CITY OF BASEHOR, KANSAS

FINANCIAL STATEMENTS

Year Ended December 31, 2016

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CITY OF BASEHOR, KANSAS

Financial Statements
Year ending December 31, 2016

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CITY OF BASEHOR, KANSAS

Financial Statements
Year ending December 31, 2016

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MIZE HOUSER & COMPANY P.A.

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Basehor, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the "Kansas Municipal Accounting and Audit Guide." These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, as of December 31, 2016, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund, consolidated highway fund, capital improvements reserve fund and the employee benefit fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the schedule of the City's proportionate share of the net pension liability on page 43, and the schedule of the City's contributions on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mize Houser & Company PA

Certified Public Accountants
Lawrence, Kansas

April 26, 2017

CITY OF BASEHOR, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2016
Unaudited

Our discussion and analysis of the City of Basehor, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2016.

Financial Highlights

- The Government-wide net position totaled $18.7 million at the end of the current fiscal year.
- The Government-wide unrestricted current assets exceed the current liabilities by $8.8 million, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2016 totaled $25.9 million.
- During the year ended December 31, 2016, the City's total revenues (which include charges for services, local taxes, and state and federal aid) exceeded total expenses by $.9 million.
- The City's total indebtedness decreased by $1.5 million.
- The City's net capital assets decreased $.9 million in the current fiscal year.

Using This Financial Report

This annual report consists of two distinct series of financial statements: government-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds.

Reporting on the City as a Whole (Government Wide)

Statement of Net Position and the Statement of Activities

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Position and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net position and current year change in those net position. The change in net position is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

Governmental Activities - Most of the City's programs and services are reported here including general government, public safety, public works, and culture and recreation.

Business-Type Activities - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The City's sewer utility and the solid waste utility are reported as business-type activities.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

Governmental Funds - Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and balances left over at fiscal yearend available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Position and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

Proprietary Funds - Proprietary funds (Solid Waste Utility and Sewer Utility) are enterprise funds that use the same basis of accounting as business-type activities, therefore, these statements replicate the information provided in the government-wide financial statements.

The City as a Whole

Government-Wide Position

The Statement of Net Position provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Position as of December 31, 2016:

City of Basehor
Condensed Statement of Net Position
December 31, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current assets	$ 8,529,333	$ 8,031,978	$ 2,109,847	$ 1,943,778	$ 10,639,180	$ 9,975,756
Non current assets	10,703,870	10,939,492	15,164,652	15,831,298	25,868,522	26,770,790
Deferred outflows of resources	381,505	176,915	-	-	381,505	176,915
Total assets and deferred outflows of resources	$ 19,614,708	$ 19,148,385	$ 17,274,499	$ 17,775,076	$ 36,889,207	$ 36,923,461
Current liabilities	$ 1,101,571	$ 1,063,202	$ 773,321	$ 759,405	$ 1,874,892	$ 1,822,607
Noncurrent liabilities	7,211,454	7,935,665	7,046,179	7,659,987	14,257,633	15,595,652
Deferred inflows of resources	2,028,381	1,692,256	-	-	2,028,381	1,692,256
Total liabilities and deferred inflows of resources	$ 10,341,406	$ 10,691,123	$ 7,819,500	$ 8,419,392	$ 18,160,906	$ 19,110,515
Net Position:						
Net investment in capital assets	$ 3,901,049	$ 3,226,851	$ 7,450,802	$ 7,514,778	$ 11,351,851	$ 10,741,629
Restricted for:						
Debt service	127,424	266,186	-	-	127,424	266,186
Capital outlay	189,238	-	-	-	189,238	-
Unrestricted	5,055,591	4,964,225	2,004,197	1,840,906	7,059,788	6,805,131
Total net position	$ 9,273,302	$ 8,457,262	$ 9,454,999	$ 9,355,684	$ 18,728,301	$ 17,812,946

The assets of the City are classified as current assets and capital assets. Cash and investments and accounts receivable are the largest current assets. These are assets that are available to provide resources for the near-term operations of the City. Capital assets are used in the operations of the City. These assets include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued liabilities, and current portion of long-term obligations. Current assets exceed current liabilities by $8.8 million, representing the City's ability to meet current obligations when due.

The City has $14.5 million in long-term debt, consisting of general obligation bonds, loans, and capital leases payable, of which $1.6 million is due within the next fiscal year.

The City had total assets at December 31, 2016, totaling $36.5 million. The total assets of the City exceeded the total liabilities by $20.4 million. Net position in capital assets totaled $11.4 million, restricted net position totaled $.3 million and unrestricted net position totaled $7 million.

Government-Wide Activities

The following is a condensed statement of the City's change in net position for the year ended December 31, 2016. Major items of program revenues, grants and general revenues are detailed below. Government-wide activities increased the net position of the City by $.8 million for the year ended December 31, 2016. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located on page 14 of the basic financial statements. Major differences in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements include the repayment of bonds and leases in the current fiscal year of $.9 million, which are treated as expenditures in the fund statements and a reduction of long-term debt payable in the Government wide financial statements. Capital outlays of $.9 million are treated as expenditures in the fund statements, but are treated as capital assets in the Government wide financial statements.

City of Basehor
Condensed Statement of Changes in Net Position
For the Years Ending December 31, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	$ 479,930	$ 410,467	$ 2,085,453	$ 1,864,196	$ 2,565,383	$ 2,274,663
Operating grants	76,712	31,718	191,465	119,258	268,177	150,976
General revenues:						
Taxes	4,064,515	3,682,679	-	-	4,064,515	3,682,679
Transfers [net]	286,625	194,247	[286,625]	[194,247]	-	-
Other	128,877	62,738	7,262	3,395	136,139	66,133
Total revenues	5,036,659	4,381,849	1,997,555	1,792,602	7,034,214	6,174,451
Program expenses:						
General government	1,837,580	1,469,775	-	-	1,837,580	1,469,775
Public safety	850,281	731,424	-	-	850,281	731,424
Public works	224,182	645,686	-	-	224,182	645,686
Culture and recreation	72,808	46,705	-	-	72,808	46,705
Infrastructure depreciation	1,047,678	1,101,650	-	-	1,047,678	1,101,650
Sewer utility	-	-	1,539,215	1,495,022	1,539,215	1,495,022
Solid waste utility	-	-	359,025	301,636	359,025	301,636
Interest on long term debt	188,090	170,965	-	-	188,090	170,965
Total expenses	4,220,619	4,166,205	1,898,240	1,796,658	6,118,859	5,962,863
Increase [decrease] in net position	$ 816,040	$ 215,644	$ 99,315	$ [4,056]	$ 915,355	$ 211,588

Governmental Activities increase the net position by $.8 million. Business-type activities increased the net position by $99,315. The primary increases in Governmental Activities can be attributed to many factors, in addition to conservative spending. Key elements in the Business-type activities increase is due to an increase in sewer rates in the Sewer Utility Fund.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources.

Total fund balances at December 31, 2016, for the governmental funds totaled $6.5 million. Total unassigned fund balances at December 31, 2016, totaled $1.6 million, all of which was attributable to the General Fund. The remainder of fund balance includes: $.3 million of restricted fund balance to indicate that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations; $4.6 million of assigned fund balance to indicate amounts that are constrained by the City's management to be used for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $1.6 million, which represents all of the total fund balance. The increase in the General Fund's fund balance was $.4 million.

