4	42	-	165	-	
Farm rent	-	-	-	-	6,143	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	2,800	-	-	-	94,173	9,469	-	100	424	405	-	14,330	-	18,613	1,146	
Reimbursement from other funds	-	-	-	-	-	7,730	14,780	-	-	-	-	-	138	-	-	-	-	-	-	
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total receipts</b>	<b>\$ 2,317</b>	<b>\$ 14</b>	<b>\$ 43</b>	<b>\$ 119</b>	<b>\$ 9,293</b>	<b>\$ 7,804</b>	<b>\$ 15,145</b>	<b>\$ 224</b>	<b>\$ 94,657</b>	<b>\$ 9,499</b>	<b>\$ 12</b>	<b>\$ 104</b>	<b>\$ 628</b>	<b>\$ 498</b>	<b>\$ 4</b>	<b>\$ 14,372</b>	<b>\$ -</b>	<b>\$ 18,778</b>	<b>\$ 1,146</b>	
<b>Expenditures</b>																				
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public safety	-	-	-	-	-	-	-	-	-	5,450	-	180	1,500	-	-	9,063	-	36,578	-	
Recreation and culture	104,904	-	-	-	37,361	-	-	-	18,515	-	-	-	-	-	-	-	-	-	2,592	
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total expenditures</b>	<b>\$ 104,904</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,361</b>	<b>\$ -</b>	<b>\$ 300</b>	<b>\$ -</b>	<b>\$ 18,515</b>	<b>\$ 5,450</b>	<b>\$ -</b>	<b>\$ 180</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,063</b>	<b>\$ -</b>	<b>\$ 36,578</b>	<b>\$ 2,592</b>	
Receipts Over (Under)																				
Expenditures	\$ (102,587)	\$ 14	\$ 43	\$ 119	\$ (28,068)	\$ 7,804	\$ 14,845	\$ 224	\$ 76,142	\$ 4,049	\$ 12	\$ (76)	\$ (872)	\$ 498	\$ 4	\$ 5,309	\$ -	\$ (17,800)	\$ (1,446)	
Unencumbered Cash, Beginning	274,552	1,631	5,021	14,027	57,605	8,811	36,983	26,456	62,609	1,402	1,453	420	8,338	10,834	496	5,290	121,075	24,160	1,449	
Prior Year Cancelled Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unencumbered Cash, Ending	<b>\$ 171,965</b>	<b>\$ 1,645</b>	<b>\$ 5,064</b>	<b>\$ 14,146</b>	<b>\$ 29,537</b>	<b>\$ 16,615</b>	<b>\$ 51,828</b>	<b>\$ 26,680</b>	<b>\$ 138,751</b>	<b>\$ 5,451</b>	<b>\$ 1,465</b>	<b>\$ 344</b>	<b>\$ 7,466</b>	<b>\$ 11,332</b>	<b>\$ 500</b>	<b>\$ 10,599</b>	<b>\$ 121,075</b>	<b>\$ 6,360</b>	<b>\$ 3</b>	

**City of Wellington, Kansas**  
**Trust Funds**  
Schedule of Receipts & Expenditures  
Regulatory Basis  
For the Year Ended December 31, 2016

