

City of Wellington, Kansas

Financial Statement

December 31, 2018

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, 2018

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City of Wellington, Kansas
Regulatory Basis Financial Statement
Year Ended December 31, 2018

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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, 2018 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, 2018, 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, 2018, 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

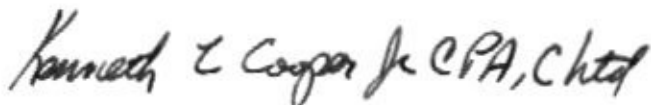
Our audit was conducted for the purpose of forming an opinion on the 2018 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules 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 2018 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 2018 basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statement or to the 2018 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information note above is fairly stated in all material respects in relation to the 2018 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2017 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 2017 basic financial statement upon which we rendered an unmodified opinion dated June 28, 2018. The 2017 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 2017 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 2017 basic financial statement. The 2017 comparative information was 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 2017 comparative information is fairly stated in all material respects in relation to the 2017 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 July 1, 2019 on our consideration of the City of Wellington's internal control over financial reporting and 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 to 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.



Certified Public Accountants
Wellington, Kansas
July 1, 2019

City of Wellington, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended December 31, 2018

<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	\$ 1,067,788	\$ 1,719	\$ 7,852,528	\$ 7,453,737	\$ 1,468,298	\$ 221,213	\$ 1,689,511
Special Purpose Funds:							
Ambulance & Fire Fighting Equip	114,341	-	101,934	132,128	84,147	-	84,147
Library	14,320	-	251,426	253,800	11,946	-	11,946
Permanent Cemetery Endowment	143,077	-	4,802	2,402	145,477	-	145,477
Special City Highway	87,773	-	215,464	276,525	26,712	-	26,712
Special Alcohol and Drug	7,761	-	20,308	18,625	9,444	-	9,444
Special Parks & Recreation	18,797	-	20,407	17,130	22,074	1,350	23,424
Tourism and Convention	22,791	-	38,733	41,003	20,521	-	20,521
Special Liability Expense	181,135	-	507,092	443,205	245,022	-	245,022
Equipment Reserve	388,004	-	75,000	203,010	259,994	9,001	268,995
FEMA Grant Fund	36,636	-	-	36,636	-	-	-
Wellington Airport FAA Grant	(405,954)	-	1,973,995	1,612,869	(44,828)	27,400	(17,428)
Hazmat Response	11,212	-	1,019	4,797	7,434	-	7,434
Fire Prevention and Education	17	-	504	147	374	-	374
Hospital Sales Tax Fund	-	-	1,274,301	1,274,301	-	-	-
SCCDAT Grant Fund	(9,930)	-	171,545	164,892	(3,277)	1,724	(1,553)
Fire Insurance Proceeds	-	-	8,660	8,660	-	-	-
CDBG Housing Grant	-	-	171,248	152,249	18,999	7,500	26,499
Bond and Interest Funds:							
Bond and Interest	111,995	-	899,603	870,674	140,924	(2)	140,922
Capital Projects Funds:							
Special Improvements	1,171,108	4,396	245,992	992,259	429,237	67,904	497,141
Capital Improvements	819,509	-	518,811	157,341	1,180,979	6,831	1,187,810
Coyote Ridge Dev. Fund	10,767	-	-	10,767	-	-	-
Waste Water Treatment Plant	10,006	-	73	10,079	-	-	-
Sanitation Improvement	-	-	1,125,327	120,827	1,004,500	88,000	1,092,500
Business Funds							
Electric, Waterworks & Sewage Utility System Operating Fund	7,583,085	1,485	18,966,572	18,101,787	8,449,355	900,494	9,349,849
Electric, Waterworks & Sewage Capital Improvement Fund	2,318,617	71,175	875,616	717,021	2,548,387	376,674	2,925,061
Electric, Waterworks & Sewage Construction Fund	491,952	17,647	16,243	279,766	246,076	-	246,076
Sanitation Utility	169,924	-	1,592,009	1,702,841	59,092	45,701	104,793
Sanitation Equipment Reserve	84,648	-	91,386	47,555	128,479	-	128,479
Municipal Golf Course	37,627	-	436,338	473,965	-	1,820	1,820
Municipal Airport	(95,451)	-	565,614	470,163	-	1,754	1,754
Employee Benefit Contribution	123,395	-	1,473,776	1,493,280	103,891	253	104,144

City of Wellington, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended December 31, 2018

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Trust Funds:							
Public Library Trust	171,965	-	2,844	24,405	150,404	-	150,404
Annie Hamilton Trust	1,645	-	27	-	1,672	-	1,672
Mildred Share McLean Trust	5,064	-	85	-	5,149	-	5,149
Mausoleum Maintenance	14,146	-	237	-	14,383	-	14,383
Regional Park Trust	29,537	-	3,054	2,742	29,849	-	29,849
Memorial Auditorium Trust	16,615	-	7,225	-	23,840	-	23,840
Municipal Auditorium Renovation	51,828	-	719	16,400	36,147	-	36,147
Recreation Trust	26,680	-	446	-	27,126	-	27,126
Municipal Golf Course Trust	138,751	-	104,791	232,858	10,684	2,424	13,108
Ambulance Service Trust	5,451	-	1,448	-	6,899	-	6,899
Municipal Airport Trust	1,465	-	25	-	1,490	-	1,490
Nichols Family Trust	344	-	6	-	350	-	350
Drug Tax Distribution Trust	7,466	-	333	-	7,799	-	7,799
Cemetery Beautification Trust	11,332	-	924	-	12,256	-	12,256
Cara Saunders Memorial Trust	500	-	8	-	508	-	508
Drug Awareness Trust	10,599	-	10,113	11,668	9,044	141	9,185
Housing Authority Reserve	121,075	-	-	-	121,075	-	121,075
Law Enforcement Trust	6,360	-	18,379	17,648	7,091	200	7,291
Employee Community Service	3	-	810	810	3	-	3
Related Municipal Entities:							
Wellington Public Library	292,054	-	304,653	292,967	303,740	3,151	306,891
PBC SRMC Bond & Interest	-	-	98,606	98,606	-	-	-
PBC WRC Bond & Interest	-	-	101,712	101,712	-	-	-
Total Reporting Entity (excluding Agency Funds)	<u>\$ 15,427,830</u>	<u>\$ 96,422</u>	<u>\$ 40,152,771</u>	<u>\$ 38,344,256</u>	<u>\$ 17,332,767</u>	<u>\$ 1,763,533</u>	<u>\$ 19,096,300</u>
Composition of Cash Balance:							
Cash in checking accounts:							
RCB Bank, Wellington, KS							\$ 10
Impact Bank, Wellington, KS							10
Security State Bank, Wellington, KS							147
Security State Bank, Utility Petty cash account, Wellington, KS							3,000
Bank of Commerce, Main Checking, Wellington, KS							18,151
Bank of Commerce Employee Benefit account, Wellington, KS							103,552
Bank of Commerce, Reserve Account, Wellington, KS							2,980,233
Cash on hand							2,300
Certificates of deposit:							
Certificates of deposit, Bank of Commerce, Wellington, KS							1,500,000
Certificates of deposit, Impact Bank, Wellington, KS							4,440,000
Investments:							
US Treasury Notes and Bonds, Edward Jones							1,410,778
State of Kansas Municipal Investment Pool							8,332,147
Related Municipal Entity							
Wellington Public Library cash in bank and on hand							<u>306,891</u>
Total Cash and investments							19,097,219
Agency Funds per Schedule 3							(919)
Total Reporting Entity (Excluding Agency Funds)							<u>\$ 19,096,300</u>

City of Wellington, Kansas

Notes to Financial Statement

December 31, 2018

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, 2018

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, 2018

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, 2018

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, and SCCDAT 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

- Expenditures in Excess of Budgeted Amount

Expenditures in the Sanitation Utility Fund and Municipal Golf Course Fund exceeded the authorized budget by \$52,841 and \$9,157 respectively in violation of K.S.A. 79-2935.

- Bonding of Public Works Contract

K.S.A. 60-1111 requires bonding of public works contracts (construction of public improvements, constructing or repairing a public building) in excess of \$100,000. There was one contract which was not bonded, a remodeling project of \$234,909.

B. Deficit Cash/Unencumbered Cash for Individual Funds

The SCCDAT Grant Fund had a negative unencumbered cash balance of \$3,277 as of December 31, 2018, pending receipt of federal grant funds. The Wellington Airport FAA Grant had a negative unencumbered cash balance of \$44,828 pending receipt of federal grant funds. These are exceptions to the cash basis law requirement that funds must not have a negative balance.

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, 2018

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, 2018	<u>\$ 462,363</u>
Actual balance, December 31, 2018	<u>\$ 516,289</u>

Bond Reserve Account:

Required balance, December 31, 2018	<u>\$ 345,430</u>
Actual balance, December 31, 2018	<u>\$ 345,430</u>

Emergency and Depreciation Account:

Required balance, December 31, 2018	<u>\$ 100,000</u>
Actual balance, December 31, 2018	<u>\$ 400,000</u>

Operating Account - 60-day maximum working capital amount:

Cash in operating and maintenance account	\$1,665,970
60-day working capital requirement (\$14,219,388 2018 O&M X 60/360)	<u>2,369,898</u>

Amount in excess of 60 day operating & maintenance allowed balance	<u>\$ none</u>
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Surplus account balance (all reserved accounts), 12/31/18	<u>\$8,981,525</u>
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Total cash and investments, Operating Fund (415)	\$9,349,849
Total cash and investments, Capital Improv & Equip Reserve (425)	2,925,061
Total cash and investments, Utility Construction Fund (423)	<u>246,077</u>

Total cash and investments, Utility System	<u>\$12,520,987</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 2018 as shown below.

Gross revenue of the System	\$18,925,809
Current expenses of the System (not including depreciation expense)	<u>14,219,388</u>
Net revenue (numerator)	<u>\$ 4,706,421</u>
2018 Parity Bond Debt Service Requirement (denominator)	\$ 336,280
2018 Junior Lien Bonds Debt Service Requirement (denominator)	\$ 684,150

Debt Service Coverage Ratio on Parity Bonds	14.00
Debt Service Coverage Ratio on Junior Lien Bonds	6.88

City of Wellington, Kansas
Notes to Financial Statement
December 31, 2018

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 4,691 customers of the System as of 12/31/18, 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 \$111,408,847, the premium paid on the insurance policy was \$250,167 and the expiration date was 4/1/2019. 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, 2018, 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	\$ 1,410,779	\$ 1,417,670	\$ 6,891	Aaa/AAA
Kansas Municipal Investment Pool	8,332,148	8,332,148	-	N/A
	<u>\$ 9,742,927</u>	<u>\$ 9,749,818</u>	<u>\$ 6,891</u>	
Securities Maturing:	<u>Less than 1 year</u>			
U.S. Treasury Notes	\$ 1,417,670			
Kansas Municipal Investment Pool	8,332,148			
	<u>\$ 9,749,818</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, 2018

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, 2018 is as follows:

Investments	% of Investments
U.S. Treasury Notes	14.48%
Kansas Municipal Investment Pool	85.52%

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 2018. All deposits were legally secured at December 31, 2018.

