

**CITY OF JUNCTION CITY, KANSAS**  
**FINANCIAL STATEMENTS**  
**WITH REQUIRED AND OTHER SUPPLEMENTARY INFORMATION**

**Year ended December 31, 2014**

CITY OF JUNCTION CITY, KANSAS  
 Basic Financial Statements With Required  
 And Other Supplementary Information  
 For the year ended December 31, 2014

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CITY OF JUNCTION CITY, KANSAS

Basic Financial Statements With Required  
And Other Supplementary Information

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June 6, 2015

To the Citizens of the City of Junction City:

The comprehensive annual financial report of the City of Junction City, Kansas (the “City”) for the year ended December 31, 2014, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of all various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City’s organizational chart and a list of principal officials. The financial section includes the general purpose financial statements including the combining statements, individual fund and account group statements and schedules, and the independent auditors report on the financial statements and schedules and a management narrative that provides an introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with the section. The City’s MD&A can be found immediately following the Auditor’s report in the financial section. The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

This report includes all funds of the City. The City provides a full range of services which include law enforcement, fire protection, building and codes enforcement, construction and maintenance of streets, airport, recreation, and cultural operations. In addition to general government activities, the City also provides water, wastewater, solid waste, and storm water utility services.

## **ECONOMIC CONDITION AND OUTLOOK**

Fort Riley United States Military Post, adjacent to the City, remains the areas top employer. The federal government has and continues to invest millions of dollars on service and infrastructure upgrades at Fort Riley. This investment positions the Fort well in the event a BRAC review is conducted in the near future. The U.S. Army, however, did announce that its’ sequestration plan would have a minor impact on the number of soldiers assigned to Fort Riley. It was estimated that a reduction of one battalion (2,000-3,000 soldiers) could occur, if implemented, over a three year period. Sequestration has also led to a reduction in the civilian work force at Fort Riley. On a positive note, more and more soldiers are returning from the Middle East, which brings their families back to Junction City. In addition, Fort Riley officials have indicated that closure of other facilities in the U.S. could result in an increase in soldiers assigned to Fort Riley.

The City has not seen a sales tax decline since the reductions at the Fort started. To date, the most noticeable change was the reduction in new housing construction and an increase in rental property vacancies.

The City continues to support the military base through the Junction City Military Affairs Council, Kansas Military Affairs Commission, and participation in the Government Support Partnership task group.

There has been a noticeable increase in new business openings over the last two years such as Bella's Italian Restaurant, Marcos Pizzeria, Ike's Restaurant, Munson's Prime, Knollhoff Pharmacy, CVS Pharmacy, Family Dollar, USAA Bank, Starbucks Coffee, Qudoba Restaurant, Great Clips, and other smaller businesses. Dick Edward's Auto Plaza added to their car dealership and vehicle repair operations by opening a very large, new car sales and vehicle repair facility on I-70 & US77. Business development will continue in 2015 with the construction and/or opening of a dialysis medical clinic, Medcom medical clinic, a Walmart Neighborhood Market, and a new Ace Hardware. Dillon's Grocery did a major remodel in and addition to the store in 2014 and Dollar General started a project to demolish and reconstruction one of their two stores in town.

In addition, in May 2014 the City Commission signed a six year lease with American Call Center Technology (ACCT) to occupy the vacant call center that was built in 2007. ACCT announced it plans to hire 150 employees the end of 2014(which they met) and up to 600 employees within 3 years. ACCT is an international call center organization that is committed to providing full-time jobs with benefits. The City also rented another large manufacturing building owned by the City to Florence Manufacturing, which added rent income and jobs to local economy.

## **HOUSING DEVELOPMENT**

From 2006 through 2008 the City aggressively approved the creation of subdivisions for housing development to prepare for Fort Riley's expansion. The market crash in 2008 and a less than expected placement of soldiers and their families at Fort Riley led to the failure of more than half of the lots not being developed or sold, and ultimately the financial failure of the developments. This equated to approximately 1,000 existing empty lots that was in a state of flux; some ready for sale, some tied up in bankruptcy proceedings with FDIC, and many in foreclosure or tax sale proceedings. Geary County began processing the lots for Sheriff Tax sales in 2013 and 2014.

To deal with land that went through tax sale with no resale, the City adopted a resolution to form the Junction City Land Bank and a plan of action is being developed to market the empty lots. In December 2014 the Junction City Land Bank took possession of 940 lots, which will soon be available for sale for housing development. The land bank will take the necessary steps to clear title, resize, or restructure the subdivisions as needed to make these lots available for development. This was an important step to continue housing development in Junction City with existing infrastructure.

The USDA Self Help Housing Program ended in early 2013 because the city's increase population meant the city no longer qualified for participation. In late 2013 federal legislation was changed, which means the City may consider participating again. This program develops housing for low to moderate income families if match grant funds are available.

In 2013 the City Commission reorganized the codes enforcement department to address housing blight issues to improve neighborhoods. Blight control has been recognized by the City Commission as a priority to improve the quality of life for its citizens.

## **TRANSPORTATION**

Many of the City's transportation improvement plans were shelved following its' financial crisis. However, the financial crisis did force the city to review all operations and it was determined that the contract service operation and management of its streets was not functioning well. Therefore, on June 23, 2012, the City took back the day-to-day operation and maintenance of streets, traffic control, building maintenance, water system, and wastewater system. The 2012 review of this take back determined the move was very successful.

The City is now providing basic street maintenance that had been absent for many years. All streets have been inventoried, evaluated, and programmed in a long-term maintenance program. The biggest challenge will be providing sufficient funding to meet the expensive maintenance and repairs needs of the streets and bridges.

The City, however, has set aside funds in the Special Highway Fund for grant match for KDOT grant awards. The City has been approved for KDOT project participation and grant programs in 2014 and 2015, which includes intersection traffic light controls being placed at Franklin and Sixth Street, Washington Street mill and overlay projects, and US 77 projects.

At the request of Geary County and Junction City officials to Congressional delegates, federal funds were allocated for US 77 improvements from I-70 interchange to Fort Riley gate, which includes major intersection improvements at US 77 and Rucker Road. On May 5, 2015 KDOT announced the award of projects to install a diversion diamond interchange at I-70 and US 77, completely rebuild the US 77 and K-18 Interchange, install a signaled interchange at Rucker Road and US 77, and other lane improvements along US 77 within the city limits.

The City is also working with KDOT through the Safe Routes to School Program to establish a walking path along K-18 on the new K-18 and US 77 interchange that is part of these US 77 improvements. This will provide a critical pedestrian link for Junction City residents west of US 77.

## **GRANT AWARDS**

The City continues to be successful in qualifying for Department of Justice grants for police officer bullet proof vests and other safety equipment. The City was awarded a FEMA Equipment grant to purchase a new fire ladder truck in 2014 and two FEMA Storm Recovery Grants from severe storm damage in August 2013 to repair a damaged retention pond dam and repair severe erosion surrounding a storm drain manhole, which was completed in 2014.



The City received an FAA grant for new airport runway lights in 2014 and a KDOT Airport Grant for a new fuel containment center at the airport. The Fire Department received a FEMA grant for a medical cot for the ambulance service and a Geary County grant to purchase a water rescue boat for water rescues.

## **FINANCIAL PICTURE**

The City's assessed property valuation continues to grow slightly each year. The City's financial management has stabilized and its recovery plan is on track. The City's bond rating improved from A- to A in 2013 and to A+ in 2014. The City has been able to provide basic services such as fire and police protection with good statistical results and maintain its' quality of life services with dedicated employees working hard to maintain those services.

Although, the take back of the City Public Works Department from a contract service was highly successful, the City does and will struggle to find sufficient funds to maintain the high dollars needs for street repairs and improvements. The City continues to look for new revenue sources and ways to fund street improvements.

The City is nearing the completion of a water, wastewater, and storm water system independent analysis to determine the needs of each treatment facility and each utility system. A rate analysis of each utility was completed in 2014 with rate increases adopted for water, wastewater, and solid waste. A storm water utility rate increase is anticipated for 2015. The City has reserved \$4.5 million in the water and wastewater funds for capital projects needed on the water and wastewater plants. Multiple capital projects for storm water are needed and will move forward once the rate plan has been finalized and adopted in 2015.

The City's residential solid waste service was also taken back from contract services in 2012. At the time of the take back the services were operating with a negative balance. By the end of 2013, the solid waste fund had a positive balance and is now an enterprise fund profit center.

## **DEBT MANAGEMENT**

The City suffered a financial crisis in 2010 and 2011. The City developed a financial recovery plan, fully activated its' recovery plan in 2011 and 2012, and reached stability in 2013. However, due to its' high debt load the City must continue to be budget wisely and carefully monitor its' revenue sources to prevent any disruption in cash flows and debt management.

The City continues to meet all debt payments on time and continues to build cash reserves to protect its ability to make all payments in the future. The City is on track to meet its debt reduction goals financially and statutorily. The City has dedicated staff hours to meeting bond requirements for federal and state regulatory requirements.

Special assessment collections have continued to improve, which reduces the tax burden. The City continues to improve its' debt ratios and debt per capita.

## **FINANCIAL INFORMATION**

The City adopted a new fiscal policy in 2011, which is a comprehensive policy that provides proper guidelines for good fiscal management. Although the City suffered a fiscal crisis in 2010 and 2011, the City has now stabilized with growing cash balances and reserves. However, the City, like many cities across the United States, struggles to find revenue to adequately invest in capital improvements needed for aging infrastructure. Staff and the City Commission are reviewing all options for new revenue sources. The City adopted Sunday liquor sales in April, 2015 as one new revenue source. The City is in the process of gathering information and developing a long-term capital improvement plan for all funds and departments. The City Commission and staff continue to look for cost effective methods for providing services while maintaining high quality delivery of services.

The City employed consultants to develop a business plan for its water, wastewater and storm water utilities, which were completed in 2014. The final report provides the long-term capital plans with recommended rate structures to ensure that the City can make the needed improvements. In addition, the City completed a new City Master Plan in 2014, which is to be presented to the City Commission for final adoption in 2015. The planning efforts will then be incorporated into the development of a multi-year budget.

The City has added staff to 'right size' departments that would provide a return on investment. For example a part-time clerk was added to the city prosecutor's office, which has allowed them to catch up on case load, which long-terms should increase cash flow from municipal court. The City continues to upgrade its' computer systems to shorten 'down time' and improve efficiency.

## **BUDGETARY CONTROLS**

The City hired additional staff in the Treasurer's office in 2012 to allow for further separation of duties to ensure adequate checks and balances. From 2010 to 2012 there were many budget changes to standardize revenue and expenditure placement from fund to fund to provide consistency and transparency. The 2013 budget represents the department and staff use of new allocation and distribution of funds to achieve the continuity from fund to fund for improved budget management.

The City adopted new, stricter fiscal policies in 2011, which are utilized daily by staff. The purchasing policy is followed with purchase orders required for any purchase greater than \$999. The City uses purchase cards with a very strict system for receipt tracking and purchase review.

The budgets are reviewed monthly by staff, management, and the City Commission. A financial report is posted monthly on the City web site for citizen review, which includes a year prior comparison and month end cash balances.

## **CASH MANAGEMENT**

The City continues to build cash reserves to reinforce financial stability. The City's December 31, 2014, cash on hand was \$20,063,675 as compared to December 31, 2010, of \$2,924,346.02. The City hired Columbia Capital Consultants at the end of 2013 to manage its investments. The City utilizes

point of sale systems for all revenue generating stations, which provides a good cash management tool for protecting cash intake. The weakest point is municipal court due to multiple users in one cash drawer, which will be corrected in 2015 upon the completion of a new facility that provides the space for separate cash drawers and work stations for each clerk. An additional staff member was added to the Treasurer's office in 2012 to provide adequate staff for separation of duties, particularly regarding cash management, accounts receivable and accounts payable. The City fiscal policy also requires a mandatory week vacation for any employee that handles cash or accounts receivables.

## **RISK MANAGEMENT**

In 2013 the City changed general liability coverage from Traveler's Insurance to the Midwest Public Risk (a municipal risk pool) which expanded and improved coverage and lowered the insurance premium. In 2014 Midwest Public Risk completed a re-evaluation of all property replacement values of City properties, which is being used to update the 2015 policy renewal to ensure accurate property insurance coverage. The City continues to participate (25<sup>th</sup> year) in the KERIT workers' compensation risk pool for workers' compensation coverage. All deposits were insured by federal depositing insurance or collateralized.

## **INDEPENDENT AUDIT**

Kansas Statutes Annotated 75-1122 requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Commission. This requirement has been compiled with and the auditor's opinion has been included in this report.

## **ACKNOWLEDGEMENTS**

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the City employees. The City Commission and City Administration appreciate the hard work of the City's dedicated employees with regard to fiscal responsibility and transparency.

Respectively submitted,

Allen J. Dinkel, City Manager



## INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners  
City of Junction City, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Junction City, Kansas, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We did not audit the financial statements of the Junction City Public Library (the Library), which represent 8 percent, 12 percent and 58 percent of the assets, net position, and revenues, respectively, of the City's aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Junction City Public Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units**

The financial statements of the Spirit of '76 (Spirit) have not been audited, and we were not engaged to audit Spirit's financial statements as part of our audit of the City's basic financial statements. Spirit's financial activities are included in the City's basic financial statements as a discretely presented component unit and represent 92 percent, 88 percent and 42 percent of the assets, net position, and revenues, respectively, of the City's aggregate discretely presented component units.

### **Qualified Opinion**

In our opinion, based on our audit and the report of other auditors, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the

aggregate discretely presented component units of the City of Junction City, Kansas, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified Opinion on the Governmental Activities**

Management has not received an updated actuarial report to determine the amount of liability to be accrued for other post-employment benefits as required by GASB Statement 45. Accounting principles generally accepted in the United States of America require that a liability be accrued for other post-employment benefits, which would increase the liabilities, decrease net position, and increase expenses. The amount by which this departure would affect the liabilities, net position, and expenses has not been determined.

### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on the Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City of Junction City, Kansas, as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Unmodified Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund, and the aggregate remaining fund information of the City of Junction City, Kansas, as of December 31, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and capital improvement fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11 and the schedule of funding progress on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining nonmajor fund financial statements, budgetary comparison schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that

testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Mike Houser: Company PA

Certified Public Accountants  
Lawrence, Kansas  
June 6, 2015

CITY OF JUNCTION CITY, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

December 31, 2014

As management of the City of Junction City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages iii of this report and the City's financial statements which begin on page 1.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of 2014 by \$73,934,109 (net assets) in the governmental activities.
- The City's governmental funds reported combined ending fund balances of \$14,047,373.
- The fund balance for the general fund increased by \$283,516. This amount is the result of the restatement of prior year fund balance and the current year's activity.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions for the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of the City include the general fund, special revenue funds, capital projects fund, and the debt service fund. The business-type activities of the City include Water and Wastewater Utility, Solid Waste Utility, and Storm Water Utility.

CITY OF JUNCTION CITY, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

December 31, 2014

**Fund financial statements**

A fund is a grouping or related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and business-type activity funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and government activities.

Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and debt service fund. Data from the governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds (special revenues funds and capital projects fund) is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the various governmental funds that are required to have a budget. This is to demonstrate compliance with the annually adopted budget.

Proprietary funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operation, storm water operation, and solid waste operation.

Proprietary fund financial statements provide the same type of information as the government wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and wastewater fund, solid waste fund, and storm water fund.



CITY OF JUNCTION CITY, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

December 31, 2014

**Notes to the basic financial statements**

The notes to the basic financial statements begin on page 26. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$73,934,109 at the close of 2014. The City's net assets increased by \$7,431,719. The governmental activities increased by \$5,539,872. The business type activities increased by \$1,891,847.

**Net Assets**

City of Junction City  
Government-Wide Financial Statements

	Governmental Activities		Business-type Activities	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Current and other assets	\$ 69,906,643	\$ 70,432,490	\$ 8,012,421	\$ 8,852,433
Capital assets	83,162,878	82,632,888	64,747,751	64,468,743
Other noncurrent assets	-	-	-	-
Total assets	<u>\$ 153,069,521</u>	<u>\$ 153,065,378</u>	<u>\$ 72,760,172</u>	<u>\$ 73,321,176</u>
Long term liabilities	\$ 124,773,551	\$ 117,530,526	\$ 14,040,193	\$ 12,520,679
Other liabilities	9,696,964	11,325,454	2,575,405	2,764,076
Deferred inflows of resources	8,241,190	8,311,710	-	-
Total liabilities and deferred inflows	<u>\$ 142,711,705</u>	<u>\$ 137,167,690</u>	<u>\$ 16,615,598</u>	<u>\$ 15,284,755</u>
Net assets:				
Invested in capital assets, net of related debt	\$ [47,479,333]	\$ [42,071,227]	\$ 49,048,348	\$ 49,249,853
Restricted	47,659,856	47,133,957	-	-
Unrestricted	10,177,293	10,834,958	7,096,226	8,786,568
Total net assets	<u>\$ 10,357,816</u>	<u>\$ 15,897,688</u>	<u>\$ 56,144,574</u>	<u>\$ 58,036,421</u>

By far the largest portion of the City's net assets reflects its investments in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF JUNCTION CITY, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

December 31, 2014

A portion of the City's net assets, \$47,133,957, represents resources that are subject to external restrictions on how they may be used. There was an increase of \$525,899 in restricted net assets reported in connection with the City's governmental activities.

**Changes in Net Assets**

	City of Junction City Changes in Net Assets			
	<u>Governmental Activities</u> <u>2013</u>	<u>2014</u>	<u>Business-type Activities</u> <u>2013</u>	<u>2014</u>
Revenues:				
Program revenues				
Charges for services	\$ 3,460,191	\$ 3,553,426	\$ 11,714,071	\$ 12,069,472
Operating grants and contributions	1,769,732	3,168,858	-	-
Capital grants and contributions	481,939	996,975	-	-
General revenues				
Property taxes	9,470,337	9,628,455	-	-
Sales taxes	11,143,399	10,909,894	-	-
Franchise taxes	1,882,737	1,967,710	-	-
Other	2,838,923	4,411,900	253,963	223,350
Total revenue	<u>\$ 31,047,258</u>	<u>\$ 34,637,218</u>	<u>\$ 11,968,034</u>	<u>\$ 12,292,822</u>
Expenses:				
General government	2,818,453	2,564,763	-	-
Public safety	9,247,065	10,515,859	-	-
Public works	5,013,275	5,348,714	-	-
Culture and recreation	1,284,881	2,927,200	-	-
Economic development	1,264,637	1,823,290	-	-
Public health and sanitation	2,053,932	2,160,507	-	-
Interest on long-term debt	6,568,899	5,524,717	-	-
Payments on other obligations	655,548	98,604	-	-
Water and sewer	-	-	7,740,690	7,455,346
Stormwater	-	-	498,018	546,754
Spin City skating	-	-	164,748	-
Sanitation	-	-	1,084,085	1,016,260
Total expenses	<u>28,906,690</u>	<u>30,963,654</u>	<u>9,487,541</u>	<u>9,018,360</u>
Change in net assets before transfers	2,140,568	3,673,564	2,480,493	3,274,462
Transfers	<u>1,522,500</u>	<u>1,522,500</u>	<u>[1,522,500]</u>	<u>[1,522,500]</u>
Change in net assets	<u>3,663,068</u>	<u>5,196,064</u>	<u>957,993</u>	<u>1,751,962</u>
Net assets, beginning of year as previously stated	8,096,317	10,357,816	56,750,063	56,144,574
Prior period adjustment	<u>[1,401,569]</u>	<u>343,808</u>	<u>[1,563,482]</u>	<u>139,885</u>
Net assets, beginning of year restated	<u>6,694,748</u>	<u>10,701,624</u>	<u>55,186,581</u>	<u>56,284,459</u>
Net assets, end of year	<u>\$ 10,357,816</u>	<u>\$ 15,897,688</u>	<u>\$ 56,144,574</u>	<u>\$ 58,036,421</u>

CITY OF JUNCTION CITY, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

December 31, 2014

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the main operating fund of the City. At the end of 2014, unassigned fund balance of the general fund was \$5,470,409.

Proprietary funds

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The change in net position for the proprietary funds includes both the current year activity and restatement of prior year fund balance.

Unrestricted net position of the Water and Sewer Fund at the end of 2014 amounted to \$7,125,607; the Storm Water Fund's unrestricted net position was \$814,995 and the nonmajor proprietary fund was \$845,966. The only non-major proprietary fund is the Solid Waste Fund. The total change in net position from 2013 to 2014 for the Water and Sewer Fund was an increase of \$1,533,887, an increase of \$171,170 for the Storm Water Fund and an increase of \$529,130 for the non-major proprietary fund.

**General Fund Budgetary Highlights**

The City continues to be impacted by the Fort Riley, the adjacent military installation, home of the First Division of the Big Red One, which reached 'full nest' in 2013, but threatens to be decreased by federal sequestration and reduction in force by one brigade over the next three to four years.

The City's revenues have remained stable for the last three years. Sales tax revenue in 2014 was \$10,909,894. Franchise fees remain stable. The tax mill value is also stable.

Residential construction grew rapidly from 2006-2009, and from 2010 to 2012 single family new home construction averaged 116 per year, in addition to 19 multiplex projects. In 2013 single family home construction dropped to 46 and only 1 duplex project. However, residential remodel projects increased from an average of 280 project to 302 projects. The City total number building permits issued in 2013 was 994 as compared to a 3 year average of 1008. In 2014 the total number of permits was 1090 with 368 residential and 57 commercial remodels. The City also formed the Junction City Land Bank and accepted ownership of 940 lots to make 'financially troubled' land sent to tax sale now available for development, which was needed to open the market for buildable lots in Junction City and the region. This should increase the homes being built in 2015 and 2016.

CITY OF JUNCTION CITY, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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**Capital Asset and Debt Administration**

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$147,101,631 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, buildings, streets, water and sewer lines, storm sewers, equipment and improvements. See detailed capital asset information in note 5 of the notes to these financial statements.