	Public Library Trust	Annie Hamilton Trust	Mildred Share McLean Trust	Mausoleum Maintenance	Regional Park Trust	Memorial Auditorium Trust	Municipal Auditorium Renovation	Recreation Trust	Municipal Golf Course Trust	Ambulance Service Trust	Municipal Airport Trust	Nichols Family Trust	Drug Tax Distb. Trust	Cemetery Beautifi- cation Trust	Cara Saunders Memorial Trust	Drug Awareness Trust	Housing Authority Reserve	Law Enforcement Trust	Employee Community Service	
<b>Receipts</b>																				
Intergovernmental:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 292	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property:																				
Interest	1,731	10	53	85	326	19	221	160	247	6	9	4	47	62	3	29	-	129	-	
Farm rent	-	-	-	-	2,048	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	2,840	5,956	(362)	-	30,733	775	-	100	1,026	810	-	12,684	-	16,034	1,918	
Reimbursement from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>\$ 1,731</b>	<b>\$ 10</b>	<b>\$ 53</b>	<b>\$ 85</b>	<b>\$ 5,214</b>	<b>\$ 5,975</b>	<b>\$ (141)</b>	<b>\$ 160</b>	<b>\$ 30,980</b>	<b>\$ 781</b>	<b>\$ 9</b>	<b>\$ 104</b>	<b>\$ 1,365</b>	<b>\$ 872</b>	<b>\$ 3</b>	<b>\$ 12,713</b>	<b>\$ -</b>	<b>\$ 16,163</b>	<b>\$ 1,918</b>	
<b>Expenditures</b>																				
General government	\$ -	\$ -	\$ 4,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	345	-	-	-	13,739	-	10,754	-	-
Recreation and culture	14,515	-	-	-	901	-	-	774	7,977	-	-	-	-	-	-	-	-	-	-	711
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>\$ 14,515</b>	<b>\$ -</b>	<b>\$ 4,300</b>	<b>\$ -</b>	<b>\$ 901</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 774</b>	<b>\$ 7,977</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 345</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,739</b>	<b>\$ -</b>	<b>\$ 10,754</b>	<b>\$ 711</b>	
Receipts Over (Under)																				
Expenditures	\$ (12,784)	\$ 10	\$ (4,247)	\$ 85	\$ 4,313	\$ 5,975	\$ (141)	\$ (614)	\$ 23,003	\$ 781	\$ 9	\$ (241)	\$ 1,365	\$ 872	\$ 3	\$ (1,026)	\$ -	\$ 5,409	\$ 1,207	
Unencumbered Cash, Beginning	287,336	1,621	9,268	13,942	53,292	2,836	37,124	27,070	39,606	621	1,444	661	6,973	9,962	493	6,316	121,075	18,751	242	
Prior Year Cancelled Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unencumbered Cash, Ending	<b>\$ 274,552</b>	<b>\$ 1,631</b>	<b>\$ 5,021</b>	<b>\$ 14,027</b>	<b>\$ 57,605</b>	<b>\$ 8,811</b>	<b>\$ 36,983</b>	<b>\$ 26,456</b>	<b>\$ 62,609</b>	<b>\$ 1,402</b>	<b>\$ 1,453</b>	<b>\$ 420</b>	<b>\$ 8,338</b>	<b>\$ 10,834</b>	<b>\$ 496</b>	<b>\$ 5,290</b>	<b>\$ 121,075</b>	<b>\$ 24,160</b>	<b>\$ 1,449</b>	

***City of Wellington, Kansas***  
**Agency Funds**  
**Summary of Regulatory Basis Receipts and Disbursements**  
*For the Year Ended December 31, 2017*

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Claims Fund	\$ 1,198	\$ 719,530	\$ 721,145	\$ (417)

**City of Wellington, Kansas****Related Municipal Entity****Wellington Public Library**

## Schedule of Receipts &amp; Expenditures - Actual and Budget

## Regulatory Basis

*For the Year Ended December 31, 2017*

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017
	<u>Actual</u>	<u>Actual</u>
<b><u>Receipts</u></b>		
State Aid	\$ 4,533	\$ 9,594
Appropriation from City of Wellington	225,284	258,883
Grants from SCKLS	14,956	9,866
Donations	183,597	12,810
Interest income	414	482
Royalty income	3,104	2,329
Other Income	<u>2,177</u>	<u>5,120</u>
Total receipts	<u>\$ 434,065</u>	<u>\$ 299,084</u>
<b><u>Expenditures</u></b>		
Salaries and benefits	\$ 167,908	\$ 170,766
Accounting	1,246	7,265
Ad valorem tax on oil interest	351	245
Books, periodicals & audio-visual materials	25,376	23,095
Equipment rental	893	2,932
Equipment repairs & maintenance	-	-
Equipment & furniture purchased	10,536	18,521
Repairs and Maintenance	10,445	9,943
Dues, licenses and fees	3,165	3,202
Insurance	845	498
Library and office supplies	7,799	4,501
Miscellaneous & special projects	1,033	654
Postage	1,561	1,977
Promotional & public relations	20	100
Summer Reading & other programs	9,112	11,109
Travel and workshops	1,953	1,556
Telephone	1,907	2,483
Utilities	<u>11,916</u>	<u>10,385</u>
Total expenditures	<u>\$ 256,066</u>	<u>\$ 269,232</u>
Receipts Over (Under) Expenditures	\$ 177,999	\$ 29,852
Unencumbered Cash, Beginning	84,203	262,202
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 262,202</u>	<u>\$ 292,054</u>

