

**CITY OF CHANUTE, KANSAS**

Independent Auditors' Report and  
Financial Statement with  
Supplementary Information

For the Year Ended December 31, 2014

**CITY OF CHANUTE, KANSAS**  
For the Year Ended December 31, 2014

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**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Commissioners  
City of Chanute, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of Chanute, Kansas, as of and for the year ended December 31, 2014, and the related notes to the financial statement.

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

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

***Auditors' Responsibility***

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

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

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

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

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

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

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of City of Chanute, Kansas as of December 31, 2014, or changes in financial position and cash flows thereof for the year then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of City of Chanute, Kansas as of December 31, 2014, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2013 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 1 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion dated April 22, 2014. The 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 basic financial statement or to the 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

*Jarred, Gilmore & Phillips, PA*

JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
March 6, 2015

CITY OF CHANUTE, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis

For the Year Ended December 31, 2014

Funds	Beginning Unencumbered Cash Balances		Receipts		Expenditures		Ending Unencumbered Cash Balances		Add Encumbrances and Accounts Payable		Cash Balance December 31, 2014
	\$		\$		\$		\$		\$		\$
General Fund	\$ 751,587.10		\$ 6,799,628.84		\$ 6,832,211.16		\$ 719,004.78		\$ 195,541.41		\$ 914,546.19
Special Purpose Funds:											
Industrial	154,925.14		16,048.79		-		170,973.93		-		170,973.93
Library	-		534,683.78		534,683.78		-		-		-
Library Employee Benefits	-		70,199.10		70,199.10		-		-		-
City Employee Benefits	102,084.98		1,398,739.77		1,025,622.65		475,202.10		461.85		475,663.95
Special Liability Expense	402,657.52		10.71		43,450.85		359,217.38		-		359,217.38
Recreation Complex	165,044.56		42,009.27		86,643.97		120,409.86		7,626.94		128,036.80
Special Parks and Recreation	121,739.39		26,259.95		12,201.45		135,797.89		-		135,797.89
Special Alcohol Programs	30,987.32		23,767.34		27,534.92		27,219.74		-		27,219.74
Tourism and Convention	19,678.67		61,157.24		20,000.00		60,835.91		-		60,835.91
Special Highway Improvement	778,263.00		562,410.18		503,416.87		837,256.31		999.49		838,255.80
Capital Improvement #1	956,949.40		262,982.34		439,565.02		780,366.72		-		780,366.72
Capital Improvement #2	433,523.19		539,213.26		602,940.81		369,795.64		20,874.81		390,670.45
Equipment Reserve	436,695.00		349,530.46		731,720.05		54,505.41		5,845.00		60,350.41
Efficiency Kansas Grant	343.10		22,048.99		22,123.01		269.08		-		269.08
Grant Projects	(240,634.44)		536,832.90		289,941.74		6,256.72		1,831.00		8,087.72
Bond and Interest Funds:											
General Obligation Bond and Interest	655,443.94		6,939,340.37		7,389,664.27		205,120.04		-		205,120.04
Special Obligation Bond and Interest	13,116.20		59,268.85		59,268.00		13,117.05		-		13,117.05
Business Funds:											
Electric Utility	585,258.54		24,816,443.18		25,051,812.11		349,889.61		1,145,417.91		1,495,307.52
Water Utility	89,213.57		1,733,289.05		1,592,007.65		230,494.97		37,880.55		268,375.52
Gas Utility	283,957.81		6,381,216.60		6,291,189.73		373,984.68		772,998.08		1,146,982.76
Refuse Utility	390,828.99		1,014,875.06		954,368.68		451,335.37		36,827.88		488,163.25
Sewer Utility	151,495.95		1,304,085.18		1,360,761.82		94,819.31		31,111.91		125,931.22
Electric, Water & Gas Bond and Interest	382,723.38		7,835,844.00		8,022,942.31		195,625.07		-		195,625.07
Electric, Water & Gas Bond											
Depreciation and Replacement	912,589.73		-		611,000.00		301,589.73		-		301,589.73
Vehicle Services	-		570,460.72		569,048.55		1,412.17		9,258.40		10,670.57
Utility Services	-		1,144,017.18		1,143,345.71		671.47		22,146.74		22,818.21
Public Works and Utility Complex	-		161,719.24		161,039.94		679.30		6,821.45		7,500.75
Total Reporting Entity (Excluding Agency Funds)	\$ 7,578,472.04		\$ 63,206,082.35		\$ 64,448,704.15		\$ 6,335,850.24		\$ 2,295,643.42		\$ 8,631,493.66

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

**CITY OF CHANUTE, KANSAS**

Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2014

	2014
Total Cash to be accounted for:	<u>\$ 8,631,493.66</u>
Composition of Cash:	
Cash on Hand .....	\$ 2,465.00
Checking Accounts:	
City Treasurer .....	4,726,534.31
Payroll Account .....	6,715.58
ISF Check Account .....	9,066.57
General Petty Cash .....	3,500.00
Security Deposit Account .....	228,591.39
Utility Petty Cash Account.....	500.00
Golf Course Petty Cash Account.....	5,000.00
Investments:	
Certificates of Deposit .....	6,307,305.81
UMB Escrow Accounts .....	<u>0.40</u>
Total Cash	11,289,679.06
Agency Funds Per Schedule 3	<u>(2,658,185.40)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 8,631,493.66</u>

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

## **CITY OF CHANUTE, KANSAS**

Notes to Financial Statement  
For the Year Ended December 31, 2014

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Chanute, Kansas (the City) is incorporated as a city of the second class under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 14-101 *et seq.* The City operates under a Commission-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, electric, trash and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statement and schedules of the City of Chanute, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principle standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

#### Reporting Entity

The City of Chanute is a municipal corporation governed by an elected five-member commission. This financial statement presents the City of Chanute.

*Related Municipal Entities:* A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Chanute Public Library – The City of Chanute Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate audited financial statements are prepared and are available at the Chanute Public Library.

The Housing Authority – The Housing Authority of the City of Chanute, Kansas operates the City's housing projects. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. Separate audited financial statements are prepared and are available at the Housing Authority of the City of Chanute, Kansas.



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

### Regulatory Basis Fund Types

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its cash, liabilities, fund equity, revenues and expenditures. The various funds are grouped by type in the financial statements. The types of funds maintained by the City are as follows:

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

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

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

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

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

### Basis of Accounting

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

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

### Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

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

### Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

### Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System or the State of Kansas Police and Fire Retirement System, both of which are multi-employer, state-wide pension plans. The City's policy is to fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State of Kansas.

### Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as revenues. In the financial statement and budget comparison schedules presented in this report, reimbursements and refunds are recorded as revenues. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

### Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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. During the year ended December 31, 2014, the City amended the Recreation Complex Fund, Electric Utility Fund, Gas Utility Fund, and Sewer Utility Fund.

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

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

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose fund:

Efficiency Kansas Grant Fund  
Grant Projects Fund

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

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Compliance with Bond Ordinances

The City is required, under ordinances on general obligation utility bond issues and on revenue bond issues, to maintain in its Business Funds certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts as described below:

Electric Light and Gas Bond Reserves

The City has outstanding general obligation utility bonds segregated and defined as follows:

General Obligation Utility Bonds:	
Series 2010-A	Subordinate Lien Bonds
Series 2010-B	Subordinate Lien Bonds
Series 2014-A	Subordinate Lien Bonds
Series 2014-B	Subordinate Lien Bonds
Series 2014-C	Subordinate Lien Bonds
Series 2014-D	Senior Lien Bonds (Parity Bonds)

<u>Debt Service Reserves</u>	<u>REQUIRED RESERVES</u>	<u>ACTUAL</u>
------------------------------	------------------------------	---------------

General Obligation Bonds:

Refunding and Improvement \$5,765,000 general obligation bond issue, Series 2009-A, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	\$	65,389.17
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Electric Light and Gas Utility Systems refunding bonds \$530,000 general obligation bond issue, Series 2014-C, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.		1,619.44
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**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

Electric Light and Gas Bond Reserves (Continued)

<u>Debt Service Reserves</u>	<u>REQUIRED RESERVES</u>	<u>ACTUAL</u>
Sales tax refunding bonds \$2,010,000 general obligation bond issue, Series 2014-D, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	\$ 136,700.00	
Total	<u>203,708.61</u>	<u>\$ 205,120.04</u>
General Obligation Bonds:		
Electric Light and Gas Utility Systems refunding bonds \$6,990,000 general obligation bond issue, Series 2014-A, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	23,760.00	
Taxable Electric Light and Gas Utility Systems refunding bonds \$835,000 general obligation bond issue, Series 2014-B, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	<u>98,616.67</u>	
Total	<u>122,376.67</u>	<u>195,625.07</u>
Depreciation and Replacement Reserve	<u>300,000.00</u>	<u>301,589.73</u>
Total Electric Light and Gas Debt Service Reserves	<u>\$ 626,085.28</u>	<u>\$ 702,334.84</u>

The City agrees to fix, establish, maintain and collect such rates, fees or charges for service furnished by or through the Electric System and Gas System which will be sufficient to enable the City to produce, in each fiscal year, Net Receipts in an amount that will be not less than 125% of the 2015 Annual Debt Service (as defined in the Indenture) of all electric and gas Senior Lien Bonds (Series 2014-D) of the City at the time outstanding, and 100% of the 2015 Annual Debt Service for all Subordinate Lien Bonds (Series 2010-A, 2010-B, 2014-A, 2014-B, and 2014-C). Net revenues are defined as gross operating revenues of the systems less operation and maintenance expenses, excluding items such as capital purchases, principal and interest payments, transfers, and administrative expenses not related to the operation of the system. Compliance is calculated as follows:

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

	<u>Electric Utility</u>	<u>Gas Utility</u>	<u>Total</u>
Receipts Over (Under)			
Expenditures	\$ (235,368.93)	\$ 90,026.87	\$ (145,342.06)
Add:			
Administrative Expenses:			
Administration and General	1,123,353.84	192,589.24	1,315,943.08
Debt Service	--	--	--
Transfers Out	4,652,017.86	772,808.97	5,424,826.83
Capital Outlays	<u>136,637.09</u>	<u>--</u>	<u>136,637.09</u>
Net Revenues as defined in the Indenture	<u>\$ 5,676,639.86</u>	<u>\$ 1,055,425.08</u>	<u>\$ 6,732,064.94</u>
Required Net Revenue as Defined in the Indenture			<u>\$ 3,849,223.33</u>

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in apparent compliance with the cash and budget laws of the State of Kansas.

**3. DEPOSITS AND INVESTMENTS**

As of year end, the City has the following investments.

<u>Investment Type</u>	<u>Cost</u>	<u>Rating</u>
Security Bank Kansas City – Fidelity Treasury	\$ 0.40	N/A

This investment is reflected at cost in these regulatory basis financial statements of the City of Chanute, Kansas.

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 branch 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 bank provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A 12-1675 limits the City’s investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the Government 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. All deposits were legally secured at December 31, 2014.

**3. DEPOSITS AND INVESTMENTS** (Continued)

*Deposits:* At year-end, the City's carrying amount of deposits was \$11,287,214.06 and the bank balance was \$11,380,449.15. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$1,242,200.53 was covered by FDIC insurance, \$10,138,248.62 was collateralized with pledged securities held by the pledging financial institutions' agents in the City's name.