**Capital Assets**

	City of Junction City Capital Assets			
	Governmental Activities		Business-type Activities	
	2013	2014	2013	2014
Construction in progress	\$ 32,941	\$ 353,505	\$ -	\$ 931,053
Land	13,900,622	13,900,622	442,563	442,563
Buildings	20,449,171	20,457,381	25,219,140	25,219,140
Machinery and equipment	96,209,949	96,520,838	9,120,160	9,818,522
Infrastructure	10,425,155	12,389,574	75,440,539	75,332,656
Less: accumulated depreciation	<u>[57,854,960]</u>	<u>[60,989,032]</u>	<u>[45,474,649]</u>	<u>[47,275,191]</u>
Total capital assets, net	<u>\$ 83,162,878</u>	<u>\$ 82,632,888</u>	<u>\$ 64,747,753</u>	<u>\$ 64,468,743</u>

Long-Term Debt

At the end of 2014, the City had total bonded debt outstanding of \$115,844,250 backed by full faith and credit of the city, no temporary notes, and \$17,709,746 of State of Kansas Revolving Loan fund debt. \$5,832,674 of that State revolving fund debt represents bonds secured solely by water and sewer revenue sources. In 2010 and 2011 the City experienced a cash flow crisis which had to be addressed to make the second half bond payments in 2011. The crisis was averted by the implementation of several immediate cutbacks as well as significant increases in revenues. Ultimately, a *Fiscal Transformation Plan* was developed to ensure complete recovery. Some of the actions taken to respond and recover included the following:

1. Debt restructuring to improve cash flow position.
2. Increase in property taxes by 2.068 mills in 2011 and subsequently reduced the next year and remained steady as follows: 2010-48.282; 2011-50.35; 2012-47.841; 2013-47.938; and 2014-47.666.
3. Requested and received by a vote of the citizens, a one cent sales tax restricted for debt payments.
4. Worked with Standards & Poors to retain an A bond rating and since improved the bond rating; 2010 – A-, 2012 – A, and 2014 – A+.
5. Multiple community meetings and forums to engage public in discussions of organizational structure, prioritization of services, and education.
6. Kept open communications with Fort Riley, which is the cities' largest employer.
7. Worked with legislative delegations to extend debt limit revisions for Junction City and was successful in 2012 legislature. We also requested assistance from congressional delegates to lessen the local burden created by Fort Riley.

CITY OF JUNCTION CITY, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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December 31, 2014

8. A complete review of all contract services was done to ensure contracts were viable and actions were taken to revise or cancel if contracts were found insufficient. This has led to cancellation of contract for services for operating public works through a private contractor. Contract errors that were found have been corrected.
9. A complete city staff organization plan was analyzed and changes made to develop efficiencies and eliminated services no longer in demand or deemed a high priority.
10. Administration and franchise fees were established for all utility funds.
11. The policy on Special Assessment practices was changed to ensure that a project developer is responsible for the cost of development.
12. Economic development debt was halted and policy changes to be changed for future projects. Spirit of '76 transactions were reorganized and controls put in place to reduce city liability.
13. All organizational expenditures were analyzed and limited to operational priorities. All capital projects were deferred.
14. The City accounting and fund management practices revised. A new Fiscal Policy was adopted and multiple checks and balances implemented. The City hired a new audit firm and continues to work with auditors to improve accounting system to meet GAAP and GASB standards.
15. All debt payments were made in 2011, 2012, 2013 and 2014 with the City's year end cash balance in 2014 of \$20,063,675.

More detailed information about the City's long-term debt is presented in Note 10 to the basic financial statements.

CITY OF JUNCTION CITY, KANSAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

December 31, 2014

City of Junction City  
Outstanding Debt  
General Obligation, Revenue and State of Kansas Revolving Loans

	Governmental Activities		Business-type Activities	
	2013	2014	2013	2014
General obligation bonds	\$ 57,853,046	54,967,596	\$ 8,869,586	7,826,597
Special assessment debt	55,615,724	53,050,057	-	-
State of KS revolving loans	12,783,257	11,877,072	6,316,556	5,832,674
Certificates of participation	2,935,000	2,570,000	-	-
Notes payable	487,031	431,277	-	-
Capital lease obligations	<u>968,153</u>	<u>1,808,113</u>	<u>513,261</u>	<u>628,566</u>
Total	<u>\$ 130,642,211</u>	<u>\$ 124,704,115</u>	<u>\$ 15,699,403</u>	<u>\$ 14,287,837</u>

The City's total debt decreased by a net amount of \$7,349,662 during 2014.

The State of Kansas statutes limit the amount of general obligation debt a government entity may issue, up to 40 percent of its total assessed valuation. Certain types of debt do not count in the State of Kansas calculation. Exemptions exist for water and sewer infrastructure projects. The current remaining statutory debt capacity for the City as of December 31, 2014 is \$4,401,305, as per KSA 10-308 allows Junction City to hold a debt limit of 37% until June 30, 2016.

**Requests for information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the City Manager's Office, 700 N. Jefferson, Junction City, Kansas or my email at [cheryl.beatty@jcks.com](mailto:cheryl.beatty@jcks.com)

## CITY OF JUNCTION CITY, KANSAS

STATEMENT OF NET POSITION  
December 31, 2014

	Primary Government			Component Unit	
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Public Library	Spirit of '76 (unaudited)
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 11,632,065	\$ 7,910,269	\$ 19,542,334	\$ 1,251,613	\$ 3,354
Receivables (net of allowance for uncollectibles)					
Accounts	1,050,293	1,458,460	2,508,753	-	2,303,205
Taxes	10,326,833	-	10,326,833	-	-
Special assessments	47,138,653	-	47,138,653	-	-
Notes	-	-	-	-	-
Interest	19,767	13,739	33,506	-	-
Internal balances	260,035	[530,035]	[270,000]	-	-
Inventory	4,844	-	4,844	-	-
Property investment held for sale	-	-	-	-	12,691,447
Total current assets	<u>70,432,490</u>	<u>8,852,433</u>	<u>79,284,923</u>	<u>1,251,613</u>	<u>14,998,006</u>
Noncurrent assets:					
Capital assets, nondepreciable					
Land	13,900,622	442,563	14,343,185	-	-
Construction in progress	353,505	931,053	1,284,558	-	-
Capital assets, depreciable	129,367,793	110,370,318	239,738,111	-	-
Less: Accumulated depreciation	[60,989,032]	[47,275,191]	[108,264,223]	-	-
Total noncurrent assets	<u>82,632,888</u>	<u>64,468,743</u>	<u>147,101,631</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 153,065,378</u>	<u>\$ 73,321,176</u>	<u>\$ 226,386,554</u>	<u>\$ 1,251,613</u>	<u>\$ 14,998,006</u>
<b>Liabilities and Deferred Inflows of Resources</b>					
Liabilities					
Current liabilities:					
Accounts payable	\$ 530,602	\$ 238,763	\$ 769,365	\$ 20,938	\$ -
Accrued payroll	404,152	23,211	427,363	-	-
Interest payable	1,731,272	165,216	1,896,488	-	-
Meter deposits payable	-	512,797	512,797	-	-
Current portion of compensated absences payable	1,096,675	46,844	1,143,519	-	-
Current portion of loans payable	941,486	499,151	1,440,637	-	-
Current portion of notes payable	92,092	-	92,092	-	-
Current portion of general obligation bonds payable	2,994,365	1,077,989	4,072,354	-	-
Current portion of special assessments bonds payable	2,658,297	-	2,658,297	-	-
Current portion of certificate of participation	380,000	-	380,000	-	-
Current portion of capital lease payable	496,513	200,105	696,618	-	-
Total current liabilities	<u>11,325,454</u>	<u>2,764,076</u>	<u>14,089,530</u>	<u>20,938</u>	<u>-</u>
Noncurrent liabilities:					
Compensated absences payable	188,462	10,087	198,549	-	-
Net OPEB Obligation	200,702	-	200,702	-	-
Loans payable	10,935,586	5,333,523	16,269,109	-	4,753,273
Notes payable	339,185	-	339,185	-	-
General obligation bonds payable	51,973,231	6,748,608	58,721,839	-	-
Special assessments bonds payable	50,391,760	-	50,391,760	-	-
Certificates of participation payable	2,190,000	-	2,190,000	-	-
Capital lease payable	1,311,600	428,461	1,740,061	-	-
Total non-current liabilities	<u>117,530,526</u>	<u>12,520,679</u>	<u>130,051,205</u>	<u>-</u>	<u>4,753,273</u>
Total liabilities	<u>128,855,980</u>	<u>15,284,755</u>	<u>144,140,735</u>	<u>20,938</u>	<u>4,753,273</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	8,311,710	-	8,311,710	-	-
Total deferred inflows of resources	<u>8,311,710</u>	<u>-</u>	<u>8,311,710</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>\$ 137,167,690</u>	<u>\$ 15,284,755</u>	<u>\$ 152,452,445</u>	<u>\$ 20,938</u>	<u>\$ 4,753,273</u>
<b>Net Position</b>					
Invested in capital assets, net of related debt	\$ [42,071,227]	\$ 49,249,853	\$ 7,178,626	\$ -	\$ -
Restricted for:					
Revolving funds	727,748	-	727,748	-	-
Equipment	998,828	-	998,828	-	-
Debt service	45,407,381	-	45,407,381	-	-
Unrestricted	10,834,958	8,786,568	19,621,526	1,230,675	10,244,733
Total net position	<u>\$ 15,897,688</u>	<u>\$ 58,036,421</u>	<u>\$ 73,934,109</u>	<u>\$ 1,230,675</u>	<u>\$ 10,244,733</u>

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

CITY OF JUNCTION CITY, KANSAS

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2014

	Net [Expenses] Revenue and Changes in Net Assets								
	Program Revenues			Primary Government			Component Unit		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total	Public Library	Spirit of '76 (Unaudited)
<b>Governmental activities:</b>									
General government	\$ 2,564,763	\$ 2,244,575	\$ 1,033,166	\$ -	\$ 712,978	\$ -	\$ 712,978	\$ -	\$ -
Public safety	10,515,859	1,093,755	1,081,961	-	[8,340,143]	-	[8,340,143]	-	-
Public works	5,348,714	215,096	662,586	996,975	[3,474,057]	-	[3,474,057]	-	-
Culture and recreation	2,927,200	-	-	-	[2,927,200]	-	[2,927,200]	-	-
Economic development	1,823,290	-	391,145	-	[1,432,145]	-	[1,432,145]	-	-
Public health and sanitation	2,160,507	-	-	-	[2,160,507]	-	[2,160,507]	-	-
Payments on other obligations (see note)	98,604	-	-	-	[98,604]	-	[98,604]	-	-
Interest on long-term debt	5,524,717	-	-	-	[5,524,717]	-	[5,524,717]	-	-
Total governmental activities	<u>30,963,654</u>	<u>3,553,426</u>	<u>3,168,858</u>	<u>996,975</u>	<u>[23,244,395]</u>	<u>-</u>	<u>[23,244,395]</u>	<u>-</u>	<u>-</u>
<b>Business-type activities:</b>									
Water and Sewer	7,455,346	9,708,263	-	-	-	2,252,917	2,252,917	-	-
Stormwater	546,754	855,654	-	-	-	308,900	308,900	-	-
Sanitation	1,016,260	1,505,555	-	-	-	489,295	489,295	-	-
Total business-type activities	<u>9,018,360</u>	<u>12,069,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,051,112</u>	<u>3,051,112</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 39,982,014</u>	<u>\$ 15,622,898</u>	<u>\$ 3,168,858</u>	<u>\$ 996,975</u>	<u>[23,244,395]</u>	<u>3,051,112</u>	<u>[20,193,283]</u>	<u>-</u>	<u>-</u>
<b>Component units:</b>									
Public Library	\$ 937,322	\$ -	\$ 1,045,993	\$ -	-	-	-	108,671	-
Spirit of '76	160,369	129,804	-	635,367	-	-	-	-	604,802
Total component units	<u>\$ 1,097,691</u>	<u>\$ 129,804</u>	<u>\$ 1,045,993</u>	<u>\$ 635,367</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,671</u>	<u>604,802</u>
<b>General Revenues:</b>									
Property tax					9,628,455	-	9,628,455	-	-
Sales tax					10,909,894	-	10,909,894	-	-
Franchise tax					1,967,710	-	1,967,710	-	-
Payments in lieu of tax					13,052	-	13,052	-	-
Use of money or property					215,382	1,332	216,714	-	6,281
Miscellaneous					4,183,466	222,018	4,405,484	-	-
Transfers, net					1,522,500	[1,522,500]	-	-	-
Subtotal general revenues					<u>28,440,459</u>	<u>[1,299,150]</u>	<u>27,141,309</u>	<u>-</u>	<u>6,281</u>
Change in net position					<u>5,196,064</u>	<u>1,751,962</u>	<u>6,948,026</u>	<u>108,671</u>	<u>611,083</u>
Net position - beginning					10,357,816	56,144,574	66,502,390	1,122,004	9,633,650
Prior period adjustment					<u>343,808</u>	<u>139,885</u>	<u>483,693</u>	<u>-</u>	<u>-</u>
Net position - beginning, restated					<u>10,701,624</u>	<u>56,284,459</u>	<u>66,986,083</u>	<u>1,122,004</u>	<u>9,633,650</u>
Net position - ending					<u>\$ 15,897,688</u>	<u>\$ 58,036,421</u>	<u>\$ 73,934,109</u>	<u>\$ 1,230,675</u>	<u>\$ 10,244,733</u>

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



CITY OF JUNCTION CITY, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2014

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 3,680,456	\$ 856,967	\$ 3,016,454	\$ 4,078,188	\$ 11,632,065
Receivables (net)					
Accounts	526,549	-	-	523,744	1,050,293
Taxes	4,737,615	-	4,335,884	1,253,334	10,326,833
Special assessments	-	-	47,138,653	-	47,138,653
Inventory	4,844	-	-	-	4,844
Accrued interest	5,362	1,485	5,226	7,694	19,767
Due from other funds	-	-	303,625	363,144	666,769
	<u>-</u>	<u>-</u>	<u>303,625</u>	<u>363,144</u>	<u>666,769</u>
Total assets	<u>\$ 8,954,826</u>	<u>\$ 858,452</u>	<u>\$ 54,799,842</u>	<u>\$ 6,226,104</u>	<u>\$ 70,839,224</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 282,363	\$ 57,691	\$ -	\$ 135,138	\$ 475,192
Retainage payable	55,410	-	-	-	55,410
Due to other funds	20,000	386,734	-	-	406,734
Accrued liabilities	404,152	-	-	-	404,152
Total liabilities	<u>761,925</u>	<u>444,425</u>	<u>-</u>	<u>135,138</u>	<u>1,341,488</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	2,722,492	-	4,335,884	1,253,334	8,311,710
Unavailable revenue - special assessments	-	-	47,138,653	-	47,138,653
Total deferred inflows of resources	<u>2,722,492</u>	<u>-</u>	<u>51,474,537</u>	<u>1,253,334</u>	<u>55,450,363</u>
Fund balance:					
Restricted	-	-	3,325,305	4,730,465	8,055,770
Committed	-	414,027	-	107,167	521,194
Unassigned	5,470,409	-	-	-	5,470,409
Total fund balances	<u>5,470,409</u>	<u>414,027</u>	<u>3,325,305</u>	<u>4,837,632</u>	<u>14,047,373</u>
Total liabilities, deferred inflows of Resources and fund balances	<u>\$ 8,954,826</u>	<u>\$ 858,452</u>	<u>\$ 54,799,842</u>	<u>\$ 6,226,104</u>	<u>\$ 70,839,224</u>

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

CITY OF JUNCTION CITY, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
December 31, 2014

Total Governmental Fund Balances		\$ 14,047,373
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
The cost of capital assets is	143,621,920	
Accumulated depreciation is	<u>[60,989,032]</u>	82,632,888
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
		47,138,653
The following liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences	[1,285,137]	
Net OPEB obligation	[200,702]	
Notes payable	[431,277]	
Loans payable	[11,877,072]	
General obligation bonds payable	[54,967,596]	
Special assessment bonds payable	[53,050,057]	
Certificates of participation payable	[2,570,000]	
Capital lease payable	[1,808,113]	
Accrued interest on the bonds	<u>[1,731,272]</u>	<u>[127,921,226]</u>
Net Position of Governmental Activities		<u>\$ 15,897,688</u>

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

CITY OF JUNCTION CITY, KANSAS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

	<u>General</u>	<u>Capital Improvements</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes					
Property	\$ 2,141,822	\$ 23,506	\$ 5,479,162	\$ 1,983,962	\$ 9,628,452
Sales	7,127,852	-	3,782,042	-	10,909,894
Franchise	1,967,710	-	-	-	1,967,710
Payment in lieu	13,052	-	-	-	13,052
Charges for services	2,244,575	-	-	-	2,244,575
Intergovernmental	1,031,041	2,125	-	2,135,692	3,168,858
Licenses and permits	215,096	-	-	-	215,096
Fines and fees	1,093,755	-	-	-	1,093,755
Special assessments	-	-	2,373,750	-	2,373,750
Use of money and property	169,988	285	43,555	1,554	215,382
Miscellaneous	287,764	101,820	863,789	4,734,898	5,988,271
<b>Total revenues</b>	<u>16,292,655</u>	<u>127,736</u>	<u>12,542,298</u>	<u>8,856,106</u>	<u>37,818,795</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
General government	1,227,317	-	-	973,077	2,200,394
Public safety	8,401,620	-	-	3,413,547	11,815,167
Public works	2,334,026	321,130	-	624,023	3,279,179
Public health and sanitation	2,160,507	-	-	-	2,160,507
Culture and recreation	1,861,356	-	-	993,050	2,854,406
Economic development	685,199	-	336,076	802,015	1,823,290
Miscellaneous	125,479	-	505,562	-	631,041
Debt service					
Principal	-	-	6,635,891	361,124	6,997,015
Interest and other charges	282,089	-	5,517,318	61,769	5,861,176
Payments on contractual obligations	-	-	98,604	-	98,604
<b>Total expenditures</b>	<u>17,077,593</u>	<u>321,130</u>	<u>13,093,451</u>	<u>7,228,605</u>	<u>37,720,779</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[784,938]</u>	<u>[193,394]</u>	<u>[551,153]</u>	<u>1,627,501</u>	<u>98,016</u>
<b>Other financing sources [uses]</b>					
Transfers in	1,072,500	-	650,000	-	1,722,500
Transfers [out]	-	-	-	[200,000]	[200,000]
<b>Total other financing sources [uses]</b>	<u>1,072,500</u>	<u>-</u>	<u>650,000</u>	<u>[200,000]</u>	<u>1,522,500</u>
<b>Net change in fund balance</b>	<u>287,562</u>	<u>[193,394]</u>	<u>98,847</u>	<u>1,427,501</u>	<u>1,620,516</u>
Fund balance - Beginning of year	5,186,893	607,421	3,226,458	3,406,085	12,426,857
Prior period adjustment	[4,046]	-	-	4,046	-
Fund balance - Beginning of year, restated	<u>5,182,847</u>	<u>607,421</u>	<u>3,226,458</u>	<u>3,410,131</u>	<u>12,426,857</u>
Fund balance - End of year	<u>\$ 5,470,409</u>	<u>\$ 414,027</u>	<u>\$ 3,325,305</u>	<u>\$ 4,837,632</u>	<u>\$ 14,047,373</u>

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

CITY OF JUNCTION CITY, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2014

Total Net Change In Fund Balances - Governmental Funds \$ 1,620,516

Amounts reported for governmental activities in the statement of activities are different because

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	2,646,825	
Depreciation expense	<u>[3,520,622]</u>	[873,797]

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased.

76,487

Revenues for long term special assessment receivables are recorded in the statement of activities that do not provide current financial resources are not recorded in the governmental funds.