At December 31, 2018, the City’s carrying amount of deposits was \$9,042,105, primarily in two banks, and the bank balance was \$9,270,116. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$500,158 was covered by federal depository insurance and \$8,769,958 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, 2018 the City had invested \$8,332,148 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, 2018, the City had U.S. Treasury notes with a carrying value of \$1,410,779. 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, 2018

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 2018, the following projects were completed or underway:

<u>Project</u>	<u>Project Authorization</u>	<u>Project to Date Expenditures</u>	<u>Dec. 31, 2018 Status</u>
EWS-substation, sub transmission line, switch, etc	5,500,000	4,106,939	Complete
Quiet Zone	31,055	20,080	Pending
FAA Airport Improvement	3,241,591	2,850,020	In progress
Boundary Road	284,592	256,861	In progress
Westborough Streets	1,184,820	714,389	Complete
9th Street Improvement	545,094	-	Pending
Refuse Collection	2,100,000	-	Pending
Cowley College Campus - Paving	564,108		
Cowley College Campus - Elec Sys Imp	100,092		
Cowley College Campus - Water Sys	130,500		
Cowley College Campus - Sewage Main Improv	309,532		
	<u>1,104,232</u>	<u>662,017</u>	In progress

City of Wellington, Kansas
Notes to Financial Statement
December 31, 2018

5. Long-term debt

Changes in long-term liabilities for the City for the year ended December 31, 2018 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	245,000	-	50,000	195,000	6,225
GO Street Improvements(USDA)	4.00%	09/22/11	394,200	09/22/31	306,392	-	16,750	289,642	12,256
GO Refunding & improvement	0.4-2.0%	07/01/12	3,600,000	10/01/22	1,935,000	-	385,000	1,550,000	30,413
GO Street Improvement	2.0-3.6%	08/01/13	2,160,000	09/01/28	1,645,000	-	130,000	1,515,000	46,597
GO Refunding (2008 & 2009)	2.00%	12/15/15	1,495,000	10/01/24	1,210,000	-	180,000	1,030,000	24,200
GO Refuse disposal Impr. (2018)		9/12/2018	1,125,000		-	1,125,000	-	1,125,000	-
			<u>\$ 9,959,200</u>		<u>\$ 5,341,392</u>	<u>\$ 1,125,000</u>	<u>\$ 761,750</u>	<u>\$ 5,704,642</u>	<u>\$ 119,691</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	2,535,000	-	480,000	2,055,000	65,150
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>\$ 7,570,000</u>	<u>\$ -</u>	<u>\$ 480,000</u>	<u>\$ 7,090,000</u>	<u>\$ 204,150</u>
<u>Revenue Bonds</u>									
Electric, W&S Revenue	2.0-3.5%	04/07/16	\$ 4,755,000	11/01/36	\$ 4,755,000	\$ -	\$ 200,000	\$ 4,555,000	\$ 136,280
<u>Temporary Notes</u>									
Sanitation equipment	1.75%	11/28/17	\$ 1,935,000	12/01/19	\$ 1,935,000	\$ -	\$ -	\$ 1,935,000	\$ 34,145
<u>Other Debt</u>									
Kansas Water Pollution Control Revolving Loan	2.84%	06/12/09	\$ 13,800,000	03/01/30	\$ 9,807,656	\$ -	\$ 633,467	9,174,189	\$ 274,071
<u>Capital Leases</u>									
Rescue fire truck	3.95%	06/14/12	200,410	06/01/19	47,591	-	31,497	16,094	1,336
Ambulance (BkCom)	2.38%	10/31/13	142,344	11/01/18	27,317	-	27,317	-	326
2013 Caterpillar 930K loader	3.00%	10/03/13	165,300	10/03/18	116,483	-	116,483	-	3,495
Jet-Vac Truck	2.29%	04/20/14	321,413	04/20/19	89,299	-	66,748	22,551	1,366
Fire Engine - Tender	2.40%	01/05/15	490,901	07/05/25	384,318	-	47,339	336,979	8,705
Caterpillar D6T dozer	2.25%	12/29/15	224,500	12/29/20	102,458	-	45,691	56,767	1,863
Golf course irrigation system	2.60%	01/14/16	226,535	07/18/21	165,358	-	44,589	120,769	3,822
Digger derick truck	1.79%	05/01/16	289,069	05/01/21	214,157	-	62,912	151,245	3,319
Ambulance (RCB)	2.00%	08/01/17	142,275	07/01/22	132,458	-	27,874	104,584	2,395
Golf course equipment	3.25%	7/27/2017	416,202	08/01/22	390,507	-	78,774	311,733	11,525
Ambulance F 450	3.20%	8/1/2018	159,200	08/01/23	-	159,200	12,305	146,895	2,070
			<u>\$ 2,778,149</u>		<u>\$ 1,669,946</u>	<u>\$ 159,200</u>	<u>\$ 561,529</u>	<u>\$ 1,267,617</u>	<u>\$ 40,222</u>
<u>Related Municipal Entity - Revenue Bonds</u>									
Public Building Commission	1.0 - 4.0%	03/01/10	1,175,000	03/01/25	690,000	-	75,000	615,000	23,606
Public Building Commission	0.75 - 4.5%	01/01/14	960,000	12/01/33	805,000	-	40,000	765,000	30,875
			<u>\$ 2,135,000</u>		<u>\$ 1,495,000</u>	<u>\$ -</u>	<u>\$ 115,000</u>	<u>\$ 1,380,000</u>	<u>\$ 54,481</u>
Total Reporting Entity			<u>\$ 45,197,349</u>		<u>\$ 32,573,994</u>	<u>\$ 1,284,200</u>	<u>\$ 2,751,746</u>	<u>\$ 31,106,448</u>	<u>\$ 863,040</u>

City of Wellington, Kansas
Notes to Financial Statement
December 31, 2018

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:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024-2028</u>	<u>2029-2033</u>	<u>2034-2038</u>	<u>2039</u>	<u>Total</u>
<u>Principal</u>										
General Obligation Bonds:										
Retired by Tax Levy	\$ 772,420	\$ 788,117	\$ 833,842	\$ 849,595	\$ 410,379	1,254,795	\$ 375,494	\$ 345,000	\$ 75,000	\$ 5,704,642
Retired by Utility Revenue	530,000	755,000	775,000	800,000	800,000	3,430,000	-	-	-	7,090,000
Revenue Bonds	200,000	200,000	200,000	200,000	200,000	1,180,000	1,415,000	960,000	-	4,555,000
Temporary Notes	1,935,000	-	-	-	-	-	-	-	-	1,935,000
Kansas Water Pollution										
Control Revolving Loan	651,585	670,221	689,391	709,108	729,390	3,972,068	1,752,426	-	-	9,174,189
Capital Leases	381,206	316,082	249,436	162,310	76,094	82,489	-	-	-	1,267,617
Public Building Commission										
Revenue Bonds (RME)	120,000	120,000	125,000	130,000	135,000	445,000	305,000	-	-	1,380,000
Total Principal	\$ 4,590,211	\$ 2,849,420	\$ 2,872,669	\$ 2,851,013	\$ 2,350,863	\$ 10,364,352	\$ 3,847,920	\$ 1,305,000	\$ 75,000	\$ 31,106,448
<u>Interest</u>										
General Obligation Bonds:										
Retired by Tax Levy	\$ 107,143	\$ 164,028	\$ 118,679	\$ 100,436	\$ 81,387	\$ 270,451	\$ 116,674	\$ 54,506	\$ 2,906	\$ 1,016,210
Retired by Utility Revenue	191,900	177,550	157,225	136,200	122,900	260,700	-	-	-	1,046,475
Revenue Bonds	132,280	128,280	124,280	120,280	116,280	501,550	299,300	67,280	-	1,489,530
Temporary Notes	12,604	-	-	-	-	-	-	-	-	12,604
Kansas Water Pollution										
Control Revolving Loan	255,953	237,317	218,148	198,430	178,148	565,622	62,650	-	-	1,716,268
Capital Leases	28,172	19,728	11,993	6,089	2,949	1,576	-	-	-	70,507
Public Building Commission										
Revenue Bonds (RME)	51,412	48,013	43,925	39,644	35,012	107,325	42,300	-	-	367,631
Total Interest	\$ 779,464	\$ 774,916	\$ 674,250	\$ 601,079	\$ 536,676	\$ 1,707,224	\$ 520,924	\$ 121,786	\$ 2,906	\$ 5,719,225
Total Principal & Interest	\$ 5,369,675	\$ 3,624,336	\$ 3,546,919	\$ 3,452,092	\$ 2,887,539	\$ 12,071,576	\$ 4,368,844	\$ 1,426,786	\$ 77,906	\$ 36,825,673

Current and Advance Refundings

There were no current or advance refundings during 2018.

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 2017 to 2018 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, 2018

6. Claims and Judgments (continued)

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 2018:

<u>From:</u>	<u>To:</u>	<u>Regulatory Authority</u>	<u>Amount</u>
Permanent Cemetery	General	KSA 12-1410	\$ 2,402
Electric, Water & Sewer Utility	General	KSA 12-825d	1,870,657
Sanitation	General	KSA 12-825d	129,420
General	Equipment Reserve	KSA 12-1,117	75,000
General	Capital Improvement	KSA 12-1,118	207,000
General	Golf Course	KSA 12-101a	240,273
General	Airport	KSA 12-101a	73,952
General	PBC-SRMC	KSA 12-101a	98,606
Electric, Water & Sewer Utility	EW&S Capital Improve & Equip	KSA 12-1,118	800,795
Sanitation	Sanitation Equipment Reserve	KSA 12-1,117	90,000
			<u>\$ 3,588,105</u>

In addition, the City transferred the residual equity in the two funds listed below first to the fund where originally generated, and second to the general fund.

<u>From:</u>	<u>To:</u>	<u>Activity:</u>	<u>Amount</u>
Waste Water Treatment Plant	Electric, Water & Sewer Utility	Residual equity	\$ 10,079
FEMA Grant	Electric, Water & Sewer Utility	Residual equity	12,102
FEMA Grant	General	Residual equity	24,534
			<u>\$ 46,715</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 I.

City of Wellington, Kansas
Notes to Financial Statement
December 31, 2018

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 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.

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 of employment with the City within the first six months of service, an employee forfeits his/her vacation leave. If separation occurs after the first six months, 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.

C. Death and Disability Other Post Employment Benefits

As provided by K.S.A. 74-4927, disabled member in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2018.

City of Wellington, Kansas
Notes to Financial Statement
December 31, 2018

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 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 for the Death and Disability Program) and the statutory contribution rate was 8.39% for KPERS and 20.09% for KP&F for the fiscal year ended December 31, 2018. Contributions to the pension plan from the City were \$332,917 for KPERS, \$360,161 for KP&F, and \$8,666 for the Public Library for the year ended December 31, 2018.

Net Pension Liability

At December 31, 2018, the City of Wellington's proportionate share of the collective net pension liability reported by KPERS was \$3,077,642, \$3,483,526 for KP&F and \$80,101 for the Public Library. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. 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 or can be obtained as described above.

City of Wellington, Kansas
Notes to Financial Statement
December 31, 2018

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. In March 2018 the City discontinued the self-insured Plan and enrolled in a fully insured plan.

All funds of the City participated in the program and made 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. During 2018 the City continued to pay for claims incurred prior to the termination of the self-insured plan. As of 12/31/18 there is \$103,890 in the Employee Benefit fund, which is available to pay eligible claims that have not yet been submitted.

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 12/31/17, the total forgiven and unpaid since 2010 was \$2,297,402. The 2018 unpaid utility billings were \$425,748 for total unpaid utilities of \$2,723,150 as of 12/31/18. SRMC was sold to a private party in October 2018. The new owner has stayed current on their utility payments to the City through the date of this report.

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 2014-2017 of \$877,990, or its 2018 payment of \$98,606, for a total of \$976,596. 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. Total loan and lease support provided to the hospital since 2010 was \$2,007,072 as of 12/31/18, including a loan guarantee of \$150,000.

2018 support to SRMC totaled \$524,354, with an accumulation as of 12/31/18 of \$4,730,222 since 2010.

In addition to the above support, there is a 1% dedicated sales tax collected by the City and remitted to the SRMC. This amount totaled \$1,274,301 in 2018. This sales tax has continued even after the sale, as SRMC still owes and is paying KPERs & other vendors for debts incurred in past operation of the hospital prior to the sale.

City of Wellington, Kansas
Notes to Financial Statement
December 31, 2018

12. Sumner Regional Medical Center—Financial Difficulties and City Support (continued)

Due to the sale by SRMC of its operations in late 2018, no further outlays are expected. It is uncertain as of the date of this audit whether any of the accumulated support will be repaid.

13. Subsequent Events

The lawsuit filed against the City and SRMC in May 2017, by the former manager of the behavioral health unit at SRMC was dismissed in June 2019.

No other reportable subsequent events

Management has evaluated the effects of the financial statement of subsequent events occurring through July 1, 2019 which is the date at which the financial statement was available to be issued.