***City of Wellington, Kansas***  
**Related Municipal Entity**  
**Public Building Commission - SRMC Bond and Interest**  
Schedule of Receipts & Expenditures  
Regulatory Basis  
*For the Year Ended December 31, 2017*  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016 <u>Actual</u>	2017 <u>Actual</u>
<u>Receipts</u>		
Use of money:		
Facility lease from Sumner Regional Medical Center	\$ -	\$ -
Facility lease from general fund	<u>97,540</u>	<u>100,688</u>
Total receipts	<u>\$ 97,540</u>	<u>\$ 100,688</u>
<u>Expenditures</u>		
Debt service:		
Principal	\$ 70,000	\$ 75,000
Interest	27,540	25,688
Other:		
Reimbursement to general fund	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 97,540</u>	<u>\$ 100,688</u>
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	-	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

***City of Wellington, Kansas***  
**Related Municipal Entity**  
**Public Building Commission - WRC Bond & Interest**  
 Schedule of Receipts & Expenditures  
 Regulatory Basis  
*For the Year Ended December 31, 2017*  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	2016	2017
	<u>Actual</u>	<u>Actual</u>
<u>Receipts</u>		
Use of money:		
Facility lease from General Fund	\$ 55,988	\$ 30,838
Facility lease payment from Wellington Recreation Commission	<u>15,987</u>	<u>96,825</u>
Total receipts	<u>\$ 71,975</u>	<u>\$ 127,663</u>
<u>Expenditures</u>		
Debt service:		
Principal payments	\$ 40,000	\$ 40,000
Interest payments	\$ 31,975	\$ 31,675
Reimbursements	<u>-</u>	<u>55,988</u>
Total expenditures	<u>\$ 71,975</u>	<u>\$ 127,663</u>
Receipts Over (Under) Expenditures	\$ -	\$ -
Unencumbered Cash, Beginning	-	-
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

***City of Wellington, Kansas***  
**Schedule of Expenditures of Federal Awards**  
*For the Year Ended December 31, 2017*

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
Department of Agriculture: Pass-Through Program From: Kansas Forestry Service: Cooperative Forestry Assistance	10.664	SU-215		\$ <u>1,330</u>
<i>Total Department of Agriculture</i>				\$ <u>1,330</u>
Department of Housing and Urban Development Pass-Through Programs From: Kansas Department of Commerce Community Development Block Grants States Program and Non-Entitlement Grants in Hawaii	14.228	#17-HR-003		\$ <u>4,250</u>
<i>Total Department of Housing and Urban Development</i>				\$ <u>4,250</u>
Department of Transportation Direct Program Airport Improvement Program Project #3-20-0087-14 Project #3-20-0087-15	20.106 20.106	na na		\$ <u>21,691</u> <u>658,794</u>
<i>Sub-total Department of Transportation Direct Programs and CFDA # 20.106</i>				\$ <u>680,485</u>
Department of Transportation Pass-Through Program From: Kansas Department of Transportation: Special Traffic Enforcement Program	20.600	PT-1325-17		\$ <u>1,634</u>
<i>Total Department of Transportation</i>				\$ <u>682,119</u>
Department of Health and Human Services Pass-Through Programs From: Kansas Department of Aging and Disability Services: Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	3B08T1010020 & 1U79SP020799		\$ <u>45,082</u>
Direct Program: Drug-Free Community Support Grants	93.276	na		\$ <u>118,353</u>
<i>Total Department of Health and Human Services</i>				\$ <u>163,435</u>
<b><i>Total Expenditures of Federal Awards</i></b>				<b>\$ <u>851,134</u></b>