[1,376,775]

Some expenses reported in the statement of activities, such as compensated absences and other post employment benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences		[188,463]
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Bond and temporary note proceeds are other financing sources in the governmental funds, but they increase long-term liabilities in the statement of net position and do not affect the statement of activities. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Note proceeds		[476,511]
Capital lease proceeds		[1,309,885]

Repayment of bond principal and bond issuance costs is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

General obligation debt	2,886,017
Special assessment debt	2,565,667
Notes	532,265
Loans	906,185
Capital leases	469,358
Certificates of participation	<u>365,000</u>

Changes In Net Position of Governmental Activities \$ 5,196,064

CITY OF JUNCTION CITY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 11,267,810	\$ 10,976,950	\$ 10,976,950	\$ 290,860
Charges for services	2,364,747	2,194,000	2,294,000	70,747
Intergovernmental	1,031,041	1,195,000	1,195,000	[163,959]
Licenses and permits	215,096	350,000	350,000	[134,904]
Fines and fees	1,093,755	1,150,000	1,150,000	[56,245]
Use of money and property	164,626	30,000	30,000	134,626
Miscellaneous	<u>287,764</u>	<u>294,000</u>	<u>394,000</u>	<u>[106,236]</u>
Total revenues	<u>16,424,839</u>	<u>16,189,950</u>	<u>16,389,950</u>	<u>34,889</u>
Expenditures				
City manager	847,722	865,543	865,543	17,821
Building maintenance	149,900	226,134	226,134	76,234
Information systems	229,696	201,940	201,940	[27,756]
Airport	108,595	100,533	130,533	21,938
Court	428,707	424,765	424,765	[3,942]
Ambulance	2,160,507	2,325,217	2,325,217	164,710
Animal shelter	117,728	-	-	[117,728]
Codes enforcement	528,017	357,478	357,478	[170,539]
County inspection	56,548	-	-	[56,548]
Police	5,269,253	5,627,848	5,627,848	358,595
Fire	2,585,933	2,684,850	2,684,850	98,917
Parks	676,974	717,874	717,874	40,900
Recreation	632,475	989,987	989,987	357,512
Spin city	230,229	-	-	[230,229]
Streets	2,225,431	2,460,685	2,460,685	235,254
Engineering	100,634	100,877	100,877	243
Opera House	158,287	249,762	349,762	191,475
Swimming pools	164,870	191,761	191,761	26,891
Misc	125,479	301,500	301,500	176,021
Debt principal	-	598,682	598,682	598,682
Interest	<u>282,089</u>	<u>-</u>	<u>-</u>	<u>[282,089]</u>
Total expenditures	<u>17,079,074</u>	<u>18,425,436</u>	<u>18,555,436</u>	<u>1,476,362</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[654,235]</u>	<u>[2,235,486]</u>	<u>[2,165,486]</u>	<u>1,511,251</u>

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

CITY OF JUNCTION CITY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET  
GENERAL FUND (Continued)  
For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Other financing sources [uses]				
Transfer in	\$ 1,072,500	\$ 1,091,548	\$ 1,091,548	\$ [19,048]
Transfer out	<u>-</u>	<u>[400,000]</u>	<u>[400,000]</u>	<u>400,000</u>
Total other financing sources [uses]	<u>1,072,500</u>	<u>691,548</u>	<u>691,548</u>	<u>380,952</u>
Net change in fund balance	<u>418,265</u>	<u>\$ [1,543,938]</u>	<u>\$ [1,473,938]</u>	<u>\$ 1,892,203</u>
Budgetary basis				
Fund balance, beginning	2,504,312			
Prior period adjustment - Law Enforcement Training Fund				
Fund previously reported with General Fund	<u>[4,046]</u>			
Fund balance, beginning, restated	<u>2,500,266</u>			
Budgetary basis fund balance, ending	2,918,531			
GAAP Adjustments:				
Accounts Receivable	526,549			
Taxes Receivable	4,737,615			
Interest Receivable	5,362			
Inventory	4,844			
Deferred Revenue	<u>[2,722,492]</u>			
Fund balance, ending	<u>\$ 5,470,409</u>			

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

CITY OF JUNCTION CITY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 CAPITAL IMPROVEMENT FUND  
 For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 23,507	\$ -	\$ -	\$ 23,507
Intergovernmental	2,125	-	-	2,125
Taxes	285	-	-	285
Miscellaneous	<u>101,820</u>	<u>300,000</u>	<u>300,000</u>	<u>[198,180]</u>
Total revenues	<u>127,737</u>	<u>300,000</u>	<u>300,000</u>	<u>[172,263]</u>
Expenditures				
Contractual	<u>321,131</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>778,869</u>
Total expenditures	<u>321,131</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>778,869</u>
Excess [deficiency] of revenues	[193,394]	[800,000]	[800,000]	606,606
Fund balance, beginning	<u>607,421</u>	<u>[78,838]</u>	<u>[78,838]</u>	<u>686,259</u>
Fund balance, ending	<u>\$ 414,027</u>	<u>\$ [878,838]</u>	<u>\$ [878,838]</u>	<u>\$ 1,292,865</u>

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

CITY OF JUNCTION CITY, KANSAS

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 December 31, 2014

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds
	Water and Sewer	Stormwater	Nonmajor Proprietary Funds	
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 6,623,512	\$ 536,665	\$ 750,092	\$ 7,910,269
Receivables (net of allowances for uncollectibles)				
Accounts	1,131,038	177,464	149,958	1,458,460
Accrued interest	11,510	930	1,299	13,739
Total current assets	<u>7,766,060</u>	<u>715,059</u>	<u>901,349</u>	<u>9,382,468</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable capital assets:				
Land	442,563	-	-	442,563
Construction in progress	804,940	126,113	-	931,053
Depreciable capital assets:				
Capital assets	96,969,966	12,140,456	1,259,896	110,370,318
Less: accumulated depreciation	<u>[45,309,502]</u>	<u>[1,423,263]</u>	<u>[542,426]</u>	<u>[47,275,191]</u>
Total noncurrent assets	<u>52,907,967</u>	<u>10,843,306</u>	<u>717,470</u>	<u>64,468,743</u>
Total assets	<u>\$ 60,674,027</u>	<u>\$ 11,558,365</u>	<u>\$ 1,618,819</u>	<u>\$ 73,851,211</u>
Liabilities:				
Current liabilities:				
Accounts payable	\$ 172,288	\$ 26,177	\$ 40,298	\$ 238,763
Accrued payroll	18,213	-	4,998	23,211
Interest payable	165,216	-	-	165,216
Meter deposits payable	512,797	-	-	512,797
Due to other funds	530,035	-	-	530,035
Current portion of compensated absences payable	46,844	-	-	46,844
Current portion of loans payable	499,151	-	-	499,151
Current portion of capital lease payable	43,085	-	157,020	200,105
Current portion of general obligation bonds payable	<u>1,077,989</u>	<u>-</u>	<u>-</u>	<u>1,077,989</u>
Total current liabilities	<u>3,065,618</u>	<u>26,177</u>	<u>202,316</u>	<u>3,294,111</u>
Noncurrent liabilities:				
Compensated absences payable	-	-	10,087	10,087
Loans payable	5,333,523	-	-	5,333,523
Capital lease payable	118,610	-	309,851	428,461
General obligation bonds payable	<u>6,748,608</u>	<u>-</u>	<u>-</u>	<u>6,748,608</u>
Total noncurrent liabilities	<u>12,200,741</u>	<u>-</u>	<u>319,938</u>	<u>12,520,679</u>
Total liabilities	<u>\$ 15,266,359</u>	<u>\$ 26,177</u>	<u>\$ 522,254</u>	<u>\$ 15,814,790</u>
Net Position				
Invested in capital assets, net of related debt	\$ 38,282,061	\$ 10,717,193	\$ 250,599	\$ 49,249,853
Unrestricted	<u>7,125,607</u>	<u>814,995</u>	<u>845,966</u>	<u>8,786,568</u>
Total net position	<u>\$ 45,407,668</u>	<u>\$ 11,532,188</u>	<u>\$ 1,096,565</u>	<u>\$ 58,036,421</u>

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



CITY OF JUNCTION CITY, KANSAS

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	Business-Type Activities: Enterprise Funds			
	Water and Sewer	Stormwater	Nonmajor Proprietary Funds	Total Enterprise Funds
Operating revenue				
Charges for services	\$ 9,708,263	\$ 855,654	\$ 1,505,555	\$ 12,069,472
Miscellaneous	210,018	-	12,000	222,018
Total operating revenues	<u>9,918,281</u>	<u>855,654</u>	<u>1,517,555</u>	<u>12,291,490</u>
Operating expenses				
Personnel services	1,172,822	87,178	351,588	1,611,588
Contractual services	3,681,121	219,903	437,406	4,338,430
Commodities	507,152	-	127,602	634,754
Depreciation and amortization	1,588,101	239,673	99,664	1,927,438
Total operating expense	<u>6,949,196</u>	<u>546,754</u>	<u>1,016,260</u>	<u>8,512,210</u>
Operating income [loss]	<u>2,969,085</u>	<u>308,900</u>	<u>501,295</u>	<u>3,779,280</u>
Nonoperating revenues [expenses]				
Interest income	1,174	15	143	1,332
Interest expense	[506,150]	-	-	[506,150]
Total nonoperating revenues [expenses]	<u>[504,976]</u>	<u>15</u>	<u>143</u>	<u>[504,818]</u>
Income [loss] before transfers	<u>2,464,109</u>	<u>308,915</u>	<u>501,438</u>	<u>3,274,462</u>
Transfers from [to] other funds				
Transfers [out]	[970,000]	[482,500]	[70,000]	[1,522,500]
Total transfers	<u>[970,000]</u>	<u>[482,500]</u>	<u>[70,000]</u>	<u>[1,522,500]</u>
Change in net position	<u>1,494,109</u>	<u>[173,585]</u>	<u>431,438</u>	<u>1,751,962</u>
Net position, beginning	43,873,781	11,703,358	567,435	56,144,574
Prior period adjustment	<u>39,778</u>	<u>2,415</u>	<u>97,692</u>	<u>139,885</u>
Net position, beginning, restated	<u>43,913,559</u>	<u>11,705,773</u>	<u>665,127</u>	<u>56,284,459</u>
Net position, ending	<u>\$ 45,407,668</u>	<u>\$ 11,532,188</u>	<u>\$ 1,096,565</u>	<u>\$ 58,036,421</u>

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

CITY OF JUNCTION CITY, KANSAS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2014

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds
	Water and Sewer	Stormwater	Nonmajor Proprietary Funds	
Cash flows from operating activities				
Cash received from customers and users	\$ 9,707,080	\$ 826,516	\$ 1,499,854	\$ 12,033,450
Cash paid to suppliers of goods and services	[4,055,430]	[256,160]	[577,747]	[4,889,337]
Cash paid to employees	[1,165,626]	[87,178]	[352,770]	[1,605,574]
Other operating receipts	210,018	-	12,000	222,018
Net cash provided by [used in] operating activities	<u>4,696,042</u>	<u>483,178</u>	<u>581,337</u>	<u>5,760,557</u>
Cash flows from capital and related financing activities				
Purchase and construction of capital assets	[1,125,772]	[127,028]	[270,805]	[1,523,605]
Principal payments - capital lease	[21,774]	-	[123,344]	[145,118]
Proceeds - capital lease	106,825	-	153,599	260,424
Principal payments - general obligation bonds	[1,030,000]	-	-	[1,030,000]
Interest payments	[532,769]	-	-	[532,769]
Principal payments - loans payable	[483,882]	-	-	[483,882]
Net cash provided by [used in] capital and related financing activities	<u>[3,087,372]</u>	<u>[127,028]</u>	<u>[240,550]</u>	<u>[3,454,950]</u>
Cash flows from noncapital financing activities				
Change in due to/from other funds	-	-	-	-
Transfers [out]	[970,000]	[482,500]	[70,000]	[1,522,500]
Net cash provided by [used in] noncapital financing activities	<u>[970,000]</u>	<u>[482,500]</u>	<u>[70,000]</u>	<u>[1,522,500]</u>
Net increase [decrease] in cash and cash equivalent	638,670	[126,350]	270,787	783,107
Cash and cash equivalents, beginning	<u>5,984,842</u>	<u>663,015</u>	<u>479,305</u>	<u>7,127,162</u>
Cash and cash equivalents, ending	<u>\$ 6,623,512</u>	<u>\$ 536,665</u>	<u>\$ 750,092</u>	<u>\$ 7,910,269</u>

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

CITY OF JUNCTION CITY, KANSAS

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS (Continued)  
 For the Year Ended December 31, 2014

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds
	Water and Sewer	Stormwater	Nonmajor Proprietary Funds	
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities				
Operating income [loss]	\$ 2,969,085	\$ 308,900	501,295	\$ 3,779,280
Net cash provided by [used in] operating activities				
Depreciation expense	1,588,101	239,673	99,664	1,927,438
[Increase] decrease in accounts receivable	[8,327]	[29,138]	[5,701]	[43,166]
Increase [decrease] in meter deposits payable	7,144	-	-	7,144
Increase [decrease] in accounts payable	132,843	[36,257]	[12,739]	83,847
Increase [decrease] in accrued payroll	367	-	[1,743]	[1,376]
Increase [decrease] in accrued compensated absences	6,829	-	561	7,390
Net cash provided by [used in] operating activities	<u>\$ 4,696,042</u>	<u>\$ 483,178</u>	<u>\$ 581,337</u>	<u>\$ 5,760,557</u>

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

CITY OF JUNCTION CITY, KANSAS

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
December 31, 2014

	Agency Funds
Assets	
Cash	\$ 521,341
Accounts receivable	-
Due from other funds	<u>270,000</u>
Total assets	<u>\$ 791,341</u>
Liabilities	
Due to others	<u>\$ 791,341</u>
Total liabilities	<u>\$ 791,341</u>

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

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

**1. Summary of Significant Accounting Policies**

**Reporting Entity**

The City of Junction City, Kansas (the City) was incorporated in 1859 and became a City of the first class on January 1, 1962. The City operates under a City Commission - Manager form of government. The accompanying basic financial statements present the City (the primary government) and its component units, the Public Library and The Spirit of '76, entities for which the City is considered to be financially accountable. The discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for descriptions) to emphasize that the Public Library and the Spirit of '76 are legally separate from the City.

*Discretely Presented Component Units.* The Public Library (the Library) is operated by a Library Board which is appointed by the City Commission. The City levies and collects a special library tax to subsidize the Library's operations. The Library's mill levy can be capped by charter ordinance of the City Commission. Bond issuances must also be approved by the City. Separately issued financial statements for the Library are available at the Library.

The Spirit of '76, a Kansas not-for-profit 501(c)(4) corporation, is operated by an eleven member Board appointed by the Mayor and the Chairman of the Board of County Commissioners. The City has issued several series of Industrial Revenue Bonds (IRB's) for economic development projects within the City for which the Spirit of '76 is the tenant under separate financing leases. In relation to these IRB's the City and the Spirit of '76 have entered into economic development grant agreements whereby the City agrees to provide Spirit with an economic development grant in an amount necessary for the Spirit of '76 to make basic rental payments required by the leases. The Spirit of '76 is presented as a governmental fund type. Separately issued financial statements for the Spirit of '76 are not available.

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by deferred revenue accounts.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, public works, parks, recreation, and administration.

The capital improvement fund was established to provide a financing mechanism for the repair, restoration and rehabilitation of existing public facilities.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

The water/sewer fund accounts for the operation and maintenance activities of the City's water distribution and wastewater collection and treatment systems.

The stormwater fund accounts for the operation and maintenance activities of the City's stormwater collection and treatment systems.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water/sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water/sewer and stormwater funds are charges to customers for sales and services. Operating expenses for the water/sewer and stormwater funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**Pooled Cash and Investments**

Cash and investment of the individual funds are combined to form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "deposits and investments" in the financial statements. These pooled deposits and investments consist of operating accounts and investments in the State of Kansas Municipal Investment Pool (MIP), which is overseen by the State of Kansas. The fair value of the City's position in the MIP is the same as the pool value of the shares. Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund.

**Cash Flows Statement**

For purposes of the cash flows statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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

**Receivables and Payables (Continued)**

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

**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 levied on November 1 of each year, due and payable November 30, delinquent after December 20, and the following September become a lien on the property. The County Treasurer is the tax collection agent for all taxing entities within Geary County.

Property owners have the option of paying one half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the next year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1 of the next year. Consequently, for revenue recognition purposes, taxes levied during the current year are not available until the ensuing year. At November 1, such taxes are due and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheet of the appropriate funds. This amount is also reported as unearned revenue on the Statement of Net Position.

Kansas statutes require projects financed in part by special assessments to be paid in installments must be financed through the issuance of general obligation bonds or temporary notes 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 capital project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the Debt Service Fund. Further, Kansas statutes require levying additional general and ad valorem property taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's Debt Service Fund. Special assessments are levied over a 10-year period, and annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears.

**Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$100 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.



CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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

**Capital Assets (Continued)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives,

Buildings and systems	40 - 50 years
Improvements	20 - 40 years
Machinery and equipment	5 - 10 years
Infrastructure	40 - 75 years

**Compensated Absences**

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. Employees are allowed to accumulate vacation leave not to exceed 240 hours. Fire department employees may accumulate up to 480 hours. The policy prohibits payment for vacation in lieu of time off. Upon termination or retirement, vacation is paid to employees up to the maximum accumulations noted above.

All regular full-time employees employed by the City on or before December 31, 1994 who have an accumulation of more than 1,040 sick leave hours, or more than 1,452 sick leave hours for Fire department shift captains, may accumulate up to the accrued balance of the sick leave hours as of December 31, 1994 which then will become their accumulated maximum. All regular full-time employees employed by the City after December 31, 1994 may accumulate up to 1,040 sick leave hours, or 1,452 sick leave hours for Fire department shift captains. Upon retirement from the City, employees are paid one quarter of his/her accumulated sick leave. To be eligible for the sick leave payout, the retiring employee must be eligible to receive retirement benefits for service with the City through the Kansas Public Employees Retirement System (KPERS) or Kansas Police and Firemen's Retirement System (KP&F).

All vacation pay is accrued when incurred and the varying amounts of accumulated sick leave are accrued upon employees becoming KPERS or KP&F retirement eligible in the government-wide and proprietary financial statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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

**Long-Term Obligations**

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable revenue for special assessments, is reported only in the governmental funds balance sheet. The government funds report unavailable revenues from two sources: property taxes and special assessments. The government-wide statements of net position report only the unavailable revenue for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Fund Balance**

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

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

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

**Fund Balance (Continued)**

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

	Major Governmental Funds			Other Governmental Funds	Total Governmental Funds
	General	Capital Improvement	Debt Service		
Fund Balances:					
Restricted for:					
Economic development	\$ -	\$ -	\$ -	\$ 1,167,896	\$ 1,167,896
Public works	-	-	-	1,119,284	1,119,284
Public safety	-	-	-	2,443,285	2,443,285
Debt payments	-	-	3,325,305	-	3,325,305
Committed for:					
Employee benefits	-	-	-	106,518	106,518
Capital improvements	-	414,027	-	-	414,027
Culture and recreation	-	-	-	649	649
Unassigned:	<u>5,470,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,470,409</u>
 Total Fund Balances	 <u>\$ 5,470,409</u>	 <u>\$ 414,027</u>	 <u>\$ 3,325,305</u>	 <u>\$ 4,837,632</u>	 <u>\$ 14,047,373</u>

**Concentrations of Credit Risk**

Loans are extended and secured with a lien on the property and a personal guaranty to local industries under the revolving loan program. Unsecured credit is extended to customers for water and sewer fees and charges for services. Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs. Credit is extended to citizens for special assessments levied by the City for capital improvements. These assessments are secured by liens on the related properties.

**Use of Estimates**

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

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

**2. Stewardship, Compliance and Accountability**

**Budgetary Information**

Applicable Kansas statutes require that budgets be legally adopted for all funds unless exempted by a specific statute. Legal operating budgets are required for the General, Special Highway, Capital Improvement, Economic Development, Library, Fire Equipment, Employee Benefits, Drug & Alcohol, Law Enforcement Trust, and the Debt Service Funds. Budgets are not required for the Law Enforcement Training, Grants, Sundown Salute, Rural Housing District, Revolving Loans, Water and Sewer, Stormwater, and Sanitation Funds. All budgets are prepared utilizing the modified accrual basis and of accounting.

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 a local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5<sup>th</sup>.
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.

Kansas 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 2014 budget was amended for the General, Fire Equipment, Special Highway, Law Enforcement Trust and Library funds.

Under Kansas statutes management cannot amend the total budget of a fund without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. Therefore, the legal level of control is at the fund level for all legally adopted budgets. City Commission approval is not needed for category changes or budget transfers within an approved budget. Major category means total personnel services, total contractual services, total materials and supplies, total other charges, or total capital outlay.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

**3. Restatement of Equity**

In 2014, it was determined that an adjustment to beginning accumulated depreciation was required. The effects of the adjustments are as follows:

	Governmental <u>Activities</u>	Business Type <u>Activities</u>
Net Position - December 31, 2013	\$ 10,357,816	\$ 56,144,574
Prior Period Adjustment	<u>343,808</u>	<u>139,885</u>
Net Position - December 31, 2013, Restated	<u>\$ 10,701,624</u>	<u>\$ 56,284,459</u>

**4. Deposits and Investments**

As of December 31, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Rating U.S.</u>
State of Kansas Municipal Investment Pool	< 1 year	\$ 2,270,053	S&P AAAf/S1+
Municipal Bonds	Various	<u>5,128,026</u>	Various
Total Fair Value		<u>\$ 7,398,079</u>	

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

*Concentration of credit risk.* Kansas statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2014, is as follows:

<u>Investment Type</u>	<u>Percentage of Investments</u>
State of Kansas Municipal Investment Pool	31%
Municipal Bonds	69%

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

**4. Deposits and Investments (Continued)**

*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. Kansas statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2014.

At December 31, 2014, The City's carrying amount of deposits were \$12,665,596 and the bank balance was \$13,029,047. The bank balance was held by one bank, resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance, \$5,500,000 was deposited in the CDARS program which is covered by federal depository insurance, and the balance of \$7,279,047 was covered by the pledging financial institution's agent 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. Kansas statutes require investments to be adequately secured.

