

- I. **Call to Order – Mayor Dave Pitman**
- II. **Roll Call:**
____ Murray ____ Meadows ____ Leeper ____ Honeycutt ____ Blumanhourst
- III. **Pledge of Allegiance**
- IV. **Approval of September 6, 2016 Regular Meeting Minutes**
Action: Motion to approve the September 6, 2016 minutes.
Motion: _____ *Second:* _____ *Vote:* _____
- V. **Discussion and Approval of Appropriations**
Action: Motion to approve the appropriations.
Motion: _____ *Second:* _____ *Vote:* _____
- VI. **Determination of Agenda Additions**
- VII. **Public Comments** (*Please limit comments to 5 minutes*)
- VIII. **Requested Appearances**
Roger Fields, Lindburg Vogel Pierce Faris, to present the 2015 Audited Financial Statements
Jason Ball and LeAnn Cox, Hutchinson-Reno County Chamber of Commerce CVB
- IX. **Ordinances, Resolutions and Action Items**
- X. **Reports**
 - a. Mayor & Council Members
 - b. City Attorney
 - c. City Administrator
- XI. **Adjournment**
Motion: _____ *Second:* _____ *Vote:* _____

I. Call to Order –Council President Pete Murray

II. Roll Call:

X Murray X Meadows X Leeper X Honeycutt X Blumanhourst

III. Pledge of Allegiance

IV. Approval of August 15, 2016 Regular Meeting Minutes

Action: Motion to approve the August 15, 2016 minutes.

Motion: Blumanhourst *Second:* Honeycutt *Vote:* 4-0

V. Discussion and Approval of Appropriations

Action: Motion to approve the appropriations.

Motion: Meadows *Second:* Leeper *Vote:* 4-0

VI. Determination of Agenda Additions

Action: Motion to elect Erwin Leeper to the City Voting Delegate for the League of Kansas Municipalities League Conference.

Motion: Honeycutt *Second:* Meadows *Vote:* 4-0

VII. Public Comments (*Please limit comments to 5 minutes*)

VIII. Employee Service Recognition

Mike Foster, Public Works 15 years

Paul Allen, SHPD 10 years

IX. Requested Appearances

Jared Oatney, regarding Farm Lease

Action: Motion to approve a 20% decrease in the annual 2017 contract for a term of one year on the irrigated land only.

Motion: Honeycutt *Second:* Meadows *Vote:* 4-0

X. Appointments

Shane Patterson, 81 Morningside Rd. to the Planning Commission

Mark Thompson to the South Hutchinson Public Housing Authority Board of Directors

Action: Motion to approve the appointments.

Motion: Meadows *Second:* Honeycutt *Vote:* 4-0

XI. Ordinances, Resolutions and Action Items

- a. Consideration of **AN ORDINANCE AMENDING SECTION 14-101 OF THE CODE OF THE CITY OF SOUTH HUTCHINSON, KANSAS PROVIDING FOR THE ADOPTION OF “2016 STANDARD TRAFFIC ORDINANCE FOR KANSAS CITIES” 44th EDITION BY REFERENCE FOR THE PURPOSE OF REGULATING TRAFFIC IN THE CITY OF**

SOUTH HUTCHINSON, KANSAS; PROVIDING PENALTIES FOR VIOLATION THEREOF AND REPEALING ORDINANCE 15-858.

ACTION: Motion to approve Ordinance 16-877 and authorize the Council President to sign.

Motion: Leeper **Second:** Blumanhourst

Vote: X Murray X Meadows X Leeper XHoneycutt XBlumanhourst

- b. Consideration of **AN ORDINANCE AMENDING SECTION 11-101 OF THE CODE OF THE CITY OF SOUTH HUTCHINSON, KANSAS PROVIDING FOR THE ADOPTION OF THE 2016 UNIFORM PUBLIC OFFENSE CODE FOR KANSAS CITIES, 32nd EDITION BY REFERNCE AND REPEALING ORDINANCE 15-859.**

ACTION: Motion to approve Ordinance 16-878 and authorize the Council President to sign.

Motion: Honeycutt **Second:** Meadows

Vote: X Murray X Meadows X Leeper XHoneycutt XBlumanhourst

- c. Consideration of **A RESOLUTION DETERMINING THE ADVISABILITY OF THE MAKING OF CERTAIN INTERNAL IMPROVEMENTS IN CITY OF SOUTH HUTCHINSON, KANSAS; MAKING CERTAIN FINDINGS WITH RESPECT THERETO; AND AUTHORIZING AND PROVIDING FOR THE MAKING OF THE IMPROVEMENTS IN ACCORDANCE WITH SUCH FINDINGS (WATER LINE IMPROVEMENTS).**

ACTION: Motion to approve Resolution 16-540 and authorize the Council President to sign.

Motion: Meadows **Second:** Leeper

Vote: X Murray X Meadows X Leeper XHoneycutt XBlumanhourst

- d. Consideration of **RESOLUTION AUTHORIZING THE OFFERING FOR SALE OF TAXABLE GENERAL OBLIGATION TEMPORARY NOTES, SERIES 2016, OF THE CITY OF SOUTH HUTCHINSON, KANSAS.**

ACTION: Motion to approve Resolution 16-541 and authorize the Council President to sign.

Motion: Meadows **Second:** Blumanhourst

Vote: X Murray X Meadows X Leeper XHoneycutt XBlumanhourst

- e. Consideration of **A RESOLUTION REQUIRING THE USE OF GENERALLY ACCEPTED ACCOUNTING PRINCIPALS IN THE PREPARATION OF THE FINANCIAL STATEMENTS AND REPORTS FOR THE CITY OF SOUTH HUTCHINSON, KANSAS.**

ACTION: Motion to approve Resolution 16-542 and authorize the Council President to sign.

Motion: Honeycutt **Second:** Meadows **Vote:** 4-0

- f. Consideration of bids and the bid alternate for patching and chip sealing of city streets.

ACTION: Motion to approve the bid and bid alternate from Circle C Paving at a cost of \$207,905.36.

Motion: Honeycutt **Second:** Blumanhourst **Vote:** 4-0

XII. Discussion Items

Transient Guest Tax

Action: Motion to cancel the contract with the Greater Conventional Bureau of Hutchinson including all amendments.

Motion: Honeycutt **Second:** Meadows **Vote:** 4-0

Love's Community Improvement District
Elevator Lease
Personnel Policy Changes

Action: Motion to eliminate the personal use of all City facilities after hours and to permit the City Administrator to deny any hunting on City ground.

Motion: Meadows **Second:** Leeper **Vote:** 5-0

Community Center Landscaping

XIII. Reports

a. Mayor & Council Members

Action: Motion to approve the City Administrator and Fire Chief to proceed with a Facility study for a full time combination department.