The Consolidated Highway Fund is used to account for road and highway projects. At the end of the current fiscal year, restricted fund balance of the Consolidated Highway Fund was $.2 million and assigned fund balance was $2.4 million, which totals $2.6 million in total fund balance. The increase in the fund's fund balance was $.4 million.

The Capital Improvements Reserve Fund is used to account for capital improvement projects. At the end of the current fiscal year, assigned fund balance of the Capital Improvements Reserve Fund was $1.5 million, which represents all of the total fund balance. The decrease in the Capital Improvement Reserve Fund's fund balance was $.6 million.

The Employee Benefit Fund is used to account for employee benefits. At the end of the current fiscal year, assigned fund balance of the Employee Benefit Fund was $.1 million, which represents all of the total fund balance. The increase in the Fund's fund balance was $9,414.

The Bond and Interest Fund is used to accumulate tax revenues and other revenues for the payment of principal and interest on general long-term debt. At the end of the current fiscal year, restricted fund balance of the Bond and Interest Fund was $.1 million, which represents all of the total fund balance. This is a decrease of $.1 million over the fiscal previous year

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

Unrestricted net position of the Sewer Utility Fund at the end of the year amounted to $1.9 million and the unrestricted net position of the Solid Waste Utility Fund at the end of the year amounted to $58,163. The total change in the two funds was $126,168 and $[26,853], respectively.

General Fund Budgeting Highlights

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The City's final General Fund budget for expenditures was $2,912,232, the same as the original published budget. The revenues were more than budgetary estimates by $106,106 and the expenditures were less than budgetary estimates by $993,322.

Fixed Assets and Debt Administration

The City's investment in fixed assets for its governmental and business-type activities totaled $25.9 million (net of accumulated depreciation) as of December 31, 2016.

Major fixed asset events during the current fiscal year included the following:

The City spent $881,000 on sidewalk, street and walking trail projects during the year. The City also spent $122,370 on vehicles and mowers.

At December 31, 2016, the City had total debt outstanding of $14.5 million, backed by the full faith and credit of the City. Total long-term debt decreased for the fiscal year ended December 31, 2016, in the amount of $1.5 million. This was a result of the gradual pay down of current outstanding debt.

Additional information on the City's general long term debt can be found in Note III to the financial statements.

Contacting the City

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City Clerk/Finance Department at 2620 North 155th Street, Basehor, Kansas 66007 or (913) 724-1370.

CITY OF BASEHOR, KANSAS

STATEMENT OF NET POSITION
December 31, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Primary Government Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 6,455,029	$ 1,943,175	$ 8,398,204
Receivables:			
Taxes	1,997,247	-	1,997,247
Municipal court	77,027	-	77,027
Other	30	166,672	166,702
Total current assets	8,529,333	2,109,847	10,639,180
Noncurrent assets:			
Nondepreciable capital assets:			
Construction in process	132,361	1,213	133,574
Land	490,030	-	490,030
Depreciable capital assets:	22,728,930	28,698,656	51,427,586
Less: accumulated depreciation	[12,647,451]	[13,535,217]	[26,182,668]
Total noncurrent assets	10,703,870	15,164,652	25,868,522
Total assets	19,233,203	17,274,499	36,507,702
Deferred outflow of resources			
Pension - contributions subsequent to the measurement date	64,871	-	64,871
Pension - changes in proportion	74,585	-	74,585
Pension - net differences between projected and actual pension plan investments	172,510	-	172,510
Pension - differences between expected and actual experience	69,539	-	69,539
Total deferred outflow of resources	381,505	-	381,505
Total assets and deferred outflow of resources	$ 19,614,708	$ 17,274,499	$ 36,889,207
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current liabilities:			
Accounts payable	$ 2,853	$ -	$ 2,853
Accrued liabilities	45,928	8,757	54,685
Accrued interest payable	54,109	73,596	127,705
Current portion of capital lease payable	7,900	-	7,900
Compensated absences payable	68,452	23,297	91,749
Current portion of general obligation bonds payable	922,329	667,671	1,590,000
Total current liabilities (payable from current assets)	1,101,571	773,321	1,874,892
Noncurrent liabilities:			
Net pension liability	1,317,562	-	1,317,562
Capital lease payable	13,400	-	13,400
General obligation bonds payable	5,880,492	7,046,179	12,926,671
Total noncurrent liabilities	7,211,454	7,046,179	14,257,633
Total liabilities	8,313,025	7,819,500	16,132,525
Deferred inflows of resources			
Unavailable revenue - property taxes	1,997,247	-	1,997,247
Pension - differences between expected and actual experience	13,597	-	13,597
Pension - changes in proportion	9,414	-	9,414
Pension - changes of assumptions	8,123	-	8,123
Total deferred inflows of resources	2,028,381	-	2,028,381
Total liabilities and deferred inflows of resources	$ 10,341,406	$ 7,819,500	$ 18,160,906
Net Position			
Net investment in capital assets	$ 3,901,049	$ 7,450,802	$ 11,351,851
Restricted for:			
Debt service	127,424	-	127,424
Capital outlay	189,238	-	189,238
Unrestricted	5,055,591	2,004,197	7,059,788
Total net position	$ 9,273,302	$ 9,454,999	$ 18,728,301

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

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CITY OF BASEHOR, KANSAS

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net [Expenses] Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Net [Expenses] Revenue and Changes in Net Assets: Primary Government: Business Type Activities	Net [Expenses] Revenue and Changes in Net Assets: Primary Government: Total
Governmental activities:						
General government	$ 1,837,580	$ -	$ -	$ [1,837,580]	$ -	$ [1,837,580]
Public safety	850,281	145,195	-	[705,086]	-	[705,086]
Public works	224,182	334,735	76,712	187,265	-	187,265
Culture and recreation	72,808	-	-	[72,808]	-	[72,808]
Infrastructure depreciation	1,047,678	-	-	[1,047,678]	-	[1,047,678]
Interest on long-term debt	188,090	-	-	[188,090]	-	[188,090]
Total governmental activities	4,220,619	479,930	76,712	[3,663,977]	-	[3,663,977]
Business-type activities:						
Sewer Utility	1,539,215	1,736,329	191,465	-	388,579	388,579
Solid Waste Utility	359,025	349,124	-	-	[9,901]	[9,901]
Total business-type activities	1,898,240	2,085,453	191,465	-	378,678	378,678
Total primary government	$ 6,118,859	$ 2,565,383	$ 268,177	[3,663,977]	378,678	[3,285,299]
General Revenues:						
Property taxes levied for						
General purposes				1,734,878	-	1,734,878
Debt service				691,659	-	691,659
Franchise tax				257,597	-	257,597
Liquor tax				32,615	-	32,615
Sales tax				948,874	-	948,874
Motor vehicle tax				244,940	-	244,940
Excise tax				14,255	-	14,255
Miscellaneous tax				139,697	-	139,697
Investments earnings				26,319	7,262	33,581
Miscellaneous				102,558	-	102,558
Transfers, net				286,625	[286,625]	-
Total general revenues				4,480,017	[279,363]	4,200,654
Change in net position				816,040	99,315	915,355
Net position - beginning				8,457,262	9,355,684	17,812,946
Net position - ending				$ 9,273,302	$ 9,454,999	$ 18,728,301