City of Wellington, Kansas
Summary of Expenditures--Actual and Budget
 Regulatory Basis
(Budgeted Funds Only)
 For the Year Ended December 31, 2018

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Over/ (Under)</u>
General	\$ 8,342,421	\$ -	\$ 8,342,421	\$ 7,453,737	\$ (888,684)
Special Purpose Funds					
Ambulance and Fire Fighting Equip	208,203	-	208,203	132,128	(76,075)
Library	253,800	-	253,800	253,800	-
Special City Highway	298,980	-	298,980	276,525	(22,455)
Special Alcohol and Drug	26,375	-	26,375	18,625	(7,750)
Special Parks and Recreation	28,347	-	28,347	17,130	(11,217)
Tourism and Convention	44,739	-	44,739	41,003	(3,736)
Special Liability Expense	560,802	-	560,802	443,205	(117,597)
Hospital Sales Tax	1,550,000	-	1,550,000	1,274,301	(275,699)
Bond and Interest Funds:					
Bond & Interest	904,441	-	904,441	870,674	(33,767)
Business Funds:					
Electric, Waterworks & Sewage Uti	19,128,061	-	19,128,061	18,101,787	(1,026,274)
Sanitation Utility	1,650,000	-	1,650,000	1,702,841	52,841
Municipal Golf Course	464,808	-	464,808	473,965	9,157
Municipal Airport	495,411	-	495,411	470,163	(25,248)
Employee Benefit Contribution	1,687,900	-	1,687,900	1,493,280	(194,620)
Total	<u>\$ 35,644,288</u>	<u>\$ -</u>	<u>\$ 35,644,288</u>	<u>\$ 33,023,164</u>	<u>\$ (2,621,124)</u>

**REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION**

City of Wellington, Kansas

General Fund

Summary Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes	\$ 2,690,168	\$ 2,824,130	\$ 2,840,803	\$ (16,673)
Less NRP rebate	(45,531)	(47,918)	(40,032)	7,886
Intergovernmental	313,029	301,888	303,067	(1,179)
Licenses and fees	525,280	543,746	404,600	139,146
Fines	69,385	64,784	69,400	(4,616)
Charges for services	801,236	849,062	817,100	31,962
Other	304,262	8,174	3,245	4,929
Use of money and property	51,053	118,375	45,010	73,365
Sale of real estate	9,368	5,331	1,790	3,541
Reimbursed expense	126,213	89,328	54,490	34,838
Reimbursement from other funds	1,112,622	1,068,615	1,061,615	7,000
Operating transfers in	<u>2,006,777</u>	<u>2,027,013</u>	<u>2,000,077</u>	<u>26,936</u>
 Total receipts	 <u>\$ 7,963,862</u>	 <u>\$ 7,852,528</u>	 <u>\$ 7,561,165</u>	 <u>\$ 307,135</u>
Expenditures				
General government:				
Mayor and city council	\$ 12,994	\$ 13,899	\$ 14,860	\$ (961)
City manager's office	274,915	281,431	288,659	(7,228)
City clerk's office	266,596	276,466	291,143	(14,677)
Utility collections	271,422	272,260	284,854	(12,594)
Economic development	2,100	-	-	-
Financial services	90	-	-	-
General services	401,120	98,779	109,100	(10,321)
Appropriations	58,750	55,750	55,750	-
Janitorial	45,353	48,128	47,270	858
I.T. / GIS	67,520	63,192	88,043	(24,851)
Contingency	-	-	698,750	(698,750)
Nondepartmental	558,804	193,025	208,408	(15,383)
Legal and police court	161,869	167,733	170,795	(3,062)
Cemetery	134,693	133,914	133,392	522
Public safety:				
Police department	1,526,717	1,550,522	1,580,242	(29,720)
Fire rescue	1,842,108	1,940,710	1,991,842	(51,132)
Transportation:				
Street department	970,666	933,531	1,100,887	(167,356)
Engineering, planning and inspection	221,130	195,769	242,910	(47,141)

City of Wellington, Kansas

General Fund

Summary Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance Over (Under)
		Actual	Budget	
<u>Expenditures (continued)</u>				
Recreation and culture:				
Park department	\$ 242,996	\$ 231,494	\$ 256,487	\$ (24,993)
Swimming pool	41,182	23,140	41,350	(18,210)
Municipal auditorium	39,138	30,168	43,750	(13,582)
Lake recreation	246,358	248,995	242,107	6,888
Capital outlay:				
Capital improvements	-	-	-	-
Operating transfers out	<u>972,390</u>	<u>694,831</u>	<u>451,822</u>	<u>243,009</u>
Total expenditures	<u>\$ 8,358,911</u>	<u>\$ 7,453,737</u>	<u>\$ 8,342,421</u>	<u>\$ (888,684)</u>
Receipts Over (Under) Expenditures	(395,049)	398,791		
Unencumbered Cash, Beginning	1,457,165	1,067,788		
Prior Year Cancelled Encumbrances	<u>5,672</u>	<u>1,719</u>		
Unencumbered Cash, Ending	<u>\$ 1,067,788</u>	<u>\$ 1,468,298</u>		

City of Wellington, Kansas
General Fund
Detailed Schedule of Revenue and Expenditures
Regulatory Basis
Years Ended December 31, 2018 and 2017

<u>RECEIPTS</u>	2018			Variance
	2017			Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
<u>Taxes</u>				
Ad valorem property tax	\$ 1,385,366	\$ 1,475,876	\$ 1,483,303	\$ (7,427)
Less NRP rebate	(45,531)	(47,918)	(40,032)	7,886
Delinquent tax	70,747	60,615	45,000	15,615
Sales tax	1,221,787	1,277,774	1,305,000	(27,226)
Special assessments	12,268	9,865	7,500	2,365
Total taxes	<u>\$ 2,644,637</u>	<u>\$ 2,776,212</u>	<u>\$ 2,800,771</u>	<u>\$ (8,787)</u>
<u>Intergovernmental</u>				
Federal grants & FEMA	\$ 2,963	\$ 2,216	\$ -	\$ 2,216
State grants & other	17,387	13,040	17,387	(4,347)
Alcoholic liquor fund	16,497	20,149	17,503	2,646
State highway connection links	50,791	50,826	50,000	826
Recreational vehicle tax	2,450	2,378	3,244	(866)
Motor vehicle tax	222,941	213,279	214,933	(1,654)
Total intergovernmental	<u>\$ 313,029</u>	<u>\$ 301,888</u>	<u>\$ 303,067</u>	<u>\$ (1,179)</u>
<u>Licenses and Fees</u>				
Franchise taxes	\$ 215,900	\$ 220,876	\$ 201,000	\$ 19,876
Occupation licenses and amusement	22,465	23,442	16,500	6,942
Electric licenses	3,602	2,060	2,800	(740)
Plumbing licenses	2,514	2,490	1,500	990
Mammalian pet licenses	3,097	2,687	2,200	487
Cereal malt beverage, liquor, club licenses	3,975	3,100	3,100	-
Building permits	38,574	32,958	15,000	17,958
Burial permits	17,450	15,450	12,000	3,450
Plumbing permits	4,236	4,392	3,000	1,392
Electric permits	5,848	8,514	4,700	3,814
Lake recreation permits	164,848	184,663	138,800	45,863
Other permits	4,200	3,479	4,000	(521)
Administrative & other fees	38,571	39,635	-	39,635
Total license and permits	<u>\$ 525,280</u>	<u>\$ 543,746</u>	<u>\$ 404,600</u>	<u>\$ 139,146</u>
<u>Other</u>				
Ambulance service	\$ 492,881	\$ 519,375	\$ 490,000	\$ 29,375
Ambulance subsidy - County	243,000	263,000	262,992	8
Lake subsidy - County	15,000	15,000	15,000	-
Sale of cemetery lots	8,359	4,800	7,000	(2,200)
Sale of real estate	9,368	5,331	1,790	3,541

City of Wellington, Kansas
General Fund
Detailed Schedule of Revenue and Expenditures
Regulatory Basis
Years Ended December 31, 2018 and 2017

	2018			
2017			Variance	
<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Over</u> <u>(Under)</u>	
<u>Other (continued)</u>				
Other sales and rentals	7,783	51,423	10,010	41,413
Police court fines	69,385	64,784	69,400	(4,616)
Rural fire contracts	50,355	51,687	49,108	2,579
Miscellaneous	6,354	6,270	3,245	3,025
Interest earnings	34,911	62,152	28,000	34,152
Insurance claims received	297,908	1,904	-	1,904
Reimbursed expenses	126,213	89,328	54,490	34,838
Reimbursements from other funds	<u>1,112,622</u>	<u>1,068,615</u>	<u>1,061,615</u>	<u>7,000</u>
Total other	<u>\$2,474,139</u>	<u>\$2,203,669</u>	<u>\$2,052,650</u>	<u>\$ 151,019</u>
<u>Operating transfers in:</u>				
Water & sewage	\$ 431,236	\$ 414,011	\$ 414,011	\$ -
Electric utility	1,442,415	1,456,646	1,456,646	-
Sanitation utility	131,940	129,420	129,420	-
Permanent Cemetery Endowment	1,186	2,402	-	2,402
Residual equity transfer from FEMA fund	-	24,534	-	24,534
Total operating transfers	<u>\$2,006,777</u>	<u>\$2,027,013</u>	<u>\$2,000,077</u>	<u>\$ 26,936</u>
Total receipts	<u>\$7,963,862</u>	<u>\$7,852,528</u>	<u>\$7,561,165</u>	<u>\$ 307,135</u>
<u>EXPENDITURES</u>				
<u>Mayor and City Council</u>				
Personal services	\$ 10,346	\$ 10,668	\$ 10,360	\$ 308
Commodities	1,828	501	800	(299)
Contractual services	820	2,730	3,700	(970)
Capital outlay	-	-	-	-
Total mayor and city council	<u>\$ 12,994</u>	<u>\$ 13,899</u>	<u>\$ 14,860</u>	<u>\$ (961)</u>
<u>City Manager's Office</u>				
Personal services	\$ 266,525	\$ 273,924	\$ 273,144	\$ (780)
Commodities	1,847	1,350	1,975	625
Contractual services	6,543	6,157	13,540	7,383
Capital outlay	-	-	-	-
Total city manager's office	<u>\$ 274,915</u>	<u>\$ 281,431</u>	<u>\$ 288,659</u>	<u>\$ 7,228</u>
<u>City Clerk's Office</u>				
Personal services	\$ 231,756	\$ 241,159	\$ 248,443	\$ (7,284)
Commodities	3,060	3,046	2,850	196
Contractual services	31,780	32,261	29,850	2,411
Capital outlay	-	-	10,000	(10,000)
Total city clerk's office	<u>\$ 266,596</u>	<u>\$ 276,466</u>	<u>\$ 291,143</u>	<u>\$ (14,677)</u>

City of Wellington, Kansas
General Fund
Detailed Schedule of Revenue and Expenditures
Regulatory Basis
Years Ended December 31, 2018 and 2017

	2017 <u>Actual</u>	2018		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<u>Utility Collections</u>				
Personal services	\$ 211,892	\$ 212,097	\$ 226,969	\$ (14,872)
Commodities	8,071	6,774	5,450	1,324
Contractual services	51,459	53,389	52,435	954
Capital outlay	-	-	-	-
Total utility collections	<u>\$ 271,422</u>	<u>\$ 272,260</u>	<u>\$ 284,854</u>	<u>\$ (12,594)</u>
<u>Economic Development</u>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	-	-	-	-
Contractual services	2,100	-	-	-
Capital outlay	-	-	-	-
Total public works/economic development	<u>\$ 2,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial Services</u>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	-	-	-	-
Contractual services	90	-	-	-
Capital outlay	-	-	-	-
Total general services	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>General Services</u>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	19,376	19,279	27,000	(7,721)
Contractual services	381,744	76,075	82,100	(6,025)
Capital outlay	-	3,425	-	3,425
Total general services	<u>\$ 401,120</u>	<u>\$ 98,779</u>	<u>\$ 109,100</u>	<u>\$ (10,321)</u>
<u>Appropriations</u>				
Appropriation to Chisholm Trail Museum	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Appropriation to Senior Citizens Center	3,750	5,000	5,000	-
Miscellaneous appropriation	39,000	34,750	34,750	-
Appropriation to Futures Unlimited	10,000	10,000	10,000	-
Total appropriations	<u>\$ 58,750</u>	<u>\$ 55,750</u>	<u>\$ 55,750</u>	<u>\$ -</u>
<u>Janitorial</u>				
Personal services	\$ 38,943	\$ 40,022	\$ 39,890	\$ 132
Commodities	5,048	6,230	5,275	955
Contractual services	1,362	1,876	2,105	(229)
Capital outlay	-	-	-	-
Total janitorial	<u>\$ 45,353</u>	<u>\$ 48,128</u>	<u>\$ 47,270</u>	<u>\$ 858</u>
<u>IT/ GIS</u>				
Personal services	\$ 65,998	\$ 62,573	\$ 79,923	\$ (17,350)
Commodities	1,060	404	3,020	(2,616)
Contractual services	462	215	5,100	(4,885)
Capital outlay	-	-	-	-
Total police department	<u>\$ 67,520</u>	<u>\$ 63,192</u>	<u>\$ 88,043</u>	<u>\$ (24,851)</u>

City of Wellington, Kansas
General Fund
Detailed Schedule of Revenue and Expenditures
Regulatory Basis
Years Ended December 31, 2018 and 2017