Motion: Meadows **Second:** Honeycutt **Vote:** 5-0

b. City Attorney

c. City Administrator

XIV. Adjournment

Motion: Honeycutt **Second:** Meadows **Vote:** 5-0

**Invoice Approval List
September 19, 2016**

Gen Gov	Description	Vendor	Inv. Amt
101-101-5001	Insurance Premium	Freedom Claims	\$91.05
101-101-6000	Gas service	Kansas Gas	\$33.54
101-101-6000	Cable for TV	Cox	\$16.78
101-101-6000	Phone/internet	Ideatek	\$201.37
101-101-6002	Bond Resolution	Hutchinson News	\$218.63
101-101-6002	Insurance Premium	Freedom Claims	\$756.05
101-101-6004	Cleaning contract	Service Master	\$279.00
101-101-6004	Postage machine lease	Pitney Bowes	\$67.20
101-101-6005	Cell phone	Verizon	\$101.92
101-101-6011	Membership	Central Kansas SHRM	\$60.00
101-101-7000	Paper, folders, certificates	Office Plus	\$137.29
101-101-7002	Water	Culligan	\$27.50

\$1,990.33

Police	Description	Vendor	Inv. Amt
101-102-5001	Insurance Premium	Freedom Claims	\$242.80
101-102-6000	Gas service	Kansas Gas	\$71.96
101-102-6000	Phone/internet	Ideatek	\$595.40
101-102-6000	Cable for TV	Cox	\$20.98
101-102-6002	STO, UPOC Ordinances	Hutchinson News	\$63.80
101-102-6003	Software support	Tyler Technologies	\$1,008.00
101-102-6004	Cleaning contract	Service Master	\$498.00
101-102-6004	Postage machine lease	Pitney Bowes	\$67.20
101-102-6004	Shredding	Underground Vaults	\$85.00
101-102-6005	Cell Phones	Verizon	\$465.59
101-102-6008	Door handle	Dynamic Electronics	\$65.00
101-102-6008	Blower belt	Decker Mattison	\$75.10
101-102-7000	Pens, folders, paper	Office Plus	\$313.43
101-102-7002	Water	Culligan	\$13.10
101-102-7005	License renewal	Gavin Lusk	\$263.54
101-102-7005	Cameral agreement	Navasurfwardcendiv-crane	\$300.00
101-102-7006	Tire repair	Tom & Dans	\$17.47
101-102-7006	Tires	Kansasland Tire	\$602.40
101-102-7006	Filters	Carquest	\$29.96
101-102-7008	Core mic	KaComm	\$62.00
101-102-7009	Shirts	Galls	\$359.90
101-102-7009	Uniform Cleaning	Saylor	\$108.00

\$5,328.63

Street	Description	Vendor	Inv. Amt
101-103-5001	Insurance Premium	Freedom Claims	\$91.05
101-103-6000	Gas service	Kansas Gas	\$40.70
101-103-6000	Phone/internet	Ideatek	\$101.98
101-103-6003	Uniform Cleaning	Unifirst	\$133.59
101-103-6004	Postage machine lease	Pitney Bowes	\$67.20
101-103-6005	Cell Phones	Verizon	\$59.49
101-103-7000	Paper	Office Plus	\$37.08

\$531.09

Fire	Description	Vendor	Inv. Amt
101-104-6000	Gas service	Kansas Gas	\$34.31
101-104-6000	Cable for TV	Cox	\$10.49
101-104-6000	Phone/internet	Ideatek	\$145.67
101-104-6004	Shipping	Joy's	\$28.75

**Invoice Approval List
September 19, 2016**

101-104-6004	Ladder testing	UL LLC	\$1,355.00
101-104-6005	Cell Phones	Verizon	\$205.00
101-104-7000	Paper	Office Plus	\$37.08
101-104-7002	Cylinder rental	Airgas	\$33.06
101-104-7002	Water	Culligan	\$37.15
101-104-7002	Glue, molding, sponge	Carquest	\$16.96
101-104-7004	Anti-freeze	Rose Motor	\$59.56
			\$1,963.03

Park	Description	Vendor	Inv. Amt
101-105-6000	Trash removal	Stutzman	\$235.72
101-105-6000	Phone service	Verizon	\$42.55
101-105-6000	Gas service	Kansas Gas	\$42.84
101-105-6001	Insurance for Com Ctr	KFSA	\$896.00
101-105-6004	Spray Park Cleaning	Service Master	\$115.00
101-105-6004	CC Cleaning contract	Service Master	\$225.00
101-105-8000	Keys	Pats Key	\$17.20
101-105-8000	Chair and table racks	Office Plus	\$1,755.00
101-105-8000	Rock	Mid America Redi-Mix	\$390.80
			\$3,720.11

Court	Description	Vendor	Inv. Amt
101-106-5001	Insurance Premium	Freedom Claims	\$30.35
101-106-6004	Retrievals	Underground	\$60.45
101-106-6017	Jail Fees	Reno County Sheriff	\$3,120.00
101-106-6018	Court appointed attorney	Shawnah Corcoran	\$75.00
101-106-7004	Software support	Tyler Technologies	\$1,008.00
101-106-7004	Pens	Office Plus	\$4.88
			\$4,298.68

Code Enf	Description	Vendor	Inv. Amt
101-107-6005	Cell Phones	Verizon	\$97.87
			\$97.87

Econ Dev	Description	Vendor	Inv. Amt
101-108-6004	Landscaping	Sallee	\$1,425.00
			\$1,425.00

Non Dep	Description	Vendor	Inv. Amt
101-109-6000	Street lights	WESTAR ENERGY	\$5,465.62
101-109-6026	Refuse Payment	Stutzman	\$8,506.43
			\$13,972.05
		GENERAL TOTAL	\$33,326.79

Water	Description	Vendor	Inv. Amt
201-000-5001	Insurance Premium	Freedom Claims	\$91.05
201-000-6003	Uniform Cleaning	Unifirst	\$133.58
201-000-6004	Postage machine lease	Pitney Bowes	\$67.20
201-000-6005	Cell phones	Verizon	\$115.07
201-000-7000	Paper	Office Plus	\$37.08
201-000-7002	8 Sack	Mid America Redi-Mix	\$334.35
201-000-7002	Water	Culligan	\$8.73
201-000-7002	Shipping	Joy's	\$13.85
201-000-7002	Clamp, tap	HD Supply	\$712.83
201-000-7002	Meter box and lid	J&J Drainage	\$500.71
201-000-7002	Adapter, cap	Ferguson	\$369.95
			\$2,384.40

**Invoice Approval List
September 19, 2016**

Sewer	Description	Vendor	Inv. Amt
301-000-5001	Insurance Premium	Freedom Claims	\$121.40
301-000-6000	Trash removal	Stutzman	\$543.14
301-000-6000	Phone service	Verizon	\$304.98
301-000-6003	Uniform cleaning	Unifirst	\$133.58
301-000-6003	Lab analysis	SDK	\$542.00
301-000-6004	Postage Machine Lease	Pitney Bowes	\$67.20
301-000-6005	Cell phones	Verizon	\$177.78
301-000-7000	Paper	Office Plus	\$37.08
301-000-7002	Water	Culligan	\$8.73
301-000-7002	Mixer	Fluid Equipment	\$3,880.00
			\$5,815.89