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

CITY OF BASEHOR, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	Consolidated Highway	Capital Improvements Reserve
ASSETS			
Cash and cash equivalents	$ 1,577,935	$ 2,626,259	$ 1,522,413
Receivables			
Taxes	1,227,324	-	-
Municipal court	77,027	-	-
Accounts	30	-	-
Total assets	$ 2,882,316	$ 2,626,259	$ 1,522,413
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 2,853	$ -	$ -
Accrued liabilities	45,928	-	-
Total liabilities	48,781	-	-
Deferred inflows of resources:			
Unavailable revenue - property taxes	1,227,324	-	-
Total deferred inflows of resources	1,227,324	-	-
Total liabilities and deferred inflows of resources	1,276,105	-	-
Fund balance:			
Restricted	-	189,238	-
Assigned	-	2,437,021	1,522,413
Unassigned	1,606,211	-	-
Total fund balance [deficit]	1,606,211	2,626,259	1,522,413
Total liabilities and fund balances	$ 2,882,316	$ 2,626,259	$ 1,522,413

Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
$ 140,503	$ 127,424	$ 460,495	$ 6,455,029
557,608	212,315	-	1,997,247
-	-	-	77,027
-	-	-	30
$ 698,111	$ 339,739	$ 460,495	$ 8,529,333
$ -	$ -	$ -	$ 2,853
-	-	-	45,928
-	-	-	48,781
557,608	212,315	-	1,997,247
557,608	212,315	-	1,997,247
557,608	212,315	-	2,046,028
-	127,424	-	316,662
140,503	-	460,495	4,560,432
-	-	-	1,606,211
140,503	127,424	460,495	6,483,305
$ 698,111	$ 339,739	$ 460,495	$ 8,529,333

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

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CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2016

Total Governmental Fund Balances		$ 6,483,305
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	23,351,319	
Accumulated depreciation is	[12,647,451]	10,703,868
Pension contributions are reported as an expense in the funds as a deferred outflow of resources in the governmental activities in the statement of net position		381,505
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position		[1,348,694]
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term liabilities at year end consist of:		
General obligation bonds payable	6,802,821	
Lease payable	21,300	
Interest payable	54,109	
Compensated absences payable	68,452	[6,946,682]
Net Position of Governmental Activities		$ 9,273,302

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	General	Consolidated Highway	Capital Improvements Reserve
REVENUES:			
Taxes	$ 1,942,196	$ 822,501	$ 115,149
Intergovernmental	-	-	44,708
Special assessments	-	-	-
Licenses, permits and fees	229,535	-	-
Fines, forfeitures and penalties	145,195	-	-
Use of money and property	6,166	9,047	6,804
Miscellaneous	45,466	-	57,092
Total revenues	2,368,558	831,548	223,753
EXPENDITURES:			
Current			
General government	710,820	38,412	877,019
Public works	194,211	-	-
Culture and recreation	59,377	-	-
Public safety	813,302	-	-
Capital outlay	-	389,499	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	1,777,710	427,911	877,019
Excess [deficiency] of revenues over [under] expenditures	590,848	403,637	[653,266]
OTHER FINANCING SOURCES [USES]			
Cost of issuance	-	-	[19,864]
Transfers in	-	-	50,000
Transfers [out]	[141,200]	-	-
Total other financing sources [uses]	[141,200]	-	30,136
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	449,648	403,637	[623,130]
Fund balance - Beginning of year	1,156,563	2,222,622	2,145,543
Fund balance - End of year	$ 1,606,211	$ 2,626,259	$ 1,522,413

Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
$ 476,703	$ 76,986	$ 16,307	$ 3,449,842
-	32,004	-	76,712
-	614,673	-	614,673
-	-	105,200	334,735
-	-	-	145,195
661	2,254	1,387	26,319
-	-	-	102,558
477,364	725,917	122,894	4,750,034
547,264	-	-	2,173,515
-	-	-	194,211
-	-	-	59,377
-	-	-	813,302
-	-	169,061	558,560
-	886,881	-	886,881
-	185,109	-	185,109
547,264	1,071,990	169,061	4,870,955
[69,900]	[346,073]	[46,167]	[120,921]
-	-	-	[19,864]
79,314	207,311	91,200	427,825
-	-	-	[141,200]
79,314	207,311	91,200	266,761
9,414	[138,762]	45,033	145,840
131,089	266,186	415,462	6,337,465
$ 140,503	$ 127,424	$ 460,495	$ 6,483,305

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

CITY OF BASEHOR, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

Total Net Change In Fund Balances - Governmental Funds		$ 145,840
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	837,973	
Depreciation expense	[1,047,678]	[209,705]
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest increased.		[2,981]
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		[14,793]
Net other post employment benefits		48,362
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		883,900
Repayment of capital leases is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		7,600
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities		[42,183]
Changes In Net position of Governmental Activities		$ 816,040

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

CITY OF BASEHOR, KANSAS

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 1,942,196	$ -	$ 1,942,196	$ 1,819,464	$ 1,819,464	$ 122,732
Licenses and permits	229,535	-	229,535	104,325	104,325	125,210
Fines, forfeitures and penalties	145,195	[1,096]	144,099	151,000	151,000	[6,901]
Use of money and property	6,166	-	6,166	1,500	1,500	4,666
Miscellaneous	45,466	-	45,466	40,602	40,602	4,864
Total Revenues	2,368,558	[1,096]	2,367,462	2,116,891	2,116,891	250,571
Expenditures:						
General Administration:						
Personal services	286,306	-	286,306	421,459	421,459	135,153
Contractual services	355,718	-	355,718	479,217	479,217	123,499
Commodities	2,417	-	2,417	30,396	30,396	27,979
Capital outlay	66,379	-	66,379	603,050	603,050	536,671
	710,820	-	710,820	1,534,122	1,534,122	823,302
Public Safety						
Personal services	716,453	-	716,453	757,251	757,251	40,798
Contractual services	70,216	-	70,216	100,700	100,700	30,484
Commodities	22,761	-	22,761	58,700	58,700	35,939
Capital outlay	3,872	-	3,872	8,000	8,000	4,128
	813,302	-	813,302	924,651	924,651	111,349
Highways and Streets						
Personal services	176,414	-	176,414	196,866	196,866	20,452
Contractual services	14,988	-	14,988	12,750	12,750	[2,238]
Commodities	-	-	-	15,200	15,200	15,200
Capital outlay	2,809	-	2,809	12,500	12,500	9,691
	194,211	-	194,211	237,316	237,316	43,105
Culture and recreation						
Personal services	31,641	-	31,641	21,043	21,043	[10,598]
Contractual services	12,635	-	12,635	52,400	52,400	39,765
Commodities	221	-	221	1,500	1,500	1,279
Capital outlay	14,880	-	14,880	-	-	[14,880]
	59,377	-	59,377	74,943	74,943	15,566