**4. DEPOSITS HELD IN TRUST**

The City participates in the Southwest Power Pool to provide low cost electricity to the City of Chanute and surrounding communities. The City of Chanute is the administrating agent for the surrounding communities. During the year ended December 31, 2014, the City was required to pay a refundable security deposit to the Southwest Power Pool. The following is a breakdown of the refundable deposit held:

City of Chanute	\$	529,656.26
City of Iola		407,553.96
City of Sabetha		167,845.68
City of Centralia		16,586.75
City of Fredonia		121,982.47
City of Arcadia		<u>6,374.88</u>
Total Refundable Deposit Held	\$	<u>1,250,000.00</u>

These refundable utility deposits are not reflected as an asset in these regulatory basis financial statements, but rather an expense in the period paid, and will be a receipt in the period refunded.

**5. LONG-TERM DEBT**

Changes in long-term debt for the City for the year ended December 31, 2014, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
<b>General Obligation Bonds</b>									
<b>Paid by Tax Levies:</b>									
Series 2009A	1.15-5.00%	March 23, 2009	\$ 5,765,000.00	November 1, 2029	\$ 4,430,000.00	\$ -	\$ (210,000.00)	\$ 4,220,000.00	\$ 182,795.00
<b>Paid by Tax Levies and Utility Receipts:</b>									
Series 2012A	0.4-2.2%	September 27, 2012	4,940,000.00	November 1, 2024	4,505,000.00	-	(440,000.00)	4,065,000.00	58,932.50
<b>Paid by Sales Tax Collections:</b>									
Series 2009C	1.50-4.875%	July 27, 2009	3,575,000.00	September 1, 2019	2,320,000.00	-	(2,320,000.00)	2,010,000.00	123,921.89
Series 2014D	2.00%	December 1, 2014	2,010,000.00	September 1, 2019	-	2,010,000.00	-	2,010,000.00	-
<b>Paid by Utility Receipts:</b>									
Series 2006A	4.50%	March 28, 2006	2,300,000.00	November 1, 2022	2,300,000.00	-	(2,300,000.00)	-	106,031.25
Series 2010A	2.4-2.8%	September 20, 2010	5,335,000.00	November 1, 2020	5,335,000.00	-	-	5,335,000.00	140,730.00
Series 2010B	1.0-3.7%	September 20, 2010	13,635,000.00	November 1, 2018	9,510,000.00	-	(2,175,000.00)	7,335,000.00	260,120.00
Series 2014A	2.0-2.15%	March 11, 2014	6,990,000.00	November 1, 2022	-	6,990,000.00	-	6,990,000.00	91,080.00
Series 2014B	2.00%	March 11, 2014	835,000.00	November 1, 2016	-	835,000.00	-	835,000.00	10,669.44
Series 2014C	2.20%	December 1, 2014	530,000.00	November 1, 2022	-	530,000.00	-	530,000.00	-
<b>Special Obligation Bonds</b>									
<b>Paid by Tax Levies:</b>									
Tax Incentive Fund Series 2006	4.80%	September 27, 2006	703,000.00	September 1, 2026	554,000.00	-	(32,000.00)	522,000.00	26,208.00
<b>Revenue Bonds</b>									
Series 2006B	3.9-5.0%	March 28, 2006	6,195,000.00	November 1, 2022	5,860,000.00	-	(5,860,000.00)	-	277,327.50
Series 2007A	4.05-5.0%	September 27, 2007	1,620,000.00	November 1, 2027	1,310,000.00	-	(1,310,000.00)	-	62,602.50
<b>Revolving Loans</b>									
Kansas Water Pollution Control	2.42%	January 23, 2012	360,428.00	September 1, 2032	132,955.23	103,051.80	(18,451.75)	217,555.28	4,387.99
Kansas Public Water Supply 2722	4.01%	October 30, 2012	112,638.60	August 1, 2032	59,518.82	-	(2,140.41)	57,378.41	2,365.45
<b>Capital Lease</b>									
Street Paver	2.43%	March 21, 2014	325,000.00	March 21, 2020	-	325,000.00	(38,083.92)	286,916.08	5,615.67
Smart Board - City Manager's Office	11.52%	April 23, 2014	4,679.00	April 23, 2018	-	4,679.00	(638.72)	4,040.28	338.24
Smart Board - Police Department	11.52%	March 7, 2014	4,333.00	March 7, 2018	-	4,333.00	(668.65)	3,664.35	349.16
<b>Fireman's Relief</b>									
Thermal Camera	4.00%	February 25, 2011	4,308.00	November 25, 2014	1,141.82	-	(1,141.82)	-	34.39
Ambulance	4.00%	July 20, 2009	6,000.00	June 10, 2015	1,636.14	-	(1,079.97)	556.17	54.75
Radios	4.00%	March 4, 2013	12,000.00	June 4, 2018	10,904.08	-	(2,258.03)	8,646.05	413.80
Radios	4.00%	November 7, 2014	9,788.15	November 7, 2019	-	9,788.15	-	9,788.15	-
<b>Total Contractual Indebtedness</b>					<b>\$ 36,330,156.09</b>	<b>\$ 10,811,851.95</b>	<b>\$ (14,711,463.27)</b>	<b>\$ 32,430,544.77</b>	<b>\$ 1,353,977.53</b>

**5. LONG-TERM DEBT (Continued)**

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

Issue	2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2033	Less:		Total
									Proceeds	Not Drawndown	
Principal											
General Obligation Bonds											
Paid by Tax Levies:											
Series 2009A	\$ 215,000.00	\$ 220,000.00	\$ 225,000.00	\$ 235,000.00	\$ 245,000.00	\$ 1,375,000.00	\$ 1,705,000.00	\$ -	\$ -	\$ -	\$ 4,220,000.00
Paid by Tax Levies and Utility Receipts:											
Series 2012A	440,000.00	440,000.00	445,000.00	445,000.00	455,000.00	1,840,000.00	-	-	-	-	4,065,000.00
Paid by Sales Tax Collections:											
Series 2014D	390,000.00	390,000.00	400,000.00	415,000.00	415,000.00	-	-	-	-	-	2,010,000.00
Paid by Utility Receipts:											
Series 2010A	-	-	-	1,125,000.00	2,075,000.00	2,135,000.00	-	-	-	-	5,335,000.00
Series 2010B	2,225,000.00	2,275,000.00	1,950,000.00	885,000.00	-	-	-	-	-	-	7,335,000.00
Series 2014A	-	320,000.00	985,000.00	960,000.00	985,000.00	3,740,000.00	-	-	-	-	6,990,000.00
Series 2014B	575,000.00	260,000.00	-	-	-	-	-	-	-	-	835,000.00
Series 2014C	-	-	-	-	-	530,000.00	-	-	-	-	530,000.00
Special Obligation Bonds											
Paid by Tax Levies:											
Tax Incentive Fund Series 2006	32,000.00	36,000.00	36,000.00	38,000.00	40,000.00	232,000.00	108,000.00	-	-	-	522,000.00
Revolving Loans											
Kansas Water Pollution Control	14,548.59	14,902.78	15,265.61	15,637.28	16,017.99	86,133.03	97,141.34	82,329.63	(124,420.97)	-	217,555.28
Kansas Public Water Supply 2722	2,227.10	2,317.29	2,411.15	2,508.80	2,610.41	14,726.27	17,960.04	12,617.35	-	-	57,378.41
Capital Lease											
Street Paver	51,869.21	53,143.78	54,449.65	55,787.62	57,158.46	14,507.36	-	-	-	-	286,916.08
Smart Board - City Manager's Office	1,054.46	1,182.59	1,326.27	476.96	-	-	-	-	-	-	4,040.28
Smart Board - Police Department	985.86	1,105.65	1,239.99	332.85	-	-	-	-	-	-	3,664.35
Fireman's Relief											
Ambulance	556.17	-	-	-	-	-	-	-	-	-	556.17
Radios	2,349.26	2,444.16	2,542.91	1,309.72	-	-	-	-	-	-	8,646.05
Radios	1,805.72	1,878.66	1,954.57	2,033.53	2,115.67	-	-	-	-	-	9,788.15
Total Principal Payments	3,952,396.37	4,017,974.91	4,120,190.15	4,181,086.76	4,292,902.53	9,967,366.66	1,928,101.38	94,946.98	(124,420.97)	-	32,430,544.77



**5. LONG-TERM DEBT (Continued)**

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

Issue	2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2033	Total
<b>Interest</b>									
General Obligation Bonds									
Paid by Tax Levies:									
Series 2009A	\$ 177,335.00	\$ 171,100.00	\$ 164,170.00	\$ 156,632.50	\$ 148,172.50	\$ 587,867.50	\$ 256,110.00	\$ -	\$ 1,661,387.50
Paid by Tax Levies and Utility Receipts:									
Series 2012A	56,732.50	53,872.50	50,352.50	46,125.00	41,007.50	99,440.00	-	-	347,530.00
Paid by Sales Tax Receipts:									
Series 2014D	30,150.00	32,400.00	24,600.00	16,600.00	8,300.00	-	-	-	112,050.00
Paid by Utility Receipts:									
Series 2010A	140,730.00	140,730.00	140,730.00	140,730.00	113,730.00	59,780.00	-	-	736,430.00
Series 2010B	213,357.50	158,845.00	95,145.00	32,745.00	-	-	-	-	500,092.50
Series 2014A	142,560.00	142,560.00	136,160.00	116,460.00	97,260.00	174,680.00	-	-	809,680.00
Series 2014B	16,700.00	5,200.00	-	-	-	-	-	-	21,900.00
Series 2014C	10,688.33	11,660.00	11,660.00	11,660.00	11,660.00	34,980.00	-	-	92,308.33
Special Obligation Bonds									
Paid by Tax Levies:									
Tax Incentive Fund Series 2006	24,672.00	23,088.00	21,360.00	19,632.00	17,760.00	57,744.00	6,576.00	-	170,832.00
Revolving Loans									
Kansas Water Pollution Control	8,636.95	8,291.15	7,936.96	7,574.13	7,202.46	30,112.86	19,366.19	11,495.06	100,615.76
Kansas Public Water Supply 2722	2,278.76	2,188.57	2,094.71	1,997.06	1,895.45	7,803.03	4,569.26	900.23	23,727.07
Capital Lease									
Street Paver	6,396.91	5,122.34	3,816.47	2,478.50	1,107.66	58.82	-	-	18,980.70
Smart Board - City Manager's Office	410.98	282.85	139.17	11.52	-	-	-	-	844.52
Smart Board - Police Department	371.22	251.43	117.09	6.42	-	-	-	-	746.16
Fireman's Relief									
Ambulance	11.12	-	-	-	-	-	-	-	11.12
Radios	322.58	227.68	128.93	26.19	-	-	-	-	705.38
Radios	373.64	300.70	224.80	145.83	63.69	-	-	-	1,108.66
<b>Total Interest Payments</b>	<b>831,727.49</b>	<b>756,120.22</b>	<b>658,635.63</b>	<b>552,824.15</b>	<b>448,159.26</b>	<b>1,052,466.21</b>	<b>286,621.45</b>	<b>12,395.29</b>	<b>4,598,949.70</b>
<b>Total Principal and Interest</b>	<b>\$ 4,784,123.86</b>	<b>\$ 4,774,095.13</b>	<b>\$ 4,778,825.78</b>	<b>\$ 4,733,910.91</b>	<b>\$ 4,741,061.79</b>	<b>\$ 11,019,832.87</b>	<b>\$ 2,214,722.83</b>	<b>\$ 107,342.27</b>	<b>\$ 37,029,494.47</b>