Special Hwy	Description	Vendor	Inv. Amt
401-000-7002	Water	Culligan	\$8.74
401-000-7002	Filters, insulator, adapters	Carquest	\$386.17
401-000-7002	Megacrimp	B&B Hydraulics	\$32.36
401-000-7002	Starter rope, cord	Fairview	\$19.00
401-000-7002	Marking	Fastenal	\$9.18
401-000-7002	Grease	Rose Motor	\$11.85
401-000-7002	Survey D&E	Garber Surveying	\$880.00
401-000-7002	Microdyne	Janitorial Supply	\$29.65
401-000-7002	Tire repairs	Tom & Dans	\$42.47
401-000-7002	Curb cuts	Wichita Coring & Cutting	\$382.50
401-000-7002	Latch	Wichita Tractor	\$11.30
			\$1,813.22

Employee Ben	Description	Vendor	Inv. Amt
501-000-5007	Insurance Premium	Freedom Claims	\$479.42
			\$479.42

Bond & Int	Description	Vendor	Inv. Amt
601-000-6024	Review Bond	Office of Attorney General	\$390.00
601-000-8004	2015 Interest	Kansas State Treasurer	\$10,200.00
			\$10,590.00

Donation	Description	Vendor	Inv. Amt
702-000-6004	Bookmarks, rulers	Foremost Promotions	\$350.00
			\$350.00

Food Policy	Description	Vendor	Inv. Amt
808-000-7004	Kids scope page	Kansas Publishing	\$100.00
808-000-7004	Advertising	KXKU	\$200.00
808-000-7004	Promotional video	Blue Muse Photography	\$450.00
808-000-7004	Advertising	Rural Messenger	\$28.00
			\$778.00

Equip Reser	Description	Vendor	Inv. Amt
901-000-8021	Radios	KaComm	\$2,050.00
901-000-8023	Radios	KaComm	\$2,050.00
			\$4,100.00

**Invoice Approval List
September 19, 2016**

Build Reserve	Description	Vendor	Inv. Amt
902-000-8024	Tire repair	Tom & Dans	\$70.00
			\$70.00
		Grand Total	\$59,707.72

CITY OF SOUTH HUTCHINSON, KANSAS

DECEMBER 31, 2015

CITY OF SOUTH HUTCHINSON, KANSAS

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INDEPENDENT AUDITORS' REPORT

Michael E. Evans, CPA
Roger W. Field, CPA
Gregory D. Daughhetee, CPA
Clark R. Cowl, CPA
Todd V. Pflughoeft, CPA
Steven R. Stoecklein, CPA
Kenneth D. Hamby, CPA
Michael R. Meisenheimer, CPA
Nick L. Muetting, CPA
Billy J. Klug, CPA
Randall R. Hofmeier, CPA
Brent L. Knoche, CPA
Brian W. Mapel, CPA
Jeffrey D. Reece, CPA
Benjamin M. Walker, CPA

Mayor and City Council
City of South Hutchinson, Kansas

Report on the Financial Statement

We have audited the accompanying regulatory basis summary statement of receipts, expenditures, and unencumbered cash of City of South Hutchinson, Kansas (the City) as of and for the year ended December 31, 2015, 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 the financial statement in accordance with the regulatory basis of accounting reporting provisions permitted in the Kansas Municipal Audit and Accounting Guide (KMAAG), 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 preparing the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation 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 KMAAG. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant 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 reasonable 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 the City on the basis of the financial reporting provisions permitted in KMAAG, 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 matters discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2015, or the respective changes in financial position or where applicable, its changes in cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City, as of December 31, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions permitted in KMAAG described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of receipts, expenditures, and unencumbered cash – regulatory basis (basic financial statement) as a whole. The summary of expenditures – regulatory basis – actual and budget and the individual fund schedules of receipts and expenditures – regulatory basis – actual and budget (Schedules 1 through 2, as listed in the table of contents) are presented for additional analysis and are not a required part of the basic financial statement; however, they are required to be presented under the provisions in KMAAG. 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.



Certified Public Accountants

Hutchinson, Kansas
July 25, 2016

CITY OF SOUTH HUTCHINSON, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For Year Ended December 31, 2015

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND	\$ 639,107	\$ 2,087,605	\$ 2,048,557	\$ 678,155	\$ 36,807	\$ 714,962
SPECIAL PURPOSE FUNDS						
Flood Control	5,728	22,389	22,172	5,945	-	5,945
Employee Benefits	347	70,784	69,508	1,623	-	1,623
Special Highway	122,054	76,847	92,160	106,741	3,410	110,151
Convention and Tourism	-	58,530	58,530	-	-	-
Special Parks	2,988	268	-	3,256	-	3,256
Street/Economic Development	198,987	103,697	120,170	182,514	141	182,655
Diversion	9,221	3,515	3,628	9,108	-	9,108
Donations	3,720	7,748	4,566	6,902	-	6,902
ASAP	23,568	18,559	15,444	26,683	-	26,683
D.A.R.E.	925	160	120	965	-	965
Health Insurance	163,629	97,958	80,971	180,616	-	180,616
Building Reserve	230,653	118,819	27,318	322,154	683	322,837
Equipment Reserve	141,741	256,314	377,779	20,276	373,543	393,819
Special Law Enforcement	2,230	3,475	3,499	2,206	-	2,206
Special Projects	14,580	41,899	14,266	42,213	-	42,213
Reno County Veterans Memorial	39,207	18,947	48,446	9,708	-	9,708
BOND AND INTEREST FUNDS						
Bond and Interest	9,068	1,125,550	1,072,455	62,163	-	62,163
CAPITAL PROJECTS	302,449	2,687,730	1,631,064	1,359,115	9,404	1,368,519
BUSINESS FUNDS						
Water	241,138	474,138	475,419	239,857	23,015	262,872
Water Reserve	182,244	-	15,125	167,119	-	167,119
Sewer	726,179	1,096,155	1,211,501	610,833	13,240	624,073
Sewer Replacement	246,435	-	-	246,435	-	246,435
TOTAL REPORTING ENTITY	\$ 3,306,198	\$ 8,371,087	\$ 7,392,698	\$ 4,284,587	\$ 460,243	\$ 4,744,830

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

CITY OF SOUTH HUTCHINSON, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For Year Ended December 31, 2015

Page 2 of 2

COMPOSITION OF CASH

Checking accounts	
Bank of Kansas, South Hutchinson, Kansas	\$ 2,137,764
Farmers Bank and Trust, Great Bend, Kansas	181,616
Certificates of deposit	
Bank of Kansas, South Hutchinson, Kansas	2,425,000
Petty cash	<u>450</u>
TOTAL REPORTING ENTITY	<u>\$ 4,744,830</u>

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

CITY OF SOUTH HUTCHINSON, KANSAS

NOTES TO THE FINANCIAL STATEMENT
December 31, 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

City of South Hutchinson, Kansas (the City) is a municipal corporation governed by an elected mayor and five-member council.