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

CITY OF BASEHOR, KANSAS

GENERAL FUND - (Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Expenditures (Continued):						
Total Expenditures	$ 1,777,710	$ -	$ 1,777,710	$ 2,771,032	$ 2,771,032	$ 993,322
Excess [Deficiency] of Revenues Over [Under] Expenditures	590,848	[1,096]	589,752	[654,141]	[654,141]	1,243,893
Other Financing Sources [Uses]:						
Transfers in	-	-	-	144,465	144,465	[144,465]
Transfers [out]	[141,200]	-	[141,200]	[141,200]	[141,200]	-
Total Other Financing Sources [Uses]	[141,200]	-	[141,200]	3,265	3,265	[144,465]
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	449,648	[1,096]	448,552	$ [650,876]	$ [650,876]	$ 1,099,428
Fund Balance, January 1	1,156,563	[75,931]	1,080,632			
Fund Balance, December 31	$ 1,606,211	$ [77,027]	$ 1,529,184			

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

CITY OF BASEHOR, KANSAS

CONSOLIDATED HIGHWAY FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 822,501	$ -	$ 822,501	$ 547,850	$ 547,850	$ 274,651
Use of money and property	9,047	-	9,047	4,000	4,000	5,047
Total Revenues	831,548	-	831,548	551,850	551,850	279,698
Expenditures:						
Commodities	38,412	-	38,412	70,000	70,000	31,588
Capital outlay	307,724	-	307,724	780,000	780,000	472,276
Contractual	81,775	-	81,775	10,000	10,000	[71,775]
Total Expenditures	427,911	-	427,911	860,000	860,000	432,089
Excess [Deficiency] of Revenues Over [Under] Expenditures	403,637	-	403,637	$ [308,150]	$ [308,150]	$ 711,787
Fund Balance, January 1	2,222,622	-	2,222,622			
Fund Balance, December 31	$ 2,626,259	$ -	$ 2,626,259			

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

CITY OF BASEHOR, KANSAS

CAPITAL IMPROVEMENTS RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 115,149	$ -	$ 115,149	$ 82,000	$ 82,000	$ 33,149
Intergovernmental	44,708	-	44,708	-	-	44,708
Use of money and property	6,804	-	6,804	2,000	2,000	4,804
Miscellaneous	57,092	-	57,092	-	-	57,092
Total Revenues	223,753	-	223,753	84,000	84,000	139,753
Expenditures:						
Contractual	9,908	-	9,908	-	-	[9,908]
Capital outlay	867,111	-	867,111	1,355,000	1,355,000	487,889
Total Expenditures	877,019	-	877,019	1,355,000	1,355,000	477,981
Excess [Deficiency] of Revenues Over [Under] Expenditures	[653,266]	-	[653,266]	[1,271,000]	[1,271,000]	617,734
Other Financing Sources [Uses]:						
Transfers in	50,000	-	50,000	50,000	50,000	-
Cost of issuance	[19,864]	-	[19,864]	-	-	[19,864]
Total Other Financing Sources [Uses]	30,136	-	30,136	50,000	50,000	[19,864]
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	[623,130]	-	[623,130]	$ [1,221,000]	$ [1,221,000]	$ 597,870
Fund Balance, January 1	2,145,543	-	2,145,543			
Fund Balance, December 31	$ 1,522,413	$ -	$ 1,522,413			

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

CITY OF BASEHOR, KANSAS

EMPLOYEE BENEFIT FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 476,703	$ -	$ 476,703	$ 469,122	$ 469,122	$ 7,581
Use of money and property	661	-	661	600	600	61
Total Revenues	477,364	-	477,364	469,722	469,722	7,642
Expenditures:						
Personal services	547,264	-	547,264	618,805	618,805	71,541
Total Expenditures	547,264	-	547,264	618,805	618,805	71,541
Excess [Deficiency] of Revenues Over [Under] Expenditures	[69,900]	-	[69,900]	[149,083]	[149,083]	79,183
Other Financing Sources [Uses]:						
Transfers in	79,314	-	79,314	84,314	84,314	[5,000]
Total Other Financing Sources [Uses]	79,314	-	79,314	84,314	84,314	[5,000]
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	9,414	-	9,414	$ [64,769]	$ [64,769]	$ 74,183
Fund Balance, January 1	131,089	-	131,089			
Fund Balance, December 31	$ 140,503	$ -	$ 140,503			

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

CITY OF BASEHOR, KANSAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,898,069	$ 45,106	$ 1,943,175
Receivables:			
Accounts (net of allowance)	133,652	33,020	166,672
Total current assets	2,031,721	78,126	2,109,847
Noncurrent assets:			
Nondepreciable capital assets:			
Construction in progress	1,213	-	1,213
Depreciable capital assets:	28,698,656	-	28,698,656
Less: accumulated depreciation	[13,535,217]	-	[13,535,217]
Total noncurrent assets	15,164,652	-	15,164,652
Total Assets	$ 17,196,373	$ 78,126	$ 17,274,499
LIABILITIES AND NET POSITION			
Current liabilities (payable from current assets):			
Accrued interest	$ 73,596	$ -	$ 73,596
Accrued compensation	3,334	19,963	23,297
Accrued payroll	8,757	-	8,757
Current portion of general obligation payable	667,671	-	667,671
Total current liabilities (payable from current assets):	753,358	19,963	773,321
Noncurrent liabilities:			
General obligation bond payable	7,046,179	-	7,046,179
Total noncurrent liabilities:	7,046,179	-	7,046,179
Total Liabilities	$ 7,799,537	$ 19,963	$ 7,819,500
Net Position:			
Net investment in capital assets	$ 7,450,802	$ -	$ 7,450,802
Unrestricted	1,946,034	58,163	2,004,197
Total Net Position	$ 9,396,836	$ 58,163	$ 9,454,999

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

CITY OF BASEHOR, KANSAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Operating revenues:			
Charges for services	$ 1,736,329	$ 349,124	$ 2,085,453
Special assessments	95,389	-	95,389
Miscellaneous	96,076	-	96,076
Total operating revenues	1,927,794	349,124	2,276,918
Operating expenses:			
Personnel	174,976	50,117	225,093
Contractual	212,445	306,353	518,798
Commodities	26,735	2,555	29,290
Capital outlay	92,112	-	92,112
Depreciation	744,482	-	744,482
Total operating expenses	1,250,750	359,025	1,609,775
Operating income [loss]	677,044	[9,901]	667,143
Nonoperating revenues [expenses]:			
Interest on long term debt	[197,759]	-	[197,759]
Bond issuance costs	[90,706]	-	[90,706]
Interest earned	6,900	362	7,262
Total nonoperating revenues [expenses]	[281,565]	362	[281,203]
Income [loss] before transfers	395,479	[9,539]	385,940
Transfers from [to] other funds			
Transfers [out]	[269,311]	[17,314]	[286,625]
Total transfers	[269,311]	[17,314]	[286,625]
Change in net position	126,168	[26,853]	99,315
Net position, January 1	9,270,668	85,016	9,355,684
Net position, December 31	$ 9,396,836	$ 58,163	$ 9,454,999