## 6. CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement in order to finance the acquisition of a Truck Mounted Paver. Payments are made monthly, including interest at 2.430%. Final maturity of the lease is March 21, 2020. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2015	\$ 58,266.12
2016	58,266.12
2017	58,266.12
2018	58,266.12
2019	58,266.12
2020	<u>14,566.18</u>
	305,896.78
Less imputed interest	<u>(18,980.70)</u>
Net Present Value of Minimum	
Lease Payments	286,916.08
Less: Current Maturities	<u>(51,869.21)</u>
Long-Term Capital Lease Obligations	<u>\$ 235,046.87</u>

The City has entered into a capital lease agreement in order to finance the acquisition of an Aquos Board Interactive Display System for the City Manager's Office. Payments are made monthly, including interest at 11.522%. Final maturity of the lease is April 23, 2018. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2015	\$ 1,465.44
2016	1,465.44
2017	1,465.44
2018	<u>488.48</u>
	4,884.80
Less imputed interest	<u>(844.52)</u>
Net Present Value of Minimum	
Lease Payments	4,040.28
Less: Current Maturities	<u>(1,054.46)</u>
Long-Term Capital Lease Obligations	<u>\$ 2,985.82</u>

The City has entered into a capital lease agreement in order to finance the acquisition of an Aquos Board Interactive Display System for the Police Department. Payments are made monthly, including interest at 11.522%. Final maturity of the lease is March 7, 2018. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2015	\$ 1,357.08
2016	1,357.08
2017	1,357.08
2018	<u>339.27</u>
	4,410.51
Less imputed interest	<u>(746.16)</u>
Net Present Value of Minimum	
Lease Payments	3,664.35
Less: Current Maturities	<u>(985.86)</u>
Long-Term Capital Lease Obligations	<u>\$ 2,678.49</u>

**7. INDUSTRIAL REVENUE BONDS**

The City has entered into various agreements to induce businesses to locate or expand operations in Chanute, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's) which require the businesses to make lease payments to trust accounts sufficient to pay debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related businesses. At December 31, 2014, there were nine industrial revenue bond issues with principal balances due totaling \$36,760,947.93.

**8. OPERATING LEASES**

As of December 31, 2014 the City has entered into four operating leases for copiers. The City has also entered into numerous month to month lease agreements for the use of copy machines, fuel tanks, and an ice machine. Rent expense for the year ended December 31, 2014, was \$15,613.72. Under the current lease agreements, the future minimum rental payments are as follows:

2015	\$	7,257.48
2016		6,383.46
2017		5,759.16
2018		2,378.28
2019		792.76

As of December 31, 2014 the City has entered an operating lease for a five acre tract of land for monitoring wells, renewable annually. Rent expense for the year ended December 31, 2014, was \$3,500.00.

**9. DEFINED BENEFIT PENSION PLAN**

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

*Funding Policy:* K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rates. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15%. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The City's employer contribution to KPERS and KP&F for the year ending December 31, 2014 was \$593,504.16 and \$330,923.63, respectively equal to the statutory required contributions for the year.

**10. UTILITY ACCOUNTS RECEIVABLE**

The City records electric, water, sewer, gas, and trash revenue as the customers are billed each month. The City maintains accounts receivable for each of the utility services. Listed below are amounts of the accounts receivable for the five utilities as of December 31, 2014:

Electric Utility	\$ 400,868.20
Water Utility	74,258.94
Sewer Utility	68,934.52
Gas Utility	438,053.21
Refuse Utility	<u>45,880.25</u>
 TOTAL UTILITY ACCOUNTS RECEIVABLE	 <u>\$ 1,027,995.12</u>

The City adjusts the utility revenue to the cash basis for presentation in this regulatory basis financial statement.

Total utility users as of December 31, 2014, were as follows:

Electric	5,694
Water	4,347
Sewer	4,097
Gas	4,277
Refuse	3,915

**11. NOTES RECEIVABLE AND LOANS RECEIVABLE**

The City has established an Economic Development Revolving Loan Fund. The Fund is the recipient of money paid back to the City by Chanute industries which received Community Development Block Grants in earlier years. As repayment is made by these industries, the City makes loans to other qualifying industries. The loans due to the City at December 31, 2014, through the Economic Development Revolving Loan Fund are as follows:

Magna Tech, Inc.	\$ 203,334.73
Tioga Suites, LLC	143,177.27
Inertia Health & Fitness, LLC	81,761.41
Get Lit #1	13,136.89
Get Lit #2	11,913.40
Get Lit #3	20,766.43
Consignment	23,348.04
LaRue #1	73,412.65
LaRue #2	18,240.26
Renewable Concepts	78,584.26
Slidewayz Productions, LLC	14,566.74
Threadworks, LLC	<u>45,070.94</u>
 TOTAL NOTES RECEIVABLE	 <u>\$ 727,313.02</u>

These notes receivable and loans are not reflected in these regulatory basis financial statements of the City of Chanute, Kansas.

## **12. ECONOMIC DEPENDENCY**

During 2014, the City collected 49.33% of its electric utility revenues and provided 62.73% of its kilowatt hours produced to Ash Grove Cement Company.

## **13. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS**

### *Compensated Absences:*

All full-time employees of the City with one year of employment are eligible for vacation benefits in varying annual amounts. Vacation must be used by each anniversary date. In the event of termination, unused accrued vacation time is paid.

Sick leave accrues to all full-time employees at the rate of one day per month and is limited to 120 days. Employees who terminate by other than retirement or death will not be paid for accumulated sick leave. An employee shall be paid for accumulated sick leave up to 120 days upon termination by death or retirement.

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

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

In accordance with the above criteria, the City has an unfunded liability for vacation benefits at December 31, 2014 of \$225,338.17, and has not estimated a liability for sick pay which has been earned, but not taken by City employees, inasmuch as the amount cannot be reasonably estimated.

### *Other Post Employment Benefits:*

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

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

### *Early Retirement Incentive:*

The City offered an early retirement incentive program to certain eligible employees. The early retirement incentive was a 2011 budget action in order to reduce general fund expenditures by approximately \$300,000. The incentive included union and non-union personnel for a limited period in late 2010 and early 2011, but may also be offered at the discretion of the city manager. The incentive provides for health insurance to individuals until the age of 65 is obtained or a onetime KPERS service credit payment. Individuals are limited on the maximum amount used to reduce the health insurance costs. The amount is determined annually. At December 31, 2014 there are 11 employees that have elected to take the early retirement incentive and have an unused balance of \$43,840.88.

#### **14. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in the Kansas Eastern Region Insurance Trust (KERIT). The City participates in the decision making of KERIT through trustee representation. KERIT files its annual audited financial statements with the Kansas Insurance Commissioner. The City pays annual premium to KERIT for its workers' compensation insurance coverage. The agreement to participate provides that KERIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KERIT management.

The City has established a Special Liability Fund. The purpose of this fund is to provide the cost for an investigation of, a defense to and the payment of any claim which the City is legally obligated to pay pursuant to the Kansas Tort Claims Act, to the extent that any such claim may be uninsured by the City. The Special Liability Fund is funded by charges to other funds.

The City has established a Health Insurance Fund. The purpose of this fund is to provide for an employee welfare benefit plan for health insurance. Contributions from eligible employees and the City are deposited in the name of the plan, subject to withdrawal for purposes of paying approved claims and expenses. The City has contracted with Blue Cross Blue Shield of Kansas to be the claims supervisor. The supervisor reviews all claims for allowability and issues monthly reports to the City. The City has a stop-gap policy which pays any aggregate claims over \$60,000.00.

#### **15. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE**

The City operates a municipal solid waste landfill which is regulated by state and federal agencies, including the State of Kansas Department of Health and Environment and the United States Environmental Protection Agency. The City's permitted landfill area is presently 80 acres with 10 acres currently open. Regulations require the City to properly close each cell upon reaching maximum capacity and to monitor the landfill for 30 years after closure. The cost of closure and post-closure care will be paid when due from funds accumulated for the purpose in restricted cash accounts, from allocation of ad valorem tax collections, from the proceeds of debt, or a combination of these. The City has not accrued or funded a liability for these estimated costs of landfill closure and post-closure.

#### **16. COMMITMENTS AND CONTINGENCIES**

The City has entered into multi year agreements with the various unions representing policemen, firemen, and electrical and public works employees, and other utility workers.

The City has entered into an agreement with Kansas City Power and Light to be able to receive 45 megawatts of scheduled load effective until December 31, 2016.

The City has entered into a ten year agreement with Municipal Energy Resource Corporation for the purchase of natural gas effective until December 31, 2023.

**16. COMMITMENTS AND CONTINGENCIES** (Continued)

The City has entered into a eight year agreement with Southern Star Central Gas Pipeline, Inc. for natural gas transportation and storage effective until October 1, 2017.

The City has entered into a fifteen year agreement with Kansas Municipal Energy Agency for peek power purchasing and selling of electricity effective until December 31, 2018.

The City has entered into a ten year agreement with Cunningham Sandblasting & Painting Co., Inc. for the maintenance of the water tower located in the industrial park effective until August 21, 2021.

The City has entered into a three year contract with Civic Plus for the City’s website. The City website was launched May 2012 with the contract effective until May 2015.

The City has entered into a three year contract with Tyler Technologies for the Utility Billing On-line component effective until April 2, 2015.

A major taxpayer filed an appeal pertaining to their tax valuation. The appeal was filed with the Kansas Court of Tax Appeals. The City has estimated and set aside the amount collected at \$469,133.27, which is shown and included in the General Fund, City Employee Benefits Fund, and G.O. Bond and Interest Funds. Once the case is determined by the courts, the City will be required to repay a portion of the taxes paid in protest by the taxpayer.

**17. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Capital Improvement #2	K.S.A. 12-1,118	\$ 8,334.69
General	Special Obligation		
	Bond and Interest	K.S.A. 12-197	59,268.00
General	General Obligation		
	Bond and Interest	K.S.A. 12-1,118	454,497.04
Electric Utility	General	K.S.A. 12-825d	1,079,565.21
Electric Utility	Capital Improvement #2	K.S.A. 12-1,118	248,984.82
Electric Utility	General Obligation		
	Bond and Interest	K.S.A 12-825d	2,689,350.00
Electric Utility	Electric, Water, and Gas		
Electric Utility	Equipment Reserve	K.S.A. 12-1,118	199,187.83
Electric Utility	Electric, Water, and Gas		
	Bond and Interest	K.S.A. 12-197	434,930.00
Water Utility	General	K.S.A. 12-825d	79,545.77
Water Utility	Capital Improvement #2	K.S.A. 12-825d	30,735.51
Water Utility	Equipment Reserve	K.S.A. 12-1,118	24,588.38
Water Utility	General Obligation		
	Bond and Interest	K.S.A 12-825d	174,463.00
Sewer Utility	General	K.S.A. 12-825d	67,512.97

**17. INTERFUND TRANSFERS** (Continued)

Sewer Utility	Capital Improvement #1	K.S.A. 12-825d	\$	159,930.54
Sewer Utility	Equipment Reserve	K.S.A. 12-1,117		20,738.53
Sewer Utility	Capital Improvement #2	K.S.A. 12-825d		25,923.18
Sewer Utility	General Obligation			
	Bond and Interest	K.S.A. 12-825d		60,308.00
Refuse Utility	General	K.S.A. 12-825d		52,472.30
Refuse Utility	Equipment Reserve	K.S.A. 12-1,117		13,939.49
Refuse Utility	Capital Improvement #2	K.S.A. 12-825d		17,424.40
Gas Utility	General	K.S.A. 12-825d		305,716.12
Gas Utility	Equipment Reserve	K.S.A. 12-1,117		77,568.46
Gas Utility	Capital Improvement #2	K.S.A. 12-1,118		96,960.60
Gas Utility	Water Utility	K.S.A. 12-825d		200,000.00
Grant Projects	General	K.S.A. 79-2934		0.03
Grant Projects	Capital Improvement #2	K.S.A. 79-2934		27,850.06

**18. SUBSEQUENT EVENTS**

The City evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statement. Additionally, there were no nonrecognized subsequent events requiring disclosure.