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The City has created several types of funds and a number of discrete funds within each fund type. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions.

Kansas Municipal Audit and Accounting Guide Regulatory Basis of Presentation Fund Definitions

The following types of funds comprise the financial activities of the City for the year of 2015:

General Fund – to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds – to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Capital Project Funds – to account for the financial resources segregated for the acquisition or construction of major capital facilities and improvements.

Bond and Interest Funds – to account for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

Business Funds – to account for operations that are financed and operated in a manner similar to private business enterprises – where the stated intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges – or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Regulatory Basis of Accounting and Departures from Generally Accepted Accounting Principles

The regulatory basis of accounting as prescribed in the Kansas Municipal Audit and Accounting Guide (KMAAG) 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 reporting the changes in unencumbered cash and investments of a fund resulting from the 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 City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles, and allowing the municipality to use the regulatory basis of accounting.

Interest Income

Unless specifically designated, all investment income is credited to the General Fund.

Temporary Notes

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

Special Assessments

Projects financed in part by special assessments are financed through General Obligation Bonds of the City and are retired from the Bond and Interest Fund. Special Assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special Assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

Reimbursed Expenditures

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

Use of Estimates

The process of preparing the financial statement requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statement. Accordingly, upon settlement, actual results may differ from estimated amounts.

Budgets

Kansas statutes require that an annual operating budget be legally adopted for all funds (including Bond and Interest and Business Funds) unless exempted by a specific statute. The statutes provided for the following sequence and timetable in adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

The 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.

All legal annual operating budgets are prepared using the modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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 Business Funds, Capital Projects Funds, and the following Special Purpose Funds:

D.A.R.E	Special Law Enforcement	Donations
Building Reserve	Equipment Reserve	ASAP
Special Projects	Reno County Veterans Memorial	Health Insurance

Original appropriations are modified by supplemental appropriation and transfers among budget categories. The City Council approves all significant changes.

Taxes levied to finance the budget become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. These taxes are made available to the City after January 1 and are distributed by the County Treasurer generally in the months of January and June. Delinquent tax collections are distributed throughout the year.

NOTE 2—DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the summary statement of receipts, expenditures, and unencumbered cash. In addition, investments are held separately by some of the City's Funds. The cash balances of certain funds are restricted as to their use.

K.S.A. 9-1401 establishes the depositories, which may be used by the City. The statute requires banks eligible to hold the City's Funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Deposit Insurance Corporation (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 City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by FDIC 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, 2015.

Deposits

At year end, the carrying amount of the City's deposits, including certificates of deposit, was \$4,744,380. The bank balance was \$4,760,208. The bank balance was held by two banks with the majority held by one bank resulting in a concentration of credit risk. Of the bank balance, \$460,541 was covered by FDIC insurance and the remaining \$4,299,667 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

Custodial Credit Risk – Investments

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

NOTE 3—LONG-TERM DEBT

Terms for long-term debt for the City for the year ended December 31, 2015, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Interest Due</u>	<u>Principal Due</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General Obligation Bonds						
Series 2007	3.70% to 4.00%	11/01/07	5-1, 11-1	11-1	\$ 2,387,000	11/01/18
Series 2009	5.75%	07/01/09	5-1, 11-1	11-1	29,000	11/01/19
Series 2012	3.00% to 3.25%	07/26/12	3-1, 9-1	9-1	5,680,000	09/01/32
Temporary Improvement Note						
Series 2015	1.25% to 1.50%	11/10/15	4-1, 10-1	10-1	5,080,000	10/01/18
Equipment Loan						
Bank SNB	3.25%	09/10/14	2-15	2-15	330,317	02/15/18
Bank SNB	3.25%	05/29/15	7-01	7-01	210,613	07/01/19

Changes in long-term debt for the City for the year ended December 31, 2015, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
Series 2007	\$ 1,170,000	\$ -	\$ 270,000	\$ 900,000	\$ 42,585
Series 2009	16,000	-	3,000	13,000	920
Series 2012	4,510,000	-	620,000	3,890,000	135,950
Temporary Improvement Note					
Series 2013-1	2,505,000	-	2,505,000	-	42,167
Series 2015	-	5,080,000	-	5,080,000	-
Capital Leases					
Caterpillar 928HZ	28,287	-	28,287	-	990
Other Loans					
Bank SNB	-	210,613	44,426	166,187	608
Bank SNB	260,688	-	66,332	194,356	2,827
Total Bonded Indebtedness	<u>\$ 8,489,975</u>	<u>\$ 5,290,613</u>	<u>\$ 3,537,045</u>	<u>\$ 10,243,543</u>	<u>\$ 226,047</u>

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

	Principal			Total Principal
	General Obligation Bonds	Equipment Loans	Temporary Improvement Notes	
2016	\$ 933,000	\$ 102,327	\$ 3,720,000	\$ 4,755,327
2017	818,000	110,035	-	928,035
2018	853,000	104,621	1,360,000	2,317,621
2019	374,000	43,560	-	417,560
2020	380,000	-	-	380,000
2021-2025	1,095,000	-	-	1,095,000
2026-2030	240,000	-	-	240,000
2031-2032	110,000	-	-	110,000
	<u>\$ 4,803,000</u>	<u>\$ 360,543</u>	<u>\$ 5,080,000</u>	<u>\$ 10,243,543</u>

	Interest			Total Interest
	General Obligation Bonds	Equipment Loans	Temporary Improvement Notes	
2016	\$ 150,963	\$ 11,880	\$ 64,382	\$ 227,225
2017	121,180	8,508	17,236	146,924
2018	94,608	5,087	17,236	116,931
2019	66,730	1,474	-	68,204
2020	55,400	-	-	55,400
2021-2025	122,800	-	-	122,800
2026-2030	41,425	-	-	41,425
2031-2032	5,363	-	-	5,363
	<u>\$ 658,469</u>	<u>\$ 26,949</u>	<u>\$ 98,854</u>	<u>\$ 784,272</u>

NOTE 4—INTERFUND TRANSFERS

From Fund	To Fund	Authority	Amount
General	Building Reserve	K.S.A. 12-1,118	\$ 32,500
General	Equipment Reserve	K.S.A. 12-1,117	113,000
General	Special Projects	K.S.A. 12-101a	2,000
Sewer	Equipment Reserve	K.S.A. 12-1,117	60,000
Sewer	Bond and Interest	K.S.A. 12-825d	521,656
Sewer	Building Reserve	K.S.A. 12-1,118	30,000

NOTE 5—DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in the Comprehensive Annual Financial Report, which can be found on KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009; KPERS 2 members were first employed in a covered position on or after July 1, 2009; and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law establishes the KPERS member-employee contribution rate at 6.00% of covered salary for KPERS 1, KPERS 2, or KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

Kansas law provides that employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined annually based on the results of an annual actuarial valuation. The actuarially determined employer contribution rate (excluding the contribution rate for the Death and Disability program) and the statutory contribution rate for KPERS was 9.48% for the year ended December 31, 2015. Contributions to the pension plan from the City for KPERS were \$118,909 for the year ended December 31, 2015.