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

CITY OF BASEHOR, KANSAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	$ 1,920,433	$ 347,816	$ 2,268,249
Cash paid to suppliers and employees	[506,096]	[359,572]	[865,668]
Net Cash Provided by [Used in] Operating Activities	1,414,337	[11,756]	1,402,581
Cash Flows from Non-Capital Financing Activities:			
Transfers [in] out	[269,311]	[17,314]	[286,625]
Net Cash Provided by [Used in] Non-Capital Financing Activities	[269,311]	[17,314]	[286,625]
Cash Flows from Capital and Related Financing Activities			
Capital asset additions, net	[76,623]	-	[76,623]
Bonds, notes and loans proceeds	4,095,000	-	4,095,000
Principal paid on bonds, notes and loans	[4,769,253]	-	[4,769,253]
Interest expense and fiscal charges	[124,236]	-	[124,236]
Bond issuance charges	[90,706]	-	[90,706]
Net Cash Provided by [Used in] Capital and Related Financing Activities	[965,818]	-	[965,818]
Cash Flows from Investing Activities:			
Interest income	6,900	362	7,262
Net Cash Provided by [Used in] Investing Activities	6,900	362	7,262
Net Increase [Decrease] in Cash and Cash Equivalents	186,108	[28,708]	157,400
Cash and Equivalents, January 1	1,711,961	73,814	1,785,775
Cash and Equivalents, December 31	$ 1,898,069	$ 45,106	$ 1,943,175

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

CITY OF BASEHOR, KANSAS

STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
For the Year Ended December 31, 2016

	Business-Type Activities: Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
Reconciliation of Operating Net Income to Net Cash Provided by Operating Activities:			
Operating income [loss]	$ 677,044	$ [9,901]	$ 667,143
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	744,482	-	744,482
Change in assets and liabilities:			
[Increase] decrease in accounts receivable	[7,361]	[1,308]	[8,669]
Increase [decrease] in compensated absences/accrued payroll	172	[547]	[375]
Total Adjustments	737,293	[1,855]	735,438
Net Cash Provided by [Used in] Operating Activities	$ 1,414,337	$ [11,756]	$ 1,402,581

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

The City of Basehor, Kansas (the City), is a municipal corporation governed by an elected six-member council. The City has no component units.

B. *Government-wide and Fund Financial Statements*

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the City.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. The City has no fiduciary funds.

C. *Measurement Focus, Basis of Accounting and Basis of Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)*

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The Consolidated Highway Fund is used to account for road and highway projects.

The Capital Improvements Reserve Fund is used to account for capital improvement projects.

The Employee Benefit Fund is used to account for employee benefits.

The Bond and Interest Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental.

The City reports the following major proprietary funds:

The Sewer Utility Fund is used to account for the activities of the City's wastewater operations.

The Solid Waste Utility Fund is used to account for the activities of the City's refuse operations.

D. *Assets, Liabilities and Equity*

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments (including certificates of deposit) with original maturities of six months or less from the date of acquisition.

Kansas statutes authorize the City to invest in U.S. Treasury bills and notes, repurchase agreements, the Kansas Municipal Investment Pool, and certain other types of federal and Kansas municipal obligations.

Investments are stated at fair market value.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles, if any.

Property taxes receivable - The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The office of the County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2017.

3. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

3. Capital Assets (Continued)

Property, plant and equipment of the City, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50 - 100
Other equipment	5 - 20
Vehicles	6 - 10
Infrastructure	30 - 75

4. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused paid time off. Paid time off earned but unused at termination (if a two-week notice is given) is paid to the employees at their current rate of pay.

Vested or accumulated paid time off that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government fund financial statements that will pay it. Vested or accumulated paid time off of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees.

The General Fund and Sewer Utility Fund have been used in prior years to liquidate the liability for compensated absences.

5. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

7. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports pension contributions subsequent to the measurement date, pension changes in proportion, net differences between projected and actual pension plan investments and pension differences between expected and actual experience as deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from one source: property taxes. Pension differences between expected and actual experience, changes in proportion, and pension changes in assumptions are reported as deferred inflows for governmental activities.

9. Fund Equity

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city council. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Assets, Liabilities and Equity (Continued)*

9. Fund Balance Reserves (Continued)

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds						
	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	Bond and Interest	Other Governmental Funds	Total Governmental Funds
Fund Balances:							
Restricted for:							
Debt retirement	$ -	$ -	$ -	$ -	$ 127,424	$ -	$ 127,424
Capital improvements	-	189,238	-	-	-	-	189,238
Assigned for:							
Street project construction	-	2,437,021	-	-	-	-	2,437,021
Capital improvements	-	-	1,522,413	-	-	77,774	1,600,187
Employee benefits	-	-	-	140,503	-	-	140,503
Culture and recreation	-	-	-	-	-	135,187	135,187
Equipment outlay	-	-	-	-	-	247,534	247,534
Unassigned:	1,606,211	-	-	-	-	-	1,606,211
Total Fund Balances	$1,606,211	$ 2,626,259	$ 1,522,413	$ 140,503	$ 127,424	$ 460,495	$ 6,483,305

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. 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 the 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 the 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. The budget was amended during the year ended December 31, 2016 for the Sewer Utility and Solid Waste Utility funds.

The statutes permit management to transfer 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds and certain special revenue funds. Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	Major Governmental Funds						
	General Fund	Consolidated Highway Fund	Capital Improvements Reserve Fund	Employee Benefit Fund	Bond and Interest Fund	Other Governmental Funds	Total Governmental Funds
GAAP FUND BALANCE December 31, 2016	$ 1,606,211	$ 2,626,259	$ 1,522,413	$ 140,503	$ 127,424	$ 460,495	$ 6,483,305
Unreserved fund balances not subject to the Kansas budget law:							
Municipal Equipment Reserve Fund	-	-	-	-	-	[247,534]	[247,534]
Glenwood Sewer Maintenance Fund	-	-	-	-	-	[41,604]	[41,604]
Adjustments:							
Municipal court receivable	[77,027]	-	-	-	-	-	[77,027]
Total deductions	[77,027]	-	-	-	-	[289,138]	[366,165]
BUDGETARY FUND BALANCE December 31, 2016	$ 1,529,184	$ 2,626,259	$ 1,522,413	$ 140,503	$ 127,424	$ 171,357	$ 6,117,140

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgetary Information (Continued)

	Major Business-Type Funds		
	Sewer Utility Fund	Solid Waste Utility Fund	Total Business-Type Funds
NET POSITION December 31, 2016	$ 9,396,836	$ 58,163	$ 9,454,999
Adjustments:			
Capital assets, net	[15,164,652]	-	[15,164,652]
Receivables	[133,652]	[33,020]	[166,672]
Accrued interest	73,596	-	73,596
Accrued compensation	3,334	19,963	23,297
General obligation payable	7,713,850	-	7,713,850
Total deductions	[7,507,524]	[13,057]	[7,520,581]
BUDGETARY NET POSITION December 31, 2016	$ 1,889,312	$ 45,106	$ 1,934,418

III. DETAILED NOTES ON ALL FUNDS

A. *Deposits and Investments*

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

Investments. 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; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investments policy that would further limit its investment choices.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2016, the City had the following investments and maturities:

Investment Type	Level 1	Rating	Weighted Average Maturity
Kansas Municipal Investment Pool	$ 1,949,377	S&P AAAf/S1+	1 Day

III. DETAILED NOTES ON ALL FUNDS (Continued)

A. *Deposits and Investments (Continued)*

The above investments are measured at the net asset value, have an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments.

The Kansas 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 insured 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.

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

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

At December 31, 2016, the City's carrying amount of deposits was $6,448,827 and the bank balance was $6,541,116. Of the bank balance, $990,843 was covered by federal depository insurance, and $5,550,273 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.