	2018		Variance Over (Under)	
	2017 Actual	Actual		Budget
<u>Police Department</u>				
Personal services	\$ 1,365,602	\$ 1,380,240	\$ 1,428,367	\$ (48,127)
Commodities	68,944	75,493	68,375	7,118
Contractual services	92,171	94,789	83,500	11,289
Capital outlay	-	-	-	-
Total police department	\$ 1,526,717	\$ 1,550,522	\$ 1,580,242	\$ (29,720)
<u>Fire Department</u>				
Personal services	\$ 1,618,469	\$ 1,689,079	\$ 1,761,342	\$ (72,263)
Commodities	106,091	108,268	105,500	2,768
Contractual services	117,548	143,363	125,000	18,363
Capital outlay	-	-	-	-
Total fire department	\$ 1,842,108	\$ 1,940,710	\$ 1,991,842	\$ (51,132)
<u>Municipal Auditorium</u>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	5,392	3,158	12,950	(9,792)
Contractual services	33,746	27,010	30,800	(3,790)
Capital outlay	-	-	-	-
Total park department	\$ 39,138	\$ 30,168	\$ 43,750	\$ (13,582)
<u>Park Department</u>				
Personal services	\$ 183,427	\$ 170,413	\$ 197,252	\$ (26,839)
Commodities	24,821	29,670	34,150	(4,480)
Contractual services	34,748	21,243	13,085	8,158
Capital outlay	-	10,168	12,000	(1,832)
Total park department	\$ 242,996	\$ 231,494	\$ 256,487	\$ (24,993)
<u>Swimming Pool</u>				
Personal services	\$ -	\$ -	\$ -	\$ -
Commodities	857	2,008	34,250	(32,242)
Contractual services	37,767	21,132	7,100	14,032
Capital outlay	2,558	-	-	-
Total swimming pool	\$ 41,182	\$ 23,140	\$ 41,350	\$ (18,210)
<u>Street Department</u>				
Personal services	\$ 705,512	\$ 692,998	\$ 733,367	\$ (40,369)
Commodities	188,413	138,038	267,300	(129,262)
Contractual services	76,741	102,495	100,220	2,275
Capital outlay	-	-	-	-
Total street department	\$ 970,666	\$ 933,531	\$ 1,100,887	\$ (167,356)
<u>Cemetery</u>				
Personal services	\$ 103,066	\$ 105,275	\$ 106,842	\$ (1,567)
Commodities	25,528	20,208	19,600	608
Contractual services	5,404	5,231	4,450	781
Capital outlay	695	3,200	2,500	700
Total cemetery	\$ 134,693	\$ 133,914	\$ 133,392	\$ 522

City of Wellington, Kansas

General Fund

Detailed Schedule of Revenue and Expenditures

Regulatory Basis

Years Ended December 31, 2018 and 2017

		2018		Variance
	2017	Actual	Budget	Over
	Actual	Actual	Budget	(Under)
<u>Engineering, Planning and Inspection</u>				
Personal services	\$ 188,725	\$ 164,148	\$ 197,160	\$ (33,012)
Commodities	4,881	7,022	6,000	1,022
Contractual services	27,524	24,599	39,750	(15,151)
Capital outlay	-	-	-	-
Total engineering, planning & inspection	\$ 221,130	\$ 195,769	\$ 242,910	\$ (47,141)
 <u>Legal and Police Court</u>				
Personal services	\$ 70,092	\$ 72,747	\$ 72,756	\$ (9)
Commodities	437	830	1,159	(329)
Contractual services	90,390	94,156	96,880	(2,724)
Capital outlay	950	-	-	-
Total legal and police court	\$ 161,869	\$ 167,733	\$ 170,795	\$ (3,062)
 <u>Lake Recreation</u>				
Personal services	\$ 189,319	\$ 196,662	\$ 193,007	\$ 3,655
Commodities	30,549	30,278	30,650	(372)
Contractual services	13,780	14,211	11,450	2,761
Capital outlay	12,710	7,844	7,000	844
Total lake recreation	\$ 246,358	\$ 248,995	\$ 242,107	\$ 6,888
 <u>Non-Departmental</u>				
Reimbursed expenses & other	\$ 180,695	\$ 191,909	\$ 198,823	\$ (6,914)
Subsidy to SRMC	371,528	-	-	-
Contractual services	6,581	1,116	9,585	(8,469)
Capital outlay	-	-	-	-
Contingencies	-	-	698,750	(698,750)
Total reimbursed expenses & other	\$ 558,804	\$ 193,025	\$ 907,158	\$ (714,133)
 <u>Operating Transfers To:</u>				
Equipment Reserve	\$ 355,370	\$ 75,000	\$ 75,000	\$ -
Airport	43,491	73,952	25,000	48,952
Golf Fund	242,692	240,273	226,822	13,451
SRMC PBC Bond Fund	-	98,606	-	98,606
WRC PBC Bond Fund	30,837	-	-	-
Capital Improvement	300,000	207,000	125,000	82,000
Total operating transfers	\$ 972,390	\$ 694,831	\$ 451,822	\$ 243,009
 <u>Total expenditures and operating transfers</u>				
	\$8,358,911	\$ 7,453,737	\$8,342,421	\$ (874,228)
 Receipts Over (Under) Expenditures				
Unencumbered cash, beginning	(395,049)	398,791		
Prior year cancelled encumbrances	1,457,165	1,067,788		
Unencumbered cash, ending	5,672	1,719		
	\$1,067,788	\$ 1,468,298		

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, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

<u>Receipts</u>	2017 <u>Actual</u>	2018		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
Taxes:				
Ad valorem property tax	\$ 84,793	\$ 85,357	\$ 83,461	\$ 1,896
Less NRP rebate	(2,787)	(2,771)	(2,315)	456
Delinquent tax	4,422	3,735	1,500	2,235
Intergovernmental:				
State grant	15,330	-	-	-
Motor vehicle tax	13,381	13,232	13,158	74
Recreational vehicle tax	127	146	199	(53)
Use of money and property:				
Sale of equipment	20,000	-	-	-
Interest earnings	1,149	2,235	800	1,435
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total receipts	\$ 136,415	\$ 101,934	\$ 96,803	\$ 6,043
 <u>Expenditures</u>				
Public safety:				
Commodities	\$ 32,150	\$ 4,651	\$ 80,100	\$ (75,449)
Contractual	-	-	-	-
Contingencies	-	-	-	-
Capital outlay	97,894	127,477	128,103	(626)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	\$ 130,044	\$ 132,128	\$ 208,203	\$ (76,075)
 Receipts Over (Under) Expenditures	\$ 6,371	\$ (30,194)		
 Unencumbered Cash, Beginning	107,970	114,341		
 Prior Year Cancelled Encumbrances	<u> </u>	<u> </u>		
 Unencumbered Cash, Ending	\$ 114,341	\$ 84,147		

City of Wellington, Kansas

Special Purpose Fund

Library

Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance Over (Under)
		Actual	Budget	
<u>Receipts</u>				
Taxes:				
Ad valorem property tax	\$ 208,555	\$ 213,391	\$ 208,654	\$ 4,737
Less NRP rebate	(6,855)	(6,928)	(5,787)	1,141
Delinquent tax	10,460	9,074	4,500	4,574
Intergovernmental:				
Motor vehicle tax	30,298	35,531	3,259	32,272
Recreational vehicle tax	317	358	488	(130)
Reimbursement from other funds	-	-	-	-
Total receipts	<u>\$ 242,775</u>	<u>\$ 251,426</u>	<u>\$ 211,114</u>	<u>\$ 42,594</u>
<u>Expenditures</u>				
Government:				
Other financing uses				
Appropriation to Library Board	\$ 258,883	\$ 253,800	\$ 253,800	\$ -
Contingency	-	-	-	-
Total expenditures	<u>\$ 258,883</u>	<u>\$ 253,800</u>	<u>\$ 253,800</u>	<u>\$ -</u>
Receipts Over (Under) Expenditures	\$ (16,108)	\$ (2,374)		
Unencumbered Cash, Beginning	<u>30,428</u>	<u>14,320</u>		
Unencumbered Cash, Ending	<u>\$ 14,320</u>	<u>\$ 11,946</u>		

City of Wellington, Kansas

Special Purpose Fund

Permanent Cemetery Endowment

Schedule of Receipts & Expenditures

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018 <u>Actual</u>
<u>Receipts</u>		
Use of money and property:		
Interest earnings	\$ 1,186	\$ 2,402
Other:		
1/3 of cemetery lots sold	<u>4,179</u>	<u>2,400</u>
Total receipts	<u>\$ 5,365</u>	<u>\$ 4,802</u>
 <u>Expenditures:</u>		
Operating transfer to general fund	<u>\$ 1,186</u>	<u>\$ 2,402</u>
Total expenditures	<u>\$ 1,186</u>	<u>\$ 2,402</u>
Receipts Over (Under) Expenditures	\$ 4,179	\$ 2,400
Unencumbered Cash, Beginning	<u>138,898</u>	<u>143,077</u>
Unencumbered Cash, Ending	<u>\$ 143,077</u>	<u>\$ 145,477</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, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance
	2017	Actual	Budget	Over
<u>Receipts</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Intergovernmental:				
Fuel tax allocation	\$ 211,615	\$ 213,710	\$ 211,540	\$ 2,170
Use of money and property:				
Interest earnings	<u>801</u>	<u>1,754</u>	<u>500</u>	<u>1,254</u>
Total receipts	<u>\$ 212,416</u>	<u>\$ 215,464</u>	<u>\$ 212,040</u>	<u>\$ 3,424</u>
 <u>Expenditures</u>				
Transportation:				
Capital outlay	\$ 41,011	\$ 119,978	\$ 163,980	\$ (44,002)
Reimbursement to General Fund	135,000	135,000	135,000	-
Reimbursement to Electric, Water, & Sewer	<u>-</u>	<u>21,547</u>	<u>-</u>	<u>21,547</u>
Total expenditures	<u>\$ 176,011</u>	<u>\$ 276,525</u>	<u>\$ 298,980</u>	<u>\$ (22,455)</u>
Receipts Over (Under) Expenditures	\$ 36,405	\$ (61,061)		
Unencumbered Cash, Beginning	51,368	87,773		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 87,773</u>	<u>\$ 26,712</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, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<u>Receipts</u>				
Intergovernmental:				
State of Kansas	\$ 16,497	\$ 20,149	\$ 17,503	\$ 2,646
Use of money and property:				
Interest earnings	<u>81</u>	<u>159</u>	<u>50</u>	<u>109</u>
Total receipts	<u>\$ 16,578</u>	<u>\$ 20,308</u>	<u>\$ 17,553</u>	<u>\$ 2,755</u>
 <u>Expenditures</u>				
General Government:				
Contractual	<u>\$ 19,366</u>	<u>\$ 18,625</u>	<u>\$ 26,375</u>	<u>\$ (7,750)</u>
Total expenditures	<u>\$ 19,366</u>	<u>\$ 18,625</u>	<u>\$ 26,375</u>	<u>\$ (7,750)</u>
Receipts Over (Under) Expenditures	\$ (2,788)	\$ 1,683		
Unencumbered Cash, Beginning	10,549	7,761		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 7,761</u>	<u>\$ 9,444</u>		

City of Wellington, Kansas

Special Purpose Fund

Special Park and Recreation

Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance
<u>Receipts</u>	2017 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Over (Under)
Intergovernmental:				
State of Kansas	\$ 16,497	\$ 20,149	\$ 17,503	\$ 2,646
Use of money and property:				
Interest earnings	<u>149</u>	<u>258</u>	<u>150</u>	<u>108</u>
Total receipts	<u>\$ 16,646</u>	<u>\$ 20,407</u>	<u>\$ 17,653</u>	<u>\$ 2,754</u>
 <u>Expenditures</u>				
Recreation and Culture				
Capital Outlay	\$ 22,731	\$ 17,130	\$ 28,347	\$ (11,217)
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 22,731</u>	<u>\$ 17,130</u>	<u>\$ 28,347</u>	<u>\$ (11,217)</u>
Receipts Over (Under) Expenditures	\$ (6,085)	\$ 3,277		
Unencumbered Cash, Beginning	16,780	18,797		
Prior Year Cancelled Encumbrances	<u>8,102</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 18,797</u>	<u>\$ 22,074</u>		