## **SUPPLEMENTARY INFORMATION**

**CITY OF CHANUTE, KANSAS**  
 Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 (Budgeted Funds Only)  
 For the Year Ended December 31, 2014

Funds	Certified Budget	Adjustments for		Total Budget for Comparison	Expenditures		Variance - Over (Under)
		Qualifying Budget Credits	Budget Credits		Charged to Current Year Budget		
General Fund	\$ 7,000,000.00	\$ 33,189.42	\$ 33,189.42	\$ 7,033,189.42	\$ 6,832,211.16	\$ (200,978.26)	
Special Purpose Funds:							
Industrial	-	-	-	-	-	-	
Library	542,925.00	-	-	542,925.00	534,683.78	(8,241.22)	
Library Employee Benefit	71,638.00	-	-	71,638.00	70,199.10	(1,438.90)	
City Employee Benefit	1,400,767.00	44,845.88	44,845.88	1,445,612.88	1,025,622.65	(419,990.23)	
Special Liability Expense	350,000.00	-	-	350,000.00	43,450.85	(306,549.15)	
Recreation Complex	93,420.00	-	-	93,420.00	86,643.97	(6,776.03)	
Special Parks & Recreation	50,000.00	-	-	50,000.00	12,201.45	(37,798.55)	
Special Alcohol Programs	33,100.00	-	-	33,100.00	27,534.92	(5,565.08)	
Tourism and Convention	21,350.00	-	-	21,350.00	20,000.00	(1,350.00)	
Special Highway Improvement	448,144.00	325,000.00	325,000.00	773,144.00	503,416.87	(269,727.13)	
Bond and Interest Funds:							
General Obligation Bond and Interest	4,401,930.00	3,064,706.00	3,064,706.00	7,466,636.00	7,389,664.27	(76,971.73)	
Special Obligation Bond and Interest	59,268.00	-	-	59,268.00	59,268.00	-	
Business Funds:							
Electric Utility	25,075,789.00	-	-	25,075,789.00	25,051,812.11	(23,976.89)	
Water Utility	1,831,210.00	-	-	1,831,210.00	1,592,007.65	(239,202.35)	
Gas Utility	8,418,758.00	32,368.03	32,368.03	8,451,126.03	6,291,189.73	(2,159,936.30)	
Refuse Utility	1,058,783.00	-	-	1,058,783.00	954,368.68	(104,414.32)	
Sewer Utility	1,466,530.00	-	-	1,466,530.00	1,360,761.82	(105,768.18)	
Electric, Water & Gas Bond and Interest	664,930.00	7,400,914.00	7,400,914.00	8,065,844.00	8,022,942.31	(42,901.69)	

**CITY OF CHANUTE, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
<b>Taxes and Shared Receipts</b>				
Ad Valorem Property Tax	\$ 1,576,184.21	\$ 1,044,296.06	\$ 1,077,294.00	\$ (32,997.94)
Delinquent Tax	17,694.18	31,167.73	20,000.00	11,167.73
Motor Vehicle Tax	83,451.60	141,571.09	148,049.00	(6,477.91)
Rental Motor Vehicle Tax	107.86	122.07	100.00	22.07
Recreational Vehicle Tax	669.06	994.16	1,168.00	(173.84)
16M-20M Truck Tax	650.45	527.49	1,375.00	(847.51)
Sales Tax	2,802,536.84	2,746,703.44	2,610,000.00	136,703.44
Franchise Taxes	352,230.00	362,251.10	325,000.00	37,251.10
Special Assessments	9,853.21	9,957.42	10,000.00	(42.58)
<b>Intergovernmental</b>				
Federal Grants - Police	-	2,298.71	-	2,298.71
Highway Connecting Links	16,698.50	16,710.01	16,000.00	710.01
Local Alcoholic Liquor Tax	22,215.80	23,767.36	21,644.00	2,123.36
<b>Licenses and Permits</b>				
Business Licenses, Permits & Fees	13,209.00	13,390.00	12,700.00	690.00
Non-Business Licenses, Permits & Fees	24,427.35	26,066.00	28,300.00	(2,234.00)
<b>Charges for Services</b>				
General Government Services	5,633.02	3,372.53	8,100.00	(4,727.47)
Public Safety Services	69,720.06	69,484.57	69,000.00	484.57
Public Works Services	500.00	-	500.00	(500.00)
Health Services	9,156.15	7,654.69	8,500.00	(845.31)
Swimming Pool Fees	70,100.42	38,857.50	59,400.00	(20,542.50)
Golf Course Fees	108,159.22	166,316.97	95,355.00	70,961.97
Culture and Recreation Services	21,281.01	18,450.93	19,700.00	(1,249.07)
<b>Fines, Forfeitures and Penalties</b>				
Fines	208,797.42	235,278.64	200,100.00	35,178.64
<b>Use of Money and Property</b>				
Interest Income	28,041.93	19,884.43	-	19,884.43
Rents & Royalties	48,714.12	56,606.12	38,900.00	17,706.12
Sale of Equipment and Property	139,867.36	137,763.98	171,500.00	(33,736.02)
<b>Other Receipts</b>				
Miscellaneous	39,364.72	7,334.02	92,500.00	(85,165.98)
Reimbursed Expense	46,092.15	33,189.42	-	33,189.42
Donations	-	800.00	-	800.00

**CITY OF CHANUTE, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts (Continued)</b>				
Operating Transfers from:				
Electric Utility Fund	\$ 1,169,467.69	\$ 1,079,565.21	\$ 1,222,759.00	\$ (143,193.79)
Water Utility Fund	84,007.49	79,545.77	98,323.00	(18,777.23)
Sewer Utility Fund	64,237.29	67,512.97	64,908.00	2,604.97
Refuse Utility Fund	49,104.97	52,472.30	55,825.00	(3,352.70)
Gas Utility Fund	328,528.19	305,716.12	250,250.00	55,466.12
Grant Projects Fund	-	0.03	-	0.03
<b>Total Receipts</b>	<u>7,410,701.27</u>	<u>6,799,628.84</u>	<u>\$ 6,727,250.00</u>	<u>\$ 72,378.84</u>
<b>Expenditures</b>				
City Commission				
Personal Services	17,905.00	18,755.00	\$ 18,600.00	\$ 155.00
Contractual Services	68,469.37	128,715.52	-	128,715.52
Commodities	292.61	240.82	108,050.00	(107,809.18)
Capital Outlay	1,232.84	-	-	-
Municipal Court				
Personal Services	82,748.37	85,549.21	75,647.00	9,902.21
Contractual Services	57,709.25	60,232.50	60,100.00	132.50
Commodities	570.43	256.50	1,250.00	(993.50)
City Manager's Office				
Personal Services	207,020.58	289,618.61	248,789.00	40,829.61
Contractual Services	38,699.68	44,937.35	11,000.00	33,937.35
Commodities	4,158.19	13,739.20	27,358.00	(13,618.80)
Capital Outlay	1,849.26	13,430.31	-	13,430.31
Debt Service	-	976.96	-	976.96
General Administrative Services				
Contractual Services	218,948.47	244,883.62	240,191.00	4,692.62
Commodities	1,698.00	-	-	-
Community Development				
Personal Services	278,301.90	219,498.07	250,633.00	(31,134.93)
Contractual Services	72,564.18	52,110.64	39,170.00	12,940.64
Commodities	2,414.48	1,592.84	60,614.00	(59,021.16)
Capital Outlay	2,500.00	4,574.69	7,000.00	(2,425.31)

**CITY OF CHANUTE, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Legal Services</b>				
Personal Services	\$ 74,509.36	\$ 91,820.48	\$ 73,330.00	\$ 18,490.48
Contractual Services	60,391.75	43,924.46	51,000.00	(7,075.54)
Commodities	324.87	227.52	1,500.00	(1,272.48)
<b>Public Buildings &amp; Grounds</b>				
Contractual Services	287,601.91	328,235.42	286,462.00	41,773.42
Commodities	19,898.95	30,677.74	-	30,677.74
<b>Special Projects</b>				
Contractual Services	12,568.07	8,307.57	-	8,307.57
Commodities	-	-	6,684.00	(6,684.00)
Capital Outlay	-	-	4,530.00	(4,530.00)
<b>Police Department</b>				
Personal Services	1,140,208.75	1,110,819.54	1,129,930.00	(19,110.46)
Contractual Services	270,981.97	285,085.08	21,300.00	263,785.08
Commodities	37,965.23	22,979.64	318,716.00	(295,736.36)
Capital Outlay	1,782.00	1,149.03	2,500.00	(1,350.97)
Debt Service	-	1,017.81	-	1,017.81
<b>Fire Department</b>				
Personal Services	898,120.36	958,162.91	888,621.00	69,541.91
Contractual Services	74,393.15	69,111.37	19,283.00	49,828.37
Commodities	31,577.46	39,302.62	88,308.00	(49,005.38)
Capital Outlay	1,845.70	-	1,200.00	(1,200.00)
Debt Service	5,396.18	4,982.76	-	4,982.76
<b>Animal Control</b>				
Personal Services	57,160.40	61,507.91	58,270.00	3,237.91
Contractual Services	9,592.63	8,967.40	3,200.00	5,767.40
Commodities	1,691.21	1,855.84	14,800.00	(12,944.16)
Capital Outlay	-	-	500.00	(500.00)
<b>Civil Defense</b>				
Contractual Services	909.14	2,419.74	-	2,419.74
Commodities	-	-	2,000.00	(2,000.00)
Capital Outlay	144.30	6,371.00	-	6,371.00
<b>Streets and Roads</b>				
Personal Services	555,351.36	545,237.89	570,859.00	(25,621.11)
Contractual Services	297,514.32	282,023.04	136,412.00	145,611.04
Commodities	47,986.35	38,173.07	47,599.00	(9,425.93)