B. *Receivables*

Receivables at year end are as follows:

	General	Employee Benefit	Bond and Interest	Sewer Utility	Solid Waste Utility	Total
Receivables:						
Accounts	$ 30	$ -	$ -	$ 133,652	$ 33,020	$ 166,702
Taxes	1,227,324	557,608	212,315	-	-	1,997,247
Municipal court	77,027	-	-	-	-	77,027
Total	$ 1,304,381	$ 557,608	$ 212,315	$ 133,652	$ 33,020	$ 2,240,976

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Capital Assets*

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/15	Additions	Retirements	Balance 12/31/16
City governmental activities:				
Capital assets, not being depreciated				
Land	$ 490,030	$ -	$ -	$ 490,030
Construction in progress	207,353	880,754	955,746	132,361
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	21,757,601	1,001,494	30,165	22,728,930
Total capital assets	22,454,984	1,882,248	985,911	23,351,321
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	11,515,493	1,134,472	2,514	12,647,451
Total accumulated depreciation	11,515,493	1,134,472	2,514	12,647,451
Governmental activities capital assets, net	$ 10,939,491	$ 747,776	$ 983,397	$ 10,703,870
Business-type activities:				
Capital assets, not being depreciated				
Construction in progress	$ -	$ 1,213	$ -	$ 1,213
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	28,648,996	76,624	26,964	28,698,656
Total capital assets	28,648,996	77,837	26,964	28,699,869
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	12,817,699	744,482	26,964	13,535,217
Total accumulated depreciation	12,817,699	744,482	26,964	13,535,217
Business-type activities capital assets, net	$ 15,831,297	$ [666,645]	$ -	$ 15,164,652

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. *Capital Assets (Continued)*

The City's depreciation expense was charged as follows:

Governmental Activities:	
General government	$ 34,064
Public safety	36,979
Public works	2,320
Culture and recreation	13,431
Infrastructure	1,047,678
Total depreciation expense	$ 1,134,472
Business-type Activities:	
Sewer utility	$ 744,482
Total depreciation expense	$ 744,482

D. *Long-term Debt*

During the year ended December 31, 2016, the following changes occurred in long term liabilities:

Government Fund Activities	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Due Within One Year
General obligation bonds	$ 7,418,347	$ -	$ 887,666	$ 6,530,682	$ 922,329
General obligation bonds premium	294,294	-	22,155	272,139	-
Total general obligation bonds	7,712,641	-	909,821	6,802,821	922,329
Capital lease	28,900	-	7,600	21,300	7,900
	$ 7,741,541	$ -	$ 917,421	$ 6,824,121	$ 930,229
Enterprise Fund Activities					
General obligation bonds	$ 3,621,653	$ 4,095,000	$ 407,335	$ 7,309,319	$ 667,671
General obligation bonds premium	332,948	91,034	19,451	404,531	-
Total general obligation bonds	3,954,601	4,186,034	426,786	7,713,850	667,671
KDHE revolving loan	4,361,919	-	4,361,919	-	-
	$ 8,316,519	$ 4,186,034	$ 4,788,704	$ 7,713,850	$ 667,671

General Obligation Bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund other general obligation bonds.

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Governmental Activities	Date of Issuance	Date of Final Maturity	Interest Rate	Original Amount	Outstanding Amount
Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	$ 3,415,000	$ 31,050
Refunding and improvements, Series 2012	08/08/12	09/01/32	2.00-3.00%	9,345,884	3,249,205
Refunding, Series 2013	01/15/13	09/01/25	2.00%	3,480,000	2,290,000
Improvements, Series 2015	08/26/15	09/01/35	2.00-4.00%	995,000	960,427
				$ 17,235,884	$ 6,530,682
Business-type Activities					
Improvements, Series 2004	01/15/04	09/01/19	3.25-4.35%	$ 1,058,650	$ 13,950
Refunding and improvements, Series 2012	08/08/12	09/01/32	2.00-3.00%	4,175,000	2,910,795
Improvements, Series 2015	08/26/15	09/01/35	2.00-4.00%	300,000	289,574
Refunding, Series 2016	06/03/16	09/01/30	2.00-2.25%	4,095,000	4,095,000
				$ 9,628,650	$ 7,309,319

Annual debt service requirements to maturity for the general obligation bonds are as follows:

	Governmental activities		Business-type activities		
Year Ending December 31,	Principal	Interest	Principal	Interest	Total
2017	$ 922,329	$ 162,326	$ 667,671	$ 186,125	$ 1,938,451
2018	925,514	139,116	704,486	151,274	1,920,390
2019	943,699	115,706	721,301	132,897	1,913,603
2020	505,238	91,789	564,763	114,061	1,275,851
2021	687,674	78,515	417,326	99,926	1,283,441
2022-2026	1,278,245	276,008	2,221,755	371,232	4,147,240
2027-2031	902,013	138,759	1,837,987	134,397	3,013,156
2032-2036	365,970	28,726	174,030	10,302	579,028
Total	$ 6,530,682	$ 1,030,945	$ 7,309,319	$ 1,200,214	$ 16,071,160

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

On June 3, 2016, the City issued Series 2016 General Obligation Refunding Bonds in the amount of $4,095,000. The bonds carry an interest rate ranging from 2.00 to 2.25%, and mature on September 1, 2030. The purpose of the bonds is to refund the KDHE Revolving Loan, which financed certain wastewater improvements throughout the City.

Special Assessments. As provided by Kansas Statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund. The special assessments receivable are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks of loss including related lost revenue. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of additional expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Retirement Plans

Description of Deferred Compensation Plan. All employees employed by the City, excluding police department employees, are entitled to enroll at the City Council's discretion, in a Deferred Compensation Plan, offered by Mass Mutual or such other insurance company as may offer a plan approved by the Kansas Legislature pursuant to K.S.A. 75-5522 et seq. and K.S.A. 75-5529 et seq. For an employee who is employed full time, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The payroll for employees covered by the Plan was $871,267. Total gross payroll was $1,418,546. The contribution for the year ending December 31, 2016, was $34,189 from employees and $68,244 from employer.

IV. OTHER INFORMATION (Continued)

C. *Retirement Plans (Continued)*

Description of Pension Plan. The City also participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

Public employees, which includes:

- State/School employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Kansas Police and Firemen (KP&F) group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Police and Firemen with twenty or more years of credited service, may retire as early as age 50, with an actuarially reduced monthly benefit. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

Contributions. Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.1% of total payroll for the fiscal year ended June 30, 2016.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows for the KPERS fiscal year ended June 30, 2016:

	Actuarial Employer Rate	Statutory Employer Capped Rate
Police and Firemen	20.42%	20.42%

Member contribution rates as a percentage of eligible compensation in fiscal year 2016 are 7.15% for Police and Firemen.

Employer Allocations. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of June 30, 2016, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal year ended June 30, 2016.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At December 31, 2016, the City's proportion for the Police and Firemen group was 0.142%, which was a decrease of .001% from its proportion measured at December 31, 2015.