City of Wellington, Kansas

Special Purpose Fund

Tourism and Convention

Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		
<u>Receipts</u>	2017 <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Intergovernmental:				
Transient guest tax	\$ 37,627	\$ 38,418	\$ 34,000	\$ 4,418
Use of money and property:				
Interest earnings	<u>133</u>	<u>315</u>	<u>87</u>	<u>228</u>
Total receipts	<u>\$ 37,760</u>	<u>\$ 38,733</u>	<u>\$ 34,087</u>	<u>\$ 4,646</u>
 <u>Expenditures</u>				
General government:				
Contractual	\$ 25,520	\$ 34,003	\$ 37,739	\$ (3,736)
Commodities	-	-	-	-
Capital Outlay	-	-	-	-
Reimbursement to general fund	<u>-</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total expenditures	<u>\$ 25,520</u>	<u>\$ 41,003</u>	<u>\$ 44,739</u>	<u>\$ (3,736)</u>
Receipts Over (Under) Expenditures	\$ 12,240	\$ (2,270)		
Unencumbered Cash, Beginning	10,551	22,791		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
	<u>\$ 22,791</u>	<u>\$ 20,521</u>		

City of Wellington, Kansas

Special Purpose Fund

Special Liability Expense

Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance
<u>Receipts</u>	2017	<u>Actual</u>	<u>Budget</u>	Over
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	(Under)
Intergovernmental:				
Interest earnings	\$ 1,507	\$ 3,483	\$ 1,080	\$ 2,403
Reimbursements from other funds	411,167	430,928	430,928	-
Other	<u>67,609</u>	<u>72,681</u>	<u>-</u>	<u>72,681</u>
Total receipts	<u>\$ 480,283</u>	<u>\$ 507,092</u>	<u>\$ 432,008</u>	<u>\$ 75,084</u>
 <u>Expenditures</u>				
General government:				
Contractual services	\$ 439,422	\$ 443,205	\$ 430,928	\$ 12,277
Reserve for insurance claims	<u>-</u>	<u>-</u>	<u>129,874</u>	<u>(129,874)</u>
Total expenditures	<u>\$ 439,422</u>	<u>\$ 443,205</u>	<u>\$ 560,802</u>	<u>\$ (117,597)</u>
 Receipts Over (Under) Expenditures	 \$ 40,861	 \$ 63,887		
 Unencumbered Cash, Beginning	 140,274	 181,135		
 Prior Year Cancelled Encumbrances	 <u>-</u>	 <u>-</u>		
 Unencumbered Cash, Ending	 <u>\$ 181,135</u>	 <u>\$ 245,022</u>		

City of Wellington, Kansas

Special Purpose Fund

Equipment Reserve

Schedule of Receipts & Expenditures

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018 <u>Actual</u>
Receipts		
Operating transfers in:		
Transfer from general fund	\$ 355,370	\$ 75,000
Total receipts	<u>\$ 355,370</u>	<u>\$ 75,000</u>
<u>Expenditures</u>		
Capital outlay	\$ 240,146	\$ 203,010
Total expenditures	<u>\$ 240,146</u>	<u>\$ 203,010</u>
Receipts Over (Under) Expenditures	\$ 115,224	\$ (128,010)
Unencumbered Cash, Beginning	269,109	388,004
Prior Year Cancelled Encumbrances	<u>3,671</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 388,004</u>	<u>\$ 259,994</u>

City of Wellington, Kansas

Special Purpose Fund

Wellington Airport FAA Grant

Schedule of Receipts & Expenditures

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018 <u>Actual</u>
Receipts		
Intergovernmental:		
Federal grant	\$ 274,531	\$ 1,973,995
Total receipts	<u>\$ 274,531</u>	<u>\$ 1,973,995</u>
<u>Expenditures</u>		
General government:		
Contractual	\$ 154,906	\$ 272,918
Capital outlay	<u>503,913</u>	<u>1,339,951</u>
Total expenditures	<u>\$ 658,819</u>	<u>\$ 1,612,869</u>
Receipts Over (Under) Expenditures	\$ (384,288)	\$ 361,126
Unencumbered Cash, Beginning	(25,228)	(405,954)
Prior Year Cancelled Encumbrances	<u>3,562</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ (405,954)</u>	<u>\$ (44,828)</u>

Note: *This fund was not in violation of the cash basis law, as federal grant funds were receivable at 12/31/17 and 12/31/18.*

City of Wellington, Kansas

Special Purpose Fund

Hazmat Response

Schedule of Receipts & Expenditures

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
<u>Receipts:</u>		
Other	\$ 3,616	\$ 855
Use of money and property:		
Interest earnings	<u>100</u>	<u>164</u>
Total receipts	<u>\$ 3,716</u>	<u>\$ 1,019</u>
 <u>Expenditures</u>		
Public safety	<u>\$ 6,274</u>	<u>\$ 4,797</u>
Total expenditures	<u>\$ 6,274</u>	<u>\$ 4,797</u>
 Receipts Over (Under) Expenditures	 \$ (2,558)	 \$ (3,778)
 Unencumbered Cash, Beginning	 13,770	 11,212
 Prior Year Cancelled Encumbrances	 <u>-</u>	 <u>-</u>
 Unencumbered Cash, Ending	 <u>\$ 11,212</u>	 <u>\$ 7,434</u>

City of Wellington, Kansas

Schedule 2-14

Special Purpose Fund

Fire Prevention and Education

Schedule of Receipts & Expenditures

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
<u>Receipts</u>		
Other	\$ -	\$ 500
Use of money and property:		
Interest earnings	<u>-</u>	<u>4</u>
Total receipts	<u>\$ -</u>	<u>\$ 504</u>
 <u>Expenditures</u>		
Public safety	<u>\$ -</u>	<u>\$ 147</u>
Total expenditures	<u>\$ -</u>	<u>\$ 147</u>
 Receipts Over (Under) Expenditures	\$ -	\$ 357
 Unencumbered Cash, Beginning	17	17
 Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
 Unencumbered Cash, Ending	<u>\$ 17</u>	<u>\$ 374</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, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		2018		Variance
	2017			Over
<u>Receipts</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Intergovernmental:				
Sales tax	\$ 1,221,973	\$ 1,274,301	\$ 1,550,000	\$ (275,699)
Total receipts	\$ 1,221,973	\$ 1,274,301	\$ 1,550,000	\$ (275,699)
<u>Expenditures</u>				
Other financing uses				
Appropriation to Hospital Board	\$ 1,221,973	\$ 1,274,301	\$ 1,550,000	\$ (275,699)
Total expenditures	\$ 1,221,973	\$ 1,274,301	\$ 1,550,000	\$ (275,699)
Receipts Over (Under) Expenditures	\$ -	\$ -		
Unencumbered Cash, Beginning	-	-		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

City of Wellington, Kansas

Schedule 2-16

Special Purpose Fund

SCCDAT Grant Fund

Schedule of Receipts & Expenditures

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018 <u>Actual</u>
Receipts		
Intergovernmental:		
Federal grant	\$ 174,728	\$ 169,822
Other	2,000	1,875
Use of money and property:		
Interest earnings	<u>(135)</u>	<u>(152)</u>
Total receipts	<u>\$ 176,593</u>	<u>\$ 171,545</u>
<u>Expenditures</u>		
General government:		
Personal services	\$ 103,034	\$ 97,874
Commodities	6,689	11,895
Contractual	<u>53,712</u>	<u>55,123</u>
Total expenditures	<u>\$ 163,435</u>	<u>\$ 164,892</u>
Receipts Over (Under) Expenditures	\$ 13,158	\$ 6,653
Unencumbered Cash, Beginning	(23,088)	(9,930)
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ (9,930)</u></u>	<u><u>\$ (3,277)</u></u>

Note: *This fund was not in violation of the cash basis law, as federal grant funds were receivable at 12/31/17 and 12/31/18.*

City of Wellington, Kansas

Schedule 2-17

Special Purpose Fund

Fire Insurance Proceeds

Schedule of Receipts & Expenditures

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
<u>Receipts</u>		
Other	\$ 3,750	\$ 8,600
Use of money and property:		
Interest earnings	<u>6</u>	<u>60</u>
Total receipts	<u>\$ 3,756</u>	<u>\$ 8,660</u>
 <u>Expenditures</u>		
Refund of Interest Earned	\$ 6	\$ 60
Refund of Fire Ins Deposit	<u>3,750</u>	<u>8,600</u>
Total expenditures	<u>\$ 3,756</u>	<u>\$ 8,660</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

Special Purpose Fund

CDBG Housing Grant

Schedule of Receipts & Expenditures

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	<u>2017</u> <u>Actual</u>	<u>2018</u> <u>Actual</u>
<u>Receipts</u>		
Intergovernmental:		
Federal Grant	\$ 4,250	\$ 128,893
Other Receipts	<u>-</u>	<u>42,355</u>
 Total receipts	 <u>\$ 4,250</u>	 <u>\$ 171,248</u>
 <u>Expenditures</u>		
Miscellaneous	<u>\$ 4,250</u>	<u>\$ 152,249</u>
 Total expenditures	 <u>\$ 4,250</u>	 <u>\$ 152,249</u>
 Receipts Over (Under) Expenditures	 \$ -	 \$ 18,999
 Unencumbered Cash, Beginning	 -	 -
 Prior Year Cancelled Encumbrances	 <u>-</u>	 <u>-</u>
 Unencumbered Cash, Ending	 <u><u>\$ -</u></u>	 <u><u>\$ 18,999</u></u>

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

Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes:				
Ad valorem property tax	\$ 610,119	\$ 634,750	\$ 620,724	\$ 14,026
Less NRP rebate	(20,055)	(20,609)	(17,217)	3,392
Delinquent tax	29,960	26,153	11,000	15,153
Special assessments	125,171	105,048	63,570	41,478
Intergovernmental:				
Motor vehicle tax	97,182	95,252	94,669	583
Recreational vehicle tax	1,071	1,048	1,429	(381)
Use of money and property:				
Interest earnings	3,269	6,936	1,500	5,436
Other:				
Subsidy from general fund	120,840	-	-	-
Refund of bond cost	89	-	-	-
Reimbursement from Airport Authority	47,635	51,025	51,025	-
Total receipts	<u>\$ 1,015,281</u>	<u>\$ 899,603</u>	<u>\$ 826,700</u>	<u>\$ 79,687</u>
Expenditures				
Debt service:				
Principal - regular payments	\$ 853,136	\$ 750,983	\$ 761,750	\$ (10,767)
Interest	132,425	119,691	119,691	-
Contractual-arbitrage fees	-	-	5,000	(5,000)
Cash basis	-	-	18,000	(18,000)
Total expenditures	<u>\$ 985,561</u>	<u>\$ 870,674</u>	<u>\$ 904,441</u>	<u>\$ (33,767)</u>
Receipts Over (Under) Expenditures	\$ 29,720	\$ 28,929		
Unencumbered Cash, Beginning	82,275	111,995		
Prior Year Cancelled Encumbrances	-	-		
Unencumbered Cash, Ending	<u>\$ 111,995</u>	<u>\$ 140,924</u>		

City of Wellington, Kansas**Capital Projects Funds**

Schedule of Receipts & Expenditures

Regulatory Basis

For the Year Ended December 31, 2018

	<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>Sanitation</u> <u>Improvement</u>
<u>Receipts</u>					
Intergovernmental:					
State of Kansas reimbursement	\$ -	\$ 272,513	\$ -	\$ -	\$ -
Other:					
Miscellaneous	-	7,826	-	-	-
Interest earned	25,195	-	-	73	327
Reimbursement of expense	220,797	472	-	-	-
Prepaid assessments	-	-	-	-	-
Reimbursement from special improvement	-	31,000	-	-	-
Transfer from general fund	-	207,000	-	-	-
Sale of general obligation bonds	-	-	-	-	1,125,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total receipts	<u>\$ 245,992</u>	<u>\$ 518,811</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 1,125,327</u>
<u>Expenditures</u>					
Capital outlay:					
Construction & equipment	\$ 883,038	\$ 157,341	\$ -	\$ -	\$ 88,000
Debt service:					
Principal payments	-	-	10,767	-	-
Interest payments	34,145	-	-	-	-
Cost of issuance	14,391	-	-	-	32,827
Other:					
Reimbursement to:					
Utility capital improvement fund	29,685	-	-	-	-
Capital improvement fund	31,000	-	-	-	-
Residual equity transfer to electric, water, sewer	-	-	-	10,079	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 992,259</u>	<u>\$ 157,341</u>	<u>\$ 10,767</u>	<u>\$ 10,079</u>	<u>\$ 120,827</u>
Receipts Over (Under) Expenditures	\$ (746,267)	\$ 361,470	\$ (10,767)	\$ (10,006)	\$ 1,004,500
Unencumbered Cash, Beginning	1,171,108	819,509	10,767	10,006	-
Prior Year Cancelled Encumbrances	<u>4,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 429,237</u>	<u>\$ 1,180,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,004,500</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>
Receipts					
Intergovernmental:					
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	\$ 1,938,163	\$ 418,402	\$ -	\$ 84	\$ -
Expenditures					
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	\$ 935,840	\$ 984,972	\$ -	\$ -	\$ 6,343
Receipts Over (Under) Expenditures	\$ 1,002,323	\$ (566,570)	\$ -	\$ 84	\$ (6,343)
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**Business Fund****Electric, Waterworks, and Sewage Utility System Operating Fund**