**CITY OF CHANUTE, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cemetery				
Personal Services	\$ 165,406.03	\$ 150,236.53	\$ 149,408.00	\$ 828.53
Contractual Services	16,586.23	21,299.82	700.00	20,599.82
Commodities	5,292.15	4,182.67	26,379.00	(22,196.33)
Airport				
Personal Services	70,937.92	91,919.89	69,346.00	22,573.89
Contractual Services	55,980.31	37,328.07	4,500.00	32,828.07
Commodities	88,713.72	117,846.36	136,542.00	(18,695.64)
Capital Outlay	-	-	4,000.00	(4,000.00)
Parks				
Personal Services	233,500.78	188,999.41	215,168.00	(26,168.59)
Contractual Services	71,457.54	77,867.31	6,400.00	71,467.31
Commodities	29,555.56	28,499.68	110,051.00	(81,551.32)
Capital Outlay	457.45	585.00	-	585.00
Swimming Pool				
Personal Services	98,448.28	-	193,932.00	(193,932.00)
Contractual Services	32,684.66	98,405.57	-	98,405.57
Commodities	31,273.93	19,604.98	-	19,604.98
Golf Course				
Personal Services	62,917.25	80,299.08	182,291.00	(101,991.92)
Contractual Services	53,770.39	59,758.72	-	59,758.72
Commodities	37,381.03	55,859.58	-	55,859.58
Tree Program				
Personal Services	-	-	2,000.00	(2,000.00)
Auditorium Management Services				
Personal Services	22,480.62	23,007.34	40,095.00	(17,087.66)
Contractual Services	8,508.45	5,700.67	-	5,700.67
Commodities	1,436.97	6,190.25	-	6,190.25
Capital Outlay	-	467.99	-	467.99
Economic Development				
Contractual Services	120,536.01	120,580.83	120,000.00	580.83

**CITY OF CHANUTE, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to:				
Capital Improvement #2 Fund	\$ 115,401.15	\$ 8,334.69	\$ 54,700.00	\$ (46,365.31)
Equipment Reserve Fund	20,000.00	-	-	-
General Obligation				
Bond and Interest Fund	458,898.75	454,497.04	428,000.00	26,497.04
Special Obligation Bond				
and Interest Fund	59,196.00	59,268.00	59,268.00	-
Grant Projects Fund	660.62	-	-	-
Other Expenditures				
Cash Basis Reserve	-	-	321,814.00	(321,814.00)
Total Certified Budget			7,000,000.00	(167,788.84)
Adjustments for Qualifying				
Budget Credits			33,189.42	(33,189.42)
Total Expenditures	<u>6,806,479.83</u>	<u>6,832,211.16</u>	<u>\$ 7,033,189.42</u>	<u>\$ (200,978.26)</u>
Receipts Over(Under) Expenditures	604,221.44	(32,582.32)		
Unencumbered Cash, Beginning	<u>147,365.66</u>	<u>751,587.10</u>		
Unencumbered Cash, Ending	<u>\$ 751,587.10</u>	<u>\$ 719,004.78</u>		

**CITY OF CHANUTE, KANSAS**  
**INDUSTRIAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Charges for Services				
Landfill Fees - Tires	\$ 5,363.40	\$ 3,429.00	\$ 3,600.00	\$ (171.00)
Use of Money and Property				
Revolving Loan Principal	40,271.33	12,576.78	15,775.00	(3,198.22)
Revolving Loan Interest	743.67	43.01	-	43.01
<b>Total Receipts</b>	<b>46,378.40</b>	<b>16,048.79</b>	<b>\$ 19,375.00</b>	<b>\$ (3,326.21)</b>
<b>Expenditures</b>				
General Government				
Contractual Services	-	-	\$ -	\$ -
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>
Receipts Over(Under) Expenditures	46,378.40	16,048.79		
Unencumbered Cash, Beginning	108,546.74	154,925.14		
Unencumbered Cash, Ending	<u>\$ 154,925.14</u>	<u>\$ 170,973.93</u>		



**CITY OF CHANUTE, KANSAS**  
**LIBRARY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 446,940.97	\$ 478,195.14	\$ 493,233.00	\$ (15,037.86)
Delinquent Tax	7,923.46	11,909.00	6,500.00	5,409.00
Motor Vehicle Tax	41,898.88	43,961.99	41,982.00	1,979.99
Rental Motor Vehicle Tax	54.55	45.43	40.00	5.43
Recreational Vehicle Tax	335.57	308.45	331.00	(22.55)
16M-20M Truck Tax	331.76	263.77	389.00	(125.23)
Payments in Lieu of Taxes	-	-	450.00	(450.00)
<b>Total Receipts</b>	<b>497,485.19</b>	<b>534,683.78</b>	<b>\$ 542,925.00</b>	<b>\$ (8,241.22)</b>
<b>Expenditures</b>				
Culture and Recreation				
Library Appropriations	497,485.19	534,683.78	\$ 542,925.00	\$ (8,241.22)
<b>Total Expenditures</b>	<b>497,485.19</b>	<b>534,683.78</b>	<b>\$ 542,925.00</b>	<b>\$ (8,241.22)</b>
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

**CITY OF CHANUTE, KANSAS**  
**LIBRARY EMPLOYEE BENEFITS FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 55,120.78	\$ 63,265.64	\$ 65,271.00	\$ (2,005.36)
Delinquent Tax	1,035.29	1,573.97	1,000.00	573.97
Motor Vehicle Tax	4,933.16	5,288.62	5,178.00	110.62
Rental Motor Vehicle Tax	7.36	5.22	-	5.22
Recreational Vehicle Tax	38.69	37.11	41.00	(3.89)
16M-20M Truck Tax	51.26	28.54	48.00	(19.46)
Payments in Lieu of Taxes	-	-	100.00	(100.00)
<b>Total Receipts</b>	<u>61,186.54</u>	<u>70,199.10</u>	<u>\$ 71,638.00</u>	<u>\$ (1,438.90)</u>
<b>Expenditures</b>				
Culture and Recreation				
Library Appropriations	<u>61,186.54</u>	<u>70,199.10</u>	<u>\$ 71,638.00</u>	<u>(1,438.90)</u>
<b>Total Expenditures</b>	<u>61,186.54</u>	<u>70,199.10</u>	<u>\$ 71,638.00</u>	<u>\$ (1,438.90)</u>
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

**CITY OF CHANUTE, KANSAS**  
**CITY EMPLOYEE BENEFITS FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 595,900.77	\$ 1,275,572.68	\$ 1,315,287.00	\$ (39,714.32)
Delinquent Tax	13,456.43	18,856.91	15,000.00	3,856.91
Motor Vehicle Tax	58,572.93	58,639.82	55,976.00	2,663.82
Rental Motor Vehicle Tax	82.31	60.64	45.00	15.64
Recreational Vehicle Tax	463.79	411.44	441.00	(29.56)
16M-20M Truck Tax	542.92	352.40	519.00	(166.60)
Other Receipts				
Reimbursed Expense	2,176.48	44,845.88	10,000.00	34,845.88
Operating Transfers from Gas Utility Fund	75,000.00	-	-	-
<b>Total Receipts</b>	<b>746,195.63</b>	<b>1,398,739.77</b>	<b>\$ 1,397,268.00</b>	<b>\$ 1,471.77</b>
<b>Expenditures</b>				
General Government				
Employee Benefits	752,691.29	1,025,622.65	\$ 1,400,767.00	(375,144.35)
Total Certified Budget			1,400,767.00	(375,144.35)
Adjustments for Qualifying Budget Credits			44,845.88	(44,845.88)
<b>Total Expenditures</b>	<b>752,691.29</b>	<b>1,025,622.65</b>	<b>\$ 1,445,612.88</b>	<b>\$ (419,990.23)</b>
Receipts Over(Under) Expenditures	(6,495.66)	373,117.12		
Unencumbered Cash, Beginning	108,580.64	102,084.98		
Unencumbered Cash, Ending	\$ 102,084.98	\$ 475,202.10		

**CITY OF CHANUTE, KANSAS**  
**SPECIAL LIABILITY EXPENSE FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Delinquent Tax	\$ 9.84	\$ 10.71	\$ -	\$ 10.71
<b>Total Receipts</b>	<u>9.84</u>	<u>10.71</u>	<u>\$ -</u>	<u>\$ 10.71</u>
<b>Expenditures</b>				
General Government				
Contractual Services	19,480.56	43,450.85	\$ 350,000.00	\$ (306,549.15)
<b>Total Expenditures</b>	<u>19,480.56</u>	<u>43,450.85</u>	<u>\$ 350,000.00</u>	<u>\$ (306,549.15)</u>
Receipts Over(Under) Expenditures	(19,470.72)	(43,440.14)		
Unencumbered Cash, Beginning	<u>422,128.24</u>	<u>402,657.52</u>		
Unencumbered Cash, Ending	<u>\$ 402,657.52</u>	<u>\$ 359,217.38</u>		

**CITY OF CHANUTE, KANSAS**  
**RECREATION COMPLEX FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Rents & Royalties	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ -
Other Receipts				
Miscellaneous	1,414.42	9.27	-	9.27
<b>Total Receipts</b>	<u>43,414.42</u>	<u>42,009.27</u>	<u>\$ 42,000.00</u>	<u>\$ 9.27</u>
<b>Expenditures</b>				
General Government				
Contractual Services	28,076.38	86,643.97	\$ 93,420.00	(6,776.03)
<b>Total Expenditures</b>	<u>28,076.38</u>	<u>86,643.97</u>	<u>\$ 93,420.00</u>	<u>\$ (6,776.03)</u>
Receipts Over(Under) Expenditures	15,338.04	(44,634.70)		
Unencumbered Cash, Beginning	<u>149,706.52</u>	<u>165,044.56</u>		
Unencumbered Cash, Ending	<u>\$ 165,044.56</u>	<u>\$ 120,409.86</u>		

**CITY OF CHANUTE, KANSAS**  
**SPECIAL PARKS AND RECREATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Local Alcoholic Liquor Tax	\$ 22,215.80	\$ 23,767.35	\$ 21,644.00	\$ 2,123.35
Fines, Forfeitures and Penalties				
Fines - Court Fees	4,810.00	-	-	-
Intergovernmental				
State Grants - Fisheries	2,492.60	2,492.60	-	2,492.60
<b>Total Receipts</b>	<u>29,518.40</u>	<u>26,259.95</u>	<u>\$ 21,644.00</u>	<u>\$ 4,615.95</u>
<b>Expenditures</b>				
Culture and Recreation				
Capital Outlay	28,726.82	12,201.45	\$ 50,000.00	(37,798.55)
<b>Total Expenditures</b>	<u>28,726.82</u>	<u>12,201.45</u>	<u>\$ 50,000.00</u>	<u>\$ (37,798.55)</u>
Receipts Over(Under) Expenditures	791.58	14,058.50		
Unencumbered Cash, Beginning	120,947.81	121,739.39		
Unencumbered Cash, Ending	<u>\$ 121,739.39</u>	<u>\$ 135,797.89</u>		

**CITY OF CHANUTE, KANSAS**  
**SPECIAL ALCOHOL PROGRAMS FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Local Alcoholic Liquor Tax	\$ 22,215.80	\$ 23,767.34	\$ 21,644.00	\$ 2,123.34
Total Receipts	<u>22,215.80</u>	<u>23,767.34</u>	<u>\$ 21,644.00</u>	<u>\$ 2,123.34</u>
Expenditures				
Culture and Recreation				
Alcohol Programs	<u>57,294.15</u>	<u>27,534.92</u>	<u>\$ 33,100.00</u>	<u>\$ (5,565.08)</u>
Total Expenditures	<u>57,294.15</u>	<u>27,534.92</u>	<u>\$ 33,100.00</u>	<u>\$ (5,565.08)</u>
Receipts Over(Under) Expenditures	(35,078.35)	(3,767.58)		
Unencumbered Cash, Beginning	<u>66,065.67</u>	<u>30,987.32</u>		
Unencumbered Cash, Ending	<u>\$ 30,987.32</u>	<u>\$ 27,219.74</u>		