At December 31, 2014, the City had invested \$2,270,053 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgaged-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

**5. Capital Assets**

Capital asset activity for the year ended December 31, 2014 was as follows:

	December 31, 2013		Restated December 31, 2013				December 31, 2014
	Balance	Restatement	Balance	Increases	Decreases	Balance	
Governmental activities:							
Capital assets not being depreciated:							
Land	\$ 13,900,622	\$ -	\$ 13,900,622	\$ -	\$ -	\$ 13,900,622	
Construction in progress	<u>32,941</u>	<u>-</u>	<u>32,941</u>	<u>673,785</u>	<u>353,221</u>	<u>353,505</u>	
Total capital assets not being depreciated	<u>13,933,563</u>	<u>-</u>	<u>13,933,563</u>	<u>673,785</u>	<u>353,221</u>	<u>14,254,127</u>	
Capital assets being depreciated:							
Buildings and improvements	20,449,171	-	20,449,171	8,210	-	20,457,381	
Machinery and equipment	96,209,949	-	96,209,949	310,889	-	96,520,838	
Infrastructure	<u>10,425,155</u>	<u>-</u>	<u>10,425,155</u>	<u>2,007,161</u>	<u>42,742</u>	<u>12,389,574</u>	
Total capital assets being depreciated	<u>127,084,275</u>	<u>-</u>	<u>127,084,275</u>	<u>2,326,260</u>	<u>42,742</u>	<u>129,367,793</u>	
Less accumulated depreciation for:							
Buildings and improvements	9,679,214	[3,981]	9,675,233	384,666	-	10,059,899	
Machinery and equipment	8,711,975	[10,145]	8,701,830	2,689,329	-	11,391,159	
Infrastructure	<u>39,463,771</u>	<u>[329,682]</u>	<u>39,134,089</u>	<u>446,627</u>	<u>42,742</u>	<u>39,537,974</u>	
Total accumulated depreciation	<u>57,854,960</u>	<u>[343,808]</u>	<u>57,511,152</u>	<u>3,520,622</u>	<u>42,742</u>	<u>60,989,032</u>	
Total capital assets being depreciated, net	<u>69,229,315</u>	<u>343,808</u>	<u>69,573,123</u>	<u>[1,194,362]</u>	<u>-</u>	<u>68,378,761</u>	
Governmental activities capital assets, net	<u>\$ 83,162,878</u>	<u>\$ 343,808</u>	<u>\$ 83,506,686</u>	<u>\$ [520,577]</u>	<u>\$ 353,221</u>	<u>\$ 82,632,888</u>	

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

**5. Capital Assets (Continued)**

	December 31, 2013		Restated December 31, 2013			December 31, 2014	
	Balance	Restatement	Balance	Increases	Decreases	Balance	
Business-type activities:							
Capital assets not being depreciated:							
Land	\$ 442,563	\$ -	\$ 442,563	\$ -	\$ -	\$ 442,563	
Construction in progress	-	-	-	1,194,980	263,927	931,053	
Total capital assets not being depreciated	442,563	-	442,563	1,194,980	263,927	1,373,616	
Capital assets being depreciated:							
Buildings and improvements	25,219,140	-	25,219,140	-	-	25,219,140	
Machinery and equipment	9,120,160	371,810	9,491,970	326,552	-	9,818,522	
Infrastructure	75,440,539	[371,810]	75,068,729	263,927	-	75,332,656	
Total capital assets being depreciated	109,779,839	-	109,779,839	590,479	-	110,370,318	
Less accumulated depreciation for:							
Buildings and improvements	8,270,749	-	8,270,749	416,458	-	8,687,207	
Machinery and equipment	7,317,964	[134,334]	7,183,630	244,277	-	7,427,907	
Infrastructure	29,885,938	[5,551]	29,880,387	1,279,690	-	31,160,077	
Total accumulated depreciation	45,474,651	[139,885]	45,334,766	1,940,425	-	47,275,191	
Total capital assets being depreciated, net	64,305,188	139,885	64,445,073	[1,349,946]	-	63,095,127	
Business-type activities capital assets, net	\$ 64,747,751	\$ 139,885	\$ 64,887,636	\$ [154,966]	\$ 263,927	\$ 64,468,743	

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 397,684
Public safety	226,781
Public works	2,818,848
Parks and recreation	77,309
Total depreciation expense - governmental activities	\$ 3,520,622
Business-type activities:	
Water and Sewer	\$ 1,601,088
Stormwater	239,673
Nonmajor	99,664
Total depreciation expense - business type activities	\$ 1,940,425



CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

**6. Defined Benefit Pension Plan**

*Plan Description.* The City 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 S. Kansas Avenue, Suite 100; Topeka, Kansas 66603-3803) 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. 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 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. 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 on an actuarial reserve basis. Kansas law sets a limit on annual increases in the employer contribution rates.

**7. Other Postemployment Healthcare Benefits**

*Description.* The City offers postemployment health insurance to retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The medical insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to early retirees with at least ten years of service and their dependents until the individuals become eligible for Medicare at 65. The plan does not issue a stand-alone financial report.

*Funding Policy.* The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the composite premium cost of active employees to maintain coverage.

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In 2014, it is unknown the amount the City contributed to the plan as an updated actuarial study was not completed.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

**7. Other Postemployment Healthcare Benefits (Continued)**

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual OPEB (other post employment benefit) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The City did not complete an updated actuarial study for the year ended December 31, 2014. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years. The components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation were unavailable as the City did not complete an updated actuarial study for the year ended December 31, 2014.

Annual required contribution	\$ -
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB cost (expense)	-
Benefit payments	-
Change in net OPEB obligation	-
Net OPEB obligation - beginning of year	<u>200,702</u>
Net OPEB obligation - end of year	<u>\$ 200,702</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows for the two preceding years:

Fiscal Year <u>Ended</u>	Annual OPEB Cost <u>Cost</u>	Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>	Percentage of Annual OPEB Cost <u>Contributed</u>
December 31, 2012	\$ 56,834	\$ 13,800	\$ 154,350	24.28%
December 31, 2013	60,152	13,800	200,702	22.94%

During the year ended December 31, 2014, the City did not meet the requirement to have an actuarial study done in accordance with GASB Statement 45.

*Funded Status and Funding Progress.* As of January 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$510,319. The City's policy is to fund the benefits on a pay-as-you-go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$510,319. The covered payroll (annual payroll of active employees covered by the plan) was \$8,374,290 and the ratio of the UAAL to the covered payroll was 6.09% percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present in time, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

**7. Other Postemployment Healthcare Benefits (Continued)**

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was applied. The actuarial assumptions included a 2.0 percent discount rate, which reflects the expected returns of asset classes stipulated in the investment policy underlying idle funds and recent return experience with cash flows that match the expected benefit payments to the City's current and future retirees. The valuation assumed annual healthcare cost trend rates of six to ten percent. The UAAL is being amortized using the level dollar of projected payroll method over a period of 30 years with the remaining amortization period of 29 years. The amortization period used is closed.

**8. Risk Management**

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

**9. Commitments and Contingencies**

**Litigation**

There are a number of claims and/or lawsuits to which the City is a party as a result of the ordinary course of City activities. The City management and legal counsel anticipate that the potential claims against the City not covered by insurance; if any, resulting from such matters would not materially affect the financial position of the City.

**Industrial Revenue Bonds**

The City has issued industrial revenue bonds to finance the purchase of land and construction of facilities leased to local businesses. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from lease agreements; these issues do not constitute a debt of the City. The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the leases annually at nominal amounts. As of December 31, 2014, industrial revenue bonds of \$23,435,301 are outstanding.

The City has issued several series of industrial revenue bonds (IRB's) for economic development projects within the City for which the Spirit of '76, Inc. a Kansas not-for-profit 501(c)(41) corporation, is the tenant under separate financing leases that provide for basic rental payments in amounts sufficient to pay debt service on the IRB's. For each of the projects, the Spirit of '76 has entered into a sublease agreement with an entity that occupies and operates the project. The entities occupying and operating the projects are Ventria Bioscience, Capgemini, Inc., the Junction City Opera House, and Edenspace Systems Corporation. The City has guaranteed IRB's in the form of grant payments with outstanding balances as of December 31, 2014 of \$3,686,124.

CITY OF JUNCTION CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

**9. Commitments and Contingencies (Continued)**

**Industrial Revenue Bonds (Continued)**

In relation to these IRB's the City and the Spirit of '76 have entered into economic development grant agreements whereby the City agrees to provide Spirit with an economic development grant in an amount necessary for the Spirit of '76 to make the basic rental payments required by the leases. Pursuant to its home rule powers, the City has adopted an ordinance authorizing the issuance of general obligation bonds in amounts necessary to fulfill the City's obligations under each of the grant agreements, thus making the City's obligations to the Spirit of '76 pursuant to the grant agreements binding obligations not subject to appropriation. The City does not intend to issue such general obligation bonds, but to make the payments on the dates necessary for the Spirit of '76 to make the basic rent payments.

**10. Long-Term Debt**

Changes in long-term debt outstanding are as follows:

Governmental Activities	Balance			Amounts	
	January 1, 2014	Additions	Reductions	Balance	Due Within
				December 31, 2014	One Year
General obligation bonds	\$ 57,961,695	\$ -	\$ 2,885,876	\$ 55,075,819	\$ 2,994,792
Less: unamortized bond discount	[460,128]	-	[26,044]	[434,084]	[26,045]
Plus: unamortized bond premium	351,479	-	25,618	325,861	25,618
Special assessment debt					
with government commitment	55,615,724	-	2,565,667	53,050,057	2,658,297
KDOT Loans Payable	12,783,257	-	906,185	11,877,072	941,486
Certificates of Participation	2,935,000	-	365,000	2,570,000	380,000
Capital leases payable	968,153	1,309,885	469,925	1,808,113	496,513
Notes payable	487,031	476,504	532,258	431,277	92,092
Compensated absences	1,096,675	1,285,137	1,096,675	1,285,137	1,096,675
Net other postemployment benefit obligation	200,702	-	-	200,702	-
	<u>\$ 131,939,588</u>	<u>\$ 3,071,526</u>	<u>\$ 8,821,160</u>	<u>\$ 126,189,954</u>	<u>\$ 8,659,428</u>

Business-Type Activities

	Balance			Amounts	
	January 1, 2013	Additions	Reductions	Balance	Due Within
				December 31, 2014	One Year
General obligation bonds	\$ 8,805,000	\$ -	\$ 1,030,000	\$ 7,775,000	\$ 1,065,000
Plus: unamortized bond premium	64,586	-	12,989	51,597	12,989
Revolving loans payable	6,316,556	-	483,882	5,832,674	499,151
Capital leases payable	513,261	260,424	145,119	628,566	200,105
Compensated absences	49,541	56,931	49,541	56,931	46,844
	<u>\$ 15,748,944</u>	<u>\$ 317,355</u>	<u>\$ 1,721,531</u>	<u>\$ 14,344,768</u>	<u>\$ 1,824,089</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

CITY OF JUNCTION CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

**10. Long-Term Debt (Continued)**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds payable at December 31, 2014 are comprised of the following issues:

	<u>Callable Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity Date</u>	<u>Outstanding December 31, 2014</u>
General Obligation Bonds:					
Governmental activities:					
Series 2005-DO	9/1/2015	4.50% to 4.875%	\$ 6,000,000	9/1/2025	\$ 4,075,000
Series 2007-DP	9/1/2017	4.00% to 5.00%	9,039,606	9/1/2027	6,938,881
Series 2008-DQ	9/1/2018	4.00% to 4.50%	1,320,000	9/1/2028	1,210,000
Series 2008-DR	9/1/2018	5.75% to 6.00%	10,265,000	9/1/2028	8,490,000
Series 2008-DS	anytime	4.125%	382,000	9/15/2028	297,786
Series 2008-DT	9/1/2016	5.25%	1,995,000	9/1/2024	1,493,090
Series 2009-DU	9/1/2019	3.00% to 5.00%	4,222,060	9/1/2014	3,493,545
Series 2010-DW	9/1/2031	2.00% to 4.50%	32,681,738	9/1/2031	13,370,663
Series 2010-DX	9/1/2031	2.40% to 6.20%	5,690,000	9/1/2031	4,166,854
Series 2011A	9/1/2034	4.50% to 5.00%	4,017,074	9/1/2034	3,835,000
Series 2011C	9/1/2026	5.00% to 5.75%	410,000	9/1/2026	410,000
Series 2013A	9/1/2021	2.00% to 3.00%	8,247,988	9/1/2024	7,295,000
					<u>55,075,819</u>
Business-type activities:					
Series 2007-DP	9/1/2017	4.00% to 5.00%	4,205,000	9/1/2027	3,220,000
Series 2008-DQ	9/1/2018	4.00% to 4.50%	1,950,000	9/1/2028	1,540,000
Series 2009-DV	noncallable	3.00% to 4.00%	5,864,793	9/1/2017	2,190,000
Series 2011B	9/1/2036	5.50%	847,465	9/1/2036	825,000
					<u>7,775,000</u>
					<u>\$ 62,850,819</u>

The future annual requirements for general obligation bonds outstanding as of December 31, 2014 are as follows:

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

**10. Long-Term Debt (Continued)**

**General Obligation Bonds (Continued)**

Year Ending <u>December 31,</u>	Governmental Activities	Business	Total
		Type Activities	
2015	\$ 5,441,022	\$ 1,424,939	\$ 6,865,961
2016	5,437,145	1,416,895	6,854,040
2017	5,660,417	1,146,608	6,807,025
2018	6,077,857	537,168	6,615,024
2019	5,734,876	537,847	6,272,723
2020 - 2024	26,235,768	2,681,647	28,917,415
2025 - 2029	17,227,406	1,851,782	19,079,188
2030 - 2034	5,321,895	297,763	5,619,659
2035 - 2036	-	818,638	818,638
Total Principal and Interest	77,136,386	10,713,287	87,849,673
Total Interest	22,168,790	2,886,690	25,055,480
Total Principal	<u>\$ 54,967,596</u>	<u>\$ 7,826,597</u>	<u>\$ 62,794,193</u>

**Special Assessment Bonds**

The City's special assessment debt was issued to provide funds for the construction of infrastructure in new commercial and residential developments. These bonds will be repaid from amounts levied against the property owners benefitted by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time the debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment bonds at December 31, 2014 are comprised of the following issues:

	Interest <u>Rates</u>	Original <u>Issue</u>	Final Maturity <u>Date</u>	Outstanding December 31, <u>2014</u>
Special Assessment Bonds:				
Governmental activities:				
Series 2007-DP	4.00% to 5.00%	\$ 15,185,394	9/1/2027	\$ 11,416,119
Series 2009-DU	3.00% to 5.00%	30,057,940	9/1/2029	24,871,455
Series 2010-DW	2.00% to 4.50%	17,984,037	9/1/2031	15,794,337
Series 2010-DX	2.40% to 6.20%	1,073,596	9/1/2031	<u>968,146</u>
				<u>\$ 53,050,057</u>

CITY OF JUNCTION CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

**10. Long-Term Debt (Continued)**

**Special Assessment Bonds (Continued)**

Annual debt service requirements to maturity for special assessment bonds are as follows:

	Governmental Activities	
	Principal	Interest
2015	\$ 2,658,297	\$ 2,317,707
2016	2,729,331	2,232,792
2017	2,826,411	2,137,196
2018	2,927,743	2,031,499
2019	3,050,956	1,913,371
2020 - 2024	17,336,511	7,484,587
2025 - 2029	19,215,275	3,183,755
2030 - 2031	2,305,533	149,074
	\$ 53,050,057	\$ 21,449,982

**Capital Leases**

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases and therefore have been recorded at the present value of their future minimum lease payments as of the inception date. The cost of capital assets financed through capital leases totaled \$5,276,451.

The City entered into a lease agreement to purchase two fire trucks on March 4, 2014 for a total balance of \$1,203,000. The lease has an interest rate of 2.09% with a final maturity date of February 17, 2019.

The City entered into a lease agreement to purchase two front loaders and one solid waste truck with packer on March 17, 2014 for a total balance of \$367,309. The lease has an interest rate of 1.84% with a final maturity date of April 2, 2019.

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2014:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 496,513	\$ 51,586	\$ 200,106	\$ 14,360
2016	473,650	35,760	205,335	9,131
2017	372,504	21,541	116,100	3,835
2018	287,831	11,232	53,025	1,969
2019	177,615	2,674	54,000	994
	\$ 1,808,113	\$ 122,794	\$ 628,566	\$ 30,288

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2014

**10. Long-Term Debt (Continued)**

**Revolving Loans Payable**

During 2000, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$3,849,275 to finance improvements to the sewer system. The loan is being repaid over twenty-one years at an interest rate of 3.52%. Payments of \$158,696 were made in 2014, leaving a total outstanding balance of \$1,280,379 which is shown as a liability in the water/sewer fund.

During 2001, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Public Water Supply Loan Fund. The agreement enabled the City to borrow \$744,293 to finance improvements to the water system. The loan is being repaid over twenty-one years at an interest rate of 4.10%. Payments of \$36,821 were made in 2014, leaving a total outstanding balance of \$334,451 which is shown as a liability in the water/sewer fund.

During 2006, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$6,002,166 to finance improvements to the Southwest Wastewater Treatment Plant. Payments of \$278,676 were made in 2014, leaving a total outstanding balance of \$4,000,750 which is shown as a liability in the water/sewer fund.

In the 2009, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Public Water Supply Loan Fund. The agreement enabled the City to borrow \$406,516 to finance improvements to the water system. The loan is being repaid over twenty years at an interest rate of 3.47%. Payments of \$9,688 were made in 2014, leaving a total outstanding balance of \$217,094 which is shown as a liability in the water/sewer fund.

During 2006, the City entered into a loan agreement with the Kansas Department of Transportation. The agreement enabled the City to borrow \$3,000,000 to finance significant street improvements. The loan is being repaid over ten years at an interest rate of 3.86%. Payments of \$286,379 were made in 2014, leaving a total outstanding balance of \$790,907. The loan is shown as a liability in the governmental activities column of the statement of net assets.

During 2007, the City entered into a loan agreement with the Kansas Department of Transportation. The agreement enabled the City to borrow \$6,000,000 to finance significant street improvements. The loan bears interest at a rate of 3.92%. Payments of \$219,530 were made in 2014, leaving a total outstanding balance of \$3,770,692. The loan is shown as a liability in the governmental activities column of the statement of net assets. The debt service requirements to the maturity date will not be determinable until the final draws have been made.

During 2008, the City entered into a loan agreement with the Kansas Department of Transportation. The agreement enabled the City to borrow \$6,000,000 to finance significant street improvements. The loan bears interest at a rate of 3.76%. Payments of \$206,877 were made in 2014, leaving a total outstanding balance of \$3,503,137. The loan is shown as a liability in the governmental activities column of the statement of net assets. The debt service requirements to the maturity date will not be determinable until the final draws have been made.

During 2008, the City entered into a loan agreement with the Kansas Department of Transportation. The agreement enabled the City to borrow \$4,071,463 to finance significant street improvements. The loan bears interest at a rate of 4.36%. Payments of \$152,140 were made in 2014, leaving a total outstanding balance of \$2,976,581. The loan is shown as a liability in the governmental activities column of the statement of net assets.



CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

**10. Long-Term Debt (Continued)**

**Revolving Loans Payable (Continued)**

In the 2009, the City entered into a loan agreement with the Kansas Department of Transportation. The agreement enables the City to borrow \$107,086 to finance street improvements. The loan bears interest at a rate of 3.76%. Payments of \$4,368 were made in 2014, leaving a total outstanding balance of \$88,167. The loan is shown as a liability in the governmental activities column of the statement of net assets.

During 2010, the City entered into a loan agreement with the Kansas Department of Transportation. The agreement enabled the City to borrow \$478,845 to finance significant street improvements. The loan bears interest at a rate of 3.76%. Payments of \$19,513 were made in 2014, leaving a total outstanding balance of \$396,259. The loan is shown as a liability in the governmental activities column of the statement of net assets.

During 2010, the City entered into a loan agreement with the Kansas Department of Transportation. The agreement enabled the City to borrow \$424,734 to finance significant street improvements. The loan bears interest at a rate of 3.65%. Payments of \$17,379 were made in 2014, leaving a total outstanding balance of \$351,329. The loan is shown as a liability in the governmental activities column of the statement of net assets.

The estimated future annual debt service requirements for the amortizable loans payable are as follows:

Year Ending December 31,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 941,486	\$ 471,497	\$ 499,151	\$ 172,036
2016	978,503	434,480	514,917	156,306
2017	880,699	395,774	531,195	140,064
2018	723,748	361,272	548,004	123,294
2019	752,456	332,565	565,362	105,976
2020 - 2024	4,234,521	1,190,582	2,317,317	283,779
2025 - 2029	3,365,659	308,934	838,978	36,771
2030	-	-	17,750	463
Total	<u>\$ 11,877,072</u>	<u>\$ 3,495,104</u>	<u>\$ 5,832,674</u>	<u>\$ 1,018,689</u>

CITY OF JUNCTION CITY, KANSAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 December 31, 2014

**10. Long-Term Debt (Continued)**

**Certificates of Participation**

The City has issued \$ 4,475,000 of certificates of participation series 2007 with an interest rate of 4% and with a final maturity in 2022. Principal payments are scheduled annually ranging from \$120,000 to \$580,000.

Future maturities of the certificates of participation are as follows:

	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 380,000	\$ 107,288
2016	395,000	92,088
2017	410,000	76,288
2018	430,000	58,863
2019	120,000	40,588
2020 - 2022	<u>835,000</u>	<u>90,313</u>
	<u>\$ 2,570,000</u>	<u>\$ 465,425</u>

**Spin City Note Payable**

The City took over operation of the Spin City skating rink in 2008. At that time, the City assumed an outstanding note payable with a balance of \$158,382 from the prior operator of the skating rink. The City took out an additional \$355,000 loan in 2008 to finance the purchase of adjacent property and an additional building. In the 2009, the City rolled those two outstanding loans into one loan and drew an additional \$326,618 on the new loan for a total outstanding balance of \$840,000. The loan was refinanced in 2014 in the amount of 476,504. The loan bears interest at a rate of 2.24%. Principal payments of \$45,226 were made in 2014 leaving an outstanding balance of \$431,277. This balance is shown as a liability in the government wide governmental activities statement.

Future maturities of the note payable are as follows:

	<u>Principal</u>	<u>Interest</u>
2015	\$ 92,092	\$ 9,270
2016	94,174	7,188
2017	96,347	5,016
2018	98,547	2,815
2019	<u>50,116</u>	<u>564</u>
	<u>\$ 431,277</u>	<u>\$ 24,854</u>

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2014

**11. Special Assessments**

Kansas statutes require special benefit district projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Further, state statutes permit levying additional general ad valorem taxes in the City's debt service fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's debt service fund. Special assessments are levied over the repayment period of the bonds and the annual installments are due and payable with annual ad valorem taxes. At December 31, 2014, the special assessment taxes levied are a lien on the property and are recorded as a special assessment receivable in the debt service fund with a corresponding amount recorded as deferred revenue. Special assessments [net of allowance] receivable at December 31, 2014 was \$47,138,653.

**12. Interfund Transactions**

Interfund transfers for the year ended December 31, 2014, consisted of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
Water & Sewer	General	\$ 970,000	K.S.A. 12-825d
Stormwater	General	32,500	K.S.A. 12-825d
Sanitation	General	70,000	K.S.A. 12-825d
Stormwater	Bond & Interest	450,000	K.S.A. 12-825d
Special Highway	Bond & Interest	200,000	Annual Budget
		<u>\$ 1,722,500</u>	

	<u>Due to Other Funds</u>	<u>Due from Other funds</u>
General Fund	\$ 20,000	\$ -
Capital Improvement Fund	386,734	-
Olivia Farms Development Fund	-	270,000
Debt service Fund	-	303,625
Other Governmental Funds	-	363,144
Water and Sewer Fund	530,035	-
	<u>\$ 936,769</u>	<u>\$ 936,769</u>

Transfers are used to move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them. Nonroutine transfers include transfers to the nonmajor funds from the general fund, water/sewer fund, and nonmajor governmental funds to provide local support for grant programs and to reimburse the funds for administrative services provided, and transfers to the capital projects fund from nonmajor proprietary funds, the water/sewer fund, the special highway fund, and the capital improvement fund to fund capital projects and from the water/sewer fund to the general fund for administrative services provided, and transfers to the capital improvement fund from the capital projects fund and general fund for capital improvement projects, and to the water/sewer fund from the capital projects fund and capital improvement fund to fund certain proprietary capital projects, and to the debt service fund from the stormwater fund to reimburse the fund for its share of debt service payments.