Summary Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Water sales and services	\$ 1,802,025	\$ 1,817,476	\$ 1,907,543	\$ (90,067)
Sewage charges	2,209,330	2,179,490	2,211,065	(31,575)
Electricity sales and services	13,994,420	14,447,107	14,716,307	(269,200)
Penalties	147,371	140,741	122,000	18,741
Interest earnings	146,963	206,228	158,201	48,027
Miscellaneous	337,723	79,788	17,560	62,228
Reimbursement from other funds	73,562	73,561	54,937	18,624
Residual equity transfer from:				
FEMA grant fund	-	12,102	-	12,102
Waste water treatment plant	-	10,079	-	10,079
Total receipts	\$ 18,711,394	\$ 18,966,572	\$ 19,187,613	\$ (221,041)
Expenditures				
Production, water and sewage	\$ 525,733	\$ 469,271	\$ 532,039	\$ (62,768)
Production, electric	8,807,037	9,383,921	9,447,917	(63,996)
Distribution, water and sewage	408,666	470,634	459,728	10,906
Distribution, electric	1,373,444	1,360,246	1,477,603	(117,357)
Sewage treatment	629,923	567,792	510,483	57,309
Contingency	-	-	900,000	(900,000)
Admin. reimb. to general fund	893,857	843,490	843,490	-
Reimbursement to special liability fund	230,335	245,972	245,972	-
Debt service	1,811,537	1,927,968	1,927,967	1
Non-departmental-other	151,122	161,041	104,410	56,631
Operating transfers to:				
General fund	1,873,651	1,870,657	1,870,657	-
Other	-	-	7,000	(7,000)
Utility Capital Improvements	1,410,850	800,795	800,795	-
Total	\$ 18,116,155	\$ 18,101,787	\$ 19,128,061	\$ (1,026,274)
Receipts Over (Under) Expenditures	\$ 595,239	\$ 864,785		
Unencumbered Cash, Beginning	6,970,209	7,583,085		
Prior Year Cancelled Encumbrances	17,637	1,485		
Unencumbered Cash, Ending	<u>\$ 7,583,085</u>	<u>\$ 8,449,355</u>		

City of Wellington, Kansas
Business Fund
Water and Sewage Utility
Detailed Schedule of Receipts and Expenditures
Regulatory Basis
Years Ended December 31, 2018 and 2017

	2017 <u>Actual</u>	2018		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<u>Receipts</u>				
<u>Water Sales and Sewer Service Charges</u>				
Sale of water to customers	\$ 1,795,540	\$ 1,813,436	\$ 1,882,667	\$ (69,231)
Sewer Service charges	2,209,330	2,179,490	2,211,065	(31,575)
Interdepartmental water sales	6,829	7,385	6,591	794
Penalties	63,768	63,978	52,000	11,978
New water services	16,495	19,075	18,285	790
Cash basis conversion	(16,839)	(22,420)	-	(22,420)
Total water sales and sewer service charges	<u>\$ 4,075,123</u>	<u>\$ 4,060,944</u>	<u>\$ 4,170,608</u>	<u>\$ (109,664)</u>
<u>Other</u>				
Interest earnings	\$ 902	\$ 1	\$ -	\$ 1
Miscellaneous	112,574	26,596	16,300	10,296
Total other	<u>\$ 113,476</u>	<u>\$ 26,597</u>	<u>\$ 16,300</u>	<u>\$ 10,297</u>
Total Water & Sewage Utility receipts	<u>\$ 4,188,599</u>	<u>\$ 4,087,541</u>	<u>\$ 4,186,908</u>	<u>\$ (99,367)</u>
<u>Expenditures</u>				
<u>Water Production</u>				
Personnel services	\$ 227,280	\$ 207,760	\$ 232,789	\$ (25,029)
Commodities	230,814	192,362	228,700	(36,338)
Contractual services	67,639	30,958	52,550	(21,592)
Capital outlay	-	38,191	18,000	20,191
Total water production	<u>\$ 525,733</u>	<u>\$ 469,271</u>	<u>\$ 532,039</u>	<u>\$ (62,768)</u>
<u>Water Distribution</u>				
Personnel services	\$ 273,198	\$ 300,151	\$ 316,628	\$ (16,477)
Commodities	109,493	131,913	118,650	13,263
Contractual services	15,677	26,465	24,450	2,015
Capital outlay	10,298	12,105	-	12,105
Total water distribution	<u>\$ 408,666</u>	<u>\$ 470,634</u>	<u>\$ 459,728</u>	<u>\$ 10,906</u>

City of Wellington, Kansas
Business Fund
Water and Sewage Utility
Detailed Schedule of Receipts and Expenditures
Regulatory Basis
Years Ended December 31, 2018 and 2017

	2017 <u>Actual</u>	2018		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<u>Sewage Treatment</u>				
Personnel services	\$ 267,359	\$ 292,824	\$ 303,483	\$ (10,659)
Commodities	265,000	110,019	115,175	(5,156)
Contractual services	80,391	153,020	75,225	77,795
Capital outlay	17,173	11,929	16,600	(4,671)
Total sewage treatment	<u>\$ 629,923</u>	<u>\$ 567,792</u>	<u>\$ 510,483</u>	<u>\$ 57,309</u>
<u>Debt Retirement</u>				
Principal retired and refunded	\$ 353,970	\$ 357,696	\$ 357,696	\$ -
Principal paid on WWTP revolving loan	615,852	633,467	633,466	1
Interest	487,689	461,621	461,621	-
Total debt retirement	<u>\$ 1,457,511</u>	<u>\$ 1,452,784</u>	<u>\$ 1,452,783</u>	<u>\$ 1</u>
<u>Non-Departmental</u>				
Commodities	\$ 805	\$ 475	\$ 2,000	\$ (1,525)
Contractual services	50,019	50,680	36,200	14,480
Administrative reimbursements to:				
General Fund	169,833	160,263	160,263	-
Special liability fund	80,470	81,991	81,991	-
Capital outlay	-	-	-	-
Total non-departmental	<u>\$ 301,127</u>	<u>\$ 293,409</u>	<u>\$ 280,454</u>	<u>\$ 12,955</u>
<u>Operating Transfers To:</u>				
General Fund	\$ 431,236	\$ 414,011	\$ 414,011	\$ -
Utility Capital Improvement	898,114	634,545	634,545	-
Other Funds	-	-	7,000	(7,000)
Total transfers	<u>\$ 1,329,350</u>	<u>\$ 1,048,556</u>	<u>\$ 1,055,556</u>	<u>\$ (7,000)</u>
Total Water & Sewage Utility expenditures	<u>\$ 4,652,310</u>	<u>\$ 4,302,446</u>	<u>\$ 4,291,043</u>	<u>\$ 11,403</u>

City of Wellington, Kansas
Business Fund
Electric Utility
Detailed Schedule of Receipts and Expenditures
Regulatory Basis
Years Ended December 31, 2018 and 2017

	2017 <u>Actual</u>	2018		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<u>Receipts</u>				
<u>Electricity Sales and Fees</u>				
Residential service	\$ 2,803,843	\$ 2,988,242	\$ 3,224,645	\$ (236,403)
Commercial and industrial service	2,936,071	3,058,962	2,979,070	79,892
Interdepartmental	108,668	118,712	110,149	8,563
Wholesale revenue	12,327	148,908	15,000	133,908
Power cost adjustments	8,366,553	8,652,288	8,356,281	296,007
Electric penalties	83,603	76,763	70,000	6,763
Other fees	28,170	26,785	31,162	(4,377)
Cash basis conversion	(261,212)	(546,790)	-	(546,790)
Total sales and fees	<u>\$ 14,078,023</u>	<u>\$ 14,523,870</u>	<u>\$ 14,786,307</u>	<u>\$ (262,437)</u>
<u>Other</u>				
Interest earnings	\$ 146,061	\$ 206,227	\$ 158,201	\$ 48,026
Miscellaneous	225,149	53,192	1,260	51,932
Reimbursement from other funds	73,562	73,561	54,937	18,624
Residual equity transfer from:				
FEMA grant fund	-	12,102	-	12,102
Waste water treatment plant	-	10,079	-	10,079
Total other	<u>\$ 444,772</u>	<u>\$ 355,161</u>	<u>\$ 214,398</u>	<u>\$ 140,763</u>
Total Electric Utility receipts	<u>\$ 14,522,795</u>	<u>\$ 14,879,031</u>	<u>\$ 15,000,705</u>	<u>\$ (121,674)</u>
<u>Expenditures</u>				
<u>Electric Production</u>				
Personnel services	\$ 648,504	\$ 632,121	\$ 673,396	\$ (41,275)
Commodities	57,442	46,465	105,000	(58,535)
Contractual services	8,101,091	8,696,395	8,660,021	36,374
Capital outlay	-	8,940	9,500	(560)
Total electric production	<u>\$ 8,807,037</u>	<u>\$ 9,383,921</u>	<u>\$ 9,447,917</u>	<u>\$ (63,996)</u>
<u>Electric Distribution</u>				
Personal services	\$ 847,778	\$ 835,860	\$ 894,353	\$ (58,493)
Commodities	323,692	376,861	415,800	(38,939)
Contractual services	200,602	147,525	167,450	(19,925)
Capital outlay	1,372	-	-	-
Total electric distribution	<u>\$ 1,373,444</u>	<u>\$ 1,360,246</u>	<u>\$ 1,477,603</u>	<u>\$ (117,357)</u>

City of Wellington, Kansas
Business Fund
Electric Utility
Detailed Schedule of Receipts and Expenditures
Regulatory Basis
Years Ended December 31, 2018 and 2017

	2017	2018		Variance
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>
<u>Debt Retirement</u>				
Principal retired	\$ 121,030	\$ 322,304	\$ 322,304	\$ -
Interest	232,996	152,880	152,880	-
Total other expenditures	<u>\$ 354,026</u>	<u>\$ 475,184</u>	<u>\$ 475,184</u>	<u>\$ -</u>
<u>Non-Departmental</u>				
Personnel services	\$ -	\$ 18,117	\$ -	\$ 18,117
Commodities	9,038	4,875	6,000	(1,125)
Other contractual	91,260	86,894	60,210	26,684
Administrative reimbursements to:				
General fund	724,024	683,227	683,227	-
Special liability fund	149,865	163,981	163,981	-
Total non-departmental	<u>\$ 974,187</u>	<u>\$ 957,094</u>	<u>\$ 913,418</u>	<u>\$ 25,559</u>
<u>Contingency</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900,000</u>	<u>\$ (900,000)</u>
<u>Operating Transfers To:</u>				
General Fund	\$ 1,442,415	\$ 1,456,646	\$ 1,456,646	\$ -
Utility Capital Improvement	512,736	166,250	166,250	-
Total transfers	<u>\$ 1,955,151</u>	<u>\$ 1,622,896</u>	<u>\$ 1,622,896</u>	<u>\$ -</u>
Total Electric Utility expenditures	<u>\$ 13,463,845</u>	<u>\$ 13,799,341</u>	<u>\$ 14,837,018</u>	<u>\$ (1,055,794)</u>
Receipts Over(Under) Expenditures	595,239	864,785		
Unencumbered cash, beginning	6,970,209	7,583,085		
Prior year cancelled encumbrances	17,637	1,485		
Unencumbered cash, ending	<u>\$ 7,583,085</u>	<u>\$ 8,449,355</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, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017	2018
	<u>Actual</u>	<u>Actual</u>
<u>Receipts</u>		
Interest earnings	\$ 20,716	\$ 45,136
Other:		
Reimbursement from Special Improvements	-	29,685
Operating transfers:		
Transfer from Water and Sewer	898,114	634,545
Transfer from Electric	<u>512,736</u>	<u>166,250</u>
Total receipts	<u>\$ 1,431,566</u>	<u>\$ 875,616</u>
<u>Expenditures</u>		
Water and Sewer:		
Water plant & wells equipment & maintenance	\$ 255,694	\$ 11,925
Wastewater treatment equipment & sewer lines	41,237	33,018
Wastewater lease payments	68,114	68,114
Water line maintenance & construction	39,182	433,857
Other equipment	144,288	29,999
Vehicles	42,894	-
Professional & consulting services	91,000	32,522
Electric:		
Lease payments	63,361	66,231
Plant equipment and repairs	444,602	7,684
Vehicles	31,653	-
Other equipment	10,482	-
Electric line construction & breakers	17,957	33,671
Building construction	<u>59,654</u>	<u>-</u>
Total expenditures	<u>\$ 1,310,118</u>	<u>\$ 717,021</u>
Receipts Over (Under) Expenditures	\$ 121,448	\$ 158,595
Unencumbered Cash, Beginning	2,191,992	2,318,617
Prior Year Cancelled Encumbrances	<u>5,177</u>	<u>71,175</u>
Unencumbered Cash, Ending	<u>\$ 2,318,617</u>	<u>\$ 2,548,387</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, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018 <u>Actual</u>
<u>Receipts</u>		
Interest earnings	\$ 14,154	\$ 9,843
Refund of expenditures	<u>-</u>	<u>6,400</u>
Total receipts	<u>\$ 14,154</u>	<u>\$ 16,243</u>
<u>Expenditures</u>		
Capital outlay:		
Professional & consulting, electric substation & switching station	\$ 108,226	\$ 32,300
Electric substation and switching station	<u>627,443</u>	<u>247,466</u>
Total expenditures	<u>\$ 735,669</u>	<u>\$ 279,766</u>
Receipts Over (Under) Expenditures	\$ (721,515)	\$ (263,523)
Unencumbered Cash, Beginning	1,209,203	491,952
Prior Year Cancelled Encumbrances	<u>4,264</u>	<u>17,647</u>
Unencumbered Cash, Ending	<u>\$ 491,952</u>	<u>\$ 246,076</u>