Net Pension Liability

The total pension liability for KPERS was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. As of June 30, 2015, the net pension liability for KPERS was \$1,313,044,117. KPERS has determined the City's allocated share of the net pension liability for KPERS was \$868,067 as of June 30, 2015. The City's share of the allocation is based on the ratio of the City's employer contributions to the total employer contributions for the plan groups the City participates in.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described in the first paragraph above.

NOTE 6—RISK MANAGEMENT

The City is subject to certain risks such as torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from third parties. There have been no significant reductions in insurance coverage from the prior year and there have been no settled claims in excess of insurance coverage for the prior three years.

The City self-insures certain risks related to employee health care costs. Total exposure is managed with aggregate limits on the total liability the City can incur in any given year. The City Funds the liability based on actuarial estimated contributions and such additional amounts required to pay claims as incurred.

NOTE 7—CONCENTRATIONS

A substantial portion of the City's water and sewer sales are to one customer. During 2015, water and sewer sales to the customer were 54.00% and 63.00%, respectively.

NOTE 8—COMMITMENTS AND CONTINGENCIES

To foster economic development, the City periodically enters into various agreements with area businesses. Such agreements and related negotiations are ongoing from year to year. As of December 31, 2015, subject to contractual agreements, the City has committed to spend \$18,750 per year thru 2017.

Subject to a certain lease agreement, the City is contingently liable for lease payments of \$3,513 per year through 2021, if certain countywide funding for the payments is not available.

The City acquired title to a grain elevator in 2014 and has not decided if the structure will be demolished or left standing. Potential cost associated with the elevator have not been reflected in the financial statement.

NOTE 9—CAPITAL PROJECTS

Project	Project Authorization	Expenditures through 12/31/15	City Share
Prairie Ridge II	\$ 706,977	\$ 797,565	Minimal
Meadow Lane	175,500	149,096	Minimal
Main Street Improvement	679,934	675,023	100%
Water System	365,000	329,513	100%
Poplar Street	283,500	286,149	100%
Street Improvements	192,106	9,741	100%
Frontier Commerce Park	1,321,900	87,114	Minimal
2015 Waterline Project	505,451	428,449	100%
2015 Street Improvements	849,632	814,360	100%
Community Building	483,190	28,920	50%

The City's projects above will be funded by General Obligation Bonds, Special Assessments, and grants.

NOTE 10—OTHER LONG-TERM LIABILITIES

Compensated Absences

Vacation time is earned and vested and must be used within the employees anniversary date. Policies prohibit payment of vacation time in lieu of time off and all accumulated vacation pay is payable upon employment termination. The sick leave policy for the City permits employees to accumulate a maximum of 90 days sick leave. Policy prohibits payment of unused sick pay upon termination by the City.

CITY OF SOUTH HUTCHINSON, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS (ACTUAL AND BUDGET)
 (BUDGETED FUNDS ONLY)
 For Year Ended December 31, 2015

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUND	\$ 2,902,702	\$ -	\$ 2,902,702	\$ 2,048,557	\$ (854,145)
SPECIAL PURPOSE FUNDS					
Flood Control	23,027	-	23,027	22,172	(855)
Employee Benefits	75,000	-	75,000	69,508	(5,492)
Special Highway	130,000	-	130,000	92,160	(37,840)
Convention and Tourism	65,000	-	65,000	58,530	(6,470)
Special Parks	288	-	288	-	(288)
Street/Economic Development	290,926	-	290,926	120,170	(170,756)
Diversion	8,696	-	8,696	3,628	(5,068)
BOND AND INTEREST FUND					
Bond and Interest	1,072,455	-	1,072,455	1,072,455	-
BUSINESS FUNDS					
Water	716,029	-	716,029	475,419	(240,610)
Sewer	1,595,123	-	1,595,123	1,211,501	(383,622)

CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

Schedule 2
Page 1 of 16

	2015		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Taxes			
Ad valorem property tax	\$ 506,351	\$ 600,000	\$ (93,649)
Back tax collections	19,126	15,000	4,126
Motor vehicle tax	99,070	70,000	29,070
In lieu of tax	1,828	2,400	(572)
County sales tax	359,640	350,000	9,640
Local sales tax	202,713	200,000	2,713
Liquor tax	268	200	68
	<u>1,188,996</u>	<u>1,237,600</u>	<u>(48,604)</u>
Total Taxes			
Licenses, Fees, and Permits			
Utility franchise tax	574,579	600,000	(25,421)
Refuse	105,523	105,000	523
Permits and inspections	12,273	10,000	2,273
	<u>692,375</u>	<u>715,000</u>	<u>(22,625)</u>
Total Licenses, Fees, and Permits			
Fines, Forfeitures, and Penalties	<u>114,111</u>	<u>100,000</u>	<u>14,111</u>
Interest on Idle Funds	<u>1,281</u>	<u>1,000</u>	<u>281</u>
Other Receipts			
Miscellaneous	84,610	30,000	54,610
Reimbursed expenses	6,232	10,000	(3,768)
	<u>90,842</u>	<u>40,000</u>	<u>50,842</u>
Total Other Receipts			
TOTAL RECEIPTS	<u>2,087,605</u>	<u>\$ 2,093,600</u>	<u>\$ (5,995)</u>

CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

	2015		Schedule 2 Page 2 of 16
	Actual	Budget	Variance Over (Under)
EXPENDITURES			
General Administration			
Personal services	\$ 133,931	\$ 172,800	\$ (38,869)
Contractual services	65,756	50,500	15,256
Commodities	12,286	16,000	(3,714)
Capital outlay	-	1,000	(1,000)
Transfer to:			
Building Reserve	10,000	10,000	-
Equipment Reserve	2,000	2,000	-
Total General Administration	223,973	252,300	(28,327)
Police			
Personal services	564,510	630,783	(66,273)
Contractual services	108,279	107,100	1,179
Commodities	55,196	62,400	(7,204)
Capital outlay	8,244	9,000	(756)
Transfer to:			
Building Reserve	3,500	3,500	-
Equipment Reserve	55,000	55,000	-
Total Police	794,729	867,783	(73,054)
Fire			
Personal services	149,795	138,680	11,115
Contractual services	83,249	51,444	31,805
Commodities	15,268	15,570	(302)
Capital outlay	10,588	15,000	(4,412)
Transfer to:			
Building Reserve	2,500	2,500	-
Equipment Reserve	38,500	38,500	-
Total Fire	299,900	261,694	38,206
Street			
Personal services	173,146	196,900	(23,754)
Contractual services	48,382	62,400	(14,018)
Commodities	13,053	18,600	(5,547)
Capital outlay	-	2,000	(2,000)
Transfer to:			
Building Reserve	-	-	-
Equipment Reserve	10,000	10,000	-
Total Street	244,581	289,900	(45,319)

CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS (ACTUAL)
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

Schedule 2
Page 3 of 16

	2015		Variance Over (Under)
	Actual	Budget	
EXPENDITURES (Continued)			
Parks			
Personal services	\$ 10,000	\$ 10,000	\$ -
Contractual services	19,902	11,000	8,902
Commodities	9,559	15,150	(5,591)
Capital outlay	1,361	10,000	(8,639)
Transfer to:			
Building Reserve	15,000	15,000	-
Equipment Reserve	5,000	5,000	-
Total Parks	<u>60,822</u>	<u>66,150</u>	<u>(5,328)</u>
Street Lighting			
Contractual services	<u>66,938</u>	<u>65,000</u>	<u>1,938</u>
Code Enforcement			
Personal services	-	-	-
Contractual services	5,024	3,125	1,899
Commodities	2,726	4,450	(1,724)
Capital outlay	-	1,000	(1,000)
Transfer to - Equipment Reserve	2,500	2,500	-
Total Code Enforcement	<u>10,250</u>	<u>11,075</u>	<u>(825)</u>
Municipal Court			
Personal services	71,659	73,000	(1,341)
Contractual services	83,723	77,400	6,323
Commodities	2,051	2,500	(449)
Equipment	1,349	1,000	349
Transfer to - Building Reserve	1,500	1,500	-
Total Municipal Court	<u>160,282</u>	<u>155,400</u>	<u>4,882</u>
Nondepartmental			
Refuse	98,389	100,000	(1,611)
Capital improvements	41,784	813,400	(771,616)
Miscellaneous commodities	-	5,000	(5,000)
Miscellaneous contractual services	38,278	10,000	28,278
Transfer to - Special Projects	2,000	-	2,000
Wellness activities	6,631	5,000	1,631
Total Nondepartmental	<u>187,082</u>	<u>933,400</u>	<u>(746,318)</u>
TOTAL EXPENDITURES	<u>2,048,557</u>	<u>\$ 2,902,702</u>	<u>\$ (854,145)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	39,048		
UNENCUMBERED CASH, BEGINNING	<u>639,107</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 678,155</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

FLOOD CONTROL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

Schedule 2
Page 4 of 16

	2015		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Ad valorem property tax	\$ 20,542	\$ 22,036	\$ (1,494)
Back tax collections	582	500	82
Motor vehicle tax	1,191	576	615
In lieu of tax	74	80	(6)
Reimbursed expense	-	-	-
	22,389	<u>\$ 23,192</u>	<u>\$ (803)</u>
EXPENDITURES			
Contractual services	22,172	<u>\$ 23,027</u>	<u>\$ (855)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	217		
UNENCUMBERED CASH, BEGINNING	5,728		
UNENCUMBERED CASH, ENDING	<u>\$ 5,945</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

EMPLOYEE BENEFITS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

Schedule 2
Page 5 of 16

	2015		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Ad valorem property tax	\$ 62,680	\$ 67,222	\$ (4,542)
Back tax collections	1,795	700	1,095
Motor vehicle tax	6,083	4,029	2,054
In lieu of tax	226	200	26
Reimbursed expenses	-	-	-
	<u>70,784</u>	<u>\$ 72,151</u>	<u>\$ (1,367)</u>
EXPENDITURES			
Workers' compensation	63,946	\$ 72,000	\$ (8,054)
Disability insurance	5,562	3,000	2,562
	<u>69,508</u>	<u>\$ 75,000</u>	<u>\$ (5,492)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	1,276		
UNENCUMBERED CASH, BEGINNING	<u>347</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,623</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

SPECIAL HIGHWAY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

	2015		Schedule 2 Page 6 of 16
	Actual	Budget	Variance Over (Under)
RECEIPTS			
State payments	\$ 66,931	\$ 64,010	\$ 2,921
County payments	9,916	8,750	1,166
Reimbursed expense	-	-	-
	<u>76,847</u>	<u>\$ 72,760</u>	<u>\$ 4,087</u>
EXPENDITURES			
Contractual services	-	\$ 50,000	\$ (50,000)
Commodities	92,160	80,000	12,160
	<u>92,160</u>	<u>\$ 130,000</u>	<u>\$ (37,840)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(15,313)		
UNENCUMBERED CASH, BEGINNING	<u>122,054</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 106,741</u>		

CITY OF SOUTH HUTCHINSON, KANSAS
 CONVENTION AND TOURISM FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

Schedule 2
Page 7 of 16

	2015		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Guest tax	\$ 58,530	<u>\$ 65,000</u>	<u>\$ (6,470)</u>
EXPENDITURES			
Contractual services	<u>58,530</u>	<u>\$ 65,000</u>	<u>\$ (6,470)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

SPECIAL PARKS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

	2015		Schedule 2 Page 8 of 16
	Actual	Budget	Variance Over (Under)
RECEIPTS			
Alcohol tax	\$ 268	<u>\$ 139</u>	<u>\$ 129</u>
EXPENDITURES			
Contractual services	-	<u>\$ 288</u>	<u>\$ (288)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	268		
UNENCUMBERED CASH, BEGINNING	2,988		
UNENCUMBERED CASH, ENDING	<u>\$ 3,256</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

STREET/ECONOMIC DEVELOPMENT - SALES TAX FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)

For Year Ended December 31, 2015

Schedule 2
Page 9 of 16

	2015		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Sales tax	\$ 101,357	\$ 110,000	\$ (8,643)
Reimbursed expenses	2,340	10,000	(7,660)
TOTAL RECEIPTS	<u>103,697</u>	<u>\$ 120,000</u>	<u>\$ (16,303)</u>
EXPENDITURES			
Contractual services	20,891	\$ 100,000	\$ (79,109)
Miscellaneous	99,279	190,926	(91,647)
TOTAL EXPENDITURES	<u>120,170</u>	<u>\$ 290,926</u>	<u>\$ (170,756)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(16,473)		
UNENCUMBERED CASH, BEGINNING	<u>198,987</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 182,514</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

DIVERSION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

Schedule 2
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	2015		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Miscellaneous	\$ 3,515	\$ 2,250	\$ 1,265
EXPENDITURES			
Commodities	-	\$ -	\$ -
Contractual services	3,628	8,696	(5,068)
TOTAL EXPENDITURES	3,628	\$ 8,696	\$ (5,068)
RECEIPTS OVER (UNDER) EXPENDITURES	(113)		
UNENCUMBERED CASH, BEGINNING	9,221		
UNENCUMBERED CASH, ENDING	\$ 9,108		