The due to/from is an interfund loan payable within one year.

CITY OF JUNCTION CITY, KANSAS  
 OTHER POST-EMPLOYMENT BENEFITS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 December 31, 2014

Schedule of Funding Progress:

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percent of Payroll (b-a)/(c)
1/1/2009	\$ -	\$ 510,319	\$ 510,319	0.0%	\$ 8,374,290	6.09%

CITY OF JUNCTION CITY, KANSAS  
NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds used by the City of Junction City, Kansas are:

Economic Development Fund – To account for the joint City/County department that promotes retail and industrial development within or near Junction City and Geary County.

Employee Benefits Fund - To account for all payroll-related benefit expenses including the City's costs of workers' compensation, social security, retirement, unemployment and health insurance.

Library Fund - To account for the levying of ad valorem property tax on behalf of the Dorothy Bramlage Library Board.

Special Highway Fund - To account for monies levied by the State of Kansas which produces revenues the City can use to defray, in whole or in part, the cost of constructing, altering, reconstructing, maintaining and repairing streets and highways.

Fire Equipment Fund - To account for revenues and expenses for the purchase of rolling stock equipment for the fire department.

Drug and Alcohol Fund - To account for the monies provided by as state liquor tax on private clubs which are to be expended for the purchase, establishment, maintenance or expansion of services or programs for alcoholism prevention and education. The City used this fund to support the D.A.R.E. program in the public school system.

Sundown Salute Fund - To account for the collection of donations used for the City's annual 4<sup>th</sup> of July community celebration.

Revolving Loans Fund – To account for revolving loans used to assist business owners with business upgrades in Junction City.

Grants Fund – To account for grant proceeds received from various funding sources.

Rural Housing District Fund – To account for the taxes received to pay the debt on the Bluffs Park.

Law Enforcement Trust Fund – To account for funds collected through drug forfeitures. The funds can only be used for additional technical equipment or expertise, matching funds for federal grants or to defray the costs of protracted or complex investigation for local police.

Law Enforcement Training Fund – To account for funds collected through tickets issued by the police department. The funds can only be used for training of law enforcement personnel.

CITY OF JUNCTION CITY, KANSAS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 December 31, 2014

	<u>Economic Development</u>	<u>Employee Benefits</u>	<u>Library</u>
<b>ASSETS</b>			
Cash and investments	\$ 423,447	\$ 94,455	\$ 107
Receivables			
Property tax	232,098	-	736,391
Accounts	16,000	11,873	-
Accrued interest	734	190	
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 672,279</u>	<u>\$ 106,518</u>	<u>\$ 736,498</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>33</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	<u>232,098</u>	<u>-</u>	<u>736,391</u>
Total deferred inflows of resources	<u>232,098</u>	<u>-</u>	<u>736,391</u>
Fund balance:			
Restricted	440,148	-	-
Committed	<u>-</u>	<u>106,518</u>	<u>107</u>
Total fund balance [deficit]	<u>440,148</u>	<u>106,518</u>	<u>107</u>
Total liabilities, deferred inflows of Resources and fund balances	<u>\$ 672,279</u>	<u>\$ 106,518</u>	<u>\$ 736,498</u>

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
 December 31, 2014

	Special Highway	Fire Equipment	Drug and Alcohol
<b>ASSETS</b>			
Cash and investments	\$ 1,010,804	\$ 997,100	\$ 120,700
Receivables			
Property tax	-	284,845	-
Accounts	-	-	-
Accrued interest	2,083	1,728	210
Due from other funds	343,144	-	-
Total assets	<u>\$ 1,356,031</u>	<u>\$ 1,283,673</u>	<u>\$ 120,910</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 71,186	\$ -	\$ 1,765
Total liabilities	<u>71,186</u>	<u>-</u>	<u>1,765</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	-	284,845	-
Total deferred inflows of resources	<u>-</u>	<u>284,845</u>	<u>-</u>
Fund balance:			
Restricted	1,284,845	998,828	119,145
Committed	-	-	-
Total fund balance [deficit]	<u>1,284,845</u>	<u>998,828</u>	<u>119,145</u>
Total liabilities, deferred inflows of Resources and fund balances	<u>\$ 1,356,031</u>	<u>\$ 1,283,673</u>	<u>\$ 120,910</u>

<u>Sundown Salute</u>	<u>Revolving Loans</u>	<u>Grants</u>	<u>Rural Housing District</u>	<u>Law Enforcement Trust</u>	<u>Law Enforcement Training</u>	<u>Totals</u>
\$ 275	\$ 260,919	\$ [157,109]	\$ 22	\$ 1,321,064	\$ 6,404	\$ 4,078,188
-	-	-	-	-	-	1,253,334
245	495,253	-	-	373	-	523,744
-	453	-	-	2,286	10	7,694
-	-	20,000	-	-	-	363,144
<u>\$ 520</u>	<u>\$ 756,625</u>	<u>\$ [137,109]</u>	<u>\$ 22</u>	<u>\$ 1,323,723</u>	<u>\$ 6,414</u>	<u>\$ 6,226,104</u>
<u>\$ -</u>	<u>\$ 28,877</u>	<u>\$ 28,452</u>	<u>\$ -</u>	<u>\$ 4,825</u>	<u>\$ -</u>	<u>\$ 135,138</u>
<u>-</u>	<u>28,877</u>	<u>28,452</u>	<u>-</u>	<u>4,825</u>	<u>-</u>	<u>135,138</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,253,334</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,253,334</u>
-	727,748	[165,561]	-	1,318,898	6,414	4,730,465
520	-	-	22	-	-	107,167
<u>520</u>	<u>727,748</u>	<u>[165,561]</u>	<u>22</u>	<u>1,318,898</u>	<u>6,414</u>	<u>4,837,632</u>
<u>\$ 520</u>	<u>\$ 756,625</u>	<u>\$ [137,109]</u>	<u>\$ 22</u>	<u>\$ 1,323,723</u>	<u>\$ 6,414</u>	<u>\$ 6,226,104</u>

See independent auditor's report on the financial statements.



CITY OF JUNCTION CITY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended December 31, 2014

	<u>Economic Development</u>	<u>Employee Benefits</u>	<u>Library</u>
Revenues			
Taxes	\$ 273,522	\$ 28,304	\$ 834,058
Intergovernmental	391,145	-	-
Use of money and property	-	184	-
Miscellaneous	468,000	107,387	-
Total revenues	<u>1,132,667</u>	<u>135,875</u>	<u>834,058</u>
Expenditures			
General government	-	139,126	833,951
Public safety	-	-	-
Public works	-	-	-
Recreation	-	-	-
Economic development	802,015	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>802,015</u>	<u>139,126</u>	<u>833,951</u>
Excess [deficiency] of revenues over [under] expenditures	<u>330,652</u>	<u>[3,251]</u>	<u>107</u>
Other financing sources [uses]			
Transfer [out]	-	-	-
Total other financing sources [uses]	-	-	-
Net change in fund balance	<u>330,652</u>	<u>[3,251]</u>	<u>107</u>
Fund balances, beginning of the year	109,496	109,769	-
Prior period adjustment	-	-	-
Fund balances, beginning of the year, restated	<u>109,496</u>	<u>109,769</u>	<u>-</u>
Fund balance, end of year	<u>\$ 440,148</u>	<u>\$ 106,518</u>	<u>\$ 107</u>

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
For the Year Ended December 31, 2014

	<u>Special Highway</u>	<u>Fire Equipment</u>	<u>Drug and Alcohol</u>	<u>Sundown Salute</u>
Revenues				
Taxes	\$ -	\$ 352,413	\$ 73,110	\$ -
Intergovernmental	662,586	-	-	-
Interest income	362	289	29	-
Miscellaneous	-	1,247,409	-	5,581
Total revenues	<u>662,948</u>	<u>1,600,111</u>	<u>73,139</u>	<u>5,581</u>
Expenditures				
General government	-	-	-	-
Public safety	-	837,979	81,499	-
Public works	618,283	-	-	-
Recreation	-	-	-	5,581
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>618,283</u>	<u>837,979</u>	<u>81,499</u>	<u>5,581</u>
Excess [deficiency] of revenues over [under] expenditures	<u>44,665</u>	<u>762,132</u>	<u>[8,360]</u>	<u>-</u>
Other financing sources [uses]				
Transfer [out]	<u>[200,000]</u>	-	-	-
Total other financing sources [uses]	<u>[200,000]</u>	-	-	-
Net change in fund balance	<u>[155,335]</u>	<u>762,132</u>	<u>[8,360]</u>	<u>-</u>
Fund balances, beginning of the year	1,440,180	236,696	127,505	520
Prior period adjustment	-	-	-	-
Fund balances, beginning of the year, restated	<u>1,440,180</u>	<u>236,696</u>	<u>127,505</u>	<u>520</u>
Fund balance, end of year	<u>\$ 1,284,845</u>	<u>\$ 998,828</u>	<u>\$ 119,145</u>	<u>\$ 520</u>

<u>Revolving Loans</u>	<u>Grants</u>	<u>Rural Housing District</u>	<u>Law Enforcement Trust</u>	<u>Law Enforcement Training</u>	<u>Totals</u>
\$ -	\$ -	\$ 422,555	\$ -	\$ -	\$ 1,983,962
-	1,081,961	-	-	-	2,135,692
54	-	360	276	-	1,554
<u>12,203</u>	<u>-</u>	<u>-</u>	<u>2,878,712</u>	<u>15,606</u>	<u>4,734,898</u>
<u>12,257</u>	<u>1,081,961</u>	<u>422,915</u>	<u>2,878,988</u>	<u>15,606</u>	<u>8,856,106</u>
-	-	-	-	-	973,077
-	291,284	-	2,189,547	13,238	3,413,547
-	5,740	-	-	-	624,023
-	987,469	-	-	-	993,050
-	-	-	-	-	802,015
-	-	-	-	-	-
-	-	361,124	-	-	361,124
-	-	61,769	-	-	61,769
<u>-</u>	<u>1,284,493</u>	<u>422,893</u>	<u>2,189,547</u>	<u>13,238</u>	<u>7,228,605</u>
<u>12,257</u>	<u>[202,532]</u>	<u>22</u>	<u>689,441</u>	<u>2,368</u>	<u>1,627,501</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[200,000]</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[200,000]</u>
<u>12,257</u>	<u>[202,532]</u>	<u>22</u>	<u>689,441</u>	<u>2,368</u>	<u>1,427,501</u>
715,491	36,971	-	629,457	-	3,406,085
-	-	-	-	4,046	4,046
<u>715,491</u>	<u>36,971</u>	<u>-</u>	<u>629,457</u>	<u>4,046</u>	<u>3,410,131</u>
<u>\$ 727,748</u>	<u>\$ [165,561]</u>	<u>\$ 22</u>	<u>\$ 1,318,898</u>	<u>\$ 6,414</u>	<u>\$ 4,837,632</u>

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 DEBT SERVICE FUND  
 For the Year Ended December 31, 2014

	Actual	Budgeted Amounts		Variance with
		Original	Final	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 5,479,162	\$ 5,491,890	\$ 5,491,890	\$ [12,728]
Special assessments	2,373,750	2,000,000	2,000,000	373,750
Sales tax	3,782,042	3,600,000	3,600,000	182,042
Use of money and property	38,329	5,000	5,000	33,329
Miscellaneous revenues	<u>863,789</u>	<u>-</u>	<u>-</u>	<u>863,789</u>
Total revenues	<u>12,537,072</u>	<u>11,096,890</u>	<u>11,096,890</u>	<u>1,440,182</u>
Expenditures				
Debt service				
Principal	6,635,891	12,819,064	12,819,064	6,183,173
Interest and other charges	5,517,318	38,135	38,135	[5,479,183]
Payments on contractual obligations	98,604	-	-	[98,604]
Neighborhood revitalization	336,076	385,847	385,847	49,771
Other	<u>505,562</u>	<u>191,888</u>	<u>191,888</u>	<u>[313,674]</u>
Total expenditures	<u>13,093,451</u>	<u>13,434,934</u>	<u>13,434,934</u>	<u>341,483</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[556,379]</u>	<u>[2,338,044]</u>	<u>[2,338,044]</u>	<u>1,781,665</u>
Other financing sources [uses]				
Transfer in	<u>650,000</u>	<u>850,000</u>	<u>850,000</u>	<u>[200,000]</u>
Total other financing sources	<u>650,000</u>	<u>850,000</u>	<u>850,000</u>	<u>[200,000]</u>
Net change in fund balance	93,621	<u>\$ [1,488,044]</u>	<u>\$ [1,488,044]</u>	<u>\$ 1,581,665</u>
Budgetary basis				
Fund balance, beginning	<u>3,226,458</u>			
Budgetary basis				
Fund balance, ending	3,320,079			
GAAP adjustments:				
Accrued interest receivable	<u>5,226</u>			
Fund balance, ending	<u>\$ 3,325,305</u>			

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 ECONOMIC DEVELOPMENT FUND  
 For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 273,522	\$ 287,119	\$ 287,119	\$ [13,597]
Use of money and property	390,411	-	-	390,411
Miscellaneous	<u>468,000</u>	<u>473,492</u>	<u>473,492</u>	<u>[5,492]</u>
Total revenues	<u>1,131,933</u>	<u>760,611</u>	<u>760,611</u>	<u>371,322</u>
Expenditures				
Contractual services	336,079	227,500	227,500	[108,579]
Commodities	11,984	568,221	568,221	556,237
Neighborhood revitalization	-	11,546	11,546	11,546
Bond principal	303,687	-	-	[303,687]
Bond interest	<u>150,265</u>	<u>-</u>	<u>-</u>	<u>[150,265]</u>
Total expenditures	<u>802,015</u>	<u>807,267</u>	<u>807,267</u>	<u>5,252</u>
Net change in fund balances	329,918	<u>\$ [46,656]</u>	<u>\$ [46,656]</u>	<u>\$ 376,574</u>
Budgetary basis				
Fund balance, beginning	<u>109,496</u>			
Budgetary basis				
Fund balance, ending	439,414			
GAAP Adjustments:				
Accrued Interest Receivable	<u>734</u>			
Fund balance, ending	<u>\$ 440,148</u>			

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 EMPLOYEE BENEFITS FUND  
 For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 28,304	\$ -	\$ -	\$ 28,304
Miscellaneous revenues	<u>96,160</u>	<u>125,000</u>	<u>125,000</u>	<u>[28,840]</u>
Total revenues	<u>124,464</u>	<u>125,000</u>	<u>125,000</u>	<u>[536]</u>
Expenditures				
Personnel services	14,131	125,000	125,000	110,869
Contractual services	<u>124,995</u>	<u>100,000</u>	<u>100,000</u>	<u>[24,995]</u>
Total expenditures	<u>139,126</u>	<u>225,000</u>	<u>225,000</u>	<u>85,874</u>
Net change in fund balances	[14,662]	<u>\$ [100,000]</u>	<u>\$ [100,000]</u>	<u>\$ 85,338</u>
Budgetary basis				
Fund balance, beginning	<u>109,117</u>			
Budgetary basis				
Fund balance, ending	94,455			
GAAP adjustments:				
Accounts receivable	11,873			
Accrued interest receivable	<u>190</u>			
Fund balance, ending	<u>\$ 106,518</u>			

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - ACTUAL AND BUDGET

LIBRARY FUND

For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes	\$ 834,058	\$ 833,952	\$ 835,000	\$ [942]
Total revenues	<u>834,058</u>	<u>833,952</u>	<u>835,000</u>	<u>[942]</u>
Expenditures				
Contractual services	833,951	760,000	780,000	[53,951]
Neighborhood revitalization	<u>-</u>	<u>51,598</u>	<u>51,750</u>	<u>51,750</u>
Total expenditures	<u>833,951</u>	<u>811,598</u>	<u>831,750</u>	<u>[2,201]</u>
Net change in fund balances	107	<u>\$ 22,354</u>	<u>\$ 3,250</u>	<u>\$ [3,143]</u>
Fund balance, beginning	<u>-</u>			
Fund balance, ending	<u>\$ 107</u>			

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 SPECIAL HIGHWAY FUND  
 For the Year Ended December 31, 2014

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	
Revenues				
Intergovernmental	\$ 660,865	\$ 625,600	\$ 625,600	\$ 35,265
Bond proceeds	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>[600,000]</u>
Total revenues	<u>660,865</u>	<u>625,600</u>	<u>1,225,600</u>	<u>[564,735]</u>
Expenditures				
Contractual services	<u>618,283</u>	<u>590,000</u>	<u>1,190,000</u>	<u>571,717</u>
Total expenditures	<u>618,283</u>	<u>590,000</u>	<u>1,190,000</u>	<u>571,717</u>
Excess [deficiency] of revenues over [under] expenditures	<u>42,582</u>	<u>35,600</u>	<u>35,600</u>	<u>6,982</u>
Other financing sources [uses]				
Transfer out	<u>[200,000]</u>	<u>[400,000]</u>	<u>[400,000]</u>	<u>200,000</u>
Total other financing sources [uses]	<u>[200,000]</u>	<u>[400,000]</u>	<u>[400,000]</u>	<u>200,000</u>
Net change in fund balances	[157,418]	<u>\$ [364,400]</u>	<u>\$ [364,400]</u>	<u>\$ 206,982</u>
Budgetary basis				
Fund balance, beginning	<u>1,440,180</u>			
Budgetary basis				
Fund balance, ending	1,282,762			
GAAP Adjustments:				
Accrued Interest Receivable	<u>2,083</u>			
Fund balance, ending	<u>\$ 1,284,845</u>			

See independent auditor's report on the financial statements.



CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 FIRE EQUIPMENT FUND  
 For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 352,413	\$ 356,226	\$ 356,226	\$ [3,813]
Lease proceeds	-	-	1,200,000	[1,200,000]
Miscellaneous revenues	<u>1,245,970</u>	<u>-</u>	<u>-</u>	<u>1,245,970</u>
Total revenues	<u>1,598,383</u>	<u>356,226</u>	<u>1,556,226</u>	<u>42,157</u>
Expenditures				
Commodities	683,951	50,000	50,000	[633,951]
Contractual	141,177	-	-	[141,177]
Capital outlay	-	504,300	1,704,300	1,704,300
Neighborhood revitalization	-	8,793	8,793	8,793
Interest expense	<u>12,851</u>	<u>-</u>	<u>-</u>	<u>[12,851]</u>
Total expenditures	<u>837,979</u>	<u>563,093</u>	<u>1,763,093</u>	<u>925,114</u>
Net change in fund balances	760,404	<u>\$ [206,867]</u>	<u>\$ [206,867]</u>	<u>\$ 967,271</u>
Budgetary basis				
Fund balance, beginning	<u>236,696</u>			
Budgetary basis				
Fund balance, ending	997,100			
GAAP adjustments:				
Accrued interest receivable	<u>1,728</u>			
Fund balance, ending	<u>\$ 998,828</u>			

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 DRUG AND ALCOHOL FUND  
 For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes	\$ 72,929	\$ 80,000	\$ 80,000	\$ [7,071]
Total revenues	<u>72,929</u>	<u>80,000</u>	<u>80,000</u>	<u>[7,071]</u>
Expenditures				
Personnel services	72,122	80,183	80,183	8,061
Commodities	-	30,000	30,000	30,000
Contractual services	<u>9,377</u>	<u>30,000</u>	<u>30,000</u>	<u>20,623</u>
Total expenditures	<u>81,499</u>	<u>140,183</u>	<u>140,183</u>	<u>58,684</u>
Net change in fund balances	[8,570]	<u>\$ [60,183]</u>	<u>\$ [60,183]</u>	<u>\$ 51,613</u>
Budgetary basis				
Fund balance, beginning	<u>127,505</u>			
Budgetary basis				
Fund balance, ending	118,935			
GAAP adjustments:				
Accrued interest receivable	<u>210</u>			
Fund balance, ending	<u>\$ 119,145</u>			

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - ACTUAL AND BUDGET  
 LAW ENFORCEMENT FUND  
 For the Year Ended December 31, 2014

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Miscellaneous revenues	\$ 2,876,703	\$ 100,000	\$ 2,100,000	\$ 776,703
Total revenues	<u>2,876,703</u>	<u>100,000</u>	<u>2,100,000</u>	<u>776,703</u>
Expenditures				
Personnel services	19,892	19,534	19,534	[358]
Commodities	2,160,916	75,000	575,000	[1,585,916]
Contractual services	8,740	40,000	540,000	531,260
Capital outlay	<u>-</u>	<u>250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>
Total expenditures	<u>2,189,548</u>	<u>384,534</u>	<u>2,384,534</u>	<u>194,986</u>
Net change in fund balance	687,155	<u>\$ [284,534]</u>	<u>\$ [284,534]</u>	<u>\$ 971,689</u>
Budgetary basis				
Fund balance, beginning	<u>629,457</u>			
Budgetary basis				
Fund balance, ending	1,316,612			
GAAP adjustments:				
Accrued interest receivable	<u>2,286</u>			
Fund balance, ending	<u>\$ 1,318,898</u>			

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS  
NONMAJOR PROPRIETARY FUNDS

Sanitation Fund – To account for the operation and maintenance of the sanitation system operated within the City.