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

Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Refuse collection fees and penalties	\$ 1,451,530	\$ 1,575,143	\$ 1,513,304	\$ 61,839
Interest	1,600	3,630	2,700	930
Reimbursed expense and miscellaneous	<u>37,434</u>	<u>13,236</u>	<u>10,368</u>	<u>2,868</u>
Total receipts	<u>\$ 1,490,564</u>	<u>\$ 1,592,009</u>	<u>\$ 1,526,372</u>	<u>\$ 65,637</u>
Expenditures				
Collections:				
Personal services	\$ 364,277	\$ 393,518	\$ 378,199	\$ 15,319
Contractual services	178,404	185,269	172,650	12,619
Commodities	50,394	78,864	50,300	28,564
Capital Outlay	-	-	-	-
Reimbursement to other funds	99,892	97,064	111,137	(14,073)
Transfer Station:				
Personal services	122,656	127,175	127,931	(756)
Contractual services	457,790	576,641	561,713	14,928
Commodities	23,828	24,890	28,650	(3,760)
Capital Outlay	-	-	-	-
Operating Transfers:				
General fund	131,940	129,420	129,420	-
Equipment reserve fund	<u>25,000</u>	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Total expenditures	<u>\$ 1,454,181</u>	<u>\$ 1,702,841</u>	<u>\$ 1,650,000</u>	<u>\$ 52,841</u>
Receipts Over (Under) Expenditures	\$ 36,383	\$ (110,832)		
Unencumbered Cash, Beginning	133,541	169,924		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 169,924</u>	<u>\$ 59,092</u>		

City of Wellington, Kansas
Business Fund
Sanitation Equipment Reserve
Schedule of Receipts & Expenditures
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018 <u>Actual</u>
<u>Receipts</u>		
Interest	\$ 867	\$ 1,386
Other:		
Operating transfer from sanitation fund	<u>25,000</u>	<u>90,000</u>
Total receipts	<u>\$ 25,867</u>	<u>\$ 91,386</u>
<u>Expenditures</u>		
Capital outlay	<u>56,444</u>	<u>47,555</u>
Total expenditures	<u>\$ 56,444</u>	<u>\$ 47,555</u>
Receipts Over (Under) Expenditures	\$ (30,577)	\$ 43,831
Unencumbered Cash, Beginning	115,225	84,648
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 84,648</u>	<u>\$ 128,479</u>

City of Wellington, Kansas
Business Fund
Municipal Golf Course
Schedule of Receipts & Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017	2018		Variance Over (Under)
		<u>Actual</u>	<u>Actual</u>	
<u>Receipts</u>				
Licenses and permits				
Golf licenses	\$ 54,100	\$ 53,015	\$ 72,000	\$ (18,985)
Golf green fees	79,671	72,207	85,000	(12,793)
Golf cart licenses and fees	18,750	20,647	23,000	(2,353)
Golf cart storage and rental	45,854	49,355	58,000	(8,645)
Other:				
Interest	313	595	(14)	609
Miscellaneous	2,025	246	-	246
Transfers:				
General fund	<u>242,692</u>	<u>240,273</u>	<u>226,822</u>	<u>13,451</u>
Total receipts	<u>\$ 443,405</u>	<u>\$ 436,338</u>	<u>\$ 464,808</u>	<u>\$ (28,470)</u>
<u>Expenditures</u>				
Personal services	\$ 227,442	\$ 231,263	\$ 222,260	\$ 9,003
Contractual service	41,631	66,768	45,925	20,843
Commodities	91,117	85,013	99,879	(14,866)
Capital outlay	39,405	84,477	90,300	(5,823)
Reimbursement to special liability	<u>6,183</u>	<u>6,444</u>	<u>6,444</u>	<u>-</u>
Total expenditures	<u>\$ 405,778</u>	<u>\$ 473,965</u>	<u>\$ 464,808</u>	<u>\$ 9,157</u>
Receipts Over (Under) Expenditures	\$ 37,627	\$ (37,627)		
Unencumbered Cash, Beginning	-	37,627		
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 37,627</u>	<u>\$ -</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, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 <u>Actual</u>	2018		Variance Over (Under)
		<u>Actual</u>	<u>Budget</u>	
<u>Receipts</u>				
Employer contributions - current employees	\$ 1,066,484	\$ 1,019,553	\$ 1,070,000	\$ (50,447)
Employer contributions - retirees	37,629	40,936	45,000	(4,064)
Employee contributions	301,205	347,781	387,275	(39,494)
COBRA and component unit contributions	85,735	62,227	65,000	(2,773)
Reimbursements & refunds	-	648	-	648
Interest	2,400	2,631	2,400	231
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total receipts	\$ 1,493,453	\$ 1,473,776	\$ 1,569,675	\$ (95,899)
<u>Expenditures</u>				
Health insurance claims paid	\$ 1,088,881	\$ 199,642	\$ 1,100,000	\$ (900,358)
Health insurance premiums	-	1,144,765	374,000	770,765
Reinsurance policy premiums	372,801	-	-	-
Supplemental coverage policy premiums	123,257	111,496	130,000	(18,504)
Administration fees	53,402	17,189	56,900	(39,711)
Other	22,130	20,188	27,000	(6,812)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	\$ 1,660,471	\$ 1,493,280	\$ 1,687,900	\$ (194,620)
Receipts Over (Under) Expenditures	\$ (167,018)	\$ (19,504)		
Unencumbered Cash, Beginning	290,413	123,395		
Prior Year Cancelled Encumbrances	<u> </u>	<u> </u>		
Unencumbered Cash, Ending	\$ 123,395	\$ 103,891		

City of Wellington, Kansas
Trust Funds
Schedule of Receipts & Expenditures
Regulatory Basis
For the Year Ended December 31, 2018

	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 Dist. Trust	Cemetery Beautification Trust	Cara Saunders Memorial Trust	Drug Awareness Trust	Housing Authority Reserve	Law Enforcement Trust	Employee Community Service	
Receipts																				
Intergovernmental:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property:																				
Interest	2,844	27	85	237	507	267	719	446	1,334	88	25	6	125	194	8	138	-	174	-	
Farm rent	-	-	-	-	2,047	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	500	6,958	-	-	103,457	1,360	-	-	208	730	-	9,975	-	18,205	810	
Reimbursement from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total receipts	<u>\$ 2,844</u>	<u>\$ 27</u>	<u>\$ 85</u>	<u>\$ 237</u>	<u>\$ 3,054</u>	<u>\$ 7,225</u>	<u>\$ 719</u>	<u>\$ 446</u>	<u>\$ 104,791</u>	<u>\$ 1,448</u>	<u>\$ 25</u>	<u>\$ 6</u>	<u>\$ 333</u>	<u>\$ 924</u>	<u>\$ 8</u>	<u>\$ 10,113</u>	<u>\$ -</u>	<u>\$ 18,379</u>	<u>\$ 810</u>	
Expenditures																				
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,668	-	17,648	-	
Recreation and culture	24,405	-	-	-	2,742	-	-	-	223,070	-	-	-	-	-	-	-	-	-	810	
Capital outlay	-	-	-	-	-	-	16,400	-	9,788	-	-	-	-	-	-	-	-	-	-	
Total expenditures	<u>\$ 24,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,742</u>	<u>\$ -</u>	<u>\$ 16,400</u>	<u>\$ -</u>	<u>\$ 232,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,668</u>	<u>\$ -</u>	<u>\$ 17,648</u>	<u>\$ 810</u>	
Receipts Over (Under)																				
Expenditures	\$ (21,561)	\$ 27	\$ 85	\$ 237	\$ 312	\$ 7,225	\$ (15,681)	\$ 446	\$ (128,067)	\$ 1,448	\$ 25	\$ 6	\$ 333	\$ 924	\$ 8	\$ (1,555)	\$ -	\$ 731	\$ -	
Unencumbered Cash, Beginning	171,965	1,645	5,064	14,146	29,537	16,615	51,828	26,680	138,751	5,451	1,465	344	7,466	11,332	500	10,599	121,075	6,360	3	
Prior Year Cancelled Encumbrances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Unencumbered Cash, Ending	<u>\$ 150,404</u>	<u>\$ 1,672</u>	<u>\$ 5,149</u>	<u>\$ 14,383</u>	<u>\$ 29,849</u>	<u>\$ 23,840</u>	<u>\$ 36,147</u>	<u>\$ 27,126</u>	<u>\$ 10,684</u>	<u>\$ 6,899</u>	<u>\$ 1,490</u>	<u>\$ 350</u>	<u>\$ 7,799</u>	<u>\$ 12,256</u>	<u>\$ 508</u>	<u>\$ 9,044</u>	<u>\$ 121,075</u>	<u>\$ 7,091</u>	<u>\$ 3</u>	

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 Dist. Trust	Cemetery Beautifi- cation Trust	Cara Saunders Memorial Trust	Drug Awareness Trust	Housing Authority Reserve	Law Enforcement Trust	Employee Community Service
Receipts																			
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	\$ 2,317	\$ 14	\$ 43	\$ 119	\$ 9,293	\$ 7,804	\$ 15,145	\$ 224	\$ 94,657	\$ 9,499	\$ 12	\$ 104	\$ 628	\$ 498	\$ 4	\$ 14,372	\$ -	\$ 18,778	\$ 1,146
Expenditures																			
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 104,904	\$ -	\$ -	\$ -	\$ 37,361	\$ -	\$ 300	\$ -	\$ 18,515	\$ 5,450	\$ -	\$ 180	\$ 1,500	\$ -	\$ -	\$ 9,063	\$ -	\$ 36,578	\$ 2,592
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	\$ 171,965	\$ 1,645	\$ 5,064	\$ 14,146	\$ 29,537	\$ 16,615	\$ 51,828	\$ 26,680	\$ 138,751	\$ 5,451	\$ 1,465	\$ 344	\$ 7,466	\$ 11,332	\$ 500	\$ 10,599	\$ 121,075	\$ 6,360	\$ 3

City of Wellington, Kansas
Agency Funds
Summary of Regulatory Basis Receipts and Disbursements
For the Year Ended December 31, 2018

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Claims Fund	\$ (417)	\$ 881,768	\$ 880,432	\$ 919