***City of Wellington, Kansas***  
**Notes to the Schedule of Expenditures of Federal Awards**  
*December 31, 2017*

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “SEFA”) includes the federal award activity of the City of Wellington, Kansas under programs of the federal government for the year ended December 31, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the operations of the City of Wellington, Kansas, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Wellington, Kansas.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the U.S. generally accepted accounting principles (GAAP) basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City reports expenditures in its basic financial statement on the regulatory basis of accounting, which includes encumbrances nor recognized as expenditures under the U.S. generally accepted accounting principles basis of accounting. Those amounts are reconcilable to the amounts on the Schedule by converting from the regulatory basis to generally accepted accounting for expenditures.

**Note 3. Indirect Cost Rate**

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance, nor has it charged any indirect costs to its federal programs.

**Note 4. Reconciliation of Expenditures on SEFA to financial statements.**

Due to the difference between the basis of accounting used for the City of Wellington’s financial statement (regulatory basis) and the basis of accounting used for the SEFA, there was a timing difference in expenditures for the following program:

Airport Improvement Program, CFDA 20.106	
Expenditure per SEFA	\$680,485
Expenditures included on SEFA, recognized as a 2016 encumbrance and expenditure on regulatory Basis financial statement	<u>(21,666)</u>
Expenditures per Schedule 2-13	<u>\$658,819</u>

**KENNETH L COOPER JR CPA, CHTD**  
*Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and City Council  
City of Wellington, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statement of the City of Wellington, Kansas as of and for the year ended December 31, 2017, and the related notes to the financial statement, which collectively comprise City of Wellington, Kansas' basic financial statement, and have issued our report thereon dated June 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered City of Wellington, Kansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of City of Wellington, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Wellington, Kansas' internal control.

*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 a 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. *A significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Wellington, Kansas' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2017-002.

### **Management's Response to Findings**

The City of Wellington, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Wellington, Kansas' response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 Kenneth L. Cooper Jr. CPA, Chtd

Certified Public Accountants

Wellington, Kansas

June 28, 2018

**KENNETH L COOPER JR CPA, CHTD**  
*Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Mayor and City Council  
City of Wellington, Kansas

**Report on Compliance for Each Major Federal Program**

We have audited City of Wellington, Kansas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Wellington, Kansas' major federal programs for the year ended December 31, 2017. The City of Wellington, Kansas' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Wellington, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Wellington, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Wellington, Kansas' compliance.

***Opinion on Each Major Federal Program***

In our opinion, City of Wellington, Kansas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

**Report on Internal Control Over Compliance**

Management of City of Wellington, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing

our audit of compliance, we considered City of Wellington, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Wellington, Kansas' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2017-002 that we consider to be a significant deficiency.

The City of Wellington's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City of Wellington's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

 Kenneth L. Cooper, Jr. CPA, Chtd  
Certified Public Accountants

Wellington, Kansas

June 28, 2018

**City of Wellington, Kansas**  
**Schedule of Findings and Questioned Costs**  
*For the Year Ended December 31, 2017*

**Section I—Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued:

Unmodified opinion on the 2017 regulatory basis financial statement of the City of Wellington  
 Adverse opinion on the 2017 financial statement of the City of Wellington in accordance with  
 accounting principles generally accepted in the United States of America

Internal Control over Financial Reporting:

Material weakness identified?	<u>  X  </u> Yes	<u>      </u> No
Significant deficiencies identified?	<u>      </u> Yes	<u>  X  </u> None reported
Noncompliance material to financial statement noted?	<u>      </u> Yes	<u>  X  </u> No

***Federal Awards***

Internal controls over major programs:

Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No
Significant deficiency (ies) identified?	<u>  X  </u> Yes	<u>      </u> None reported

Type of auditor’s report issued on compliance  
 for major programs:

Unmodified

Any audit findings disclosed that are required to  
 be reported in accordance with 2 CFR  
 200.516(a)?