CITY OF JUNCTION CITY, KANSAS

COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS

December 31, 2014

	Sanitation	Total Nonmajor Proprietary Funds
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 750,092	\$ 750,092
Receivables (net of allowance for uncollectibles)		
Accounts	149,958	149,958
Accrued interest	1,299	1,299
Total current assets	901,349	901,349
Capital assets:		
Depreciable capital assets:		
Capital assets	1,259,896	1,259,896
Less: accumulated depreciation	[542,426]	[542,426]
Total capital assets	717,470	717,470
Total assets	\$ 1,618,819	\$ 1,618,819
Liabilities:		
Current liabilities		
Accounts payable	\$ 40,298	\$ 40,298
Accrued payroll	4,998	4,998
Current portion of leases payable	-	-
Total current liabilities	45,296	45,296
Noncurrent liabilities:		
Compensated absences payable	10,087	10,087
Leases payable	466,871	466,871
Due to other funds	-	-
Total noncurrent liabilities	476,958	476,958
Total liabilities	\$ 522,254	\$ 522,254
Net Position		
Invested in capital assets, net of related debt	\$ 250,599	\$ 250,599
Unrestricted	845,966	845,966
Total net position	\$ 1,096,565	\$ 1,096,565

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
For the Year Ended December 31, 2014

	<u>Sanitation</u>	<u>Total Nonmajor Proprietary Funds</u>
Operating revenues		
Charges for services	\$ 1,505,555	\$ 1,505,555
Miscellaneous	12,000	12,000
Total operating revenues	<u>1,517,555</u>	<u>1,517,555</u>
Operating expenses		
Personal services	351,588	351,588
Commodities	127,602	127,602
Contractual services	437,406	437,406
Depreciation	99,664	99,664
Total operating expenses	<u>1,016,260</u>	<u>1,016,260</u>
Operating income [loss]	<u>501,295</u>	<u>501,295</u>
Nonoperating revenues [expenses]		
Interest income	143	143
Interest expense	-	-
Total nonoperating revenues [expenses]	<u>143</u>	<u>143</u>
Income [loss] before transfers	<u>501,438</u>	<u>501,438</u>
Transfers from [to] other funds		
Transfers [out]	<u>[70,000]</u>	<u>[70,000]</u>
Total transfers	<u>[70,000]</u>	<u>[70,000]</u>
Change in net position	<u>431,438</u>	<u>431,438</u>
Net position, January 1	567,435	567,435
Prior period adjustment	<u>97,692</u>	<u>97,692</u>
Net position, January 1, beginning	<u>665,127</u>	<u>665,127</u>
Net position, December 31	<u>\$ 1,096,565</u>	<u>\$ 1,096,565</u>

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 For the Year Ended December 31, 2014

	Sanitation	Total Nonmajor Proprietary Funds
Cash flows from operating activities		
Cash received from customers and users	\$ 1,499,854	\$ 1,499,854
Cash paid to suppliers of goods and services	[577,747]	[577,747]
Cash paid to employees	[352,770]	[352,770]
Other operating receipts	12,000	12,000
Net cash provided by [used in] operating activities	581,337	581,337
Cash flows from capital and related financing activities		
Purchase and construction of capital assets	[270,805]	[270,805]
Proceeds - capital lease	153,599	153,599
Principal payments - capital lease	[123,344]	[123,344]
Net cash provided by [used in] capital and related financing activities	[240,550]	[240,550]
Cash flows from noncapital financing activities		
Transfer [out]	[70,000]	[70,000]
Net increase [decrease] in cash and cash equivalents	270,787	270,787
Cash and cash equivalents, beginning	479,305	479,305
Cash and cash equivalents, ending	\$ 750,092	\$ 750,092

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS (Continued)  
 For the Year Ended December 31, 2014

	Sanitation	Total Nonmajor Proprietary Funds
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities		
Operating income [loss]	\$ 501,295	\$ 501,295
Net cash provided by [used in] operating activities		
Depreciation expense	99,664	99,664
[Increase] decrease in accounts receivable	[5,701]	[5,701]
Increase [decrease] in accounts payable	[12,739]	[12,739]
Increase [decrease] in compensated absences	561	561
Increase [decrease] in accrued wages	[1,743]	[1,743]
Net cash provided by [used in] operating activities	\$ 581,337	\$ 581,337

See independent auditor's report on the financial statements.



CITY OF JUNCTION CITY, KANSAS

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS - AGENCY FUNDS  
 December 31, 2014

ASSETS	Trust and Agency Fund	Olivia Farms Development Fund	Total Agency Funds
Cash	\$ 521,341	\$ -	\$ 521,341
Accounts receivable	-	-	-
Due from other funds	-	270,000	270,000
Total assets	<u>\$ 521,341</u>	<u>\$ 270,000</u>	<u>\$ 791,341</u>
Liabilities			
Due to others	<u>\$ 521,341</u>	<u>\$ 270,000</u>	<u>\$ 791,341</u>
Total liabilities	<u>\$ 521,341</u>	<u>\$ 270,000</u>	<u>\$ 791,341</u>

See independent auditor's report on the financial statements.

CITY OF JUNCTION CITY, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended December 31, 2014

<u>Trust and Agency Fund</u> ASSETS	Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
Cash and cash equivalents	\$ 1,142	\$ 520,199	\$ -	\$ 521,341
Total assets	<u>\$ 1,142</u>	<u>\$ 520,199</u>	<u>\$ -</u>	<u>\$ 521,341</u>
LIABILITIES				
Due to others	\$ 1,142	\$ 520,199	\$ -	\$ 521,341
Total liabilities	<u>\$ 1,142</u>	<u>\$ 520,199</u>	<u>\$ -</u>	<u>\$ 521,341</u>
<u>Olivia Farms Development Fund</u> ASSETS	Restated Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
Cash and cash equivalents	\$ 381,099	\$ 415	\$ 381,514	\$ -
Accounts receivable	3,670	-	3,670	-
Due from other funds	270,000	-	-	270,000
Total assets	<u>\$ 654,769</u>	<u>\$ 415</u>	<u>\$ 385,184</u>	<u>\$ 270,000</u>
LIABILITIES				
Due to other funds	\$ 654,769	\$ 415	\$ 385,184	\$ 270,000
Total liabilities	<u>\$ 654,769</u>	<u>\$ 415</u>	<u>\$ 385,184</u>	<u>\$ 270,000</u>

See independent auditor's report on the financial statements.

Statistical Section  
(Unaudited)

This part of the City of Junction City's financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, water and wastewater revenues, as well as its property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economical Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

*Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Financial Report for the relevant year.*

City of Junction City, Kansas  
Net Postion by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ 8,279,026	\$ 7,097,886	\$ 4,506,056	\$ (5,282,987)	\$ (46,755,055)	\$ (52,187,139)	\$ (54,665,937)	\$ (51,875,398)	\$ (47,479,333)	\$ (42,071,227)
Restricted	5,091,216	5,490,971	7,463,306	12,160,233	43,671,684	45,735,080	49,923,874	49,923,152	47,659,856	47,133,957
Unrestricted	<u>(7,690,663)</u>	<u>(8,172,358)</u>	<u>(5,960,530)</u>	<u>(1,115,780)</u>	<u>955,894</u>	<u>3,481,307</u>	<u>8,472,499</u>	<u>10,048,563</u>	<u>10,177,293</u>	<u>10,834,958</u>
Total governmental activities net position	<u>\$ 5,679,579</u>	<u>\$ 4,416,499</u>	<u>\$ 6,008,832</u>	<u>\$ 5,761,466</u>	<u>\$ (2,127,477)</u>	<u>\$ (2,970,752)</u>	<u>\$ 3,730,436</u>	<u>\$ 8,096,317</u>	<u>\$ 10,357,816</u>	<u>\$ 15,897,688</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$10,820,847	\$11,481,933	\$11,613,184	\$18,203,507	\$ 51,968,838	\$ 51,460,342	\$ 50,146,497	\$ 50,626,121	\$ 49,048,348	\$ 49,249,853
Restricted	206,359	-	-	-	-	-	-	-	-	-
Unrestricted	<u>208,177</u>	<u>(484,993)</u>	<u>(271,769)</u>	<u>(485,171)</u>	<u>(539,480)</u>	<u>1,070,137</u>	<u>3,915,856</u>	<u>6,123,942</u>	<u>7,096,226</u>	<u>8,786,568</u>
Total business-type activities net position	<u>\$11,235,383</u>	<u>\$10,996,940</u>	<u>\$11,341,415</u>	<u>\$17,718,336</u>	<u>\$ 51,429,358</u>	<u>\$ 52,530,479</u>	<u>\$ 54,062,353</u>	<u>\$ 56,750,063</u>	<u>\$ 56,144,574</u>	<u>\$ 58,036,421</u>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$19,099,873	\$18,579,819	\$16,119,240	\$12,920,520	\$ 5,213,783	\$ (726,797)	\$ (4,519,440)	\$ (1,249,277)	\$ 1,569,015	\$ 7,178,626
Restricted	5,297,575	5,490,971	7,463,306	12,160,233	43,671,684	45,735,080	49,923,874	49,923,152	47,659,856	47,133,957
Unrestricted	<u>(7,482,486)</u>	<u>(8,657,351)</u>	<u>(6,232,299)</u>	<u>(1,600,951)</u>	<u>416,414</u>	<u>4,551,444</u>	<u>12,388,355</u>	<u>16,172,505</u>	<u>17,273,519</u>	<u>19,621,526</u>
Total primary government net position	<u>\$16,914,962</u>	<u>\$15,413,439</u>	<u>\$17,350,247</u>	<u>\$23,479,802</u>	<u>\$ 49,301,881</u>	<u>\$ 49,559,727</u>	<u>\$ 57,792,789</u>	<u>\$ 64,846,380</u>	<u>\$ 66,502,390</u>	<u>\$ 73,934,109</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

City of Junction City, Kansas  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (Accrual basis accounting)

**EXPENSES**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental Activities</b>										
General government	\$ 11,839,659	\$ 7,293,604	\$ 6,842,828	\$ 11,965,528	\$ 6,181,566	\$ 5,078,582	\$ 3,216,686	\$ 2,972,338	\$ 2,818,453	\$ 2,564,763
Public safety	5,854,063	6,621,168	6,675,397	7,410,915	7,938,190	7,016,947	8,094,613	7,466,537	9,247,065	10,515,859
Public works	4,560,855	5,059,327	8,488,528	10,061,261	9,097,814	8,924,171	4,756,348	6,220,145	5,013,275	5,348,714
Culture and recreation	1,580,500	1,695,816	2,060,490	1,744,522	1,005,475	654,829	1,030,077	1,414,550	1,284,881	2,927,200
Economic Development	-	-	-	-	238,548	742,286	735,663	975,615	1,264,637	1,823,290
Public health and sanitation	-	-	-	-	-	1,134,918	1,803,687	2,034,862	2,053,932	2,160,507
Payments on other obligations (see note)	-	-	-	-	-	-	1,516,382	1,855,634	655,548	98,604
Interest long term debt	-	-	-	-	6,210,775	5,721,931	6,698,600	6,771,428	6,568,899	5,524,717
<b>Total governmental expenses</b>	<b>23,835,077</b>	<b>20,669,915</b>	<b>24,067,243</b>	<b>31,182,226</b>	<b>30,672,368</b>	<b>29,273,664</b>	<b>27,852,056</b>	<b>29,711,109</b>	<b>28,906,690</b>	<b>30,963,654</b>
<b>Business-type activities</b>										
Water/sewer	5,843,858	5,900,823	6,509,210	6,489,970	7,640,329	7,210,683	7,356,961	7,207,927	7,740,690	7,455,346
Rolling Meadows golf	525,259	523,165	543,841	548,355	555,128	477,042	332,836	-	-	-
Sanitation	1,026,459	835,574	935,241	1,005,900	1,236,329	1,366,544	1,440,358	1,268,602	1,084,085	1,016,260
Internal Services	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	253,430	246,341	408,349	462,200	498,018	546,754
Spin City	-	-	-	230,156	233,779	192,967	179,062	257,592	164,748	-
<b>Total business-type activities expenses</b>	<b>7,395,576</b>	<b>7,259,562</b>	<b>7,988,292</b>	<b>8,274,381</b>	<b>9,918,995</b>	<b>9,493,577</b>	<b>9,917,566</b>	<b>9,196,321</b>	<b>9,487,541</b>	<b>9,018,360</b>
<b>Total primary government expenses</b>	<b>\$ 31,230,653</b>	<b>\$ 27,929,477</b>	<b>\$ 32,055,535</b>	<b>\$ 39,456,607</b>	<b>\$ 40,591,363</b>	<b>\$ 38,767,241</b>	<b>\$ 37,569,622</b>	<b>\$ 38,907,430</b>	<b>\$ 38,394,231</b>	<b>\$ 39,982,014</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for Service	\$ 1,549,052	\$ 2,988,074	\$ 2,828,266	\$ 2,144,822	\$ 2,083,131	\$ 2,505,036	\$ 3,032,305	\$ 3,693,576	\$ 3,460,191	\$ 3,553,426
Intergovernmental	754,690	934,385	499,115	484,660	-	-	-	-	-	-
Operating grants and contributions	941,948	472,904	363,903	2,335,515	3,627,056	1,669,496	1,626,703	1,634,111	1,769,732	3,168,858
Other	1,818,957	1,407,233	1,896,914	451,597	33,674,775	-	-	-	-	-
Capital grants and contributions	59,426	5,960	4,385,178	5,749,283	-	4,875,055	6,432,843	2,518,706	481,939	996,975
<b>Total governmental activities program revenue</b>	<b>5,124,073</b>	<b>5,808,556</b>	<b>9,973,376</b>	<b>11,165,877</b>	<b>39,384,962</b>	<b>9,049,587</b>	<b>11,091,851</b>	<b>7,846,393</b>	<b>5,711,862</b>	<b>7,719,259</b>
<b>Business-type activities:</b>										
Charges for service										
Water/sewer	5,271,541	6,112,332	6,918,957	6,948,085	7,154,180	7,857,651	8,527,278	9,747,283	9,356,857	9,708,263
Rolling Meadows Golf	582,748	512,630	514,797	534,189	487,340	437,633	378,200	-	-	-
Sanitation	1,025,920	834,419	899,013	972,972	1,331,658	1,263,252	1,457,127	1,461,004	1,455,036	1,505,555
Storm water	-	-	-	-	464,447	722,161	836,450	781,779	780,995	855,654
Spin City	-	-	-	234,871	173,469	167,643	143,004	143,203	121,183	-
Capital grants and contributions	-	-	-	-	612,477	-	-	-	-	-
<b>Total business-type activities prgrm revenue</b>	<b>6,880,209</b>	<b>7,459,381</b>	<b>8,332,767</b>	<b>8,690,117</b>	<b>10,223,571</b>	<b>10,448,340</b>	<b>11,342,059</b>	<b>12,133,269</b>	<b>11,714,071</b>	<b>12,069,472</b>
<b>Total primary government program revenue</b>	<b>\$ 12,004,282</b>	<b>\$ 13,267,937</b>	<b>\$ 18,306,143</b>	<b>\$ 19,855,994</b>	<b>\$ 49,608,533</b>	<b>\$ 19,497,927</b>	<b>\$ 22,433,910</b>	<b>\$ 19,979,662</b>	<b>\$ 17,425,933</b>	<b>\$ 19,788,731</b>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (18,711,004)	\$ (14,861,359)	\$ (14,093,867)	\$ (20,016,349)	\$ 8,712,594	\$ (20,224,077)	\$ (16,760,205)	\$ (21,864,716)	\$ (23,194,828)	\$ (23,244,395)
Business-type activities	(515,367)	199,819	344,475	415,736	304,576	954,763	1,624,493	2,936,948	2,226,530	3,051,112
<b>Total primary government net expenses</b>	<b>\$ (19,226,371)</b>	<b>\$ (14,661,540)</b>	<b>\$ (13,749,392)</b>	<b>\$ (19,600,613)</b>	<b>\$ 9,017,170</b>	<b>\$ (19,269,314)</b>	<b>\$ (15,135,712)</b>	<b>\$ (18,927,768)</b>	<b>\$ (20,968,298)</b>	<b>\$ (20,193,283)</b>
<b>Gen Revenues &amp; other Changes Net Position</b>										
<b>Governmental activities:</b>										
<b>Taxes</b>										
Property taxes	\$ 5,163,701	\$ 5,245,456	\$ 6,397,274	\$ 6,733,809	\$ 8,309,953	\$ 8,892,436	\$ 9,027,993	\$ 9,937,633	\$ 9,470,337	\$ 9,628,455
Sales taxes	4,523,234	5,581,003	5,911,908	6,109,101	6,194,501	6,790,642	10,578,965	10,915,013	11,143,399	10,909,894
Franchise taxes	1,316,876	1,388,710	1,527,318	1,667,953	1,700,570	1,807,406	1,769,991	1,833,692	1,882,737	1,967,710
Motor vehicle taxes	744,830	790,008	881,400	744,210	-	-	-	-	-	-
Payment in lieu of property tax	-	-	-	-	26,026	18,080	15,537	16,406	14,137	13,052
Investment earnings	91,918	154,840	-	-	78,974	487,162	115,395	586,731	481,805	215,382
Gain on sale of capital assets	-	-	-	-	15,575	1,226,273	1,564,746	2,268,414	-	-
Miscellaneous	-	-	-	-	-	-	-	-	2,342,981	4,183,466
Transfers	50,000	438,262	-	1,950,000	1,122,955	159,000	389,185	1,452,824	1,522,500	1,522,500
<b>Total governmental activities</b>	<b>11,890,559</b>	<b>13,598,279</b>	<b>14,717,900</b>	<b>17,205,073</b>	<b>17,448,554</b>	<b>19,380,999</b>	<b>23,461,812</b>	<b>27,010,713</b>	<b>26,857,896</b>	<b>28,440,459</b>
<b>Business-type activities</b>										
Investment earnings	-	-	-	-	212	305,358	296,566	408,889	-	1,332
Miscellaneous	-	-	-	-	-	-	-	-	253,963	222,018
Transfers	(50,000)	(438,262)	-	(1,950,000)	(1,122,955)	(159,000)	(389,185)	(1,452,824)	(1,522,500)	(1,522,500)
<b>Total business-type activities</b>	<b>(50,000)</b>	<b>(438,262)</b>	<b>-</b>	<b>(1,950,000)</b>	<b>(1,122,743)</b>	<b>146,358</b>	<b>(92,619)</b>	<b>(1,043,935)</b>	<b>(1,268,537)</b>	<b>(1,299,150)</b>
<b>Total primary government</b>	<b>\$ 11,840,559</b>	<b>\$ 13,160,017</b>	<b>\$ 14,717,900</b>	<b>\$ 15,255,073</b>	<b>\$ 16,325,811</b>	<b>\$ 19,527,357</b>	<b>\$ 23,369,193</b>	<b>\$ 25,966,778</b>	<b>\$ 25,589,359</b>	<b>\$ 27,141,309</b>
<b>Change in Net Position</b>										
Governmental activities	\$ (6,820,445)	\$ (1,263,080)	\$ 624,033	\$ (2,811,276)	\$ 26,161,148	\$ (843,078)	\$ 6,701,607	\$ 5,145,997	\$ 3,663,068	\$ 5,196,064
Business-type activities	(565,367)	(238,443)	344,475	(1,534,264)	(818,167)	1,101,121	1,531,874	1,893,013	957,993	1,751,962
<b>Total primary government</b>	<b>\$ (7,385,812)</b>	<b>\$ (1,501,523)</b>	<b>\$ 968,508</b>	<b>\$ (4,345,540)</b>	<b>\$ 25,342,981</b>	<b>\$ 258,043</b>	<b>\$ 8,233,481</b>	<b>\$ 7,039,010</b>	<b>\$ 4,621,061</b>	<b>\$ 6,948,026</b>

**City of Junction City, Kansas**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b><u>General Fund</u></b>										
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,993,315	\$ 4,808,908	\$ 5,186,893	\$ 5,470,409
Reserved	1,193,484	1,036,113	1,713,029	1,205,385	-	-	-	-	-	-
Unreserved	<u>8,782</u>	<u>375,742</u>	<u>98,778</u>	<u>101,189</u>	<u>962,602</u>	<u>1,190,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general fund	<u>\$ 1,202,266</u>	<u>\$ 1,411,855</u>	<u>\$ 1,811,807</u>	<u>\$ 1,306,574</u>	<u>\$ 962,602</u>	<u>\$ 1,190,569</u>	<u>\$ 3,993,315</u>	<u>\$ 4,808,908</u>	<u>\$ 5,186,893</u>	<u>\$ 5,470,409</u>
<b><u>All Other Governmental Funds</u></b>										
Reserved	\$ 125,697	\$ 5,571,794	\$ 9,358,890	\$ 951,261	\$ 463,353	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	5,051,315	5,223,204	6,522,254	8,055,770
Committed	-	-	-	-	-	-	28,704	297,329	717,710	521,194
Unassigned	-	-	-	-	-	-	(938,126)	(164,901)	-	-
Unreserved, reported to:										
Special revenue funds	(448,754)	236,844	(3,149,811)	309,477	(828,373)	605,269	-	-	-	-
Capital projects funds	3,999,022	5,985,502	290,572	(5,207,298)	1,355,127	(925,046)	-	-	-	-
Debt service funds	(63)	460	963,655	435,817	-	2,050,646	-	-	-	-
Total all other governmental funds	<u>\$ 3,675,902</u>	<u>\$ 11,794,600</u>	<u>\$ 7,463,306</u>	<u>\$ (3,510,743)</u>	<u>\$ 990,107</u>	<u>\$ 1,730,869</u>	<u>\$ 4,141,893</u>	<u>\$ 5,355,632</u>	<u>\$ 7,239,964</u>	<u>\$ 8,576,964</u>