**CITY OF CHANUTE, KANSAS**  
**TOURISM AND CONVENTION FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Transient Guest Tax	\$ 56,814.69	\$ 61,157.24	\$ 45,000.00	\$ 16,157.24
<b>Total Receipts</b>	<u>56,814.69</u>	<u>61,157.24</u>	<u>\$ 45,000.00</u>	<u>\$ 16,157.24</u>
<b>Expenditures</b>				
General Government				
Contractual Services	58,750.00	20,000.00	\$ 21,350.00	\$ (1,350.00)
<b>Total Expenditures</b>	<u>58,750.00</u>	<u>20,000.00</u>	<u>\$ 21,350.00</u>	<u>\$ (1,350.00)</u>
Receipts Over(Under) Expenditures	(1,935.31)	41,157.24		
Unencumbered Cash, Beginning	<u>21,613.98</u>	<u>19,678.67</u>		
Unencumbered Cash, Ending	<u>\$ 19,678.67</u>	<u>\$ 60,835.91</u>		



**CITY OF CHANUTE, KANSAS**  
**SPECIAL HIGHWAY IMPROVEMENT FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Motor Fuel Tax	\$ 228,923.25	\$ 237,410.18	\$ 236,670.00	\$ 740.18
Intergovernmental				
Highway Connecting Links	176,370.15	-	-	-
Use of Money and Property				
Loan Proceeds	-	325,000.00	-	325,000.00
<b>Total Receipts</b>	<b>405,293.40</b>	<b>562,410.18</b>	<b>\$ 236,670.00</b>	<b>\$ 325,740.18</b>
<b>Expenditures</b>				
General Government				
Personal Services	57,965.79	60,216.09	\$ 63,144.00	(2,927.91)
Contractual Services	4,461.91	-	-	-
Commodities	4,991.43	21,894.90	-	21,894.90
Capital Outlay	134,468.25	377,606.29	385,000.00	(7,393.71)
Debt Service				
Principal	-	38,083.92	-	38,083.92
Interest	-	5,615.67	-	5,615.67
<b>Total Certified Budget</b>			<b>448,144.00</b>	<b>55,272.87</b>
Adjustments for Qualifying				
Budget Credits			325,000.00	(325,000.00)
<b>Total Expenditures</b>	<b>201,887.38</b>	<b>503,416.87</b>	<b>\$ 773,144.00</b>	<b>\$ (269,727.13)</b>
Receipts Over(Under) Expenditures	203,406.02	58,993.31		
Unencumbered Cash, Beginning	574,856.98	778,263.00		
Unencumbered Cash, Ending	<u>\$ 778,263.00</u>	<u>\$ 837,256.31</u>		

**CITY OF CHANUTE, KANSAS**  
**CAPITAL IMPROVEMENT #1 FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Receipts		
Public Water Supply Loan	\$ 127,955.23	\$ 103,051.80
Other Receipts		
Reimbursed Expense	7,559.22	-
Atrazine Settlement	202,167.48	-
Operating Transfers from:		
Electric Utility Fund	650,000.00	-
Gas Utility Fund	20,000.00	-
Sewer Utility Fund	167,890.70	159,930.54
Water Utility Fund	50,000.00	-
Total Receipts	<u>1,225,572.63</u>	<u>262,982.34</u>
Expenditures		
Capital Projects		
Capital Outlay	993,580.75	439,565.02
Operating Transfers to		
Grant Projects Fund	<u>16,247.80</u>	<u>-</u>
Total Expenditures	<u>1,009,828.55</u>	<u>439,565.02</u>
Receipts Over(Under) Expenditures	215,744.08	(176,582.68)
Unencumbered Cash, Beginning	<u>741,205.32</u>	<u>956,949.40</u>
Unencumbered Cash, Ending	<u>\$ 956,949.40</u>	<u>\$ 780,366.72</u>

**CITY OF CHANUTE, KANSAS**  
**CAPITAL IMPROVEMENT #2 FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Sale of Property and Materials	\$ 12,500.00	\$ 83,000.00
Other Receipts		
Reimbursed Expense	23,197.39	-
Operating Transfers from:		
General Fund	115,401.15	8,334.69
Electric Utility Fund	23,269.83	248,984.82
Water Utility Fund	2,843.46	30,735.51
Gas Utility Fund	12,673.87	96,960.60
Refuse Utility Fund	1,739.27	17,424.40
Sewer Utility Fund	2,738.26	25,923.18
Grant Projects Fund	-	27,850.06
<b>Total Receipts</b>	<b>194,363.23</b>	<b>539,213.26</b>
Expenditures		
Capital Projects		
Capital Outlay	200,116.39	602,940.81
Operating Transfers to		
Grant Projects Fund	143,918.59	-
<b>Total Expenditures</b>	<b>344,034.98</b>	<b>602,940.81</b>
Receipts Over(Under) Expenditures	(149,671.75)	(63,727.55)
Unencumbered Cash, Beginning	583,194.94	433,523.19
Unencumbered Cash, Ending	<u>\$ 433,523.19</u>	<u>\$ 369,795.64</u>

**CITY OF CHANUTE, KANSAS**  
**EQUIPMENT RESERVE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Receipts		
Federal Grants - Firefighters	\$ -	\$ 3,719.62
Loan Proceeds	12,000.00	9,788.15
Operating Transfers from:		
General Fund	20,000.00	-
Electric Utility Fund	18,615.86	199,187.83
Gas Utility Fund	110,139.10	77,568.46
Sewer Utility Fund	5,190.61	20,738.53
Water Utility Fund	37,274.77	24,588.38
Refuse Utility Fund	51,391.42	13,939.49
Utility Services Fund	13,000.00	-
<b>Total Receipts</b>	<b>267,611.76</b>	<b>349,530.46</b>
Expenditures		
Equipment and Machinery		
Capital Outlay	425,034.85	731,720.05
<b>Total Expenditures</b>	<b>425,034.85</b>	<b>731,720.05</b>
Receipts Over(Under) Expenditures	(157,423.09)	(382,189.59)
Unencumbered Cash, Beginning	594,118.09	436,695.00
Unencumbered Cash, Ending	<u>\$ 436,695.00</u>	<u>\$ 54,505.41</u>

**CITY OF CHANUTE, KANSAS**  
**EFFICIENCY KANSAS GRANT FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Receipts		
Utility Collections	\$ 8,994.18	\$ 21,750.99
Service Fees	308.00	298.00
Total Receipts	<u>9,302.18</u>	<u>22,048.99</u>
Expenditures		
Special Projects		
Contractual Services	8,961.08	22,123.01
Total Expenditures	<u>8,961.08</u>	<u>22,123.01</u>
Receipts Over(Under) Expenditures	341.10	(74.02)
Unencumbered Cash, Beginning	<u>2.00</u>	<u>343.10</u>
Unencumbered Cash, Ending	<u>\$ 343.10</u>	<u>\$ 269.08</u>

**CITY OF CHANUTE, KANSAS**  
**GRANT PROJECTS FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Receipts		
Federal Grants - CDBG - Rehab	\$ 58,006.00	\$ 247,650.00
Federal Grants - ESG	53,448.98	40,157.48
Federal Grants - FAA	472,015.00	93,048.00
Federal Grants - Firefighters	89,400.77	-
Federal Grants - Police	4,790.42	-
State Grants - Judicial Center	-	71,226.80
State Grants - E Rate	31,680.00	81,036.00
Other Receipts		
Donations	254,934.88	3,714.62
Reimbursed Expense	0.32	-
Operating Transfers from:		
General Fund	660.62	-
Capital Improvement #1 Fund	16,247.80	-
Capital Improvement #2 Fund	143,918.59	-
Total Receipts	1,125,103.38	536,832.90
Expenditures		
Special Projects		
Capital Outlay	933,925.52	262,091.65
Operating Transfers to:		
General Fund	-	0.03
Capital Improvement #2 Fund	-	27,850.06
Total Expenditures	933,925.52	289,941.74
Receipts Over(Under) Expenditures	191,177.86	246,891.16
Unencumbered Cash, Beginning	(431,812.30)	(240,634.44)
Unencumbered Cash, Ending	<u>\$ (240,634.44)</u>	<u>\$ 6,256.72</u>

**CITY OF CHANUTE, KANSAS**  
**GENERAL OBLIGATION BOND AND INTEREST FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 358,201.58	\$ 383,027.01	\$ 395,406.00	\$ (12,378.99)
Delinquent Tax	15,664.68	18,949.52	10,000.00	8,949.52
Motor Vehicle Tax	93,788.09	48,460.54	33,655.00	14,805.54
Rental Motor Vehicle Tax	115.95	73.85	100.00	(26.15)
Recreational Vehicle Tax	756.55	339.19	265.00	74.19
16M-20M Truck Tax	662.14	607.03	312.00	295.03
Special Assessments	9,555.71	6,925.04	9,000.00	(2,074.96)
Use of Money and Property				
Interest Income	-	4,593.89	-	4,593.89
Bond Proceeds	-	3,064,706.00	-	3,064,706.00
Bond Subsidy	37,369.24	33,040.26	35,604.00	(2,563.74)
Operating Transfers from:				
General Fund	458,898.75	454,497.04	428,000.00	26,497.04
Electric Utility Fund	2,927,240.02	2,689,350.00	2,679,350.00	10,000.00
Water Utility Fund	172,121.46	174,463.00	174,463.00	-
Sewer Utility Fund	56,082.38	60,308.00	60,308.00	-
<b>Total Receipts</b>	<b>4,130,456.55</b>	<b>6,939,340.37</b>	<b>\$ 3,826,463.00</b>	<b>\$ 3,112,877.37</b>
<b>Expenditures</b>				
Debt Service				
Bond Principal	3,350,000.00	6,491,094.54	\$ 3,170,000.00	3,321,094.54
Bond Interest	907,047.50	877,125.23	847,803.00	29,322.23
Bond Issuance Costs	-	21,444.50	-	21,444.50
Other Expenditures				
Cash Basis Reserve	-	-	384,127.00	(384,127.00)
<b>Total Certified Budget</b>			<b>4,401,930.00</b>	<b>2,987,734.27</b>
Adjustments for Qualifying Budget Credits			3,064,706.00	(3,064,706.00)
<b>Total Expenditures</b>	<b>4,257,047.50</b>	<b>7,389,664.27</b>	<b>\$ 7,466,636.00</b>	<b>\$ (76,971.73)</b>
Receipts Over(Under) Expenditures	(126,590.95)	(450,323.90)		
Unencumbered Cash, Beginning	782,034.89	655,443.94		
Unencumbered Cash, Ending	<u>\$ 655,443.94</u>	<u>\$ 205,120.04</u>		

**CITY OF CHANUTE, KANSAS**  
**SPECIAL OBLIGATION BOND AND INTEREST FUND**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Interest Income	\$ 0.49	\$ 0.85	\$ -	\$ 0.85
Operating Transfers from				
General Fund	59,196.00	59,268.00	59,268.00	-
<b>Total Receipts</b>	<u>59,196.49</u>	<u>59,268.85</u>	<u>\$ 59,268.00</u>	<u>\$ 0.85</u>
<b>Expenditures</b>				
Debt Service				
Bond Principal	30,000.00	32,000.00	\$ 32,000.00	-
Bond Interest	27,696.00	26,208.00	26,208.00	-
Debt Service Cost	1,060.00	1,060.00	1,060.00	-
<b>Total Expenditures</b>	<u>58,756.00</u>	<u>59,268.00</u>	<u>\$ 59,268.00</u>	<u>\$ -</u>
Receipts Over(Under) Expenditures	440.49	0.85		
Unencumbered Cash, Beginning	<u>12,675.71</u>	<u>13,116.20</u>		
Unencumbered Cash, Ending	<u>\$ 13,116.20</u>	<u>\$ 13,117.05</u>		