<u>  X  </u> Yes	<u>      </u> No
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Identification of major program:

CFDA Numbers 20.106 Airport Improvement Program

Dollar threshold used to distinguish between  
 Type A and type B programs?

\$750,000

Auditee qualified as low-risk auditee?

<u>      </u> Yes	<u>  X  </u> No
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**Section II—Financial Statement Findings**

**Finding 2017-001: Recognition of Encumbrances and Accounts Payable in Financial Statements**

*Criteria:*

The City uses the regulatory basis of accounting prescribed by the *Kansas Municipal Accounting and Auditing Guide* (KMAAG) for its basic financial statement and uses generally accepted accounting principles (GAAP) for reporting its schedule of expenditures of federal awards. (SEFA). Under the KMAAG basis of accounting, expenditures include encumbrances, which are certain unperformed contracts or commitments for goods and services. Under the GAAP method of accounting, encumbrances are not included in expenditures.

***City of Wellington, Kansas***  
**Schedule of Findings and Questioned Costs**  
*For the Year Ended December 31, 2017*

**Finding 2017-001: Recognition of Expenditure and Liability in the Proper Accounting Period**  
**(continued)**

*Condition:*

The City has internal control procedures for the identification of encumbrances and accounts payable and for the recoding of those transactions in the proper period; however, those procedures were not fully implemented or were only partially effective at the end of 2017. There were material unperformed contracts (encumbrances) executed for which the expenditure was not recorded in the accounting system but which met the criteria for recording an expense under the regulatory basis of accounting. There were other corrected errors related to the cut off of expenditures made, indicating a lack of communication and oversight over this process.

*Context:*

Total accounts payable and encumbrances recorded on the general ledger at 12/31/17 were \$3.3 million. Substantive testing of individually significant disbursements in January and February of 2018 and procedures relative to commitments detected two (2) unrecorded encumbrances at 12/31/17 totaling \$354,893. One of these related to a large construction project from funds for which the Kansas budget law does not apply, the other for a one time loan guarantee commitment for the local hospital that under the regulatory accounting method should have been encumbered. Neither affected federal project funds or the schedule of expenditures of federal awards.

*Effect:*

Expenditures under the regulator basis financial statements could be recorded in the wrong period, with encumbrances understated on the regulatory basis financial statements.

*Cause:*

While the city's procedures for recording accounts payable for goods and services received in the ordinary course of business are quite good, there are not good procedures for recording encumbrances when a construction or other unusual commitment occurs. The controls to detect and record accounts payable paid in the first part of the subsequent year and correctly classify them are not effective for contracts for which payments are not made until much later in the subsequent year, or even more than one year following the execution of the contract. When unrecorded contracts are payable from funds that are not subject to the budget law, the lack of budget impact may diminish the perceived requirement for recording the encumbrances. In addition, a staffing turnover with less experience personnel in charge of the recording of encumbrances contributed to the condition. Finally, the accounting for encumbrances is conceptually more difficult than that for accounts payable and the city's software has been designed to report expenditures under the GAAP method rather than the regulatory basis, with the necessary workarounds adding to the complexity of properly recording these transactions.

*Recommendation:*

When large contracts are approved and executed, upper management should make an analysis as to what, if any, portion should be reported in the period of execution. Purchase orders should be prepared to reflect the encumbrance and subsequent expenditures charged to this purchase order, instead of creating a new one that could be improperly charged to a subsequent period.

**Finding 2017-001: Recognition of Expenditure and Liability in the Proper Accounting Period (continued)**

*Views of Responsible Officials:*

Management agrees with the finding. See management's corrective action plan for additional information.

**Section III—Federal Award Findings and Questioned Costs**

***Current Year Findings and Questioned Costs***

**Finding 2017-002: Written Policies and Procedures**

*Criteria:*

The Uniform Guidance requires nonfederal entities to have written policies and procedures for the implementation of certain administrative requirements relative to federal awards. For the major program, the written policies and procedures of financial management (2 CFR 200.302), payment (200.305), general procurement (200.318), competition (200.319) and methods of procurement to be followed (200.320) are applicable. In addition, as part of the terms and conditions of the city's 2017 FAA award, the city certified compliance with 2 CFR 200.317-326, which includes these requirements.