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

Net Pension Liability. At December 31, 2016 and 2015, the City reported a liability of $1,317,562 and $1,041,028, respectively, for its total proportionate share of the net pension liability for the Police and Firemen groups.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016, using the following actuarial assumptions:

Assumptions	Rate
Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4% to 16.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2012.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset	Long-Term Allocation	Long-Term Expected Real Rate of Return
Global Equity	47.00%	6.80%
Fixed Income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real Return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	2.00%	-0.25%
	100.00%	

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7.00%) or 1-percentage point higher (9.00%) than the current rate:

1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
$1,807,426	$1,317,562	$903,685

Pension Expense. For the year ended December 31, 2016, the City recognized pension expense of $177,640, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 69,539	$ 13,597
Net difference between projected and actual earnings on pension plan investments	172,510	-
Changes in assumptions	-	8,123
Changes in proportion	74,585	9,414
Total	$ 316,634	$ 31,134

$64,871 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

IV. OTHER INFORMATION (Continued)

C. Retirement Plans (Continued)

Year ended December 31,	Deferred [Inflows] Outflows Amount
2017	$ 56,110
2018	56,110
2019	104,388
2020	62,463
2021	6,429
Total	$ 285,500

D. Interfund Transfers

A reconciliation of all operating transfers by fund type for 2016 follows:

From	To	Amount	Regulatory Authority
General	Capital Improvements Reserve	$ 50,000	K.S.A. 12-1,118
General	Municipal Equipment Reserve	91,200	K.S.A. 12-1,117
Sewer Utility	Employee Benefit	62,000	K.S.A. 12-825d
Sewer Utility	Bond and Interest	207,311	K.S.A. 12-825d
Solid Waste Utility	Employee Benefit	17,314	K.S.A. 12-825d
		$ 427,825	

The City uses interfund transfers to share administrative costs between funds.

E. Restricted Cash

In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the $2,405 per lot impact fee. This restriction limited the use of these funds to improvements to the perimeter roads (Donohoo Road, Hollingsworth Road and 147th Street). Of the $2,626,259 of cash in the Consolidated Highway Fund as of December 31, 2016, $189,238 was subject to this restriction.

F. Tax Abatements

Property Tax Abatements. Property tax abatements are authorized under K.S.A. 79-201a and subject to City policy. The City provides tax abatements to encourage business development within City limits. Tax abatements reduce ad valorem property taxes reduced by the City. To receive property tax abatements, an applicant must submit an application to the City Clerk, and is subject to approval by the City Council. During the year ended December 31, 2016, the City had the following tax abatement agreement:

Company	Taxes Abated	Percentage Abated	Amount Abated in 2016	Agreement Expiration
Orscheln Farm and Home	Property tax	95%	$ -	2019

IV. OTHER INFORMATION (Continued)

F. Tax Abatements (Continued)

As of December 31, 2016, the City owed Orscheln Farm and Home (the Company) $16,368 under the agreement for 2016. As of April 26, 2017, the abatement has not yet been paid to the Company.

No other commitments were entered in to by the Company or the City as part of the agreement.

Neighborhood Revitalization Areas. The City had three neighborhood revitalization areas established during the year ended December 31, 2016. NRAs are established under K.S.A. 12-17,114 and subject to City policy. NRAs are provided to assist with spurring investment and revitalization of properties which can benefit a neighborhood and the general public. The program works by rebating a portion (95% for residential property improvements, 50% for commercial and industrial improvements) of the incremental increase in property taxes resulting from improvements back to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate. To receive an NRA, individuals or businesses must submit an application to be reviewed by City staff and approved by the City Council. Applicants must also provide verification they are current on all real or personal property taxes. During the year ended December 31, 2016, the City paid $53,933 to various homeowners under the neighborhood revitalization program.

No other governments have entered into tax abatement agreements that reduce the City's tax revenues.

CITY OF BASEHOR, KANSAS

KP&F PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year ended December 31, 2016

Schedule of the City's Proportionate Share of the KP&F Net Pension Liability
Last Ten Fiscal Years*

	12/31/16	12/31/15
City's proportion of the net pension liability	0.142%	0.143%
City's proportionate share of the net pension liability	$1,317,562	$1,041,028
City's covered-employee payroll	$ 662,996	$ 634,065
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	198.73%	164.18%
Plan fiduciary net position as a percentage of the total pension liability	69.30%	74.60%

*The amounts presented for each fiscal year were determined as of 12/31. Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

Schedule of the City's Contributions
Last Ten Fiscal Years*

	12/31/16	12/31/15
Contractually required contribution	$ 135,384	$141,616
Contributions in relation to the contractually required contribution	135,384	141,616
Contribution deficiency [excess]	$ -	$ -
City's covered-employee payroll	$ 662,996	$662,996
Contributions as a percentage of covered employee payroll	20.42%	21.36%

*Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

CITY OF BASEHOR, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2016

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and cash equivalents	$ 382,721	$ 77,774	$ 460,495
Total assets	$ 382,721	$ 77,774	$ 460,495
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Total liabilities	-	-	-
Fund balance:			
Assigned	382,721	77,774	460,495
Total fund balance [deficit]	382,721	77,774	460,495
Total liabilities and fund balances	$ 382,721	$ 77,774	$ 460,495

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2016

	Special Revenue	Capital Projects	Total
REVENUES:			
Taxes	$ 16,307	$ -	$ 16,307
Licenses, permits and fees	32,200	73,000	105,200
Use of money and property	1,118	269	1,387
Total revenues	49,625	73,269	122,894
EXPENDITURES:			
Capital outlay	119,949	49,112	169,061
Total expenditures	119,949	49,112	169,061
Excess [deficiency] of revenues over [under] expenditures	[70,324]	24,157	[46,167]
OTHER FINANCING SOURCES [USES]:			
Transfers in	91,200	-	91,200
Total other financing sources [uses]	91,200	-	91,200
Excess [Deficiency] of Revenues and Other Financing Sources Over [Under] Expenditures and Other [Uses]	20,876	24,157	45,033
Fund balance - Beginning of year	361,845	53,617	415,462
Fund balance - End of year	$ 382,721	$ 77,774	$ 460,495

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2016

	Special Parks and Recreation	Municipal Equipment Reserve	Totals
ASSETS			
Cash and cash equivalents	$ 135,187	$ 247,534	$ 382,721
Total assets	$ 135,187	$ 247,534	$ 382,721
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Total liabilities	-	-	-
Fund balance:			
Assigned	135,187	247,534	382,721
Total fund balance [deficit]	135,187	247,534	382,721
Total liabilities and fund balances	$ 135,187	$ 247,534	$ 382,721

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2016

	Special Parks and Recreation	Municipal Equipment Reserve	Totals
REVENUES:			
Taxes	$ 16,307	$ -	$ 16,307
Licenses, permits and fees	32,200	-	32,200
Use of money and property	449	669	1,118
Total revenues	48,956	669	49,625
EXPENDITURES:			
Capital outlay	24,887	95,062	119,949
Total expenditures	24,887	95,062	119,949
Excess [deficiency] of revenues over [under] expenditures	24,069	[94,393]	[70,324]
OTHER FINANCING SOURCES [USES]:			
Transfers in	-	91,200	91,200
Total other financing sources [uses]	-	91,200	91,200
Excess [Deficiency] of Revenues and Other Financing Sources Over [Under] Expenditures and Other [Uses]	24,069	[3,193]	20,876
Fund balance - Beginning of year	111,118	250,727	361,845
Fund balance - End of year	$ 135,187	$ 247,534	$ 382,721