**CITY OF CHANUTE, KANSAS**  
**ELECTRIC UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Electric Sales	\$ 22,691,684.45	\$ 23,650,527.24	\$ 23,463,500.00	\$ 187,027.24
Service Fees	523,629.59	557,399.36	600,000.00	(42,600.64)
Franchise Fees	46,539.66	498,918.30	495,750.00	3,168.30
Use of Money and Property				
Sale of Property and Materials	3,276.98	206.57	3,000.00	(2,793.43)
Other Receipts				
Claims	3,237.42	14,956.16	-	14,956.16
Recovery of Bad Debts	25,992.18	1,817.11	-	1,817.11
Miscellaneous	7,461.00	7,479.00	-	7,479.00
Refunds & Reimbursements	2,347.80	85,139.44	-	85,139.44
Operating Transfer from				
Water Utility Fund	75,000.00	-	-	-
<b>Total Receipts</b>	<b>23,379,169.08</b>	<b>24,816,443.18</b>	<b>\$ 24,562,250.00</b>	<b>\$ 254,193.18</b>
<b>Expenditures</b>				
Production				
Personal Services	1,284,692.45	1,354,849.90	\$ 1,254,341.00	100,508.90
Contractual Services	13,868,393.95	15,142,753.31	13,679,221.00	1,463,532.31
Commodities	473,486.74	540,088.18	1,006,000.00	(465,911.82)
Capital Outlay	-	-	25,000.00	(25,000.00)
Distribution				
Personal Services	1,076,533.18	1,020,891.77	1,082,641.00	(61,749.23)
Contractual Services	32,291.12	20,181.63	39,000.00	(18,818.37)
Commodities	180,353.26	152,463.66	266,150.00	(113,686.34)
Fiber Communications				
Contractual Services	632,272.65	898,304.81	650,000.00	248,304.81
Commodities	1,801.20	10,270.06	30,000.00	(19,729.94)
Capital Outlay	42,938.76	136,637.09	80,000.00	56,637.09
Administration and General				
Personal Services	25,639.18	-	52,383.00	(52,383.00)
Contractual Services	996,523.27	1,123,353.84	1,045,537.00	77,816.84
Operating Transfers to:				
General Fund	1,169,467.69	1,079,565.21	1,375,759.00	(296,193.79)
Capital Improvement #1 Fund	650,000.00	-	600,000.00	(600,000.00)

**CITY OF CHANUTE, KANSAS**  
**ELECTRIC UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to: (Continued)				
Capital Improvement #2 Fund	\$ 23,269.83	\$ 248,984.82	\$ 303,043.00	\$ (54,058.18)
General Obligation Bond and Interest Fund	2,927,240.02	2,689,350.00	2,679,350.00	10,000.00
Equipment Reserve Fund	18,615.86	199,187.83	242,434.00	(43,246.17)
Electric, Water, and Gas Bond and Interest Fund	397,267.98	434,930.00	664,930.00	(230,000.00)
Total Expenditures	<u>23,800,787.14</u>	<u>25,051,812.11</u>	<u>\$ 25,075,789.00</u>	<u>\$ (23,976.89)</u>
Receipts Over(Under) Expenditures	(421,618.06)	(235,368.93)		
Unencumbered Cash, Beginning	<u>1,006,876.60</u>	<u>585,258.54</u>		
Unencumbered Cash, Ending	<u>\$ 585,258.54</u>	<u>\$ 349,889.61</u>		

**CITY OF CHANUTE, KANSAS**  
**WATER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Water Sales	\$ 1,446,948.97	\$ 1,458,120.12	\$ 1,787,692.00	\$ (329,571.88)
Franchise Fees	5,686.92	61,424.20	89,385.00	(27,960.80)
Use of Money and Property				
Sale of Property and Materials	60.00	688.54	-	688.54
Rental Income	11,220.00	-	-	-
Other Receipts				
Recovery of Bad Debts	5,064.87	(601.06)	-	(601.06)
Claims	-	1,549.00	-	1,549.00
Refunds & Reimbursements	-	12,108.25	-	12,108.25
Operating Transfer from				
Gas Utility Fund	-	200,000.00	-	200,000.00
<b>Total Receipts</b>	<b>1,468,980.76</b>	<b>1,733,289.05</b>	<b>\$ 1,877,077.00</b>	<b>\$ (143,787.95)</b>
<b>Expenditures</b>				
Source of Supply				
Contractual Services	13,504.09	19,988.64	23,000.00	(3,011.36)
Treatment Plant				
Personal Services	348,089.26	413,777.40	455,316.00	(41,538.60)
Contractual Services	128,917.49	105,200.36	123,875.00	(18,674.64)
Commodities	182,865.90	183,107.47	216,400.00	(33,292.53)
Capital Outlay	1,211.54	-	-	-
Transmission and Distribution				
Personal Services	286,331.67	334,024.04	293,863.00	40,161.04
Contractual Services	28,639.19	25,218.96	24,100.00	1,118.96
Commodities	29,513.48	31,808.41	51,300.00	(19,491.59)
Administration and General				
Personal Services	14,555.17	25,737.10	29,737.00	(3,999.90)
Contractual Services	124,878.59	139,306.75	135,881.00	3,425.75
Debt Service - Revolving Loan				
Principal	2,432.41	2,140.41	4,506.00	(2,365.59)
Interest	2,073.45	2,365.45	-	2,365.45
Operating Transfers to:				
General Fund	84,007.49	79,545.77	98,323.00	(18,777.23)
Electric Utility Fund	75,000.00	-	-	-

**CITY OF CHANUTE, KANSAS**  
**WATER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to: (Continued)				
Capital Improvement #1 Fund	\$ 50,000.00	\$ -	\$ 50,000.00	\$ (50,000.00)
Capital Improvement #2 Fund	2,843.46	30,735.51	44,692.00	(13,956.49)
Equipment Reserve Fund	37,274.77	24,588.38	105,754.00	(81,165.62)
General Obligation Bond and Interest Fund	172,121.46	174,463.00	174,463.00	-
Total Expenditures	<u>1,584,259.42</u>	<u>1,592,007.65</u>	<u>\$ 1,831,210.00</u>	<u>\$ (239,202.35)</u>
Receipts Over(Under) Expenditures	(115,278.66)	141,281.40		
Unencumbered Cash, Beginning	<u>204,492.23</u>	<u>89,213.57</u>		
Unencumbered Cash, Ending	<u>\$ 89,213.57</u>	<u>\$ 230,494.97</u>		

**CITY OF CHANUTE, KANSAS**  
**GAS UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Gas Sales	\$ 5,798,168.23	\$ 6,135,664.72	\$ 7,950,000.00	\$ (1,814,335.28)
Service Fees	2,860.70	13,975.94	-	13,975.94
Franchise Fees	25,347.74	193,921.14	193,921.00	0.14
Use of Money and Property				
Sale of Property and Materials	5,018.11	3,421.34	-	3,421.34
Other Receipts				
Claims	179.79	327.90	-	327.90
Recovery of Bad Debts	13,293.62	337.53	-	337.53
Miscellaneous	833.32	1,200.00	-	1,200.00
Refunds & Reimbursements	282.84	32,368.03	-	32,368.03
<b>Total Receipts</b>	<b>5,845,984.35</b>	<b>6,381,216.60</b>	<b>\$ 8,143,921.00</b>	<b>\$ (1,762,704.40)</b>
<b>Expenditures</b>				
Gas Supply				
Contractual Services	646,209.07	729,305.96	\$ 700,000.00	29,305.96
Commodities	4,706,085.81	3,886,732.59	6,195,000.00	(2,308,267.41)
Distribution				
Personal Services	548,819.83	587,721.74	591,080.00	(3,358.26)
Contractual Services	38,395.84	52,325.90	74,630.00	(22,304.10)
Commodities	41,283.99	69,705.33	82,100.00	(12,394.67)
Administration and General				
Personal Services	7,098.35	12,993.90	14,502.00	(1,508.10)
Contractual Services	184,801.42	272,159.13	186,446.00	85,713.13
Operating Transfers to:				
General Fund	328,528.19	305,716.12	250,250.00	55,466.12
Employee Benefit Fund	75,000.00	-	-	-

**CITY OF CHANUTE, KANSAS**  
**GAS UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to: (Continued)				
Capital Improvement #1 Fund	\$ 20,000.00	\$ -	\$ 20,000.00	\$ (20,000.00)
Capital Improvement #2 Fund	12,673.87	96,960.60	113,750.00	(16,789.40)
Equipment Reserve Fund	110,139.10	77,568.46	191,000.00	(113,431.54)
Water Utility Fund	-	200,000.00	-	200,000.00
Total Certified Budget			8,418,758.00	(2,127,568.27)
Adjustments for Qualifying Budget Credits			32,368.03	(32,368.03)
Total Expenditures	<u>6,719,035.47</u>	<u>6,291,189.73</u>	<u>\$ 8,451,126.03</u>	<u>\$ (2,159,936.30)</u>
Receipts Over(Under) Expenditures	(873,051.12)	90,026.87		
Unencumbered Cash, Beginning	<u>1,157,008.93</u>	<u>283,957.81</u>		
Unencumbered Cash, Ending	<u>\$ 283,957.81</u>	<u>\$ 373,984.68</u>		

**CITY OF CHANUTE, KANSAS**  
**REFUSE UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Utility Collections	\$ 835,570.75	\$ 838,542.97	\$ 830,000.00	\$ 8,542.97
Landfill Fees	128,124.27	140,844.30	185,000.00	(44,155.70)
Franchise Fees	3,478.54	34,848.75	50,750.00	(15,901.25)
Use of Money and Property				
Sale of Property or Materials	4,910.81	-	-	-
Other Receipts				
Recovery of Bad Debts	2,717.62	14.04	2,000.00	(1,985.96)
Refuse Licenses & Permits	175.00	625.00	-	625.00
<b>Total Receipts</b>	<u>974,976.99</u>	<u>1,014,875.06</u>	<u>\$ 1,067,750.00</u>	<u>\$ (52,874.94)</u>
<b>Expenditures</b>				
Collections				
Personal Services	317,095.16	351,629.94	\$ 346,549.00	\$ 5,080.94
Contractual Services	5,489.90	3,796.55	7,350.00	(3,553.45)
Commodities	2,158.67	12,604.83	27,250.00	(14,645.17)
Refuse Landfill				
Personal Services	199,873.03	220,616.61	218,256.00	2,360.61
Contractual Services	74,602.04	36,248.77	125,538.00	(89,289.23)
Commodities	36,784.78	47,309.43	114,350.00	(67,040.57)
Capital Outlay	495.00	1,282.50	1,100.00	182.50
Administration and General				
Personal Services	13,041.16	22,814.77	26,644.00	(3,829.23)
Contractual Services	147,534.89	174,229.09	90,246.00	83,983.09
Operating Transfers to:				
General Fund	49,104.97	52,472.30	55,825.00	(3,352.70)
Capital Improvement #2 Fund	1,739.27	17,424.40	25,375.00	(7,950.60)
Equipment Reserve Fund	51,391.42	13,939.49	20,300.00	(6,360.51)
<b>Total Expenditures</b>	<u>899,310.29</u>	<u>954,368.68</u>	<u>\$ 1,058,783.00</u>	<u>\$ (104,414.32)</u>
Receipts Over(Under) Expenditures	75,666.70	60,506.38		
Unencumbered Cash, Beginning	<u>315,162.29</u>	<u>390,828.99</u>		
Unencumbered Cash, Ending	<u>\$ 390,828.99</u>	<u>\$ 451,335.37</u>		