**CITY OF JUNCTION CITY, KANSAS**  
**CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Taxes	\$ 11,744,704	\$ 12,936,838	\$ 14,662,708	\$ 15,480,091	\$ 16,231,050	\$ 17,508,564	\$ 21,392,486	\$ 22,702,744	\$ 22,510,610	\$ 22,519,108
Licenses and permits	223,760	852,683	756,896	300,193	357,056	338,229	372,856	335,164	269,865	215,096
Intergovernmental	1,456,216	1,448,602	1,881,970	5,648,140	4,581,294	1,812,306	1,626,703	1,634,111	1,769,732	3,168,858
Charges for service	651,983	906,029	558,398	916,784	869,244	1,250,530	1,688,547	2,096,503	2,133,342	2,244,575
Fines and forfeitures	557,812	561,542	665,595	807,395	856,831	916,275	970,902	1,261,909	1,056,984	1,093,755
Special assessments	203,935	194,266	242,965	987,788	1,174,124	1,845,972	2,258,286	2,900,364	2,304,567	2,373,750
Use of money & propoerty	91,918	154,840	968,300	65,441	78,974	487,162	115,395	586,731	481,805	215,382
Miscellaneous	1,058,314	1,646,183	1,469,300	1,901,684	847,308	1,226,273	1,558,744	2,268,414	2,343,777	5,988,271
<b>Total revenues</b>	<b>15,988,642</b>	<b>18,700,983</b>	<b>21,206,132</b>	<b>26,107,516</b>	<b>24,995,881</b>	<b>25,385,311</b>	<b>29,983,919</b>	<b>33,785,940</b>	<b>32,870,682</b>	<b>37,818,795</b>
<b>Expenditures</b>										
General government	11,657,238	5,783,577	6,504,762	6,046,231	5,867,437	4,751,387	2,916,596	2,630,079	2,441,196	2,200,394
Pubic safety	5,581,258	6,256,968	6,736,805	7,043,074	7,529,777	6,567,932	7,672,222	7,581,904	8,806,794	11,815,167
Public works	3,737,437	3,558,897	6,713,919	12,973,947	5,979,284	5,922,418	1,856,020	3,698,812	2,368,331	3,279,179
Public health and sanitation	-	-	-	-	-	1,134,918	1,803,687	1,991,829	2,053,932	2,160,507
Culture & recreation	1,574,390	1,634,571	2,048,855	1,676,106	937,124	508,603	962,373	1,443,330	1,553,195	2,854,406
Economic development	-	-	-	-	238,548	742,137	735,663	975,615	1,264,637	1,823,290
Capital outlay	4,914,922	46,116,740	45,032,503	11,295,030	10,950,068	953,775	45,599	32,427	1,424	-
Debt service principal	1,215,000	1,260,000	1,035,000	1,714,133	62,020,310	36,602,730	4,847,347	6,135,149	13,578,026	6,997,015
Debt service interest & fees	548,952	617,274	624,262	2,181,625	5,349,260	7,523,380	6,794,931	6,679,307	6,686,399	5,861,176
Payment in contractual obligations	-	-	-	-	-	-	1,516,382	1,855,634	655,548	98,604
Bond issuance costs	-	-	-	297,051	888,425	-	149,625	-	-	-
Miscellaneous	-	-	-	-	-	-	335,987	185,128	358,809	631,041
<b>Total Expenditures</b>	<b>29,229,197</b>	<b>65,228,027</b>	<b>68,696,106</b>	<b>43,227,197</b>	<b>99,760,233</b>	<b>64,707,280</b>	<b>29,636,432</b>	<b>33,209,214</b>	<b>39,768,291</b>	<b>37,720,779</b>
<b>Excess revenues over (under) expenditures</b>	<b>(13,240,555)</b>	<b>(46,527,044)</b>	<b>(47,489,974)</b>	<b>(17,119,681)</b>	<b>(74,764,352)</b>	<b>(39,393,969)</b>	<b>347,487</b>	<b>576,726</b>	<b>(6,897,609)</b>	<b>98,016</b>
<b>Other Financing Sources (Uses)</b>										
Bonds issued	6,000,000	-	24,225,000	15,283,057	34,280,000	38,910,000	4,427,074	-	8,247,988	-
Capitla Leases	-	-	-	-	671,138	-	-	-	-	-
Temporary note proceeds	6,000,000	52,345,000	60,940,000	57,690,000	33,525,000	-	-	-	-	-
Revolving loan fund proceeds	-	2,244,479	1,551,088	4,703,920	7,984,482	1,293,895	50,443	-	-	-
Certificate of participation proceeds	-	4,475,000	-	-	-	-	-	-	-	-
Payment to Refunded Bond	-	-	-	-	360,311	-	-	-	-	-
Loan repayments	-	(10,415,000)	(43,617,396)	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	15,575	-	-	-	-	-
Transfers in	50,000	448,262	-	1,950,000	6,673,895	232,000	1,100,000	1,857,306	1,522,918	1,722,500
Transfers out	-	(10,000)	-	-	(5,116,205)	(73,000)	(710,815)	(404,482)	(418)	(200,000)
Total other financing sources (uses)	12,050,000	49,087,741	43,098,692	79,626,977	78,394,196	40,362,895	4,866,702	1,452,824	9,770,488	1,522,500
<b>Net change in fund balances</b>	<b>\$ (1,190,555)</b>	<b>\$ 2,560,697</b>	<b>\$ (4,391,282)</b>	<b>\$ 62,507,296</b>	<b>\$ 3,629,844</b>	<b>\$ 968,926</b>	<b>\$ 5,214,189</b>	<b>\$ 2,029,550</b>	<b>\$ 2,872,879</b>	<b>\$ 1,620,516</b>
Debt service as a percentage of noncapital expenditures	7.25%	9.82%	7.01%	12.20%	75.86%	68.84%	39.34%	40.05%	52.21%	34.09%

**City of Junction City, Kansas**  
**Water Produced and Consumed and Wastewater Treated**  
**Last Ten Fiscal Years**

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated		Total Direct Rate					
							Water			Sewer		
							Base Rate (1)	Usage Rate (2)	Usage Rate (3)	Base Rate (4)	Usage Rate (5)	
2005	1,275,905,000	1,246,479,000	81,748,000	6.41%	511,104,000	220,271,000	\$ 10.12	\$ 1.23	\$ 1.55	\$ 22.00	\$ 0.90	
2006	1,133,636,000	1,187,666,000	242,621,000	21.40%	514,292,000	245,718,000	10.53	1.28	1.61	22.00	0.90	
2007	1,411,572,000	1,119,829,000	291,743,000	20.67%	514,292,000	245,718,000	10.78	1.31	1.64	22.00	0.90	
2008	1,374,244,000	1,035,790,000	338,454,000	24.63%	535,010,000	248,662,000	11.38	1.38	1.73	22.00	0.90	
2009	1,314,941,000	713,063,000	241,933,000	18.40%	620,500,000	248,820,000	11.38	1.38	1.73	22.00	0.90	
2010	1,503,161,000	1,502,905,925	255,075,000	16.97%	683,645,000	271,925,000	11.38	1.39	1.75	22.00	0.90	1/1 to 9/10
2011	1,644,257,000	1,263,581,000	380,676,000	23.46%	618,104,000	298,639,000	23.51	1.29	1.75	22.00	0.90	9/10 to 12/31
2012	1,682,167,000	1,096,078,000	586,089,000	34.80%	602,250,000	260,975,000	15.72	2.02	2.33	25.50	1.90	
2013	1,436,404,000	1,081,639,000	354,765,000	24.70%	595,267,000	260,641,000	15.72	2.02	2.33	25.50	1.90	
2014	1,531,362,000	1,084,990,000	446,372,000	29.15%	573,511,000	328,075,000	16.03	2.06	2.37	25.50	1.90	1/1 to 6/16
2014							18.27	2.22	2.55	26.90	2.00	6/17 to 12/31

- (1) Water rate is for 1" or less size meter and includes 200 cubic feet of water consumption
- (2) Water rate for over 200 cubic feet but not more than 1,000 cubic feet of water consumption
- (3) Water rate for above 1,000 cubic feet of water consumption and above
- (4) Sewer Base Rate includes the first 200 cubic feet of water consumption
- (5) Sewer usage rate is for usage over 200 cubic feet - charge per 100 cubic feet



**City of Junction City, Kansas**  
**Annual Water & Wastewater Tap Sales**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Water Meter Taps Sold</b>	<b>Wastewater Taps Sold</b>	<b>Total Taps</b>
<b>2005</b>	n/a	n/a	n/a
<b>2006</b>	n/a	n/a	n/a
<b>2007</b>	n/a	n/a	n/a
<b>2008</b>	n/a	n/a	n/a
<b>2009</b>	127	123	250
<b>2010</b>	126	125	251
<b>2011</b>	98	100	198
<b>2012</b>	100	99	199
<b>2013</b>	28	23	51
<b>2014</b>	21	17	38

**City of Junction City, Kansas**  
**Number of Water and Sewer Customers by Type**  
**Last Ten Fiscal Years**

Fiscal Year	WATER		WASTEWATER		TOTAL	
	RESIDENTIAL	COMMERCIAL	RESIDENTIAL	COMMERCIAL	WATER	WASTEWATER
<b>2005</b>	6,181	629	6,181	629	6,810	6,810
<b>2006</b>	6,734	680	6,734	680	7,414	7,414
<b>2007</b>	7,740	780	7,740	780	8,520	8,520
<b>2008</b>	8,195	742	8,195	742	8,937	8,937
<b>2009</b>	9,123	693	9,123	693	9,816	9,816
<b>2010</b>	8,810	782	8,547	767	9,592	9,314
<b>2011</b>	9,060	781	8,801	761	9,841	9,562
<b>2012</b>	9,915	878	8,781	812	10,793	9,593
<b>2013</b>	10,091	818	8,708	812	10,909	9,520
<b>2014</b>	10,141	835	8,767	813	10,976	9,575

**City of Junction City, Kansas  
Water and Sewer Rates  
Last Ten Fiscal Years**

**WATER** - (per month inside or outside city limits (1))

	2005	2006	2007	2008	2009	2010*	2011	2012	2013	2014	2014
										1/1 to 6/16	6/17 to 12/31
1. Minimum charge, Not in excess of 200 cubic feet 1" meter or less	\$ 10.12	\$ 10.53	\$ 10.78	\$ 11.38	\$ 11.38	\$ 23.51	\$ 15.51	\$ 15.72	\$ 15.72	\$ 16.03	\$ 17.07
2. Minimum charge, Not in excess of 200 cubic feet Over 1" and up to and including 1.5" meters	81.82	85.17	87.21	92.09	92.09	105.19	97.19	98.55	98.55	100.52	107.05
3. Minimum charge, Not in excess of 200 cubic feet Over 1.5" and up to and including 2" meters	165.24	172.01	176.13	185.99	185.99	200.22	192.22	194.91	194.91	198.80	211.72
4. Minimum charge, Not in excess of 200 cubic feet Over 2" and up to and including 3" meters	246.00	256.08	262.22	276.90	276.90	292.22	284.22	288.19	288.19	293.95	313.06
5. Minimum charge, Not in excess of 200 cubic feet Over 3" and up to and including 4" meters	327.28	340.69	348.86	368.39	368.39	384.81	376.81	382.08	382.08	389.72	415.05
6. Minimum charge, Not in excess of 200 cubic feet 4" meter and over	412.50	429.41	439.71	464.33	464.33	481.90	473.90	480.53	480.53	490.14	522.00
7. 300 cubic feet to 1,000 cubic feet, per 100 cubic feet	1.23	1.28	1.31	1.38	1.38	1.39	2.00	2.02	2.02	2.06	2.22
8. All above 1,000 cubic feet, per 100 cubic feet	1.55	1.61	1.64	1.73	1.73	1.75	2.30	2.33	2.33	2.37	2.55

**WASTEWATER** - rates per month (2)

1. Minimum charge, not in excess of 200 cubic feet	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 29.00	\$ 25.50	\$ 25.50	\$ 25.50	\$ 25.50	\$ 26.90
2. 300 cubic feet and above, per 100 cubic feet	0.90	0.90	0.90	0.90	0.90	0.90	1.90	1.90	1.90	1.90	2.00
3. For users contributing wastewater which is greater strength than normal domestic sewage, the following surcharge is added:											
\$.16 per pound BOD (biological oxygen demand)											
\$.018 per pound SS (suspended solids)											
Large contributors (Over 500,000 gallons)											
\$.104 per pound BOD (biological oxygen demand)											
\$.117 per pound SS (suspended solids)											

**STORM WATER** - rates per month (3)

1. Developed residential assessment per living unit	\$ -	\$ -	\$ -	\$ -	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
2. For each living unit served by more than one water meter, \$3.00 per month per add. Meter	-	-	-	-	3.00	3.00	3.00	3.00	3.00	3.00	3.00
3. Undeveloped residential property per month per lot or tract	-	-	-	-	3.00	3.00	3.00	3.00	3.00	3.00	3.00

(1) Starting in 2003, water rates automatically adjust in August of each fiscal year based on the preceding 12 months consumer price index

(2) Residential users are billed based on average monthly water usage during the months of December and January. Commercial users are billed based on water consumption each month

(3) Storm water utility became effective in 2009

\*Two rate changes in 2010, last rate increase beginning 9/10/10 to 12/31/10.

CITY OF JUNCTION CITY, KANSAS  
 TEN LARGEST WATER AND WASTEWATER UTILITY CUSTOMERS  
 AS OF DECEMBER 31, 2014

<u>Customer</u>	<u>Water Revenue</u>		<u>Sewer Revenue</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Amour Swift-Eckrich	\$241,877.64	5.40%	Armour Eckrich	\$522,554.54 10.95%
Grandview Plaza	115,339	2.57%	Geary County Hospital	53,017 1.11%
Geary Community Hospital	71,363	1.59%	Hodgdon Powder Company	34,560 0.72%
Penn Enterprises	41,180	0.92%	Penn Enterprises	29,083 0.61%
Rural Water District #1	25,788	0.58%	Junghans Agency	13,470 0.28%
Valley View Sr Life	23,008	0.51%	Green Park Apartments	12,029 0.25%
Green Park Apartments	19,633	0.44%	USD 475	11,395 0.24%
Hickory Hills Residences	19,543	0.44%	Sapp Brothers Car Wash	10,875 0.23%
Junghans Agency	19,066	0.43%	Zions First National	10,154 0.21%
USD 475	<u>18,811</u>	<u>0.42%</u>	Valley View Sr Life	<u>10,014</u> <u>0.21%</u>
Subtotal (10 largest)	595,609	13.29%		707,151 14.82%
Balance from other customers	<u>3,886,301</u>	<u>86.71%</u>	Balance from other customers	<u>4,065,452</u> <u>85.18%</u>
Grand Total	<u>\$4,481,909.51</u>	<u>100.00%</u>	Grand Total	<u>\$4,772,603.68</u> <u>100.00%</u>

CITY OF JUNCTION CITY, KANSAS  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Utilities</b>	<b>Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Estimated Actual Value</b>	<b>Assessed to Total Estimated Actual Value</b>
<b>2005</b>	\$ 81,806,992	\$16,073,151	\$ 5,512,528	\$ 97,880,143	55.361	\$ 606,672,450	16.13%
<b>2006</b>	101,512,552	11,631,295	5,529,418	113,143,847	47.736	760,985,936	14.87%
<b>2007</b>	127,455,177	8,231,124	5,826,100	141,512,401	47.394	937,330,169	15.10%
<b>2008</b>	147,537,742	7,919,079	5,843,324	163,662,593	48.272	1,099,775,885	14.88%
<b>2009</b>	150,132,743	6,036,910	5,364,037	165,026,671	48.474	1,112,580,891	14.83%
<b>2010</b>	156,333,878	5,341,390	5,329,524	167,004,792	48.282	1,128,182,386	14.80%
<b>2011</b>	159,395,617	4,542,902	5,702,414	169,640,933	50.257	1,152,876,108	14.71%
<b>2012</b>	160,411,817	4,426,706	7,073,239	171,911,762	47.841	1,155,720,247	14.87%
<b>2013</b>	161,129,693	4,218,203	7,662,284	173,010,180	47.635	1,164,604,565	14.90%
<b>2014</b>	162,987,182	3,087,175	8,302,106	174,376,463	47.666	1,177,486,959	14.81%

Source: Geary County Clerk

Note: Does not include penalty amounts.

CITY OF JUNCTION CITY, KANSAS  
 DIRECT AND OVERLAPPING PROPERTY TAX RATES  
 (PER \$1,000 OF ASSESSED VALUE)  
 LAST TEN FISCAL YEARS

**City Direct Rates**

<b>Fiscal Year</b>	<b>Basic Rate</b>	<b>Debt Service</b>	<b>Library</b>	<b>Total Direct Rate</b>	<b>USD 475</b>	<b>Geary County</b>	<b>State of Kansas</b>	<b>Total</b>
<b>2005</b>	36.166	15.001	4.194	55.361	38.982	56.128	1.5	151.971
<b>2006</b>	29.692	13.98	4.064	47.736	46.524	55.741	1.5	151.501
<b>2007</b>	38.653	14.961	3.78	47.394	44.695	50.468	1.5	144.057
<b>2008</b>	27.911	17.032	3.329	48.272	43.261	46.663	1.5	139.696
<b>2009</b>	24.314	20.494	3.666	48.474	45.566	49.598	1.5	145.138
<b>2010</b>	26.84	16.75	4.708	48.282	45.445	53.126	1.5	148.353
<b>2011</b>	10.589	35.138	4.623	50.35	45.499	53.39	1.5	150.605
<b>2012</b>	10.233	33.172	4.436	47.841	45.823	52.205	1.5	147.369
<b>2013</b>	14.324	28.87	4.436	47.635	45.961	54.084	1.5	149.180
<b>2014</b>	18.578	24.865	4.223	47.666	43.525	60.827	1.5	153.518

Source: Geary County Clerk

City of Junction City, Kansas  
 Top Largest Tax Payers  
 Ten Year Comparison

2014				2005			
Rank	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Rank	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
1	Westar	\$ 5,508,749	3.16%	1	Western Resources	\$ 5,834,264	6.71%
2	Bluff Apartments	4,024,079	2.31%	2	F. W. Woolworth Co.	2,999,425	3.40%
3	FW Woolworth Company	3,003,350	1.72%	3	Junctin City Marriott	2,441,478	2.92%
4	Armour-Eckrich	2,362,451	1.35%	4	Foot LockEr	2,372,533	2.69%
5	Richard Edwards	2,333,888	1.34%	5	United Telephone	2,033,658	2.30%
6	Wal-Mart	2,051,791	1.18%	6	Walmart	1,504,803	1.70%
7	John Q Hammonds	1,900,000	1.09%	7	Con Agra Foods	1,429,620	1.62%
8	Kansas Gas Service	1,550,366	0.89%	8	Kansas Gas Service	1,353,232	1.53%
9	Junction City GSC Enterprises	1,360,063	0.78%	9	Ron Bramlage Real Estate	1,006,898	1.14%
10	Bankers Bank	1,331,135	0.76%	10	Central National Bank	617,032	0.70%
Total Taxable Assessed Value in 2014		\$ 174,376,463		Total Taxable Assessed Value in 2005		\$ 97,880,143	

Source: Geary County Clerk

CITY OF JUNCTION CITY, KANSAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Year	*Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percent of Current Tax Levy	Outstanding Delinquent Tax	Outstanding Delinquent Taxes as a Percent of Current Levy
2005	\$ 5,374,668	\$ 5,238,331	97.46%	\$ 156,273	\$ 5,394,604	100.37%	\$ 110,131	2.05%
2006	5,644,954	5,516,483	97.72%	240,065	5,756,548	101.98%	100,507	1.78%
2007	6,678,742	6,411,588	96.00%	131,510	6,543,098	97.97%	266,652	3.99%
2008	7,845,046	7,302,150	93.08%	-	7,302,150	93.08%	499,159	6.36%
2009	7,946,869	7,434,184	93.55%	206,332	7,604,516	96.14%	443,429	5.58%
2010	8,036,437	7,593,081	94.48%	291,900	7,884,981	98.12%	443,149	5.51%
2011**	8,473,519	8,206,048	96.84%	720,804	8,926,852	105.35%	267,322	3.15%
2012	8,361,778	8,034,670	96.09%	-	8,034,670	96.09%	278,919	3.34%
2013	8,381,011	8,027,870	95.79%	375,117	8,402,987	100.26%	315,106	3.76%
2014	8,562,672	7,983,131	93.23%	243,076	8,226,207	96.07%	583,424	6.81%

Source: Geary County Treasurer as of May 18, 2015

\*Total tax levied includes adds and abates. Excludes large trucks and special assessments.



**City of Junction City, Kansas**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Per Capita
	General Obligation Bonds	Special Assessment Debt	KDOT Revolving Loans	Capital Lease Obligations	Notes Payable	Temporary Notes	General Obligation Bonds	Revenue Bonds	K.D.H.E. Revolving Loan	Notes Payable	Capital Lease Obligations		
2005	\$ 19,670,000	\$ -	\$ -	\$ 1,386,708	\$ -	\$ 10,415,000	\$ 7,350,000	\$ -	\$ 5,235,726	\$ -	\$ 563,394	\$ 44,620,828	\$ 2,720
2006	18,410,000	-	2,244,479	52,345,000	-	6,104,010	6,815,000	-	7,995,841	-	473,465	94,387,795	5,860
2007	41,270,000	-	3,394,389	65,840,000	-	6,002,444	10,465,000	-	8,415,417	-	525,813	135,913,063	6,776
2008	53,762,000	-	7,866,803	57,690,000	-	5,728,874	11,835,000	-	8,028,480	-	912,547	145,823,704	7,055
2009	41,251,463	45,022,874	14,941,048	5,837,604	-	32,435,000	11,730,000	-	7,902,304	789,870	306,703	160,216,866	7,979
2010	59,636,939	62,658,956	15,265,655	5,104,950	-	-	10,875,000	-	7,740,887	719,446	245,408	162,247,241	6,948
2011	61,866,529	60,970,581	14,497,537	749,234	-	-	10,765,000	-	7,299,593	645,233	167,344	156,961,051	7,324
2012	59,348,137	58,529,603	13,661,758	1,366,638	567,814	-	9,800,000	-	6,785,481	-	654,551	150,713,982	6,276
2013	57,853,046	55,615,724	12,783,257	968,153	487,031	-	8,869,586	-	6,316,556	-	513,261	143,406,614	5,555
2014	54,967,596	53,050,057	11,877,072	1,808,113	431,277	-	7,826,597	-	5,832,674	-	628,566	136,421,952	5,284

Debt listed as of December 31

2013 estimated population from US Census = 25,838

City of Junction City, Kansas  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

**Legal Debt Margin Calculation for Fiscal Year 2014:**

Assessed Valuation (1)

Legal Debt Limit at 37% of AV (2)

General Obligation Bonds Outstanding

Outstanding GO Debt Applicable to Debt Limit

Legal Debt Margin

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 44,623,887	\$ 53,417,960	\$ 62,944,863	\$ 71,965,169	\$ 72,748,236	\$ 73,413,489	\$ 68,796,606	\$ 69,454,577	\$ 69,918,259	\$ 70,486,430
Total Net Debt Applicable to Limit	\$ 25,471,994	\$ 36,300,716	\$ 61,201,498	\$ 63,801,157	\$ 71,009,486	\$ 68,910,263	\$ 67,860,839	\$ 64,843,235	\$ 62,640,908	\$ 59,410,241
Legal Debt Margin	\$ 19,151,893	\$ 17,117,244	\$ 1,743,365	\$ 8,164,012	\$ 1,738,750	\$ 4,503,226	\$ 935,767	\$ 4,611,342	\$ 7,277,351	\$ 11,076,189
Total net debt applicable to the limit as a percentage of debt limit	57%	68%	97%	89%	98%	94%	99%	93%	90%	84%

(1) Includes motor vehicle valuation.