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

Schedule of Receipts & Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017	2018
	<u>Actual</u>	<u>Actual</u>
<u>Receipts</u>		
State Aid	\$ 9,594	\$ 2,264
Appropriation from City of Wellington	258,883	253,800
Grants from SCKLS	9,866	14,609
Grant	-	3,218
Donations	12,810	24,004
Interest income	482	520
Royalty income	2,329	4,174
Other Income	<u>5,120</u>	<u>2,064</u>
Total receipts	\$ <u>299,084</u>	\$ <u>304,653</u>
<u>Expenditures</u>		
Salaries and benefits	\$ 170,766	\$ 162,441
Accounting	7,265	14,017
Ad valorem tax on oil interest	245	523
Books, periodicals & audio-visual materials	23,095	23,929
Equipment rental	2,932	4,351
Equipment repairs & maintenance	-	-
Equipment & furniture purchased	18,521	34,549
Repairs and Maintenance	9,943	16,414
Dues, licenses and fees	3,202	3,417
Insurance	498	-
Library and office supplies	4,501	5,195
Miscellaneous & special projects	654	1,175
Postage	1,977	2,453
Promotional & public relations	100	400
Summer Reading & other programs	11,109	7,633
Travel and workshops	1,556	1,549
Telephone	2,483	-
Utilities	<u>10,385</u>	<u>14,921</u>
Total expenditures	\$ <u>269,232</u>	\$ <u>292,967</u>
Receipts Over (Under) Expenditures	\$ 29,852	\$ 11,686
Unencumbered Cash, Beginning	262,202	292,054
Prior Year Cancelled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 292,054</u>	<u>\$ 303,740</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, 2018
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017	2018
	<u>Actual</u>	<u>Actual</u>
<u>Receipts</u>		
Use of money:		
Facility lease from general fund	\$ 100,688	\$ 98,606
Total receipts	<u>\$ 100,688</u>	<u>\$ 98,606</u>
 <u>Expenditures</u>		
Debt service:		
Principal	\$ 75,000	\$ 75,000
Interest	<u>25,688</u>	<u>23,606</u>
Total expenditures	<u>\$ 100,688</u>	<u>\$ 98,606</u>
 Receipts Over (Under) Expenditures	\$ -	\$ -
 Unencumbered Cash, Beginning	-	-
 Prior Year Cancelled Encumbrances	-	-
 Unencumbered Cash, Ending	<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, 2018
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	<u>2017</u>	<u>2018</u>
	<u>Actual</u>	<u>Actual</u>
<u>Receipts</u>		
Use of money:		
Facility lease from General Fund	\$ 30,838	\$ -
Facility lease payment from Wellington Recreation Commission	<u>96,825</u>	<u>101,712</u>
Total receipts	<u>\$ 127,663</u>	<u>\$ 101,712</u>
 <u>Expenditures</u>		
Debt service:		
Principal payments	\$ 40,000	\$ 40,000
Interest payments	31,675	30,875
Reimbursements	<u>55,988</u>	<u>30,837</u>
Total expenditures	<u>\$ 127,663</u>	<u>\$ 101,712</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, 2018

<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>395</u>
<i>Total Department of Agriculture</i>				\$ <u>395</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>128,893</u>
<i>Total Department of Housing and Urban Development</i>				\$ <u>128,893</u>
Department of Justice Direct Program Bulletproof Vest Partnership Program	16.607	na		\$ <u>5,320</u>
<i>Total Department of Justice</i>				\$ <u>5,320</u>
Department of Transportation Direct Program Airport Improvement Program Project #3-20-0087-15	20.106	na		<u>1,610,783</u>
<i>Sub-total Department of Transportation Direct Programs and CFDA # 20.106</i>				\$ <u>1,610,783</u>
Department of Transportation Pass-Through Program From: Kansas Department of Transportation: Special Traffic Enforcement Program	20.600	PT-1325-18		\$ <u>1,821</u>
<i>Total Department of Transportation</i>				\$ <u>1,612,604</u>
Department of Health and Human Services Direct Program: Drug-Free Community Support Grants #5H79SP021429-02 Drug-Free Community Support Grants #5H79SP021429-03	93.276 93.276	na na		\$ <u>87,976</u> <u>23,868</u>
<i>Sub-total Department of Health and Human Services Direct Programs and CFDA# 93.276</i>				\$ <u>111,844</u>
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	PFS 2015 & 1U79SP020799		\$ <u>53,049</u>
<i>Total Department of Health and Human Services</i>				\$ <u>164,893</u>
<i>Total Expenditures of Federal Awards</i>				\$ <u>1,912,105</u>

City of Wellington, Kansas
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2018

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, 2018. 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 the cost principles contained in the Uniform Guidance, 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. Subrecipients

The City did not provide any funds to subrecipients in 2018.

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

Due to the inclusion of funds from property owners, expenditures in the City of Wellington’s financial statement for CDBG fund include both federal and nonfederal expenditures as follows:

Community Development Block Grant, CFDA 14.228	
Federal Expenditures per SEFA	\$128,893
Non-federal expenditures received from property owners	<u>23,356</u>
Total expenditures per financial statement Schedule 2-19	<u>\$152,249</u>

City of Wellington, Kansas
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2018

Note 4. Reconciliation of Expenditures on SEFA to financial statements (continued)

Airport Improvement Program, CFDA 20.106	
Expenditure per SEFA	\$1,610,783
Non – federal expenditure included in fund expenditures, corrected on 2019 books	<u>2,085</u>
Expenditures per Schedule 2-13	<u>\$1,612,868</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, 2018, 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 July 1, 2019.

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 2018-001 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 2018-002.

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.



Certified Public Accountants

Wellington, Kansas

July 1, 2019

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 program for the year ended December 31, 2018. 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, 2018.

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 2018-002 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.

Kameel C. Cooper Jr. CPA, CHITD

Certified Public Accountants

Wellington, Kansas

July 1, 2019

City of Wellington, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:

Unmodified opinion on the 2018 regulatory basis financial statement of the City of Wellington
 Adverse opinion on the 2018 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 2018-001: 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. When these commitments are cancelled without performance, this is recorded as a revenue under KMAAG. 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, 2018

Finding 2018-001: 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 recording of those transactions in the proper period; however, those procedures were only partially effective at the end of 2018. There were material unperformed contracts (encumbrances) executed for which the expenditure was not recorded in the accounting system in the proper period when paid, resulting in an overstatement of unencumbered cash balances. There were other immaterial errors related to the cut off of expenditures, indicating a lack of communication, oversight and effectiveness relative to these procedures and related controls.

Context:

Total accounts payable and encumbrances recorded on the financial statement at 12/31/18 are \$1.7 million. Audit procedures relative to year end commitments detected 2019 payments of 2018 commitments of \$227,943 which were not properly reflected as reductions of regulatory unencumbered cash balances. This did not affect federal project funds or the schedule of expenditures of federal awards.

Repeat Finding:

This was a repeat finding, identified in the 2017 Schedule of Findings and Questioned Costs as Finding 2017-001. Though partially corrected, this finding remains as a current year finding.

Effect:

Expenditures under the regulatory basis financial statement 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, procedures for recording encumbrances and subsequent payments on the commitments are more prone to error. 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. The necessary workarounds add greatly to the complexity of properly recording these transactions. With this complexity in addition to recent staff turnover, errors were more prevalent at the end of the last two years.

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 and tracked using a manual system to verify proper recording in the accounting system.

City of Wellington, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Finding 2018-001: 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

Airport Improvement Program CDEFA 20.106

Finding 2018-002: 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 all components of the written policies and procedures required by the Uniform Guidance, but does have written policies addressing some of the requirements. The City has a written code of conduct and conflict of interest policy, a written personnel manual which includes some of the requirements of the Uniform Guidance, a written policy for identification, tracking, assigning compliance responsibility and reporting on the Schedule of Expenditures of Federal Awards and in response to this audit finding in 2017 the City updated its purchasing policy for compliance with the Uniform Guidance. However, certain Uniform Guidance requirements for written policies are not included in the existing written policies, including procedures for determining allowability in accordance with Uniform Guidance cost principles (UG 200-302(b)(7)), which would be applicable for the major program. There are other policies, which though not applicable to the major program, could be applicable to other current or future federal programs, including written procedures that minimize the time elapsing between the transfer of funds and disbursements by the city of advance funds (UG 200.305(b)(1)) and other personnel related expenditures charged to federal programs.

Cause:

In regard to the prior year finding, the City was aware of the need to update its written procurement policy to be compliant with the Uniform Guidance, but it did not complete the update prior to executing 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

City of Wellington, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Finding 2018-002: Written Policies and Procedures (continued)

by the Uniform Guidance. In response to the prior year finding, the City obtained a sample purchasing policy which management believed to be a conforming model and immediately updated its purchasing

Cause (continued):

policy to comply with the Uniform Guidance. However, the model policy used did not contain other required Uniform Guidance components and these were not addressed.

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.

Context:

The absence of the required written policies was mitigated by management's prior experience with and knowledge of the major program and partial compliance achieved with existing written procedures, as previously noted. The lack of written procedures did not result in any noncompliance, fraud or abuse with respect to the major program. 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 and both of these activities were performed in 2017. There were only two other vendors for the program in 2018, one of which was the Federal Aviation Administration for flight testing and the other under \$4,000. 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 program and could have a different context and result with respect to those programs.

Repeat Finding:

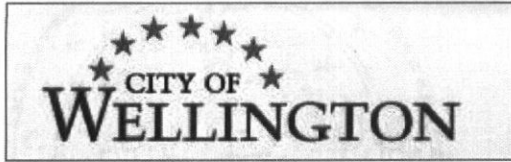
This was a repeat finding, identified in the 2017 Schedule of Findings and Questioned Costs as Finding 2017-002. Though partially corrected, this finding remains as a current year finding.

Recommendation:

Management should continue to develop comprehensive written policy and procedures to administer all federal programs. Current written policies should be evaluated for inclusion of and compliance with Uniform Guidance requirements.

Views of Responsible Officials:

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



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City of Wellington, Kansas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2018

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

Condition: The finding was a material deficiency stating that procedures for identification of encumbrances and accounts payable were only partially effective. There were unperformed encumbrances executed for which the expenditure was not recorded in the accounting system but met the criteria for recording in the regulatory basis of accounting.

Recommendation: The Auditor recommended that when large contracts are approved and executed, upper management should make an analysis to what portion should be reported in the period of execution. Purchase orders should be prepared to reflect the encumbrance and subsequent payments charged to the encumbered purchase order.

Status: This finding was found to be partially corrected in the 2018 Audit. There still were some encumbrances that were charged to the wrong period, and some encumbrances that were paid within the accounts payable without using the encumbrance.

Corrective Action Proposed: To correct this problem, City Treasurer Green is reviewing each purchase order, encumbered and regular payable, with software reports that shows each payable before the final checks are written. In the past, she and Accounts Payable Clerk Hernandez had worked together, with one reading the amounts on the payable list and the other checking the purchase orders, but this did not catch errors with encumbrances being posted correctly.

Also City Clerk Mericle is now compiling a list after Council meetings and making sure an encumbrance is made for each resolution passed for expenditures, and keeping track that items encumbered are being submitted correctly for payment.

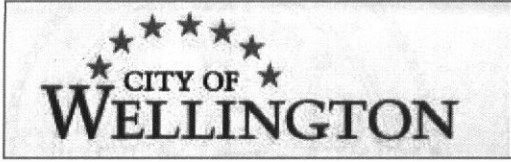
Finding 2017-002 Written Policies and Procedures

Condition: The finding was a significant deficiency stating the City 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.

Recommendation: The Auditor recommended we should determine the written policies needed for compliance with all Federal programs and develop written policies/procedures to administer them.

Status: This finding was found to be partially corrected in the 2018 Audit. City Manager Shields after checking with various other cities updated our purchasing policy to comply with the Audit recommendation, but the Auditor again found some of the requirements were not included.

Corrective Action Proposed: City Staff will update these policies according to the Uniform Guidance requirements. Our goal is to have this done by August 31, 2019.



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City of Wellington, Kansas
Corrective Action Plan

For the Year Ended December 31, 2018

Finding 2018-001: Recognition of Encumbrances and Accounts Payable in Financial Statements

Management agrees with the findings. To correct this problem, City Treasurer Green is reviewing each purchase order, encumbered and regular payable, with software reports that shows each payable before the final checks are written. In the past, she and Accounts Payable Clerk Hernandez had worked together, with one reading the amounts on the payable list and the other checking the purchase orders, but this did not catch errors with encumbrances being posted correctly.

Also City Clerk Mericle is now compiling a list after Council meetings and making sure an encumbrance is made for each resolution passed for expenditures, and keeping track that items encumbered are being submitted correctly for payment.

Finding 2018-002 Written Policies and Procedures

Management agrees with the findings. The 2017 Audit found that updates were needed to the City's written policies and procedures, and the City Manager had updated policy to accomplish compliance. The 2018 Audit found that some policy and procedure areas still need to be addressed. Staff is reviewing the remaining areas and will prepare updates. The goal is to have updates completed by August 31, 2019.

If there are any questions regarding this plan, please call Carol Mericle at 620-326-2811.

Sincerely,

Carol S. Mericle, CMC
City Clerk
317 S. Washington
Wellington Kansas 67152