**CITY OF CHANUTE, KANSAS**  
**SEWER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipts				
Sewer Sales	\$ 1,260,137.03	\$ 1,248,308.49	\$ 1,250,000.00	\$ (1,691.51)
Service Fees	710.00	400.00	-	400.00
Franchise Fees	5,476.52	51,846.32	51,850.00	(3.68)
Use of Money and Property				
Sale of Property or Materials	7.50	-	-	-
Other Receipts				
Refunds & Reimbursements	4,725.00	-	-	-
Recovery of Bad Debts	5,144.20	264.15	-	264.15
Miscellaneous	1,589.42	3,266.22	-	3,266.22
<b>Total Receipts</b>	<u>1,277,789.67</u>	<u>1,304,085.18</u>	<u>\$ 1,301,850.00</u>	<u>\$ 2,235.18</u>
<b>Expenditures</b>				
Collections				
Personal Services	242,987.16	244,177.22	337,240.00	(93,062.78)
Contractual Services	7,338.01	8,036.59	1,000.00	7,036.59
Commodities	11,672.52	14,594.86	8,500.00	6,094.86
Pumping				
Contractual Services	7,286.21	7,759.88	7,200.00	559.88
Commodities	814.62	2,239.22	1,200.00	1,039.22
Treatment and Disposal				
Personal Services	424,392.81	443,861.35	479,097.00	(35,235.65)
Contractual Services	109,421.13	136,745.53	120,195.00	16,550.53
Commodities	33,430.87	32,744.29	28,900.00	3,844.29
Capital Outlay	2,307.04	-	1,000.00	(1,000.00)
Administration and General				
Personal Services	5,646.03	9,860.00	11,535.00	(1,675.00)
Contractual Services	85,125.99	103,489.92	99,500.00	3,989.92
Debt Service - Revolving Loan				
Principal	655.10	18,451.75	22,840.00	(4,388.25)
Interest	-	4,387.99	-	4,387.99
Operating Transfers to:				
General Fund	64,237.29	67,512.97	64,908.00	2,604.97
Equipment Reserve Fund	5,190.61	20,738.53	23,603.00	(2,864.47)
Capital Improvement #1 Fund	167,890.70	159,930.54	170,000.00	(10,069.46)



**CITY OF CHANUTE, KANSAS**  
**SEWER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to: (Continued)				
Capital Improvement #2 Fund	\$ 2,738.26	\$ 25,923.18	\$ 29,504.00	\$ (3,580.82)
General Obligation Bond and Interest Fund	56,082.38	60,308.00	60,308.00	-
Total Expenditures	<u>1,227,216.73</u>	<u>1,360,761.82</u>	<u>\$ 1,466,530.00</u>	<u>\$ (105,768.18)</u>
Receipts Over(Under) Expenditures	50,572.94	(56,676.64)		
Unencumbered Cash, Beginning	<u>100,923.01</u>	<u>151,495.95</u>		
Unencumbered Cash, Ending	<u>\$ 151,495.95</u>	<u>\$ 94,819.31</u>		

**CITY OF CHANUTE, KANSAS**  
**ELECTRIC, WATER, AND GAS BOND AND INTEREST FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Bond Proceeds	\$ -	\$ 7,400,914.00	\$ -	\$ 7,400,914.00
Operating Transfers from				
Electric Utility Fund	397,267.98	434,930.00	664,930.00	(230,000.00)
<b>Total Receipts</b>	<u>397,267.98</u>	<u>7,835,844.00</u>	<u>\$ 664,930.00</u>	<u>\$ 7,170,914.00</u>
<b>Expenditures</b>				
Debt Service				
Bond Principal	55,000.00	7,512,905.46	\$ 325,000.00	\$ 7,187,905.46
Bond Interest	342,267.50	437,084.85	339,930.00	97,154.85
Bond Issuance Costs	-	72,952.00	-	72,952.00
Total Certified Budget			664,930.00	7,358,012.31
Adjustments for Qualifying				
Budget Credits			7,400,914.00	(7,400,914.00)
<b>Total Expenditures</b>	<u>397,267.50</u>	<u>8,022,942.31</u>	<u>\$ 8,065,844.00</u>	<u>\$ (42,901.69)</u>
Receipts Over(Under) Expenditures	0.48	(187,098.31)		
Unencumbered Cash, Beginning	<u>382,722.90</u>	<u>382,723.38</u>		
Unencumbered Cash, Ending	<u>\$ 382,723.38</u>	<u>\$ 195,625.07</u>		

**CITY OF CHANUTE, KANSAS**  
**ELECTRIC, WATER, AND GAS BOND**  
**DEPRECIATION AND REPLACEMENT FUND**  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Receipts		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Debt Service		
Bond Principal	-	611,000.00
Total Expenditures	-	611,000.00
Receipts Over(Under) Expenditures	-	(611,000.00)
Unencumbered Cash, Beginning	912,589.73	912,589.73
Unencumbered Cash, Ending	\$ 912,589.73	\$ 301,589.73

**CITY OF CHANUTE, KANSAS**  
**VEHICLE SERVICES FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Receipts		
Internal Vehicle Service Charges	\$ 565,668.77	\$ 561,612.26
Use of Money and Property		
Sale of Property and Materials	1,787.60	4,514.92
Other Receipts		
Miscellaneous	-	4,333.54
Total Receipts	<u>567,456.37</u>	<u>570,460.72</u>
Expenditures		
Vehicle Service Shop		
Personal Services	134,687.78	156,387.81
Contractual Services	27,861.10	47,421.35
Commodities	402,507.49	362,379.39
Capital Outlay	2,400.00	2,860.00
Total Expenditures	<u>567,456.37</u>	<u>569,048.55</u>
Receipts Over(Under) Expenditures	-	1,412.17
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 1,412.17</u>

**CITY OF CHANUTE, KANSAS**  
**UTILITY SERVICES FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year Actual
<b>Receipts</b>		
Taxes and Shared Receipts		
Utility Internal Service Charges	\$ 994,051.65	\$ 1,041,543.60
Utility Service Initiation Fee	24,018.64	21,899.54
Utility Service Reconnection Fee	3,834.55	3,970.00
Utility Late Payment Fees	68,964.37	73,590.09
Efficiency Service Charges	154.00	-
Bad Check Charges	2,950.00	2,460.00
Other Receipts		
Recovery of Bad Debts	4,695.36	(449.23)
Miscellaneous	916.18	1,003.18
<b>Total Receipts</b>	<b>1,099,584.75</b>	<b>1,144,017.18</b>
<b>Expenditures</b>		
City Clerk's Office		
Personal Services	317,883.15	208,963.38
Contractual Services	52,403.56	52,934.14
Commodities	12,711.97	11,371.66
Capital Outlay	1,686.17	1,654.55
Utility Office		
Personal Services	202,781.42	216,087.07
Contractual Services	74,265.05	87,716.08
Commodities	3,606.82	3,637.88
Capital Outlay	1,371.25	-
Data Processing		
Personal Services	139,708.94	285,538.45
Contractual Services	56,138.19	61,923.80
Commodities	18,960.63	13,063.49
Capital Outlay	1,899.60	7,239.19
Meter Reading		
Personal Services	156,895.48	156,883.94
Contractual Services	8,897.84	12,287.68
Commodities	-	56.70

**CITY OF CHANUTE, KANSAS**  
**UTILITY SERVICES FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Current Year Actual
Information Service		
Personal Services	\$ 6,256.40	\$ 8,095.34
Contractual Services	24,880.39	15,801.80
Commodities	710.93	90.56
Capital Outlay	5,526.96	-
Operating Transfers to Equipment Reserve Fund	13,000.00	-
 Total Expenditures	 1,099,584.75	 1,143,345.71
 Receipts Over(Under) Expenditures	 -	 671.47
 Unencumbered Cash, Beginning	 -	 -
 Unencumbered Cash, Ending	 \$ -	 \$ 671.47

**CITY OF CHANUTE, KANSAS**  
**PUBLIC WORKS AND UTILITY COMPLEX FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

(With Comparative Actual Totals for the Prior Year Ended December 31, 2013)

	Prior Year Actual	Actual
<b>Receipts</b>		
Taxes and Shared Receipts		
Public Works Internal Charges	\$ 142,657.02	\$ 161,584.98
Other Receipts		
Miscellaneous	-	134.26
<b>Total Receipts</b>	<u>142,657.02</u>	<u>161,719.24</u>
<b>Expenditures</b>		
Public Works and Utility Complex		
Personal Services	66,371.78	88,665.87
Contractual Services	67,764.56	64,412.48
Commodities	8,805.54	7,961.59
<b>Total Expenditures</b>	<u>142,941.88</u>	<u>161,039.94</u>
Receipts Over(Under) Expenditures	(284.86)	679.30
Unencumbered Cash, Beginning	<u>284.86</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 679.30</u>

**CITY OF CHANUTE, KANSAS**  
**Agency Funds**  
Schedule of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended December 31, 2014

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Payroll Clearing	\$ 128,969.66	\$ 1,703,499.09	\$ 1,691,346.98	\$ 141,121.77
Health Insurance Fund	427,823.00	1,641,743.44	1,616,420.80	453,145.64
Sales Tax Collections	(14,491.67)	539,535.86	547,400.11	(22,355.92)
State Water Fees	2,401.12	8,448.25	8,645.83	2,203.54
Kansas Solid Waste Fees	17,056.25	13,071.17	7,859.12	22,268.30
Franchise Fee Refund Fund	-	925,637.66	388,275.25	537,362.41
Utility Security Deposit	345,479.51	121,253.30	111,490.92	355,241.89
Utility Security Deposit Interest	66,569.37	190.00	3,409.87	63,349.50
Law Enforcement Drug Funds	4,355.33	10,580.00	4,362.68	10,572.65
Alliance of Churches Utility Aid	443.00	382.74	443.00	382.74
City Revolving Loan	445,638.71	74,385.98	149,145.61	370,879.08
Fire Insurance Proceeds	2,388.67	-	-	2,388.67
Southwind Energy Group	-	10,459,744.59	9,738,772.82	720,971.77
City Events	653.36	-	-	653.36
	<u>\$ 1,427,286.31</u>	<u>\$ 15,498,472.08</u>	<u>\$ 14,267,572.99</u>	<u>\$ 2,658,185.40</u>





Honorable Mayor and City Commissioners  
City of Chanute, Kansas

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

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

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

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

Capital Lease Agreements

We believe there should be better lines of communication and approval for lease financing. During the year ended December 31, 2014, the former City Manager signed two capital lease agreements for smart boards to be used by the City. These capital lease agreements include interest at 11.52% and were not authorized or approved by the City Commission. We recommend a policy be put into place that requires all debt issued by the City be approved by the City Commission.

This communication is intended solely for the information and use of management, City Commission, and others within the City of Chanute, Kansas, and is not intended to be and should not be used by anyone other than these specified parties.

*Jarred, Gilmore & Phillips, PA*

JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
March 6, 2015

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