(2) Debt limit is set at 30% of assessed valuation per state statute. In 2009 the statute was amended for the City of Junction City and the limit was raised to 40%. This limit was scheduled to decline to 37% in 2011, 34% in 2013 and 30% in 2015. In early 2012, the statute was amended a second time and the decline in limit was revised to remain at 37% until 2016, 34% until 2020 and 30% thereafter.

**City of Junction City, Kansas**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General* Obligation Bonds</b>	<b>Less Amount Available In Debt Service Fund*</b>	<b>Total</b>	<b>Actual Taxable Value of Property</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
<b>2005</b>	\$ 19,670,000	\$ 131,042	\$19,538,958	\$97,880,143	19.96%	\$ 1,034.74
<b>2006</b>	18,410,000	460	18,409,540	118,673,671	15.51%	\$ 1,143.02
<b>2007</b>	41,270,000	963,655	40,306,345	141,512,401	28.48%	\$ 2,009.39
<b>2008</b>	53,762,000	435,817	53,326,183	163,662,593	32.58%	\$ 2,579.76
<b>2009</b>	60,225,000	-	60,225,000	165,153,442	29.13%	\$ 3,237.86
<b>2010</b>	128,035,896	-	128,035,896	167,004,792	53.54%	\$3,019.40
<b>2011</b>	123,993,559	2,290,853	121,702,706	169,325,891	42.89%	\$ 2,867.17
<b>2012</b>	120,207,668	2,085,600	118,122,068	171,911,762	40.22%	\$ 2,781.25
<b>2013</b>	117,842,419	2,949,451	114,892,968	173,010,180	38.57%	\$ 2,644.02
<b>2014</b>	108,950,876	3,016,451	105,934,425	174,367,463	60.75%	\$ 4,099.95

\*As of December 31st

2013 Census Data for Junction City = 25,838

**City of Junction City, Kansas**  
**Direct and Overlapping Governmental Activities Debt**

As of June 30, 2014\*

<b>Government Unit:</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Geary County	\$ 32,180,000	69%	\$ 22,204,200
U.S.D. #475 School District	<u>27,415,000</u>	69%	<u>\$ 18,916,350</u>
Total Estimated Overlapping Debt	\$ 59,595,000		\$ 41,120,550
<b>DIRECT DEBT</b>			
City of Junction City	<u>\$ 148,667,195</u>	100%	<u>\$ 148,667,195</u>
<b>DIRECT &amp; ESTIMATED OVERLAPPING DEBT</b>	<u><u>\$ 208,262,195</u></u>		<u><u>\$ 189,787,745</u></u>

Source: Office of Geary County Clerk

\*Numbers provided by County were for June 30, 2014

\*\*Per person within city limits based on 2014 estimated population.

Junction City = 25,388 Geary County = 36,713

(1) Information represents the share of the respective debt which are obligations of the citizens of Junction City.

City of Junction City, Kansas  
 Water and Pledged Revenue Coverage  
 Last Ten Fiscal Years

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Principal & Interest	Coverage
2005	\$ 5,824,026	\$ 4,729,261	\$ 1,094,765	\$ 1,262,284	87%
2006	6,112,332	4,062,138	2,050,194	1,379,923	149%
2007	7,152,798	5,110,181	2,042,617	1,448,373	141%
2008	6,939,622	4,427,980	2,511,642	1,608,536	156%
2009	7,665,298	6,131,616	1,533,682	1,915,830	80%
2010	8,009,136	7,712,856	1,974,702	1,678,422	118%
2011	8,719,225	5,180,850	3,538,375	896,655	395%
2012*	10,004,859	5,935,892	4,068,967	1,323,232	307%
2013	9,580,170	6,445,000	3,135,170	2,049,426	153%
2014	9,950,736	6,405,590	3,545,146	2,032,415	174%

\*City took over operations of water & wastewater distribution system in 2012.

**City of Junction City, Kansas  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Income (3)</b>	<b>Public School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>	<b>Median Age (6)</b>
<b>2005</b>	16,402	\$ 852,544,000	\$ 29,485	6,426	6.2	n/a
<b>2006</b>	16,106	\$ 969,245,000	\$ 32,917	6,441	4.9	29.0
<b>2007</b>	20,059	\$ 1,090,335,000	\$ 36,912	6,784	3.9	n/a
<b>2008</b>	20,671	n/a	\$ 41,504	7,048	4.4	n/a
<b>2009</b>	21,931	n/a	n/a	6,983	3.4	30.4
<b>2010</b>	23,353	n/a	n/a	7,868	7.9	n/a
<b>2011</b>	24,440	n/a	n/a	8,151	6.7	n/a
<b>2012</b>	25,817	n/a	n/a	7,905	7.3	n/a
<b>2013</b>	25,817	n/a	n/a	8,089	6.9	n/a
<b>2014</b>	25,388	n/a	n/a	8,172	6.5	29.3

(1) U.S. Department of Commerce, Bureau of Census

(2) Kansas Department of Labor information for Geary County

(3) Bureau of Economic Analysis, Bureau of Census represents Geary County

(4) Unified School District #475, Geary County

(5) Kansas Department of Human Resources, Labor Market Information Services. Rate is expressed for Geary County. Junction City's population accounts for 67% of the total Geary County population

(6) Kansas Statistical Abstract

**City of Junction City, Kansas  
Principal Employers (1)  
Current Year and Ten Years Ago**

	2014			2005	
	Estimated Number of Employees	Percentage Total County Employment		Estimated Number of Employees	Percentage Total County Employment
Fort Riley Civil Service Civilian employees	3,543	24.9%	Fort Riley Civil Service Civilian Employees	2452	20.4%
U.S.D. #475 School District	1,350	9.5%	U.S.D. #475 School District	912	7.6%
Amour Eckrich Inc.	420	3.0%	Foot Locker, Inc.	867	7.2%
Wal-Mart Super Center	415	2.9%	ConAgra Foods	457	3.8%
Geary Community Hospital	413	2.9%	Geary Community Hospital	390	3.3%
Footlocker Distribution Center	338	2.4%	Empire Today	325	2.7%
City of Junction City	234	1.6%	Geary County	192	1.6%
Geary County	197	1.4%	Kaw Valley Engineering	152	1.3%
Dillons	130	0.9%	City of Junction City	140	1.2%
Century Link	115	0.8%	Sprint	130	1.1%

(1) Information Provided by Junction City/Geary County Economic Development as of 5/15/14. Percentage of Total City employment is based on Gear County total only.

(2) Information provided by Fort Riley, United States Army Garrison, Fort Riley spans two counties, Geary and Riley

City of Junction City, Kansas  
Full-time Employees by Department  
Last Ten Fiscal Years

	2005		2006		2007		2008		2009		2010*		2011		2012**		2013		2014	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Governmental Activities:</b>																				
<b>General Government</b>																				
General Administration	3.5	2.05	5	2.50	6	2.99	7	3.30	6	2.72	7	4.43	8	5.09	5	2.66	5	2.69	5	2.63
Human Resources	6.5	3.81	10.5	5.25	7.5	3.73	4.5	2.12	4.5	2.04	1	0.63	1	0.64	1	0.53	1	0.54	1	0.53
Information Services	0	0.00	5	2.50	5	2.49	4	1.89	4	1.81	2	1.27	1	0.64	1	0.53	1	0.54	2	1.05
Economic Development	3	1.76	3	1.50	3	1.49	3	1.42	3	1.36	2	1.27	2	1.27	0	0.00	0	0.00	0	0.00
Building Maintenance															3	1.60	3	1.61	3	1.58
<b>Public Safety</b>																				
Police Department	72.5	42.52	73	36.50	74	36.82	77	36.32	72	32.65	63	39.87	63	40.13	68	36.17	69	37.10	70	36.84
Fire/EMS Department	44	25.81	48	24.00	49	24.38	51	24.06	56	25.40	50	31.65	50	31.85	53	28.19	53	28.49	53	27.89
Codes/Inspection	3	1.76	7	3.50	7	3.48	7	3.30	5	2.27	2.5	1.58	2.5	1.59	3	1.60	3	1.61	4	2.11
Municipal Court															6	3.19	6	3.23	5	2.63
<b>Public Works</b>																				
Engineering	4	2.35	6.5	3.25	3	1.49	2	0.94	2	0.91	2.5	1.58	2.5	1.59	2	1.06	2	1.08	4	2.11
Self Help Housing	3	1.76	3	1.50	3	1.49	3.5	1.65	3	1.36	3	1.90	3	1.91	3	1.60	0	0.00	0	0.00
Streets	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.63	1	0.64	12	6.38	12	6.45	12	6.32
<b>Culture &amp; Recreation</b>																				
Recreation	12	7.04	15	7.50	9.5	4.73	13.5	6.37	13.5	6.12	2	1.27	1	0.64	1	0.53	1	0.54	1	0.53
Parks											7	4.43	7	4.46	6	3.19	6	3.23	6	3.16
Junction City Arts	0	0.00	0	0.00	0	0.00	2	0.94	2	0.91	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Spin City	0	0.00	0	0.00	0	0.00	0	0.00	12	5.44	1	0.63	1	0.64	2	1.06	1	0.54	1	0.53
Rolling Meadows Golf Course	11.5	6.74	13	6.50	13	6.47	17.5	8.25	17.5	7.94	5	3.16	5	3.18	2	1.06	3	1.61	3	1.58
<b>Total for Gov't-type Activities</b>	<b>163</b>	<b>95.60</b>	<b>189</b>	<b>94.50</b>	<b>180</b>	<b>89.55</b>	<b>192</b>	<b>90.57</b>	<b>200.5</b>	<b>90.93</b>	<b>149</b>	<b>94.30</b>	<b>148</b>	<b>94.27</b>	<b>168</b>	<b>89.36</b>	<b>166</b>	<b>89.25</b>	<b>170</b>	<b>89.47</b>
<b>Business-type Activities</b>																				
Solid Waste	0		0		0		0		0		0		0		6	3.19	6	3.23	6	3.16
Water/Sewer	7.5	4.40	11	5.50	21	10.45	20	9.43	20	9.07	9	5.70	9	5.73	14	7.45	14	7.53	14	7.37
<b>Total Business-type Activities</b>	<b>7.5</b>	<b>4.40</b>	<b>11</b>	<b>5.50</b>	<b>21</b>	<b>10.45</b>	<b>20</b>	<b>9.43</b>	<b>20</b>	<b>9.07</b>	<b>9</b>	<b>5.70</b>	<b>9</b>	<b>5.73</b>	<b>20</b>	<b>10.64</b>	<b>20</b>	<b>10.75</b>	<b>20</b>	<b>10.53</b>
<b>Total Full-time Employees</b>	<b>170.5</b>		<b>200</b>		<b>201</b>		<b>212</b>		<b>220.5</b>		<b>158</b>		<b>157</b>		<b>188</b>		<b>186</b>		<b>190</b>	

(1) In 2003, the City's 33 street employees became employees of Veolia Water, the contractor for the City's public works operations, water and wastewater plants.

\*Previous years include full and part-time employees. 2010,2011,and 2012 are full-time employees only.

\*\*2012 the city took over public works operations that had been contract services since 1999.



**City of Junction City, Kansas**  
**Operating Indicators by Function/program**  
**Last Ten Fiscal Years**

<b>Function/Program:</b>	<b>2005</b>	<b>2005</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>General Government</b>										
Building Permits Issued	146	848	1,034	348	1,209	1,042	1,022	958	994	1,090
Building Inspections Conducted	1,748	11,415	16,712	13,547	8,322	7,987	4,675	4,572	3,637	
<b>Police</b>										
Physical Arrests	1,644	1,662	1,797	2,069	2,086	2,321	2,444	2,396	1,708	2,431
Traffic Violations	8,361	9,142	9,101	10,848	7,332	7,867	7,724	8,232	6,314	6,678
<b>Fire</b>										
Fire Calls	805	1,014	1,079	1,235	1,736	1,693	1,625	1,712	1,683	1,559
Emergency Medical Service Calls	1,951	2,245	2,402	2,726	2,705	2,627	2,652	2,804	2,815	2,921
<b>Parks &amp; Recreation</b>										
Golf course (Rounds of Golf)	23,478	24,156	21,680	21,513	21,575	17,567	14,468	17,016	12,952	15,678
Golf course (Rounds per Special Events)	1,929	1,743	2,341	1,763	2,198	2,160	1,431	808	1,077	571
<b>Water</b>										
Average daily consumption (gallons x 1,000)	2,880,000	3,110,000	3,000,000	2,860,000	2,939,748	3,419,414	3,268,000	3,190,000	2,904,667	2,973,000
Peak daily consumption (gallons x 1000)	4,266,000	5,135,000	4,988,000	4,516,000	4,358,000	5,734,000	6,216,000	5,620,000	5,229,000	6,331,000
<b>Wastewater</b>										
East Plant Average daily sewage treatment (gallons)	n/a	1,366,000	1,421,000	1,462,000	1,493,000	1,873,000	1,694,000	1,650,000	1,630,000	1,572,000
SW Plant Average daily sewage treatment (gallons)	682,000	673,000	717,000	672,000	689,000	745,000	818,166	715,000	770,000	816,000

City of Junction City, Kansas  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

Function/Program:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b><u>Police</u></b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	7	7	7	7	7	7	7	7	7	7
<b><u>Fire Stations</u></b>										
	2	2	2	2	2	2	2	2	2	2
<b><u>Public Works</u></b>										
Streets (miles)	87.4	87.4	124	124	149	149	149	149	149	149
Streetlights	1,326	1,438	1,438	1,438	1,615	1,615	1,615	1,615	1,615	1,615
Traffic Signals	13	13	15	15	15	19	18	18	18	18
<b><u>Parks &amp; Recreation</u></b>										
Public Parks	16	17	17	18	18	18	19	19	19	19
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Fields	5/6	5/6	5/6	5/6	5/6	5/6	7	7	7	7
Tennis Courts	7	7	7	7	7	7	6	6	6	6
Community Centers	2	2	2	2	2	1*	1	1	1	1
Spin City Recreation Complex	1	1	1	1	1	1	1	1	1	1
<b><u>Water</u></b>										
Water mains (miles)	113.1	113.1	123.3	123.3	123.3	123.3	123.3	123.3	123.3	123.3
Storage capacity (gallons)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
<b><u>Wastewater</u></b>										
Sanitary sewers (miles)	93.2	102.5	102.5	107	107	107	107	107	107	107
Treatment daily capacity (gallons)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b><u>Storm water</u></b>										
Storm sewers (miles)	13	13	13	13	14.2	14.2	14.2	14.2	14.2	14.2

Source: City of Junction City, Kansas Departments

\*Summer Fun Club Building is no longer used.

CITY OF JUNCTION CITY, KANSAS

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Transportation</u>		
Airport Improvement Program	20.106	\$ 224,130
Passed Through Kansas Department of Transportation		
State and Community Highway Safety	20.600	2,706
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	3,665
Occupant Protection Incentive Grants	20.602	<u>2,735</u>
Total U.S. Department of Transportation		<u>233,236</u>
<u>U.S. Department of Housing and Urban Development</u>		
Self Help Housing and Urban Development	14.247	335
Passed Through Kansas Housing Resource Corp.		
Emergency Solutions Grant Program	14.231	<u>51,978</u>
Total U.S. Department of Housing and Urban Development		<u>52,313</u>
<u>U.S. Department of Agriculture</u>		
Community Facilities Loans and Grants	10.766	<u>16,615</u>
Total U.S. Department of Agriculture		<u>16,615</u>
<u>U.S. Department of Homeland Security</u>		
Assistance to Firefighters Grant	97.044	781,035
Passed Through KS Adjutant General		
Public Assistance Grant	97.036	<u>180,326</u>
Total U.S. Department of Homeland Security		<u>961,361</u>
<u>U.S. Department of Justice</u>		
Bulletproof Vest Partnership Program	16.607	2,570
Edward Byrne Memorial Competitive Grant Program	16.803	<u>21,267</u>
Total U.S. Department of Justice		<u>23,837</u>
Total Expenditures of Federal Awards		<u>\$ 1,287,362</u>

CITY OF JUNCTION CITY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2014

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of the City of Junction City, Kansas. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUING  
Year Ended December 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weakness(es) identified?        Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?   X   Yes        None reported

Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?        Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses?        Yes   X   None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?        Yes   X   No

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
December 31, 2014

**Section 2 – Financial Statement Findings**

**Summary Schedule of Current Year Audit Findings**

14-01 – Financial Reporting Adjustments – Significant Deficiency

Condition/Cause

Many significant adjusting entries were required to correctly state account balances at year end. These adjusting entries were identified through the audit process. This was due to reconciliations of account balances not being performed by City staff.

Effect

A significant number of adjustments were required that are material to the financial statements that were not recorded in the original trial balance provided to us at the beginning of our audit or were not identified by the City's internal controls over financial reporting. A significant number of the required adjustments were only identified as the auditor's began the initial review of the provided audit schedules. Only after this audit review and audit notification to the City, were adjustments made to correct the general ledger and provided audit schedules.

Recommendation

We recommend that reconciliations of all balance sheet account balances be performed in a timely manner and all necessary adjustments be posted to the general ledger.

Corrective Action Plan/Management's Response

Management Agrees.

14-02 – Capital Asset Records – Significant Deficiency

Condition/Cause

During the audit, we noted that capital asset records were not sufficiently documented.

Effect

Capital asset detailed records did not properly reflect capital assets owned and maintained by the City.

Recommendation

We recommend that a reconciliation between capital asset records and capital asset expenditures be completed periodically. We also recommend that the capital asset additions and capital asset deletions forms be properly filled out by department heads. We also recommend the use of capital asset software to ensure capital asset items are properly recorded and depreciated.

Corrective Action Plan/Management's Response

Management Agrees.

## **Summary Schedule of Prior Year Audit Findings**

### **13-01 – Financial Reporting Adjustments – Significant Deficiency**

#### **Condition/Cause**

Many significant adjusting entries were required to correctly state account balances at year end. These adjusting entries were identified through the audit process. This was due to reconciliations of account balances not being performed by City staff.

#### **Effect**

A significant number of adjustments were required that are material to the financial statements that were not recorded in the original trial balance provided to us at the beginning of our audit or were not identified by the City's internal controls over financial reporting. A significant number of the required adjustments were only identified as the auditor's began the initial review of the provided audit schedules. Only after this audit review and audit notification to the City, were adjustments made to correct the general ledger and provided audit schedules.

#### **Recommendation**

We recommend that reconciliations of all balance sheet account balances be performed in a timely manner and all necessary adjustments be posted to the general ledger.

#### **Current Year Status**

Comment repeated with modifications as Finding 14-01.

### **13-02 – Segregation of Duties – Significant Deficiency**

#### **Condition/Cause**

The approval process for the actual invoices currently includes the City Commission approving the pay ordinance, however the pay ordinances are not always in check number order nor are the pay ordinances checked to ensure there are not any gaps in the check order.

#### **Effect**

Potentially a check or a series of checks may not be listed on a pay ordinance.

#### **Recommendation**

We recommend that this pay ordinance be sorted in check number order and that part of the approval process includes insuring that all checks are accounted for from one pay ordinance to another.

#### **Current Year Status**

Resolved.

### **13-03 – Municipal Court – Significant Deficiency**

#### **Condition/Cause**

A reconciliation is not periodically performed between the municipal court ticket system and the log of tickets issued by the police department. Daily close out sheets are not always monitored to ensure all receipt numbers are properly accounted for on the close out sheets.

#### **Effect**

Municipal court receipting may not be inclusive of all tickets issued or of cash received.

Recommendation

We recommend that the City staff periodically perform a reconciliation between the municipal court ticket system and a log of tickets issued which should be maintained by the police department. We also recommend that the City monitor the daily close out sheets to ensure that all receipt numbers are properly accounted for on the close out sheets. Lastly, we recommend that an individual independent of the municipal court receipting process periodically review a system generated list of outstanding cases for reasonableness.

Current Year Status

Resolved.

**Section 3 – Federal Award Findings and Questioned Costs**

**Summary Schedule of Current Year Audit Findings**

No noted findings in the current year.

**Summary Schedule of Prior Year Audit Findings**

No noted findings in the prior year.





MIZE & HOUSER  
COMPANY P.A.

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

Mayor and City Commissioners  
City of Junction City, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Junction City, Kansas, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 6, 2015. Our report includes a reference to other auditors who audited the financial statements of the Junction City Public Library, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Junction City Public Library were not audited in accordance with *Government Auditing Standards*. Our report references the Spirit of '76 discretely presented component unit, which has not been audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal controls* 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, listed as findings 2014 – 1 and 2014-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

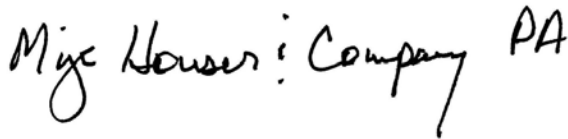
However, we noted certain other matters that we reported to management of the City in a separate letter dated June 6, 2015.

City's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Mike Houser: Company PA". The signature is written in a cursive style.

Certified Public Accountants

Lawrence, Kansas  
June 6, 2015



MIZE & HOUSER  
COMPANY P.A.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Mayor and City Commissioners  
City of Junction City, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Junction City, Kansas, (the City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2014. The City's major federal financial programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Kansas Municipal Audit and Accounting Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

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## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Mike Houser: Company PA*

Certified Public Accountants

Lawrence, Kansas  
June 6, 2015