CITY OF SOUTH HUTCHINSON, KANSAS

BOND AND INTEREST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

Schedule 2
Page 11 of 16

	2015		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Ad valorem property tax	\$ 312,714	\$ 333,317	\$ (20,603)
Back tax collections	9,497	7,000	2,497
Motor vehicle tax	42,681	29,602	13,079
In lieu of tax	1,122	1,200	(78)
Specials	237,880	230,000	7,880
Transfer from:			
General Fund	-	-	-
Sewer Fund	521,656	521,656	-
TOTAL RECEIPTS	<u>1,125,550</u>	<u>\$ 1,122,775</u>	<u>\$ 2,775</u>
EXPENDITURES			
Bond principal	893,000	\$ 893,000	\$ -
Interest coupons	179,455	179,455	-
TOTAL EXPENDITURES	<u>1,072,455</u>	<u>\$ 1,072,455</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	53,095		
UNENCUMBERED CASH, BEGINNING	<u>9,068</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 62,163</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

WATER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

Schedule 2
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	2015		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Charges for service	\$ 453,609	\$ 442,500	\$ 11,109
Reimbursed expense	20,216	15,000	5,216
Interest income	313	400	(87)
	<u>474,138</u>	<u>\$ 457,900</u>	<u>\$ 16,238</u>
EXPENDITURES			
Personal services	288,701	\$ 295,733	\$ (7,032)
Contractual services	89,965	71,200	18,765
Commodities	53,720	53,500	220
Capital outlay	-	255,596	(255,596)
Sales tax	43,033	40,000	3,033
Transfer to - Equipment Reserve	-	-	-
	<u>475,419</u>	<u>\$ 716,029</u>	<u>\$ (240,610)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(1,281)		
ENCUMBERED CASH, BEGINNING	<u>241,138</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 239,857</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

SEWER FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2015

Schedule 2
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	2015		Variance Over (Under)
	<u>Actual</u>	<u>Budget</u>	
RECEIPTS			
Charges for service	\$ 1,087,393	\$ 1,200,000	\$ (112,607)
Interest income	564	500	64
Permits and inspections	1,233	-	1,233
Reimbursed expense	6,965	5,000	1,965
	<u>1,096,155</u>	<u>\$ 1,205,500</u>	<u>\$ (109,345)</u>
EXPENDITURES			
Operations			
Personal services	326,209	\$ 341,867	\$ (15,658)
Contractual services	209,332	179,000	30,332
Commodities	44,639	55,600	(10,961)
Capital outlay	19,665	407,000	(387,335)
Transfer to:			
Bond and Interest	521,656	521,656	-
Building Reserve	30,000	30,000	-
Equipment Reserve	60,000	60,000	-
	<u>1,211,501</u>	<u>\$ 1,595,123</u>	<u>\$ (383,622)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(115,346)		
UNENCUMBERED CASH, BEGINNING	<u>726,179</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 610,833</u>		

CITY OF SOUTH HUTCHINSON, KANSAS

BUSINESS NONBUDGETED FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS (ACTUAL)
 For Year Ended December 31, 2015

	Sewer System Replacement	Schedule 2 Page 14 of 16 Water Reserve
RECEIPTS		
Reimbursed expense	\$ -	\$ -
Operating transfers in	-	-
TOTAL RECEIPTS	-	-
EXPENDITURES		
Equipment	-	15,125
RECEIPTS OVER (UNDER) EXPENDITURES	-	(15,125)
UNENCUMBERED CASH, BEGINNING	246,435	182,244
UNENCUMBERED CASH, ENDING	\$ 246,435	\$ 167,119

CITY OF SOUTH HUTCHINSON, KANSAS

SPECIAL PURPOSE NONBUDGETED FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS (ACTUAL)
 For Year Ended December 31, 2015

	ASAP	D.A.R.E.	Donations	Special Projects	Reno County Veterans Memorial	Health Insurance	Building Reserve	Equipment Reserve	Special Law Enforcement
RECEIPTS									
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 320	\$ 1
Donations	-	-	7,748	-	18,947	-	-	-	-
Miscellaneous	18,559	160	-	39,000	-	97,958	56,319	82,994	3,474
Grants	-	-	-	-	-	-	-	-	-
Guest tax	-	-	-	899	-	-	-	-	-
Operating transfers in	-	-	-	2,000	-	-	62,500	173,000	-
TOTAL RECEIPTS	<u>18,559</u>	<u>160</u>	<u>7,748</u>	<u>41,899</u>	<u>18,947</u>	<u>97,958</u>	<u>118,819</u>	<u>256,314</u>	<u>3,475</u>
EXPENDITURES									
Capital outlay	-	-	-	-	-	-	27,318	377,779	-
Miscellaneous	15,444	120	-	14,266	48,446	-	-	-	3,499
Contractual services	-	-	4,566	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	80,971	-	-	-
TOTAL EXPENDITURES	<u>15,444</u>	<u>120</u>	<u>4,566</u>	<u>14,266</u>	<u>48,446</u>	<u>80,971</u>	<u>27,318</u>	<u>377,779</u>	<u>3,499</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>3,115</u>	<u>40</u>	<u>3,182</u>	<u>27,633</u>	<u>(29,499)</u>	<u>16,987</u>	<u>91,501</u>	<u>(121,466)</u>	<u>(24)</u>
UNENCUMBERED CASH, BEGINNING	<u>23,568</u>	<u>925</u>	<u>3,720</u>	<u>14,580</u>	<u>39,207</u>	<u>163,629</u>	<u>230,653</u>	<u>141,741</u>	<u>2,230</u>
UNENCUMBERED CASH, ENDING	<u>\$ 26,683</u>	<u>\$ 965</u>	<u>\$ 6,902</u>	<u>\$ 42,213</u>	<u>\$ 9,708</u>	<u>\$ 180,616</u>	<u>\$ 322,154</u>	<u>\$ 20,276</u>	<u>\$ 2,206</u>

CITY OF SOUTH HUTCHINSON, KANSAS
 CAPITAL PROJECTS NONBUDGETED FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS (ACTUAL)
 For Year Ended December 31, 2015

	Poplar Street	Meadow Lane	Main Street Improvement	Water System	Prairie Ridge II Improvement	Maintenance Improvement	Street Improvements	Waterline	Frontier Commerce Park	CDBG	Reserve for TIN Interest	Totals
RECEIPTS												
Bond proceeds	\$ 1,268	\$ 785	\$ 3,041	\$ 1,632	\$ 3,162	\$ 859	\$ 849,632	\$ 505,451	\$ 1,321,900	\$ -	\$ -	\$ 2,687,730
EXPENDITURES												
Improvements	14,374	8,899	34,477	38,000	122,569	-	784,564	410,723	40,756	28,290	(9,563)	1,415,339
Debt service costs	-	-	-	18,508	35,846	9,741	29,796	17,726	46,358	-	-	215,725
TOTAL EXPENDITURES	14,374	8,899	34,477	56,508	158,415	9,741	814,360	428,449	87,114	28,290	(9,563)	1,631,064
RECEIPTS OVER (UNDER) EXPENDITURES	(13,106)	(8,114)	(31,436)	(54,876)	(155,253)	(8,882)	35,272	77,002	1,234,786	(28,290)	9,563	1,056,666
UNENCUMBERED CASH, BEGINNING	18,167	39,945	52,785	90,754	91,498	18,863	-	-	-	-	(9,563)	302,449
UNENCUMBERED CASH, ENDING	\$ 5,061	\$ 31,831	\$ 21,349	\$ 35,878	\$ (63,755)	\$ 9,981	\$ 35,272	\$ 77,002	\$ 1,234,786	\$ (28,290)	\$ -	\$ 1,359,115