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2016

	Cedar Lakes Maintenance	Glenwood Sewer Maintenance	Totals
ASSETS			
Cash and cash equivalents	$ 36,170	$ 41,604	$ 77,774
Total assets	$ 36,170	$ 41,604	$ 77,774
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Total liabilities	-	-	-
Fund balance:			
Assigned	36,170	41,604	77,774
Total fund balance [deficit]	36,170	41,604	77,774
Total liabilities and fund balances	$ 36,170	$ 41,604	$ 77,774

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2016

	Cedar Lakes Maintenance	Glenwood Sewer Maintenance	Totals
REVENUES:			
Licenses, permits and fees	$ 40,000	$ 33,000	$ 73,000
Use of money and property	124	145	269
Total revenues	40,124	33,145	73,269
EXPENDITURES:			
Capital outlay	21,846	27,266	49,112
Total expenditures	21,846	27,266	49,112
Excess [deficiency] of revenues over [under] expenditures	18,278	5,879	24,157
Fund balance - Beginning of year	17,892	35,725	53,617
Fund balance - End of year	$ 36,170	$ 41,604	$ 77,774

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 16,307	$ -	$ 16,307	$ 8,000	$ 8,000	$ 8,307
Licenses, permits and fees	32,200	-	32,200	8,000	8,000	24,200
Use of money and property	449	-	449	300	300	149
Total Revenues	48,956	-	48,956	16,300	16,300	32,656
Expenditures:						
Capital outlay	24,887	-	24,887	88,000	88,000	63,113
Total Expenditures	24,887	-	24,887	88,000	88,000	63,113
Excess [Deficiency] of Revenues Over [Under] Expenditures	24,069	-	24,069	$ [71,700]	$ [71,700]	$ 95,769
Fund Balance, January 1	111,118	-	111,118			
Fund Balance, December 31	$ 135,187	$ -	$ 135,187			

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

CEDAR LAKES MAINTENANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Licenses, permits and fees	$ 40,000	$ -	$ 40,000	$ 40,000	$ 40,000	$ -
Use of money and property	124	-	124	55	55	69
Total Revenues	40,124	-	40,124	40,055	40,055	69
Expenditures:						
Capital outlay	21,846	-	21,846	40,000	40,000	18,154
Total Expenditures	21,846	-	21,846	40,000	40,000	18,154
Excess [Deficiency] of Revenues Over [Under] Expenditures	18,278	-	18,278	$ 55	$ 55	$ 18,223
Fund Balance, January 1	17,892	-	17,892			
Fund Balance, December 31	$ 36,170	$ -	$ 36,170			

See independent auditor's report on the financial statements

CITY OF BASEHOR, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues:						
Taxes	$ 76,986	$ -	$ 76,986	$ 78,377	$ 78,377	$ [1,391]
Intergovernmental	32,004	-	32,004	16,400	16,400	15,604
Special assessments	614,673	-	614,673	488,692	488,692	125,981
Use of money and property	2,254	-	2,254	2,500	2,500	[246]
Total Revenues	725,917	-	725,917	585,969	585,969	139,948
Expenditures:						
Debt service:						
Principal	886,881	[23,470]	863,411	866,112	866,112	2,701
Interest	185,109	[183,841]	1,268	-	-	[1,268]
Total Expenditures	1,071,990	[207,311]	864,679	866,112	866,112	1,433
Excess [Deficiency] of Revenues Over [Under] Expenditures	[346,073]	207,311	[138,762]	[280,143]	[280,143]	141,381
Other Financing Sources [Uses]:						
Transfer in	207,311	[207,311]	-	-	-	-
Total Other Financing Sources [Uses]	207,311	[207,311]	-	-	-	-
Excess [Deficiency] of Revenues and Other Sources Over [Under] Expenditures and Other [Uses]	[138,762]	-	[138,762]	$ [280,143]	$ [280,143]	$ 141,381
Fund Balances, January 1	266,186	-	266,186			
Fund Balances, December 31	$ 127,424	$ -	$ 127,424			

CITY OF BASEHOR, KANSAS

SEWER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - ACTUAL AND BUDGET
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues						
Charges for services	$ 1,736,329	$ [7,361]	$ 1,728,968	$ 1,391,361	$ 1,543,881	$ 185,087
Special assessments	95,389	-	95,389	72,162	78,341	17,048
Miscellaneous	96,076	-	96,076	-	-	96,076
Use of money and property	6,900	-	6,900	1,500	1,500	5,400
Total revenues	1,934,694	[7,361]	1,927,333	1,465,023	1,623,722	303,611
Expenditures						
Personnel	174,976	1,115	176,091	124,879	124,879	[51,212]
Contractual	212,445	-	212,445	204,900	204,900	[7,545]
Commodities	26,735	-	26,735	33,000	33,000	6,265
Capital outlay	92,112	77,836	169,948	122,500	122,500	[47,448]
Depreciation	744,482	[744,482]	-	-	-	-
Total expenditures	1,250,750	[665,531]	585,219	485,279	485,279	[99,940]
Operating income [loss]	683,944	658,170	1,342,114	979,744	1,138,443	203,671
Other Financing Sources [Uses]:						
Bond proceeds	-	4,186,034	4,186,034	-	4,186,033	1
Issuance costs	[90,706]	-	[90,706]	-	-	[90,706]
Debt principal	-	[4,788,704]	[4,788,704]	[1,093,359]	[5,201,408]	412,704
Debt interest and fees	[197,759]	3,152	[194,607]	-	-	[194,607]
Transfers [out]	[269,311]	-	[269,311]	[160,818]	[160,818]	[108,493]
Total Other Financing Sources [Uses]	[557,776]	[599,518]	[1,157,294]	[1,254,177]	[1,176,193]	18,899
Change in net position	126,168	58,652	184,820	$ [274,433]	$ [37,750]	$ 222,570
Net position, January 1	9,270,668	[7,566,176]	1,704,492			
Net position, December 31	$ 9,396,836	$ [7,507,524]	$ 1,889,312			

CITY OF BASEHOR, KANSAS

SOLID WASTE UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - ACTUAL AND BUDGET
For the Year Ended December 31, 2016

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Positive [Negative]
Revenues						
Charges for services	$ 349,124	$ [1,309]	$ 347,815	$ 292,000	$ 340,294	$ 7,521
Use of money and property	362	-	362	550	550	[188]
Total revenues	349,486	[1,309]	348,177	292,550	340,844	7,333
Expenditures						
Personnel	50,117	546	50,663	-	45,647	[5,016]
Contractual	306,353	-	306,353	248,614	308,524	2,171
Commodities	2,555	-	2,555	5,700	700	[1,855]
Total expenditures	359,025	546	359,571	254,314	354,871	[4,700]
Operating income [loss]	[9,539]	[1,855]	[11,394]	38,236	[14,027]	2,633
Other Financing Sources [Uses]:						
Transfer [out]	[17,314]	-	[17,314]	[67,961]	[22,314]	5,000
Total Other Financing Sources [Uses]	[17,314]	-	[17,314]	[67,961]	[22,314]	5,000
Change in net position	[26,853]	[1,855]	[28,708]	$ [29,725]	$ [36,341]	$ 7,633
Net position, January 1	85,016	[11,202]	73,814			
Net position, December 31	$ 58,163	$ [13,057]	$ 45,106			

See independent auditor's report on the financial statements