*Condition:*

The City of Wellington does not have a complete set of the written policies and procedures required by the Uniform Guidance, but does have written policies addressing some of the requirements.

*Cause:*

While the City was aware of the need to update its written procurement policy to be compliant with the Uniform Guidance, it did not complete the update prior to the executing of the 2017 award agreement certifying that these requirements had been met. The availability of an extension of the required date for having compliant written procurement policies also contributed to the inaction. The City was unaware of the written policy requirements for some of the other areas required by the Uniform Guidance.

*Potential Effect:*

An important component of internal controls is the existence of operating policies and procedures and that they are clearly understood and communicated. Without clear written policies and procedures, there is a higher risk of noncompliance with program compliance requirements.



***City of Wellington, Kansas***  
**Schedule of Findings and Questioned Costs**  
*For the Year Ended December 31, 2017*

**Finding 2017-002: Written Policies and Procedures (continued)**

*Context:*

The absence of the required written policies was mitigated by management's prior experience with and knowledge of the major program. The lack of written procedures did not result in any noncompliance, fraud or abuse with respect to the major program. The City does have a written conflict of interest and code of conduct for employees and a comprehensive written procurement policy, though it has not been updated to include procurement requirements of the Uniform Guidance. The procurement activity of the major program was limited to issuing one construction contract and the continuation of a consulting contract with the project engineer. With respect to these procurements and their related expenditures, the procurement requirements of the Uniform Guidance were met for the major program. However, this deficiency would also apply to other federal programs of the City that were not tested as a major programs and could have a different context and result with respect to those programs.

*Recommendation:*

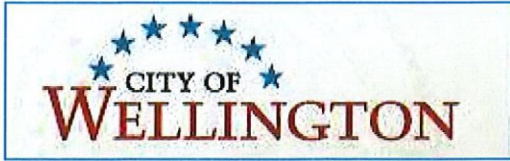
Management should determine the scope of written policies needed for compliance with all federal programs and develop written policies and procedures for administration of them. The existing procurement policy should be modified as necessary to comply with the Uniform Guidance.

*Views of Responsible Officials:*

Management agrees with the finding. See management's corrective action plan for additional information.

***Prior Year Findings***

There are no prior year findings as the City of Wellington has not been required to have a Single Audit since 2014. There were no compliance findings in that audit.



**CITY ADMINISTRATION CENTER**  
317 South Washington  
Wellington, Kansas 67152  
Phone 620-326-2811 • Fax 620-326-8506

**City of Wellington, Kansas**

***Corrective Action Plan***

*For the Year Ended December 31, 2017*

**Finding 2017-001: Recognition of Expenditure and Liability in the Proper Accounting Period.**

Management agrees with the findings. The Accounting Clerk was new to the Department as of November 20, 2017, and was not familiar with the software procedure of charging back expenses that occurred by the end of the year, but not paid until after the start of the New Year. The Purchase Orders for the most part indicated “prior year encumbrance” by the date entered on the PO, but the invoices were paid without accessing the encumbered PO and thus were charged to the incorrect year. City Clerk Carol Mericle has worked with the Accounting Clerk to post these back to the prior year and has provided training how to accomplish the payment of encumbered projects and contracts correctly as of June 30, 2018. City Clerk Mericle will be responsible that future contracts and projects are recorded as encumbrances, and paid as such in the proper accounting period.

**Finding 2017-002 Written Policies and Procedures**

Management agrees with the findings. The City’s existing Procurement Policy is currently under review by City Manager Shane Shields and staff to determine what updates/changes are necessary in order to meet the Uniform Guidance Policy for financial management. Once any updates/changes are drafted, the policy will be presented to the Governing Body for review and approval. That process should be completed within the next couple of months, and most certainly in place before 2018 year-end, if not before. The City would note that the grant administrator for the City’s open CDBG Housing Rehabilitation grant advised that the City’s existing Procurement Policy met CDBG requirements.

Respectively,

Carol S. Mericle  
City Clerk/Finance Director