PRESENTATION TO SOUTH HUTCHINSON CITY COUNCIL – SEPTEMBER 19, 2016

Purpose of a Convention/Visitors Bureau

The main purpose of any local CVB is to increase the local economy by focusing on tourism marketing and services. Based on assets we have to sell, our local CVB concentrates its efforts on:

- 1) *National sporting event recruitment*
- 2) *Non-Fair events at KS State Fairgrounds*
- 3) *Statewide convention/meeting groups*

Travel and tourism elevates the quality of life for an area by providing jobs, securing tax dollars for the upgrades of services and infrastructure, and attracting facilities like restaurants, shops, festivals, as well as cultural and sporting venues that accommodate visitors.

CVB's will produce millions of dollars in revenue and taxes by performing destination marketing for their area. Our 'destination' is defined as Reno County. We provide unbiased referrals to planners and serve as an official point of contact for them.

Our CVB works with local, state and national organizations to drive visitor awareness in what a specific area (Reno County) has to offer.

Our local CVB team doesn't typically plan and organize the events, but instead our primary responsibilities are to:

- 1) *Market to organizations seeking sporting, agriculture and conference venues and assist in service referrals and selections during the planning process*
- 2) *Create campaigns to encourage tourism to Reno County – examples are:*
 - *KC Royals Cox Media TV/Mobile360 campaign*
 - *Market Hutch TV/digital campaign*
 - *Rio Olympics TV campaign*
- 3) *Function as the community's marketing and public relations agency through promotions that bring increasing number of groups and visitors whose overnight rooms, meeting spaces and retail expenditures add to the local revenues*
- 4) *Make economic impact on the local community through travel and tourism expenditures*
 - *NJCAA Volleyball for 2017, 2018, 2019 will be worth \$2m per year*

Value of Tourism in Reno County and the State of Kansas (2015)

Tourism is growing in Reno County. By being an investor of the Greater Hutchinson CVB, South Hutchinson gets exposure to this activity via many diverse ways:

- *Our visithutch.com website saw almost 52,000 unique visitors*

- Our national sales manager made targeted one-on-one sales calls to 104 national sporting and national agriculture groups
- Our community was seen in 19 print publications; a few notable examples include Midwest Meetings, AAA Iowa, Kansas City Royals Annual Yearbook.
- Our team worked directly with 76 groups; a couple of examples are the KS Beef Expo and the Downtown Rod Run, each having room blocks at the Quality Inn
- Our social media platforms have all grown in exposure, with Facebook increasing to 846 likes, 677 Twitter followers, and 1,864 tweets. The CVB utilizes 5 social platforms to reach our audiences - Facebook, Twitter, Instagram, Pinterest, Snapchat

The Department of Wildlife, Parks and Tourism conducted a statewide Economic Impact Study in 2014 with a national company called 'Tourism Economics' and specific Reno County data included:

- Visitors spent \$117.5m in Reno County, which grew by 2.7% over previous year
- One out of every 17 jobs in Reno County is in the tourism industry
- Tourism in Reno County generated \$18.3m in tax revenues
- Lodging spending rose nearly \$1.0m to \$19.4m

DIRECT BENEFITS TO SOUTH HUTCHINSON

Visitors Guide publication – listings that include two hotels, Salt Memorial Marker, Reno County Veterans Memorial, Voss Water Park, designation on maps, events in calendar. New Lighthouse Landing was scheduled to be in 2017 publication. There are 27,000 printed Visitor Guides distributed annually. Currently, there are 10 references to South Hutchinson businesses in the Visitors Guide, including the maps.

State Visitor Guide – CVB administers the events, hotels and attractions. There are approximately 600,000 distributed nationwide on an annual basis (although the South Hutchinson hotels chose not to purchase an \$80 listing)

Visithutch.com website – would include same information as Visitors Guide, and has about 52,000 unique visits per year. Within the website, there are 35 references to South Hutchinson businesses and events.

Our office does a daily hotel call-around to check room availability during KS State Fair and NJCAA basketball (and plan to do so with NJCAA Volleyball and other future events) to Quality Inn and Trails West. We implement a 'hotel hotline' for the NJCAA Basketball tournament, as well as other city-wide events such as the NCAA Golf Championship held at Prairie Dunes. Other citywide events coming to the Sports Arena within the next few years will increase. One example is the NJCAA Women's Volleyball for 2017-2019.

The following is a snapshot of Group Business our CVB has requested the Quality Inn bid on:

- 2014 All-American Junior Sheep Show- July event at Fairgrounds
- 2014-2016 KS Beef Expo – annual December event at KS Fairgrounds
- 2016 Skills USA – April citywide event; has rebooked for 2017
- 2016 Downtown Rod Run – annual October event in Downtown Hutchinson
- 2016 National Llama Show - October event at KS Fairgrounds
- 2017 National Rabbit Show – April event at KS Fairgrounds
- 2017 Cushman Club of America – June event at KS Fairgrounds

There are still two national golf events for 2017 at Prairie Dunes that we have yet to request room blocks for at the Quality Inn (once announcement has been made)

After recent completion of the South Hutchinson Community Building, we have added that to our visithutch.com website within the "Meeting Space" section and the "Neighboring Towns" section. We have added it to the travelks.com website as well. This will also be added to our Meeting Planner Guide that we distribute to state association meeting planners once we receive a picture.

INDIRECT BENEFITS TO SOUTH HUTCHINSON

Our CVB staff is active in the Travel Industry Association of Kansas (TIAK), and serve on the executive board, currently as Vice President. TIAK is the umbrella organization for all facets of the Kansas tourism industry, and serves as the policy voice in the state of Kansas.

The CVB underwrites the Welcome Channel 7, which is seen in South Hutchinson, and provides information for the monthly 'Events' section. South Hutch is also featured in the 'Reno County Snapshot' section. Collin's Bus is featured during the 'manufacturing' section. The South Hutch Salt Fest (previously) and Our Lady Guadalupe activities are included in Welcome Channel, as well as the Salt Marker Memorial and the soon-to-be-completed Reno County Veteran's Memorial. The Welcome Channel runs 15,000 times per year.

Our CVB partners with the State of Kansas in promotion of International visitation, resulting in at least 1-2 travel writer visits to Reno County per year.

The Market Hutch program allocates \$116,500 annually in TV and digital advertising with a Reno County focus. No other entity advertises Reno County on statewide broadcast TV.